

# IMPACT OF AN ODI ON EMPLOYEE MOTIVATION, COMMUNICATION, TRAINING AND DEVELOPMENT, AND EMPLOYEE PERFORMANCE: A CASE STUDY

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**Abstract:** *The key objectives of this research were to assess the current situation of GKI, a Bangkok-based garment company, to develop and implement the appropriate intervention programs, determine the impact of ODI and the relationship on employee motivation, communication, training and development and employee performance. The respondent in this study were 150 employees of the company (almost the entire staff). This researcher used both the quantitative and qualitative methods to analyze the data. Pearson correlation was used to find out the relationship between four main variables and paired-t-test employed to measure the pre- and post-ODI differentials. The results show that there was an improvement in the organization through ODI. Employee performance improved, employee motivation was enhanced and supervisor-subordinate communication among co-workers, and also top executives and employees saw a great improvement as did training that boosted employee performance, resulting in a positive impact on organization productivity.*

**Keywords:** *Organization Development, Organization Development Intervention, Employee Motivation, Employee Communication, Training and Development, Employee Performance*

## Introduction

In our constantly shifting world, organizations of all types must adapt to external and internal changes if they are to survive (Cummings & Worley, 2005). External forces include, for example technology requirements, political issues, changes in supply and demand. Internal ones, which come from inside the organization, may be, for instance, low productivity, a conflict or a human resource problem.

Take the global garment and textile industry, the sector considered in this research. It is now facing the challenges of international trade regimes, concerns with labor standards, and new competitors. Especially affected are producers and workers in emerging countries. One such country is Thailand which has a long history of clothing and textile production. Still, the baht volatility and the quota system shift are likely to continue lowering Thailand's clothing export value.

One way for Thai entrepreneurs to deal with these contingencies is to work on improving efficiency and differentiating their products. They need to rely on locally-produced raw materials for production as to ensure that the local clothing industry survives stiff international competition.

The strong Baht has also forced some

exporters to shift from exporting to selling to the home market, focusing on local customers and emphasizing the quality of their products. These companies are now competing with existing small and medium sized garment manufacturers. Besides the baht's strength, Thai garment exporters have to face other problems such as the high cost of raw materials, rising employees' salaries and a high turnover rate to name a few. As a labor-intensive industry, the garment industry competitive success has traditionally been heavily driven by cost minimization.

Numerous regional low cost producers, including India, China, Vietnam, Indonesia, Bangladesh, and Pakistan provide significant competition to Thailand in the labor intensive low-end side of the textile production; while the U.S., Italy, Hong Kong, and Korea give toughen opposition in the high-end garment and textile markets.

The Thai Textile Institute has been working together with Thailand's garment and textile manufacturers to promote the development of the industry and prepare it for liberalized trade in 2015 as part of ASEAN Economic Community. It has put a focus on facilitating and upgrading obsolete garment and textile production equipment with more modern technology for increasing production efficiency. Through training, seminars, and educational initiatives, it has also concentrated on human resource development in order to improve the knowledge, skills and competency

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of the industry's management and workers.

The success of the private and public sector to stimulate and modernize the clothing and textile industry, along with the adaptability of individual companies will largely determine if the industry remains an integral part of Thailand's economy and how well it can compete in the future.

In order to grow alongside the global market, organizations need to develop themselves and stay up-to-date in order to be ready to handle all problems that could arise in the future.

This research study focuses on one such garment manufacturer in Thailand and seeks to identify the company's problems, develop an organization development intervention (ODI), implement that intervention, and collect the feedback for future intervening cycles.

We will call this company GKI. Established in 1975, it started as a knitting manufacturer and became a garment factory in 1993. It is a family-run business specializing in made-to-order promotional products used in advertising and communication as communication vehicles, goodwill reminders, signs, gifts and incentives. GKI's products include T-shirts, Polo-shirts, Jackets and Caps, Pants, Bags, etc.

Although GKI caters mainly to the local market, it also sells abroad. Its domestic customers mostly include end-user companies for individuals' consumption, brokers and trading companies. Its foreign customers are typically companies with many branches around the world, with one of them in Bangkok. Their Bangkok-based branch will usually order for their other branches or for their headquarters and instruct GKI to export the merchandise directly to those foreign countries.

GKI has mostly encountered problems in the production process. The first operation on the production line is knitting. The clothes are then sent out for dyeing and returned to the factory for cutting, silk screening, embroidering, sewing and packing, with the finished products then ready for delivery. All of these steps in each department are part of a continuous process. When defects or mistakes are found, oftentimes no department will take responsibility for them. Supervisors in each department have their own egos and are reluctant to admit their faults. Inter-departmental communication and cooperation

is precisely one of GKI's main problems as the pre-ODI SWOT analysis conducted showed.

This research could help organizations diagnose problems within and solve them, improve employees' performance, and increase productivity, efficiency and effectiveness.

## **1. SWOT Analysis**

### *- Strengths*

- GKI is one of the leading garment manufacturers in Thailand's premium market. Since GKI has its own knitting factory and has run its business for many years, it is very well known in the premium market.

- The main selling argument for premium products is competitive prices and good quality. GKI can offer competitive prices.

- Another of the company's strength is that its staff is well-versed with about E-Auction technology. They know how to use it well and can take advantage of the benefits it provides in terms of reaching new customers.

### *- Weaknesses*

- Since GKI is located in Bangkok, government policies mandate higher salaries than in other areas, which means that GKI has to absorb these higher labor costs. Thus in order to keep offering competitive prices to its customers, the company needs to have high volume orders so that it can offset the labor cost differential.

- Although GKI has highly experienced supervisors, there is less cooperation among the production departments, which results in a high cost of production and many defects.

### *- Opportunities*

- Websites enhance chances for worldwide sales, and expansion trends in the E-business market may make it possible to expand into the global market. Consumers are buying more over the Internet.

- GKI is in a position to export directly to its customers' headquarters thanks to the presence of branches in Bangkok.

- GKI has well educated employees with IT support and bidding on-line experience.

### *- Threats*

- The bargaining power is in the customers' hands. The e-auction system is very effective for customers as suppliers have to bid the lowest price while expanding the bidding time until the final bid.

- There are many garment factories around GKI.

- Workers easily move to other factories.
- In this line of business, new entrants emerge all the time, usually small companies eager to get some market shares quickly and thus willing to offer very low prices, sometimes unrealistically low. GKI ends up having to compete with them even if a lot of them not stay in business for a long time due to the kind of dumping in which they engage.
- Another problem is customers who are interested in buying different promotional items such as, stationary, umbrellas, luggage bags, etc. Since we only specialize in garments, these are not part of our line of products and it is often difficult to convince them to buy garments instead.

## 2. Literature Review

The key theoretical themes related to the variables in this study were reviewed and discussed as follows:

### - *Employee Motivation*

Motivation is the internal process leading to behavior to satisfy needs (Forsyth, 2006). Unmotivated employees are less willing to work and less supportive and cooperative. This results in decreasing work efforts, productivity, and performance.

Maslow (1954) argued that people have a hierarchy of five increasingly higher-level needs, ranging from physiological, security, social, self-esteem, to self-actualization. To motivate behavior, the next lower level needs must first be satisfied.

On the basis of Maslow's need theory, McGregor (1960) classified people's motivation into two groups of needs; "lower order" needs, physiological and safety needs, and "upper order" needs the social, esteem, and self-actualization needs. McGregor also believed that Theory X assumptions are appropriate for employees motivated by lower-order needs. Theory Y assumptions, in contrast, are appropriate for employees motivated by higher-order needs.

Herzberg's (1959) hygiene-motivator theory of motivation similarly divided Maslow's hierarchy into lower-level (physiological, safety, social) and higher-level (achievement, self-actualization) needs.

According to Vroom's (1964) Expectancy Theory, people who have clear goals in mind will perform activities that lead to their achievement and the partiality for achieving those results both stimulates people towards

them and continues the process as new goals are set. Adams' (1965) Equity Theory, suggests that individuals in organizations consider what they contribute to it (inputs such as experience, education, training, and skills) with respect to the rewards they get back (outputs such as benefits, pay, status, and intrinsic satisfaction). To summarize, since effort affects action, actions dictate results, and those results are desirable in some way, then motivation is a driver to ensure greater effort is made (Forsyth, 2006).

### - *Intrinsic/ Extrinsic Motivation*

Employee's intrinsic motivation can be defined as the source of motivation which actually comes from performing a task for its own sake. Employees who are intrinsically motivated often perceive that their work gives them a sense of accomplishment and achievement or they feel that they are doing something worthy (George & Jones, 2005).

Extrinsic motivation is the motivation that the employees perform to avoid punishment or acquire material or social rewards. In this case, employees perform not for their own sake but rather for their outcomes (George & Jones, 2005).

### - *Leadership*

Leadership can be defined as the exercise of influence by one member of a group over other members to help the group or organization to achieve its goals (George & Jones, 2005). Leadership is the process of influencing a group towards accomplishing its goals. Good leaders can encourage their employees to participate in work, and make decisions. Leadership is used as a means of motivating others. Both manager as well as employees must possess leadership traits. An effective leader must have a thorough knowledge of motivational factors for others. Motivating others is at the heart of leadership and organizational success.

### - *Empowerment and Trust*

Empowerment is the process of giving authority to the employees to make their own decisions. They must be responsible for all outcomes. Empowerment to act is a motivating factor for getting people to be committed to what they do. Empowering people will lead to a greater feeling of shared responsibility and, thus, greater productivity (Gustafson & Kleiner, 1994).

Trust is an essential building block in developing human relations with suppliers,

customers, co-workers, etc.

#### - *Organizational Communication*

Effective communication between leaders and employees is critically important for the potential success of a company. Leaders need to enact strategies to improve communication that could lead to positive work consequences (Gray and Laidlaw, 2002; Proctor et al., 2003). Improvements in supervisor-subordinate communication will assist organizations toward the goal of managing diversity by promoting equality and integration in the workplace.

Effective organizational communication is critical to actively engage employees, foster trust and respect, and promote productivity. The focus on openness in communication between senior management and employees results in improved employee productivity and engagement. Meetings with top executives help to build affinity and trust (Kotter, 1988). In this research, the researcher focused on both vertical and horizontal communication, encouraged supervisor-subordinate communication and also employer-employee communication.

#### - *Training and Development*

Boredom and staleness often afflict those working in repetitive and routine jobs. Encouragement to undertake additional education or training may help. Providing employees with broader skills and knowledge and supporting and emphasizing ongoing employee development also helps organizations reduce layers of management and make employees more accountable for results. By initiating supervisor and manager training, the company will achieve higher productivity (Bheda, et. al, 2003). The most widely used training method is on-the-job training (OJT) which involves assigning trainees to experienced workers or supervisors for OJT.

#### - *Team Building*

Teams work best in the atmosphere where people can listen to one another and say what they feel and think. Poor relationships among people cause wasted effort and enormous amounts of unhappiness. Successful work should be generated by happy and very supportive teams (Heap, 1996). In order for team work to be successful, top management must set goals and then allow the teams the opportunity to develop themselves. People tend to be more loyal if they are a part of a

united team. Satisfied employees will lead to satisfied customers (Fletcher, 1999).

#### - *Job Satisfaction*

Satisfaction creates confidence, loyalty and ultimately improved quality in the output. Organizations with more satisfied employees tend to be more effective than organizations with fewer satisfied employees.

#### - *Employee performance*

Organizations need to look at strategies for improving performance in the light of increasingly competitive environments. Successful companies are those that are open to internal change and foster a culture that encourages market responsiveness and innovation (Ingram, 1996). Performance appraisal means to evaluate employees' performance and how they contribute their efforts to their jobs and to the organization. Performance appraisal involves collecting and disseminating performance data to improve work outcomes. Reward systems are concerned with eliciting and reinforcing desired behaviors and work outcomes.

### **3. Conceptual Framework and Research Design and Methodology**

This research comprises three independent variables, namely: (i) employee motivation, (ii) communication, and (iii) training and development, each of which include sub-variables. They influence the dependent variable, employee performance, which is subdivided into individual and group performance, an important distinction to make in this line of work.

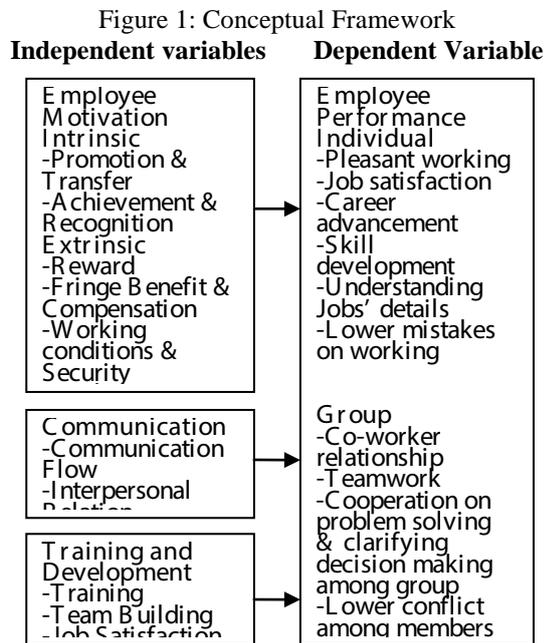
#### - *Research Design*

The research focused first on finding out about the company's problems and gathering information. Designing the intervention method, managing change, and evaluating the data collected came next. As Figure 2 below shows, action research is a key element of this research. It involved three phases:

- *Pre-ODI Phase – Diagnosis:* This stage was intended to collect information about the factors affecting employee performance, the problems involved, and employees' perception of their work, co-workers, and supervisors. The research mainly focused on the four variables.

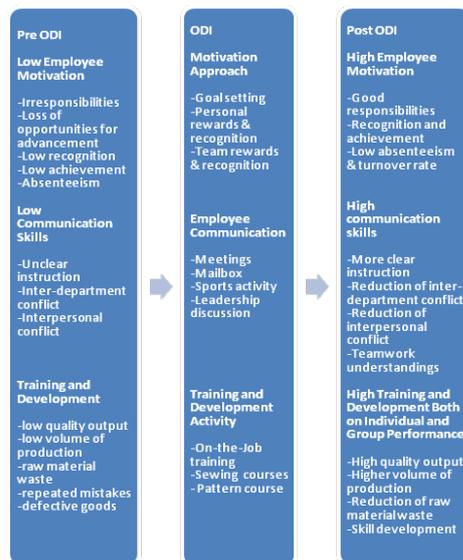
- *ODI Phase – Implementation:* At this stage, the problems had been acknowledged and the organizational changes needed and the plan of change notified and accepted by all the

respondents including the top executive officers. The intervention tools were implemented for four and a half months (see Figure 2).



Source: developed by the author for this study

Figure 2: Action Research Framework



Source: developed by the author for this study

- *Post-ODI Phase - Evaluation Process:* Questionnaires and interviews were used to collect new information. The research evaluated the results by comparing pre- and post-ODI results based on the four variables. This evaluation will help determine the nature of the intervention for the next implementation

and go through the cycle process of action research.

In this study, the target respondents are all GKI employees excluding the Managing Director and sub-contracted employees; a total of 150 people working in the Administrative, Merchandise, Retailer, Salesperson, Purchasing, Accounting, Human Resources, and Production Departments.

The research instrument, a questionnaire, used multiple choices and a six-point scale, selected instead of a five-point scale in order to avoid neutral answers from the respondents. Informal interviews included interviews with the two top executive directors, two merchandising officers and eight supervisors. The Production department was selected as the focus group.

Brainstorming was used to determine the problems needed to be improved immediately and each respondent was asked to write only one word. The researcher then asked the respondents to arrange all the notes in clusters and choose the three that were perceived as the most serious problems. Next the respondents were asked to write in detail about those three problems and offer solutions. The Observation Guide consisted of CCTV cameras and also direct observation by walking around both the factory and office.

#### 4. Findings

The pre-ODI mean score for employee motivation was 3.64 whereas the post-ODI one was 3.70 (a 1.65% increase). The result from paired t-test shows that there was a significant difference between pre-and post-ODI stage employee motivation at the paired t-test of 5 percent level, which was 0.000. This shows that the respondents' opinion had improved after the ODI.

The mean score for pre-ODI communication was 3.65 whereas that the post-ODI one increased by 10.14% at 4.02. The result from paired t-test shows that there was a significant difference between pre- and post-ODI stage communication at the paired t-test of 5 percent level, which was 0.000. Post-ODI communication within the organization improved.

Whereas the mean score for pre-ODI training and development was 3.84, the post-ODI one increased by 7.81% ( 4.4). The result from paired t-test shows that there was a significant difference between pre- and post-

ODI training and development at the paired t-test of 5 percent level, which was 0.000. Post-ODI employee skills and knowledge improved.

The mean score for pre-ODI employee performance was 4.06 whereas the post-ODI one was 4.52 (an increase by 11.33%). The result from paired t-test shows that there was a significant difference between pre- and post-ODI employee performance at the paired t-test of 5 percent level, which was 0.000. This indicates that employee's performance has improved after the ODI.

The results of hypothesis testing show there was a significant relationship between the four variables, 0.000 at the 5 percent level. The three independent variables- employee motivation, communication, training and development caused employee performance to improve. The correlation between employee motivation and employee performance is .272 and the one between communication and employee performance .436. As to the correlation between training and development and employee performance, it stands at .573. They are all positively related and the highest relationship is between training and development and employee performance.

### **Conclusion and recommendations**

The areas identified as problematic included: low employee motivation; minimal recognition and achievement; weak communication skills; and inadequate knowledge and skills, all of which resulting in poor employee performance. An intervention program was subsequently developed and implemented to address these issues and improve employee performance.

#### *- Employee Motivation*

The intervention had a positive impact on employee motivation. Employees earned a good reputation and excellent recognition, resulted in low absenteeism and employee job satisfaction. With regard to leadership issues, much progress ensued. In a marked departure from their pre-ODI stance, supervisors are now providing clear instructions, sufficient guidance, and assigning tasks to the right teams, which has resulted in solid and consistent teamwork, and first-class production output.

#### *- Organizational Communication.*

There has been a positive result in terms of communication. In sharp contrast with the

pre-ODI, interpersonal relationships have developed, resulting in better team understanding, fewer conflicts among department heads of each and also less interpersonal conflicts. Another noticeable change is the much improved employee-employer communication as both sides acknowledge problems and are willing and able to solve them on time.

#### *- Training and Development.*

Following on-job training in various departments and a few workshops on packaging, cutting and screening, employees have managed to churn out high quality products, increase the volume of production, and reduce raw material wastage. There has also been an improvement in teamwork cooperation.

#### *- Employee Performance.*

The three independent variables positively influence the dependent variable, employee performance. The overall employee performance has been improved with the ODI implementation, resulting in a high output volume, fewer defects and recurrent mistakes.

#### *- Recommendations*

This research could be used as a basis for further studies on the same topic and be extended to other similar organizations seeking to enhance employee motivation and organizational communication, increase their employees' skills, and build teamwork and solid relationships among employees, subordinates and supervisors and thus improve employee performance.

New initiatives were launched to increase motivation. For example, announcing employee of the months. The ODI was very effective in terms of raising the level of motivation among employees. The relationship between supervisors and subordinates has improved after the ODI implementation. Employees have better relationships with their employers, team, and also co-workers. Further research could focus on top executive-supervisor relationships as there is a need to develop them. The expected outcome should be that supervisors would then be able to report more problems and discuss issues openly with top executives.

Employees felt they derived more satisfaction from their jobs and were ready to accept challenges. Supervisors were satisfied with their subordinates' skills and knowledge, and teamwork. This program should be

expanded to train all workers to achieve higher production volumes and make fewer mistakes.

The performance appraisal system should be the subject of a study in order to develop this area on which this research did not focus much. This would help to provide more feedback to employees. Once they become aware of the appraisal criteria, results of their own performances, and have acknowledged them, they will try to improve their own level of performance.

Nevertheless, obviously all the problems that can arise in the course of the operation of a company are not yet solved. So, the researcher needs to conduct more interventions in the future. Some of the problems that could be addressed in the future include: unequal delegation of work; more training need to be done so that the skills of all the employees match. Right now, some employees doing the same job can perform better than others in terms of speed, so there is a need for a more even production rate.

Another issue that could be considered is the relationship between the supervisors and their subordinates. It needs to be developed as to build teamwork. One of the problems presently is that some supervisors have family members under their supervision and tend to favor them at the detriment of others, thus creating resentment among the other employees.

This research collected data from only one organization (GKI). It would be interesting to compare the findings of this study with those from similar companies.

Since this organization is not an international company, all employees are Thais and no problems concerning different cultures are observable. And the organization does not have a complex structure.

Finally, given the limitations to this research, limited time for action research and training courses, and a short period for intervention, a longer study period may reveal more of the underlying problems.

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