

An Initial Assessment of A Logistics Company's Potential As A High Performing Organization (HPO): A Case Study Of Saigonship Danang Joint Stock Company, Vietnam

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Abstract

The rapid pace of change and development of the logistics industry in Vietnam has created both of opportunities and challenges for logistics companies. They are forced to define the key factors that set up high performance model to better withstand the pressures it is facing. This study determines the current conditions and abilities of Saigonship Danang Logistics Joint Stock Company (SSC) to become a high performing organization (HPO) with sustainable financial and non-financial results. The purpose of the study was to determine the influence of four key factors in term of strategic planning; employee competencies; management quality; and performance management as potential elements to become a high performance organization, and then provide recommended plan, based on the findings, for SSC to become a HPO. The findings of quantitative and qualitative data all of four factors, namely strategic planning, management quality, employee competencies and performance management have significant effects on the potential to be a HPO. Among all these four independent variables, strategic planning possessed the strongest effect on organizational performance. It could be concluded that Saigonship needs to have comprehensive development practices, build high-performing culture, and conduct right orientations for both managers and employees, enhance people programs and enabling infrastructure. Therefore, the proposed action plan is conducted in 3 levels – organizational, managerial and individual levels in terms of strategic planning, management quality, performance management, and employee competencies to get the high-performance results as a whole of company.

Keywords: high performing organization, logistics industry, employee competencies, strategic planning, management quality, performance management

Introduction

After a period of construction and development, in which the company overcame the difficult times of lack of capital, as well as the initial facilities and human resources, the current business situation of SSC is becoming increasingly stable, and it affirms the brand on the market. However, due to increasing stakeholders' demands and continuous changes in the external environment, logistics organizations need to adapt quicker in order to compete

simultaneously with regards to price, quality, flexibility, delivery time and after-sales service, not only with domestic companies but also international organizations in the same industry. They are forced to define the elements that set up high performance model to better withstand the pressures it is facing. Executives know that organizational and people capabilities bring financial and operational performance and enhance their strategy, however, it's not easy to identify the most suitable factors influencing high performance to help them drive their organizational and people capabilities and sustain high performance as well. Therefore, they need to know which most key factors they need to focus on. These characteristics need to improve the instability of human resource as well as promote the company's existing advantages.

This research explores the factors needed to develop the Saigonship Danang Company (SSC Danang) into a High- Performance Organization. This will help the enterprise to better understand its current resources to maintain the good points and minimize weaknesses, give short and long term recommendations to make changes adaptable with the trends of the current market, improve performance in human resource and service quality for customers, as well as give suggestions for future researches.

Research Objectives

- To determine the influence of key factors, namely strategic planning; employee competencies; management quality; and performance management, as potential elements to become a high-performance organization.
- To provide recommendations, based on the findings, for the company to become a high-performance organization.

Research Questions

- What are the influences of strategic planning, employee competencies, management quality and performance management to SSC as a high performing organization?
- What Organization Development (OD) Strategies can be recommended based on the findings?

Review of Literature

High Performance Organization

High performing organization (HPO) is defined as an organization achieves sustained financial results that is better than the growth of its competitors in same industry over a period of at least five to ten years by welcoming changes and reacting quickly, by having a long term orientation, by building up the management processes that are integrated and aligned with strategy, structure and people throughout the organization, by focusing on innovation and improvement of its core capabilities, and by spending much effort on treating employees as its main asset (de Waal , 2007). To analysis trade logistics performance, we have a focus on the abilities of remaining the sustainability on financial performance - organization's profitability and return on investment and achievement level of customer satisfaction, and the ability to respond changes as well. Therefore, in this study about the initial assessment of a logistics company potential as a high performing organization in case of Saigonship Company, high performance organization is defined as an organization has

constant improvement of financial results as revenue growth, profitability, and market share (de Waal, 2010) and achievement of non-financial performance as having fully engaged people (managers and employees) with high commitment to the company and getting customer-centered orientation. To get that, the company need to improve (1) strategic planning; (2) employee competencies; (3) management quality; and (4) performance management.

Strategic Planning

HPOs have a focus on business strategic planning, with clear articulation of the strategy, desired outcomes and shared vision and mission across the organization. Robert Arasa and Peter K'Obonyo (2012) show that strategic planning a process of selecting organizational goals and strategies, determining the necessary programs to achieve specific objectives en route to the goals, and establishing the methods necessary to ensure that the policies and programs are implemented.

In this study, strategic planning means the beginning of an understanding of organizational vision, mission and goals. A high-performance organization need to be aligned with marketplace in order to help organizations catch up with external changes timely and sets clear and specific goals to individuals which are oriented towards the organizational vision, mission (Blackman et al.; 2012).

Employee Competencies

focus on developing and nourishing the capabilities and competences required for enabling the organization to achieve its mission and outcomes. In the study, employee competencies mention about people aspects of skill, attributes and knowledge (Blackman et al.; 2012), namely effective communication skills, technical skills for jobs, employee's engagement and involvement.

Management Quality

Leaders and managers display behaviors that are aligned with the organization's mission and engage in intra- and inter-organizational leadership and encourage their employees to do the same. This study emphasizes management quality in HPOs on coaching and facilitating the ability of employees to work in a manner consistent with these organizational-level capabilities and competences. Resources are devoted to activities that aid the development of managerial capabilities, such as learning and development, with a focus on proactive approaches (i.e. adequately preparing managers for people management roles). A key enabler of high performance is the role of the 'strategic middle manager', who facilitates, coaches, mentors, and translates strategies into goals for employees. In the study, management quality includes maintaining high-trust relationship with all employees, creating employee empowerment culture, having effective leadership style, and focusing on result orientation.

Performance Management

The definition of performance management in this research is based on the one of Blackman et al. (2012). Following to his study, performance management in HPOs are integrated, aligned and supportive of the organization's mission and outcomes. The specific processes adopted and how they are utilized will differ across organizations as they depend on the requirements of each organization according to its mission. Process management should ensure performance expectations are clearly articulated and aligned with the business strategy and mission; the right people are selected for the right jobs (people strategy); high performers are rewarded and promoted (rewards and incentive systems); and build an effective feedback on performance.

Previous studies on high performance organizations (HPOs)

Overholt et al. (2006) found four interactive components of high-performance organizations. First, he showed strategic approach in which enterprises set clear visions with flexible strategic plans and specific standards for people's behavior. Besides, everyone including leaders, managers, and employees commit with the company's strategic plan. The second major characteristic is customer approach, which is the way the companies treat and satisfy customers' needs. The third of this model is leadership approach – that is how organizations manage people to achieve a set of behavior. The last factor is process and structure. This describes how companies make work processes, set policies in order to support their strategy (American Management Association, 2007).

Waal and HPO Center Group (2007) developed the HPO Framework in which there are 5 factors with 35 main characteristics. The research started with collecting 290 studies on high performance and excellence that identified a total of 189 characteristics. These factors were tested in a worldwide questionnaire in which the respondents originated from more than 2,500 profit, non-profit and governmental organizations in 50 countries. With a statistical analysis, they obtained 35 characteristics with both significant and strong correlation with organizational performance. They were grouped into five factors of HPO, such as (1) Management Quality, (2) Open and Action Orientation, (3) Long- term Orientation, (4) Continuous Improvement and Renewal, and (5) Employee Quality. This proved to be valid in different industries in the global context (de Waal, 2008).

According to Arasa and K'Obonyo (2012), strategic planning has positive influence to firm performance, both financial and non-financial performance. This study argued that strategic planning allows managers to look at a company as a system composed of subsystems, not to split the whole organization into parts without reference to others. On the other hand, setting up clear vision, mission, goals and targets might facilitate performance evaluation. Each individual in the company would try to achieve those clear objectives.

Moreover, the research of Ogonji (2014) sought the positive impacts of strategic planning on organizational effectiveness with four elements namely growth, resource acquisition, internal efficiency, and financial efficiency (non-financial and financial results).

Lasrado and Thirlwall (2015) consider a range of factors that contribute to peak performance (financial and non- financial results) in organizations. These factors are: People Competencies and Organizational enablers. Competency signals the performance required,

setting high expectations, right skills, self-development, and training, which include financial literacy to understand how organizations earn their money. Organizational enablers are internal settings of the organizations. Among organizations' internal enablers are leadership, learning, infrastructure, direction in terms of vision, mission, strategy further influence the various people enablers.

In the research about the relationship between performance management and the high-performance organization, de Waal utilizes Performance Management Analysis (PMA) (de Waal, 2010) and the HPO framework (de Waal, 2012). The study showed that performance management system positively affects organizational success with both financial and non-financial results. Once organizations strengthen their PMA dimensions, their organization's overall results are improved as well. Nevertheless, it is not necessary to apply all PMA dimensions to create HPO. The organization should know which factors of performance management system have stronger impacts on organizational performances and need to be strengthened.

Asamany and Shaorong (2017) found the direct impact of performance management on organizational performance. This means if the organization would like to achieve the high performance of overall results, it should focus on performance management to create and maintain HPO.

Conceptual Framework

In the conceptual framework, the researcher explored the high-performance organization in the sense of strategic planning, employee competencies, management qualities, and performance management. These are the essential elements to assess the potentials of a logistics company as a high performing organization in general and Saigonship Company in particular.

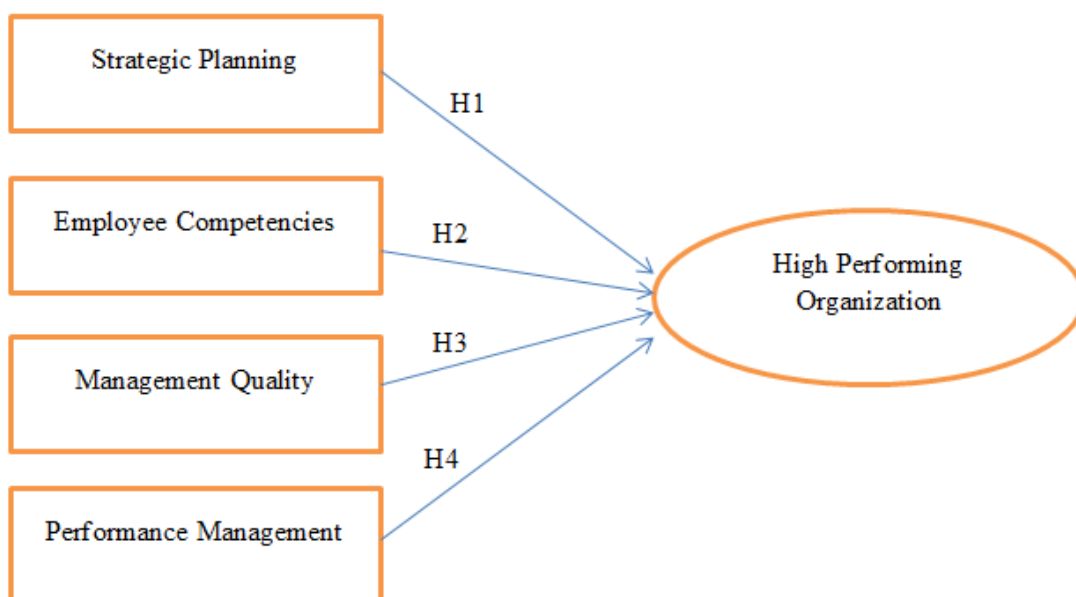


Figure 1: Modified Conceptual Framework (Developed by researcher)

(The conceptual framework adapted from Arasa and K'Obonyo (2012); Ogonji (2014); Flevy and Alison (2015); de Waal (2012); and Asamany and Shaorong (2018).)

The independent variables comprised of strategic planning, employee competencies, management qualities, and performance management. And the dependent variable is high performance organization. Both quantitative and qualitative results were used to build the HPO development roadmap for SSC.

Based on the conceptual framework, there are four hypotheses:

H1o: Strategic planning has no significant influence on the potential to be a high performing organization

H1a: Strategic planning has significant influence on the potential to be a high performing organization

H2o: Employee competencies has no significant influence on the potential to be a high performing organization

H2a: Employee competencies has significant influence on potential to be high performing organization

H3o: Management quality has no significant influence on the potential to be a high performing organization

H3a: Management quality has significant influence on the potential to be a high performing organization

H4o: Process Management has no significant influence on the potential to be a high performing organization

H4a: Process Management has significant influence on the potential to be a high performing organization

Research Method

The mixed method was used in this study. The questionnaire was distributed directly to 45 respondents – the total of company members (N=45). Besides, the interview guidelines were designed based on the Appreciative Inquiry to conduct the interviews with one CEO and four high managers (5 participants). The target population of this study was the total of company members from managers to all employees.

The quantitative data was processed by using the statistical analysis program to gain descriptive statistics and inferential statistics using multi linear regression. The qualitative data was analyzed by using inter-coding method.

Results and Discussion

This part comprised of quantitative data analyzing and qualitative data interpreting of the research. Data comprised of 45 respondents for quantitative and 5 interviewees for qualitative data.

Quantitative results

The researcher used the statistical analysis program to calculate the data collected from the survey. Multiple linear regression was applied to process quantitative data.

Table 1:

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.044	4	1.261	20.116	.000^b
	Residual	2.508	40	.063		
	Total	7.552	44			

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.817 ^a	.668	.635	.25038	1.977

a. Predictors: (Constant), EC, MQ, SP, PM

b. Dependent Variable: HPO

Table 1 shows Sig. F-test = 0.00<0.05, therefore model of regression is statistically significant. The value of Adjusted R Square is 0.635 = 63.5%. Therefore, the independent variable which is comprised of strategic planning, employees' competencies, management quality and performance management affect 63.5% of the change in dependent variable – High Performing Organization.

Table 2:

Multiple Linear Regression Result

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Description
		B	Std.Error	Beta			Beta value ranking
1	(Constant)	-.410	.419		-.978	.334	
	SP	.335	.066	.476	5.101	.000	1 st important effect

	PM	.280	.076	.356	3.673	.001	3 rd important effect
	MQ	.261	.066	.368	3.945	.000	2 nd important effect
	EC	.170	.052	.313	3.247	.002	4 th important effect

a. Dependent Variable: HPO

Table 2 illustrates all beta coefficient were positive (between 0.052 and 0.419) and significant (P-values between 0.000 and 0.002). This explained that there were four items which were arranged in the order of importance level “SP” – strategic planning, “MQ” – management quality, “PM” – performance management, and “EC” – employee competencies. Strategic planning had the strongest effect on high performing organization (HPO) with the highest beta coefficient (= 0.476), the second important factor was management quality with beta value 0.368. Performance management ranked third (0.356). And the final factor – employee competencies has the lowest beta coefficient (0.313) which had the weakest effect on high performing organization.

Qualitative results

The Inter-coding method was utilized to summarize interviewing results. Three separate persons, comprising of two graduate students and a CEO of the logistics company, come up with three independent codes basing on the perceptions of interviewees. Researchers consequently took the common codes regarding to works’ three inter-coders.

Question 1a summary: According to the summary results of three coders from the answers of respondents about question 1a: “What do you understand by high performing organizations?”, generally, the five participants have quite common perception about the definition of high performing organization which is achieving high financial results and high performing human resource. A high performance company also provides excellent internal (employees) and external customer services as well as saving costs.

Question 1b summary: According to the five respondents answering question 1b relevant to their best experience in terms of strategic planning, employee competencies, management quality and management performance, they all have the quite familiar good experiences. That means that the company's good points, such as focusing on communication and listening culture in the company, building trust between high managers and employees, and delegation of authority have increased the collaboration among all employees and their efforts in striving for common goals. This is a good sign for SSC on the development path to become a high-performance organization.

Question 2 summary: From 5 respondents' answers about the factors that maintain the current growth of SSC. First is to achieve current development, sustainable development strategies which focus on customers' benefits as well as other stakeholders' benefits, is one of the most important factors. The next one is good leadership (managers promoted inside the company, manager as a role model for employee) and highly efficient staffs. Finally,

continuous work process improvement to catch up with the changing of external environment is also considered as one of the factors influencing the SSC growth.

Question 3 summary: From the answers of respondents on strategic planning, everyone wants to have support from BOD to develop organizational strategies. Moreover, they want to be trained to develop more professional skills, increase awareness of the company's goals with the aim of enhancing employee engagement.

For employee competencies, the respondents want to see the improvements in advanced IT skills, innovative skills, communication skills, and English skills. At the same time, they want to see more investment in on-job training.

For management quality, five respondents said that when their company become a high performing organization, all members need to get a flexible mind set, to be able to capture and accept changes. Also, they would have more authority and their work results will be evaluated based on their effective performance.

For performance management, they would like to see a more efficient KPI system, and then have the more appropriate remuneration policy. They also would receive professional training programs and innovated working process. Finally, employee compliance with company rules and policies are what they have dreamed to be actualized.

Question 4 summary: When asked about their aspirations to make SSC a HPO, participants mentioned strategic planning with market expansion strategy and external factors investment to compete with other companies, building customer potential relationship, as well as improving employee's benefits. In addition, enhancement of employee competencies is also mentioned such as enhancing communication and language skills. They also want to apply high technology in operation, and employee training improvement.

Discussion

Based on the quantitative analysis results through questionnaires for all employees, it is seen that despite recognizing the importance and the positive relationship between factors of strategic planning, management quality, performance management, and employee competencies (in the order of importance based on Beta results) affecting SSC development to become a high performing organization, participants rated the factors of competency and performance management as neutral (according to Mean and Std. Deviation results).

Therefore, the following solutions should focus more on two factors: employee competencies and performance management to enhance the development of the company as a HPO. Besides, based on the regression results, strategic planning had the strongest effect on high performing organization (HPO), the second important factor was management quality. Performance management ranked third and employee competencies is the factor which had the weakest effect on high performing organization.

One special thing the researcher realized from the interview results is that, the team leaders and high managers have positive reviews about the changes in SSC in recent years such as focusing more on strategic planning, developing management quality, improving employee competencies, changing salary policies, as well as paying more attention to salary

and reward policies in performance management. However, to become a HPO, all current activities and strategies still need to be improved and developed to build high performing culture in the whole company.

Based on the quantitative and qualitative results, all of four factors, namely strategic planning, management quality, employee competencies and performance management have significant effects on the potential to be a high performing organization. Participants are satisfied with these four factors as their good experiences in the company and recognize they are important and affect the company performance to become a high performing organization. Moreover, communication culture and informal feedback habit are considered as good points of Saigonship Company. They are welcome to discuss and communicate with each other, as well as giving feedback in any situation happening in the company. Another thing recognized is the good relationship between high managers and employees. Trust and sharing are most satisfied in management quality. Despite of good experiences, they think the company should have much improvement to be a HPO such as reward and incentive payment (KPI systems), skill training programs especially technology skills. Finally, they want more empowerment, more opportunities to enhance their flexible skills to solve problems.

Recommendation

According to the findings of data analysis, Saigonship Company should put attention to strategic planning, management quality, performance management and employee competencies respectively, in the order of importance level affecting the development of SSC, to achieve high performing outcomes.

Blackman (2013) showed that an organization is considered as a high-performing organization with Human Resource Management (HRM) in a holistic, complementary and integrated way at all three levels (organizational, managerial and individual levels). It is important to make these levels stick. These practices interrelate, combine and complement one another to function to enhance performance and in the achievement of positive organizational outcomes. Saigonship needs to have comprehensive development practices, build high-performing culture, and conduct right orientations for both managers and employees, enhance people programs and enabling infrastructure. Consequently, the organization can attract, retain and motivate the right people to engage in the right behavior that make high-performing culture be real.

Therefore, the proposed action plan is to develop Saigonship into a high-performance organization. This plan is to be conducted in 3 levels – organizational, managerial and individual levels in terms of strategic planning, management quality, performance management, and employee competencies to get the high-performance results as a whole of company.

The proposed action plan to become a high-performance organization (applicable only to Saigonship Company)

	Organizational level	Managerial Level	Individual level
Strategic Planning	<ul style="list-style-type: none"> - Be aware of the current company status and improvements needed - Communicate the big picture - Have a high realistic commitment from top people 	<ul style="list-style-type: none"> - Express a clear vision and strategy for the team - Unite your teams around a common goal - Monitoring team development and individual progress - Provide ongoing - Expectations and feedback 	<ul style="list-style-type: none"> - Participate in strategy setting - Discuss how the work fits into the overall mission - Share the personal issues and needs
Management Quality	<ul style="list-style-type: none"> - Accepts and welcomes changes - Attract and maintain outstanding managers - Training 	<ul style="list-style-type: none"> - Be self-aware of their strengths and weakness - Empower your team, and do not micromanage - Changing mindset - Embrace transparency - Take courses on leaderships 	<ul style="list-style-type: none"> - Give honest feedback and make suggestions to the managers. - Improve your management skills, even if you are not yet a manager
Performance Management	<ul style="list-style-type: none"> - Have the performance assessment system - Choose the right people - Retain good employees - Company's recognition and reward for high performing employees 	<ul style="list-style-type: none"> - Internal feedback – send regular performance feedback - Be willing to receive employee feedback 	<ul style="list-style-type: none"> - Seeking feedback - Reacting well to feedback
Employee Competencies	<ul style="list-style-type: none"> - Create two-way communication culture - Create career paths that allow people to reach their potentials 	<ul style="list-style-type: none"> - Listen and communicate - Regular coaching sessions - Increase responsibilities and add more challenges - Acknowledge employees' strengths while also addressing development needs 	<ul style="list-style-type: none"> - Changing the mindset - Recognizing their own strengths and weaknesses

		- Express interest in team members' personal success and well-being	
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In general, the changing development strategy of a company involves changes in the perceptions and behaviors of every individual. To become a high performing organization, the company needs the significant effort of the whole workforce, the high commitment of leadership and self-awareness of every single member of the company.

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