



Asia-Pacific Journal of Business Administration

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To cite this document:

Suparak Suriyankietkaew Gayle C. Avery , (2014), "Leadership practices influencing stakeholder satisfaction in Thai SMEs", Asia-Pacific Journal of Business Administration, Vol. 6 Iss 3 pp. 247 - 261

Permanent link to this document:

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Leadership practices influencing stakeholder satisfaction in Thai SMEs

Leadership practices

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Abstract

Purpose – The purpose of this paper is to investigate the leadership and management practices that positively affect stakeholder satisfaction, an under-studied area important for both academic researchers and leaders. Relationships between 23 leadership and management practices and overall stakeholder satisfaction (OSS) were examined.

Design/methodology/approach – Avery and Bergsteiner's (2010, 2011a) sustainable leadership (SL) model provided the theoretical framework for a cross-sectional survey research design used to gather empirical data from 439 managers of small- and medium-sized enterprises (SMEs) in Thailand.

Findings – Results show all SL practices except financial market orientation were significantly related to OSS, and the more an organisation adopts significant SL practices, the higher the OSS is likely to be. The particular SL practices that positively predicted enhanced OSS were amicable labour relations, staff retention, strong and shared vision, strategic and systemic innovation, and high staff engagement and quality.

Research limitations/implications – Future research should further examine relationships between SL practices and a range of organisational performance outcomes in different contexts, as well as the relationship between SL practices and sustainable human resource management (SHRM), and between SHRM and stakeholder satisfaction.

Practical implications – The findings provide guidance on which SL practices to adopt for managers of SMEs in Thailand and possibly in other countries, who wish to improve their stakeholder satisfaction and sustain their business success.

Social implications – Policy makers may gain insights into practices that drive performance in SMEs, a strong force in many economies.

Originality/value – This study extends current knowledge of leadership and management practices that positively predict enhanced stakeholder satisfaction, an area in which empirical evidence has to date been largely lacking.

Keywords Leadership, Human resource management, Asia-pacific

Paper type Research paper

Identifying leadership and management practices that drive organisational sustainability and create sustainable enterprises has become an important quest for both practitioners and academics. To shape and maintain sustainable enterprises, numerous scholars around the world (e.g. Albert, 1992; Avery, 2005; Avery and



This work was supported by the Thailand Research Fund (grant number: PHD/0220/2552 7.MM.MU/52/A.1.B.XX). A special thanks to Honorary Professor Harald Bergsteiner of the Australian Catholic University, Sydney, and Associate Professor Sooksan Kantabutra of the College of Management, Mahidol University, in Thailand for their academic and intellectual support and guidance.

Bergsteiner, 2010, 2011a; Bennis and Nanus, 2003; Handy, 2002; Karp, 2003; Kantabutra, 2011, 2012) have called for a new genre of leadership that embraces organisational sustainability practices. These writers urge leaders to look beyond the traditional practice of simply adding on being “green” and “socially responsible” to business-as-usual, and to examine an entire set of organisational systems and processes.

Over the last decade, diverse sustainability concepts at the strategic macro level of leadership have been proposed, such as stakeholder-based leadership (e.g. Freeman, 1984; Freeman *et al.*, 2004; Maak and Pless, 2006; Porter and Kramer, 2011), ethical leadership (e.g. Brown and Trevino, 2006; Resick *et al.*, 2006), sufficiency economy philosophy business practices (e.g. Kantabutra *et al.*, 2010; Puntasen *et al.*, 2003) and the sustainable leadership (SL) approach (Avery and Bergsteiner, 2010, 2011a, b). These approaches share similar characteristics, to different degrees, in advocating organisational sustainability. However, stakeholder-based leadership calls for leadership acts based on concepts such as managing stakeholder relationships and triple-bottom-line reporting. Ethical leadership underscores the importance of ethical business standards, while the sufficiency economy approach embraces the Buddhist middle path in promoting sustainable development.

SL incorporates those behaviours, practices and systems that create enduring value for all stakeholders of organisations including investors, employees, the environment, other species, future generations and the community (Avery, 2005; Avery and Bergsteiner, 2011a). SL is a macro-level approach to leadership under which the organisational culture, systems and processes can be assessed according to 23 criterion practices designed to create, and then maintain, a self-sustaining enterprise underpinned by a strong social core. SL values engaging and involving employees and other stakeholders in the business. Being an integrative leadership and management approach to organisational sustainability, SL extends way beyond the popular notion of organisational sustainability implying altruism or charity work, or just being “green” (Avery and Bergsteiner, 2010). SL does not focus on individual characteristics of “heroic” leaders but on the overall leadership system within an organisation that is created when leaders, followers and systems/cultures interact (e.g. Drath, 2001). The objective of SL is to balance people, profits and the planet to promote longevity of a firm through evidence-based management practices, thereby embracing a holistic approach towards organisational sustainability (Avery and Bergsteiner, 2010, 2011a). Avery and Bergsteiner (2010, p. 7) highlight that “Sustainable Leadership helps an organisation to endure over time and weather the inevitable storms that beset an enterprise”.

SL incorporates many practices (listed below) relating to human resource management (HRM), and this leads to consistencies between SL and the field of sustainable human resource management (SHRM). SHRM practices refer to practices that both enhance profit maximisation for the organisation and also reduce harm to stakeholders (Mariappanadar, 2003). At present, approaches to SHRM are somewhat fragmented (Kramar, 2014), but within SHRM several complementary frameworks can be identified, including perspectives that take account of the effects of organisational behaviours on external stakeholders. For example, Mariappanadar (2003) points out the externalised effects of downsizing on stakeholders such as employees, their families and the community. Later, Mariappanadar (2013), for example examines the impact of SHRM on social and human externalities, noting the frequent failure to take account of the social cost of business, and proposes a framework for costing the harm

done by HRM practices. Kramar (2014) argues that this approach is akin to the economic, social and environmental outcomes espoused by the triple bottom line approach and to assessing CSR impacts on a community.

Although most of the above concepts focus on particular aspects of leadership linked to creating sustainable enterprises, SL incorporates much of what the other approaches argue for in a systemic model. SL's integrative perspective reflects the multidimensional nature of leadership practices in promoting a long-term approach towards organisational sustainability that extends beyond these and other atomistic, and often limited, leadership concepts, such as the triple-bottom-line, corporate social responsibility and corporate responsibility.

The literature indicates that most existing leadership research is currently limited to piecemeal variables, rather than developing constellations of leadership behaviours that reflect the complexity of organisational leadership (Boal and Hooijberg, 2001). Therefore, there is a need to examine multiple management practices in a holistic manner in creating sustainable enterprises, as the SL model offers. Supported by the literature (e.g. Albert, 1992, 1993; Bennis and Nanus, 2003; Hamel and Vallikangas, 2003; Hamel and Breen, 2007; Kantabutra, 2011, 2012) and numerous management gurus (e.g. Bennis and Nanus, 2003; Covey, 1999; Drucker, 1999; Wheatley, 2001), SL practices contribute to organisational sustainability by considering multi-faceted management principles, processes and values to create long-term performance and resilience/endurance for an enterprise. For these reasons, the holistic SL model was employed as the underlying theoretical framework for this study.

In addition to driving organisational longevity and performance, SL is predicted to enhance overall stakeholder satisfaction (OSS) in its quest for sustainability. Leaders of today's organisations need to understand the rapidly changing business context and how to gain competitive advantage by focusing on different facets of management and in particular, on the interconnectedness of these facets. In addition to human-oriented management (through staff engagement and commitment), management of stakeholders is considered vital (Berthon *et al.*, 2008). As well as testing whether SL leadership contributes to OSS, this study seeks to understand which individual SL practices can enhance stakeholder satisfaction.

Many leaders focus on organisational performance and outcomes, often relying solely on financial measures of performance. However, critics argue that a realistic model of performance is in fact more complex than just using financial outcomes, involves more than a single dimension and requires a set of criteria to define it (Cyert and March, 1963; Brown and Laverick, 1994). Measuring organisational success should extend beyond superior financial measures to reflect other aspects of organisations (Brown and Laverick, 1994). Despite the popularity in practice of simply relying on conventional financial performance measures, there are many calls for measuring OSS instead (Schneiderman, 1999; Brown and Laverick, 1994; Neely *et al.*, 2002). Recognising this gap in the literature, OSS is proposed as the dependent variable in this study, with a consequent need to explore its links to organisational sustainability.

Although the literature, including the SL approach, underscores the importance of strategic macro-views of leadership, the emerging SL field is still at an early conceptualisation stage. Apart from several case studies by Avery and Bergsteiner (2010, 2011a, b) and Kantabutra and colleagues (e.g. Kantabutra, 2011, 2012; Kantabutra and Suriyankietkaew, 2013), published research into quantifying the effects and relationships between various SL practices and OSS is absent.

SL: the research framework

Originally, SL was grounded in the Rhineland model of capitalism (Albert, 1992, 1993; Avery, 2005) but has since been expanded and renamed the “Honeybee” business model (Avery and Bergsteiner, 2010, 2011a) to remove any geographic connotations implied by the former name. Avery’s (2005) study of 28 global case studies led to an initial proposal of 19 SL practices. However, Avery and Bergsteiner (2010, 2011a) identified a further four practices, creating a total of 23 Honeybee practices underlying the SL framework. The criterion practices are: CEO and top-team leadership, consensual and devolved decision making, ethics, challenging financial markets, strong systemic innovation, knowledge sharing, long-term perspective, promotion-from-within, strong organisational culture, strong people priority, high quality, high staff retention, highly skilled workforce, strong social responsibility, strong environmental responsibility, broad stakeholder focus, self-governing teams, considered uncertainty and change as process, plus cooperative union-management relations, trust, innovation, staff engagement and self-management. In brief, Honeybee practices are considered essential for driving organisations towards excellent business operations and superior performance; thereby contributing to the sustainability of an enterprise.

OSS

As noted above, measuring organisational success should extend beyond financial measures to reflect other aspects of performance. According to the literature (Atkinson *et al.*, 1997; Schneiderman, 1999; Brown and Laverick, 1994; Neely *et al.*, 2002), OSS can provide an essential emergent, required strategic proxy for organisational performance and sustainability. Since stakeholders ultimately are the final judge of organisational performance (Dickinson *et al.*, 1998), an organisation should know what its stakeholders’ expectations are and strive to satisfy their reasonable requirements (Atkinson *et al.*, 1997). Scholars (e.g. Freeman, 1984; Greenley and Foxall, 1997; Harrison *et al.*, 2010) point out that failure by companies to address wide and diverse interests of stakeholder groups could adversely impact their performance. Clarkson (1995, p. 106) further highlights that “if any primary stakeholder group, such as [employees], customers or suppliers, became dissatisfied and withdraws from the organisational system, in whole or in part, the corporation would be seriously damaged or unable to continue as a going concern”. Moreover, Clarkson (1995, p. 112) argues that “managers could no longer be held responsible for maximizing returns to shareholders at the expense of other primary stakeholder groups; instead managers were now accountable for fulfilling the firm’s responsibilities to [satisfy] its primary stakeholder groups”.

Numerous scholars (e.g. Bititci *et al.*, 1997; Clarkson, 1995; Harrison *et al.*, 2010; Neely *et al.*, 2002) stress the importance of stakeholder satisfaction as an organisational performance measure, particularly in small- and medium-enterprises (SMEs) (Barnes *et al.*, 1998; Garengo *et al.*, 2005). Researchers further suggest that stakeholder satisfaction helps ensure long-term survival, organisational sustainability and success of a firm (Freeman, 1984; Freeman and McVea, 2001; Hillman and Keim, 2001; Post *et al.*, 2002), and that firms can gain competitive advantage strengthening stakeholder satisfaction. As advocated in the literature (e.g. Berrone *et al.*, 2007; Harrison *et al.*, 2010), OSS is predicted to enhance organisational performance and sustainability.

Despite the importance given to stakeholder satisfaction in parts of the literature, its measurement has been largely overlooked. Since different stakeholder groups have different objectives (Cyert and March, 1963), Brown and Laverick (1994) argue that

measuring corporate performance is highly complex and needs more than a single criterion to define it. Corresponding with the previous literature, this study advances current knowledge by measuring key stakeholder satisfaction (i.e. customer satisfaction, supplier satisfaction, employee satisfaction) under an umbrella of a single concept termed “overall stakeholder satisfaction”.

Research hypotheses

SL practices are predicted to enhance organisational performance in varying degrees (Avery and Bergsteiner, 2010, 2011a, b). Given the lack of empirical research into the relationship between SL practices and OSS, this study extends current understanding by examining the relationships between all 23 SL practices and OSS. The hypotheses below postulate that SL practices are significantly related to managers’ perceptions of OSS, a positive relationship exists between diverse SL practices and OSS, and the more SL practices an organisation adopts, the higher OSS will be reported. These predictions are expressed in the following research hypotheses:

- H1. SL practices are significantly related to perceived OSS.
- H2. There is a positive relationship between SL practices and perceived OSS.
- H3. The more SL practices an organisation adopts, the higher the level of perceived OSS.

Key variables

SL practices

For this study, the 23 SL practices were operationally defined as the extent to which organisational members, in this case managers, perceive that their organisation operates using practices aligned with Honeybee principles. SL Honeybee practices were measured via a set of 57 items adapted from Avery and Bergsteiner’s Sustainable Leadership Questionnaire (SLQ) with five-point Likert rating scales ranging from 1 = “Strongly disagree” to 5 = “Strongly agree” with 6 = “Don’t know”.

OSS

Using five-point Likert scales, respondent perceptions of stakeholder satisfaction among four key groups (i.e. customers, investors, suppliers and employees) were assessed. Consistent with the literature (e.g. Carmeli and Tishler, 2004; Carmeli and Schaubroeck, 2006), the OSS components were measured as perceptions, based on items asking the extent to which respondents believed that the firm overall satisfies its primary stakeholders, when compared with the firm’s competitors (1 = “Much worse” to 5 = “Much better”; 6 = “Don’t know”). This indirect method of measuring perceptions was necessary in the absence of being able to measure the stakeholder satisfaction components directly, adopting a technique used by Carmeli and associates (note that staff engagement is a separate measure from perceptions of employee satisfaction in this study).

Methodology

Sample

The sample consisted of 439 managers from SMEs across diverse industries in Bangkok, Thailand who participated voluntarily. The Thai Institute of SMEs

development defines SMEs as having fewer than 50 employees and fixed assets under 50 million Baht (excluding land). SMEs were chosen as the focus of the study because the literature has highlighted the importance of SMEs worldwide and called for further studies of SME leadership practices (e.g. Swiercz and Lydon, 2002; White *et al.*, 2007). Furthermore, as in many other countries, the SME sector plays a significant role in the Thai economy, according to the Office of Small and Medium Enterprises Promotion.

Table I shows the demographic characteristics of the sample. The sample consisted of 46 per cent male and 54 per cent female managers. Most (about 77 per cent) were aged between 25 and 34 years old (38.2 per cent) and 35 and 44 years old (38.9 per cent), whilst 15 per cent of them were in the age range of 45-54 years old. About 88 per cent of the sample had obtained a university degree (bachelor degree 68 per cent; master 20 per cent). Nearly 80 per cent had up to ten years of tenure with the firm, 10 per cent between 11 and 15 years tenure and the remaining 10 per cent had worked 16 years or longer with their organisations.

Data collection

A cross-sectional survey design was employed to test the research hypotheses, using a mixed survey method (i.e. online, telephone and mail survey) to maximise response rates. The overall response rate was 57 per cent. Cronbach's α 's indicated that all items in the questionnaire exceeded the threshold of 0.70 level of reliability, as recommended by Hair *et al.* (2010).

Demographic information	Number	%
<i>Gender</i>		
Male	204	46.4
Female	235	53.6
Total	439	100.0
<i>Age</i>		
Below 25 years old	17	3.7
25-34 years old	168	38.2
35-44 years old	171	38.9
45-54 years old	65	14.9
Above 55 years old	18	4.2
Total	439	100.0
<i>Education</i>		
Below diploma	20	4.6
Diploma	31	7.0
Bachelor degree	298	68.1
Master degree	89	20.2
Total	439	100.0
<i>Tenure</i>		
Below 6 years	193	44.2
6-10 years	155	35.6
11-15 years	44	9.9
16-20 years	29	6.4
Above 20 years	18	4.0
Total	439	100.0

Table I.
Characteristics
of sample

Language

Originally, the SLQ was developed in the English language but was translated into the Thai language using a back translation approach by two different bilingual translators to ensure comparability and validity of the data-collection instrument.

Analysis and results

Multiple regression and correlations were used to examine the relationships between SL practices and (perceived) OSS, yielding the following results.

Table II summarises the descriptive statistics and correlations and p -values. Results show that all SL practices except financial market orientation (FMIN) are correlated significantly at either the 5 or 1 per cent levels. Overall, the correlations reveal that all SL practices, except financial market orientation are significantly related to OSS. Therefore, $H1$ is partially supported, with the exception of FMIN.

Using the enter method, the multiple regression model with all 23 predictors produced $R^2 = 37.1$ per cent, $F(23, 415) = 10.635$, $p < 0.001$, indicating that the 23 SL practices can explain about 37 per cent of the variance in OSS among the managers. The model rejects the null hypothesis; therefore, there is at least one independent variable with a significant relationship with OSS. The assumptions of the multiple regression analysis were also assessed. Although the Shapiro-Wilk test rejects the null hypothesis for normality at $p < 0.01$, this potential problem with normality is overcome by the large sample size ($n = 439$). White's test of homoscedasticity accepts the null hypothesis and indicates that the probability distribution of the errors has constant variance at $p < 0.05$. The variance inflation factors (VIF) and tolerance fall within the acceptance range (VIF = 1-5, tolerance = 0.01-1.0), revealing no multicollinearity and indicating that the regression model used in this study is an adequate fit.

Table III presents the analysis results for individual practices. Unstandardised coefficients in Table III reveal that labour relations (LARE = 0.115), staff retention (STRE = 0.079), strong and shared vision (SSVI = 0.163), strategic systemic innovation (SSIN = 0.105), staff engagement (STEN = 0.184) and quality (QUAL = 0.194) all have a significant relationships with OSS, and positively predict enhanced OSS at $p < 0.05$. The remaining SL practices were found non-significant and not to contribute to the multiple regression model. Overall, the results indicate a positive predictive relationship between SL practices and OSS. Therefore, $H2$ is supported.

The absolute values of standardised coefficients (β) evidence that certain SL practices have greater impact and predictive strengths on OSS than other SL practices, holding all other variables constant. Amongst the statistically significant coefficients, staff engagement (STEN = 0.185) had the highest impact and predictive strength on OSS. Quality (QUAL = 0.176), strong and shared vision (SSVI = 0.167), labour relations (LARE = 0.148), strategic systemic innovation (SSIN = 0.123), and staff retention (SSVI = 0.079), respectively, have relatively lower β and impact on OSS. Therefore, $H3$ is partially supported since the more an organisation adopts the statistically significant SL practices, the higher the OSS will be.

Discussion and implications

The purpose of this study was to identify the management practices derived from the SL framework and their effect on OSS in Thai SME organisations. The findings and implications from the study are of both empirical and practical importance to both academics and practitioners.

Table II.
summary of
descriptive statistics
and correlations

Variable	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
1. DEPE	3.208	0.661																									
2. LARE	3.049	0.785	0.108*																								
3. STRE	3.142	0.904	0.315**	0.209**																							
4. SUPL	3.208	0.805	0.220**	0.027	0.208**																						
5. VAEM	3.773	0.741	0.113*	-0.157**	0.178**	0.345**																					
6. CEOL	3.369	0.838	0.313**	-0.042	0.311**	0.346**	0.320**																				
7. ETHI	3.951	0.577	0.197**	0.065	0.099*	0.153**	0.383**	0.205**																			
8. LTPE	3.869	0.656	0.110*	0.082	0.111*	0.256**	0.324**	0.154**	0.430**																		
9. COCH	3.873	0.580	0.114*	0.159**	0.197**	0.268**	0.386**	0.192**	0.356**	0.573**																	
10. FMIN	2.902	0.772	0.116*	0.135**	0.186**	0.210**	0.069	0.059	-0.011	0.141**	0.184**																
11. ENRE	3.001	0.477	0.175**	0.145**	0.211**	0.085	0.057	0.085	0.055	0.069	0.110*	0.127**															
12. SORE	3.054	0.584	0.129**	0.130**	0.208**	0.189**	0.188**	0.239**	0.087	0.092	0.158**	0.118*	0.194**														
13. STCO	3.506	0.584	0.199**	0.025	0.288**	0.230**	0.352**	0.285**	0.250**	0.369**	0.424**	0.185**	0.069	0.204**													
14. SSVI	3.532	0.624	0.119*	0.262**	0.307**	0.342**	0.276**	0.169**	0.283**	0.397**	0.370**	0.168**	0.082	0.213**	0.391**												
15. DEDE	3.483	0.785	0.052	0.285**	0.183**	0.149**	0.174**	0.171**	0.222**	0.365**	0.350**	0.211**	0.142**	0.150**	0.280**	0.334**											
16. SEMA	2.811	0.440	-0.106*	0.253**	0.028	0.079	-0.072	-0.021	-0.026	0.015	-0.040	-0.009	-0.051	0.013	-0.092	0.099*	0.200**										
17. TEOR	3.809	0.759	0.056	0.273**	0.061	0.232**	0.267**	0.127**	0.316**	0.458**	0.366**	0.085	0.090	0.107*	0.288**	0.464**	0.469**	0.120*									
18. ENCU	3.740	0.738	0.019	0.233**	0.080	0.165**	0.280**	0.090	0.377**	0.427**	0.372**	0.048	0.064	0.075	0.273**	0.454**	0.458**	0.117*	0.694**								
19. KSRE	3.658	0.673	0.060	0.188**	0.120*	0.141**	0.192**	0.158**	0.275**	0.337**	0.390**	0.049	0.053	0.081	0.269**	0.255**	0.423**	0.167**	0.428**	0.496**							
20. TRUS	3.526	0.875	0.007	0.285**	0.011	0.061	0.222**	-0.012	0.289**	0.285**	0.300**	0.076	0.023	0.004	0.158**	0.379**	0.399**	0.188**	0.516**	0.586**	0.386**						
21. SSNI	3.380	0.714	0.146**	0.445**	0.112*	0.117*	0.046	0.069	0.318**	0.257**	0.256**	0.136**	0.190**	0.166**	0.176**	0.304**	0.225**	0.220**	0.410**	0.436**	0.361**	0.468**					
22. STEN	3.883	0.609	0.150**	0.147**	0.112*	0.175**	0.333**	0.265**	0.460**	0.344**	0.384**	0.009	0.002	0.077	0.341**	0.385**	0.319**	0.017	0.488**	0.566**	0.407**	0.496**	0.379**				
23. QUAL	4.044	0.553	0.018	-0.004	0.087	0.118*	0.328**	0.205**	0.359**	0.350**	0.353**	-0.037	0.058	0.010	0.256**	0.265**	0.184**	-0.065	0.377**	0.416**	0.300**	0.282**	0.229**	0.510**			
24. OST5	3.629	0.609	0.144**	0.312**	0.274**	0.202**	0.164**	0.200**	0.311**	0.247**	0.250**	0.040	0.116*	0.178**	0.223**	0.413**	0.294**	0.105*	0.341**	0.371**	0.275**	0.302**	0.387**	0.441**	0.358**	1	

Notes: * $p < 0.05$; ** $p < 0.01$

	Unstandardised coefficients		Standardised coefficients		Sig.	Collinearity statistics	
	<i>B</i>	SE	β	<i>t</i>		Tolerance	VIF
(Constant)	0.342	0.347		0.987	0.324		
DEPE	0.000	0.041	0.000	0.006	0.995	0.764	1.308
LARE	0.115	0.038	0.148	3.028	0.003	0.637	1.569
STRE	0.079	0.032	0.118	2.490	0.013	0.675	1.482
SUPL	0.037	0.036	0.049	1.036	0.301	0.685	1.460
VAEM	-0.036	0.042	-0.044	-0.865	0.387	0.593	1.686
CEOL	0.022	0.034	0.030	0.631	0.528	0.681	1.469
ETHI	0.074	0.052	0.070	1.431	0.153	0.626	1.599
LTPE	-0.014	0.050	-0.015	-0.273	0.785	0.531	1.885
COCH	-0.049	0.056	-0.047	-0.874	0.383	0.527	1.897
FMIN	-0.044	0.034	-0.055	-1.302	0.194	0.839	1.193
ENRE	0.017	0.053	0.013	0.314	0.754	0.866	1.154
SORE	0.048	0.045	0.046	1.071	0.285	0.814	1.229
STCO	-0.018	0.051	-0.018	-0.359	0.720	0.639	1.565
SSVI	0.163	0.050	0.167	3.242	0.001	0.571	1.753
DEDE	0.044	0.039	0.057	1.122	0.263	0.590	1.695
SEMA	0.012	0.061	0.009	0.196	0.844	0.783	1.276
TEOR	-0.018	0.048	-0.022	-0.373	0.710	0.422	2.368
ENCU	0.016	0.053	0.020	0.308	0.758	0.374	2.677
KSRE	0.000	0.044	0.000	0.008	0.994	0.633	1.581
TRUS	-0.011	0.038	-0.016	-0.299	0.765	0.503	1.988
SSIN	0.105	0.045	0.123	2.353	0.019	0.556	1.800
STEN	0.184	0.057	0.185	3.239	0.001	0.467	2.141
QUAL	0.194	0.054	0.176	3.597	0.000	0.630	1.587

Table III.
Multiple regression
results

First, as predicted in *H1*, adopting SL practices is significantly related to OSS, consistent with Avery and Bergsteiner's (2010) model. The exception was "financial market orientation". That the financial market orientation practice was not significant could be at least partially explained by the fact that all the organisations studied were SMEs, and not listed enterprises with an interest in external investors or analysts, which is also typical of SME firms in other countries (Avery, 2005). SMEs tend to resist outside interference in their firm's activities, and owner managers in particular are often too preoccupied with running the business to worry about outside influences and finances (e.g. Sian and Roberts, 2009).

H2's prediction of a positive relationship between individual SL practices and OSS was supported, confirming similar research findings linking individual SL practices to aspects of stakeholder satisfaction. The major practices linked to OSS were labour relations (e.g. Danford *et al.*, 2005; Martinez and Norman, 2004), staff retention (e.g. Jing 2014a, b; Kantabutra, 2011; Kantabutra and Avery, 2010), strong and shared vision (e.g. Kantabutra, 2009; Kantabutra and Avery, 2006; Kantabutra *et al.*, 2010), strategic systemic innovation (e.g. Bhaskaran, 2006; Muller and Penin, 2006), staff engagement (e.g. Aon Hewitt, 2010; Bakker *et al.*, 2008; Berthon *et al.*, 2008) and quality (e.g. Anderson *et al.*, 1994; Neely *et al.*, 2002). Moreover, the results show a differential relative impact and magnitude for the individual practices on enhancing OSS. For example, staff engagement had the highest impact and predictive strength on OSS, which is not surprising given that employee engagement is also a potential indicator of satisfaction among this stakeholder group.

H3 predicted that the greater the number of SL practices an organisation adopts, the higher its OSS. This was partially supported in this study, particularly by practices such as staff engagement; strong and shared vision; amicable labour relations; strategic systemic innovation; and retaining staff; consistent with Avery and Bergsteiner's research. In other words, the greater the number of these particular SL practices an organisation adopts, the higher its OSS will be.

This study offers several practical implications. A major managerial implication is that understanding the contribution of particular practices to stakeholder satisfaction can assist business owners, entrepreneurs, HR directors and managers in prioritising management practices that could notably affect their business success via enhanced OSS. The findings can also be used to guide business leaders and managers in making strategic decisions to invest in or emphasise particular SL practices. By encouraging amicable labour relations, retaining long-term staff, engaging staff, providing strong and shared vision, promoting strategic, systemic innovation and enhancing product and service quality, organisations can improve business effectiveness and efficiency as well as strengthen their business competitiveness, thereby promoting organisational sustainability as the SL model predicts.

Since the SME sector contributes to the economic and social growth of many countries worldwide (Jenkins, 2006; Spence *et al.*, 2003), including in Thailand, the findings of the research may also help government policy makers to uncover the key determinants of growth in SMEs. In other words, this study may help the relevant parties to a better understanding of what drives the economic backbone of a country. This provides an example of how internal leadership practices within a firm can affect stakeholder groups such as politicians.

The findings have implications for SHRM practices that involve tensions between maximising profit for a firm while minimising harm for stakeholders (Kramar, 2014; Mariappanadar, 2003, 2013). Traditional managers are typically concerned about the former and far less about the costs of earning those profits for stakeholders, particularly the effects on external stakeholders. This study encompassed four important stakeholder groups, namely customers, investors, suppliers and employees, examining the perceived effects on them of management practices derived from the SL framework. Positive effects on at least four SL practices directly related to HRM: striving for positive labour relations, retaining staff, developing a strong and widely shared vision, and engaging employees. Practices that enhance OSS but seem less obviously related to SHRM are developing the workforce and process capability for strategic systemic innovation and striving for high quality in services and products. Findings from this study suggest that human resource practices can enhance OSS, at least in these respects, and that the OSS is higher where more of these kinds of practices are found.

Lastly, some authors (e.g. Kantabutra, 2011, 2012; Kantabutra and Suriyankietkaew, 2013) are reporting a shift towards organisational leadership with a long-term orientation and caring for all stakeholders in creating sustainable businesses in Thailand. Examples of this are evident in the King's Sufficiency Economy Philosophy business practices. According to Rungfapaisarn (2012), the sustainability revolution creates one of the biggest business opportunities for Thailand. Therefore, this research may help advance the current leadership, strategy and business management and entrepreneurial knowledge in Thailand and possibly in other emerging Asian contexts.

Limitations and future research

While the researchers strove for high quality in this investigation, various limitations need to be acknowledged. Since the study context focuses on the SME business sector, the applicability of the results to other kinds of businesses, especially in larger or listed organisations, needs to be verified and further investigated. Similarly, the research was conducted in one emerging economy and should be verified in other contexts. Common method variance must also be considered when interpreting the relationships among the SL practices, since they were measured using the same survey. The use of self-reports may create response errors, as may reliance on perceived assessments of stakeholder satisfaction, even though perceptions have been used in other studies where direct measures were unavailable (e.g. Carmeli and Tishler, 2004). Since this is a cross-sectional survey, causality may not be strongly evident, and thus interpretation and generalisations from this study should be approached with caution.

Future research could examine relationships between SL practices and other performance outcomes related to organisational sustainability, particularly examining specific bundles of honeybee practices. Other extraneous or control variables could be taken into account in future research since they may influence relationships when conducting a similar statistical analysis. Overall, more empirical research is needed to advance knowledge in the multidisciplinary field of leadership, strategy and business management, entrepreneurship and SME businesses. Furthermore, the findings from this study raise research links to the field of SHRM. For example, the positive and negative effects of HRM on OSS could be explored and where possible measured, using a wide set of stakeholder groups. Further investigation of specific HRM-related practices that the SL framework predicts as drivers of high-performance and enhancers of long-term organisational sustainability is also needed.

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