The influence of executive coaching on organizational performance

La influencia del coaching ejecutivo en el desarrollo organizativo

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Resumen

Una revisión asistemática de la literatura y una investigación documental fueron tomadas con el fin de conceptualizar los modelos de coaching ejecutivo utilizados en Brasil y comprender el impacto de este programa en el desarrollo organizativo. Se revisaron tesis de posgrado, libros, artículos y revistas de negocios publicados en los últimos cinco años. El coaching ejecutivo se concibe como un programa de desarrollo de liderazgo donde el coach faculta más poder al cliente y lo ayuda también con la mejora de la toma de decisiones. Sin embargo, la literatura empírica brasileña no es clara en lo que se refiere al real impacto del coaching ejecutivo en el desarrollo de una organización. La evaluación 360º es una herramienta que puede agregar más conocimiento para la elaboración del plan de acción en los primeros encuentros con el coachee. Una limitación del estudio fue el análisis empírica de la influencia de la inteligencia emocional sobre el proceso de coaching ejecutivo. Se necesitan más estudios con el objetivo comprender los modelos teóricos y las mejores prácticas.

Palabras-clave: competencia profesional; coaching ejecutivo; liderazgo; inteligencia emocional; evaluación 360º.
Abstract

A non-systematic literature review and a documental research were taken together as the basis for a conceptualization of executive coaching models currently in use in Brazil. Post-graduation thesis, books, published articles and business journals that were published in the past five years were reviewed. It was found that executive coaching is conceived as a leadership development program where the coach empowers the client and improves his decision-making process. However, Brazilian empirical literature is not clear about the real impact of executive coaching on a company’s performance. There was an important lack of specialized literature and it was hard understand empirically the influence of emotional intelligence and 360º evaluation on executive coaching process. Further empirical studies are needed for better understanding of theoretical models and better practices.

Keywords: professional competence; executive coaching; leadership; emotional intelligence; 360º feedback.
Introduction

Constant global changes have been influencing society, economy, technology and, thereafter, business. Organizations are now facing permanent challenges due new client’s demands, and they need to reinvent themselves more frequently than is was needed one or two decades ago (Bichuetti, 2011). Surviving in this competitive market depends on new ways of increasing performance and efficiency, since this highly competitive reality have forced organizations to search for new ways of establishing organizational competences. Therefore, companies have become the scenario of organizational learning, encouraging employees to conquest more autonomy and self-realization on their routines (Garcia, 2011).

It’s assumed that business results are directly related to human performance. Demands on human resources areas - which now play a key role, strategically speaking - are increasing. Believing that people management is a central element of organizational development, the quality of the organization will be gradually its main competitive weapon (Assis, 2012).

Strategic organizational systems can create and maintain competitive advantages by building competencies and resources. By being a learning organization, it’s possible to develop individual competencies and creates new performance patterns. Leadership development programs can focus on improving leadership competencies in order to promote individual and organizational learning. Therefore, developing competencies require practices that are capable of support employees’ learning processes. Competence management projects elevate the employee’s development into a basic preoccupation status, linking organizational and individual competencies - integrating the organization's strategic vision, organizational competencies, required individual competences and the management of them altogether (Mascarenhas, 2008). In order to be “better learners”, individuals need to become more self-aware and responsible - including being aware of beliefs and ideas that underpin behaviors and taking responsibility for the choices and the consequences of them (Whybrow & O’Riordan, 2012).

In a learning organization, employees are encouraged to transcend their immediate responsibilities - and this should be carefully evaluated for best practices. Alignment and competence development are important for the competitiveness of an organization (Mascarenhas, 2008). Knowledge management is related to the organization's ability to use individual knowledge in order to develop skills and
creativity of its professionals. As facilitators of this process, coaches provide self-development and commitment to organizational results. Coaching is a tool that aims to improve human capital, multiplying individual excellence and organizational improvements (Grespan & Souza, 2008).

Performance evaluation systems intend to analyze an employee’s efficiency by measuring his contributions on team results. Throughout data gathering, it allows a deeper knowledge of the human system in order to identify conditions that can increase their productivity. It’s possible to identify, organize, measure results and integrate it with company’s projects to visualize the impact of future actions (Costa, 2010).

Emotional intelligence refers to the ability to identify our own feelings and those of others, motivating ourselves, managing personal emotions and our relationships (Goleman, Boytzis & McKee, 2002). Positive emotions and emotional intelligence are related to mental health, interpersonal relationships and work environment. There is synergy between emotional intelligence abilities and cognitive intelligence – employees who perform outstandingly have both (Goleman, 1998).

Coaching is a process where people get to achieve professional and personal goals throughout professional help (Zaharov, 2010). Executive coaching is an evidence-based, practical and effective process that enhances fulfillment in terms of leadership, communication and productivity (Karsten, 2010). It contributes to the acquisition and maturation of new competencies, and also to the coachee’s adaptation to organizational changes (Milaré & Yoshida, 2009). When the coachee is an executive leader and the coaching process is aligned with the company’s strategy and culture, it is expected that his achievements have a positive organizational impact (Levenson, 2009). This article aims to explicit how executive coaching can provide significant organizational impact, exploring the Emotional Intelligence’ and the 360º evaluation’ significance on the process.

**Coaching**

Coach is the one who coaches a sports team, such as basketball or soccer. On organizational context, professional coaches allow the reach of employee’s excellence level by achieving his goals (Dinsmore & Soares, 2011). Professional coaches are the ones who empower the client in a way his intentions become actions, and these actions can be translated into results (Araujo, 2011). The process aims to answer professional needs, including his dynamic at work and his personal life. Professional coaches allow
the improvement on client’s decision making, from intensifying positive attitudes to helping on significant changes for his personal and professional growth. Considering each one’s intentions and values, the coach make them search for their solutions on work routines (Zaharov, 2010).

To Mascarenhas (2008), the coach assumes three functions: 1) helps on the definition of the coachee’s development plan and follows it; 2) contributes on motivational strategies that are needed on the learning process; and 3) can assume important roles related to the learning process itself, facilitating the coachee’s development.

Coaching is a process where people are able to achieve professional and personal goals throughout professional help. Coaching process provides a personal development space and enables the understanding of how to translate personal insights into organizational effectiveness, development and upgrade (Wales, 2002). It is, than, a leadership exercise that empowers the employee’s in a way he gets able to face changes with better agility (Araujo, 2011).

According to Whybrow & O’Riordan (2012, p. 205), the essences of coaching are: 1) fundamentally supporting learning in others and, through that learning, raising performance; 2) a conversation that emerges as the context changes – the construction and rethinking of what is important, salient and feasible at any one point this time; and 3) content free – not teaching, but helping people to discover their own resources and their own knowledge.

**Conceptualizations**

Sometimes coaching is misunderstood as counseling or mentoring. They all bring some singularities, but also similar or superposed meanings. Coaching, mentoring and counseling goals are related to contribute to people’s growth, orienting on their professional choices, helping them to built projects that fits in their values and interests - consequently maximizing their efficacy on the day job and upgrading their interaction in society (Silva, 2010).

**Mentoring**

Mentoring generally involves career aspects and psychological support. It’s long-term oriented due to its goal: gradual progress at work, not necessarily related to hierarchy (Silva, 2010). Michaelis Portuguese dictionary defines mentor as a “person
who counsels, teaches or guides”. In this methodological approach, the goal is to get the person’s autonomy by the mentor’s expertise.

**Counseling**

Counseling is commonly used in clinical area, meaning psychological counseling, and it has some similarity to professional orientation. Counseling processes can be similar to mentoring and coaching when it comes to professional career and orientation, but in these cases a professional counselor works on his private practice. Different from coaching, counseling is essentially practiced by a psychotherapist (Silva, 2010).

**Executive coaching**

Executive leaders in particular face more complexity in their daily routines compared to other employees, once their demands and amount of information are always increasing (Good, Yeganeh & Yeganeh, 2010). They deal with complex job situations while developing themselves inside the companies. Executive coaching fits on the learning model once the coach allows executive leaders to learn, modify and actually use a new approach in a specific organizational situation. It also allows executive leaders to learn while they work, while they maintain their rhythm. Coaches can be a deployment opportunity – and where there’s no coach, the chance to this reflexive dialogue can be lost. The “success formula” depends on some characteristics: coaches set out contents from the coachee himself, from the team and from the organization; the one-to-one work is congruent to the company’s leadership style; and a positive organizational outgrowth is promoted (Goldsmith, Lyons & McArthur, 2012).

In order to positively impact business, the leader’s behaviors and competencies – focus of executive coaching – are strategically related to company’s values and objectives. Evidences show that executive coaching offers an effective method to support leaders on developing innovative cultures (Levenson, 2009). This methodology has shown itself as a systematic leadership intervention that brings positive impacts to all organization’s levels and modifies it’s “genetic code”, the culture (Goldsmith, Lyons & McArthur, 2012).

**Assessment: 360º feedback**
Performance evaluation is the quantification of one’s performance aiming to establish employee’s personal development and improved organizational performance (Silva & Luz, 2010). 360º evaluation is an assessment model were subordinates, supervisors, peers, customers (stakeholders) and also the evaluated employee, are respondents. It requires team’s maturity and knowledge about the method and its objectives, once the employee is being evaluated by different people (Silva, 2012). As an individual evaluation, this procedure stimulates learning by indicating specific competencies whose improvement would bring benefits to the employee’s career (Mascarenhas, 2008).

Understanding specific behaviors that primarily interest to business success comes first; second is how executive coaching process will improve these behaviors, positively impacting the business performance in general (Levenson, 2009).

Coaching combined with 360º evaluation programs is focused on evaluation processes and the feedbacks (Reis, 2010). Coachee’s react very differently from one another: some mobilize and go for it, while some of them are not committed as much (Reis e Nakata, 2010). New feedback and the coaching process can maintain the 360º feedback self-regulation process, where goals and action plans are reexamined periodically so there is a gradual oncoming to the best possible results (Reis, 2010).

**Executive coaching as a learning process**

Adult learning requires an adequate methodology planning (Zaharov, 2010). Leaders do not have much time to make such changes and they value their time immensely. The best approach is the one that uses less time as possible to achieve the leader’s goals (Goldsmith, Lyons & McArthur, 2012). Neurologically speaking, reclaiming a new competence means to eliminate the old habit (automatic response) and replace it for the new learning (Goleman, 2002).

The leader’s activities complexity is related to business impact, and the relation between organizational environment and individual performance is also important. In order to have business impact, leadership behaviors and competencies must be strategically or financially related to business (Levenson, 2009).

Coutu & Kauffman (2009) interviewed 140 professional coaches about the key-factors behind their “cases of success”. Answers reviewed three major factors: 1) the executive leader’s motivation and commitment to change; 2) organizations’ support on the process; and 3) clear established goals to achieve. This study also showed possible
causes to executive coaching growth on the past years: it assures the improvement of administrative performance, helps leaders to manage business complexity and speeds up the leadership development.

According to Baron and Morin (2009), executive coaching is significantly associated to the leader’s perceived self-efficacy by the end of the process, and organizational commitment to executive coaching is crucial to leader’s self-efficacy rise. That is, subjectively speaking, the best the coachee feels (connected to company’s values and motivated to work there) the better he develops himself when someone gives him the chance.

Coaching can positively impact business’ performance if the leader gets to work satisfactorily with his specific actions or behaviors that are blocking the team's performance. If that happens, there’s a path for positive business impact throughout coaching. It was found (Levenson, 2009) that in order to executive coaching to have a direct impact on business it has to improve the leader’s decision-making or his routines. What’s important on evaluating coaching impact is that the leader’s context indicates which leadership behaviors impact business results.

Executive coaching process can be fulfilled through different approaches depending on the coach’s expertise. This paper brings up the Cognitive-Behavioral Coaching.

**Cognitive-behavioral coaching**

Being flexible to a complex, fast-paced and changing environment is prominent to successful leaders. Cognitive-behavioral coaching aims to create an achievable framework of personal and professional goals that facilitates the practice of desired thoughts and behaviors, through performance’s measurement and monitoring. As a ROI (return on investment) it has been shown to increase client’s motivation. Given the executive time demands, it’s understood that this is an approach that fits in leadership context and aims more flexibility to these leaders (Good, Yeganeh & Yeganeh, 2010).

Throughout collaborative empirism - sharing process’ information that gives autonomy to the client (Beck & Beck, 2011) -, it provides the understanding of how personal phenomena influences the leader routine. The quality of the coach-coachee relation is a vital factor of success. Coach and coachee work collaboratively to assess current belief systems, gaining awareness of the connections between situations, feeling states, and automatic thoughts and behaviors. An ideal state is established and gradually
the executive leader works to achieve this state. Follow-ups are needed to assess if results are still being accomplished after the process is over.

In other words, this process aims to enhance the executive’s awareness of his thoughts and the resulting behaviors. The process provides flexibilization, behavioral change and learning, since people tend to develop rigid routines to deal with complex environments (Good, Yeganeh & Yeganeh, 2010).

**Competence development**

People are a determinant solution for organizational success and competence or performance management urges as a core factor related to competition. Performance is related to productivity and evaluating it is essentially the identification of critical factors that, together, bring more value to business (Silva & Luz, 2010).

Exercising a competence is to combine and mobilize different capabilities to fulfill work demands. Capabilities are knowledge, skills and attitudes (in portuguese: conhecimentos, habilidades e atitudes [CHA]) developed in various situations throughout life. They are the result of education and practical experience, for example - and this CHA can be mobilized in specific work situations. Each situation needs a different combination of specific CHA (Mascarenhas, 2008).

Organizational competences are the ones that are capable of implanting the company’s strategy (Fleury e Fleury, 2004) and managerial competences are those who must be mobilized by leaders. Each organization has its vision and strategy and its specific competences that are important to business. Exercising competencies implies interaction, mobilizing others to the contribution of collective goals. Thus, the concept of competence is the basis of integrated people management systems and new learning would be the business core competence (Mascarenhas, 2008).

When it comes to leaders, their behaviors and attitudes are the focus of coaching process, since they have enormous impact on the team’s and the company’s performance. There is no fixed formula for great leadership: there are several ways to accomplish excellence, and awesome leaders can have different personal styles. For Goleman (1998), a leader with emotional competences has a sharp self-perception that guides his decision-making. He also regulates his emotions, motivates himself and is an empathic person. Using such tools, a leader interacts easily and uses these abilities towards his leadership exercise.
Emotional intelligence

Emotional Intelligence refers to the ability to identify our own feelings and those of others, motivating ourselves, managing personal emotions and our relationships (Goleman, Boytzis & McKee, 2002). Howard Gardner (1985) introduced the idea of personal or interpersonal abilities on the concept of multiple intelligences.

When it comes to the importance that EI can have inside organizations and how it can contribute to productivity, it’s understood that it’s important for the company to keep valued human capital, able to manage emotions correctly and to achieve a high level of work performance. EI is important on Human Resources plans and also on daily job relationships (Amaral, 2012).

It has shown that positive emotions and EI are related to mental health, interpersonal relationships and work environment (Goleman, 2002). According to the EI theory, emotions provide us vital information and we can understand our social environment by exercising our emotional competencies. Individuals who are receptive to internal and external emotional cues process information about themselves and about emotional experiences of others. So, if you use this information as a guide to your thoughts and behaviors, you are more likely to exhibit adaptive functioning in intra- and inter-personal fields (Abe, 2011).

Emotional competences were shown as twice more important compared to pure knowledge and expertise, in relation to performance (Goleman, 2002). The integrated functioning of these competences is: values, beliefs and references generate thoughts; thoughts generate emotions; emotions generate behavioral tendencies; behavioral tendencies can be lapedated in view of strategic skills – and that is how we achieve a leader’s personality (Mattone, 2013).

One must recognize the need to create an integrated and consistent people management plan in order to strengthen up the integration between employees and the knowledge exchange, promoting learning at all organizational levels. This integrated system, by definition, involves not only Training and Development classic processes on the Human Resources area - in practice, developing an organizational competence involves talent acquisition, performance evaluation programs, competence management and corporate universities, for example. All these practices aim to promote consistent attitudes and behaviors aligned with the organization's strategic vision (Mascarenhas, 2008).
Method

This research aimed to describe and analyze empirical Brazilian studies about cognitive behavioral executive coaching in order to understand its influence on organizational performance. Two methods were used: 1) a non systematic review; and 2) a documental analysis. Both were taken using the following keywords: leadership coaching, executive coaching, cognitive behavioral executive coaching, leadership competencies, 360° evaluation, and in Portuguese: coaching de líderes, coaching executivo, coaching cognitivo comportamental executivo, competências de liderança and avaliação 360°. Articles and books published between 2008 and 2013 were assessed.

Method number 1: keywords were searched on four databases chosen by their relevance on Brazilian business scenario: Revista Eletrônica de Administração (REAd) from Universidade Federal do Rio Grande do Sul, Revista Gestão e Sociedade from Universidade Federal de Minas Gerais, Revista Economia e Gestão from Pontifícia Universidade Católica de Minas Gerais and Revista de Administração de Empresas (RAE) from Fundação Getúlio Vargas.

Method number 2: keywords were searched in Pontifícia Universidade Católica do Rio Grande do Sul and Universidade Federal do Rio Grande do Sul’s thesis databases. Three case studies were chosen: 1) a doctorate thesis exploring the impact of a joint venture on a multinational company Human Resources sector, by interviewing leaders about their perception about it and also about potential needs and building an action plan; 2) a published article evaluating the impact of the Competencies Management on a Performance Evaluation Program, interviewing employees about their personal experiences with it; and 3) a book chapter demonstrating cognitive behavioral executive coaching practice. Number 3 is not a Brazilian scientific production.

Analysis and Discussion

This literature review showed that different factors play a role on organizational development. When it comes to executive leaders, each aspect of their actions influences teamwork and organization results. Competencies, formal education and work dynamics are key factors on achieving goals that are relevant to business. One study (Silva & Luz, 2010) interviewed five employees questioning about the competence management program deployed in the company. This specific program aimed to help executives to articulate business policies and people management
practices, shaping career opportunities, providing information to support decision-making and stimulating the development of individual capacities. On that specific company, executives are responsible for each team member’s assessment and also for individual feedback/career guidance. By owning the resultant reports and charts, managers can map each employee’s performance and also the whole team outgoing. The respondents' suggested that this competence management model enables the easier goals-defining and also a “sense of direction” - it allows employees to understand more clearly their organizational role.

We demonstrated that executive coaching process has been conquering space inside the organizations thanks to concrete positive results (objective 2). It is a specific process for every case, and it is possible to notice real professional development from the start since the process runs simultaneously to daily work. Organizations can use professional coaching as a key element, among others, in the pursuit of positive results facing market volatility. Specific and practical, coaching interventions can be effective if well implemented. Not only the executive who went through the coaching process but also their team and the company can see results.

When interviewing directors and managers during an organizational change period – in this case, a Joint Venture - it was discovered that the opportunities for leadership improvement involved a development program for middle managers and executive coaching (Assis, 2012). Interviewers also said that change management projects call for a more active Human Resources (HR) sector. Working with coaching and mentoring techniques in order to facilitate the development of current and future leaders was described as an opportunity. Furthermore, in terms of HR priorities, all respondents understand leadership as a fundamental role to business change: whether through transparent communication, dissemination of strategic and operational objectives, educational activities about the process of change, or even motivating teams and celebrating small achievements. For most respondents, HR professionals must act as the main agents during the transition period; however, despite the agreement that people are the central axis of change, they assume managers are transformation agents, not only to the HR team.

We can now understand that many factors contribute to a good implementation of executive coaching in order to get positive organizational development (objective 3). The composition of competences, capabilities, training and how well team members work together is a critical factor to achieving significant results (Levenson, 2009). To
understand the impact of executive coaching in organizational outcomes, it is important to identify what leadership behaviors really matter to the success of the business, so the coach-coachee work, when deployed, brings up the expected results and consequently positively affects the business. If executive coaching is aligned to the leader needs and works according to the company's culture, it is likely to bring good results.

Coaching can be seen as a learning-promoting technique at individual and organizational level, in order to optimize functioning and deliver performance within the organizational system (Whybrow & O’Riordan, 2012). The same authors showed data about leadership development being widely believed to be a key enabler of organizational performance improvement and competitive advantage – coaching behaviors among leaders and managers are viewed as contributive to employee engagement, which is agreed to lead to stronger organizational performance. Leadership retention was a specific goal for two interviewers: “Rather than losing some of our best people – can we keep people by offering coaching to support them”.

Two different realities were provided by coaching: 1) formal development programs (“The chief executive program. Coaching is very much supporting the learning coming out of that”); and 2) informal experiences (“Coaching is very much a learning process so if you can support people to learn you can impact upon performance”).

Coaching was seen as a way of enabling new ideas and approaches to emerge and enhancing innovation and creativity – the increased competitiveness of the organizational context (either internal competition for resources or external competition for market and reputation) was a driver for harnessing the creativity of the employees. Whybrow & O’Riordan (2012) also said that three of the five organizations interviewed developed a process of external coach selection. The expected benefits from an external coach included: 1) executives can have greater openness to different and new perspectives; 2) greater creativity from outside the system; and 3) having the opportunity of select a coach from a diverse range of alternatives.

Internal coaches were the chosen strategy of all five organizations interviewed, where employees coach colleagues. Benefits of internal coaches were 1) low cost; 2) sharing the same context; 3) organizational role models: skilled coaching is not beyond a leader’s capability alongside their day job; and 4) flexibility in meeting the needs of the coachee.
For objective number 4, we found out that the need assessment is previous to the implementation of executive coaching. 360° evaluation was shown to be an important tool for coaching. Being critical enough to be inside the coaching process, 360° evaluation identifies prior behaviors that need improvement. It is relevant for defining strategies and developing the action plan. This plan will set, aligned to organizational strategy and culture, the goals of the executive coaching process. The subsequent measurement of the achieved goals is also important for their maintenance.

Additionally, one of the studies (Whybrow & O’Riordan, 2012) showed that practitioners working from a Cognitive Behavioral perspective pays particular attention to the language patterns that others and they themselves uses and raises awareness of particular actions or strategies. By changing their responses, a wider choice of resources is opened up to individuals. Cognitive Behavioral techniques are aimed at increasing flexibility of thinking and more choice about how to respond to situations where habitual responses are unhelpful. By enhancing one’s awareness of internal thinking processes and their consequences, unhelpful thinking patterns can be highlighted and isolated. This can be developed through greater self-awareness and the simple act of rehearsal – examining and interviewing with unhelpful thinking is itself a skill that can be developed. This approach is on-to-one, focused on the client.

Therefore, it’s understood that many factors contribute to organizational development. For executive leaders, which play a strategic professional role, his motivation and personal and emotional skills – that he redefines on coaching process – impact his work performance. Coaching process is aligned with organizational vision in order to the achievement of business development.

**Final considerations**

Understanding how a company can get better competitive results is important to remain “alive”. We showed that coaching is different from other practices such as mentoring and counseling. Executive coaching can be an effective leadership intervention and several factors are part of its successful implementation: organizational commitment, alignment with values and objectives, clear and achievable goals. Also, 360° feedback has shown to be a great tool to be used on executive coaching process, since assessment give us data about what needs to be changed; follow-ups are needed in order to maintain results and, if not, the process can restart. We also aimed to explore the influence of emotional intelligence on executive coaching process. However, a
limitation was we could not find Brazilian empirical studies setting up this relation. Brazilian literature is not consensual about the real impact of executive coaching on organizational performance due to the lack of empirical studies on the field. Thus, further studies are needed in order to support the implementation of executive coaching process, identifying it as a ROI, as it has been done in other countries.

References


