

## Coaching as an Innovative form of Staff Development in Organisations

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### Abstract

As a result of the study it was revealed that coaching increases the propensity of employees to self-development and self-improvement which in its turn increases the efficiency of their activities. As to contribution of coaching in fulfilment of an employee's direct labour obligations and perspectives of his career growth, the effectiveness of this tool was also confirmed by the results of econometric analysis. It was found that an employee's awareness of effectiveness of coaching depends on the level satisfaction with the salary earned. A 1% change of the salary satisfaction index *ceteris paribus* will lead to a 0.89 % increase of the effectiveness of coaching. At the same time it was revealed that the most important factor in the effectiveness of the whole development process is the level of training and professionalism of a coach.

**Keywords:** coaching, staff development, innovation, organization, self-development.

### 1. Introduction

Currently, employees of a company are becoming the engine of its growth and competitiveness, regardless of the size and scope of activities. Investing in an employee is considered highly productive and is aimed at increasing his intellectual potential, self-development, and commitment. As a consequence, sales increase and the business becomes more competitive. One promising directions on this path is the use of modern techniques and practices conducive to revealing the human capital, its basic characteristics and the aspirations of growing involvement in the decision-making process. Among them, coaching is the most popular and actively implemented in organizations.

Foreign and Russian authors give several disparate definitions of coaching. Thus, R. Dilts, an international representatives of coaching, recognized in theory and practice, gives his interpretation of coaching as a process in which individuals and groups can act efficiently and maximize their abilities. [1] He includes here drawing out and using employees' strengths, helping them to overcome personal barriers and limits on the way of achieving better results, as well as improving the performance of team work.

At the same time, R. Dilts is focused on productivity of changes and accomplishing specific goals. In his opinion, the methods of coaching are oriented, first of all, towards the result, and not towards the problem. Therefore, they are entirely focused on the process of finding solutions. Their task is to develop new strategies of thinking and actions, rather than solving problems and conflicts of the past. [1]

Thus, according to R. Dilts, the characteristic of effective coaching is focusing on the task and intra-organisational relations between employees.

Additionally, R. Dilts talks about various forms of coaching, differentiating the traditional, small "C" coaching from the large "C" coaching. The first type is mainly focused on the behavioral level that corresponds to the process of assisting an employee in achieving or improving specific results of any activity. The methods of small "C" coaching are designed to help an employee discover his own resources and abilities, as well as to develop his conscious competence. The second one involves assistance in achieving goals at various levels of the organizational hierarchy. It emphasizes the importance of productive changes, focused on strengthening personal individuality and values, and turning dreams into reality.

In the works of J. Whitmore, coaching is treated as a particular style of management, conditioning a new corporate culture and based on openness, trust, coordination of actions and objectives of employees in an organization. Within this

approach, coaching is not considered as a single tool of improving an employee's labour efficiency. Rather, first of all it is a system of events causing the emancipation of his labour and intellectual potential. [2] Coaching, the deep foundations of which are based on psychological principles and models, encourages not only employees, but people in general to realise and be aware of their enormous potential. Being sufficiently motivated, they can successfully implement it in their professional field, and thereby solve the main problem of modern business - maximizing productivity and performance.

At the same time J. Whitmore notes that women demonstrate a natural ability to comprehend the philosophy of coaching, which in comparison with men, is closer to them in terms of style. As a result "... a growing number of women in the top management positions ... will strengthen the practice of coaching as communicative norms in business". [2]

J.K. Smart insists on active using of coaching so as to eliminate the gaps between the actual performance and expected standards. Coaching, revealing the potential of employees, improves their performance discipline, which is beyond the power of the traditional training. [3] Coaching can be a one-time event designed for the development of specific characteristics of an organization as well as an ongoing process of working with employees.

M. Reynolds considers coaching primarily as methods of development and personal development of employees through orienting them to awakening their activeness and transforming ideas into sustainable approach to work. [4]

Exploring coaching as the art of facilitating the performance, improvement, training and development M. Downey focuses on non-directive coaching. [5,p.48] The latter relies not on the knowledge, experience, wisdom and foresight of a coach, but more so on the person's ability to learn and think for himself.

J. Hurd offers coaching as an effective mean of acquiring and implementing the skills of an effective manager. Coaching, in his opinion, is a powerful feedback mechanism in the relations of managers and employees. Coaching can direct a new leader towards the transition to fundamental values and development of the practice and relationship skills necessary for being successful in this role. [6]

Positive characteristics of coaching in terms of stimulating an employee for independent search of solutions, in the opinion of J. Starr, involve his great labour and performance interest. Encouraging people to think for themselves and make decisions you increase their sense of responsibility for the area of their activity. [7]

Applied studies of the impact of coaching on organizational behavior of employees, their productivity, investment in social capital, etc. show sufficiently close connection between them. For example, in the research of S. Kim on the basis of the empirical analysis it is confirmed that the management coaching has direct impact on an employee's awareness of his hierarchical and status role, as well as his job satisfaction. [8]

However, in his study A. Ellinger, D. Bachrach, Y.-L.Wang, A. Baş argues that the greatest impact is evident on the lower and middle hierarchy levels of management coaching. [9] Similar results were obtained in the study of the effect of coaching on the labor intensity of employees at different levels of the organizational hierarchy. [10] The intensity of management coaching has positive effect on the productivity of an employee. At the same time, this effect decreases at higher hierarchical levels.

A group of researchers subjected to a detailed analysis the advantages of using a broad network of coaching and its role in enriching the professional life of the members of an organization. They concluded that the systematic use of coaching in organizations provides real and significant aid to the staff in acquiring knowledge and increasing their competence that contributes to their career and personal growth. [11]

## 2. Data and Methodology

Our research is aimed to find out whether coaching is an efficient process in an organization from the point of view of an employee who receives all the necessary information, methods of its development and other assistance.

The following hypotheses were formulated during the research:

Hypothesis #1. Coaching is an effective innovative form of developing employees' potential. The research was to find out whether coaching is an efficient process in an organization from the perspective of an employee who receives all the necessary information, methods of its development, and thereby reveals his capacity for self-development and self-improvement. The effectiveness of this tool was confirmed by the survey results.

Hypothesis #2. Coaching helps an employee in performing his direct job duties. During the survey respondents assessed the extent to which coaching in their organisations can benefit them in the performance of their direct job duties. This item was evaluated both by employees and coaches.

Hypothesis #3. Coaching provides opportunities for career growth. This hypothesis is based on the assumption that coaches in an organization share with employees not only the information about their actual job, but also reveal their hidden potential and resources that help employees to reach new career heights.

In the course of research 150 employees were surveyed in the spheres of accounting, taxes, control, and audit.

Among the respondents there were 53 men and 97 women. The questionnaire consisted of 25 questions, among which were open and closed questions. Most of the respondents were employees aged from 21 to 24 (55%), 40 respondents were in the age category of 24-27 years, 8% of respondents were over the age of 27, and 7% respondents were under the age of 21.

In the survey, respondents were asked to rate the effectiveness of the system of coaching in the organization on a 10-point scale, where 1 is very poor and 10 is excellent. 5% of respondents rated the system of coaching in their organizations as ideal. The minimum score that the coaching system of an organization received was equal to 4, which meant that an employee is 40% satisfied with its work. The most popular number of the effectiveness assessment was 8. This answer was given by 30% of respondents. 70% of all surveyed employees of an organization covered the range from 7 to 9. Thus, for a larger part of employees efficiency of a system of coaching is at the level of 80%, which is an excellent indicator.

69% of all respondents indicated that coaching is also a great help in the implementation of direct duties in the workplace. 11% of all respondents did not evaluate coaching system, and 20% found it difficult to answer the question.

To the question if coaching helps career promotion 73% of respondents answered in the affirmative. Only 9% of respondents do not see the benefits that coaching provides for further career growth. 18% of respondents could not answer the question.

According to the study, 71% of an organization's employees are ready to become coaches themselves in the company and share their knowledge with new employees. 13% of respondents believe that at the moment they lack the experience to become coaches, and 4% of the respondents are already mentors in their organisations.

### 3. Discussion

To identify the most significant factors affecting the efficiency of the organization of coaching in companies there was carried out an econometric analysis and model construction. The answers given by respondents to the question to evaluate effectiveness of the system of coaching on the scale from 0 to 10" (1b) were taken in this model as the dependent variable Y. For the model construction the following factors were selected:  $x_1$  - the quality of an ideal coach, "the reliability of a coach";  $x_2$  - the quality of an ideal coach, "professionalism";  $x_3$  - the role of coaching in performing of the direct duties;  $x_4$  - the role of coaching in career growth;  $x_5$  - the potential readiness to use coaching in business;  $x_6$  - the gender role;  $x_7$  - the role of coaching in formation of the corporate spirit of an organization;  $x_8$  - the level of wages.

As a result of the econometric analysis the following econometric model (table 1) was obtained.

**Table 1.** OLS model (we used 150 observations, the dependent variable  $y$ )

Variables	Coefficient	Standard Error	t-statistics	P-value	
const	7,75994	1,18928	6,5249	<0,00001	***
$x_1$	-0,337782	0,11957	-2,8250	0,00543	***
$x_2$	0,342367	0,1173	2,9187	0,00410	***
$x_3$	-0,632434	0,175358	-3,6065	0,00043	***
$x_4$	-0,985156	0,194866	-5,0556	<0,00001	***
$x_5$	-0,643742	0,159223	-4,0430	0,00009	***
$x_6$	1,28365	0,291912	4,3974	0,00002	***
$x_7$	-0,759027	0,224723	-3,3776	0,00095	***
$x_8$	0,897344	0,189951	4,7241	<0,00001	***

**Table 2.** Analysis of the model parameters

Mean of Dependent Variable	6,547297	St. Deviate of Dep. Variable	3,093409
Residual Sum of Squares	359,2321	Model bug	1,607608
R-squared	0,744622	Corrected R-squared	0,729924
F(8, 143)	50,66144	P-value (F)	1,61 e-37
log likelihood	-275,6229	Akaike Information Criteria	569,2458
Schwarz criterion	596,2207	Hannan-Quinn Criterion	580,2056

The coefficient of determination is equal to 0.744622, which indicates that the factors considered in the model explain 75% of the reasons of effectiveness of coaching in a company, 25% are the factors unaccounted in the model. According to Fisher's, a model is significant if  $F_{calc} > F_{crit}$ . In the model the P - value makes  $1.61 \cdot 10^{-37}$ , which also indicates the quality of the model. Based on the above, the regression equation is as follows:

$$Y = 7,76 - 0,33 \cdot x_1 + 0,34 \cdot x_2 - 0,63 \cdot x_3 - 0,99 \cdot x_4 - 0,64 \cdot x_5 + 1,28 \cdot x_6 - 0,6 \cdot x_7 + 0,89 \cdot x_8 + \varepsilon$$

The understanding of the effectiveness of coaching depends on employees' satisfaction with the salary. This can be explained by the fact that financial income growth is accompanied by career growth. This fact also plays a role in assessing the effectiveness of coaching since an employee has been working with the company for a long time and sees its advantages and disadvantages, and is ready to transfer them to the younger generation. A 1% change of the salary satisfaction index *ceteris paribus* will lead to a 0.89 % increase of the effectiveness of coaching.

Female respondents evaluated the effectiveness of coaching higher than male respondents. The average evaluation score of the effectiveness of coaching among women was 7,03 points out of 10, while men evaluate the effectiveness of this tool on the average as 5,70 points out of 10.

The level of training and professionalism of a coach is the most important factor in the effectiveness of the entire process of an organisational staff development. This fact was noted by 61% of respondents, who analyzed this quality as the most important for a coach. The rest of the qualities were distributed by nearly equal shares in the first place, having occupied from 7 to 14% of respondents. With increasing the significance level of professionalism of a coach to 1% the efficiency of coaching will increase to 0.34%.

The multicollinearity test showed that multicollinearity was not present. The heteroscedasticity model validation through the test of Wight led to the following results:

The null hypothesis: heteroscedasticity is absent.

Uncorrected R-squared = 0.826789

Test statistic:  $TR^2 = 122.364781$

The P-value is  $P(\chi^2(43) > 122.364781) = 0.000000$

#### 4. Conclusion

Thus, coaching is an effective tool of improving efficiency of an employee and promoting him in the career ladder. Coaching process plays an important role in acquiring by employees new knowledge while performing their immediate responsibilities in the workplace. At the same time coaching helps an employee to develop not only professional but also personal qualities, and therefore improve them and reach new career heights.

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