Implementing of Leadership Styles to Corporate Performance: A Case of Local Thai Administration

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Leadership has an important effect on an organization. There is no one leadership style that is the best, rather it depends on situation and environment. The purpose of this study is to determine the influence of leadership styles on corporate performance. Questionnaires were sent to 247 respondents who work as government civil servants at the Thanyaburi Municipality and Klong 6 Sub-District Organization Administration. 230 of the questionnaires were returned. All of the respondents evaluated Transformational Leadership, Transactional Leadership and Laissez-Faire Leadership, with regard to their chief executive, as it related to overall Corporate Performance. Multiple regression analysis was used to test the study hypotheses. The results indicate that both Transactional and Transformational leadership styles had positive and significant influence whereas the Laissez-Faire style showed no significant improvements. Management by Exception (Active) showed the strongest influence followed by intellectual stimulation respectively. This article proposes which leadership styles work best based on employee perspective of leadership corporate performance.

**Key words:** Leadership Style, Local Thai Administration, Corporate Performance.
Introduction

A Leader is an important influence factor on organization successful and leadership further influences the participation of subordinates. Organizational achievement depends on leader action as per leadership style, e.g., high-performance teams of individual leaders and middle managers who take action in translating strategy (Jirangkul, 2017) and leaders who are supervisor that offer support to build job satisfaction (Lin, MacLennan, Hunt, & Cox, 2015). In the public sector, when government changes, leaders should realize their responsibility and be careful of during policy change. Some leadership styles are therefore currently unavailable in local organizations throughout Thailand. Consequently, local organization leaders should understand the situation and manage their organizations carefully especially in response to people complaints. Some leadership styles are still being used or have been adapted to align with the environment and the satisfaction of the people.

The effectiveness of leadership styles can be seen through the results of smoother operation and fewer problems. As circumstances change, no one knows the proper implementation and which leadership styles are most effective. People view the leadership success in terms of what benefits they receive and how it impacts on their lives. Many instances were previously presented by Wongyanon, Wijaya, Mardiyono, and Soeaidy (2015) under the local Thai organization case. These findings demonstrated that Transformational, Transactional and Laissez-Faire leadership styles showed positive influence on organizational performance. In this research, all three leadership styles were subjected to the same scrutiny and observations so as to obtain unbiased results as to which method of leadership showed the most positive impact on Corporate Performance. In addition, this research examines the results of corporate performance based upon the leadership styles of the chief executives, the purpose being to able confidently recommend the leadership styles that could best be utilized in the local Thai administration.

Some general attributes to identify the importance of being a leader for organizational excellence are: first, determine why the organization exist and what the gaols are; second, clarify and communicate the vision and mission of the organization to people so that they have clear understanding of their roles and responsibilities. Furthermore, a good leader can help an organization remain focused in times of crisis, warning people of potential risk and encouraging them to set short-term goals and achieve success (Satyendra, 2015; Demirtas, Karaca & Ozdemir 2017). Subordinates will perform at a very high level if the leader has commitment (Famakin & Abisuga, 2016) and enthusiasm to build inspiration and motivation.
On the other hand, Pimpa & Moore (2012) referred to leadership dissimilarities in public sector between Thailand and Australia, i.e., Australia aimed for leadership that promoted equity among organizational members, creating a conducive workplace environment that facilitates their participation, while Thailand focused to goal orientation the most.

In this study, the research examines the implementation of leadership styles that are associated to corporate performance in the case of local Thai administration. This analysis provides an empirical exploration of chief executive behavior and its influence on local organization achievement via their staff perspective. These factors were designed in context of three leadership styles (i.e., transformational, transactional & laissez-faire). The main research question was how the influence of leadership styles effects corporate performance in local Thai administration.

**Background**

**Leadership theories**

Bass and Avolio (1990, 2002) have proposed three types of leadership styles for chief executives: first, Transactional leadership style (TSLS), second Transformational leadership style (TFLS); and finally, Laissez-Faire leadership style (LFLS). TSLS is associated with the use of Contingent Rewards (CR), Management By-Exception (Active) (MBEA) and Management By-Exception (passive) (MBEP). TFLS is often associated with Charisma (CM), Inspiration Motivation (IM), Intellectual Stimulation (IS) and Individual Consideration (IC). LFLS is essentially a default category associated with the absence of leadership. Some research suggests that TFLS has a bureaucratic characteristic that reduces the practice of TFLS and also there is small relationship between bureaucratic structure to Transformation as organization hierarchy (Wright and Pandey, 2010). Moreover, Transformational leadership behavior has an impact as workplace indicator that influences office attitudes and innovation behavior (Nusair, Ababneh, & Bae, 2012). In the same way, Transformational leadership has a positive influence on job satisfaction while Transactional leadership has negative in government organization (Voon, Lo, Ngui, & Ayob, 2011). Otherwise, Transformational leadership was related to engagement while the relationship to self-efficacy was weak and small mediation effect. (Prochazka, Gilova, & Vaculik, 2017).

Furthermore, IM is more likely to be utilized among academic library deans, directors and Universities librarians (Martin, 2015). The same finding by Wongyanon et al. (2015), is that IM strong influences and is significant to organizational performance in the case of local Thai administration. Northouse (2016), described how leaders incentivize followers to participate
in the achievement of their vision by convincing them that their input is vital. On the other hand, Northouse (2016) agrees to Transactional leadership due to middle management: employees are motivated by manager as the desire to provide jobs such as monetary bonuses and combine with the threat of corrective action for failure to perform as well as negative feedback in their files while Transformational leadership is hard to reach achievement. Silong (2009) and Judge and Piccolo (2004) predict that CM and IS in TFLS will be used appropriately in the future while TSLS will work well as shown in the statement “the transformational is built upon the transactional base”. Further, TSLS has higher impact than TFLS on employees’ job satisfaction and commitment (Yavirach, 2012; Chaudhry, 2012).

In contrast to both leadership styles, LFLS influence was found to be weak in both public and private sectors. This is especially true at senior management level. Laissez-Faire leadership has positive relationship but due to its insignificance. The indication is that LFLS is an unimportant style that promotes the motivation level of workers as comparative to TSLS (Chaudhry, 2012; Ebire, Omonya & Inim 2018) while LFLS has a negative relationship with climate, psychological safety, and increased incidence of bullying at workplaces (Nguyen, Teo, Grover, & Nguyen, (2017). In contrast a positive relationship was found by Chaudhry (2012).

Many studies encourage TFLS because they necessitate a supportive environment where employees work creatively, show commitment, and meet expectations. Jirangkul (2017) found that three variables enhance organization success in Thailand, these were high-performance, future leaders, and middle managers who play the role of interpreting strategy. TSLS has a mostly positive association to various perspectives while LFLS demonstrates little. Some studies suggest that some leaders use a combination of the three leadership styles dependent on context. Therefore, this examination focuses to CM, IM, and IS under TFLS and CR and MBEA under TSLS, & LFLS.

**Corporate performance (CoP)**

Leaders need to know about their performance and there are many tools used to gather feedback about people satisfaction especially in the government sector, e.g., organizational excellence and organizational performance (Dawabsheh, Hussein, & Jermsittiparsert, 2019), and user’s satisfaction via perception (Jermsittiparsert et al., 2016; EmenikeKalu & Obasi 2016). In this study, what the leader did at the local organizational level was observed to determine how they implement leadership via five dimensions. Adapted Balance scorecards were used as in various studies made suitable to the local organization by Kaplan and Norton
The CoP is the variable that is designed to evaluate how to assess the local organization performance. It is an aspect of the chief executive’s role in the public sector. All criteria (service quality, officer satisfaction, innovation, management efficiency and vision and mission) are classified based on the success of the public organization leaders (Niven, 2006). The evaluation of those criteria is based on the concept of people satisfaction from those who received public goods and services from the local organization responsible area. Therefore, the conceptual model below in Figure 1 was designed to reflect issues which have not been investigated previously for the Thai environment.

![Conceptual Framework](image)

The hypotheses designed to explain research objectives;
There is positive influence significant of;
H1 :  TFLS to CoP  
H2 :  TSLS to CoP  
H3 :  LFLS to CoP  
H4 :  TFLS, TSLS, & LFLS to CoP

**Methods**

*Population and sample size*

Population and sample size are officers who have been working in two municipalities located in Central Thailand: Thanyaburi Municipality and Klong 6 Sub-District Organization Administrative (which is located in the same area as the regional administrative agencies). They are all government civil servants (i.e., public official, permanent and temporary employee, teacher). Participants total 247 individuals.

**Data collection**
The survey was distributed as a questionnaire to 247 participants. The percentage of questionnaires returned was 93.2% (230 respondents). They are based upon the conceptual framework as shown in figure 1. The questionnaire comprised of three parts including individual information (gender, age, education, & position), leadership behavior (CM (5 items), IM (7 items), IS (6 items), CR (5 items), MBEA (5 items), & LFLS (6 items)), and corporate performance (service quality (3 items), officer satisfaction (2 items), innovation (2 items), management efficiency (4 items), & vision & vision (3 items)).

Data analysis

Descriptive statistics are frequency, percentage, mean, and standard deviation to describe demography and scale of leadership styles. Statistical analysis used to examine the hypothesis are stepwise multiple regression and equation prediction for estimating leadership style. Respondents used a five point scale (Likert, 1932). Cronbach’s Alpha for reliability value is 0.891 through SPSS for Mac.

Results

Overall the majority of respondent are female in the 31-40 years old range. They have a Diploma/degree education background and working in temporary officer positions as detailed in Table 1 below.

<table>
<thead>
<tr>
<th>Table 1: Description of the Respondent</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>102</td>
<td>44.300</td>
</tr>
<tr>
<td>Female</td>
<td>122</td>
<td>53.000</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20-30</td>
<td>56</td>
<td>24.300</td>
</tr>
<tr>
<td>31-40</td>
<td>73</td>
<td>31.700</td>
</tr>
<tr>
<td>41-50</td>
<td>62</td>
<td>27.000</td>
</tr>
<tr>
<td>51 up</td>
<td>35</td>
<td>15.200</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diploma</td>
<td>115</td>
<td>50.000</td>
</tr>
<tr>
<td>Bachelor</td>
<td>93</td>
<td>40.400</td>
</tr>
</tbody>
</table>
Note. If the sum is not 100 %, it is because of rounding or because some respondents did not state that information.

Hypothesis testing was conducted by using parameter statistics including correlation coefficient and multiple regression. The results are revealed as Tables 2 and 3 below which show that CR was the highest scale (3.396) while LFLS was lowest (3.345). Coefficient of variation (CV) of those variables were 0.225 – 0.296 with CR the highest ranking and CoP the lowest ranking. In addition, there was only VTF of IM higher than 5.3 (Hair et al., 2010) that has multicollinearity statistics problem.

**Table 2: Correlation matrix, mean and standard deviation of variable**

<table>
<thead>
<tr>
<th></th>
<th>CoP</th>
<th>MBEA</th>
<th>CM</th>
<th>IS</th>
<th>CR</th>
<th>IM</th>
<th>LFLS</th>
<th>Mean</th>
<th>S.D.</th>
</tr>
</thead>
<tbody>
<tr>
<td>CoP</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.501</td>
<td>0.788</td>
</tr>
<tr>
<td>MBEA</td>
<td>0.689*</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.364</td>
<td>0.880</td>
</tr>
<tr>
<td>CM</td>
<td>0.663*</td>
<td>0.772*</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.377</td>
<td>0.853</td>
</tr>
<tr>
<td>IS</td>
<td>0.682*</td>
<td>0.768*</td>
<td>0.749*</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td>3.394</td>
<td>0.839</td>
</tr>
<tr>
<td>CR</td>
<td>0.665*</td>
<td>0.811*</td>
<td>0.752*</td>
<td>0.780*</td>
<td>1.000</td>
<td></td>
<td></td>
<td>3.396</td>
<td>0.854</td>
</tr>
<tr>
<td>IM</td>
<td>0.678*</td>
<td>0.797*</td>
<td>0.821*</td>
<td>0.845*</td>
<td>0.824*</td>
<td>1.000</td>
<td></td>
<td>3.390</td>
<td>0.920</td>
</tr>
<tr>
<td>LFLS</td>
<td>0.608*</td>
<td>0.656*</td>
<td>0.665*</td>
<td>0.785*</td>
<td>0.688*</td>
<td>0.705*</td>
<td>1.000</td>
<td>3.345</td>
<td>0.877</td>
</tr>
<tr>
<td>VIF</td>
<td>3.826</td>
<td>3.568</td>
<td>4.932</td>
<td>4.103</td>
<td>5.671</td>
<td>2.753</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*p<0.01

The results of multiple regression (stepwise) demonstrated that coefficient of five leadership styles (MBEA, CM, IS, CR, & IM) were 47.4%, 4.2%, 3.0%, 0.4%, & 0.0% respectively. The influence of five predicted variables were 0.242, 0.173, 0.237, 0.113, & 0.048 respectively. This meant all leadership styles had low positive influence while MBEA was highest and IM lowest effect to CoP as table 3. To prove the hypothesis, five models revealing equation regression follow:
CoP' = 1.426+0.617(MBEA) 
\( z'_{\text{CoP}} = 0.689(z_{\text{MBEA}}) \)

CoP' = 1.238+0.392(MBEA)+0.278(CM) 
\( z'_{\text{CoP}} = 0.438(z_{\text{MBEA}})+0.325(z_{\text{CM}}) \)

CoP' = 1.063+0.269(MBEA)+0.181(CM)+0.271(IS) 
\( z'_{\text{CoP}} = 0.301(z_{\text{MBEA}})+0.211(z_{\text{CM}})+0.293(z_{\text{IS}}) \)

CoP' = 1.023+0.222(MBEA)+0.161(CM)+0.235(IS) + 0.116(CR) 
\( z'_{\text{CoP}} = 0.247(z_{\text{MBEA}})+0.187(z_{\text{CM}})+0.254(z_{\text{IS}})+0.125(z_{\text{CR}}) \)

CoP' = 1.016+0.218(MBEA)+0.149(CM)+0.219(IS) + 0.105(CR) + 0.045(IM) 
\( z'_{\text{CoP}} = 0.243(z_{\text{MBEA}})+0.173(z_{\text{CM}})+0.237(z_{\text{IS}})+0.113(z_{\text{CR}})+0.048(z_{\text{IM}}) \)

Therefore, the five leadership styles (MBEA, CM, IS, CR & IM) can estimate CoP 55.2 percent with MBEA highest and IM lowest.
Table 3: Results of multiple regression analysis of CEOs leadership styles of CoP

<table>
<thead>
<tr>
<th></th>
<th>1st model</th>
<th>2nd model</th>
<th>3rd model</th>
<th>4th model</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>β</td>
<td>t</td>
<td>p</td>
</tr>
<tr>
<td>Const.</td>
<td>1.426</td>
<td>9.537</td>
<td>0.00</td>
<td>1.238</td>
</tr>
<tr>
<td>MBE A</td>
<td>0.617</td>
<td>0.689</td>
<td>0.00</td>
<td>0.392</td>
</tr>
<tr>
<td>CM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CR</td>
<td></td>
<td>0.116</td>
<td>0.125</td>
<td>1.456</td>
</tr>
<tr>
<td>IM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R</td>
<td>0.689</td>
<td></td>
<td>0.719</td>
<td>0.740</td>
</tr>
<tr>
<td>R²</td>
<td>0.474</td>
<td></td>
<td>0.517</td>
<td>0.547</td>
</tr>
<tr>
<td>Adj.R²</td>
<td>0.472</td>
<td></td>
<td>0.513</td>
<td>0.541</td>
</tr>
<tr>
<td>F</td>
<td>205.814; df=1,228; p=0.00</td>
<td>121.446; df=2,227; p=0.00</td>
<td>90.978; df=3,226; p=0.00</td>
<td>69.102; df=4,225; p=0.00</td>
</tr>
<tr>
<td>Δ R²</td>
<td>0.472</td>
<td></td>
<td>0.042</td>
<td>0.030</td>
</tr>
<tr>
<td>Δ F</td>
<td>205.814; df=1,228; p=0.00</td>
<td>19.962; df=1,227; p=0.00</td>
<td>15.029; df=1,226; p=0.00</td>
<td>2.121; df=1,225; p=0.147</td>
</tr>
</tbody>
</table>
Hypotheses are examined through multiple regression analysis, and H1, H2 & H4 were accepted alternatives because of beta value positive and significance whilst H3 was a rejected alternative (MBEA=0.243, CM = 0.173, & IS = 0.237, p < 0.05; CR=0.113 & IM = 0.048, p>0.05) as per follow figure 2 below:

**Figure 2. Overall Leadership style model**
Discussion

The findings assessed the leadership style of local Thai administration that were IS, IM & CM of TFLS and MBEA & CR of TSLS (Bradley et al., 2010; Nusair et al., 2012; Prochazka et al., 2017; Wongyanon et al., 2015). Those with positive influence significant to CoP while LFLS was rejected were identified (Chaudhry, 2012; Nguyen et al., 2017). LFLS is fading away from public administration. On the other hand, MBEA & IS exhibited strongest style while CR was the weakest demonstrated style (Martin, 2015) in contrast to Voom et al.’s (2011) finding in term of TSLS. Currently, local administrations are influenced by central government, particularly the chief executive of the region. As the power is in the hands of military representatives, they can inspect to ensure that local administrations follow the government’s purpose. It is this researcher’s proposition that leadership style is affected by pressure form the administration and thus leaders are more careful of their behavior.

CM, IS, CR, IM & MBEA demonstrated influence to CoP. This finding could contribute to the research on how leadership styles were influenced when circumstances were changed. Furthermore, the investigation analysis also showed that some leadership styles remained effective and significant in testing hypotheses (accepted $H_1$ & $H_2$). Therefore, this study proposes the leadership styles model as in Figure 2 below.

The leadership styles corporate performance findings revealed that charisma, intellectual stimulation, inspiration motivation, contingent reward and management by-exception (active) were influenced while the highest was management by-exception (active). This is further to the finding that officer attitudes, innovation behavior and job satisfaction were explained by transformational leadership style (Nusair, Ababneh and Bae, 2012; Voon et al., 2011). It is understood then that if executives desire effectiveness in organization, they should be strong in transformational leadership style. More importantly most staff express satisfaction and willingness to perform if their leader realizes what is appropriate for their subordinates. An essential part of intellectual stimulation was that the leader knows how to align subordinates to the organization goals as found by Rangmeesrisuk (2018) in his reflections on efficient management in local government in Thailand. His work included consideration of Buddhist principle (i.e., Sangahavatthu4) as appropriate to good governance bhy public leaders (Jermsittiparsert, 2016).

Conclusion
Five leadership styles including MBEA, CM, IS, CR & IM show positive influence to CoP. The leadership style CoP returned predictor variables of 55.2 percent with significant (p<0.05) whereas LFLS was cut off. CoP was examined via a moderate scale reflection to determine how effective CEOs manage implementation and maintain positive perspective. The results of this study demonstrate which of the leadership styles show moderate and also correlate efficiency in the high range. A conclusion is that local Thai administration should include a merging of the five leadership styles available.

Implication

Where organization situations are different, according to the Thai leadership model proposed, the development direction of a leader’s management through leadership style is the key indicator for goal achievement. Further studies could continue this comparison. Feedback to local organizations via this study, reflection staff perceptions can improve chief executive continued learning and influence the change agenda in implementation of the national plan.

Limitations

The research sample was homogeneous and limited in its representation of the population.

Recommendations for Future Work

A replication of this work should include a larger, random, and non-homogeneous sample.

Acknowledgment

This research supported by Rajamangala University of Technology Thanyaburi (RMUTT), Thailand, and officially approved by the Institutional Review Board (IRB) in Boromarajonani College of Nursing, Rachaburi, the Ministry of Public Health coded as BCNR 2017/0005 for ethical requirement. The author thanks all respondents to the survey and others who participated in the case.

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