

**THE INVESTIGATION OF TRANSFORMATIONAL AND
TRANSACTIONAL LEADERSHIP AND STAFF JOB
SATISFACTION IN BANGKOK AND METROPOLITAN AREA**



**A THEMATIC PAPER SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF MANAGEMENT
COLLEGE OF MANAGEMENT
MAHIDOL UNIVERSITY
2014**

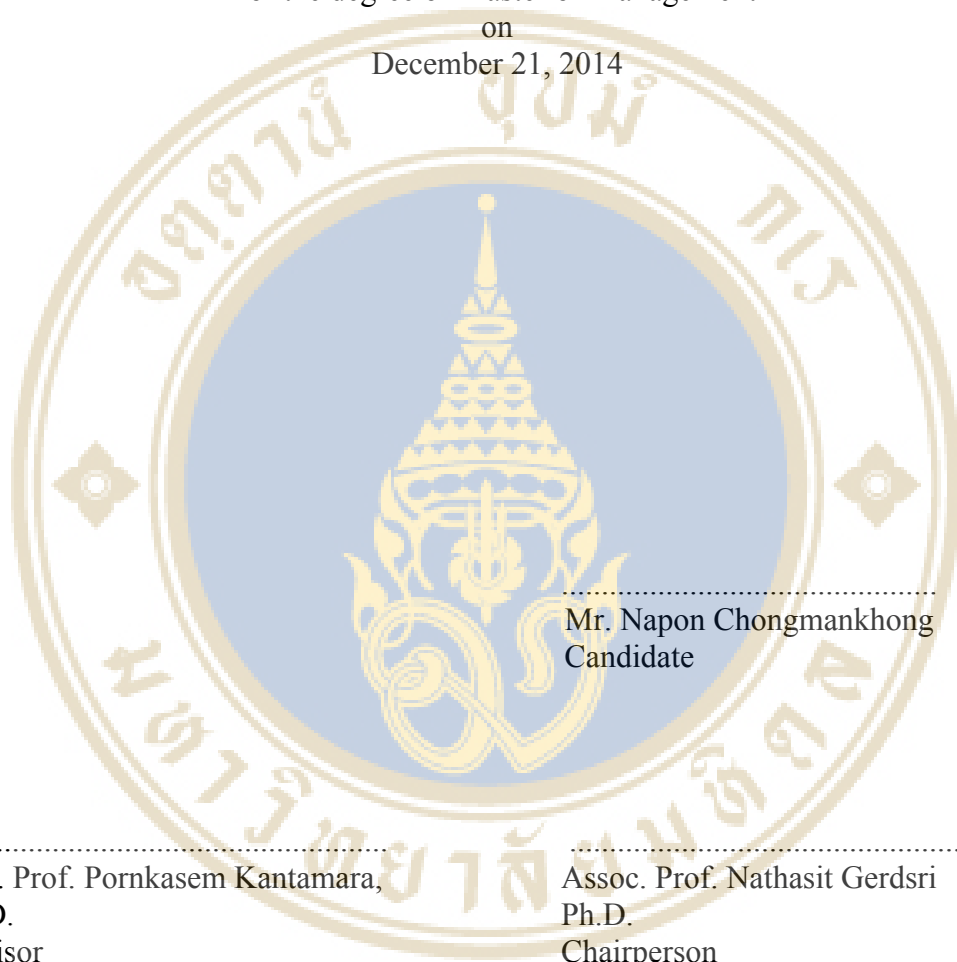
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Thematic paper
entitled

**THE INVESTIGATION OF TRANSFORMATIONAL AND
TRANSACTIONAL LEADERSHIP AND STAFF JOB
SATISFACTION IN BANGKOK AND METROPOLITAN AREA**

was submitted to the College of Management, Mahidol University
for the degree of Master of Management

on
December 21, 2014



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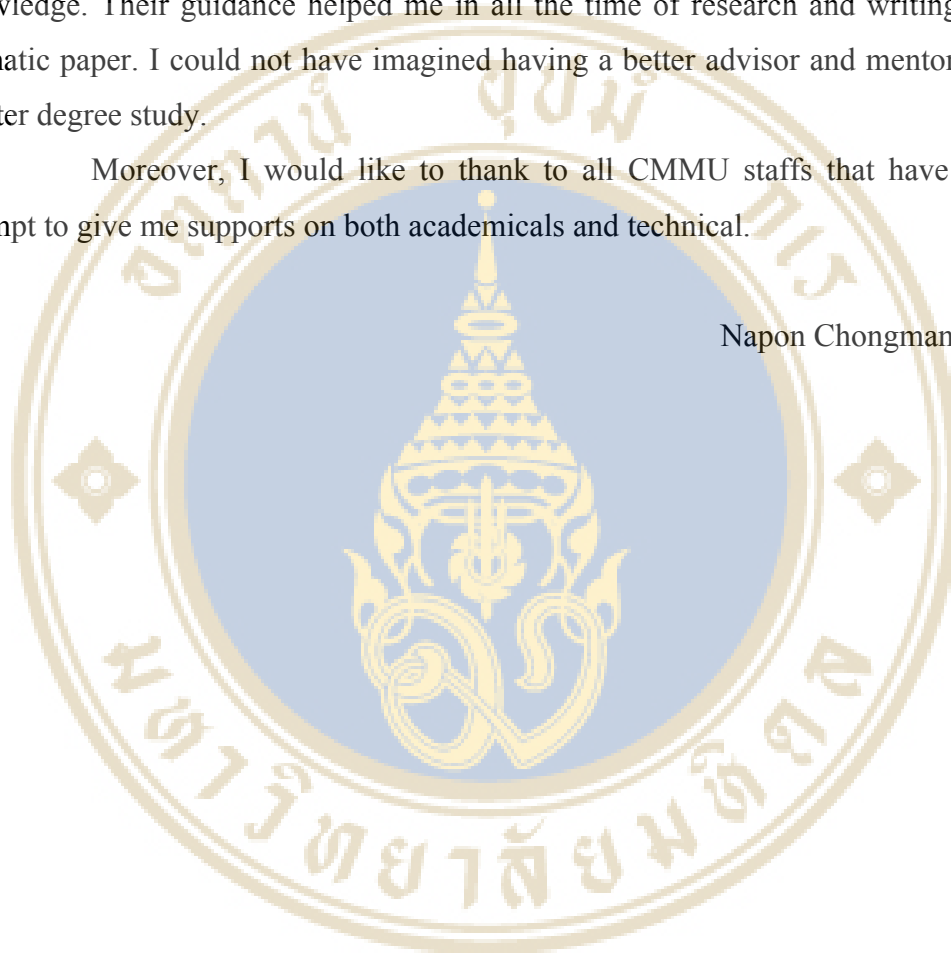
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ACKNOWLEDGEMENTS

Foremost, I would like to express my sincere gratitude to my advisors Dr. Pornkasem Kantamara and Dr. Sooksan Kantabutra for the continuous support of my Master degree thematic paper, for her patience, motivation, enthusiasm, and immense knowledge. Their guidance helped me in all the time of research and writing of this thematic paper. I could not have imagined having a better advisor and mentor for my Master degree study.

Moreover, I would like to thank to all CMMU staffs that have a good attempt to give me supports on both academics and technical.

Napon Chongmankhong



INVESTIGATION OF TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP AND STAFF JOB SATISFACTION IN BANGKOK AND METROPOLITAN AREA

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ABSTRACT

The purpose of this research is to investigate the effect of transformational and transactional leadership style on job satisfaction in Bangkok and metropolitan area. MLQ questionnaire was used to determine the leadership style and MSQ questionnaire was used to determine job satisfaction among subordinates within organizations. All the data were collected and the SPSS program was used to measure reliability of the data to see how each input item, variable and attribute correlated with each other. As a result, regression analysis was used, transformational leadership style is statistically significant to job satisfaction in Bangkok and metropolitan area, whereas, transactional leadership style is not. But, both of leadership styles are positively correlated with job satisfaction in Bangkok and metropolitan area. This means transformational leadership can directly predict an improvement in job satisfaction in Bangkok and metropolitan area. The results can be useful because all leadership styles are learnable therefore, the manager who dominates in transactional leadership style can learn transformational leadership style techniques and transformational leader can learn transactional leadership techniques either; Moreover, there are many leadership schools and courses around the world including Thailand. This would also benefit those managers in Bangkok and metropolitan area and want to improve job satisfaction among employees by finding theirs' the leadership style that they're fit in and adopt leadership behavioral attributes which showed in the recommendation part.

KEY WORDS: Transformational Leadership, Transactional Leadership, Job Satisfaction

23 Pages

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CHAPTER I

INTRODUCTION

Organizations all around the world are greatly concerned with understanding, searching and developing leadership. Leaders are facing challenges than ever before due to the dramatically increased environmental complexity and the changing character of the organization. Leadership is a crucial component in enhancing organizational performance. Being responsible for the advancement and execution of strategic organizational decisions, leaders have to acquire, develop and deploy organizational resources suitably or even changing in the method and ways of response adopted by the enterprise in order to bring out the best outcome as possible. There are many of leadership theories from the past; however, the most contemporary theory is transformational leadership, which is capable of changing the present situation into the desired one, while the transactional leadership is focused on planning and execution, which was widely adopted, in the late 1970s.

In order to achieve the desired objectives, there must be an interaction between leaders and followers. Leadership is a bond that makes people work together. If leaders want to produce a positive influence on individuals, groups and organizations, then leadership should be widened from obsolete style to friendly and contemporary style (Dess et al., 1998). Leadership styles can either motivate or discourage employees, which in return it can cause employee's increase or decrease in their satisfaction and performance level whereas the satisfaction and happiness of employees can influence a greater productivity and profitability for the organization (Saari & Judge, 2004). Furthermore (Kiril Todorov, Iliya Kerezhev, p.13, 2013) stated that with strong entrepreneurial and leadership skills could start up and develop a successful private business.

Critical organizational outcomes, such as satisfaction, organizational performance, group performance, and commitment, have been associated with these leadership styles (Kirkpatrick and Locke, 1996). The results have also been validated

in different cultures and settings (Al-Dmour & Awamleh, 2002). However, the effects of leadership styles from transformational and transactional perspectives have been rarely validated in Thailand.

The objective of this paper is to investigate the relationship between the leadership styles and level of job satisfaction in Bangkok and metropolitan area. Two measurement instruments were applied in this paper; the Minnesota Satisfaction Questionnaire (MSQ) was used to measure level of job satisfaction and Multifactor Leadership Questionnaire (MLQ) was used to measure styles of leadership.



CHAPTER II

LITERATURE REVIEW

Leadership continued to be one of the most widely discussed topic among researchers from all over the world (Kuchler, 2008). Jong and Hartog (2007) described leadership as a process to influence people in order to obtain the desired results while Northouse (2004) described leadership as a process whereby an individual influences a group of people to achieve a common goal when as Lok and Crawford (2004) proclaimed that leadership plays a vital role in determining the success and failure of a firm. And Fry (2003) pointed out leadership means the use of a leading strategy to offer inspiring motives and to enhance the staff's potential for growth and development.

Leadership has roots in the beginning of civilization. Egyptian rulers, Greek heroes, and biblical patriarchs all have one thing in common: leadership. There are numerous definitions and theories of leadership. However, there are enough similarities in terms of definitions to conclude that leadership is an effort of influence and the power to induce compliance (Wren, 1995).

Number of Leadership theories has evolved on the basis of Trait, Behavioral, Transformational, Situational, and Charisma. Researchers and thinkers made efforts in linking some of the theories across these leadership islands. But each model has its own advantages, disadvantages, assumptions and limitations. The concept of transformational leadership is the latest leadership theory which leadership gurus presented it as variations to already existing model.

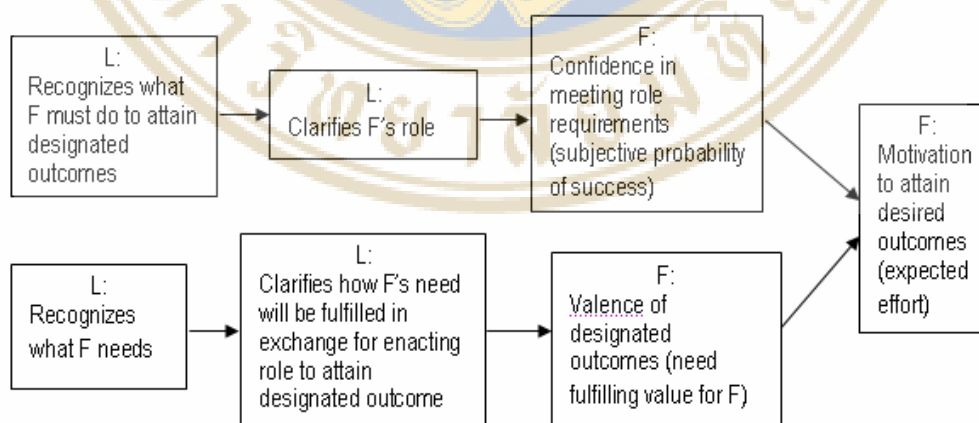
Understanding the difference between transactional and transformational leadership is vital in getting the whole concept of transformational leadership theory.

2.1 Background of transactional and transformational leadership styles

“The transactional and transformational theories of leadership developed by Burn (1978) and Bass (1985) are extended by using a constructive and developmental theory to explain how key personality differences in leaders lead to either transformational or transactional leadership styles.

2.1.1 Transactional Leadership

Bass (2008) stated that Transactional leadership style is achieved through social exchange. While Ivey and Kline (2010) stated, “Transactional leadership is characterized by leader and follower exchanges, by which leaders exchange tangible and intangible things with followers to progress both the leaders' and followers' interest”. Research has shown that in late 1970s, many leaders turned to a transactional leadership theory, the most frequently used method of leadership still observed in current organizations (Avolio, Waldman & Yanimarina, 1991; Seltzer & Bass, 1990). The underlying theory of this leadership method was that leaders provide rewards for employees' compliance, a concept based on bureaucratic authority and a leader's legitimacy within an organization (Tracey & Hinkin, 1994; Yukl, 1998).



(Bass, 1985)

Figure 1. Transactional leadership focuses on leaders managing day-to-day business operations (L=Leader and F=Follower)

Transactional Leadership Style is based on bureaucratic authority and legitimacy within the organization. It focuses on working standards, assignments and task-oriented goals. It also focuses on task accomplishment and employee compliance and relies on organizational rewards and punishments to stimulate employee performance (Burns, 1979). Transactional Leadership theory focuses on the specific interactions between leaders and followers (Burns, 1978; Heifetz, 1994). These transactions are a method by which an individual gains influence and maintain it over time. The process is based on reciprocity through transaction. A leader gains influence by adjusting the expectations of followers. Transactional interactions consist of the bulk of various relationships between leaders and followers (Burns, 1978).

Examples of this reward exchange included the leader's ability to fulfill promises of recognition, earning increases, and advancements for employees who perform consistency (Bass, 1990).

Transactional leadership focuses on ways to maintain the status in quo and manage the day-to-day business operation. It does not emphasis on identifying the organization's goals and how employees can work toward and increase their productivity in alignment with these goals, thus increasing organizational profitability. Transactional leaders interact with followers with a goal of exchanging one thing for another (Burns, 1978). Transactional leadership is about control, not adaptation (Tracey & Hinkin, 1994).

As modeled by Bass (1985), Transactional leadership consists of 2 dimensions: Contingent Reward and Management-By-Exception. Contingent Reward describes the extent to which any exchange or transaction that was set-up between leader and followers. These rewards can be tangible and intangible things such as salary increased and praise, which are given when the set goals are complete successfully on time or ahead of time. Contingent punishments are given when performance quality drops below the standard. On this aspect, it focuses on eliminating undesired behavior. Whereas Management-By-Exception maintains the status quo, intervention is used when subordinates do not meet an acceptable result by taking action to improve performance such as initiate corrective action (Hackman, 2009).

2.1.2 Transformational leadership

According to Downton (1973), transformational leadership is characterized by a mutually motivational relationship between leader and follower. Bass (1985) defined transformational leaders as leaders who motivate their followers to perform beyond the expectations by initiating high order needs of followers, creating a climate of trust, influence followers to dedicate their self-interest to the sake of the organization. Transformational leaders are being able to inspire subordinates to contribute to organizations in terms of higher ideals and concepts of morality. In other words, their subordinates would show respect, loyalty, admiration, and trust to their leader and feel that their work and performance are significant to the organization (Rust et al., 2000). Currently, transformational leadership has become the most frequently researched and supported theory over the past two decades (Avolio, Walumbwa, and Weber, 2009; Judge and Bono, 2000).

According to Burn (1978), the four dimensions of transformational leadership are;

1. Individualized Consideration – the degree to which the leader attends to each follower's needs, acts as a mentor or coach to the follower and listens to the follower's concerns and needs. The leader gives empathy and support, keeps communication open and places challenges before the followers. This also encompasses the need for respect and celebrates the individual contribution that each follower can make to the team. The followers have a will and aspirations for self-development and have intrinsic motivation for their tasks.

2. Intellectual Stimulation – The degree, to which the leader challenges assumptions, takes risks and solicits followers' ideas. Leaders with this style stimulate and encourage creativity in their followers. They nurture and develop people who think independently. For such a leader, learning is a value and unexpected situations are seen as opportunities to learn. The followers ask questions, think deeply about things and figure out better ways to execute their tasks.

3. Inspirational Motivation – the degree to which the leader articulates a vision that is appealing and inspiring to followers. Leaders with inspirational motivation challenge followers with high standards, communicate optimism about future goals,

and provide meaning for the task at hand. Followers need to have a strong sense of purpose if they are to be motivated to act. The purpose provides energy that drives a group forward. The visionary aspects of leadership are supported by communication skills that make the vision understandable, precise, powerful and engaging. The followers are willing to invest more effort in their tasks; they are encouraged and optimistic about the future and believe in their abilities.

4. Idealized Influence – Provides a role model for high ethical behavior, instills pride, gains respect and trust. As a development tool, transformational leadership has spread already in all sectors of western societies, including governmental organizations. As an example, the Finnish Defense Forces is using widely Deep Leader Model as basic solution of its leadership training and development. The Deep Leader Model is based on the theory of transformational leadership.

2.2 Employee satisfaction

Employee Satisfaction is the way people feel about their jobs and the different aspects of their jobs (Spector, 1997). Job satisfaction is a topic, which has derived attention of not only organizational employees but also of researchers (Lu *et al.*, 2005). Job satisfaction is the emotional response of an individual toward his or her job or place of job coming out from his or her experience from the job. Luthans (2007, p.141) defined job satisfaction as “a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experience”. Job satisfaction ultimately leads to job performance and organizational commitment, which ensures organizational success (Spector, 2003).

Herzberg (1959) stated that hygiene factors which include supervision, salary, company policy and administration, relationship with peers, working conditions, personal life and security as well as motivation factors which include recognition, responsibility, achievement and the work itself affect job satisfaction.

Previous studies

In 2004, the author “Avolio et al.” conducted a study on staff nurses in a public hospital of Singapore proclaimed that transformational leadership positively affects organizational commitment. In 2005, Raed Awamleh, John Evans, Ashraf Mahate studied on a topic” A Test of Transformational and Transactional Leadership Styles on Employees' Satisfaction and Performance in the UAE Banking Sector” asserted that their result clearly showed that only transformational leadership style is positively and significantly related to satisfaction and performance. In 2009, Yusuf and Ismail studied on the topic “the impact of transformational leadership on followers' commitment” and concluded that there is significant positive relation between these two variables. And there are many researchers concluded their studies in the same way. “Transformational leadership style is better than Transactional and Laissez-Faire in terms job satisfaction stated; by (Dahlen, 2002). “Transformational leadership style reduce work pressures and raise employees' morale resulting in promoting their job satisfaction” stated by (Dvir et al., 2002).

Framework of the research



Figure 2.2 Framework

Hypothesis

Based on the review of the literature, the general discussion and the previous studies, the following hypotheses are derived:

H1. Transformational leadership style is significantly, positively correlated with job satisfaction among subordinates in Bangkok and metropolitan area.

H2. Transactional leadership style is significantly, positively correlated with job satisfaction, but to a lesser extent than Transformational leadership style among subordinates in Bangkok and metropolitan area.

H3. Transformational leadership directly predicts an improvement in job satisfaction among subordinates in Bangkok and metropolitan area



CHAPTER III

DATA COLLECTION & RESEARCH METHODOLOGY

Research Design

A total of 55 questionnaires were collected through distribution via online channel to the subordinates' position level within companies as a sample size. This study was conducted with a purpose to investigate the relationship between transformational and transactional leadership styles toward job satisfaction by using questionnaire as a measurement. The questionnaire consists of three parts; the first part of the questionnaire was designed to collect demographic data such as name, age, gender, qualification, and position. The second part is to identify the characteristics of leadership styles by adapting the questionnaire from Multifactor Leadership Questionnaire Short Form (MLQ 6s), whereas the third part is to measure job satisfaction by adopting the questionnaire from Minnesota Satisfaction Questionnaire Short Form (MSQ). For the questionnaires description, they will be discussed in the instrument measurement part.

The Multifactor Leadership Questionnaire (MLQ) and Minnesota Satisfaction Questionnaire (MSQ) were translated from English to Thai version, a pilot test was used to test the accuracy of the content's interpretation by Thai respondents before the online distribution.

In the hypothesis testing, a probability value (p value) must also be considered. If the 2-tail significance value indicates that the p value is less than alpha (α), which is normally in social sciences research set at 0.05 by convention, then the researcher can accept the hypothesis. The result of such a test is said to be statistically significant.

Instrument of measurement

Multi factor Leadership Questionnaire Short Form, 6 S (MLQ-6S, Bass & Avolio, 1992) was adapted and used to distinguish respondents' leadership style. It

consists of 21 items to be rated on a 5 point rating scale to identify transformational leadership, transactional leadership of the respondents. In terms of reliability aspect in this questionnaire, it has been widely used by a large number of researchers across the world; some claimed that MLQ is a reliable questionnaire for leadership theory; transformational, transactional and laissez-faire leadership style. According to Bass & Avolio, (1993) claimed that the instrument was validated across a variety of sectors, including industry (Hater & Bass, 1988) and military industry (Yammarino & Bass, 1990). In the book "Fourteen Mental Measurements Year book" (2001) by Buros Center, summarize that the MLQ "does provide evidence that the instrument consistently measures constructs in keeping with Bass' theory" (p. 2).

Job satisfaction was measured by using Minnesota Satisfaction Questionnaire Short Form (MSQ). The design of the questionnaire is based on Herzberg's Two-Factor Motivation Theory to measure job satisfaction (Weiss, Dawis, England, and Lofquist, 1967). MSQ divided its motivation variables into two dimensions: intrinsic and extrinsic satisfaction factors. It is a 5 point Likert scale ranging from 1 = very dissatisfied to 5 = very satisfied and it consists of 20 questions. Each item score is summed to create a total score: the lower score, the lower of job satisfaction. For the creditability of the questionnaire view point, MSQ has been validated and studied (Fields, 2002); e.g. (Johanna H. Buitendach & Sebastiaan Rothmann, 2012, p.6) stated that "the MSQ is a reliable instrument to assess the extrinsic and intrinsic job satisfaction of employees at selected organizations in South Africa.". "The results of this study provide evidence that the MSQ-Short Version is a valid and reliable scale for the measurement of job satisfaction of hospital workers." Stated by (Helena Martins & Teresa Proença, 2012, p.14).

CHAPTER IV

RESULTS & DUSCUSSION

Demographic Analysis

Table I. exhibits the demographic information of this study. The populations were subordinates working within different kinds of organization and position. Survey respondents included 60% male and 40% female. Majority of the respondents were between the ages of 19 to 28 year old, 63.6% of the respondents have completed at Bachelor degree as the highest qualifications.

Table 1 Demographic analysis

Table-1: Demographic Analysis		Frequency	Percentage
Age	<= 18	1	1.8
	19 - 28	34	61.8
	29 - 38	13	23.6
	39 - 48	6	10.9
	49+	1	1.8
Gender	Female	22	40
	Male	33	60
Qualification	Bachelor degree (B.A.)	35	63.6
	High Vocational Certificate	6	10.9
	Master degree (M.A.)	4	7.3
	Senior high school	6	10.9
	Vocational Certificate	4	7.3
Working experience	<1 year	9	16.4
	1 - 2 years	11	20
	2 - 3 years	14	25.5
	3 - 4 years	2	3.6
	4 - 5 years	5	9.1
	>5 years	14	25.5

Data analysis

Since this paper aimed to investigate the relationship between leadership styles toward job satisfaction among subordinates within the organizations, SPSS Program was used as measurement to analyze these relationships. There were two statistical instruments: Factor analysis and Cronbach's Alpha were used to analysis data. This is a measurement in the reliability aspect of the collected data. And another two statistical instruments were used to validate the all three hypothesizes: Pearson's correlation and regression analysis. The explanation of each statistical instrument was discussed respectively in the parts below.

Factor Analysis

Factor Analysis was used to confirm transformational and transactional leadership construct. Combining scores of sub-variables to form each of the other independent measurement domain constructs was considered justified, because they were adjusted according to results of a confirmatory factor analysis.

All factor loadings loaded at 0.5 or higher in measurement of leadership style. However, since satisfaction construct is the only a construct. Factor Analysis was not used in job satisfaction part as Table 2. shows below.

Table 2 Factor analysis
Rotated Component Matrix^a

	Component	
	1	2
16.mlq	.797	-.098
4.mlq	.757	.082
15.mlq	.749	.150
11.mlq	.688	.214
3.mlq	.682	.163
18.mlq	.639	.253
10.mlq	.638	.505
17.mlq	.628	.411
8.mlq	.627	.150
13.mlq	-.217	.652
5.mlq	.170	.639
19.mlq	.277	.609
6.mlq	.375	.545

Reliability

Cronbach's Alpha was used to confirm the reliability of data constructs. This method is commonly used to measure the reliability of multiple Likert questions in a survey or questionnaire (Cronbach, 1951). Concept of Cronbach's Alpha is to measure internal consistency and show how closely related sets of items are as a group.

A commonly accepted rule for describing internal consistency using Cronbach's alpha is shown in a table below. Moreover, Nunnally (1978), stated that if the Cronbach's Alpha value exceed or were close to 0.7 is an acceptable reliability value. After all of the adjustments, 3 tables below 2 of them show the sufficient values as table 3, 4, and 5 shows below.

Table 3. Reliability Statistics (Transformational)

Cronbach's Alpha	N of Items
.884	9

Table 4. Reliability Statistics (Transactional)

Cronbach's Alpha	N of Items
.540	4

Table 5. Reliability Statistics (Job satisfaction)

Cronbach's Alpha	N of Items
.859	20

The Transformational and job satisfaction are above 0.7, however, The Transactional is below 0.7 possibly because of the limited sample size.

Result

Two indicators were used in this part, Pearson's correlation and regression analyses, in order to validate H1. Transformational leadership style is significantly, positively correlated to job satisfaction among subordinates in Bangkok and metropolitan area, H2. Transactional leadership style is significantly, positively correlated to job satisfaction, but to a lesser extent than Transformational leadership style among subordinates in Bangkok and metropolitan area and H3. Transformational leadership directly predicts an improvement in job satisfaction in Bangkok and metropolitan area.

Correlations coefficient (Pearson's correlation)

The Pearson's correlation coefficient is a measure of the strength and direction of linear relationship that exists between two variables measured on at least an interval scale. Total score of Transformational and Transactional leadership were used to compare to total job satisfaction score separately. The outcome is shown in Table 6 below.

Table 6 Correlations

		TF score	TS score	JS score
TF score	Pearson Correlation	1	.460**	.732**
	Sig. (2-tailed)		.000	.000
	N	55	55	55
TS score	Pearson Correlation	.460**	1	.486**
	Sig. (2-tailed)	.000		.000
	N	55	55	55
JS score	Pearson Correlation	.732**	.486**	1
	Sig. (2-tailed)	.000	.000	
	N	55	55	55

For the above table interpretation in Table 6, correlation coefficient value can range from -1 to +1; +1 indicating a perfect positive correlation and -1 indicating a perfect negative correlation, and 0 indicating no correlation at all. As a result, the correlation value of 0.486 between Transactional leadership and job satisfaction indicate that there is a significant, positive correlated relation between these 2 variables, whereas, Transformational leadership is significantly, positively correlated relation to job satisfaction, but to a great extent because the correlation value of 0.732 is greater than the value of 0.486 which is shown below as Table VII below. Therefore, hypotheses 1 and 2 are supported.

Regression analysis

Table 7. Coefficients

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	39.601	4.344		9.117	.000
1	TF score	1.053	.168	.645	6.252	.000
	TS score	.751	.410	.189	1.831	.073

a. Dependent Variable: Job satisfaction

Table 7 shows multiple linear regression estimates, which is an extension of simple linear regression. Its purpose is to predict the value of a variable based on the value of two or more other variables. This method is one of the most commonly used and powerful tools of contemporary social science. In this case, Transformational and Transactional leadership were used as an independent variable to calculate with job satisfaction as a dependent variable. The outcome presents a probability of .000 in "Sig" column on transformational leadership, which means the relationship, is statistically significant. In contrast, the relationship between transactional and job

satisfaction outcome present probability of .073 which means the probability is more than .05. Hence, this relationship cannot be considered as statistically significant, since the probability that less than .05 is an acceptable range.

As a consequence, H.3 is supported because transformational leadership can predict an improvement in job satisfaction among subordinates in Bangkok and metropolitan area.



CHAPTER V

RECOMMENDATIONS

The following recommendations are most suitable for business with employees, who are mainly male, between 19 - 28 years old with a bachelor degree and have been working for 2 - 3 years and more than 5 years.

This part will explain how statistical results can be applied. First of all, according to the sample size are only consist of subordinates in Bangkok and metropolitan area therefore, the recommendation might not work to another areas in Thailand or another country because of the different in characteristic. All of the recommendations are base on characteristic of transformation and transactional leadership styles, and the recommended leadership behavioral attributes based on statically analysis. Some of the leadership behavioral attributes were cut out because of poor score statistically calculation towards job satisfaction.

According to statistical analysis, the components from the MLQ questionnaire were deducted, respective of the correlation between each component of leadership style and intensity of satisfaction. The recommendations were derived.

Based on the findings, managers in Bangkok metropolitan area should adopt transformational leadership style by helping their staff to find meaning in their work, allows staff to think about old problems in new ways, support staff to develop themselves, try to be faithful, provide new ways of looking at puzzling things to staff, provide feedback on their performance.

For example, a manager should inform a staff about the important of their work to achieving the vision of the company, Challenge employee to solve the old problems in a new way, increase employee training budget, act as what you tell others to do, set performance target together at the beginning of the year, provide feedback and evaluate at the end of the year.

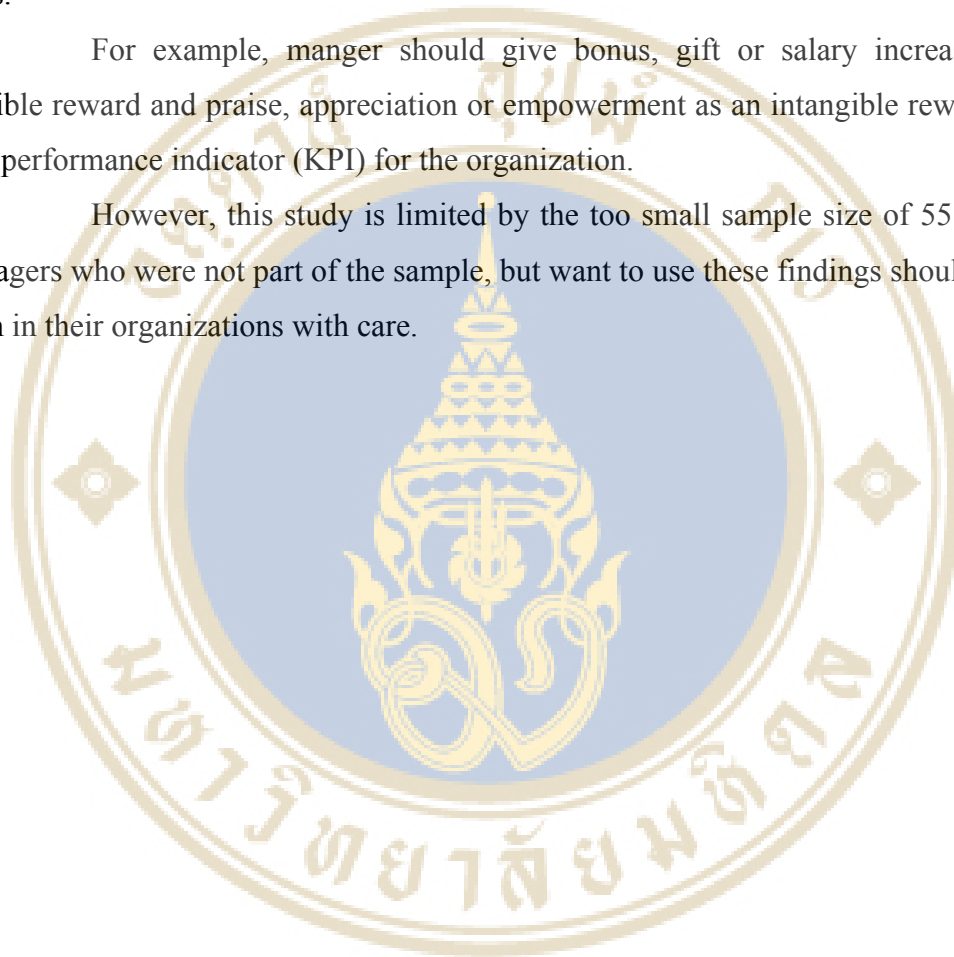
Although transactional leadership is not a significant predictor of job satisfaction in the Bangkok metropolitan area, it does not mean the managers should

not adopt it because transactional leadership is positively correlated with job satisfaction. Therefore, while adopting the transformational leadership, managers in

Bangkok metropolitan area can use transactional leadership as a complimentary approach by adopting its relevant elements. This means managers in Bangkok and metropolitan area should use reward as tangible or intangible as an incentive, setting standard for staff, and praise staff who have accomplished their tasks.

For example, manger should give bonus, gift or salary increase as a tangible reward and praise, appreciation or empowerment as an intangible reward. Set Key performance indicator (KPI) for the organization.

However, this study is limited by the too small sample size of 55. Other managers who were not part of the sample, but want to use these findings should apply them in their organizations with care.



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