

**THE USE OF TRANSACTIONAL AND TRANSFORMATIONAL
LEADERSHIP APPROACHES INFLUENCING ON EMPLOYEE
SATISFACTION IN THAI FAMILY BUSINESSES**



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SATISFACTION IN THAI FAMILY BUSINESSES**

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All in all, I hope this research will be useful for all related organizations especially, family business or SMEs as the research is conducted base on family business cases.

Saralee Khaophuthai



THE USE OF TRANSACTIONAL AND TRANSFORMATIONAL LEADERSHIP APPROACHES INFLUENCING ON EMPLOYEE SATISFACTION IN THAI FAMILY BUSINESSES

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ABSTRACT

The purpose of this research is to investigate the use of transactional and transformational leadership approaches influencing on employee satisfaction in Thai family businesses. The in-depth interview and non-participant observation were used to identify the leadership style and employee satisfaction among subordinates in the organizations. The purpose of increasing the satisfaction of employees is to increase the productivity within SMEs as they are the major contributors to Thailand's economy. The number from previous studies show that there are up to 99 percent of SMEs of total enterprises in Thailand, and SMEs contribute 41.1 percent of the country's GDP. There is some room to grow from SMEs but they need to be improve their management to adapt to the changes. This case studies will identify the problem and the use of leadership styles in family business (SMEs), and it found that most of the Thai family businesses are more likely to be transactional leadership style, so if they can apply more transformational leadership altogether, it will increase employee satisfaction which will impact on the productivity and solid foundation of the companies, so companies can improve themselves bit by bit till it helps improve the country's economy.

KEY WORDS: Family Business/ Transactional Leadership /Transformational Leadership/
Employee Satisfaction

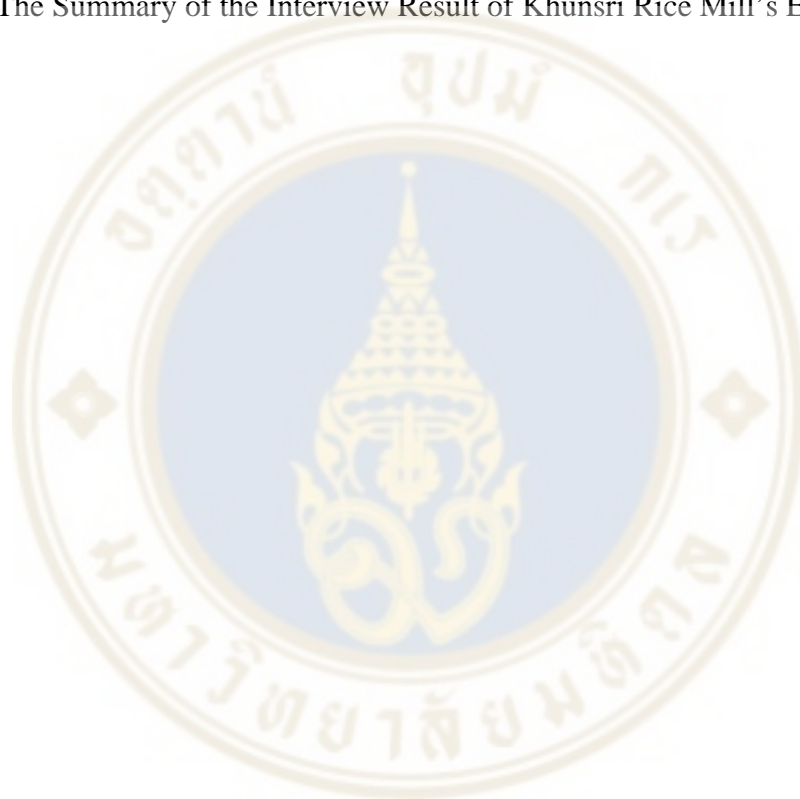
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CHAPTER I

INTRODUCTION

Small and medium-sized enterprises or SMEs are the form of business found in every country, and they normally play the crucial role in economy of a particular country as they help reducing the unemployment rate and boosting up the economy to drive the country. They share some mutual attributes which is the owners of the enterprises are normally family members to operate the business based on trust and connections, so the business is more likely to be family-like culture. Therefore, whether companies will be successful or not, it depends on the owner's' vision, managerial styles and supports from the related parties.

SMEs play one of the most important roles for Thailand's economy as in 2015 SMEs accounted for over 99 percent of all the enterprises in Thailand which is 2.7 million and 80.44 percent or 10.48 million people of the total employment (Number and Employment of SMEs, 2016). Even though the percentage of the number of SMEs in Thailand is quite high, small and medium enterprises could only contribute 41.1 percent of the country's gross domestic product in the same year of which is 29.1 percent from small-sized companies and 12 percent from medium-sized companies (Gross Domestic Product of SMEs, 2016).

It means that Thailand should be able to improve more to reach the higher GDP. To be successful, SMEs which are mostly family-own should adapt themselves to the changes by building solid foundation of the business starting from companies' leaders who affect to many functions in the business. The purpose of this research is to investigate the use of transactional and transformational leadership approaches influencing on employee satisfaction in Thai family businesses.

The purpose of this research is to investigate the use of transactional and transformational leadership approaches influencing on employee satisfaction in Thai family businesses. The in-depth interview and non-participant observation were used to identify the leadership style and employee satisfaction among subordinates in the

organizations. The purpose of increasing the satisfaction of employees is to increase the productivity within SMEs as they are the major contributors to Thailand's economy. This case studies will identify the problem and the use of leadership styles in family business (SMEs), and it found that most of the Thai family businesses are more likely to be transactional leadership style, so if they can apply more transformational leadership altogether, it will increase employee satisfaction which will impact on the productivity and concrete foundation of the companies, so companies can improve themselves bit by bit till it helps improve the country's economy.



CHAPTER II

LITERATURE REVIEW

The reason that I would like to do the research on leadership style in the Thai family businesses is because I am the one who are in the family business as well, and I have seen many situations from my parent's businesses which is now under the administration of the second generation and soon to be pass to the third generation. Since I have started working with my parents, I notice that most of the employees work day by day for the end of the month when they can get their salary. Employees do not have inspiration and passion in what they are doing. They do what they command to do. If no one monitors them, the work will not be productive as it should be. Therefore, I initially collect more data from other family businesses in similar company's sizes. Having talented leaders can impact on employee satisfaction which is one of the main factors that can affect companies' success. However, a lot of family business in Thailand still need to be improved since their leaders who share vision and goal of the companies so that the companies are more productive in many ways.

Therefore, I have conducted this literature review to find out the possible solution to help improving the leadership styles in the Thai family businesses to satisfy employees' satisfactions to have better productivity in the company.

2.1 Background of Transactional and Transformational Leadership Styles

There are many leadership theories that have been developed such as trait, behavioral, contingency, transactional and transformational theories, but the most applicable in recent days are transactional and transformational leadership theories as they have been developed from the limitation and disadvantages of the previous theories (Leadership Theories, n.d.). To reach employee satisfaction, companies' leaders should have both

transactional and transformational leadership styles. There are some differences of the concepts between these two leadership styles.

2.1.1 Transactional leadership

Transactional leadership style is a style that the leaders promote employees' compliance by offering rewards and punishment based in contingency as the performance of people will be evaluated and to be decide whether will get reward or punishment, so it focuses on task-oriented (McClesky, 2014). Organizational rewards or punishments are the factors to motivate employees' compliance and task accomplishment. To reward or punish the employees, leader will create the clear structure of evaluation to their subordinates in order to be able to measure whether employees should get rewards or not. Transactional leaders will expect interactions between them and employees that reflect to the benefits of both. Nonetheless, punish is not always mentioned but if employees sometimes make mistakes, the leader will suggest corrective coaching (Transactional Leadership, n.d.). However, transactional leaders are likely to focus on each day operation and not emphasize on sharing the clear organizations' vision and goals, and that can cause the lack of employees' productivity as sometimes they are lost in directions as they highly pay attention to employees' works without looking for the future changes. Therefore, this style of leadership will be more effective in emergency situation.

Some examples of transactional leadership's beneficial exchange are contingent rewards that are in the interest of followers. There are many reward options used in business such as commission, monetary bonuses, free membership, trips and paid vacation days (Skillman, n.d.). The effective contingent rewards should be able to encourage the whole desired behavior, not only when the goal reached. For example, if the salespersons reach the sales target, they will get a free ticket for their vacation, but the reward system will not work if they cannot meet the quality requirement. To be more effective, the reward system should be individualized to capture employees' interest.

In conclusion, transactional leadership emphasize on increasing efficiency of the existing routine duties and procedure or operation rather than making changes for organizations.

2.1.2 Transformational leadership

Unlike transactional leadership approach, transformational leadership style is more likely to be motivational relationship between leaders and followers. The leaders will motivate the employees to perform beyond their expectation by offering short-term goal and focus on providing higher order intrinsic needs, building trust and influencing employees to commit and contribute themselves to the sake of company (Thomas, 1999) as they feel they are important to the organization. Transformational leadership theory has become the most contemporary approach that has been used in many organizations.

According to Burn (1978), the full range of leadership introduces four dimensions of transformational leadership as following (Awamleh, R., Mahate, A. & Evans, J. (2005):

- **Individualized Consideration:** The degree that leaders pay attention to the needs of each employee, act as a mentor and listen to employees' voices about their needs and concerns. The employees are willing to perform jobs, have aspirations for their self-development and have intrinsic motivation for their tasks.
- **Intellectual Stimulation:** The degree that leaders challenge themselves by taking risks to the employees' ideas in order to stimulate and encourage creativity for employees as let employees freely think and do what they design. Another way around is that leaders can learn from employees' failures and success as their opportunities.
- **Inspirational Motivation:** The degree that leaders are able to smoothly transfer their inspiring vision to their employees. The employees will be challenged with high standards and positively communicate about future goals. The employees are willingly to drive the companies forwards to reach the achievement. Also, leaders' visionary aspects will be reachable if they have good communication skills to make vision understandable, engaging, powerful and precise. The followers are willing to put efforts in their tasks.
- **Idealized Influence:** The degree that leaders can be a role model in ethical behavior and gain respect and trust.

Leaders will build strong and trust-based relationship with their employees, and help their followers grow as individuals.

2.1.3 Employee Satisfaction

Motivating employees to do their best on their tasks is one of the managers' responsibilities. It is very challenging to accomplish the employees' satisfaction, and it widely gains many attentions in academic area. Many researches such as Abraham Maslow try to study the behaviors of the people and how to satisfy them. Additionally, they try to understand why people do something and why they do not. In one hand, the research answered some questions to managers in order to understand their employees on their needs such as reward system. In the other hand, there are many factors that need to be taken into account such as external variables that affect directly to employees' satisfaction. Maslow's hierarchy need has been used to explain the employee satisfaction for several researches. However, Nohria et.al (2008) also came up the new model that develop to be used in business practice. The table derived from Maslow's concept but has been applied to the employees.

	DRIVE	PRIMARY LEVER	ACTIONS
①	Acquire	Reward System	<ul style="list-style-type: none"> ■ Sharply differentiate good performers from average and poor performers ■ Tie rewards clearly to performance ■ Pay as well as your competitors
②	Bond	Culture	<ul style="list-style-type: none"> ■ Foster mutual reliance and friendship among coworkers ■ Value collaboration and teamwork ■ Encourage sharing of best practices
③	Comprehend	Job Design	<ul style="list-style-type: none"> ■ Design jobs that have distinct and important roles in the organization ■ Design jobs that are meaningful and foster a sense of contribution to the organization
④	Defend	Performance-Management and Resource-Allocation Processes	<ul style="list-style-type: none"> ■ Increase the transparency of all processes ■ Emphasize their fairness ■ Build trust by being just and transparent in granting rewards, assignments, and other forms of recognition

Figure 2.1 Four Emotional Driver to Fulfil Employee Satisfaction

This table shows how to meet employee satisfaction by implementing the four emotional drives. The first variable is the drive to acquire. The needs of people are in different levels as we do not just need physical goods such as food, clothing,

shelter and money as Maslow's basic need level, but not only those needs. They would want to have social status such as being promoted as Maslow's psychological needs. They explained that people not always think about themselves but they think about others as people always compare what they have to what others have, so they will do work to acquire what they want and what others can have. This reflect to the reward system as it tells the clearly result of performance to compare between employees whether poor or good. Also, tie rewards to good performers as watch out for your competitors. Make sure that you pay the same or higher.

Another one is drive to bond to culture. This is the way people connect the organizations, association and nations. Culture will be one of the factors that increase employee satisfaction as it will reflect the feeling of belonging of the companies as it creates culture of team building, collaboration and friendship, so there is string attached within the group. Finally, they dedicate themselves to the organization.

The third factor is drive to comprehend by designing challenging and interesting jobs. That is how to motivate employees as to let them grow and freely learn by themselves and to trial and errors. If your job designed is not interesting and challenging enough, the talented employees would leave to other companies.

The last possible factor is drive to defend. Performance-management and resource- allocation processes need to be fair, trustworthy, and transparent so that the employees' drive to defend as they understand when they disagree with leaders. Make sure that what they disagree with has reasonable cause and transparent, and they will comprehend that.

2.2 Framework of Research

This figure demonstrates that while transactional leadership is needed, the addition of transformational leadership is what inspires follower performance to reach beyond expectations. According to this definition, there are four factors that a transformational leader embodies: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration.

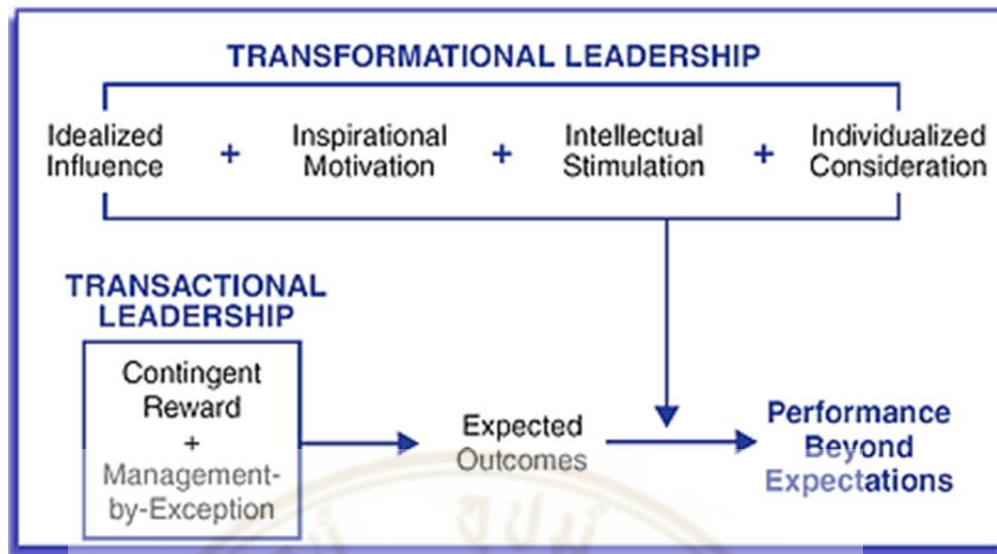


Figure 2.2 The diagram shows the combination of transactional and transformational leadership style

Source: transactional and transformational leadership (2016)

Here are the lists of the possible propositions for this literature review for this research:

- The provision of individualized consideration in family business leader that affects employees' intrinsic motivation for their tasks
- The provision of intellectual Stimulation in family business leader that affects employees' performance
- The provision of Inspirational Motivation in family business leader that affects employees' job engagement
- The provision of Idealized Influence in family business leader that affects employees' self-development.

The next chapter will discuss about the research methodology used to explore the proposition above.

CHAPTER III

RESEARCH METHODOLOGY

This research will be applied the qualitative form as using interview and observation during company visits. The purpose of using interview method is to get to the information in details from interviewees' perspective and experiences towards leadership styles affecting on employee satisfaction. This method was chosen over survey form because the interviewer is able to access to specific and detailed information from different companies. Another method used in this research is non-participant observation as the interview is able to observe how employees perform their tasks and interaction between leaders and employees. While the observation, the interviewer will not participate during their working hours in order to observe the real behaviors.

3.1 Data Collection

The open-ended questions are conducted in order to ask the interviewees so that they can naturally explain their point of view with large amount of content. Open-ended questions help encouraging people to discuss about their situation rather than close-ended questions because they are short answers which is difficult to illustrate. Additionally, the data acquired from open-ended questions are more precise for specific companies as well.

Accordingly, the interview's questions are designed to be used for employees in the four family-owned companies which are from different industries. The questions will be set as transformational leadership theory as it is open-ended question, the answer can be in both transactional and transformation.

3.1.2 Primary Data Collection

To perform data collection, the interview will be face-to-face interview and non-participant observation for each respondent. The semi-structure questions will be in discussion, and the respondents can talk freely in the fields of activities. After the interview, the data collected will be applied to link to the theories, and those answers that are not related to the area of study will be eliminated.

3.1.3 Secondary Data Collection

Non-participant observation will be secondary data collection as leaders and employees will be observed all the activities and interactions between them without interviewer's participation interrupting during the real situation. Consequently, the data collection will be accurate as they can perform job without interrupting.

The list of interview's questions provided below:

Table 3.1 List of questions for employees in different companies.

Interview Questions	Interviewee
- Individualized Consideration	
Does your leader create a clear structure to measure your performance? Is it the same for every one?	
How your leader measure or evaluate your performance?	
What do you think about your leader's evaluation? How does it affect your work and teammate?	
Does your company have reward system as a team or individual? How do you feel?	
Besides work problem, does your boss pay attention to your personal life?	
- Intellectual Stimulation	
If there is a problem during your work, how you solve the problem? How your leader helps you out? Is there any structural problem-solving for employees?	
Does your leader set a structural problem-solving for employees?	

Table 3.1 List of questions for employees in different companies. (cont.)

Interview Questions	Interviewee
Can you solve the problem by yourself? If you can how you do it and the limitation that you leader will allow?	
Can you give advice/feedback or involve in problem solving with you leader?	
Does you leader encourage you to logical and systematic way of thinking?	
Can you design how you want to work?	
- Inspirational Motivation	
Do you completely understand about your work and work target you have to reach?	
Does your leader explain clearly about the assigned work and the purposes before start doing work?	
Is the work you do challenging you? How does you leader support you?	
Does your company normally provide training for employees?	
Do you think the assigned job suit your capabilities?	
Is your boss one of the inspirational factors to reach job accomplishment? How?	
- Idealized Influence	
Please explain the characteristic of the leader that you would like to work with.	
Do your leader's characteristics impress you? Do you have your boss as you idol?	
Which characteristics that you want boss to change?	
Does your leader influence your work and life?	

3.2 Data Validity

The result of the interview will be used to analyze the findings in the next chapter, so it is crucial to ensure that the results are valid by using the probing techniques such as asking the same question in several different sentence, using the interviewer whom the interviewees do not know and observing the real situations without participating the interviewees.

The next chapter will discuss about the results of this research as findings and discussion chapters.



CHAPTER IV

FINDINGS AND DISCUSSION

In the final analysis, the information gathered will be displayed in the table below showing the question asked and the summary of the interviews. The research methodology was conducted to identify the missing and existing important elements in improving the organizational starting from the leaders. The findings from two employees of two different companies out of four companies will be the indicator of the elements that are significant in improving the leadership style in family businesses.

4.1 In-Depth Interview

The data collection was designed for four family businesses but they are summarized and will be chosen as example only two family business. The selected family businesses shown in the findings are Kittipong Homemart and Khunsri Rice Mill, and the other two family businesses are Chanomporn Farm which is a chicken egg farm and P-Tech civil engineering which is a construction contractor.

The first family business that was interview named Kittipong Homemart which is a construction supplies retailer and wholesaler located in small city, Banglen, Nakhon Pathom. This company is considered as a medium-size business that has employees who are working for them for over 20 years. Her responsibility is to take care of the sale for the contractors and the project's owners. Her job is to sell and purchase tools and equipment to the shop.

Table 4.1 The Summary of the Interview Result of Kittipong Homemart of Employee

Interview Questions	Kittipong Homemart's Employee
- Individualized Consideration	
Does your leader create a clear structure to measure your performance? Is it the same for every one?	<ul style="list-style-type: none"> • Do not have the structural evaluation.
How your leader measure or evaluate your performance?	<ul style="list-style-type: none"> • Leader evaluates from sale performance end of the year. • No evaluation form/criteria to see how much they have to sale to get the unknown amount of bonuses.
What do you think about your leader's evaluation? How does it affect your work and teammate?	<ul style="list-style-type: none"> • The evaluation should be clearer about how it works. • The rewards are on individualized consideration, and the work do not need much cooperation from others, just sometimes. • Mostly focus on individual tasks and try to finish routine jobs day by day.
Does your company have reward system as a team or individual? How do you feel?	<ul style="list-style-type: none"> • Yes, as yearly bonus • Paid individually • We have to focus on the company's revenue, and make the organizational grow.
Besides work problem, does your boss pay attention to your personal life?	<ul style="list-style-type: none"> • She is like friends and boss at the same time • She helps me a lot with my personal life such as family problem.
- Intellectual Stimulation	
If there is a problem during your work, how you solve the problem? How your leader helps you out? Is there any structural problem-solving for employees?	<ul style="list-style-type: none"> • If it is everyday problem, we solve it right away by ourselves, but it depends much on the level of decision making. • If it is unseen problem, we have to ask the leader first before we decide.

Table 4.1 Demographic data of the respondents (cont.)

Interview Questions	Kittipong Homemart's Employee
<p>Can you solve the problem by yourself? If you can how you do it and the limitation that you leader will allow?</p>	<ul style="list-style-type: none"> • It depends on what problem occurring in which department. • We can decide if it is not much affect to the company's return, customers or anything negative effect to company.
<p>Can you give advice/feedback or involve in problem solving with you leader?</p>	<ul style="list-style-type: none"> • Yes, sometime she will ask for customers' voice in order to improve. • We can feedback her about the problem occurring during work with others, and tell what is better for us.
<p>Does you leader encourage you to logical and systematic way of thinking?</p>	<ul style="list-style-type: none"> • She will guide and show if it was her, how she will cope with it.
<p>Can you design how you want to work?</p>	<ul style="list-style-type: none"> • Normally, leader will tell what she wants in detail, and we do as what she wants • Our jobs is mostly routine job so nothing much different each day.
- Inspirational Motivation	
<p>Do you completely understand about your work and work target you have to reach?</p>	<ul style="list-style-type: none"> • Yes, pretty clear and understand as we do it for several years, and because I am here for over 20 years. I have been rotated to almost every field. • Actually, she did not set the target and announce it for each period, so what we do is just sale part.
<p>Does your leader explain clearly about the assigned work and the purposes before start doing work?</p>	<ul style="list-style-type: none"> • Yes, we understand what we are doing and for • But sometimes she changes what she wants and it happened quite often, so we have to edit the work.

Table 4.1 Demographic data of the respondents (cont.)

Interview Questions	Kittipong Homemart's Employee
Is the work you do challenging you? How does you leader support you?	<ul style="list-style-type: none"> • If it the new project, she will guide us and let us try the work first, after we are done, we need to her approval before it will be reached to customers.
Does your company normally provide training for employees?	<ul style="list-style-type: none"> • We do not have training. It is more like learn by yourself with some guidelines • We have training offered from SCG, our supplier, but not often
Do you think the assigned job suit your capabilities?	<ul style="list-style-type: none"> • Yes, it is not hard, and do not require high capabilities, but it is load same work. It is boring sometimes.
Is your boss one of the inspirational factors to reach job accomplishment? How?	<ul style="list-style-type: none"> • Yes, sometimes. It will reach there faster if she guides us.
- Idealized Influence	
Please explain the characteristic of the leader that you would like to work with.	<ul style="list-style-type: none"> • Flexible • Confidence • Commitment • Creative
Do your leader's characteristics impress you? Do you have your boss as you idol?	<ul style="list-style-type: none"> • She is very creative in the way she talks to customers. It sounds so easy for her to get the target with the big order. • I feel she is my family more than boss now, and she started from zero to now we are medium-size Company which is well-known in our small city.
Which characteristics that you want boss to change?	<ul style="list-style-type: none"> • Too perceivable as when we work, we want it to be finish so that we can move on.

Table 4.1 Demographic data of the respondents (cont.)

Interview Questions	Kittipong Homemart's Employee
Does your leader influence your work and life?	<ul style="list-style-type: none"> • Yes, I commit to work for her for the rest of my life. She has taught me since here has only two employees. I have learned so much from her. She is like my sister.

The second family business that was interview named Khunsri Rice Mill which is a Rice mill processing located in small city, Sai Noi, Nonthaburi. This company is considered as a medium-size business that has only two employees who are working for them for several years. Her responsibility is to take care of the routine operations such as weigh the truck in and out. Sometimes estimates the purchasing price of paddy.

Table 4.2 The Summary of the Interview Result of Khunsri Rice Mill's Employee

Interview Questions	Khunsri Rice Mill's Employee
- Individualized Consideration	
Does your leader create a clear structure to measure your performance? Is it the same for every one?	<ul style="list-style-type: none"> • No structure at all.
How your leader measure or evaluate your performance?	<ul style="list-style-type: none"> • From leaders' observation during the year and from the performance in each assignment.
What do you think about your leader's evaluation? How does it affect your work and teammate?	<ul style="list-style-type: none"> • Because it is no structural evaluation, we will work as much as we can according to their wants. • There is some teamwork but not much as we have only two officers in the office, we will just replace each other when another one has day off. • When we work at the same time, our works are not related.

**Table 4.2 The Summary of the Interview Result of Khunsri Rice Mill's Employee
(cont.)**

Interview Questions	Khunsri Rice Mill's Employee
Does your company have reward system as a team or individual? How do you feel?	<ul style="list-style-type: none"> • We have individual reward end of the year as bonus • It is quite reasonable.
Besides work problem, does your boss pay attention to your personal life?	<ul style="list-style-type: none"> • I am their cousin, so they always help and support my family when in need.
-Intellectual Stimulation	
If there is a problem during your work, how you solve the problem? How your leader helps you out? Is there any structural problem-solving for employees?	<ul style="list-style-type: none"> • We solve what we can and what we have seen before. • Most of the time leader will solve it based on their experiences, but sometimes we can give some ideas.
Can you solve the problem by yourself? If you can how you do it and the limitation that you leader will allow?	<ul style="list-style-type: none"> • Yes, they will let me do it if they are sure that I can but normally I will ask them for double checking. • Everything happened, the leader must know, so we can do the basic problem solving only.
Can you give advice/feedback or involve in problem solving with you leader?	<ul style="list-style-type: none"> • Yes, they do openly listen to our voice and take in to account when they make decision
Does you leader encourage you to logical and systematic way of thinking?	<ul style="list-style-type: none"> • Depend on the tasks but mostly not, they focus on the result.
Can you design how you want to work?	<ul style="list-style-type: none"> • Yes, but they will check they task and follow how we do every time.
-Inspirational Motivation	
Does your leader explain clearly about the assigned work and the purposes before start doing work?	<ul style="list-style-type: none"> • Sometimes we understand it at first as they express the purpose but usually without details, so we get lost during the process.

**Table 4.2 The Summary of the Interview Result of Khunsri Rice Mill's Employee
(cont.)**

Interview Questions	Khunsri Rice Mill's Employee
Is the work you do challenging you? How does you leader support you?	<ul style="list-style-type: none"> • Not at all. It is routine job, and the hard decision making ones will be on their responsibilities. • But sometimes there will be one and they support by providing all the sources we need.
Does your company normally provide training for employees?	<ul style="list-style-type: none"> • No training at all.
Do you think the assigned job suit your capabilities?	<ul style="list-style-type: none"> • I am not sure how much I can do but for the everyday work is not difficult and I can do it.
Is your boss one of the inspirational factors to reach job accomplishment? How?	<ul style="list-style-type: none"> • Yes, they are a part of it as they know I am so good at a particular thing so when I have problems, they will provide support and guide me.
-Idealized Influence	
Please explain the characteristic of the leader that you would like to work with.	<ul style="list-style-type: none"> • Systematic thinker • Flexible • Visionary
Do your leader's characteristics impress you? Do you have your boss as you idol?	<ul style="list-style-type: none"> • Delegated • They are very helpful with my job as they will do it with us. Sometimes instead of taking rest, they stay up and work with us.
Which characteristics that you want boss to change?	<ul style="list-style-type: none"> • It is family business, so not a real organizational structure. Sometimes there will be family related in the decision which cause decreasing in productivity.
Does your leader influence your work and life?	<ul style="list-style-type: none"> • They are great influencers as they are very supportive towards job difficulties and also personal life.

4.2 Non-Participant Observation

From the non-participant observation of Kittipong Homemart, all of the employees have routine tasks that they have to finish each day. The work performance is mostly based on individuals rather than teamwork as one person has a different specific duty, but some of them share the duty which is selling the tools and equipment. The interactions between leaders and followers in this company is tend to be more transactional leadership. For example, from a real situation when non-participate observing, when one of the employees who are responsible for selling roofing tools and equipment, she has to make a quotation for a manager/owner to prove before offering to customers. Therefore, the interviewer asked her if she gets something in return, so she told that she will get the commission per house. There are some evidences of transactional leadership style as there must be some exchanges between leaders and followers.

From the non-participant observation of Khunsri Rice Mill, there are only two employees doing routine jobs as well, so the work performance is likely to be individual. The employees here seem to lack inspirations as no training at all and lack challenging tasks. Most of the time they can watch television, surf the Internet and go out to the market. Day passed by, they are waiting for the work rather than looking for works. Thereby, there is very low encouragement for the desired behavior.

After analyzed the interview result, the findings come out as transactional leadership style is still applied a lot in SMEs which mostly are family-owned. To be more successful in both business management and employee satisfaction, these family business should apply both transactional and transformational leadership approaches so that the win-win situation appears as both sides get benefits.

4.3 Managerial Implication

Consequently, the result turned out as the expectation that most of the Thai family businesses that are in small to medium sized will rather have transactional leadership style than transformational leadership because most of the family businesses are emphasizing on profitability, so they expect tangible return on what they invest in. It is likely to have only only transactional leadership style, but there are also some clues of transformational leadership styles as well such as idealized influence and individualized consideration.

CHAPTER V

RECOMMENDATION AND CONCLUSION

The following recommendations are suitable for the employees in the family businesses. This part will explain how the in-depth interview and non-participant observation are applied for the recommendation. The recommendations are mainly focus on the results of the four companies that are interviewed about their leaders.

Based on Findings, to satisfy employees, leaders should apply both transactional and transformational leadership in order to reflect win-win situation for both leaders and followers.

In addition, leaders should improve the standard of how the rewards system is evaluated. The problem of the four companies is they do not have a clear and structural evaluation of how the reward will be, or what is the criteria of getting rewards, so the companies should set up Key Performance Indicator (KPI) for individuals.

For example, leader should have consideration on individuals' needs in order to set up the attractive KPI for each employee, and explain clearly what will be the exchange between them such as if employees are able to reach target sale 5 percent of the sale last year, they will get a free plane ticket to Singapore on vacation in case that the employees like to travel as it is their priority. Not only setting the KPI and evaluation, the leaders should also give the feedback and comments to the employees, so they get to know whether what they do is good or not. They will be able to improve from the leaders' feedback.

Since the findings show that family business is more likely to be transactional leadership, so the leaders should promote more transformational leadership by inspiring them to have the sense of belonging.

First of all, the company should design interesting and meaningful work for employees, so they feel more challenged about the work and want to learn more, and they also want to accomplish the new target in different ways. They feel how important they are to the organizations.

Another recommendation is leaders should influence employees by informing a clear company's vision so they are on the same path. Most of the time family business is too focus on the efficiency of the jobs but they neglect the vision of the company. They can get lost during the process. If both sides are on the same page, they easily achieve the goals.

Employee training is also crucial to organizations as they can increase self-development, and feel that there are always new things to learn, so it is not boring. For example, leaders should increase or estimate the cost of training, then prepare the budget for it. It can be held quarterly. Moreover, team building is another factor that drive the organizations to the goals.

Leaders should encourage the employees to be more creative about their work by letting they make the decision on problem-solving. This is not only benefits the flexibility of employees' work, but leaders will have opportunities to learn from them as well. The leaders should be more supportive about letting them do on their own.

If the companies can apply both approaches, the employee satisfaction will definitely rise up. When employees satisfy what they are doing, the quality of work also increase and that is how leadership impacts on many factors that drive to the work productivity. It leads to the success of the companies. When the companies have a solid foundation, it will reflect to company's turnover and capabilities to grow to the next step.

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Appendix A: Questionnaire

The Table below show the interview result of the employee from Chanomporn Farm which is an egg farm located in Banglen, Nakhon Pathom. This small-sized business has only two employees in the office to do the routine jobs. Her responsibility is in charge of the rest workforce in the farm. Not only control the staff in the farm, she also does the office works such as sale and accounting.

The Summary of the Interview Result of Chanomporn Farm's Employee

Interview Questions	Chanomporn Farm's employee
- Individualized Consideration	
Does your leader create a clear structure to measure your performance? Is it the same for every one?	<ul style="list-style-type: none"> • Do not have the structural evaluation.
How your leader measure or evaluate your performance?	<ul style="list-style-type: none"> • Leader evaluates from sale performance end of the year. • No structural criteria to evaluate performance.
What do you think about your leader's evaluation? How does it affect your work and teammate?	<ul style="list-style-type: none"> • I have never known that I will be evaluated as it is my first year working here. • There is no obvious effect to the work. • Mostly focus on individual tasks and try to finish routine jobs day by day.
Does your company have reward system as a team or individual? How do you feel?	<ul style="list-style-type: none"> • Yes, we have semi-annual bonus • Paid individually • Get the extra is always better than getting nothing
Besides work problem, does your boss pay attention to your personal life?	<ul style="list-style-type: none"> • He helps me a lot with my personal life such as family expenditure as my mother is not doing good.

Interview Questions	Chanomporn Farm's employee
- Intellectual Stimulation	
<p>If there is a problem during your work, how you solve the problem?</p> <p>How your leader helps you out? Is there any structural problem-solving for employees?</p>	<ul style="list-style-type: none"> • Most of the problem will be solved by the leaders as owner. • There is no structural problem-solving • We will make decisions on the basic problems
<p>Can you solve the problem by yourself? If you can how you do it and the limitation that you leader will allow?</p>	<ul style="list-style-type: none"> • Yes, we make decision on the workers' problems that can happen every day during work
<p>Can you give advice/feedback or involve in problem solving with you leader?</p>	<ul style="list-style-type: none"> • Yes, sometime she will ask for customers' voice in order to improve. • But we do not discuss often
<p>Does you leader encourage you to logical and systematic way of thinking?</p>	<ul style="list-style-type: none"> • Usually we use our senses.
<p>Can you design how you want to work?</p>	<ul style="list-style-type: none"> • Our jobs is mostly routine job so nothing much different each day.
- Inspirational Motivation	
<p>Do you completely understand about your work and work target you have to reach?</p>	<ul style="list-style-type: none"> • Actually, she did not set the target and announce it for each period, so what we do is just make every day work go smoothly
<p>Does your leader explain clearly about the assigned work and the purposes before start doing work?</p>	<ul style="list-style-type: none"> • Yes, we understand what we are doing and for
<p>Is the work you do challenging you?</p> <p>How does you leader support you?</p>	<ul style="list-style-type: none"> • Our work is not too difficult but it is routine work. • The leaders will support me by providing what is caused the everyday work bottle neck.

Interview Questions	Chanomporn Farm's employee
Does your company normally provide training for employees?	<ul style="list-style-type: none"> • We do not have training. It is more like learn by yourself with some advises from the older employees or boss.
Do you think the assigned job suit your capabilities?	<ul style="list-style-type: none"> • I think it is under my abilities but I like working it here because of the atmospheres. I feel very comfortable.
Is your boss one of the inspirational factors to reach job accomplishment? How?	<ul style="list-style-type: none"> • Yes, he is very supportive and patient for me because I am not a fast-learning person.
- Idealized Influence	
Please explain the characteristic of the leader that you would like to work with.	<ul style="list-style-type: none"> • Flexible • Patient • Creative
Do your leader's characteristics impress you? Do you have your boss as you idol?	<ul style="list-style-type: none"> • He is very kind and patient with the employees • He uses polite words with his subordinates
Which characteristics that you want boss to change?	<ul style="list-style-type: none"> • He is still young about 35, and sometimes he does not focus on the work as he should, so it causes some damages.
Does your leader influence your work and life?	<ul style="list-style-type: none"> • Yes, in the way he lives. Enjoy life when he can. But for the work, he still has something to change.

The Table below show the interview result of the employee from P-Tech Civil Engineering which is a construction contractor located in Banglen, Nakhon Pathom. This small-sized business has only two employees in the office to do the routine jobs as well. His responsibility is in charge of the rest workforce in the construction site and work as an engineer.

The Summary of the Interview Result of P-Tech Civil Engineering's Employee

Interview Questions	P-Tech Civil Engineering's Employee
- Individualized Consideration	
Does your leader create a clear structure to measure your performance? Is it the same for every one?	<ul style="list-style-type: none"> • We do not have a clear structure but we look at the overall return each project
How your leader measure or evaluate your performance?	<ul style="list-style-type: none"> • I will get the different bonus per projects depending on the profit that we earn.
What do you think about your leader's evaluation? How does it affect your work and teammate?	<ul style="list-style-type: none"> • I think he uses experiences that he faced before in evaluating my performance • It affects the teammate a lot as our bonus depends on the profit each project, so if we make less mistake, we earn more.
Does your company have reward system as a team or individual? How do you feel?	<ul style="list-style-type: none"> • The reward system is provided to the project manager only, not for all the labor force. • Reward as a team • It is good thing that it is a team reward because we help each other a lot and it reflects better quality and productivity.
Besides work problem, does your boss pay attention to your personal life?	<ul style="list-style-type: none"> • Yes, he is very kind to my kids. • I can get bonus early to pay for my kids' intuition fee and he won't make a problem with that.
- Intellectual Stimulation	
If there is a problem during your work, how you solve the problem? How your leader helps you out? Is there any structural problem-solving for employees?	<ul style="list-style-type: none"> • I will be the one who solve the problem in the working site generally • The problem solving has no specific structure as we use our sense most of the time • My leader will help in the advance problems that hugely affect the company

Interview Questions	P-Tech Civil Engineering's Employee
Can you solve the problem by yourself? If you can how you do it and the limitation that you leader will allow?	<ul style="list-style-type: none"> • Yes, He will let me do most of the time, and there is no specific limits in my work as I will feel by myself when I need his help
Can you give advice/feedback or involve in problem solving with you leader?	<ul style="list-style-type: none"> • Yes, they do openly listen to our voice and take in to account when they make decision because I am the one who see the real situation and work at the site.
Does you leader encourage you to logical and systematic way of thinking?	<ul style="list-style-type: none"> • Yes, to be an engineer. We are very logical thinkers
Can you design how you want to work?	<ul style="list-style-type: none"> • Yes, I can design when I will go the site or when to go to the office. He let me set it freely.
-Inspirational Motivation	
Does your leader explain clearly about the assigned work and the purposes before start doing work?	<ul style="list-style-type: none"> • Yes, it is very clear for weekly target, so he set the percentage of the progress that we need to reach each week and what else he wants to see.
Is the work you do challenging you? How does you leader support you?	<ul style="list-style-type: none"> • The challenges depend on the sites, so it is quite fun job as we see new things as new projects • My boss is very supportive as he will provide what I want to make the work go smoothly
Does your company normally provide training for employees?	<ul style="list-style-type: none"> • No training, but we work from our experiences
Do you think the assigned job suit your capabilities?	<ul style="list-style-type: none"> • I love my job, and I think it is what I expect to see when I apply the job here.
Is your boss one of the inspirational factors to reach job accomplishment? How?	<ul style="list-style-type: none"> • Yes, many successful projects happened because of his supports during the works

Interview Questions	P-Tech Civil Engineering's Employee
	<ul style="list-style-type: none"> • For example, he let me design how I work so I can plan freely and productively in managing work at different sites. If he is not allow that, my job will be more harder as I cannot plan schedule by myself.
-Idealized Influence	
Please explain the characteristic of the leader that you would like to work with.	<ul style="list-style-type: none"> • Systematic thinker • Creative • Flexible • Visionary • Commitment
Do your leader's characteristics impress you? Do you have your boss as you idol?	<ul style="list-style-type: none"> • Delegated • He is very helpful with my job as He will do it with us.
Which characteristics that you want boss to change?	<ul style="list-style-type: none"> • Sometimes he has temper easily • Would like him to calm down sometimes, so the workers be less scared to talk to him
Does your leader influence your work and life?	<ul style="list-style-type: none"> • They are great influencers as they are very supportive towards job difficulties and also personal life.