

LEADERSHIP AFFECTING THE OPERATIONS OF BANK IN THE FIRST NORTHERN REGION.

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Abstract

This research aims to study the leadership of executive agencies affecting banking operations of bank in the first northern region in the enterprise and examine the relationship between executive behaviors of banks that affects the operation of the organization. This research is a qualitative research. The data was collected from in-depth interviews of employees of commercial banks operating in the first northern region of 10 interviewers. The results are leadership of executive agencies affecting banking operations in the enterprise and examine the relationship between executive behaviors of banks that affects the operation of the organization.

Keywords – Leadership, Bank performance, Commercial Bank

1. INTRODUCTION

Today's society has changed over time. It affects public and private organizations to adapt to follow others. As a result, the organizations can adjust in the same direction. Thus, each organization needs strong managers and can build subordinates in their field of work to operate fully and bring success to the organization.

Leadership of the manager has a role to subordinates and should have the attributes of a good leader is to make the performance of the manager and the subordinate to be the unity and also to reduce contradiction. It also can lead organizations to set goals effectively.

The manager has a duty to set the policy adopted in the enterprise. The policy is brought to determine the organization's success and in accordance with the set objectives. The subordinates shall be the operators to enable the organization to achieve the objectives and goals. If subordinates are not satisfied with the work or not satisfied with the working style of the manager. It will result in subordinates' unhappiness at work and no operation as it should be. Thus, satisfaction in the performance is a critical component of the well attainable work. The subordinates will feel satisfied with the performance more or less; it depends on the administration of the manager or supervisor (Dutsadee Bawornsantisutthi, 2004. Page 1)

Leadership is something that has been acceptable for a long time. It is a major factor in the administration. This will help enhance the working effectiveness and efficiency for the reason that leadership is the ability to induce, motivate, and convince persons and group of workers to join forces to work to achieve the goals. That is, the organization will succeed or

fail; it depends on the leadership of the leader in a high level because the good leader will develop subordinates well and both parties will help each other to create needed products or services. (Tiewyanont, S., 2007). This leadership is not about inborn talent. Individuals can learn and develop by themselves. If any operators develop their leadership seriously, the organization will have more strength and competitive advantage. On the other hand, if the operators cannot develop their own leadership, they cannot act as the leaders and motivate the persons in the organization to cooperate and dedicate to work with full ability and quality in order to achieve the goals to success of the organization (Sammaphat, N., 2003).

In present commercial banking business, the manager of the bank or the bank's employee needs to present and sell the option that meets the need of customers. Currently, commercial banking business competition is fierce to be number one of the banking business. Thus, it is the cause making leadership who is a manager or branch manager of the organization become a crucial part because leadership takes part in better operational activities. It depends on the policy that the manager has been ordered and gives the order down to the employees in operational level. The employees shall be the persons to carry out according to the policy of the manager who places to enable work to achieve the goals and objectives of the banking business.

In 2001, the Board of Directors of the Bank approved the implementation method of bank improving projects in both operational form, working process, organization restructuring, and branches' network remodeling towards the leading Universal Bank of the bank .However, the bank can be successful; it must have the leader of the organization who has an opinion about significant administration. It is because the leader needs to receive the policies from the chief executive officer and brings them to administer agencies or subsidiaries to be in line with the objectives of the bank in the same way across the country. All employees in the organization must work together in harmony. Therefore, organizations have the process to reinforce personnel to have leadership appropriate for the position and responsibility. It is acceptable and believed that members having high leadership are self-confident will also have high responsibility. Then there is the work development in the duty and full working. Those members also have the courage to think new, dare to create new initiatives, dare to decide to solve the facing problem in time in every situation and are also able to work as a group. It directly affects the progress and quality of the work administration to achieve the goals of the bank. This type of managers are often characterized as the leader of leaders rather than the leader having followers. It is consistent with the findings showing that the leadership was associated with work performance. (Chakreeyasrithong, 2004, 2).

The results of such study gave an idea of the various effectiveness of the organizations, for example, indicators indicating the organization's effectiveness. It meant to be an organization that had a good structure, a clear work operating process, staff's work satisfaction, and etc., especially, personnel's work satisfaction caused from recognition, job progress, good relationship with co-workers, or good working condition would make personnel feel good for the organization. As Secord and Backman said (Secord & Backman, 1964 cited in Anchaleemakbunsong, 1997, 1) that the work satisfaction of such person could arise from many causes. Some were satisfied due to the work achievement. Some were satisfied owing to the nature of work, but some were satisfied because of colleagues. Such satisfactions would make people feel committed and bonded to the organizational and wish to

dedicate efforts to work to achieve the goals of the organization. The result was the quality of service or product according to the goals.

Thus, the researcher was interested in studying the topic of leadership of the commercial banking business managers, affecting the operation in the organization to know the characteristics and formats of the banks giving loans with financial institutions to invest in the business to achieve profitability and to reassure the public systematically in their own property and receiving the interest earned from the deposit and withdrawing their own money at any time to reduce their own risk to keep their own property with them. It was also the source of loans in real estate such as land and housing purchase and was a medium of communication, financial transactions that was convenient, fast, correct, accurate and time-saving. At this time, financial institutions, which are stable and fast with systematic working, are the banks.

2. RELATED THEORIES AND LITERATURE

2.1. Leadership Theory Concept

For the theory of leadership in ancient times, humans believed that leadership was the ability happening only family or individual and descended. Personalities and characteristics of leadership were something innate and unique properties. It could be transmitted hereditarily. Those were born in the family of leaders would have leader characteristics. With the concept of leadership beginning to change by era, there were studies and collection of leadership theories. It was broken down by stage of development, including Trait Theories, Behavioral Theories, Situational or Contingency Leadership Theories, and Transformational Leadership Theories. The leader's concepts and leadership was a universal human phenomenon occurring in the same time with human society. Every society, civilized or underdeveloped society, huge or small group, had all leaders. In the early era, there were words showing leadership such as head, chief, king, Phya, and etc. The word leader was the word that happened in the post-era in English approximately in 1300, but the word "Leadership" recently appeared around the year of 1800. Leadership was a means of order to achieve the objectives of the group. The leader was the person who used the method or process in order to achieve the group objectives (Sermsak Wisasaphorn. 1993: 25-36) From the study result of Hersey and Blanchard (1988: 94), they gave a comment that leadership was a process using influence on individual or group of people to put effort in working in their duties to achieve the goals in one situation and concluded that the leadership process was the relationship of the leader, follower, and situation.

2.2. Blake and Mouton's Managerial Grid

Blake and Mouton said that good leadership had two factors that were people and product by determining the quality and characteristics of human relationship in 1-9 and setting the product in 1-9 as well. Besides, it was concluded that in the event that the persons had high quality, it would result in high volume and quality of products as well. This pattern was called the Nine-Nine Style (9, 9 style). This form of netting administration was divided into five outstanding points of leaders which were task oriented, country club management,

impoverished, middle of the road management, and team management. There were the following five styles of leadership.

(1) Task-Oriented / Authority Compliance: Type 9, 1, leaders were production oriented, cared people a little, behaved in dictatorship, planned to set guidelines and ordered subordinates to comply with, focused on the products, and did not paid attention to colleague relationship and were distant from colleagues, (2) Country Club Management: Type 1, 9, leaders focused on human relationship and followers' working satisfaction, did not care organizational productivity, encouraged everyone to feel part of a big happy family, led to livable environmental and working condition, and stressed on performance result without building pressure on subordinates. The managers believed that personnel were happy in their work and supervision of the work should have a little, not necessary to control at work, similar to working in the family focusing on fun in the work of colleagues to avoid resistance, (3) Impoverished: Type 1, 1, managers were interested in people and paid a little attention to work, took little effort to make work proceed as aimed and maintained the membership of the organization, had low self-power, little coordination with subordinates due to lack of leadership, and often assigned subordinates to do mainly, (4) Middle of The Road Management: Type 5, 5, managers expected performance result equal to the morale of the workers, used bureaucracy with regulation and pattern, received work results from regulation compliance, focused on morale and satisfaction, avoided the use of force and power, accepted the consequences on the expectations of managers, set up a working committee, avoided too risky work, compromised in dealing with conflicts, and colleagues expected that the benefit was suitable for the done work performance, (5) Team Management: Type 9,9, managers paid attention on both task and morale of subordinates and the need of the organization and the need of working people were not in conflict, focused on working efficiently, fun atmosphere to work and work success caused from adherence of operators in the mutual dependence between members, and relationship between managers and followers caused from mutual trust and respect. This type of managers believed that they were just persons giving suggestions or consultation to subordinates only. Judging and ordering power and authority to administer and rule were still at the subordinates. The ability of the individual was accepted. It resulted in creativity in the workplace.

2.3. Maslow's General Theory of Human & Motivation

According to the theory of Maslow's hierarchy, humans had a need and desire and wanted to get something meaningful for themselves. These requirements were sorted by a hierarchy of needs from the first step to the highest step. There were the following five steps. (1) Physiological needs were human basic requirements for survival such as food, clothing, housing, medicines, air, drinking water, and recreation. (2) Safety needs were demand greater demand for survival. The humans wanted to increase the demand in higher levels, for example, working security, need be protected, demand for safety from hazards. (3) Social needs or love and belongingness needs were requirements in terms of giving and receiving love. The demand was part of a group and need to be accepted. (4) Esteem needs were self-esteem, recognition, and status from the society, as well as attempt to correlate highly with other people such as the need to be respected, achievement, knowledge, ability, good social status, reputation in the society. (5) Self-actualization needs were the highest individual needs. In the event that the persons attained needs in this step, they would be honored as

special persons such as the needs caused from abilities to do everything successfully, famous singers or actors, and so on.

2.4. Herzberg's Two-Factor Theory

It was developed by Frederick Herzberg in 1950-1959 and during the first period of 1960-1969, which suggested that the satisfaction of the work consisted of two concepts which were the idea that had the extent of satisfaction to no satisfaction and influence by motivation factors, and concept with the extent of dissatisfaction to no dissatisfaction and influence by hygiene factors. In other words, the theory of two factors contained: (1) motivation factors or factors that motivated the work and (2) hygiene factors or factors that reduced dissatisfaction at work. The detailed work motivation factors or motivators were the internal factors or demand within the employees influential in creating work satisfaction as directly work-related factors and factor group that motivated workers to work with satisfaction, and factors that would lead to a positive attitude and real motivation, including five aspects which were:

- Achievement was an ability to operate successfully to meet the goals of participation in the work of the agency attainably, capability to solve problems, prevention of problems that could occur. When the job was achievable, satisfaction with the achievement happened. that included the use of knowledge in the implementation of the goals expected, opening up the opportunity to decide by themselves as appropriate, feeling to be part of the work success, and work result in accordance with the anticipated goals.

- Recognition was to get acceptance and respect from surrounding people or esteem and compliment on the abilities and encouragement or any other expression that demonstrated the ability acceptance such as esteem and compliment within the organization, pride in the profession, acceptance by the organization and colleagues, and dignity of the profession, and so on.

- Responsibility) was to have a chance to get assignments or participate in work assignments, not in too much control with lack of freedom to work, including the appropriateness of the amount of work, trust and confidence in the responsible work and important assignment, and so on -Advancement or Possibility of Growth was to have a chance to step up to a higher position, to get promoted at work completion, an opportunity to study additional knowledge or training, and etc. They were incentives to personnel in the organization to wish to work.

- Work Itself was the attractiveness of the job. It required creativity, importance, and value. That was the work needing the idea and challenging the ability to work, and freedom to work. The done job matched skills and knowledge gained from studies, and etc.

- Maintenance or Hygiene Factors were factors that were not related to work directly. It was the only thing that prevented the staff dissatisfaction but could not create motivation. Mainly, they were fundamental and vital factors that employees had to respond

For the reason that without giving or not enough, it would make the employees unsatisfied at work. However, this did not mean that these factors made staff satisfaction in the work. They consisted of 10 areas.

- Company Policy and Administration was the management and administration of the organization, communication within the organization, including policy of controlling and administering the agency's procedure system, regulations, working methods, management, administration ways of the organization which did not have a complex division of work, fairness, writing a clear policy, and thorough policy notification.

- Supervision was the supervising characteristics of the chief, justice in the work division and distribution of the superiors, ability of supervisors in the administration, providing recommendation to subordinates, ordering work, giving assignments that were clear, had ways to maintain and control operation, listening, to feedback or suggestions of subordinates, work coaching, and justice in giving assignments, and so on.

- Interpersonal Relations with Supervisors meant contact, whether the action or speech that represented a good relationship between each other, ability to work together, mutual understanding such as intimacy, sincerity, and cooperation, and aid from supervisors.

- Interpersonal Relations with Peers meant contact, whether the action or speech that represented a good relationship between each other, ability to work together, mutual understanding such as intimacy, sincerity, and cooperation, and aid from colleagues.

- Interpersonal Relations with Subordinators meant contact, whether the action or speech that represented a good relationship between each other, ability to work together, mutual understanding such as intimacy, sincerity, and cooperation, and aid from subordinates.

- Status was that such profession needed to be respected in society with honor and dignity, work importance to the company, and so on.

- Job Security meant feelings of persons to job security, sustainability of job, security, image, or reputation, or size of the company or organization that affected work performance.

- Personal Life was good or bad feeling good as a result of the work or duties of workers, including the living condition, and convenience of travel to work.

- Working Conditions were the physical environment at work such as sound, light, temperature, ventilation, odor, atmosphere at work, working hours of work, including other environment aspects such as equipment and tools that affected the workers and caused satisfaction with work.

- Compensation and welfare was a return that the organization paid to employees for the work of the organization, whether in the form of salaries, wages, promotion, salary in the agency appropriate for the task by the salary stage promotion as

appropriate and satisfied by the workers, including awards giving to employees as a result of working in the positions of the organization or any kind of return that the employees received additionally to salaries, wages, for instance, welfare in health and life insurance, holiday/vacation , bonus, pension, and so on

2.5. Conceptual Framework

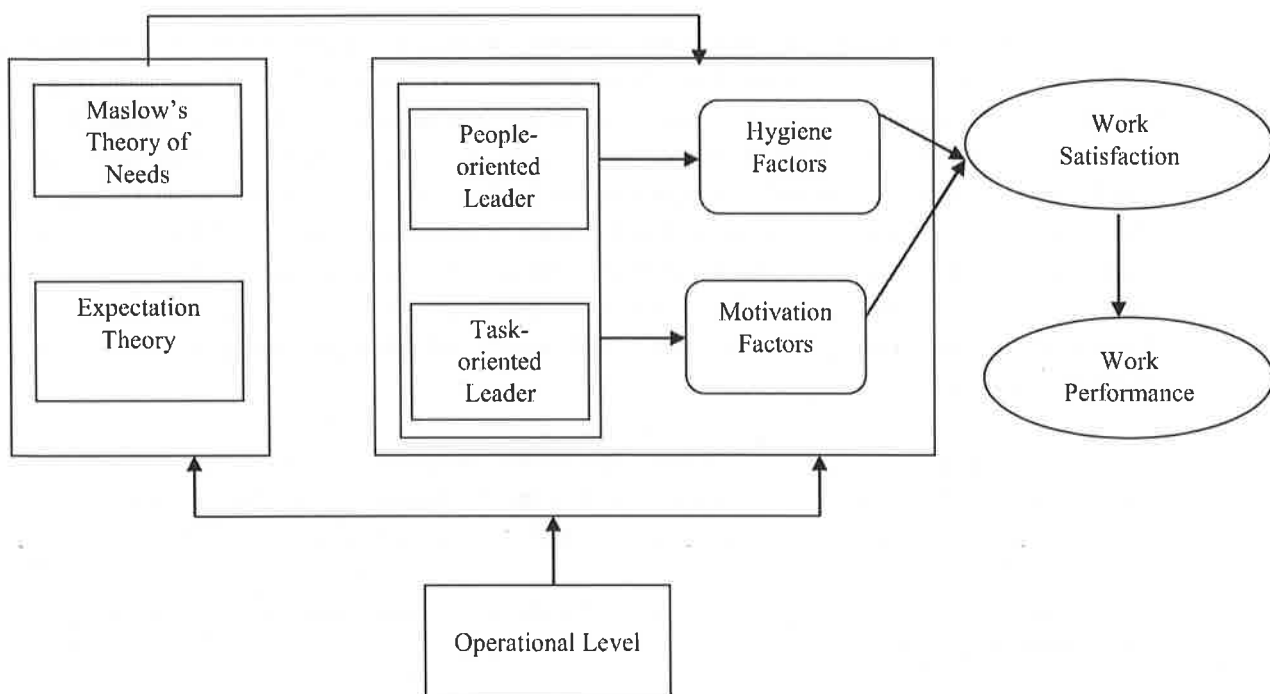


Figure 1. Research Conceptual Framework

According to Figure 1. Research Conceptual Framework, the researcher brought the concept of Maslow's General Theory of Human & Motivation and Herzberg's Two-Factor Theory, and also took the concept of the people-oriented and task-oriented model to apply to the framework of this research to provide manager's leadership research affecting the operation of commercial banks with more complete information.

3. RESEARCH METHODOLOGY

3.1 Research Stages

The study entitled "Leadership of Managers Affecting the Operation of Commercial Banks in Thailand" was a qualitative research to know the style of leaders that created the organization with good operational results. The researcher studied information and collected documents from the flat literature review, theories, and related research works, including

interviews of personnel and employees at the operational level of the banks by in-depth interviews in the Upper North Area 1.

3.2 Population and Sample

Population to collect data in this research included (Upper North 1), with totaling following 4 provinces: 1. Chiang Mai 2. Lamphun 3. Lampang 4. Mae Hong Son and the sample of this research were: 1. Employees at the operational level of the banks 2. Top managers 3. Middle managers in commercial banks, totaling 11 banks, including Bangkok Bank Public Company Limited, Krungthai Bank Public Company Limited, Bank of Ayudhya Public Company Limited, Kasikorn Bank Public Company Limited, TMB Bank Public Company Limited, Siam Commercial Bank Public Company Limited, Thanachart Bank Public Company Limited, Bank for Agriculture and Agricultural Cooperatives, Government Saving Bank, Government Housing Bank, and Small and Medium Enterprise Development Bank of Thailand.

According to the commercial bank operational employee interview result in the upper part of the North 1, the issue of relationship with the leadership of the commercial bank executives affecting organizational operations could be concluded that:

Issue 1: Bank Leaders or Managers' Leadership Application to Appropriately Treat Operational Employees

It was found that the bank leaders or managers behaved well as the leaders due to training and tests of bank operation's specific competencies by tests for promotion from the bottom to the branch manager level. Thus, when the branch managers take real action with subordinates, they could behave as set by the policies of the central bank and principles, regulations, and rules suitable for working well with all employees. In obtaining the central bank policies every time, there would be always the prior meeting of heads and then the one of subordinates respectively. Working in the bank system would change the branch manager every five years. There was the continuous branch circulation. Working in this bank system always gave prior decisions to employees operating at hand. Only some cases would be addressed to the heads.

Issue 2: How the Bank Manager Leader Builds Satisfaction to Employees

It could be found that the leaders of branch managers are satisfied with collaboration with employees for the reason that working focused on the bank's code of conduct, which was implanted at the work beginning. Working atmosphere was friendly, consultable in every subject, and caring. When working together, it caused high satisfaction. In addition, individual performance assessment was applied in accordance with the fair process of performance result evaluation which was the excellent bank overview. Everybody was harmonized, loved each other a lot, worked together well, and had good organizational relationship, as mostly branch managers tended to stress on personnel rather than work. They gave more importance to subordinates. Working was as the family more than the boss and

subordinate. Due to this practice of the branch managers, working with the subordinates was easier than ordering as the head and subordinate

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