

TRANSFORMATIONAL LEADERSHIP IN NON-GOVERNMENTAL INSTITUTION: A STUDY OF THE CHAMBER OF COMMERCE

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Abstract

The aim of this research was to examine the influence of transformational leadership and the followers' performance outcomes of non-governmental institution in the case of the Thai Chamber of Commerce using the moderating variables of political skill, innovative work behavior, and creative work environment. The question remains unanswered as to how the leaders of non-governmental agencies such as the Thai Chamber of Commerce perform in the challenging economic world. The study used empirical research in order to ascertain the important characteristics of transformational leadership in order to seek answers to the questions regarding the theoretical and practical implications of leadership and in order to develop leaders in the context of today's challenging business environment. The research methodology was exploratory sequential mixed methods. In a sample of 203 committee members from 62 provinces in a wide variety of industries, the research focused on the findings of the 4I characteristics of transformational leadership regarding followers' performance outcomes. Idealized influence, intellectual stimulation, and individual consideration were seen to be positively related to business network. Further idealized Influence and Intellectual Stimulation were positively related to social network ties, and idealized influence, intellectual stimulation, and individual consideration were positively related to efficacy. The findings regarding the moderating hypotheses were that political skill was positively related to intellectual and social network ties; innovative work behavior was positively related to intellectual and social network ties as well as positively related to intellectual and efficacy; and creative working environment was positively related to intellectual stimulation and social network ties. However, inspirational motivation was not positively related to followers'



performance outcomes. The theoretical and managerial implications for leadership theory and practices are discussed.

Keywords:

transformational leadership, business network, social network ties, efficacy, political skill, innovative work behavior, creative working environment.

Introduction

The Thai Chamber of Commerce is non-governmental institution who is the representative body of private sector of the country, and is the most extensive network in the country (The Joint Standing Committee on Commerce, Industry and Banking). The networks are combining of 76 provincial chambers of commerce, and members in Bangkok, representing more than 100,000 Thai business members of every size with business interests in every province of Thailand (Thai Chamber of Commerce, 2018).

Consideration of transformational leadership has been previously addressed in the research focused on role of leaders in determining leader effectiveness and performance, and focused on the group of medium to large organizations. The researches have not been empirically investigated on the non-governmental institution such as the Thai Chamber of Commerce.

The manner in which Thai Chamber of Commerce committees perceive their leadership style and behaviors greatly influences their psychological state and attitude toward their positions in the organizations. The roles of being Thai Chamber of Commerce Committees, especially in provincial chapter are to lead and inspire all chapter members to

actively make the chapter experiences even better, represent the chapters in the stage of public activities and regional board, also meet the vision/missions of organization which aims at building Thailand's potentials for international trade and investment to compete in global market in a sustainable manner (Thai Chamber of Commerce, 2018).

As such, it is important to study and identify, through empirical research, transformational leadership behaviors. The Thai Chamber of Commerce is the form of business community/network, so the leadership of the organization is applied to different leadership behaviors in work settings. This organization is not belonging to anyone, but it is belonging to everyone of the community. Thus, it would be challenge to investigate the transformational leadership behavior and explore the distinctive model of leadership of this organization.

The Thai Chamber of Commerce has developed transforming leaders who are the new generation of the organization named 'Young Entrepreneurs Chamber of Commerce' to be the change agents of organization to create the future of country (Thai Chamber of Commerce, 2018). A case study of Thai Chamber of Commerce would be implication for a kind of Thai Chamber of Commerce organization to develop transformation leaders. The research aims to examine the interaction relationship of transformation



leadership and followers' performance outcomes.

The findings of this study highlight the impact of transformational leadership on followers' performance outcome with moderating variables of political skills, innovative work behavior and creative working environment to driving business networks in the today's business challenging environment. The findings will be useful in assisting the executive committees to develop and implement leadership practices that are conducive to increasing the likelihood of committees staying in the organizations. The leaders will understand how to manage change in ways that strengthen the teams and stakeholders around them.

The scope of the study is framed on leader position of the organization. The example of leader positions are provincial chapter chairs of Thai Chamber of Commerce, provincial chapter committees, and the young entrepreneurs Chamber of Commerce Committees. They act leader roles in the organization.

The findings contribute as frame of reference in the body of knowledge for analyzing and identifying the interrelationships among business network, social network ties, efficacy and characteristics of transformational leadership.

Moreover, it is useful in assisting the organization to develop and implement leadership practices that are conducive to increasing the likelihood of committee members staying in the organizations. The leaders will understand how to manage change in ways that strengthen the teams and stakeholders around them.

The remainder of the paper is organized as follows. Firstly, a literature review on interrelationships among business network, social network ties, efficacy and characteristics of transformational leadership. This is followed by hypotheses development, Then, the research design, data collection and measurement validation procedures are discussed. Finally, the results and discussion are presented followed by the conclusion of the study and its implication and theoretical contribution.

Theoretical background and hypotheses

Transformational leadership and the followers' performance outcome

A core element of transformational leadership is the development of followers to enhance their capabilities and their capacity to lead (Bass & Riggio, 2006). Bass & Avolio (1995) defined 'transformational leadership' in the four I's characterizes:

1) "*Idealized Influence*, in which the leader communicates the values, purpose, and organizational mission in a way that motivate respect and pride"(Bass & Avolio, 1995). Idealized Influence leader involves being a positive role model that exemplifies high levels of moral/ethical and performance standards (Sosik & Jung, 2010).

2) "*Inspirational Motivation*, where the leader shows visible optimism and excitement about the future"(Bass & Avolio, 1995). Inspirational motivation leader involves the energy, initiative,



persistence, and vision that moves followers to achieve performance outcomes that exceed expectations and develops their leadership potential along the way (Sosik & Jung, 2010).

3) *“Intellectual Stimulation*, where a leader encourages examining new ways of solving problems” (Bass & Avolio, 1995). Intellectual Stimulation leader involves rational thinking, creativity, and freedom to fail (Sosik & Jung, 2010); these concepts allow followers to think for themselves in ways that challenge conventional wisdom and seek continuous process and people improvement (Sosik & Jung, 2010).

4) *“Individualized Consideration*, demonstrated by a focus on mentoring followers and attending to their development and needs” (Bass & Avolio, 1995). Individualized consideration leader involves dealing with followers as individuals and considering their needs, abilities, and aspirations to work together and further their development; Individualized consideration means being empathetic toward followers, giving valued to them, paying special attention to them, and being developmentally focused by encouraging continuous improvement (Sosik & Jung, 2010).

Each of the components of transformational leadership can help build follower commitment in different way, for examples: ‘Idealized influence’ component is as a role model for followers to lead a group to commit on organizational values and goals; ‘Inspirational motivation’ component built emotional commitment to a mission or goal; ‘Individualized Consideration’ component enhanced commitment of followers at all levels by coaching,

mentoring and training (Bass & Riggio, 2006).

Leaders who are inspirational motivation and show commitment to organization, who challenge their followers to think and provide input, and who show genuine concern for their followers should have more satisfied followers (DeGroot, Kiker, & Cross, 2000; Dumdum, Lowe, & Avolio, 2002).

The Thai Chamber of Commerce is non-governmental agency which has more than 100,000 Thai business members of every business size with business interests in every province of Thailand (Thai Chamber of Commerce, 2018). The followers’ performance outcomes of the Thai Chamber of Commerce are different from private and public organizations; the followers’ performance outcomes of the Thai Chamber of Commerce are in a form of business network, social network, and efficacy which were investigated from interviews and literature reviews.

Coleman’s (1988) viewed that the networks, which everyone is connected and no one can escape the notice of others, are the source of social capital. The two things for people in being network are access to information and facilitate trust and norms (Coleman, 1988). Mahmood, Zhu & Zajac (2011) studied ‘Where can capabilities come from? Network ties and capability acquisition in business groups’ and found that “the mix of group affiliates’ ties in Taiwanese business groups related to the development of their internal capabilities” (Mahmood et al., 2011).

Business Network is defined as “a common type of multi-business organization in developing economies,



frequently dominating a substantial fraction of a country's productive assets and influencing their countries to upgrade their capabilities" (Kock & Guillen, 2001; Mahmood, Zhu, & Zajac, 2011). Networking is one of the most important requirement of leadership roles (Ibarra & Hunter, 2007).

Social Network Ties are individuals with relations building bridges between social groups where it is valuable to do for example exchange information, reward/punishment, trust, and economic/non-economic actions between people (Burt, 1997). Social networks affect to the flow and quality of information; second, social networks are important source of reward and punishment; and the third one is trust (Granovetter, 2005) Transformational leaders gain follower trust by maintaining their integrity and dedication, by being fair in their treatment of followers, and by demonstrating their faith in followers by empowering them (Bass & Riggio, 2006).

Efficacy is about level of confidence in the knowledge, skills, and abilities one holds associated with social roles (Bandura, 1997). Hannah, Avolio, Luthans, and Harms (2008) provided the explanation of leaders' (followers') efficacy that "Leaders' (followers') beliefs in their perceived capabilities to

organize the positive psychological capabilities, motivation, means, collective resources, and courses of action required to attain effective, sustainable performance across their various leadership roles, demands and contexts."(Hannah, Avolio, Luthans, & Harms, 2008).They suggest that "efficacy for thought is central to a leader's ability to generate effective solutions for leadership challenge and dilemmas"(Hannah et al., 2008). Also, in the new or unpredictable situations, the efficacy of leaders is applied how they can manage the situation (Hannah et al., 2008).

As a case of the 'Thai Chamber of Commerce', the group leaders or provincial chairman and committees of the Thai Chamber of Commerce interact among their groups. The relationships become personalized, and the friendships developed at the meetings, conference, and informal social gatherings. The relationship of friendship ties is important of this case because people are willing to share information and discuss ideas with people, whom they have established bonds of friendship and trust (Granovetter, 2005). The efficacy also is positively related to the transformational leadership. Thus, the hypotheses among independent variables and dependent variable are concluded as follows:

**HYPOTHESES****STATEMENT****1. Transformational leadership and business network**

- H1a** Idealized Influence will be positively related to business network.
H1b Inspirational Motivation will be positively related to business network.
H1c Intellectual Stimulation will be positively related to business network.
H1d Individualized Consideration will be positively related to business network.

2. Transformational leadership and social network ties

- H2a** Idealized Influence will be positively related to social network ties.
H2b Inspirational Motivation will be positively related to social network ties.
H2c Intellectual Stimulation will be positively related to social network ties.
H2d Individualized Consideration will be positively related to social network ties.

3. Transformational leadership and efficacy

- H3a** Idealized Influence will be positively related to efficacy.
H3b Inspirational Motivation will be positively related to efficacy.
H3c Intellectual Stimulation will be positively related to efficacy.
H3d Individualized Consideration will be positively related to efficacy.

Roles of moderating variables in the relationship of transformational leadership and the followers' performance outcome

The critical of transformational organization is how leader influence on individual followers. However, it is not sufficient to explain how leaders build exceptional teams and transform the organization. The theories would be strengthened by a better explanation of how leaders enhance mutual trust and collaboration, cooperative self-efficacy, and team learning (Yukl, 2002). Also, there is insufficient description of the leader's external role, for example, representing a team or organization and helping it to secure adequate resources, members, and political support (Yukl, 2002). In the role of Thai Chamber of Commerce as a representing or private sector, the leaders' role would be the represent of groups, committees,

chapters, and organization; the one important skill is '*political skill*'.

“Political actions include creating a coalition to approve change, forming teams to guide it, selecting the right people to fill key positions, making symbolic changes that affect the work, making structural changes to institutionalize change, and monitoring the progress of change to detect problems that require attention” (Yukl, 2002). Political skill was developed by four aspects: social astuteness, interpersonal influence, networking ability, and apparent sincerity (Ammeter, Douglas, Gardner, Hochwarter & Ferris, 2002).

The leadership researchers have been verified the relationship between political skills and leadership; the leader political skill significantly predicted leader effectiveness ratings after controlling for leader demographic and social skill variables (Douglas, 2004). Also, which test 408 leaders



(headmasters) and 1,429 followers (teachers) of state schools in the western part of Germany showed that political skill with the behavior of transformational and transactional leader

impacts to leadership effectiveness (Ewen, 2013) . The hypotheses on political skill moderating on transformational leadership and three dependent variables are following:

HYPOTHESES

STATEMENT

4. Political skill moderating on transformational leadership and business network

- H4a** Political skill positively moderates the relationship of Idealized Influence and Business Network.
- H4b** Political skill positively moderates the relationship of Inspirational Motivation and Business Network.
- H4c** Political skill positively moderates the relationship of Intellectual Stimulation and Business Network.
- H4d** Political skill positively moderates the relationship of Individualized Consideration and Business Network.

5. Political skill moderating on transformational leadership and social network ties

- H5a** Political skill positively moderates the relationship of Idealized Influence and Social Network Ties.
- H5b** Political skill positively moderates the relationship of Inspirational Motivation and Social Network Ties.
- H5c** Political skill positively moderates the relationship of Intellectual Stimulation and Social Network Ties.
- H5d** Political skill positively moderates the relationship of Individualized Consideration and Social Network Ties.

6. Political skill moderating on transformational leadership and efficacy

- H6a** Political skill positively moderates the relationship of Idealized Influence and efficacy.
- H6b** Political skill positively moderates the relationship of Inspirational Motivation and efficacy.
- H6c** Political skill positively moderates the relationship of Intellectual Stimulation and efficacy.
- H6d** Political skill positively moderates the relationship of Individualized Consideration and efficacy.

Innovative work behavior is defined as “an individual’s behavior that aims to achieve the initiation and intentional introduction (within a work role, group or organization) of new and useful ideas, processes, products or procedures”(Farr & Ford, 1990). Most of literatures describe the ‘innovation work behavior’ as the opportunities to explore new idea, and generate idea, and then implement

idea (Drucker, 1985). Kanter (1998) outlined “three stages relevant to innovative work behavior as idea generation, coalition building and implementation”(Kanter, 1988).

“Transformational leaders are proposed to stimulate follower innovative behavior through expressing an inspiring vision, stimulating followers to question, and allowing individual development and



growth”(Bass & Avolio, 1990). As previous evidence, the relationship of transformational leadership is positively influence on the followers’ innovative work behavior (Bass, 1990; Hater &

Bass, 1988). The hypotheses on innovative work behavior moderating on transformational leadership and three dependent variables are following:

HYPOTHESES

STATEMENT

7. Innovative work behavior moderating on transformational leadership and business network

- H7a** Innovative work behavior positively moderates the relationship of Idealized Influence and Business Network.
- H7b** Innovative work behavior positively moderates the relationship of Inspirational Motivation and Business Network.
- H7c** Innovative work behavior positively moderates the relationship of Intellectual Stimulation and Business Network.
- H7d** Innovative work behavior positively moderates the relationship of Individualized Consideration and Business Network.

8. Innovative work behavior moderating on transformational leadership and social network ties

- H8a** Innovative work behavior positively moderates the relationship of Idealized Influence and Social Network Ties.
- H8b** Innovative work behavior positively moderates the relationship of Inspirational Motivation and Social Network Ties.
- H8c** Innovative work behavior positively moderates the relationship of Intellectual Stimulation and Social Network Ties.
- H8d** Innovative work behavior positively moderates the relationship of Individualized Consideration and Social Network Ties.

9. Innovative work behavior moderating on transformational leadership and efficacy

- H9a** Innovative work behavior positively moderates the relationship of Idealized Influence and efficacy.
- H9b** Innovative work behavior positively moderates the relationship of Inspirational Motivation and efficacy.
- H9c** Innovative work behavior positively moderates the relationship of Intellectual Stimulation and efficacy.
- H9d** Innovative work behavior positively moderates the relationship of Individualized Consideration and efficacy.

For an organizational culture to become more transformational, top management executives must be the change agent by sharing the vision (Bass, 1999). Stites-Doe, Pillai, and Meindl (1994) examined the occurrence of transformational leadership and the way the organizational culture was adopted by employee. The behavior of top level become symbols of

the organization’s new culture. (Stites-Doe et al., 1994).

Amabile, Conti, Coon, Lazenby, and Herron (1996) outlined the influence on work environment perceptions and the influence of those perceptions on the creativity of their work that “the work environment perceptions can influence



the level of creative behavior displayed in the generation and early development of new products and processes, and creative ideas from individuals and teams within organizations sow the seeds of successful innovation”(Amabile et al., 1996).

“Transformational leadership behaviors closely match the determinants of innovation and creativity at workplace,

some of which are vision, support for innovation, autonomy, encourage, recognition, and challenge” (Elkins & Keller, 2003). Transformational leadership was positively related to the follower creativity (Shin & Zhou, 2003). The hypotheses on creative work environment moderating on transformational leadership and three dependent variables are following:

HYPOTHESES

STATEMENT

10. Creative working environment moderating on transformational leadership and business network

- H10a** Creative working environment positively moderates the relationship of Idealized Influence and Business Network.
- H10b** Creative working environment positively moderates the relationship of Inspirational Motivation and Business Network.
- H10c** Creative working environment positively moderates the relationship of Intellectual Stimulation and Business Network.
- H10d** Creative working environment positively moderates the relationship of Individualized Consideration and Business Network.

11. Creative working environment moderating on transformational leadership and social network ties

- H11a** Creative working environment positively moderates the relationship of Idealized Influence and Social Network Ties.
- H11b** Creative working environment positively moderates the relationship of Inspirational Motivation and Social Network Ties.
- H11c** Creative working environment positively moderates the relationship of Intellectual Stimulation and Social Network Ties.
- H11d** Creative working environment positively moderates the relationship of Individualized Consideration and Social Network Ties.

12. Creative working environment on transformational leadership and efficacy

- H12a** Creative working environment positively moderates the relationship of Idealized Influence and efficacy.
- H12b** Creative working environment positively moderates the relationship of Inspirational Motivation and efficacy.
- H12c** Creative working environment positively moderates the relationship of Intellectual Stimulation and efficacy.
- H12d** Creative working environment positively moderates the relationship of Individualized Consideration and efficacy.

Regarding to literature review, the research framework of four transformational leadership characteristics and followers' performance and three moderating

variables (political skill, innovative work behavior, and creative working environment) and 48 hypotheses are shown in figure 1.

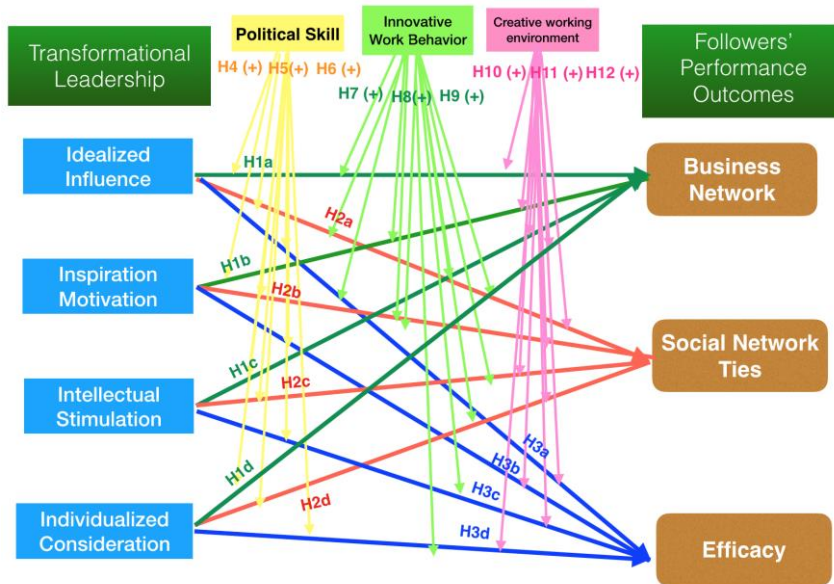


Figure 1 The theoretical Framework of the study

Research methodology

Sample and procedures

The unit of analysis for this research comprised of 76 Thai Chamber of Commerce Chapters and Thai Chamber of Commerce in Bangkok. According to the data of Thai Chamber of Commerce, the committee members have roughly 2,000 members. The sample size 203 samples. The respondents are composed of YEC Committee Member of Provincial Chamber of Commerce (40%), Committee Member of Board of Trade/ Thai Chamber of Commerce (34.5%); YEC President of Provincial

Chamber of Commerce (12. 3%) , Committee Member of Provincial Chamber of Commerce (7. 9%) , Chairperson of Provincial Chamber of Commerce (3%) , and Committee member of Sub-Committee of the Board of Trade/ Thai Chamber of Commerce (2.5%). All respondents completing the questionnaires were CEO/ Presidents (37.4%), Chairpersons (21.7%), Vice Presidents (12.8%), Directors (10.3%), Board members (7.6%), and Managers (7.4%) accordingly.

The study was implemented mixed method. The qualitative part was exploratory phase to generate the

hypotheses, and verified later on in quantitative section of the study. After that the qualitative was used again for in-depth explanations. It was called “ Exploratory Sequential Mixed Method”(Creswell & Plano Clark, 2011). In part of qualitative study, the research instrument was ‘ Interview’ . The interviews took one hour to get individual opinions and describe the deeper and more detailed facets of the situations in their roles and responsibilities leading their networks and results of followers’ performance. These respondents are committees who have roles for driving and developing the organization.

Measurement

The data was conducted in the form of self- administered questionnaire and interview. The quantitative method is involved in statistical and mathematical analysis is implemented by using SPSS program.

The questionnaire is developed based on the multifactor leadership questionnaire (MLQ) and apply some wordings to the contexts of the study. Self-administered questionnaires were emailed to the target population. The format of questionnaire is formed on the online version (google form) , which makes respondents convenient to response the answers. Also, the questionnaires were carried out at the regional and provincial meetings, conferences, and formal and informal gatherings of the Thai Chamber of Commerce. The research instrument is questionnaire, consisting of two parts: 1.

General information, and 2. Transformational Leadership, according to Bass and Avolio’s concept (Bass & Avolio, 1995).

From SPSS analysis, the internal reliability tests showed satisfactory Cronbach alpha (or coefficient alpha) of the dependent variables (followers’ performance outcomes) obtained highest alpha level ($\alpha = 0.952$). The Cronbach alpha level of independent variables (transformational leadership) was 0.929 ($\alpha = 0.929$). The Cronbach alpha scores of other variables were higher than 0.8; it meant multiple- question Likert scale surveys were in the level of good to excellent internal consistency and reliable.

In part of quantitative research method, the statistic model was Multiple Linear Regression Analyses to validate the hypotheses.

Controls

Besides of main dependent and interdependent variables, the analysis put 4 control variables. Organizational Tenure (Years of Experience in the Thai Chamber of Commerce organization) , Years of Working Experience, Age, and Education level are included as control variables in the analysis. Previous research has shown these variables to be related to the performance outcomes variables (e. g. Ahearn, Poertiner, & Ferris, 2004; Morrison & Phelps, 1999). Moreover, in order to find out the effects of 4 variables on dependent variables, the control variables may have influence on performance outcomes variables.

Analysis and results

Prior to testing the transformational leadership and followers' performance outcomes, the qualitative analysis was conducted for building the conceptual framework. The approach was interview with key persons who are in the process of transforming organization. It was 8 in-depth interviews to get individual opinions and describe the deeper and more detailed facets of the situations

in their roles and responsibilities leading their networks and results of followers' performance. The content analysis of the interviews was done to look for key words to investigate the variables of dependent, independent and moderating variables. Then, it was presented 12 topics 48 hypotheses as mentioned in part 2 and the conceptual framework shown in Figure2.

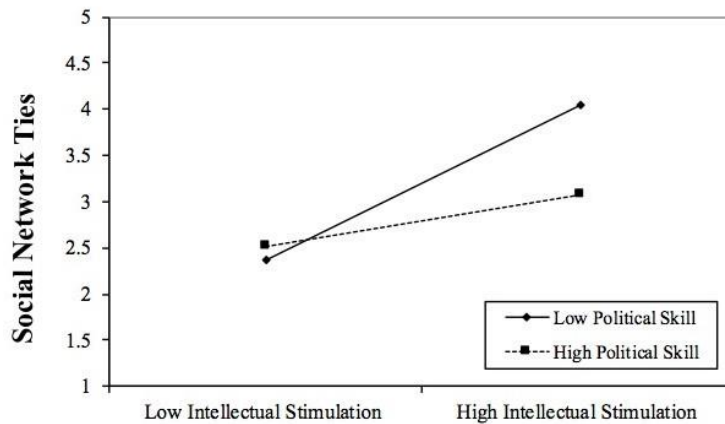


Figure 2 Moderating effect of political skill on intellectual stimulation and social network ties

The quantitative analysis was conducted to test the hypotheses. Table 1 reports the results of an analysis of the relationships among the study variables. As indicated in the correlation analysis, all variables are significantly related to one another, supporting what has been found in previous researches (Bernard & Riggio,

2006; Granovetter, 2005; Hoyt, Murphy, Halverson & Watson, 2003; Mahmood et al., 2001). The means, standard deviations, and bivariate correlations among studies variables were reported in Table 1. The results of bivariate correlation were positive correlated between each other, and variables moved in the same direction.

Table 1 Means, standard deviations and bivariate correlation among studies variables

Variable	Mean	SD	1	2	3	4	5	6	7	8	9	10
1.Idealized Influence	3.52	0.44	-									
2.Inspiration Motivation	3.23	0.53	0.629*	-								
3.Intellectual Stimulation	3.56	0.48	0.623*	0.569*	-							
4.Individualized Consideration	3.13	0.49	0.499*	0.503*	0.510*	-						
5.Political Skill	3.13	0.57	0.525*	0.431*	0.467*	0.551*	-					
6.Innovative Work Behavior	3.44	0.61	0.641*	0.440*	0.685*	0.561*	0.411*	-				
7.Creative Working Environment	3.19	0.66	0.559*	0.489*	0.632*	0.431*	0.380*	0.701*	-			
8.Business Network	3.42	0.67	0.529*	0.347*	0.496*	0.417*	0.255*	0.648*	0.566*	-		
9.Social Network Ties	3.59	0.60	0.562*	0.382*	0.660*	0.431*	0.307*	0.703*	0.585*	0.729**	-	
10.Efficacy	3.45	0.59	0.578*	0.489*	0.549*	0.548*	0.492*	0.659*	0.572*	0.617**	0.706**	-

Note: $N = 203$ variables, * $p < 0.05$ ** $p < 0.01$

The hypotheses were tested using multiple regression to measure the relationships between independent and dependent variables. To ensure that statistical analyses are valid, each hypothesis was firstly validated the effect of multicollinearity as well as checked the residual plots for goodness-of-fit. Also, the hypotheses were verified the fit by checking the residual plots by analyzing p-values with 95% confidence interval. Then, the significance tests of each variables were interpreted by p-value and coefficient in regression analysis to explain the relationships. In this study, the null hypothesis was rejected, p-value was much less than 0.05 significance level.

The regression results are presented in table 2. The control variables were entered. The organizational tenure was positively related only to efficacy ($\beta = 0.164$, $p = 0.029$), but not related to business network and social network ties. The years of working experience was

positively related to business network ($\beta = -0.214$, $p = 0.023$) and social network ties ($\beta = -0.213$, $p = 0.010$).

To summarize, the results of main variables were presented that the transformational leadership variables which were significant correlation with the business network are Idealized Influence ($\beta = 0.356$, $p = 0.000$), Intellectual Stimulation ($\beta = 0.241$, $p = 0.002$), and Individualized consideration ($\beta = 0.173$, $p = 0.015$). The variables which were significant correlation with social network ties were Idealized Influence ($\beta = 0.301$, $p = 0.000$) and Intellectual Stimulation ($\beta = 0.500$, $p = 0.000$). The variables which significant correlation with efficacy were Idealized Influence ($\beta = 0.302$, $p = 0.000$), Intellectual Stimulation ($\beta = 0.193$, $p = 0.008$) and Individualized Consideration ($\beta = 0.284$, $p = 0.000$). Therefore, H1a, H1c, H1d, H2a, H2c, H3a, H3c, and H3d were accepted.

The results of interaction effects were summarized that Political Skill positively moderated the relationship of Intellectual Stimulation and Social Network Ties ($\beta = -0.197, p=0.021$). Innovative work behavior positively moderated the relationship of Intellectual Stimulation and Social Network Ties ($\beta = -0.257, p=0.001$). Innovative Work Behavior positively moderated the relationship of Inspirational Motivation and Efficacy ($\beta = 0.154, p=0.029$) and Innovative Work Behavior positively moderated the relationship of Intellectual Stimulation and Efficacy ($\beta = -0.281, p=0.000$).

Creative Working Environment positively moderated the relationship of Inspirational Motivation and Business Network ($\beta = 0.181, p=0.008$). Creative Working Environment positively moderated the relationship of Inspirational Motivation and Social Network Ties ($\beta = 0.202, p=0.000$) and Creative Working Environment positively moderated the relationship of Intellectual Stimulation and Social Network Ties ($\beta = -0.275, p=0.001$). Thus, H5c, H8c, H9b, H9c, H10b, H11b and H11c were accepted.

Table 2 Summary of multiple regression analyses ($N=203$)

Variables	Business Network	Social Network Ties	Efficacy
1.Control Variables			
Organizational Tenure (measured in years)	0.094	0.121	0.164*
Years of Working Experience	-0.214*	-0.213*	-0.084
Age	0.156	-0.028	-0.111
Education Level	0.025	0.014	0.007
2.Main Variables			
Idealized Influence	0.357*	0.301*	0.302*
Inspirational Motivation	-0.108	-0.112	-0.067
Intellectual Stimulation	0.241*	0.500*	0.193*
Individualized Consideration	0.173*	0.118	0.284*
3.Interaction			
Political Skill \times Idealized Influence	0.007	0.067	0.084
Political Skill \times Inspirational Motivation	0.024	-0.019	-0.082
Political Skill \times Intellectual Stimulation	-0.071	-0.197*	-0.090
Political Skill \times Individualized Consideration	-0.122	-0.016	-0.016
Innovative Work Behavior \times Idealized Influence	0.012	-0.009	-0.063
Innovative Work Behavior \times Inspirational Motivation	0.140	0.102	0.154*
Innovative Work Behavior \times Intellectual Stimulation	-0.164	-0.257*	-0.281*
Innovative Work Behavior \times Individualized Consideration	-0.142	-0.051	-0.074
Creative Working Environment \times Idealized Influence	-0.120	-0.070	0.016
Creative Working Environment \times Inspirational Motivation	0.181*	0.202*	0.088
Creative Working Environment \times Intellectual Stimulation	-0.144	-0.275*	-0.161
Creative Working Environment \times Individualized Consideration	-0.063	-0.093	-0.127

Note: The coefficients are standardized B weights. * $p < 0.05$

To determine whether the forms of the interactions matched those hypotheses, the simple slope tests (Dawson, 2014) are used to examine the strength of relationships among variables. The theories have been supported on H5c, H8c, H9b, H9c, H10b, H11b and H11c. In support of H5c, the graph of the significant of the two-way relationship on intellectual stimulation and social network ties ($\beta = 0.627, p = 0.000$) and interaction moderated by political skill ($\beta = -0.197, p = 0.021$) The plot demonstrated that political skill is high,

the social network ties is getting better and when political skill is low, it is needed high intellectual stimulation to have high social network ties (Figure1). The H8c was accepted. In support of H8c, a plot of the significance of the two-way interaction on intellectual stimulation and social network ties relationship ($\beta = 0.627, p = 0.000$) moderated by innovative work behavior ($\beta = -0.257, p = 0.001$). The plot demonstrated that innovative work behavior is high, the social network ties is quite the same level (Figure 3).

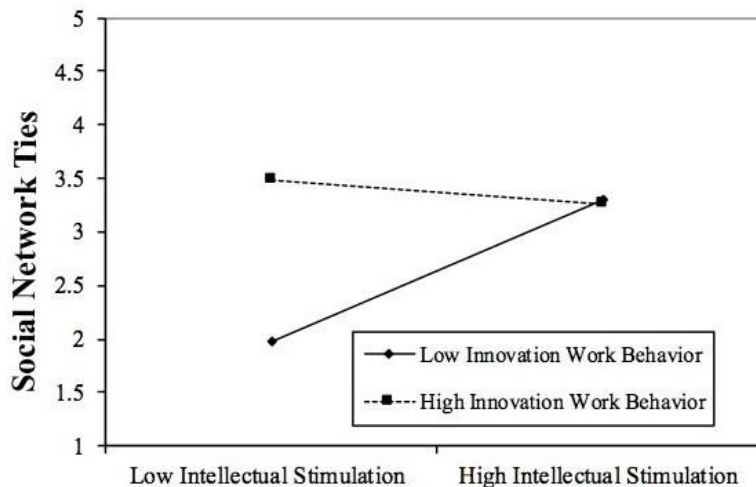


Figure 3 Moderating effect of innovative work behavior on intellectual stimulation and social network ties

It means intellectual stimulation have impact with social network ties no matter level of innovative work behavior high or low. However, once intellectual stimulation is low, it is needed to have high innovative work behavior to have strong social network ties.

The H9b and H9c were accepted. However, the H9b main relationship of inspirational motivation and efficacy was not significant, so only H9c was selected to plot the significance of the two-way interaction. The Figure 4 on intellectual stimulation and efficacy relationship ($\beta = 0.238, p = 0.008$) moderated by

innovative work behavior ($\beta = -0.281, p = 0.000$). The plot demonstrated It means intellectual stimulation have impact with social network ties no matter level of

efficacy high or low. However, once intellectual stimulation is low, it is needed to have high efficacy to have strong social network ties (Figure 4).

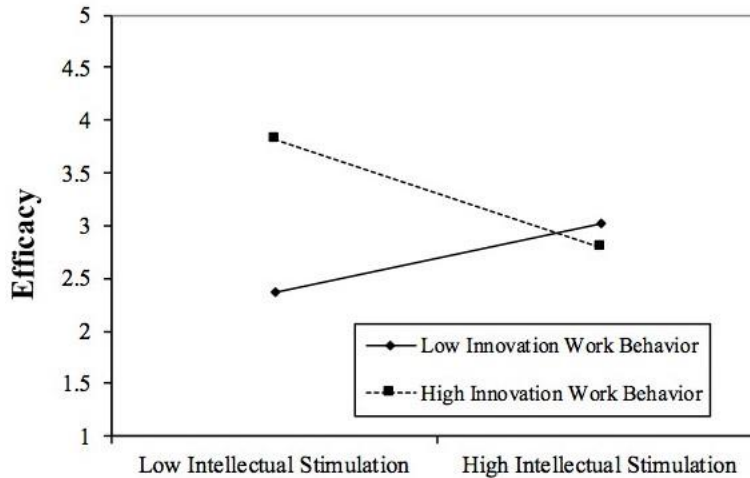


Figure 4 Moderating effect of innovative work behavior on intellectual stimulation and efficacy

The H10b, H11b and H11c were accepted However, the main relationship of H10b and H11b were not significant, so only H11c was selected to plot the significance of the two-way interaction. The Figure 4 on intellectual stimulation and social network ties ($\beta = 0.627, p = 0.000$) relationship moderated by creative working environment ($\beta = -$

$0.275, p = 0.001$). The plot demonstrates that intellectual stimulation has impact with social network ties no matter level of creative working environment high or low. However, once intellectual stimulation is low, it is needed to have high creative working environment to have strong social network ties (Figure5).

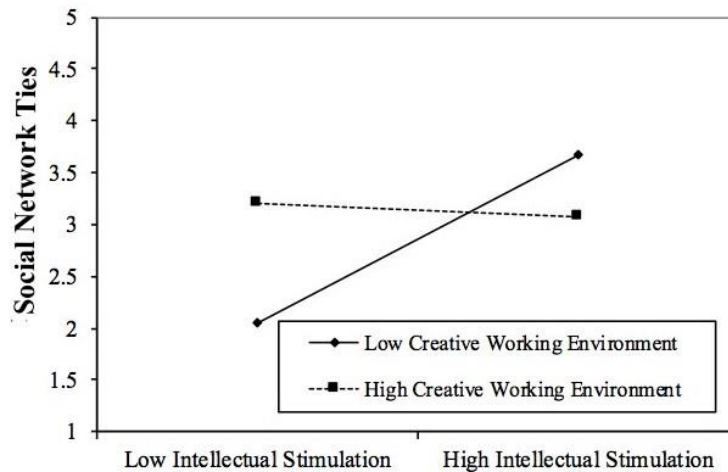


Figure 5 Moderating effect of creative working environment on intellectual stimulation and social network ties

Discussion and conclusion

The purpose of this research was to advance understanding of the relationship between transformational leadership and followers' performance outcomes of non-government organization in a form of business community/network. The Thai Chamber of Commerce was selected as a sample case of studying relationship of transformational leadership on followers' performance outcome (efficacy, business network, and social network ties) with moderating variables of political skills, innovative work behavior and creative working environment to drive organization in the today's business environment. The study integrated qualitative and quantitative methods. The qualitative part was exploratory phase to generate the hypotheses, then verified

hypotheses in quantitative section. After quantitative part, the researcher interviewed the key informants again to explore in-depth for possible explanations.

Theoretical implications

This study contributes to the leadership and organizational research stream by explicating a broader set of transformational leadership characteristics through the followers' performance outcomes of the Thai Chamber of Commerce with moderating of political skill, innovative work behavior, and creative working environment.

As hypothesized the 4 I's characteristics of transformational leadership positively related to business network, from the Table 2 the transformational leadership factors taken to enhance the follower's



expectation on business network are idealized influence ($\beta=0.357$), intellectual stimulation ($\beta =0.241$), and individualized consideration ($\beta =0.173$) accordingly. According to Krishnan (2015), the transformational leadership is vital not only enhance organization efficiency but also to discover new business opportunities (Krishnan, 2015).

As hypothesized the four I's characteristics of transformational leadership was positively related to social network ties, the study found that the intellectual stimulation was the first rank ($\beta =0.500$), and idealized consideration was the second rank ($\beta =0.301$) (Table 2). However, the inspirational motivation and Individualized Consideration were not positively related to social network ties. Northouse (2014) described the one of the main characteristics of 'transformational leadership' is 'intellectual stimulation' and provides direct link to creativity (Northouse, 2004; Puccio, Murdock & Mance, 2007). The qualitative findings supported that Thai Chamber of Commerce provides the creativity activities to members such as YEC Pitching fostering innovation in organization.

As hypothesized the four I's characteristics of transformational leadership positively related to efficacy, the study found that the transformational leadership factors taken to enhance the follower's expectation on efficacy, were idealized influence ($\beta=0.302$), individualized consideration ($\beta=0.284$) and intellectual stimulation ($\beta=0.193$) accordingly. From hypothesis results, the inspirational motivation was only one

characteristics of transformational leader not relating to three followers' performance outcomes.

The research of Hayati, Charkahabi, & Naami (2014) examined relationship of transformational leadership and work engagement in governmental hospitals nurses showed that the idealized influence characteristic was the first rank of transformational leader impact on work engagement and inspirational motivation was the second impact. The results were explained that idealized influence would lead a positive vision by setting high standards, challenges the employees then leading by establishing inspirational motivation for attaining success (Hayati, Charkahabi, & Naami, 2014). Another research of Trottier, Van Wart, & Wang (2008) on 'Examining the Nature and Significance of Leadership in Government Organizations' showed that "three leadership factors enhancing follower satisfaction were individualized consideration, idealized influence, and inspirational motivation accordingly" (Trottier, Van Wart, & Wang, 2008). The results were described that "first leaders must be trustworthy, followed by being considerate of followers individual needs and talents, and finally being able to instill motivational enthusiasm and sense of empowerment" (Trottier, Van Wart, & Wang, 2008).

However, the Thai Chamber of Commerce is network of entrepreneurs, not government. The leaders of entrepreneurs' network have different characteristic from government. The qualitative findings gave more explanation that the nature of the Thai



Chamber of Commerce was friends with common interests. The roles of being leaders and followers in the organization were set for managing roles & responsibilities, assigning tasks, and working on the missions. Every committee member was values to organization.

The H5c was intellectual stimulation and social network ties relationship moderated by political skill ($B = -0.197$, $p = 0.021$). Specifically, the result explained leader with political skill will lead to strong social network ties. In case leader having low political skill, they need to have high intellectual stimulation (Figure 2). According to leadership researches verified the relationship between political skills and leadership, Ammeter, Douglas, Gardner, Hochwarter, and Ferris (2002) highlighted both the moderating and mediating effects of political skill on leader and follower outcome (Ammeter et al., 2002). Another research on leadership, which test 408 leaders (headmasters) and 1,429 followers (teachers) of state schools in the western part of Germany showed that “political skill with the behavior of transformational and transactional leader impacted to leadership effectiveness” (Ewen, Wihler, Blickle, Oerder, Ellen, Douglas & Ferris, 2013). Fang, Chi, Chen and Baron (2014) examined how 28 entrepreneurs in 10 different industries that “the role of political skill had influence entrepreneurial processes within social networks, specifically with resource-rich networks that provide access to social capital” (Fang, Chi, Chen

and Baron, 2014). The H8c was intellectual stimulation and social network ties relationship moderated by innovative work behavior ($B = -0.257$, $p = 0.001$). It showed that either of being intellectual stimulation or being innovative behavior leader will lead the team to cohesive social network ties (Figure 3). The ‘innovation work behavior’ as the opportunities to explore new idea, and generate idea, and then implement idea (Ewen et al., 2013). According to the researches verified the relationship of innovative work behavior and social network ties, the result from a sample in high-tech firm showed that “leader-member exchange fully mediated the positive relationship between out-group weak ties and innovative behavior” (Baer, 2010; Perry-Smith, 2006), and another research showed that “social network weak ties with people outside one’s own group are crucial for innovation” (Baer, 2010; Perry-Smith, 2006).

In the qualitative result, Thai Chamber of Commerce was the place of sharing knowledge and experience with people outside their own organizations in order to develop to innovation and social network ties.

The H9c was intellectual stimulation and efficacy relationship moderated by innovative work behavior ($B = -0.281$, $p = 0.000$). According to Figure 4, the simple slope was depicted that if leader has low intellectual stimulation, innovative work behavior is needed to develop high efficacy (Figure 3). The finding of collecting 267 employees in Italy by Ng & Lucianetti (2016) showed



that employees who were increasingly confident in their ability to be creative, persuade others and successfully handle change demonstrate increasing amounts of innovative behavior. Another research by Tierney & Farmer (2002) showed that increase in creative self-efficacy were certainly a core foundation of increases in idea generation, which was possibly a prerequisite for any other type of innovative behavior to occur (Tierney & Farmer, 2002). The qualitative findings also mentioned to 'their conjoint capabilities to organize and execute the courses of action'(Bandura,1997) such as YEC Pitching, Hackathon Workshops, Local Startup Accelerator which produce given the levels of attainment.

As hypothesized creative working environment positively moderating the relationship of transformational leaders and followers' performance outcomes, the finding of creative working environment moderating on transformational leaders' characteristics towards followers' performance outcomes (business network, social network ties, and efficacy) was only H11c significantly. The H11c was intellectual stimulation and social network ties relationship moderated by creative working environment ($B=-0.275$, $p= 0.001$). If leader created comfortable environment in the meeting, motivate teams to create new projects, and practice on solving problems creatively, the social network ties would better develop in the organization (Figure 5).

According to leadership researches, Elkins & Keller (2003) showed that

“Transformational leadership behaviors closely matched the determinants of innovation and creativity at workplace, some of which are vision, support for innovation, autonomy, encourage, recognition, and challenge” (Elkins & Keller , 2003). Most creative work could be occurred when applicable creativity characteristics, working on challenging and complex jobs as well as with supportive leaders, and the employees were more likely to brainstorm within their team and sought for new approaches to work on (Elkins & Keller , 2003). Moreover, the finding of senior managers within the UK advertising industry the creative work environment fostered effectively utilize explicit knowledge. Hargadon and Sutton (1997) also found that “a firm at the operation of several industries was able to come up with new business concepts by taking the advantage of access to knowledge derived from various industries”(Hargadon & Sutton, 1997). Mahmood (2011) also found that “the mix group affiliates' ties in Taiwanese business groups related to the development of their internal capabilities” (Mahmood et.al, 2011)

The qualitative result also supported those intellectual stimulation leaders encouraging followers to brainstorming, and creative work environment, which supported them on sharing knowledge in the group to seek for solution.

Practical implications

According to the results, there are several practical implications. *First*, the findings suggest that organizational tenure was



positively related to efficacy, but not related to business network and social network ties. Hence, the organization provides the values of business network, social network ties, and efficacy for newcomers. For experienced members, the organization provides the missions/tasks for them. They feel adding on self-efficacy.

Second, the results showed that the characteristics of the Thai Chamber of Commerce transformational leaders was described as “first leaders must be trustworthy, concerning on collective mission and considering the moral and ethical consequences of decisions, second enhancing creativity and innovative thinking in the group, and finally understanding members’ needs and don’t forget to celebrate team efforts”. Hence, the organization can help leaders develop transformational leadership skills for building better performance outcomes, possibly increasing empowerment of their teams. Also, the leadership development trainings for Provincial Chairperson, YEC President, and Committee members can apply these characteristics/skills in the program to develop great leaders for organization.

Third, the findings suggest that political skill and innovative work behavior moderating to the relationship of intellectual stimulation and social network ties. Hence, leaders should let team members brainstorm on critical issues and let them balancing and managing the connections in each form because of these are matched to their aspiration. The stronger social network

ties will be occurred after that. Also, they valued on social network ties and efficacy through the challenge tasks. Moreover, the results of creative working environment moderating to the relationship of inspiration motivation and business network and social network ties. From qualitative results, they are also interested in practicing on being inspirational motivation leaders.

The study’s result and associated implication should be viewed in light of developing organizational human development. The Thai Chamber of Commerce are case study of non-government agency which have many leaders and followers in the organization. Everyone belongs to several roles and responsibilities. Leadership of the executive committees are significant for organization. The findings are useful in assisting the executive committees to develop and implement leadership practices that are conducive to the likelihood of committees continuing in the organization.

From a methodological perspective, a major strength of this study is data from potential transformational leaders who have positions for driving the organization. 60 % of data are young entrepreneurs who are in charge of transforming organization. The data collection is also from multiple sources collecting six months period which reduce potential biases that may result from common method variances.

However, this study also suffered from several limitations. One weakness of our study is time limitation and sample sizes.



The research was addressed to use multilevel analysis to study the results of group-individual level. It may show interesting results for future research. It might be related to cultural organization. However, the results showed that there were not cluster effect ($ICC < 0.10$). Another limitation of this research is sample of the study. The respondents were drawn from Thai Chamber of Commerce. Most of respondents are potential leaders of the provincial Thai Chamber of Commerce Chapters. The results of this research were generalizable only to the population of the organization. However, one of objectives of developing this research was seeking the different leadership behaviors of a kind of organizations like Thai Chamber of Commerce. It might not be generalizable to other organization. It needs to further study in the future research.

Building from results of the study, there are some major priorities proposed for the future research. First, in the future it would be benefit to replicate this study and repeat this model testing approach with using a new sample. Second, the future research should add more samples to test the multilevel analysis to see the different of individual and group level. The results of each group may be parallel and non-parallel with individual results. It may show interesting results for theory and practical implications. Third, more variables could be incorporated into the model. For example, to what extent do transformational leadership with transactional leadership on followers' performance outcomes. Finally, under the conditions that intellectual stimulation leader is the strongest contributor to followers' performance outcomes. It could seek more in-depth information by using qualitative study to explore the new theory.

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