

TITLE: Perceived Leadership Practices and Organizational Commitment of Lending Officers in Thai Commercial Banks

RESEARCHER: Theeraphong Boonrugsua
Ramkhamhaeng University (Thailand)
Doctoral Dissertation: June 2004

OBJECTIVE: The purpose of this study was to examine the relationship between the perception of leadership practices and organizational commitment of lending officers in Thai commercial banks, both major and non-major banks.

METHODOLOGY: Respondents were 509 lending officers in three major Thai commercial banks (N=382/450) and two non-major banks (N = 127/150) for an overall response rate of 85%. The typical respondent was female (56%), between 30-39 years of age (53%), single (56%), college educated (50.3% with the rest holding master's degrees), employed between 11-20 years with their current employer (37%), and working with their current supervisor less than three years (56%). Respondents completed the Three Components of Organizational Commitment Questionnaire (Meyer, Allen & Smith, 1993), the Leadership Practices Inventory, and provided demographic information. Internal reliability (coefficient alpha) for the LPI-O in this study ranged between .94 to .97.

KEY FINDINGS: The most frequent leadership practice was Enabling, followed by Modeling, Encouraging, Inspiring and Challenging. Each of the five leadership practices was positive and significantly correlated ($p < .01$) with each of the three measures of organizational commitment. The strongest correlations were for normative commitment, followed by affective and continuance commitment. Inspire was the leadership practice with the strongest correlations with commitment. There were no significant differences in leadership practices for lending officers between the two types (sizes) of banking institutions. There was a significant difference in continuance commitment (but not affective or normative commitment) of lending officers in major or non-major banks.

“When leaders in Thai commercial banks’ lending departments follow the five leadership practices, the lending officers will have a high level of affective and normative commitment. Continuance commitment may have the positive motivation from all of the five leadership practices” (p. 173).

“The current research also indicates the importance of the five leadership practice, which are comparatively easy to learn and practice. Not only leaders who have management positions, but everyone in the organization can use these practices in becoming effective leaders both in the present and in the future” (p. 180).