

# THE INFLUENCE OF STRATEGIC LEADERSHIP AND ORGANIZATIONAL CLIMATE ON ORGANIZATIONAL COMMITMENT OF SAVINGS COOPERATIVE EMPLOYEES, THAILAND

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## ABSTRACT

The research objectives of the Influence of strategic leadership and organizational climate on organizational commitment of savings cooperative employees were; 1) to study strategic leadership of the administrators of savings cooperative 2) to study organizational climate of savings cooperative 3) to study organizational commitment of savings cooperative employees 4) to investigate the influence of strategic leadership and organizational climate on organizational commitment of savings cooperative employees. The questionnaire was the instrument for data collecting. Data was collected from a sample of 93 respondents who were the savings cooperative employees in Sakon Nakhon Provinces, Thailand. Cronbach's Alpha Coefficient was conducted to test reliability; the strategic leadership was 0.928, the organizational climate was 0.891, and the organizational commitment was 0.882. The hypotheses were testing by Pearson correlation analysis and simple regression analysis.

The data analyses were as follow; the strategic leadership, the organizational climate, and the organizational commitment were high level. The strategic leadership can be predicted as a 27.3 % on organizational commitment, it had a positive direct influence on organizational commitment with standard coefficient value ( $\beta$ ) of .530, can be predicted as a 43.1 % on organizational climate, and it had a positive direct influence on organizational climate with standard coefficient value ( $\beta$ ) of .657. Organizational climate can be predicted as 48.7% on organizational commitment, and organizational climate had positive influence on organizational commitment with standard coefficient value ( $\beta$ ) of .702. The research finding will benefit to the management of savings cooperatives to improve their management approach in leaders' development, organizational climate, and employees' organizational commitment.

**Keywords:** Strategic leadership, Organizational climate, Organizational commitment

## INTRODUCTION

### *Background*

At present the operation in organizations also government and private organizations are faced with changing conditions such as economy, society, politics, and culture. Many organizations have adapted their operational guidelines to be in line with the corporate strategy. Therefore, it is very important that the organization has to set the goals and objectives of the organization from the vision and mission of the organization. Those considered the most important in the organization to act as a leader in driving and leading the organization to success, and must also be accepted and received support from followers which will lead to the success of the work effectively.

In addition to the influence of the leader [1], the organizational climate will have a role in determining the behavior of workers in the organization. The members in the organization and the various elements of the organization which will help stimulate a positive attitude towards the organization and the satisfaction of being in the organization. Hence if the leaders want to improve, change or develop the organization the important factor must consider before changing is the organizational climate, because of the organizational climate has been accumulated from its history, culture, and strategies. The organizational climate covers the satisfaction of employee needs, the need to work through participation in the workplace in order to achieve organizational goals, work that creates happiness for a person, organizational effectiveness by knowing from a happy work experience,

job satisfaction which meet the needs of individuals felt that the work made life worthwhile, work is safe for health, stability, progress, and has a good lifestyle according to social acceptance [2].

Besides the importance of leaders and organizational climate, executive and organization analyst should be give importance to the matter of the employees' organization commitment because it is very important to the development and existence of the organization. By various scholars trying to study and seeking ways to maintain employee to maintain in the organization commitment for longer. As well as increasing the efficiency of the operation of such personnel also. It can be said that organizational commitment is important to show willingness to try to do good things for the organization, the benefit of the organization and their employees. And believe that the employees will continue to be a member of the organization. Organizational Commitment will help reduce job change rates and at the same time is the potential of the organization to overcome various problems during the crisis.

The cooperative was first established in Thailand by the government's initiative in February 1916. The main objective of the savings cooperative is to be a source of money and provide loans to help members solve financial problems. At present, Thailand has more than 8,100 cooperatives in both agricultural and non-agricultural sectors, including 12 million members. The total cooperative assets of the country are as much as 2.7 trillion baht, which has the main mission involved in promoting and supporting cooperative operations across the country, therefore cooperating with all sectors moving forward in cooperative development, progress and strength as expected by the government policy.

From the history and importance above and the researcher as Sakon Nakhon Public Health Savings Cooperative officer was interested in studying the factors affecting the cooperative working system. This research focuses on the study of the influence of strategic leadership and organizational climate affecting on organizational commitment of savings cooperative employees in Sakon Nakhon Province, and also expecting the results of the study to be beneficial to the management in improving and increase the efficiency of internal administration in the future.

### ***Objectives***

The research objectives of the Influence of strategic leadership and organizational climate on organizational commitment of savings cooperative employees were; 1) to study strategic leadership level of the administrators of savings cooperative 2) to study organizational climate level of savings cooperative 3) to study organizational commitment level of savings cooperative employees 4) to investigate the influence of strategic leadership and organizational climate on organizational commitment of savings cooperative employees.

## **LITERATUR REVIEW**

### ***Strategic Leadership***

Leadership is an important factor in administration which greatly enhances the effectiveness and efficiency of work. Leadership is a matter of being able to use or use motivation to persuade individuals and groups to come together to work together to achieve their goals. In general, many people tend to understand that leadership is a matter of high level executives only. The fact is those who perform various administrative positions at all levels must have the role of leadership. Leadership has been a topic of interest since the dawn of man, leadership and management studies were taken up in earnest in the early 20th century. This hub chronicles a kind of evolution in leadership behavior studies from the traits of effective leaders to follower-centered leadership theories proposed in the late-20th, early 21st century. According to Kaplan and Norton [3], successful execution of strategy is a well recognized requirement for an organization's survival. However, most organizations continue to struggle with management of the strategy process. Strategic Leadership is the ability to influence others to voluntarily make decisions that enhance the prospects for the organization's long-term success while maintaining short-term financial stability. Different leadership approaches impact the vision and direction of growth and the potential success of an organization. To successfully deal with change, all executives need the skills and tools for both strategy formulation and implementation. Strategic leadership refers to a manager's potential to express a strategic vision for the organization, or a part of the organization, and to motivate and persuade others to acquire that vision. Strategic leadership can also be defined as utilizing strategy in the management of employees. It is the potential to influence organizational members and to execute organizational change. Strategic leaders create organizational structure, allocate resources and express strategic vision. Strategic leaders work in an ambiguous environment on very difficult issues that influence and are influenced by occasions and organizations external to

their own [4]. From a literature review, it found that there were a variety of concepts related to the characteristics of the strategic leadership. Dubrin [5] has identified the strategic leader must have a number of features. These qualities can be summarized as follows: a) High level of cognitive activity: A Conceptual Thinking ability, b) In formulating the strategy to provide information from different sources: the different sources of information make easy to reach formulating real strategy. c) Creating a future: it can predict the future leaders to make routing. d) The Transformational Thinking: product, market, industry leader in the field is a revolutionary way to monitor and motivate employees, it can in this regard. e) The re-designing a product or service: adding value to your product or service, as a re-designing. f) Re-determine the Market: Global market focus and make it accessible to many people as possible. g) To determine the borders of the industry: the leader is the organization of local, regional and global perspective is the ability to re-identify. h) Creating a vision: the vision of the leader is also considering a long-term strategy of the followers. Davies and Davies [6] were define strategic leadership characteristics as the organizational ability to: 1) be strategically orientated 2) translate strategy into action 3) align people and organizations 4) determine effective strategic intervention points 5) develop strategic competencies 6) a dissatisfaction or restlessness with the present 7) absorptive capacity 8) adaptive capacity 9) wisdom. The importance of strategic management has been theoretically presented. There is evidence of a lack of strategic leadership in management structures of organizations. A successful organization requires both well formulated strategy and the ability to execute on that strategy. In this research define strategic leadership was composed of 5 dimensions as follow; 1) Context Conceptualization and strategic thinking 2) Determination of vision 3) Allowing practitioners to participate in strategy formulation 4) Transformation of strategies into practice 5) Strategic control and evaluation [7].

### ***Organizational Climate***

In various organizations, organizational climate is another factor that is critical to the success and failure of the organization, because it is an important variable affecting various aspects of employees in the organization, and has an important contribution to the productivity and efficiency of the organization as well as the satisfaction on work of employee. On the contrary if any organization has an organizational climate that is not well, not conducive to the work of employee, inevitably spun the ability of personnel to not motivate the personnel of the organization to work as expected, as a result of the delay or damage to the organization. The organizational climate refers to the current situation that exists in the organization that connection between work groups, various management, staff, and operations which has a direct impact on the behavior of employees within the organization [8]. Organizational climate refers to the attitudes and beliefs, the opinions and the sentiments of the employees at a certain moment [9]. The climate is generally characterized by elements such as: the level of cooperation, of receptivity towards the opinions of the group members, positive atmosphere which could stimulate performance or, on the other hand, tense relations, lack of cooperation, indifference towards performance and other social or professional problems. Organizational climate depends on several factors that could be generally termed as the characteristics of an organization such as: structure, size, area of activity, age of members and traditions. It also depends on the characteristics of the staff: level of education, age, cultural level and the managerial style. Kelly [10] describes the 6 elements of the organizational climate composed of: 1) organizational structure 2) autonomy 3) reward 4) warmth atmosphere and support 5) accepting conflict 6) change in organization. The organisational climate consists essentially of shared perceptions [11]. Jones and James [12] derived six dimensions of climate: 1) leadership facilitation and support 2) workgroup cooperation, friendliness and warmth 3) conflict and ambiguity 4) professional and organisational esprit 5) job challenge, importance and variety; and 6) mutual trust. In this research defined the organizational climate in the term of the emotional of employees within the organization to various factors within the organization, those are affect work or in other words are the perception of employees within the organization to the work environment. If the atmosphere or work Climate is appropriate, it will affect the motivation of employees within the organization.

### ***Organizational Commitment***

The main focus for industrialists at the dawn of the 20th century was on how to manage their employees to maximize productivity and profit by applying Taylor's scientific management theories [13]. Organizational commitment is one of the factors that have been linked to the behavior of employee. Especially the employee turnover rate, because employees with high organizational commitment tend to work longer in the organization and work with full ability. Therefore, the organizational commitment is one of the important psychological factors in maintaining the talent in the organization. Steer and Porter [14] gives meaning organizational commitment is the feeling that the practitioner has a unity with the objectives of the organization, employee has the same values as other members of the organization, and they are willing to work hard to carry out the organization's mission. Hulpia et al. [15] states that organizational commitment is the feeling that the performer is one with the objectives

of the organization, and has the same values as other members and willing to work hard to operate the organization. Allen and Meyer [16] proposed a three component model of commitment as an attempt to determine the various ways of measuring commitment, which incorporates these many conceptualizations. They suggested that there are three types of commitment: 1) Affective commitment 2) Continuance commitment 3) Normative commitment. To implement the social exchange theory, employees respond to desirable working conditions by paying back in ways that are beneficial to the organization and to their colleagues, such as with high commitment, increased job effort, and low turnover [17]. Organizational commitment is a subjective measure that captures employees' perceptions of their identification with their organizations' core values, their intent to stay with their organization, and their willingness to exert more effort than expected by their organization [18]. Based on the above literature review in this research is define organizational commitment in 3 dimension composed of; 1) having strong confidence in accepting the goals and values of the organization 2) have a willingness to devote considerable effort to benefit the organization 3) having a strong desire to maintain membership of the organization.

### ***The Link between strategic leadership, organizational climate, and organizational commitment***

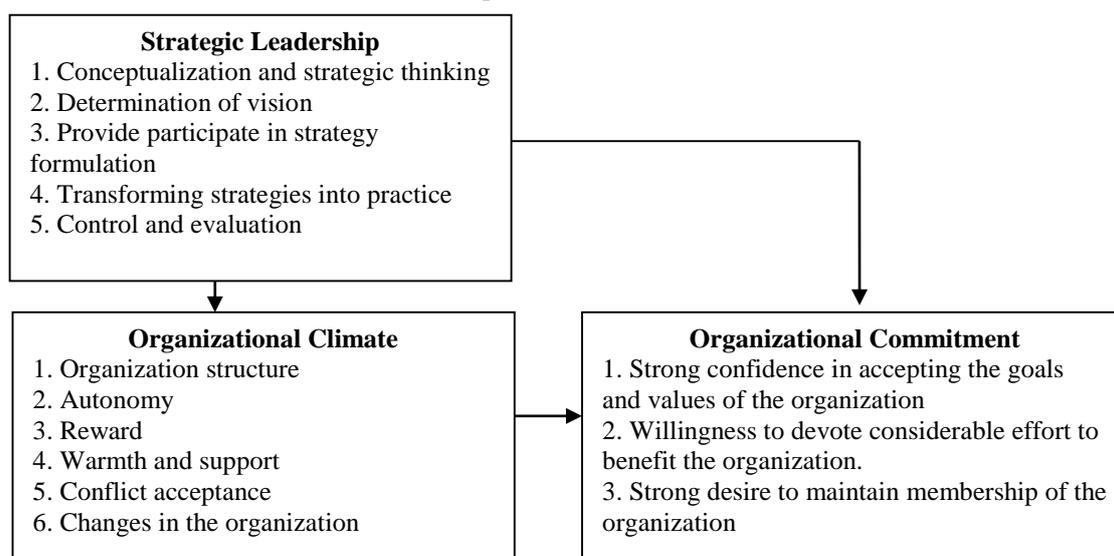
There were much empirical evidences about the link between strategic leadership, organizational climate, and organizational commitment. Sabiha et al. [19] were study "The Effect of Leadership on Organizational Climate", the analysis results of the random effect model showed that leadership has a large positive effect on organizational climate. Of the moderators identified, such as leadership style/approach, climate type, publication type, year of publication and sample group/sector, it was found that only leadership style/approach was a moderator variable. Ansari [20] was study "Leadership Styles and Influence Strategies: The Moderating Effect of Organizational Climate", It examines the moderating effect of organizational climate on the relationships between leadership styles and influence strategies. The analysis indicates that climate does act as a moderator. Implications of the findings for those in leadership roles are discussed, and directions for future research are suggested. Sabir et al. [21] were study "Impact of leadership style on Organization commitment", the research result reveal that the leadership style is a strong dimension of organization commitment when organization culture of the organization represents the employees' values in the organization. Employees are more satisfied if the organization will meet their expectations which are the part of that organization culture, so they are more committed with the organization. The paper is not giving any empirical evidence of the model. Further studies can be carried out by replacing transactional leadership with servant leadership. Permarupan et al. [22] were investigating "The Impact of Organizational Climate on Employee's Work Passion and Organizational Commitment", This paper proposes to examine the organizational climate and employee's work passion and organizational commitment within academicians of public and private Universities in Malaysia. An argument is put forward that there is a causal link of good organizational climate, employees work passion and commitment in an organization. The empirical results of the organizational climate, this finding will be able to emerge as an improvised model to enhance employee's work passion as well as organizational commitment. All the empirical researches mention above were reveal the influence between strategic leadership, organizational climate, and organizational commitment, that was used to purpose for conceptual model in the research.

## **CONCEPTUAL MODEL AND HYPOTHESES**

Based on the literature review, the concept of this research was presented in Figure 1, which illustrates the strategic leadership and organizational climate as a causal factor of the organizational commitment.

**Figure 1**

A conceptual model of research



H1: The strategic leadership has positive influence on organizational commitment.

H2: The strategic leadership has positive indirect influence on organizational commitment by organizational climate as a moderator.

The population of this research is employee of savings cooperative in Sakon Nakhon province Thailand, total 102 people. Tools used for data collection is a questionnaire that inquire directly with employees, by the researcher created from research in various texts and literature review, and seeking advice from research experts. The questionnaires in the study were classified into 4 parts as follows: 1) personal data questions 2) assessment of strategic leadership items created in accordance with Dubrin's concept [5] with 5 levels of rating scale 3) organizational climate was a questionnaire created in accordance with Kelly's conceptual framework [10] with a 5 levels of rating scale also 4) the question items of organizational commitment adapted from Meyer and Allen [16]. Cronbach's alpha coefficient were used for rater reliability which revealed that the alpha coefficients of reliability for strategic leadership, organizational climate, and organizational commitment were .928, .891 and .882 respectively. Statistics for analysis were frequency, percentage, mean, standard deviation, and the research hypothesis testing was used Pearson's correlation coefficient, simple regression analysis.

Processing and analyzing data collected from questionnaires by statistical software package by dividing the data analysis as follows;

Part 1; General information of respondents descriptive statistics include frequency and percentage to describe the frequency and percentage, the results of the data analysis were as follows: Gender was male 28%, and female 72%, age of the most respondents were between 20-40 years old 68.8%, marital status was single 41.9%, married 55.9%, and devoice 2.2%, educational level most respondents were bachelor degree 80.6%, working experience most respondents were more than 3 years 69.9%, average income per month between 10,001-20,000 was 37.6%. 20,001-30,000 was 29.0%, above 30,001 was 26.9%, level of position operational level was 74.2%, administrative level was 25.8%.

Part 2; the analysis of the part was the objective to explained 1) the strategic leadership level of the administrators of savings cooperative 2) the organizational climate level of savings cooperative 3) the organizational commitment level of savings cooperative employees. The research finding was as follow; the strategic leadership level of the administrators of savings cooperative was high by mean score at 4.05, the organizational climate level of savings cooperative was high by mean score at 4.00, and the organizational commitment level of savings cooperative employees was high by mean score at 4.13 also.

Part 3; the hypothesis testing was to investigate the influence of strategic leadership and organizational climate on organizational commitment of savings cooperative employees. Pearson Correlation Coefficient was used to analyze the relationship of variables.

Symbol meaning in the research

SLD: Strategic Leadership

OCL: Organizational Climate

OCM: Organizational Commitment

**Table 1**  
Correlation analysis between variables

Variables	SLD	OCL	OCM
MEAN	4.05	4.00	4.13
S.D.	0.56	0.56	0.51
SLD	1		
OCL	.657**	1	
OCM	.530**	.702**	1

\*  $p < .05$ , \*\*  $p < .01$

From table 1, Hair et al. [23] explained that the correlation between independent variables should not exceed 0.80. If more than 0.80 was assumed the assumption that may be multicollinearity. From this research, it was not found that the correlation coefficient between the independent variables.

H1: The strategic leadership has positive influence on organizational commitment.

**Table 2**  
Simple regression analysis influence of strategic leadership on organizational commitment

Variables	Standardized Coefficient ( $\beta$ )	t	Sig.
Strategic Leadership (SLD)	.530	5.955	.000**
Adjusted $R^2 = .273$ , SEE. = .443, F = 35.466, Sig. = .000**			

\*  $p < .05$ , \*\*  $p < .01$

The results of the H: 1 testing showed that accepting hypotheses, by strategic leadership can explained the prediction of organizational commitment, 27.30% (Adjusted  $R^2 .273$ ), the standardized coefficient ( $\beta$ ) was .530.

H2: The strategic leadership has positive indirect influence on organizational commitment by organizational climate as a moderator.

**Table 3**  
Simple regression analysis influence of strategic leadership on organizational climate

Variables	Standardized Coefficient ( $\beta$ )	t	Sig.
Strategic Leadership (SLD)	.657	8.303	.000**
Adjusted $R^2 = .431$ , SEE. = .429, F = 68.937, Sig. = .000**			

\*  $p < .05$ , \*\*  $p < .01$

**Table 4**  
Simple regression analysis influence of organizational climate on organizational commitment

Variables	Standardized Coefficient ( $\beta$ )	t	Sig.
Organizational Climate (OCL)	.702	9.390	.000**
Adjusted R <sup>2</sup> = .487, SEE. = .372, F = 88.173, Sig. = .000**			

\* p < .05, \*\* p < .01

The results of the H: 2 testing showed that accepting hypotheses, by strategic leadership can explained the prediction of organizational climate, 43.10% (Adjusted R<sup>2</sup> .431), the standardized coefficient ( $\beta$ ) was .657. The organizational climate can explained the prediction of organizational commitment, 48.70% (Adjusted R<sup>2</sup> .487), the standardized coefficient ( $\beta$ ) was .702.

## CONCLUSIONS

Based on the results of the influence testing between independent variables and dependent variables, it was found that according to the hypothesis was strategic leadership had positive direct influence on employee organizational commitment, and strategic leadership had indirect influence on organizational commitment through organizational climate, which accordance with the research results of Sabir et al.[21], Permarupan et al.[22], Ansari [20] and Sabiha et al.[19]. The results of the research can be used to formulate policy recommendations for the Ministry of Public Health savings cooperatives as follows: 1) in the aspect of strategic leadership, the savings cooperatives administrators should be increase in provide the employee to participate in strategy formulation, and defined methods to transforming strategies into practice or implementation such as; expand the two-way communication (top-down/bottom-up) between policy maker and practitioners, determining the clear key performance indicators (KPIs) of the policy 2) in the terms of organizational climate, when problems arise between employees supervisors should be play a greater role in solving problems, and employees should accept the opinions of others and respecting different opinions 3) in the issue of organizational commitment, the savings cooperative administrators should build confidence in lead to excellence by defining the goals, organization and employee goals to be more consistent.

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