

STRATEGIC LEADERSHIP AND EMPLOYEE ENGAGEMENT THE ANTECEDENT OF PERFORMANCE OF KASIKORNBANK PUBLIC COMPANY LIMITED.

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ABSTRACT

The objectives of this research which consists of; 1) to study the level of strategic leadership of executives, employee engagement, and the performance of Kasikornbank 2) to study the organizational factors affecting the levels of strategic leadership, employee engagement, and organizational performance 3) to study the influence of strategic leadership and employee engagement on the performance of Kasikornbank.

In this research the target populations include, employees of Kasikornbank in the upper northern of Thailand amount of 183 employees. Calculated according to the formula of Taro Yamane, sample size of 126 samples was selected by proportional sampling and simple random sampling. Data collected were used from questionnaires with as follows items: 30 questions of strategic leadership questionnaire adapted from Schoemaker, Krupp, and Howland [15], Nuengrutai Chanpoom and Watcharapong Intrawong [11] 20 questions of employee engagement questionnaire adapted from Bakker et al. [1], and the independent variable is the organization performance, it is a Kasikornbank performance evaluation principles (2019). It consists of 4 dimensions: 1) quality sales rating 2) customer satisfaction rating 3) internal control points and debt management, 4) work efficiency. For appointment of questionnaires, validity of the method, content-related validity, and to assess scale the reliability of the questionnaires, Cronbach's alpha coefficient was used. Reliability coefficient was calculated for the questionnaires. It was estimated to be .955 of strategic leadership, .945 of employee engagement, and .818 of organization performance. The statistic for descriptive data analysis was composed of frequency, percentage, mean, and standard deviation. Hypothesis testing was composed of t-test, F-Test (One Way ANOVA), Pearson correlation coefficient, simple regression, and multiple regressions.

The research results were as follow; the strategic leadership, and the employee engagement was high, while the entirely organization performance was high also. The hypothesis testing was found that; there was only age factor could affecting the different of employee engagement, the strategic leadership could predict the employee engagement 50.9%, by the standardized coefficients (β) at .713, the employee engagement could predict the organization performance 58.7, by the standardized coefficients (β) at .766, for the last equation the strategic leadership and the employee engagement could predict the organization performance 66.0%, by the standardized coefficients (β) of strategic leadership and the employee engagement was at .385, .492 respectively. From the research data analysis, it can be concluded that the personal factor could be affecting the employee engagement, and the strategic leadership and employee engagement was influence on the organization's performance of Kasikornbank.

Keywords: Strategic leadership, Employee engagement, Organization performance

INTRODUCTION

Background

Thailand economic situation in 2019 has slowed, and resulting in the intensifying competition in the banking and finance business. Kasikornbank Public Company Limited is a leading commercial bank in Thailand, founded on 8 June 1945, and business has continued to flourish by expanded branches both in country and abroad. The bank is committed to developing organization and financial products on a regular basis to provide excellent service to customer. However, under the context of intense competition in the banking business, it has causing Kasikornbank to accelerate the formulation of a policy to be able to survive under the aforementioned situation.

The most important factor in the performance of an organization is human resources, and another factor that will make the operations within the organization successful is the presence of executives with knowledge, and skills about management. In particular, the leadership of executives that can lead the organization to be unity in the operation to achieve the business goals. Summa Rathanit, [13] Therefore, leaders must have leadership to use the potential and resources available, including human resource, budget, materials, equipment and methods, etc. for the organization to succeed. Strategic leadership Considered as a leader with a focus on goals, able to motivate subordinates with rewards as a result of operational success. Rangsarn Prasertsri, [12] At present, every organization must adapt constantly to keep up with global changes in the era of globalization. Therefore, in order to increase the chance of success in working with the organization. The role of a leader is very important in creating a continuation of success by being a skilled leader and with tools to define strategies and operations, can determine the direction that the follower can ensure that operations will be able to achieve results and achieve organizational vision. In addition to leadership factors that affect the organization's performance, employee engagement is an employee's feeling of belonging to the same group or the same organization. In which the work will be performed according to the individual's role to achieve the goals and values of the organization. Organization will adjust the identity of the employees to be in harmony with the organization, including participation and loyalty, where employee engagement is a good indicator of the effectiveness of the real organization, because if employees have a commitment to the organization, it will resulting in a lower employee turnover rate and the organization will have better performance.

From the importance of strategic leadership and employee engagement is Causing the researcher to be interested in studying “The influence of strategic leadership and employee engagement on the performance of Kasikornbank Public Company Limited” in Nakhon Phanom, Bung Kan, Mukdahan, and Sakon Nakhon provinces. In order to study about the strategic leadership and employee engagement will impact on the Bank's performance. The research results can be used as a guideline to enhance the leadership of executives at various levels and can also be used for system development to enable the firm to achieve sustainable success.

OBJECTIVES

This paper examines objectives which consist of; 1) to study the level of strategic leadership of executives, employee engagement, and the organizational performance of Kasikornbank 2) to study the organizational factors affecting the levels of strategic leadership, employee engagement, and organizational performance 3) to study the influence of strategic leadership and employee engagement on the performance of Kasikornbank.

LITERATURE REVIEW

In this research, the researcher has compiled concepts, theories and related research as a guideline for research studies, divided into 4 topics as follows;

2.1 Strategic Leadership

Hitt, Heynes, and Serpa [7] The twenty-first century was predicted to bring a highly challenging competitive landscape and it materialized in the first decade of the new century. Scholars and practitioners alike argued that managers would have to develop and use unique capabilities to be successful strategic leaders in this challenging competitive landscape. Hitt, Ireland, and Hoskisson [6] Strategic leadership refers to people who have clear vision and a persuasive nature of the organization, which is a vision derived from various parties, must focus on human resource development activities, continuous learning process. Strategic leader of the 21st century must conduct activities that promote culture to sustainable effectiveness of the organization, as well stimulation and openness to everyone able to create effectiveness, and balance of the organization between controls that emphasize flexibility and initiatives that focus on short-term and long-term results. Li, Liu, and Xi, (2014) Strategic Leadership refers to managers who have overall responsibility for the organization, can analyzing the internal and external environment of the organization. Use the right strategy at the right time, an assessments and operations that are suitable for the current environment. Davies and Davies [3] Strategic leaders have 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. Strategic leaders display: 6) a dissatisfaction or restlessness with the present; 7) absorptive capacity; 8) adaptive capacity; 9) wisdom. Nuengrutai Chanpoom and Watcharapong Intrawong [11] 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. In this research was applied strategic leadership according to the concepts of Schoemaker, Krupp, and Howland [15], Nuengrutai Chanpoom and Watcharapong Intrawong [11] by studying the elements of important strategic leadership consisting of; 1) creating change thinking 2) strategy formulation 3) policy implementation 4) organization resource management 5) strategy evaluation.

2.2 Employee Engagement

Employee engagement first appeared as a concept in management theory in the 1990s. From the literature review, there were many of employee engagement definitions. Employee engagement is a fundamental concept in the effort to understand and describe, both qualitatively and quantitatively, the nature of the relationship between an organization and its employees. An "engaged employee" is defined as one who is fully absorbed by and enthusiastic about their work and so takes positive action to further the organization's reputation and interests. An engaged employee has a positive attitude towards the organization and its values (Emprust, Retrieved 11 August 2017). Defining employee engagement remains problematic. In their review of the literature, Wollard and Shuck [16] identify four main sub-concepts within the term: 1) "Needs satisfying" approach, in which engagement is the expression of one's preferred self in task behaviors 2) "Burnout antithesis" approach, in which energy, involvement, efficacy are presented as the opposites of established "burnout" constructs: exhaustion, cynicism and lack of accomplishment 3) Satisfaction-engagement approach, in which engagement is a more technical version of job satisfaction, evidenced by The Gallup Company's own Q12 engagement survey which gives

an $r=.91$ correlation with one (job satisfaction) measure. 4) The multidimensional approach, in which a clear distinction is maintained between job and organisational engagement, usually with the primary focus on antecedents and consequents to role performance rather than organisational identification. Schaufeli [14] everyday connotations of engagement refer to involvement, commitment, passion, enthusiasm, absorption, focused effort, zeal, dedication, and energy. In a similar vein, the Merriam-Webster dictionary describes the state of being engaged as “emotional involvement or commitment” and as “being in gear”. Jeung [2] have conceptualized engagement by combining and relabeling existing notions, such as commitment, satisfaction, involvement, motivation, and extra role performance. For instance, according to Mercer, “Employee engagement – also 5 called ‘commitment’ or ‘motivation’ refers to a psychological state where employees feel a vested interest in the company’s success and perform to a high standard that may exceed the stated requirements of the job” (www.mercerHR.com). In addition, Bakker et al. [1], states that “Engaged employees consistently demonstrate three general behaviors. They; 1) Say: consistently speak positively about the organization to coworkers, potential employees, and customers 2) stay: have an intense desire to be a member of the organization despite opportunities to work elsewhere 3) Strive: exert extra time, effort, and initiative to contribute to business success”. This research has determined that employee engagement is a mediator variable. And applied according to the concept of Bakker et al. [1], consisting of 1) Say: about the organization optimistic, 2) Stay: need to continue working with the organization, 3) Strive: the commitment, exert extra time, effort, and initiative to contribute to business success of the employees.

2.3 Organizational Performance

How have managers evolved methods for evaluating organizational performance? Today, there are numerous tools, techniques and theories available to help managers improve the efficiency and effectiveness of their organizations. Salarzadeh Jenatabadi, Hashem [8] an Overview of organizational performance Index: definitions and measurements. Estimating the performance of the organization has always been of interest to management teams and researchers. In this regard, some researchers focused on determining definitions and how to measure organizational performance. The history of performance is classified into six different subcategories. Various ideas and opinions on each of the performance subcategories are discussed. The organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). It is a broad construct which captures what organizations do, produce, and accomplish for the various constituencies with which they interact. Specialists in many fields are concerned with organizational performance including strategic planners, operations, finance, legal, and organizational development. Kasikorn Bank is a leading commercial bank in Thailand Founded on 8 June 1945; the bank's business has continued to flourish, expanded branches both domestic and abroad. The bank is committed to develop new organization and financial products regularly in order to provide excellent service under the motto of "Impressive service at all levels"; the bank has set targets for the organization performance. Organization Performance in accordance with Kasikorn Bank's performance evaluation principles; it consists of 4 views: 1) Quality sales rating 2) Customer satisfaction rating 3) Internal control and debt management 4) work efficiency (Kasikorn Bank, 2018). The above criteria are used as a framework for dependent variables in this research.

2.4 The Link between Strategic Leadership, Employee Engagement, and Organizational Performance

There was much empirical evidence of the link between strategic leadership, employee engagement, and organizational performance. Muzee, Hannah and Bagire, Vincent and

Ngoma, Muhammed [9] Strategic Leadership and Employee Engagement, Evidences from an African Industrial Setting; this study followed a cross-sectional and descriptive research design. The study aimed at establishing the relationship between strategic leadership and employee engagement. The findings showed that strategic leadership was indeed evident in the organization. They also revealed that strategic leadership and employee engagement were significantly and positively correlated and that strategic leadership was significant predictor of employee engagement. It was therefore concluded that organizations should invest in training their managers in strategic leadership skills to improve on their relations with the subordinates. Muhammad Zia-ud-Din et al. [10] Impact of Strategic Leadership on Employee Performance; the research tends to identify the connection among the strategic leadership on Employee performance. Strategic leadership creates a unique relation between management and employees to enhance employee performance. In this study we also explore the mediating impact of work engagement among strategic leadership and employee performance. The results have clearly shown that strategic leadership has significant impact on employee performance. Thus, all the hypotheses presented significant outcomes. Thus, learning will guide the leaders of administrations to number out the part of strategic leadership to enhance employee's performance for the upcoming cut-throat tests in global commercial competition. Hasibuan, Akbar, Suyanto [5], "The Effect of Leadership, Employee Engagement, and Self Learning on Effectiveness of Employee's Work"; the results show that leadership has positive effect on employee effectiveness, employee engagement positively effect on employee effectiveness, positive effect on the independent learning employee effectiveness, leadership has positive effect on employee engagement, leadership has positively effect on Self-regulated, learning and employee engagement positively affects Self-learning.

CONCEPTUAL MODEL AND HYPOTHESES

From reviewing relevant literature, the research framework can be created as follows:

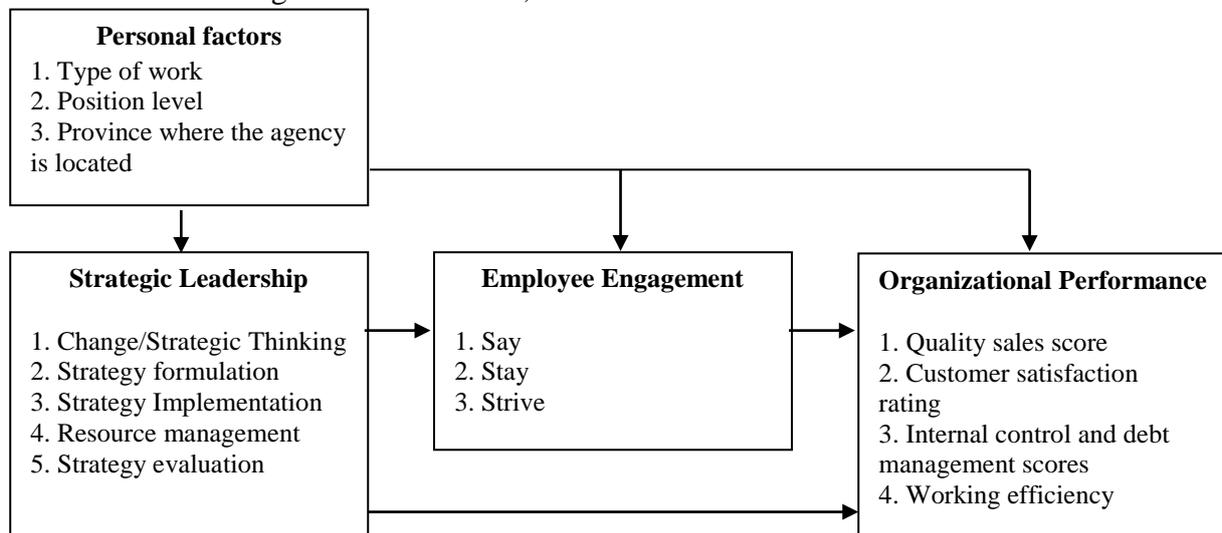


Fig. 1 - A conceptual model of research

The research hypotheses are as follows.

H₁: The leadership, employee engagement, and organizational performance are different when classified by organizational factors.

H₂: The strategic leadership has direct positive influence on employee engagement.

H₃: The employee engagement has positive direct influence on employee organizational performance.

H₄: The strategic leadership has positive direct influence on organizational performance.

H₅: The strategic leadership and employee engagement has positive direct influence on organizational performance.

RESULT

This research is quantitative research, by using a survey method. The research methodology is as follows; the population used in the research was Kasikorn Bank, 183 employees of the Northeast business network 3, in Nakhon Phanom province, Bueng Kan province, Mukdahan province, and Sakon Nakhon province (Human Resources department Kasikorn Bank, 2018), sample size used in the research by using the method of determining the appropriate sample size by using the Yamane calculation formula [17], the sample size is equal to 126 samples. The tool used in collecting data is questionnaire about strategic leadership, employee engagement, and organizational performance, which has studied from documents, concepts, theories and relevant research results, as well as inquiring from experts in order to get a questionnaire covering the objectives and content validity of this research. Data collected were used from questionnaires with as follows items: 30 questions of strategic leadership questionnaire adapted from Schoemaker, Krupp, and Howland [15], Nuengrutai Chanpoom and Watcharapong Intrawong [11] 20 questions of employee engagement questionnaire adapted from Bakker et al. [1], and the independent variable is the organization performance, it is a Kasikornbank performance evaluation principles (2019). It consists of 4 dimensions: 1) quality sales rating 2) customer satisfaction rating 3) internal control points and debt management, 4) work efficiency. For appointment of questionnaires, validity of the method, content-related validity, and to assess scale the reliability of the questionnaires, Cronbach's alpha coefficient was used. Reliability coefficient was calculated for the questionnaires. It was estimated to be .955 of strategic leadership, .945 of employee engagement, and .818 of organization performance. The statistic for descriptive data analysis was composed of frequency, percentage, mean, and standard deviation. Hypothesis testing was composed of t-test, F-Test (One Way ANOVA), Pearson correlation coefficient, simple regression, and multiple regressions.

Analysis of the data

The demographic of the respondents were as follow; male 24.6%, female 75.4%, age below 30 years 47.6%, 30-40 years 45%, single 66.7%, married 31.7%, divorce 1.6%, bachelor degree 76.2%, master degree or upper 23.8%, working experience below 5 years 33.3%, 5-10 years 49.32%, 11-15 years 10.3%, more than 15 years 7.1%, type of work for inbound 61.9%, outbound 38.1%, position level for first level employee 9.5%, middle level employee 19.0%, supervisor 34.9%, upper than supervisor 36.5%. Agency located in Nakhon Phanom province 23.0%, Bueng Kan province 15.9%, and Mukdahan province 16.7%, and Sakon Nakhon province 44.4%.

The strategic leadership, employee engagement, and organizational performance are highest level, by mean at 4.484, 4.461, and 4.329 respectively.

The hypotheses testing were as follow;

The first hypothesis: The researchers were used t-test, and F-test (one-way ANOVA) to prove the hypothesis. The results of the hypothesis test 1 show that only organizational factor in the aspect of position was different in opinions on organizational performance with statistical significance at the level of 0.05. Therefore, it can be concluded that some parts of hypothesis 1 are accepted. The details are shown in the table. 1

Table 1 – The different of organizational performance when classified by organizational factor

Organizational Factor (Position level)	Organizational Performance			
	□	S.D.	F	Sig
1. First level employee	4.479	.391	2.429	.05*
2. Middle level employee	4.343	.520		
3. Assistant to supervisor	4.193	.533		
4. Supervisor	4.369	.466		
5. Above supervisor	4.875	.250		

For the hypothesis 2, hypothesis 3, hypothesis 4, hypothesis 5; the hypotheses testing were used regression analysis; hence the symbols used to analyze in this research were as follows; SLED: Strategic leadership, ENGT: Employee engagement, OPFM: Organizational performance. In order to check the relationship between the groups of independent variables, the statistics of Pearson product-moment correlation coefficient was used.

Table 2 - Correlation analysis between variables.

	SLED	ENGT	OPFM
SLED	1		
ENGT	.658**	1	
OPFM	.505**	.551**	1

To check the problem of multicollinearity, Hair et al. [4] described the relationship between the independent variables must be less than 0.80, which is more than 0.80 may cause of multicollinearity. This research found the relationship between the independent variables; the highest value was 0.658, it was not exceed 0.80. Multicollinearity problem was not found; therefore it could be tested by using regression analysis to the next.

The researcher has defined the equation for the regression analysis as follows.

$$\begin{aligned} \text{ENGT} &= \beta_1 \text{ SLED} && \dots\dots\dots (1) \\ \text{OPFM} &= \beta_2 \text{ ENGT} && \dots\dots\dots (2) \\ \text{OPFM} &= \beta_3 \text{ SLED} && \dots\dots\dots (3) \\ \text{OPFM} &= \beta_4 \text{ SLED} + \beta_5 \text{ ENGT} && \dots\dots\dots (4) \end{aligned}$$

The research results were as below;

$$\begin{aligned} \text{ENGT} &= .658 \text{ SLED} && \dots\dots\dots (1) \\ & && (9.722) \\ \text{OPFM} &= .551 \text{ ENGT} && \dots\dots\dots (2) \\ & && (7.361) \\ \text{OPFM} &= .505 \text{ SLED} && \dots\dots\dots (3) \\ & && (6.522) \\ \text{OPFM} &= .252 \text{ SLED} + .386 \text{ ENGT} && \dots\dots\dots (4) \\ & && (2.587) \quad (3.970) \end{aligned}$$

The research result can be expressed in terms of the path of influence as follows:

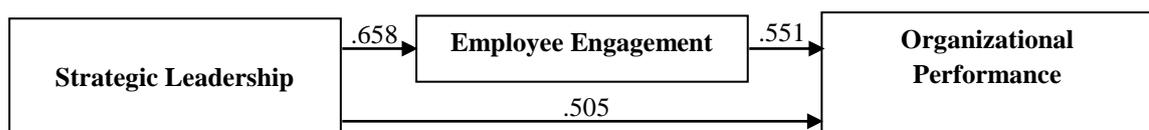


Fig. 2 - A research result the influence of strategic leadership and employee engagement on organizational performance

The equation 1: strategic leadership can predict the employee engagement by 42.8% ($\Delta R^2 = .428$), and the standardized coefficients (β) was .658.

The equation 2: employee engagement can predict the organizational performance by 29.8 percent ($\Delta R^2 = .298$), and the standardized coefficients (β) was .551.

The equation 3: strategic leadership can predict the organizational performance by 24.9% ($\Delta R^2 = .249$), and the standardized coefficients (β) was .505.

The equation 4: Both strategic leadership and employee engagement can predict the organizational performance by 32.9% ($\Delta R^2 = .329$), and the standardized coefficients (β) was .252, and .386 respectively.

The hypothesis 2, hypothesis 3, hypothesis 4, hypothesis 5 was accepted.

CONCLUSIONS

The objective of this research was to study the influence of strategic leadership and employee engagement on the organizational performance of Kasikornbank. This research is quantitative research, by using a survey method. The research finding was revealed that the strategic leadership and employee engagement had a positive influence on the organizational performance; it consisted with Muzee, Hannah and Bagire, Vincent and Ngoma, Muhammed [9], Muhammad Zia-ud-Din et al. [10], and Hasibuan, Akbar, Suyanto [5]. For the practical contribution; when considering the details of employee engagement, it was found that in the aspect of; 1) Say: feel valued and entrusted to work, explanation when heard about the negative comments about the organization 2) Stay: work at Kasikorn Bank makes you feel secure, a good future work can be targeted at working at Kasikorn Bank, able to work at Kasikorn Bank until retire were lower mean than other items. Therefore, management should have policies to create a sense of security in the workplace for employees, including adding clear communication to the staff. For future research; the power of the predicting in this research is not very high level. The model for future research should added other antecedents that can increase in influence and prediction on the organization's performance, such as supply chain integration, Sufficiency of working resources, organizational climate.

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