

A STUDY OF LEADERSHIP STYLE, EMPLOYEE PERCEPTION AND CONFLICT MANAGEMENT AFFECTING ORGANIZATIONAL PERFORMANCE IN SMALL AND MEDIUM SIZED ENTERPRISES IN MANUFACTURING INDUSTRY IN BANGKOK, CHONBURI, AND SAMUT PRAKAN, THAILAND

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Abstract

This study aims to explore the impact of the factors that influence organizational performance. The three independent variables of this study are leadership style, employee perception, and conflict management factors. The sub-variables of leadership style factors include personality traits, employee diversity, and situation. The sub-variables of employee perception factors include employee participation, employee experience, and working environment. The sub-variables of conflict management factors include power, communication, and organizational culture. The dependent variable of this study is organizational performance. Quantitative research was used to collect the data for this research. A total of 400 responses were collected through convenient sampling, which included 83 males and 317 females who are working in Bangkok, Chonburi, and Samut Prakan, Thailand. Online questionnaires were sent out to the respondents, which comprised multiple choice questions for demographic data and a five-point Likert scale for questions regarding both independent and dependent variables. The data analysis methods used were descriptive statistics and multiple linear regression analysis. The results supported all three proposed hypotheses, showing that there is a positive relationship between the independent variables (leadership style, employee perception, and conflict management factors) and the dependent variable (organizational performance).

Keywords: Organizational Performance, Leadership Style, Employee Perception, Conflict Management

Introduction

This study examines the factors influencing organizational performance in small and medium-sized enterprises (SMEs) within the manufacturing sector in Thailand, focusing on the impact of leadership style, employee perception, and conflict management. SMEs play a crucial role in the Thai economy, significantly contributing to exports and job creation. However, many SMEs face challenges related to low performance and productivity, leading to decreased competitiveness and increased turnover. Understanding the underlying causes of these issues is essential for developing effective strategies to enhance organizational performance. Research indicates that effective leadership significantly enhances employee satisfaction and efficiency (Eleonora Gabriela, 2020) while adapting leadership styles to improve employee engagement is vital for sustained success (Sharmin, 2023). Moreover, employee perceptions of fairness and equity contribute to overall organizational performance by boosting commitment and satisfaction (Maxham et al., 2008). Additionally, implementing effective conflict management strategies is crucial for enhancing employee morale and productivity (Awan & Anjum, 2015). By investigating these critical drivers of success, this research aims to provide actionable insights that will help SMEs maintain their growth and competitive edge in an increasingly

dynamic business landscape.

Objective of the study

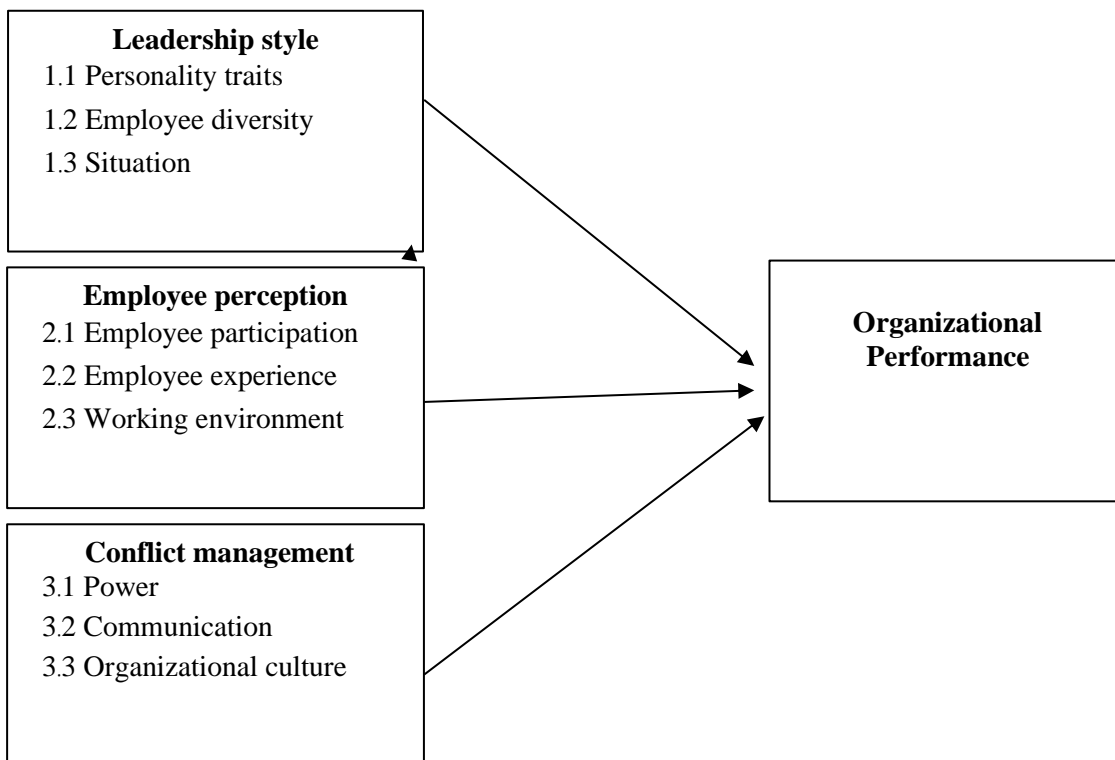
1. To study the impact of leadership style factors (personality traits, employee diversity and situation) on organizational performance in small and medium sized enterprises in manufacturing industry in Bangkok, Chonburi, and Samut Prakan, Thailand.

2. To study the impact of employee perception factors (employee participation, employee experience and working environment) on organizational performance in small and medium sized enterprises in manufacturing industry in Bangkok, Chonburi, and Samut Prakan, Thailand.

3. To study the impact of conflict management factors (power, communication and organization culture) on organizational performance in small and medium sized enterprises in manufacturing industry in Bangkok, Chonburi, and Samut Prakan, Thailand.

Scope of the study

Conceptual Framework



Hypotheses Test

H1: Leadership style factors (personality traits, employee diversity, and situation) have a significant effect on organizational performance.

H2: Employee perception factors (employee participation, employee experience, and working environment) have a significant effect on organizational performance.

H3: Conflict management factors (power, communication, and organizational culture) have a significant effect on organizational performance.

Literature Review

Item no.	Authors (Year)	Finding	Variables
1	Almatrooshi et al. (2016)	Effective application of strategies is crucial for organizational success, and performance reviews are essential for identifying areas of improvement that influence overall organizational performance.	Organizational Performance
2	Knies, Jacobsen, & Tummers (2016)	Leadership effectiveness and teamwork are pivotal in assessing organizational performance, underscoring that strong relationships among individuals and groups enhance overall outcomes.	Organizational Performance
3	Eleonora Gabriela (2020)	Leadership, employee perceptions, and conflict management significantly influence organizational performance, with strong leadership enhancing employee satisfaction and efficiency.	Organizational Performance
4	Bhargavi & Yaseen (2016); Obiwuru et al. (2011)	Leadership style significantly impacts the interest and commitment of employees, which in turn affects overall organizational performance and success.	Leadership Style
5	Sharmin (2023)	The adaptation of leadership styles to improve employee engagement is crucial for sustained organizational success and performance.	Leadership Style
6	Maxham et al. (2008)	Employee perceptions of fairness and equity in treatment contribute to organizational performance by enhancing employee commitment and satisfaction.	Employee Perception
7	Awan & Anjum (2015)	Effective conflict management can enhance employee satisfaction and productivity, indicating that conflict resolution is vital for improving organizational performance. The environment did not have a significant positive effect on Worker Satisfaction.	Conflict Management

Methodology

Population and Sample

This study focuses on employees—full-time, part-time, temporary, and freelancers—in small and medium-sized manufacturing enterprises in Bangkok, Chonburi, and Samut Prakan, Thailand. As reported in "Topic: Manufacturing Sector in Thailand (2023),"the manufacturing workforce in Thailand reached approximately 6.3 million in 2021. Based on Yamane's (1967) sampling table, a sample size of 400 was deemed appropriate for a population exceeding 100,000, with a precision level of $\pm 5\%$. The 400 participants were selected using a convenience sampling method.

Type of Research and Tool

The data for this survey research was collected using a closed-ended questionnaire divided into five sections, totaling 44 questions. Part 1 covers demographic data (7 questions) regarding respondents' general information such as gender, age, and education. Parts 2 to 4 focus on specific factors: leadership style (9 questions), employee perception (9 questions),

and conflict management (9 questions), each containing three sub-variables with three questions. Part 5 assesses organizational performance (9 questions) by gauging respondents' overall perspectives and feelings about their organization.

Validity Test

The online questionnaire was reviewed for accuracy and approved by an advisor.

Reliability Test

The reliability test was conducted with a volunteer sample group of 50 respondents. The data from the questionnaires were analyzed by using Cronbach's Alpha in the statistical software, with a total reliability of 0.972

Statistics

1. Descriptive statistics composed of frequency, percentage, mean, and standard deviation.

2. Inferential statistics composed of the Multiple Regression Analysis Test.

Result

Demographic Data

Most of the respondents in this study were female (79.25%). Most of the respondents were aged 18 to 23 years old (42.75%), closely followed by respondents aged 24-29 years old (41%). Most of the respondents hold a bachelor's degree (57.75%). Most of the respondents are working at a private organization (67.5%) and are earning 15,000-20,000 baht per month (47.5%). Most of the respondents have worked for 1-3 years (37.75%), closely followed by respondents who have worked under 1 year (30%). Lastly, most of the respondents are full-time employees (56.75%).

Mean and Standard Deviation

- Leadership Style Factors: (\bar{x} = 4.142, SD = 0.744), Agreed
- Employee Perception Factors: (\bar{x} = 4.084, SD = 0.704), Agreed
- Conflict Management Factors: (\bar{x} = 3.953, SD = 0.793), Agreed
- Organizational Performance: (\bar{x} = 3.890, SD = 0.888), Agreed

Multiple linear regression

1. Leadership Style towards Organizational Performance: Accepted with Adjusted R-square = 0.381, F = 82.815, *P ≤ 0.05, supported by personality trait (Sig < 0.001), employee diversity (Sig < 0.001), and situation (Sig = 0.007).

2. Employee Perception towards Organizational Performance: Accepted with Adjusted R-square = 0.385, F = 84.401, *P ≤ 0.05, supported by employee participation (Sig < 0.001), employee experience (Sig < 0.001), and working environment (Sig = 0.003).

3. Conflict Management towards Organizational Performance: Accepted with Adjusted R-square = 0.335, F = 68.064, *P ≤ 0.05, supported by power (Sig < 0.001), and organizational culture (Sig = 0.006). And unsupported by communication (Sig = 0.703).

Conclusion

Demographic Data

Most of the respondents for this study were female, between 18 and 23 years old. Most respondents hold bachelor's degrees and work in private organizations with a 15,000-20,000 monthly income. A greater number of respondents have worked for 1-3 years as full-time employees.

Attitudes towards variables

1. Independent Variable 1: Leadership Style Factors

Respondents agreed with all leadership style factors including personality traits, employee diversity, and situation.

2. Independent Variable 2: Employee Perception Factors

Respondents agreed with all employee perception factors including employee participation, employee experience, and working environment.

3. Independent Variable 3: Conflict Management Factors

Respondents agreed with all conflict management factors including power, communication, and organizational culture.

Hypotheses

1. Hypothesis 1: Leadership Style Factors (Personality Traits, Employee Diversity, and Situation) have a significance on organizational performance.

2. Hypothesis 2: Employee Perception Factors (Employee Participation, Employee Experience, and Working Environment) have a significance on organizational performance.

3. Hypothesis 3: Conflict Management Factors (Power, Organizational Culture) have a significance on organizational performance, while Conflict Management (Communication) does not have a significance on organizational performance.

Recommendation

To improve organizational performance in SMEs within the manufacturing industry in Bangkok, Chonburi, and Samut Prakan, it is essential to invest in leadership development programs that enhance adaptability and management of diverse teams, as effective leadership significantly influences performance (Eleonora Gabriela, 2020). Encouraging employee participation through feedback mechanisms and recognition can improve perceptions of fairness and satisfaction (Maxham et al., 2008). Additionally, building a strong organizational culture that promotes collaboration and transparency is crucial for effective conflict management (Awan & Anjum, 2015). Finally, SMEs should regularly monitor their leadership and conflict management strategies to identify areas for improvement, ensuring continuous growth and competitiveness in the dynamic manufacturing sector (Almatrooshi et al., 2016).

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