

Transformational leadership and firm performance: empirical evidence from instant foods and convenience foods businesses in Thailand

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Keywords

Transformational leadership, Organizational innovation, Organizational efficiency, Environmental pressure, Organizational experience

Abstract

Transformational leadership has been viewed as one of the key elements that have an influence on organizational outcomes. The purposes of this research were to investigate the relationships amongst transformational leadership and its antecedents, consequences and firm performance, and also to explore the moderating effects of organizational experience. The results were received from a survey of 152 instant foods and convenience foods businesses in Thailand, which provided the interesting points of leadership. These hypothesized relationships amongst constructs were examined by using ordinary least square (OLS) regression analysis. The results revealed that transformational leadership in some dimensions have a positive influence on transformational leadership's consequences. Also, organizational innovation and organizational efficiency have a positive influence on firm performance. In addition, this study shows that environmental pressure has a positive influence on transformational leadership. Furthermore, managerial and theoretical contributions, suggestions for further research, and a conclusion are also discussed.

1. Introduction

In high competitive economic and continuous dynamism, business operations are affected; such as products, services, capital, workforce, technology, and culture. It is inevitable that these will impact positively or negatively on the business in terms of structure, process, culture and business strategy. Thus, businesses need to improve or change themselves continuously to survive and succeed (Dess and Picken, 2000). In order to make a business successful, effective ways to manage the changes that occurred are needed. Due to organizations facing the challenges of the environment changing over time, the person who is responsible to deal with the changes is the leader. The leader will have the task of creating and implementing a good strategy to enhance strengths, reduce weaknesses, assess the crisis and find new opportunities (Osborn, Hunt and Jauch, 2002).

In the past 20 years, there were many scholars who have studied transformational leadership theory. Burns (1978) was the first to introduce concepts of transformational leadership (Timothy, Judge and Ronald, 2004). Conger and Kanungo (1998) noted that, transformational leadership is the style of leadership that highlights the need of change, creates a vision of change through motivation, and performs the change with the full commitment of the follower. Transformational leadership is a style of high capability leadership that influences visions of change, strategies and organizational cultures. Moreover, transformational leaders can support the creativity and innovation of the follower by intrinsic motivation, which develops the relationship amongst followers (Morales et al., 2011). Summarily, the relationships of transformational leadership depend on the hypothesis that successful leadership has to be measured on efficiency and effectiveness. Also, leaders have to manage and lead. That means the leader has to follow the transformational leadership model. However, these styles of leadership depend on different and particular situations.

From literature reviews, transformational leadership is one of the best ways to create performance and competitive advantages (Verdigets and Louis, 2008). This is consistent with Douglas, Brown, and Keepingb (2005) who also argued that transformational leadership resulted in positive effects on organizational outcomes. Hence, this leads to interest in directing the present

study. Therefore, the results of the study will be useful for top administrators to improve and develop firm performance.

The main objective of this paper is to examine the relationship between the four dimensions of transformational leadership (idealized influence, inspirational motivation, intellectual stimulation and individualized consideration), organizational innovation, organizational efficiency, and firm performance. In addition, the antecedent role of environmental pressure, as well as the moderating roles of organizational experience is also examined. The key research question focuses on how transformational leadership is related to firm performance. Furthermore, to focus on this relationship, four specific research questions are created as follows: (1) How do the four dimensions of transformational leadership have an effect on organizational innovation, organizational efficiency and firm performance? (2) How do organizational innovation and organizational efficiency have an influence on firm performance? (3) How does environmental pressure have an effect on the four dimensions of transformational leadership? And (4) How does environmental pressure have an influence on the four dimensions of transformational leadership via moderating effects of organizational experience?

The essential points of this research are structured as follows: The first section reviews the existing literature that is relevant among these variables, and then proposes the theoretical framework review to explain the conceptual model and developing the related hypotheses for examining. The second section reveals the data collection procedure and data analysis method for hypotheses testing. The third part presents the examination of results and discussion. The final section provides both theoretical and managerial contributions, limitations, recommendations for further research, and a conclusion.

2. Literature Review and Hypotheses Development

The conceptual model is proposed as shown in figure 1. demonstrating the relationships between transformational leadership, organizational innovation, organizational efficiency, firm performance, and the antecedents of transformational leadership. Moreover, this study examines organizational experience as a moderator in the context of instant foods and convenience foods firms in Thailand. In this study, all hypotheses are provided as positive.

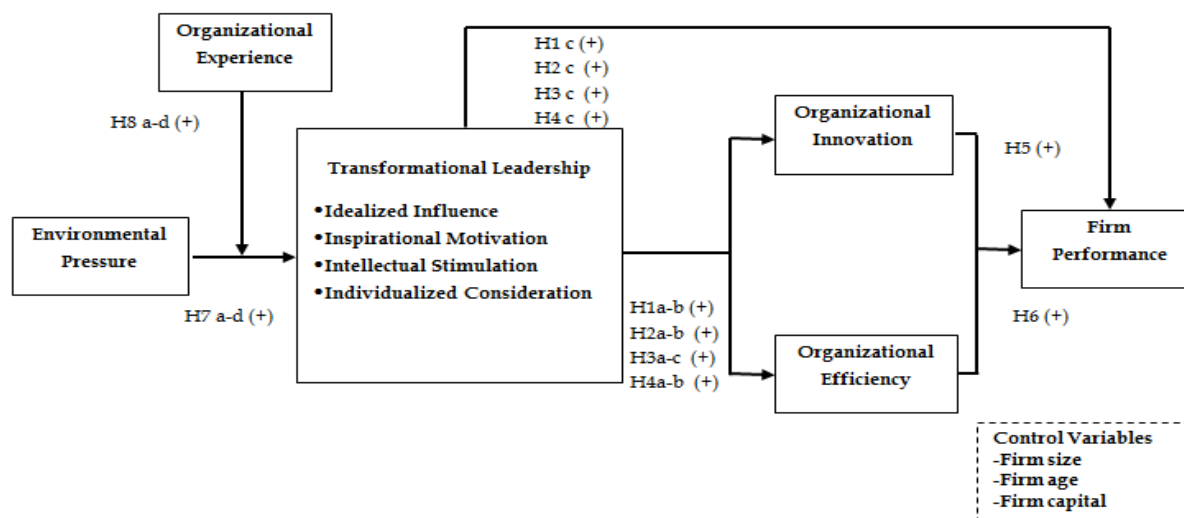


Figure 1: Model of Transformational Leadership and Firm Performance

2.1 Transformational Leadership

Burns (1978) suggested that a transformational leader is a person who builds the motivation of his or her followers to be more efficient by changing their attitude, beliefs and

values. Bass (1985) argued that a transformational leader is the leader who stimulates and creates inspiration to the followers. Moreover, transformational leaders also support the competency of their followers. The evidence from the previous studies reveals that transformational leadership is related to high performance and leads to high satisfaction of employees.

It has a relationship with four dimensions; idealized influence, inspirational motivation, intellectual stimulation and individualized consideration.

Idealized Influence

Idealized influence is the degree that the leader behaves as a role model or a model for the followers. The leader will be honored, respected, and trusted by their followers when working together. The followers attempt to behave like the leader and imitate their leadership style (Antonakis, Avolio, and Sivasubramaniam, 2003). Correa et al. (2007) argued that leaders who have idealized influence, tend to build creative ideas within their firms, and their behaviors are likely to act as “creativity-enhancing forces”. Then the resulting heightened levels of motivation and self-esteem in the followers are likely to increase organizational innovation (Mumford et al., 2002). Therefore, it is more likely that idealized influence has a positive effect for organizational innovation, organizational efficiency and firm performance. Thus, it can be hypothesized as follows:

Hypothesis 1: Idealized influence will have a positive influence on (a) organizational innovation, (b) organizational efficiency, and (c) firm performance.

Inspirational Motivation

Inspirational motivation is the degree to that the leaders behave in the way of motivation and inspiration to their followers by creating intrinsic motivation, challenging their works and creating a positive attitude of their followers. Leaders will display dedication or a commitment to share the goals and visions of the organization (Bass, 1985). From the study of Elkins and Keller (2003) the authors revealed that inspirational motivation leads to innovation, efficiency and better performance of the firm. This is because it provides encouragement into the idea generation process that creates innovative thinking of followers (Sosik, Kahai, and Avolio, 1998). Hence, the hypotheses are posited as below:

Hypothesis 2: Inspirational motivation will have a positive influence on (a) organizational innovation, (b) organizational efficiency, and (c) firm performance.

Intellectual Stimulation

Intellectual stimulation is the degree to which the leaders motivate followers to realize problems and making the followers look for new methods to solve these problems and find new ideas for a better conclusion. The leader has to solve problems systematically (Rafferty & Griffin, 2004). According to Lu and Arzullsev (2009), the leader who displays intellectual stimulation is able to enhance exploratory thinking leading to innovative, higher efficiency and better performance. Thus, it can be hypothesized as follows:

Hypothesis 3: Intellectual stimulation will have a positive influence on (a) organizational innovation, (b) organizational efficiency, and (c) firm performance.

Individualized Consideration

Individualized consideration is the degree to which the leader attends to each follower's needs and makes their followers feel valuable and important. The leader is a coach and advisor of each follower in order to develop them. Moreover, the leader emphasizes an individual requirement of their followers. Then, the leader will develop the potential of each follower to a higher level (Matveev and Lvina, 2007). Sosik, Kahai, and Avolio (1998) suggested that individualized consideration tends to keep the interest of each follower and encourages followers to be innovators. Moreover, leaders who have individualized consideration will serve as a reward for the followers (Lu and Arzullsev, 2009). Hence, the research relationships are hypothesized as follows:

Hypothesis 4: Individualized consideration will have a positive influence on (a) organizational innovation, (b) organizational efficiency, and (c) firm performance.

2.2 Organizational Innovation

Organizational Innovation is defined as the invention in process management operation, novel structure or technique which is responsible for the goal of the organization (Birkinshaw et al., 2008). Zaltman et al. (1973) have researched a variety of empirical studies that supported the relationships of innovation. It also implies that there is a positive relation between organizational innovation and organizational performance, and there is a difference between the viewpoint of innovation and performance. Irwin et al. (1998) suggested that the more valuable, imperfectly imitable and rare innovations would lead to higher performance. Therefore, the firms with high innovation can better respond to the changes in environment, find it easier to increase organizational performance, and to obtain a sustainable competitive advantage. Antonioli, et al. (2004) suggested that new sales and financial techniques are the innovation of a firm, which can be assigned as the new working methods that lead to better performance. There are many studies which display organizational innovation as having a relation with organizational performance (Calantone et al., 2002, Hurley et al., 2003, Cheng et al., 2010, Camiso'n and Lo'pez, 2010). From the above mentioned relationship, it can be hypothesized as follows:

Hypothesis 5: Organizational innovation will have a positive influence on firm performance.

2.3 Organizational Efficiency

Organizational efficiency is concerned with the internal function of the firm and normality, it has been considered to be best represented through some ratio of inputs to outputs (Chamberlain, 1968). From the study of Eckert et al. (2008), organizational efficiency affects organizational performance improvement that supports business growth, presented by higher levels of net operational income, gross revenues, and growth in net revenues. Likewise, Aktaş et al. (2011) found that organizational efficiency can increase performance. Therefore, it can be hypothesized as follows:

Hypothesis 6: Organizational efficiency will have a positive influence on firm performance.

2.4 Environmental Pressure

Environmental pressure is the factors influenced from changing environment of production, technology, market, competitor and consumer style. These factors may be a threat for some organizations, but may be an opportunity for others (Sharma, 2000). Similarly, Mar Fuentes-Fuentes, Albacete Saez, and Llorens-Montes (2004) found that leaders perceive a degree of change and of uncertain change, then make relevant decisions that create a strategy for a dynamic environment. Therefore, it is more likely that environmental pressure affects transformational leadership. From the above mentioned relationship, it can be hypothesized as follows:

Hypothesis 7: Environmental pressure will have a positive influence on (a) idealized influence, (b) inspirational motivation, (c) intellectual stimulation, and (d) individualized consideration.

2.5 Organizational Experience

Organizational experience is an important factor leading to the competitive advantage and success of a firm. Organizational experience is defined as an organization's familiarity with firm operations and market environment. The experience will help managers to assign and select the best strategy for the firm (Majocchi et al., 2005). Furthermore, organizational experience will help the business for knowledge collecting and operation learning which, in turn, will reduce the time in realizing customers' needs and reduce business reaction times (Chung, 2004). Firms with great organizational experience have a tendency to increase firm's learning, offer the capability for doing successful business, and setting the firm to creativity and innovation strategies making for greater competitiveness and success in the dynamic surrounding. Thus, organizational experience can help organizations to receive the collected learning and knowledge of a firm's operation (Chung,

2004). As well as this, experience is related to a firms' ability to form critical strategies to increase their survival, performance and sustainability. These critical firm strategies include innovation capability, employee competency, transformational leadership and the excellence of business. Organizations that have higher experience of skill and know how tend to offer greater transformational leadership and support firm profitability as outstanding. Hence, a firm's experience explicitly increases a firm's ability to offer excellent transformational leadership (Kuckertz and Wagner, 2010). Thus, it can be hypothesized as follows:

Hypothesis 8: Organizational experience will positively moderate the relationships between environmental pressure and (a) idealized influence, (b) inspirational motivation, (c) intellectual stimulation, (d) individualized consideration.

3. Research Methods

3.1 Sample Selection and Data Collection Procedure

For the survey, instant foods and convenience foods businesses in Thailand were selected as the sample in this study. The database is drawn from The Department of Industrial Promotion, Ministry of Industry Thailand in March, 2015. A mail survey procedure via questionnaire was used for data collection. The key participants in this study were chief executive officers (CEO), managing directors and executive directors. The questionnaire was sent to 671 firms. In addition, with regard to the questionnaire mailing, 15 surveys were undeliverable due to some firms having moved to unknown locations. The valid mailing was 656 surveys, from which 163 responses were received. From these completed responses, only 152 were usable. The effective response rate was approximately 23.17%. According to Aaker, Kumar and Day (2001), 20 percent of response rate from mail survey is satisfactory for subsequent analysis.

Finally, to test potential and non-response bias and to detect and consider possible problems with non-response errors, the assessment and investigation of non-response-bias was centered on a comparison of first and second wave data as recommended by Armstrong and Overton (1977). The t-test statistics were used to test the difference between early and late responses in various firm characteristics which consisted of the business type, location of firm, capital investment or operation capital, and average sales revenues per year. The results did not find any significant differences between the two groups. Thus, non-response bias does not pose a significant problem for this study.

3.2 Measurements

All constructs in the model include multiple-item scales. Each of these variables is measured by a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). An exception was demographic and control variables. The measurements of dependent, independent, mediating, moderating, and control variables are discussed as below:

Independent Variables

Transformational leadership (TL) is the capability of leaders to encourage subordinates to achieve performance over expectations by changing the subordinates' attitudes, values and beliefs as opposed to simply gaining agreement (Rafferty and Griffin, 2004). It is measured by a sixteen-item scale, adapted from Bass's Multifactor Leadership Questionnaire (MLQ) Form 5X—Short (Bass and Avolio, 2004). It is classified into four dimensions namely idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration.

Idealized influence (II) is measured by a four-item scale, and it is defined as the capability of leaders to perform in charismatic ways that causes followers to identify with them (Piccolo and Colquitt, 2006).

Inspirational motivation (IM) is measured by a four-item scale, and it is defined as the capability of leaders to input a sense of vision by setting high standards of working and expectations (Menguc and Auh, 2008).

Intellectual stimulation (IS) is measured by a four-item scale, and it is defined as the degree to which leaders support and offer the creation of innovative and creative solutions to past problems (Menguc and Auh, 2008).

Individualized consideration (IC) is measured by a four-item scale, and it is defined as the degree of which leaders attend to followers' needs, act as coaches or mentors, and listen to the followers' concerns (Piccolo and Colquitt, 2006).

Consequent variables

Organizational innovation (OI) is measured by a four-item scale, and it is defined as the firm's ability to apply collected resources, skills, knowledge that is effective in creating innovation and relates to the development of new products, process, management, technology, marketing and new managing systems in order to make the firm for more valuable and competitive than their competitors (Hogan et al., 2011).

Organizational efficiency (OE) is measured by a four-item scale, and it is defined as the firm's level of success in using the least possible inputs to produce the highest possible outputs (Peter and Pett, 2002).

Firm performance (FP) is measured by a four-item scale, and it is defined as the results of business operations (Pansuppawat and Ussahawanitchakit, 2011).

Antecedent variable

Environmental pressure (EP) is measured by a five-item scale, and it is defined as the pressure of the environment and its effects on business including customers, competitors, the market, technology, and competition (Javier and Óscar, 2010).

Moderating variables

Organizational experience (OEX) is measured by a four-item scale, and it is defined as an organization's familiarity with firm's operational, market environments and corporate practices (Majocchi et al., 2005).

Control Variables

Firm age is defined as the number of years since the organization has been in operation, and is measured by the amount of years that the firm has operated their business (Kotabe, Jiang, and Murray, 2011).

Firm size may affect the capacity to adjust, and redefine a firm's strategy (Zahra et al., 2007). It was measured by the number of full-time current staff that was registered in firms.

Firm capital might affect the application of firm strategies to enhance superior performance (Ussahawanitchakit, 2007). It is measured by the money quantity which an organization uses to invest for authorized capital.

3.3 Methods

To test both reliability and validity in this research, firstly, this analysis was operated separately on each set of the items representation of a particular scale due to limited observations. Factor loading of each variable presents higher values. All factor loadings are 0.805 - 0.938, being greater than the 0.4 cut-off and are statistically significant, noting that factor loading of each variable should not be less than 0.4 (Nunnally and Bernstein, 1994). Secondly, the reliability of measurements was estimated by Cronbach alpha coefficients. In the scale reliability, Cronbach alpha for multiple-item scales are shown between 0.862 - 0.931. Cronbach alpha coefficients are considered by greater than 0.70 (Nunnally and Bernstein, 1994). The scales of all measurements appear to produce internally consistent results; thus, these measurements are judged appropriate for further analysis because they express an accepted validity.

Items	Factor Loadings	Cronbach Alpha
Idealized Influence (II)	0.833-0.910	0.905
Inspirational Motivation (IM)	0.870-0.921	0.916
Intellectual Stimulation (IS)	0.845-0.906	0.904
Individualized Consideration (IC)	0.827-0.870	0.862
Organizational Innovation (OI)	0.805-0.897	0.876
Organizational Efficiency (OE)	0.823-0.910	0.887
Firm Performance (FP)	0.889-0.938	0.931
Environmental Pressure (EP)	0.819-0.877	0.904
Organizational Experience (OEX)	0.854-0.923	0.899

Table 1 : Results of Measurement Validation

3.4 Statistical Techniques

The ordinary least squares (OLS) regression analysis is used to test and evaluate all hypotheses to follow the conceptual model. Thus, the above mentioned constructs play significant roles for explaining the relationships of this research. Because of all dependent variables, independent variables, moderating variables, and the control variables in this study were neither nominal data nor categorical data, OLS is an appropriate method for investigating the hypothesized relationships (Hair et al., 2010). Under the umbrella of the present study, the research model of these relationships is depicted as below:

Equation 1: $OI = \beta_{01} + \beta_{11}II + \beta_{21}IM + \beta_{31}IS + \beta_{41}IC + \beta_{51}FA + \beta_{61}FS + \beta_{71}FC + \epsilon_1$
 Equation 2: $OE = \beta_{02} + \beta_{32}II + \beta_{92}IM + \beta_{102}IS + \beta_{112}IC + \beta_{122}FA + \beta_{132}FS + \beta_{142}FC + \epsilon_2$
 Equation 3: $FP = \beta_{03} + \beta_{153}II + \beta_{163}IM + \beta_{173}IS + \beta_{183}IC + \beta_{193}FA + \beta_{203}FS + \beta_{213}FC + \epsilon_3$
 Equation 4: $FP = \beta_{04} + \beta_{224}OI + \beta_{234}OE + \beta_{244}FA + \beta_{254}FS + \beta_{264}FC + \epsilon_4$
 Equation 5: $II = \beta_{05} + \beta_{275}EP + \beta_{285}FA + \beta_{295}FS + \beta_{305}FC + \epsilon_5$
 Equation 6: $II = \beta_{06} + \beta_{316}EP + \beta_{326}OEX + \beta_{336}(EP*OEX) + \beta_{346}FA + \beta_{356}FS + \beta_{366}FC + \epsilon_6$
 Equation 7: $IM = \beta_{07} + \beta_{377}EP + \beta_{387}FA + \beta_{397}FS + \beta_{407}FC + \epsilon_7$
 Equation 8: $IM = \beta_{08} + \beta_{418}EP + \beta_{428}OEX + \beta_{438}(EP*OEX) + \beta_{448}FA + \beta_{458}FS + \beta_{468}FC + \epsilon_8$
 Equation 9: $IS = \beta_{09} + \beta_{479}EP + \beta_{489}FA + \beta_{499}FS + \beta_{509}FC + \epsilon_9$
 Equation 10: $IS = \beta_{10} + \beta_{5110}EP + \beta_{5210}OEX + \beta_{5310}(EP*OEX) + \beta_{5410}FA + \beta_{5510}FS + \beta_{5610}FC + \epsilon_{10}$
 Equation 11: $IC = \beta_{11} + \beta_{5711}EP + \beta_{5811}FA + \beta_{5911}FS + \beta_{6011}FC + \epsilon_{11}$
 Equation 12: $IC = \beta_{12} + \beta_{6112}EP + \beta_{6212}OEX + \beta_{6312}(EP*OEX) + \beta_{6412}FA + \beta_{6512}FS + \beta_{6612}FC + \epsilon_{12}$

4. Results and Discussion

Table 2 demonstrates the correlation matrix and descriptive statistics for all constructs. Depending on the concern of multicollinearity among independent variables, Variance Inflation Factors (VIF's) were used to prove this problem. The range of VIFs is from 1.077 to 3.896, that was below the cut-off value of 10 as recommended by Hair et al., (2006). Hence, we can conclude that the multicollinearity varies and may affect the weights of the explanatory variables in the model which is not a serious problem of this research.

	II	IM	IS	IC	OI	OE	FP	EP	OEX	FA	FS	FC
Mean	4.197	4.126	4.019	3.922	3.878	3.784	3.639	4.164	3.958	0.690	0.630	0.450
S.D	0.646	0.647	0.700	0.710	0.633	0.586	0.719	0.615	0.585	0.464	0.486	0.499
II												
IM	.800**											
IS	.757**	.799**										
IC	.703**	.728**	.760**									
OI	.638**	.645**	.576**	.644**								
OE	.614**	.573**	.488**	.502**	.728**							
FP	.454**	.460**	.518**	.495**	.527**	.484**						
EP	.572**	.565**	.505**	.489**	.611**	.575**	.441**					
OEX	.533**	.531**	.518**	.532**	.698**	.679**	.466**	.745**				
FA	.067	.052	.080	.114	.082	.138	.090	.106	.083			
FS	.216**	.217**	.216**	.201**	.229**	.290**	.161**	.399**	.264**	.615**		
FC	.890	.149	.093	.091	.176**	.106	.046	.202**	.195**	.276**	.058	

p<0.05, *p<0.01

Table 2 : Descriptive Statistics and Correlation Matrix

Table 3 presents the results of ordinary least square (OLS) regression analysis of the relationships among four dimensions of transformational leadership (includes idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration), organizational innovation, organizational efficiency and firm performance. The results show that idealized

influence has a significant positive effect on organizational innovation and organizational efficiency, but has a not significant positive effect on firm performance ($b_1=0.225$, $p<0.05$; $b_7=0.408$, $p<0.01$). Thus, hypotheses 1a and 1b are supported, but, hypothesis 1c is not supported. Hypothesis 2 proposed that inspirational motivation would be positively associated with organizational innovation, organizational efficiency, and firm performance. Interestingly, inspirational motivation has a significant positive effect on only two consequences of transformational leadership as organizational innovation and organizational efficiency ($b_2=0.243$, $p<0.05$; $b_8=0.249$, $p<0.05$). Therefore, hypotheses 2a and 2b are supported, but, hypothesis 2c is not supported. Surprisingly, intellectual stimulation has a significant positive effect on firm performance, only that contrary from two dimensions above ($b_{16}=0.278$, $p<0.05$). Thus, hypothesis 3c is supported, but, hypotheses 3a and 3b are not supported. Then, hypothesis 4 predicted that individualized consideration would be positively related with organizational innovation, organizational efficiency, and firm performance. The result revealed that individualized consideration has a significant positive effect on organizational innovation and firm performance, but is not significant on organizational efficiency ($b_4=0.334$, $p<0.01$; $b_{17}=0.208$, $p<0.1$). Thus, hypotheses 4a and 4c are supported, but, hypothesis 4b is not supported. This result is consistent with the study of Lu and Arzullsev (2009), who revealed that transformational leadership had a significantly positive effect on organizational innovation.

According to hypotheses 5 and 6, organizational innovation and organizational efficiency have a significantly positive effect on firm performance ($b_{21}=0.388$, $p<0.01$; $b_{22}=0.190$, $p<0.1$). Thus, hypotheses 5 and 6 are supported. Similarly to the study of Cheng et al. (2010) who argued that there is positive relationship between organizational innovation and organizational performance.

Independent Variables	Dependent Variables			
	Model11	Model12	Model13	Model14
	OI	OE	FP	FP
Idealized Influence (II)	0.255** (0.105)	0.408*** (0.113)	0.066 (0.126)	
Inspirational Motivation (IM)	0.243** (0.115)	0.249** (0.124)	0.026 (0.138)	
Intellectual Stimulation (IS)	-0.077 (0.111)	-0.132 (0.119)	0.278** (0.133)	
Individualized Consideration (IC)	0.334*** (0.096)	0.097 (0.104)	0.208* (0.115)	
Organizational Innovation (OI)				0.388*** (0.102)
Organizational Efficiency (OE)				0.190* (0.104)
Firm age (FA)	0.023 (0.133)	0.103 (0.143)	0.052 (0.159)	0.043 (0.157)
Firm size (FS)	0.032 (0.164)	0.407** (0.176)	0.128 (0.196)	0.128 (0.197)
Firm capital (FC)	0.168 (0.151)	-0.177 (0.163)	-0.097 (0.181)	-0.164 (0.180)
Adjust R ²	0.486	0.405	0.265	0.280

*p<0.1, **p<0.05, ***p<0.01, a beta coefficients with standard errors in parenthesis.

Table 3 : Results of Regression Analysis

Independent Variables	Dependent Variables							
	Model15	Model16	Model17	Model18	Model19	Model110	Model111	Model112
	II	II	IM	IM	IS	IS	IC	IC
Environmental Pressure (EP)	0.558*** (0.070)	0.398*** (0.110)	0.546*** (0.070)	0.387*** (0.111)	0.484*** (0.073)	0.336*** (0.114)	0.471*** (0.74)	0.181 (0.114)
Organizational Experience (OEX)		0.223** (0.107)		0.235** (0.107)		0.267** (0.110)		0.386*** (0.111)
EP x OEX		-0.005 (0.040)		0.007 (0.41)		0.054 (0.042)		-0.028 (0.042)
Firm age (FA)	-0.022 (0.152)	-0.018 (0.152)	-0.034 (0.154)	-0.025 (0.153)	0.013 (0.160)	0.041 (0.157)	0.109 (0.162)	0.108 (0.157)
Firm size (FS)	0.278 (0.187)	0.170 (0.192)	0.170 (0.189)	0.055 (0.194)	0.291 (0.196)	0.158 (0.199)	0.215 (0.199)	0.028 (0.199)
Firm capital (FC)	-0.205 (0.173)	-0.169 (0.172)	-0.016 (0.174)	0.021 (0.174)	-0.178 (0.182)	-0.144 (0.178)	-0.136 (0.184)	-0.071 (0.179)
Adjust R ²	0.321	0.332	0.306	0.321	0.247	0.283	0.230	0.280

*p<0.1, **p<0.05, ***p<0.01, a beta coefficients with standard errors in parenthesis.

Table 4 : Results of Regression Analysis

Table 4 presents the results of analyses for the antecedent and moderating effect of transformational leadership. The results revealed as follows; Firstly, it is interesting to see that environmental pressure has a significant positive effect on all dimensions of transformational leadership and ($b_{26}=0.558$, $p<0.01$; $b_{36}=0.546$, $p<0.01$; $b_{46}=0.484$, $p<0.01$; $b_{46}=0.471$, $p<0.01$). Hence, **hypothesis 7 is fully supported**. This is consistent with the study of Ussahawanitchakit (2011), who showed that globalization force has a significantly positive influence on charismatic role modeling. Secondly, this is more surprising that the interaction between organizational experience and environmental pressure has a not significant influence on transformational leadership with all of the dimensions. Thus, **hypothesis 8 is not supported**.

5. Contributions and Directions for Future Research

5.1 Theoretical Contributions and Directions for Future Research

The present research investigates to gain more understanding of the relationships between transformational leadership and its consequences (organizational innovation, organizational efficiency and firm performance) and antecedents as environmental pressure and its moderators which present organizational experience in instant foods and convenience foods businesses in Thailand. According to transformational leadership, this study focuses on its importance in the context of management, which provides unique theoretical contributions by extending the knowledge of leadership literature by incorporating leadership and strategic management fields. This research also extends the measurement of transformational leadership by appropriate modification to the scale according to management contexts. Furthermore, it can contribute that this research has examined the conceptualization of transformational leadership in different business settings and different countries, which are clearly differentiated from most existing studies. Therefore, the need for further research is apparent and it should shift to a variety of samples from the other sectors in order to obtain a precise and reliable analysis of this model offering. Interestingly, the contribution of theory was spread over the extended dimension of transformational leadership and empirically tested with antecedent and consequence variables which are distinctive aspects for further future study.

5.2 Managerial Contributions

This research also helps administrators identify and justify the key elements that may be more critical in a rigid competitive market. From a practical and managerial contribution, many important insights can be gained from this research. This research can facilitate CEO's or the general manager, particularly in instant foods and convenience foods, to understand how their firms can complete transformational leadership, and accomplish firm sustainability better than their competitors. Extension of competitiveness of a firm is a suitable a foundation for improved firm performance. Therefore, transformational leadership has become an important topic for executives in the business sector. Consistent with the results of this study, it shows that environmental pressure is significantly related to all dimensions of transformational leadership that lead to better performance of a firm. This empirical research helps to plan the solutions in business problems which offer the basis of survival and success for organizations. Hence, to maximize the benefit of a firm's strategy, CEO's should try this type of leadership to support effectiveness and create new opportunities and competitive advantage.

6. Conclusion

This paper discusses transformational leadership in the context of instant foods and convenience foods businesses in Thailand. Coping with an uncertain environment which may incur from the consequences of the ASEAN association or after a Thai political crisis. According to these, the external factor has a direct impact on organization survival. The aim of this research indicates that to study the relationships among four dimensions of transformational leadership and firm performance via organizational innovation, organizational efficiency follows from the antecedent effects of environmental pressure, under the moderating effects of organizational experience. The

model testing is collected data from a mail survey of 671 instant foods and convenience foods businesses in Thailand. Interestingly, this research found that environmental pressure has a significant positive effect on transformational leadership. Furthermore, transformational leadership in the dimensions of intellectual stimulation and individualized consideration has a significant positive effect on firm performance. Surprisingly, the interactions between organizational experience and environmental pressure do not have a significant influence on transformational leadership with all of the dimensions.

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