



The effect of leadership style on financial performance: a
case of telecommunication companies in Jordan

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Case of telecommunication companies in Jordan

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ABSTRACT

With the advent of the technological revolution, economic globalization and the fundamental change of the social production method, human capital and social capital has become the key factors for a business organization to achieve competitive advantage (Li and Hu, 2007). This paper discusses the effect of leadership types on telecommunication organizational financial performance in Jordan. In other words, the study attempts to investigate whether there is a significant relationship between leadership types and organizational financial performance in selected telecommunication organizations in Jordan. The number of respondent is 120 managers of four organizations in Amman-Jordan. Their perspectives were translated into reports based on transformational, transactional and situational leadership styles. Based on regression analysis, it is clearly seen that there is only one independent variable that is significant which is transformational leadership that affecting the telecommunication organizational financial performance in Jordan.

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CHAPTER ONE

BACKGROUND

1.0 INTRODUCTION

An organization is a social set up, which has a boundary that divides it from its environment, pursues its own collective goals, and controls its own performance. In a formal organization, interactions are rationally coordinated and directed through time on a continuous basis. The person at the helm of affairs is usually the leader (Ekeland, 2005).

Fry et al., (2005) mentioned that the field of performance excellence has emphasized the need to go beyond reporting financial metrics to include non-financial predictors of financial performance such as customer satisfaction, organizational outputs such as quality and delivery, process or internal operating measures, and employee commitment and growth. Recent developments in strategic scorecards, performance measurement and quality, also pointed out the pivotal role that employee well-being, commitment, and productivity played in predicting other key strategic performance indicators. Of these performance categories, employee commitment was the central and leading indicator. Moreover, a high degree of workplace spirituality and spiritual leadership, as a driver of organizational commitment and productivity, is essential to optimizing organizational performance (Fry and Matherly, 2006). Organization improve performance in order to anticipate change and develop new structures, effective leadership performance may be essential to ensure that change leads to increased effectiveness, efficiency and profitability (Erkutlu, 2008). Thus, it is encourage understanding the relationship between leadership and business performance is required.

Maddock and Fulton (1998) noted that the leadership and other organization processes of the organization should be as that can ensure maximum probability within all communications.

interactions and relationships with the organizations, each member will in the light of his/her background, values and expectations, view the expenses as supportive and one which can build and maintain his/her personal sense worth and importance.

Kraines (2001) noted that the word of leadership is use in many field such as: business executives, educationist, social workers, and political science. Though, there is large difference as regards the exact meaning. It is important to differentiate between leadership as an organization function and as a personal quality.

Bowery (2004) mentioned that it is important to differentiate between leadership as personal quality and as organization function. The later entails special combination of personal characteristics, which brings to light qualities and individuals abilities (Bowery, 2004). The former refers to the distribution of power through out an organization and it brings to focus the pattern of power and authority in the organization.

Erkutlu (2008) defined Leadership as a social influence process. It involves determined the group or organization's objectives, encouraged behavior in pursuit of these objectives, and influencing group maintenance and culture. It is a group phenomenon; there are no leaders without followers. Because of that, leaders who are always stand on the stem of the ship; play a vital role in group or organization. Therefore, leaders must be the good image in others' eyes; especially leader's words are golden words in term of followers' respect. Leadership is one of the necessary and importance characteristics of a leader; it is one of the crucial factors that lead to success. This also means that if those who got the leadership will be the ones who keep the key of great leader. It is considered as a social influence process.

Abdul Hadi (2004) mention that the effective of leadership is considered a determining factor in creating high performance organization. Because of its significance, leadership as topic has receive considerable attention particularly in the western world, beginning early this century and continuing until the present. Thus, this study focuses on the evaluation of leadership and organizational performance.

1.1 PROBLEM STATEMENT

The numbers of industries springing up yearly in Jordan are increasing, but some industry unable to cover the cost and salary for the employee that is why they force to close the shop. However, many of them fail because of many factors have been attributed to the performance of leadership. Kets (1996) pointed out that the effective of leadership was considered a determining factor in creating high performance for the organization. Because of its significance, leadership as a topic has received considerable attention particularly in the western world, beginning early this century and coming until the present (Kets, 1996).

This study focuses on the leadership styles and its effect on the telecommunication organizations' financial performance which are located in Amman-Jordan. Amman has been chosen because it is one of the strongest business nerve centers in the country. The number of organizations springing up from this area is unparalleled when compared to other cities in the country.

This present study also addresses leadership styles that affect labor management relations and productivity in the selected telecommunication organizations in Jordan.

1.2 RESEARCH QUESTIONS

The purpose of this study is to answer the following questions:

1. Is there any significant relationship between transformational leadership styles and financial performance?
2. Is there any significant relationship between transactional leadership styles and financial performance?
3. Is there any significant relationship between situational leadership styles and financial performance?

1.3 RESEARCH OBJECTIVE

The objectives of the research are as in the follows:

1. To identify if transformational leadership styles significantly influence the financial performance.
2. To identify if transactional leadership styles significantly influence the financial performance.
3. To identify if situational leadership styles significantly influence the financial performance.

1.4 SCOPE OF RESEARCH

Erkutlu (2008) defined leadership as a social influence process. It involves determining the group or organization's objectives and achieves the business goal, encouraging behavior in pursuit of these objectives, and influencing group maintenance and culture. Therefore, this study would consider on the leadership and organizational financial performance evaluation

regards the types of leadership that contributes the concept of leadership style in order to improve the organizational financial performance in the management landscape. Moreover, the satisfaction of the management and employees with the utilizing of the new style of Leadership in order to improve the organizational financial performance managements would be measured. The Amman organizations are evaluated based on the adopted new style of Leadership to affected labor management relations and productivity for management landscape.

1.5 SIGNIFICANCE AND LIMITATION OF THE RESEARCH

This study provides an alternative and value-add approach which related to the study on leadership and organizational performance by utilizing the concept of leadership style. The implementation of leadership and organizational financial performance hopefully would be increased the status of the organizations management profession as a whole.

Second, this study contributes the current body of knowledge for the leadership and organizational financial performance for the telecommunication industry.

It is believed that this study will be of immense importance because it will reveal the relationship between leadership and organizational financial performance in the selected telecommunication organizations of Jordan in and how leadership style could be applied to organizations bearing in mind the environmental differences. Secondly, it will be of great importance to the student of business administration who may be heading organizations after their studies.

Finally, this study will enable management and leaders of organizations to become aware of the factors that actually motivate their employees to low and high productivity in their work areas.

1.6 SUMMARY

This chapter explains the background of the study and research problems related to the leadership and organizational financial performance in Jordanian organizations that should be solved which gives motivation to this study. The objective of this study is to analyze the relationship between leadership and organizational financial performance in Jordanian telecommunication organizations.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

Former views about leadership illustrate that it is seen as a personal capability. However, base on opinion of Messick and Kramer (2004) that the degree to which individuals' exhibits leadership depends on the characteristics and personal abilities, characteristics of the location and environment in which he finds himself. Furthermore, Messick and Kramer (2004) explained that since human beings could become members of an organization in order to achieve certain personal objectives, the extent to which they are active members depends on how they are convinced that their membership will enable them to achieve their predetermined objectives. Therefore an individual will support an organization if he believes that through it, his personal objectives and goals could be met. if not the person's interest in the organization will decline.

According to London (2001), objectives assist executives in performing leadership roles by providing the basis for uniting the efforts of the workers within the organization. It was further stressed that achieving set objectives help to give identity to an organization as well as recognition and status.

As mentioned by Dubrin (2007), there are different classes of needs. These include: physical, social and egoistic needs. However, job satisfaction is often associated with human need and condition. Leadership has been linked to management as it involves directing, controlling to an extent the nature, degree, extent and passé of activities and changes occurring within the organization. Management as a process is rooted in the interactions of

people at work directed towards maximization of efficiency and scarce resources: labor, machines, raw materials and information (Hoover *et. al.*, 2001).

In context, leadership development can be viewed as the planned experience, guided growth and training opportunities provided for those in position of authority. To this effect the leader of a small scale business should recognize that their responsibilities include performing management function, which according to Dubrin (2007) are planning, organizing, directing, controlling and co-ordination of all activities as they relate to the activities of the firm in order to achieve the firm's objectives.

Paley (2004) explained that planning is a process of looking ahead to determine the course of action(s) a firm or organization will follow to achieve its objectives. Both short and long term plans should be duly considered for an organization's success. The contributor further buttressed that organizing as a function involves correlating the basic components of the firm: people, tasks and materials so that they follow and align with the set goals and objectives.

2.1 TYPES OF LEADERS

Leaders are individuals who exert influence to help meet group goals. However, there are two types of leaders, the first one is formal leaders and the second one is informal leaders.

➤ Formal leaders – are members of an organization that are given authority by an organization to influence other organizational members to accomplish organizational goals. It can refer to political or business leadership.

➤ Informal leaders - have no formal job responsibility to influence others but can sometimes exert as much and sometimes more influence as formal leaders due to special skills or talents. However, this type of leaders more seen in friendships.

Goldman (2006) noted that the leaders or managers were given birth to and not made; possibly they came from a specific family or lineage. Therefore, there is only one specific form of leadership style. Although, later studies focusing on behavioral point of view of both leaders and subordinates in actual work situation showed that there exist different forms of leadership styles.

2.2 LEADERSHIP STYLES

There are a number of different styles of leadership and management that are based on different theories. The individuals style will be use based on a combination of their beliefs, values and preferences, as well as the organizational culture and norms which will encourage some styles and discourage others.

2.2.1 TRANSFORMATIONAL LEADERSHIP

To use this approach in the workforce, one must first understand exactly what transformational leadership is. In the simplest terms, transformational leadership is a process that changes and transforms individuals (Northouse, 2001). In other words, transformational leadership is the ability to get people to want to change, to improve, and to be led.

Northouse (2001) defined that the transformational leadership is a process that changes and transforms individuals. Additional, the transformational leadership is the ability to get people to improve, to change and to be led. It involves assessing associates motives, satisfying their

needs and valuing them (Frances and Cohen, 1999). Hence, a transformational leader could improve the company performance and make more successful of the company objectives.

Sidani (2007) mention that there are four factors to transformational leadership which are idealized influence, intellectual stimulation, inspirational motivation, and individual consideration. Each of these factors can help managers to use this approach in the workplace.

- Idealized influence: describes managers who are exemplary role models for associates. Managers with idealized influence can be trusted and respected by associates to make good decisions for the organization.
- Intellectual Stimulation: describes managers who encourage innovation and creativity through challenging the normal beliefs or views of a group. Managers with intellectual stimulation promote critical thinking and problem solving to make improvement of organization performance.
- Inspirational motivation: describes managers who motivate associates to commit to the vision of the organization. Managers with inspirational motivation encourage team spirit to reach goals of increased revenue and market growth for the organization.
- Individual consideration: describes managers who act as coaches and advisors to the associates. Managers with individual consideration encourage associates to reach goals that help both the associates and the organization.

2.2.2 TRANSACTIONAL LEADERSHIP

Schneider (2002) stated that there are contrast charismatic leaders with non-charismatic leaders. Although, transformational leaders inspire exceptional performance, transactional or non-charismatic leaders aspire to achieve solid, consistent performance that meets agreed upon goals. Bass (1985) mentioned that transactional leaders give rewards and punishments to encourage performance, making the leader relationship essentially an economic transaction. Conger and Kanungo (1998) noted that the transactional leaders have three primary characteristics which are:

- First, transactional leaders work with their team members to develop clear, specific goals and ensure that workers get the reward promised for meeting the goals.
- Second, they exchange rewards and promises of rewards for worker effort.
- Third, transactional leaders are responsive to the immediate self-interests of workers if their needs can be met while getting the work done.

Transactional leadership encourages specific exchanges and a close connection between goals and rewards. Therefore, employees are not motivated to give anything beyond what is clearly specified in their contract. This is especially troubling for knowledge employees for whom it is much more difficult to specify complete job descriptions in advance.

According to Conger and Kanungo (1998) and Schneider (2002) all leaders exhibit characteristics of both transformational and transactional leadership styles. Individual leaders tend to emphasize one of these styles more than the other. Both types of leaders are required to effectively manage knowledge (Conger, 1999).

In contrast, transactional leadership explains the relationship between leader and follower as an exchange system of well-defined transactions. In turn, the leader rewards or disciplines the follower with regard to his/her performance. While several studies have focused on the relationship between these leadership styles and performance (Dumdum, Lowe & Avolio, 2002; Judge & Piccolo, 2004) the relationship between the leaders' behavior and subordinates' work related stress has mainly been neglected.

2.2.3 SITUATIONAL LEADERSHIP

Situational leadership theory is based on the interaction among the dimensions of relationship behavior and task behavior, as well as follower readiness or maturity for performing a certain task (Hersey and Blanchard, 1996). In their view, followers are the most critical factor in leadership proceedings. Thus, as followers differ, so does the suitable method of management.

Northouse (2001) noted that the situational leadership examines how leaders can become effective in many different types of organizational settings involving a wide variety of organizational tasks. Further, directive behavior involves clearly telling people what to do, how to do it, where to do it, and when to do it, and then loosely supervising their performance. Though, supportive behavior involves listening to people, providing support and encouragement for their efforts, and then facilitating their involvement in problem-solving and decision making (Blanchard, 1991).

Northouse (2002) showed that the effective of leadership occurs when the leader can accurately diagnose the development level of subordinates in a task situation and then exhibit the prescribed leadership style that matches that situation. Blanchard (1991) explains that the key to being a situational leader rests primarily on two variables. First the degree of difficulty

of the task, second the development level of the person doing the task. Development level is the degree of competence and commitment an employee has to perform a particular task without supervision. Competence is a function of knowledge or skills which can be gained from education, training or experience; Commitment is a combination of confidence self-assuredness and motivation interest and enthusiasm (Blanchard, 1991). Thus, the amount of direction provided will depend on the development level of the employee and the task at hand.

2.3 PROCESS OF LEADERSHIP

Dubrin (2007) defined the role of effective leadership as the role of the reduction in labor turnover as well as grievances are factors affecting leadership process, the principal goal of this study is to establish its relation to effectiveness. Effective leadership is determined by the degree to which it facilitates adequate or high productivity.

Schneider (2002) explained that there are some studies have shown that effective leaders stress the need for helpful people. Other studies showed reverse relationship to the following: size of the firm, personalities of subordinates, the nature of the production process, the feelings of the subordinates and the leader's power in the organization.

In generally, there may be no management style that could be effective in all situations. Therefore, suppose to be having modifications. Furthermore, Agboli and Chikwendu (2006) stressed that different work situations need different styles if they are to perform optimally. Often, leader's skills could be said to be diagnostic. The manager assesses all relevant factors affecting work.

Gerhard (2002) discussed that the technology regularly influences task structures and this is best illustrated by two extremes. First, Structures: an assemblage in a mass production factor is strictly defines with respect to method and time. Every job is specific as regards time and method. Every job is specialized and should be carried out with strict compliance to achieve the desired result. Second, unstructured: this has a wider perspective. It allows the subordinate to make decisions regarding methodology and sequence of performing his job. Occasionally, the job may be unspecific hence there could be many means of doing it.

2.4 ORGANIZATION FINANCIAL PERFORMANCE

2.4.1 DEFINITION OF ORGANIZATION FINANCIAL PERFORMANCE

According to Salem (2003) Organization performance is the facilitation of high achievement by employees. Organization performance management involves enabling people to perform their work to the best of their ability, meeting and perhaps exceeding targets and standards. Organization performance can be coordinated by an interrelated framework between manager and employee. Key areas of the framework to be agreed are objectives, human resource management, standards and performance indicators, and means of reward. For successful organization performance, a culture of collective and individual responsibility for the continuing improvement of business processes needs to be established, and individual skills and contributions need to be encouraged and nurtured. One tool for monitoring organization performance is performance appraisal. For organizations, performance management is usually known as company performance and is monitored through business appraisal (Hoogh et al., 2004).

Mccann (2004) organizational effectiveness has always measured how successfully organizations achieve their missions through their core strategies. Organizational

effectiveness studies are concerned with the unique capabilities that organizations develop to assure that success. Given the increasingly complex environments in which all organizations operate now, the capabilities that supported past performance will not work as well in the future. HR professionals and senior executives must understand the implications of this gap between current practice and emerging needs. The search is now on for new concepts and models to help explain what is happening in organizational environments, and how organizations can continue to achieve superior performance by developing more adaptive capabilities and skills.

2.4.2 FINANCIAL PERFORMANCE

Both in terms of definition and measurement, performance is a difficult concept. Organizational performance is central to the study of business strategy or policies (Bourgeois & Astley, 1979; Cheng & McKinley, 1983; White & Hamermesh, 1981). Researchers frequently take the performance of organizations into account when investigating such organizational phenomena as structure, strategy, and planning; however, in the literature, researchers disagree on what creates effective performance of a firm and how to measure performance. Various researchers have focused on modelling the antecedents and consequences of market orientation and on developing a valid measure of the construct to test its effect on organizational performance (Jaworski & Kohli, 1993; Kohli, Jaworski, & Kumar, 1993; Narver & Slater, 1990; Siguaw, Brown, & Widing, 1994; Slater & Narver, 1994).

Measuring firms' performance has been a major challenge for researchers. Strategic management researchers have raised questions about how performance should be measured (Connolly, Conlon, & Deutsch, 1980; Ford & Schellenberg, 1982.) Because performance is a multidimensional construct, any single index may not provide a comprehensive

understanding of the performance implications related to the constructs of interest (Chakravathy, 1986). Firm performance can be measured according to many different methods. According to Welch (1993), the three most important things to measure in business are customer satisfaction, employee satisfaction, and cash flow. Bart and Baetz (1998) indicated that the relationship of firms' mission statements to performance can be assessed with five measures, four of them financial and one behavioral.

Many researchers agree that "hard" measures, such as economic measures, are more reasonable for use in measuring a firm's performance than subjective measures. The advantages of hard measures, such as economic or financial measures of performance, are their usefulness for practitioners (Cheng & McKinley, 1983). Bourgeois (1980a) suggested that the use of hard measures increases the level of confidence in the reported relationships and is more meaningful to managers than soft measures. Several financial performance measures are return on sales (ROS) (Brush & VanderWerf, 1990; McDougall, Covin, Ribinson, & Herron, 1994); return on assets (ROA) (David, 1989; Roth & Ricks, 1994); the percentage of annual change in sales (Brush & VanderWerf, 1990; McDougall, Covin, Ribinson, & Herron, 1994); and the percentage of annual change in profits. ROA is a presumed aim of most businesses and is a measure often used in research (Bettis & Hall, 1982; Hambrick, 1983a; Hoskisson, 1987). When the sample includes small, privately-held firms, growth measures are also useful performance measures (Bagby & Shull, 1987; Dess & Robinson, 1984). Hofer and Schendel (1978) suggested sales growth as one reflection of how well an organization relates to its environment. Schaffer and Litschert (1990) suggested that revenue and profit are important variables for measuring a firm's performance. They used the

percentage change in total revenue and the average change in operating profit to measure firm performance.

Pearce (1998) argued that a focus on retail performance can and should occur at several levels in a firm. He stated that the measures of retail performance in use vary greatly in terms of level. Overall measures of both financial performance (return on common equity) and marketing performance (image positioning in the competitive marketplace) are used at the firm level, whereas units' asset-use performance measures, such as dollar contribution per square meter of selling space, are used at various operational levels (divisions, regions, stores, departments). Many merchandising levels (groups, classifications, categories, lines, items) use buying and selling indicators, such as gross margin return on investment in inventory and direct product profitability, to measure performance.

In the present study, retail store performance was measured with a modified version of an instrument developed by Gupta and Govindarajan (1984). The respondents were asked to indicate on a five-point Likert-type scale, ranging from highly dissatisfied to highly satisfied, the extent to which they were currently satisfied with their own stores' performance on each of the following financial performance criteria: return on investment, earnings growth, sales growth, market share, return on assets, and cash flow.

According to Dess and Robinson (1984), researchers face major problems in allocating the assets and sales of multi-industry firms among the various industries in which they do business. Because of the confidential nature of the data and the variation among participating firms with regard to accounting procedures, accurate estimates are difficult to obtain by survey techniques and represent a major source of measurement error. Many studies have

addressed the problems associated with the accuracy of performance data from documentary sources (Anderson & Paine, 1975; Buzzell, Gale, & Sultan, 1975; Glueck & Willis, 1979; San Miguel, 1977). The researcher investigating small firms is often confronted with an inability to obtain objective performance measures on a consistent basis because of restricted access to performance data on privately-held firms. Even if access to such information is obtained with a sample of privately-held firms, there is great risk of error attributable to varying accounting procedures in these firms. Owners of privately-held firms are very sensitive about releasing any performance-related data. Also, organizational forms, such as sole proprietorship, partnership, or corporation, can evince artificial differences (Dess & Robinson).

2.4.3 RELATED WORK

Enayati (2003) noted that the leaders are usually people of vision, effective communicators, effective decision makers and intelligent, they respond to value individuals and their dignity, they are committed to service and to obedience to the unenforceable, they have total honesty integrity, they are kind and often see themselves as teacher in order to improve the job efficiency.

Yousef (1998) stated that the effectiveness in leading is directly linked to the way of thinking about him-self, subordinates, environment and organization. George (2000) stated that the ability to understand and manage moods and emotion in the self and others, contributes to effective leadership in organization performance.

Densten and Gray (2003) mention that leaders who perform multiple leadership tasks score higher on leadership effectiveness than leaders who utilise only a limited range of tasks.

Further, Leadership requires a different mind-set and also different set of actions to make sense of direction and to communicate the vision. These involve dealing with people rather than things. People are unpredictable and bloody minded and to be successful the leader has to be able to give emotionally, energise and motivate others.

Pounder (2001) claimed that the new leadership largely suggest that the transformational leadership produces attractive outcomes measured in terms of subordinate's satisfaction with the leader and their assessment of the leader's skill and ability. Therefore, subordinate satisfactions quite necessarily guarantee effective organizational performance.

Block (2003) stated that the current model of organizational performance and change suggest that leadership and organizational culture are central helpful constructs. The growing interest in this area stem from the fact that organization now recognize that the leadership is simply relational for technical activity, and also that involves the management of people and the development of a sense of community within the organization (Brown, 1992; Conger 1993).

2.5 SUMMARY

This chapter discussed the related literature review issue of Leadership and Organizational Performance and its Styles which successful in organization showed that in the management environment is a successful effort to improve and support the organization performance. Thus, based on the literature review it can convince us that the Leadership and Organizational Performance can be implemented in telecommunication organizations in Jordan.

CHAPTER THREE

METHODOLOGY

3.0 INTRODUCTION

This chapter explains the research method that is used to achieve the research objectives which are stated in chapter one. This chapter has three sections: the first section discusses the theoretical framework, which includes the dependant variable and independent variables. The second section discusses the questionnaire that is used in this study, and the last section will discuss the model that is used in this study. In addition, this chapter explains various procedures that were used to collect measure and analyze the data from this study.

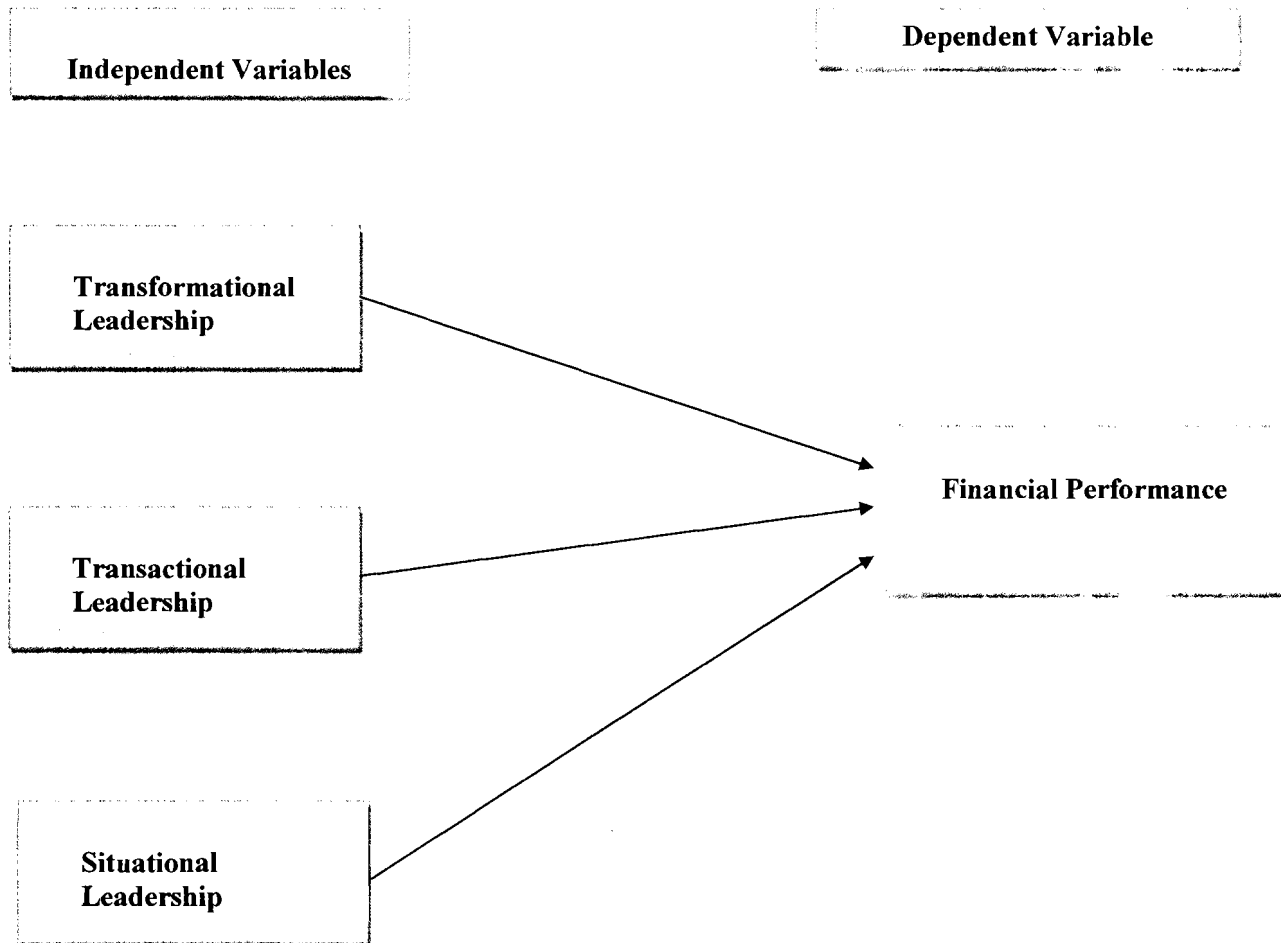
3.1 THEORETICAL FRAMEWORK

Agboli, and Chikwendu (2006) stated that transactional leaders care about the subordinates following orders and getting the job done. As such, these school leaders use rewards and punishments to set expectations for their organization. Hersey and Blanchard (1996) defined the situational leadership as the interaction among the dimensions of task behavior and relationship behavior, as well as follower readiness/maturity for performing a certain task. Transformational leaders, however, see people as being motivated through a shared vision and commitment to organizational goals, because of their commitment to relationship building; they focus on cultivating trust, respect, and empowerment within the organization (Agboli, and Chikwendu, 2006).

Jing and Avery (2008) defined corporate performance management is the area of business intelligence involved with monitoring and managing an organization's performance. Organizational goals vary depending on the purpose for which they are established. Business organizations have profit, growth and survival as the main goals. The popular ratios that

measure organizational performance can be summarized as first organization goals, second organization sales goals, and third motivation in organization.

Figure 3.1: Study Framework



3.2 INSTRUMENTATION

The questionnaire designed in order to obtain information from the respondents. The questionnaire carried two main parts which are: leadership style, and financial performance. The leadership style consists of three sections, transformational leadership, transactional leadership, and situational leadership. However, the second section consists two sections which are organization goal and organization sales goals.

3.2.1 TRANSFORMATIONAL LEADERSHIP

Shamir et al. (1993) found that transformational leadership had significant and positive effects on follower development and performance. In addition, leaders in small organizations generally have greater latitude of action (Hambrick & Finkelstein, 1987) than leaders sampled in existing studies. Thus, in a sample with smaller firms one may find a greater effect of CEO charisma on organizational performance.

That approach provides a more appropriate foundation for leadership development programs and goes beyond the charismatic and transformational leadership approaches, which emphasize how leaders exercise direct interpersonal influence. These theories have merit but are limited in their recognition of the depth and complexity of thinking required for leading organizational change (Day, 2001). Therefore, I hypothesize the following:

H 1: transformational leadership is expected to have a significant relationship to the financial performance of the organization.

3.2.2 TRANSACTIONAL LEADERSHIP

Transactional leadership is a style of leadership characterized by satisfying or imprisoning followers based on the capability of follower's performance (Bass, 1985; Bass & Avolio,

2000), and measured in two areas, which are contingent reward and management by exception.

The concept of transformational and transactional leadership first emerged in work by Burns (1978) on the histories of various taking sides leaders. Bass (1985) characterized transformational leadership as the ability to support and contribution from followers through personal qualities.

According to Avolio, Waldman, and Yammarino (1991) transactional leadership is the most common form of effective leadership that found in organizations, where leaders identify what would be done, how it would be done, and the reward expected for completing the objectives. However, a transactional leadership moves toward does not sufficiently explain why some followers are willing to subjugate their own self interest for the good of the leader, their generation, or their organization (Avolio, et al., 1991). Therefore, I hypothesize the following:

H 1: transactional leadership is expected to have a significant relationship to the financial performance of the organization.

3.2.3 SITUATIONAL LEADERSHIP

Flexible leaders have the social perceptiveness and information to match their behavior with situational demands (Boal & Whitehead, 1992), which that indicates to the more flexible leader is one who is capable of showing a wider verity and range of situation appropriate behavioral responses, both positive and negative (Paulhus & Martin, 1988).

However, to measure of the leader behavior the situational leadership model had been taken into account and the lead (Leader Effectiveness and Adaptability Description) instrument,

developed at the center for leadership studies (Hersey and Blanchard, 1996), has been used. Therefore, I hypothesize the following:

H 1: transactional leadership is expected to have a significant relationship to the financial performance of the organization.

3.2.4 FINANCIAL PERFORMANCE

This study focuses on the financial performance of Jordanian telecommunication financial performance. The telecommunication financial performance were assessed using performance measures normally associated with firm performance. Generally, the choice of firm performance measures depends on the purpose and context of the research. Performance has been conceptualized and measured under various schemes, depending on such factors as the research questions, disciplinary focus, and data availability. In this research, the economic or financial performance of a telecommunication organization is measured according to several performance measures that were discussed in the previous chapter. It is important to note that business performance is a multidimensional construct and may be characterized in a number of ways, including effectiveness, efficiency and adaptability. Further, performance on one dimension may run counter to performance on another dimension. Therefore, in this study, different measures were used to obtain a comprehensive view of the performance of the business while reducing the impact of individual bias of any particular dimension (Schlegelmilch & Ross, 1987; Shoham & Ross, 1993). It is difficult to compare absolute performance across companies (Dess, Ireland, & Hitt, 1990). Because of this difficulty, respondents were asked about their stores' return on investment, earnings growth, sales growth, market share, return on assets (ROA), and cash flow compared to those of other stores in their industry. Each respondent was also asked his/her level of satisfaction with

his/her store's ROA, cash flow, return on investment, earnings growth, sales growth, and market share relative to those of the store's key competitors. Measurement of these performance-related variables affords a multi-dimensional view of performance.

Years	Title	Description
Bass (1985)	Leadership and performance beyond expectation	Transformational leadership has a positive effect on an organization's productivity and financial result.
Blanchard and Hersey (1996)	Great idea	Theory of leadership "situational leadership". Whereas some attitudes were clearly better than others, no one leadership style is best.
Gecas (1982)	The self concept	Charismatic leaders link organizational goals and mission to their followers' self-concept. An important aspect of followers' sense of self is based on a sense of virtue or moral worth.
Etcalfé's (1997, cf Johnson, 2000)	Development on leadership research. Measurement of specific interpersonal trust: construction and validation of a scale to assess trust in a specific other.	Research offered a list of twelve factors of transformational leadership, which the most important being: having a political sensitivity, being decisive, determined and self-confident having integrity, empowering delegating and developing others, networking, promoting and communicating, being accessible, clarifying boundaries and involving in decisions, and fostering critical and strategic thinking.
Nevis (1983)	The romance of leadership	Revision of the hierarchy in the ethnic situation to reflect group loyalty and national unity which may need to be addressed even before physiological needs-where self actualization is in the service of the community.
Herzberg (1968)	One more time: how do you motivate employee?	Theory of hygiene factors where extrinsic factors, such as working conditions and money, when absent may cause demotivation.
Pfeffer (1981)	Management as symbolic action. In L.L.cummings and B.M. Staw	Leaders are symbolic managers.
Sarros and Santora (2001)	The transformational-transactional leadership model in practice.	Transformational leaders raise the consciousness of followers by appealing to higher ideals and values such as liberty, justices, peace and equality.

Schermerhorn (2003)	Managing organizational behavior	Transactional leadership involves leader-follower exchanges necessary for achieving routine performance agreed upon between leaders and followers.
Meshane (2003)	Affect- and cognition- based trust as foundations for interpersonal cooperation in organization.	Motivation refers to the forces within a person that effect his or her direction, intensity and persistence of voluntary behavior.
Osborne (2001)	Organizational behavior	Motivation refers to forces within individual that account for the level, direction, and persistence of effort expended at work.

In this study, the definition of operational of the variables is mention bellow:

- **Transformational leadership** is a leadership that raises followers to a higher moral or spiritual level where they are sacrificing for a cause beyond themselves. Not many leaders are transformational.
- **Transactional leadership** is a style in involving and giving employees something in return for their compliance and acceptance of authority, usually in the form of incentives such as pay raises or an increase in status.
- **Situational Leadership** is the interaction among the dimensions of task behavior and relationship behavior, as well as follower readiness/maturity for performing a certain task.

3.3 DATA COLLECTION

3.3.1 SAMPLING

The population for this study is the four organizations in Amman, Jordan. These organizations have 120 staffs. After referring to the table produced by Krejcie and Morgan (as cited in Sekaran, 2003) a sample size of 120 was determined. Disproportional stratified was then applied to this population.

3.4 DATA ANALYSIS

The data collected were analyzed by using SPSS 12.0 software. The analysis included analysis for personal information, descriptive analysis, multiple regression analysis, and correlation among the variables. The descriptive analysis is used to show the profile of the staffs to know the distribution of the sample according to organization, gender, age, and educational level.

CHAPTER FOUR

ANALYSIS AND FINDING

4.0 INTRODUCTION

This chapter discussed all the finding which through statistical analysis to show the analysis and discussions as the results of data analysis. This research is conducted in term to explore and explanatory manner. The evidence and factor behind measures Transformational leadership, Transactional leadership, Situational leadership and financial performance.

The observation will be made on the event which will be recorded in the form of questionnaire, and choosing an appropriate study design with adequate sample size. It will be discussing the relationship between transformational leadership, transactional leadership, situational leadership and financial performance.

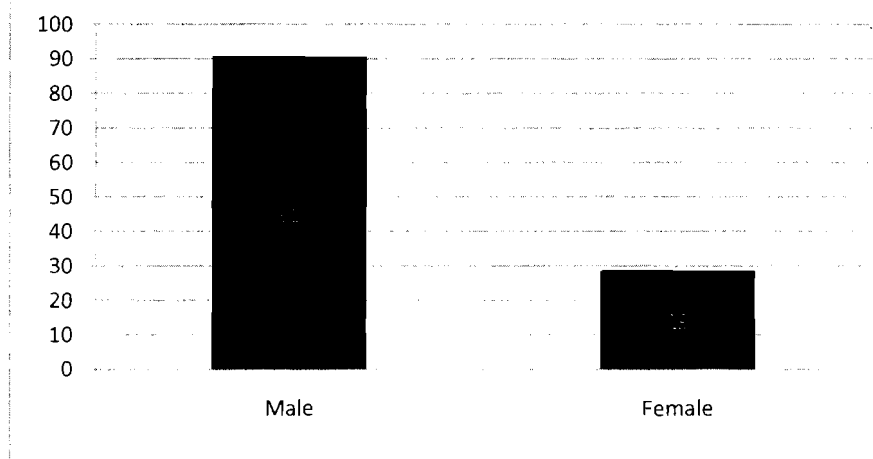
This chapter divided into four sections, the first section discusses about the personal information. Following by The second section which discusses about descriptive analysis of the variables, the third section discusses about regression analysis following by the last section which is the correlation among the variables.

4.1 PERSONAL INFORMATION

Table 4.1: Gender

Gender	Male	Female
	91	29

Figure 4.1 : Gender



The gender of the respondents is shown in table 4.1. There were 91 (75.8 %) male respondents and 29 (24.2%) female respondents.

Table 4.2: Age

Age	20-25	26-30	31-35	36-40	41-45
	28	31	35	8	18

Figure 4.2 : Age

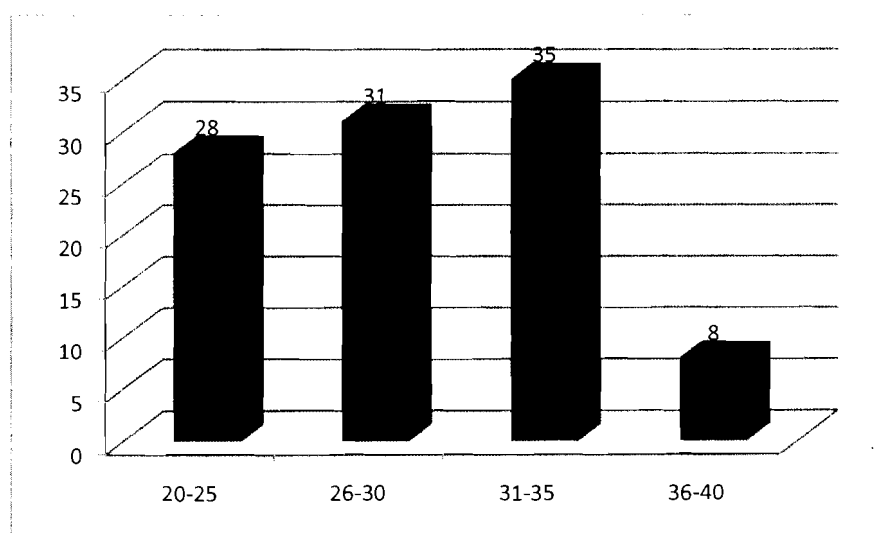


Table 4.2 shows the age of the respondents. There were 28 respondents between 20-25 years, 31 respondents between 26-30, 35 respondents between 31-35, 8 respondents between 36-40, and 18 respondents between 41-45.

Table 4.3: Education level

Education level	High secondary School	Diploma	Master	PhD
	16	50	39	15

Figure 4.3 : Education level

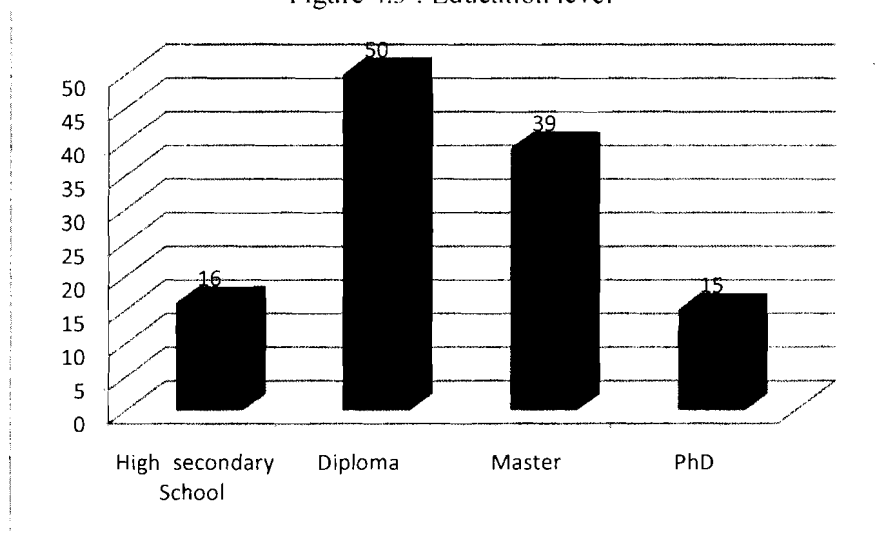


Table 4.3 shows the education level of the respondents. In terms of education, most of the respondents obtained education in diploma followed by masters degree and high education school, and the last one is Phd.

Table 4.4: Experience

Experience	1-5	6-10	11-15	16-20
	37	46	25	12

Figure 4.4 : Experience

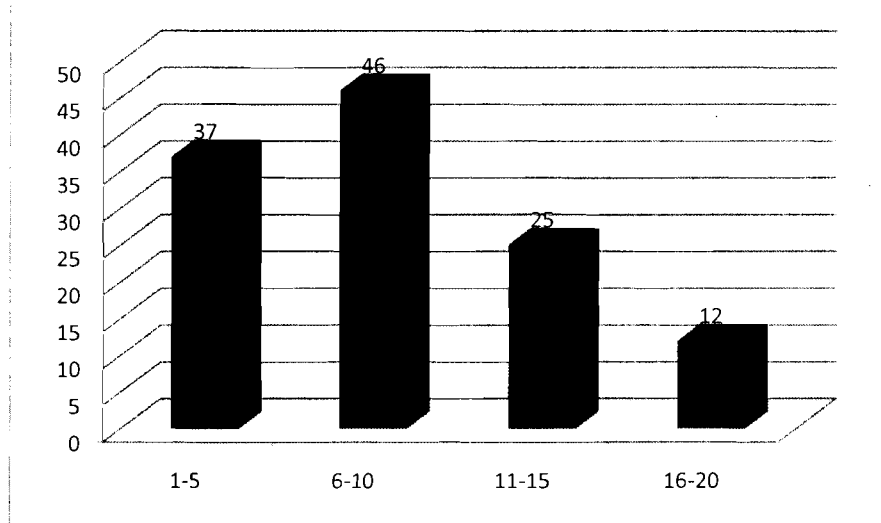


Table 4.4 shows the experience of the respondents. There were 37 respondents have between 1-5 years in terms of experience, 46 respondents between 6-10, 25 respondents between 11-15, and 12 respondents between 16-20. It can be observed that most of the managers have experience between 6-10 years.

4.2 DESCRIPTIVE ANALYSIS

Descriptive analysis describes the response for the major variables studied. The descriptive analysis includes mean and standard deviation on the dependant variables and independent variables. The results of the descriptive analysis are shown in Tables 4.5, 4.6, 4.7 and 4.8.

Table 4.5 Mean and Std. Deviation For Transformational Leadership

Q	Transformational Leadership	N	Mean	Std. Deviation
1	As leader I have a primary mission of maintaining stability	120	2.675	1.34203
2	As a leader I must cause events	120	2.633	1.35927
3	I am concern that my followers are rewarded equitably	120	2.55	1.30834
4	My performance is to think long rang	120	2.617	1.2911
5	I spend considerable energy in managing separate but related goals	120	2.633	1.30888
6	I lead through teacher student style	120	2.9	1.51962
7	I must engaged with workers at an equal level of mor	120	2.683	1.33463
8	I enjoy stimulating workers to do more	120	2.792	1.36521
9	Leadership should be practical	120	2.825	1.33261
10	What power I have to influence others comes neatly f my ability to get people to identify with me and my i	120	2.858	1.16168

The mean and standard deviation for transformational leadership is shown in table 4.5. There are 10 items for the transformational leadership. The mean for the transformational leadership ranged from 2.55 (I am concern that my followers are rewarded equitably) to the highest mean score of 2.9000 (I lead through teacher student style). The standard deviation for the transformational leadership ranged from 1.16168 (what power I have to influence others comes neatly from my ability to get people to identify with me and my ideas) to the highest standard deviation score of 1.51962 (I lead through teacher student style).

Table 4.6 Mean and Std. Deviation For Transactional Leadership

Q	Transactional Leadership	N	Mean	Std. Deviation
1	As a leader I have a primary mission of change	120	3.058	1.32396
2	As a leader I must face facilitate events	120	2.85	1.34508
3	I am concerned what my workers want in life	120	3	1.5394
4	My preference is to think short range	120	3.408	1.26022
5	I spend considerable energy arousing hopes and a separation among my workers	120	3.475	1.41399
6	I lead as though I am facilitator	120	3.042	1.4575
7	I must represent higher morality	120	3.625	1.14541
8	I enjoy rewarding workers for a job well done	120	3.517	1.42004
9	Leadership should be inspirational	120	2.875	1.37543
10	What power I have to influence others comes from my status and position	120	3.258	1.53664

Table 4.6 shows the mean and standard deviation for transactional leadership. There are 10 items for the transactional leadership. The mean for transactional leadership ranged from 2.8500 (As a leader I must face facilitate events) to the highest mean score of 3.6250 (I must represent higher morality). The standard deviation for the transactional leadership ranged from 1.14541 (I must represent higher morality) to the highest standard deviation score of 1.53940 (I am concerned what my workers want in life).

Table 4.7 Mean and Std. Deviation For Situational Leadership

Q	Situational Leadership	N	Mean	Std. Deviation
1	I always try to include one or more employees in determining what to do and how to do it. However, I maintain the final decision making authority.	120	3.417	1.39376
2	I allow my employees to determine what needs to be done and how to do it.	120	3.583	1.53165
3	Employees know how to use creativity and ingenuity to solve organizational problems.	120	3.125	1.48133
4	I and my employees always vote whenever a major decision has to be made.	120	2.892	1.31441
5	My workers know more about their jobs than me, so I allow them to carry out the decisions to do their job.	120	2.758	1.28335
6	My employees can lead themselves just as well as I can.	120	2.925	1.34828
7	Employees have the right to determine their own organizational objectives.	120	2.808	1.28531

Table 4.7 shows the mean and standard deviation for situational leadership. There are 7 items for the situational leadership. The mean for situational leadership ranged from 2.7583 (my workers know more about their jobs than me, so I allow them to carry out the decisions to do their job) to the highest mean score of 3.5833 (I allow my employees to determine what needs to be done and how to do it). The standard deviation for the situational leadership ranged from 1.28531 (employees have the right to determine their own organizational objectives) to the highest standard deviation score of 1.53165 (I allow my employees to determine what needs to be done and how to do it).

Table 4.8 Mean and Std. Deviation For Financial Performance

Q	Financial Performance	N	Mean	Std. Deviation
1	Return on investment	120	1.508	0.87923
2	Earnings growth	120	2.733	1.28817
3	Sales growth	120	2.575	1.32629
4	Market share	120	2.4	1.04841
5	Return on assets	120	2.342	1.28007
6	Cash flow	120	2.65	1.41807

The mean and standard deviation for financial performance is shown in table 4.8. There are 6 items for financial performance. The mean for financial performance ranged from 1.5083 (Return on investment) to the highest mean score of 2.733 (Earnings growth). The standard deviation for financial performance ranged from 0.87923 (Return on investment) to the highest standard deviation score of 1.41807 (Cash flow).

4.3 REGRESSION ANALYSIS ¹

Table 4.9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.451 ^a	.203	.182	.36057

a Predictors: (Constant), situational, transformational, transactional

It can be seen in the table above that R square is 0.203. There are three variables have been explained in this analysis, these variables are situational, transformational, and transactional. The coefficient R is 45.1%. This shows that all of the independent variables collectively explain 45.1% changes in financial performance. The remaining 54.9% of changes will be identified by other factors not captured in the model. In other words, situational, transformational, and transactional are considered good factors to improve financial performance, because it affects 54.9% of financial performance.

Table 4.10: Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.424	.276		5.164	.000
transformational	.379	.070	.449	5.414	.000
transactional	-.016	.026	-.055	-.600	.550
situational	.047	.069	.063	.679	.499

a Dependent Variable: financial performance

¹ regression with each variables (between DV and IV) in the appendix

Table 4.10 shows the regression analysis. According to the table above it is clearly seen that there is only one independent variable that is significant which is transformational leadership that has 0.00. The other variables are not significant because there were more than 0.05.

4.4 CORRELATION²

Table 4.11: correlation between transformational leadership and financial performance

	Q1	Q2	Q3	Q4	Q5	Q6
Q20 Pearson Correlation	-.067	.094	-.101	-.221*	-.091	-.013
Sig. (2-tailed)	.469	.306	.274	.015	.320	.888
N	120	120	120	120	120	120
Q21 Pearson Correlation	.011	.057	-.065	.132	.112	-.060
Sig. (2-tailed)	.903	.540	.483	.152	.222	.513
N	120	120	120	120	120	120
Q22 Pearson Correlation	-.139	.017	-.043	-.119	.094	.029
Sig. (2-tailed)	.129	.857	.643	.197	.308	.752
N	120	120	120	120	120	120
Q23 Pearson Correlation	-.023	-.066	1.000**	.191*	.091	-.059
Sig. (2-tailed)	.805	.476	.000	.037	.323	.520
N	120	120	120	120	120	120
Q24 Pearson Correlation	-.049	-.013	.191*	1.000**	-.096	-.097
Sig. (2-tailed)	.592	.890	.037	.000	.298	.292
N	120	120	120	120	120	120
Q25 Pearson Correlation	.000	.215*	.165	.170	-.017	-.022
Sig. (2-tailed)	.994	.018	.071	.064	.856	.813
N	120	120	120	120	120	120

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

² Source: appendix 1

Table 4.11 shows the correlation between transformational leadership and financial performance. The result is significant at 0.01 and 0.05 levels for (question 4) and (question 20) that has a negative correlation that is -0.221. It can clearly seen from the table that there is a significant and positive relationship between (questions 3 and 4) and (question 23) that have a positive correlation which is 0.191 and 1.00 respectively. There is a significant relationship between (question 2) and (question 25), that has positive correlations which is 0.215.

Table 4.12: correlation between transactional leadership and financial performance

	Q7	Q8	Q9	Q10	Q11	Q12
Q20 Pearson Correlation	-.012	-.022	.094	-.101	-.221*	.017
Sig. (2-tailed)	.897	.815	.306	.274	.015	.854
N	120	120	120	120	120	120
Q21 Pearson Correlation	-.268**	.050	.057	-.065	.132	.034
Sig. (2-tailed)	.003	.586	.540	.483	.152	.716
N	120	120	120	120	120	120
Q22 Pearson Correlation	-.028	-.174	.017	-.043	-.119	.034
Sig. (2-tailed)	.764	.057	.857	.643	.197	.713
N	120	120	120	120	120	120
Q23 Pearson Correlation	.073	.022	-.066	1.000**	.191*	.055
Sig. (2-tailed)	.425	.810	.476	.000	.037	.552
N	120	120	120	120	120	120
Q24 Pearson Correlation	-.074	-.003	-.013	.191*	1.000**	-.058
Sig. (2-tailed)	.419	.976	.890	.037	.000	.531
N	120	120	120	120	120	120
Q25 Pearson Correlation	-.049	.032	.215*	.165	.170	-.111
Sig. (2-tailed)	.595	.729	.018	.071	.064	.229
N	120	120	120	120	120	120

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.12 shows the correlation between transactional leadership and financial performance. The result is significant at 0.01 and 0.05 levels for (question 11) and (question 20) that has a

negative relationship that is -0.221. In the table above, it can be seen that there are significant relationship for (question 7) and (question 21) that has a negative correlation that is -0.268. In addition, there is a significant relationship between (question 10 and 11) and (question 23) that has positive correlations that are 0.191 and 1.00 respectively. Moreover, there is a significant relationship between (question 9) and (question 25) that has a positive correlation that is 0.215.

Table 4.13 correlation between situational leadership and financial performance

	Q13	Q14	Q15	Q16	Q17	Q18	Q19
Q20 Pearson Correlation	.066	.094	-.101	-.221*	.038	-.178	-.091
Sig. (2-tailed)	.473	.306	.274	.015	.677	.052	.321
N	120	120	120	120	120	120	120
Q21 Pearson Correlation	-.035	.057	-.065	.132	.040	.139	-.121
Sig. (2-tailed)	.707	.540	.483	.152	.664	.130	.187
N	120	120	120	120	120	120	120
Q22 Pearson Correlation	-.034	.017	-.043	-.119	.059	-.124	-.043
Sig. (2-tailed)	.712	.857	.643	.197	.522	.179	.644
N	120	120	120	120	120	120	120
Q23 Pearson Correlation	.048	-.066	1.000**	.191*	.165	.093	-.117
Sig. (2-tailed)	.599	.476	.000	.037	.071	.315	.202
N	120	120	120	120	120	120	120
Q24 Pearson Correlation	.113	-.013	.191*	1.000**	.170	.008	-.021
Sig. (2-tailed)	.220	.890	.037	.000	.064	.932	.824
N	120	120	120	120	120	120	120
Q25 Pearson Correlation	.004	.215*	.165	.170	1.000**	-.092	-.099
Sig. (2-tailed)	.963	.018	.071	.064	.000	.320	.281
N	120	120	120	120	120	120	120

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.13 shows the correlation between situational leadership and financial performance.

The result is significant at 0.01 and 0.05 levels for (question 16) and (question 20) that has a

negative correlation that is - 0.221. It can be seen that there is a significant relationship between (question 15 and 16) and (question 23) that have positive correlations that are 1.00 and 0.191 respectively. In addition to there is a significant relationship between (question 15 and 16) and (question 24) that has positive correlations that are 0.191 and 1.000 respectively. Moreover there is a significant relationship between (question 17) and (question 25) that has a positive correlation that is 1.000.

CHAPTER FIVE

DISCUSSION AND CONCLUSION

5.0 INTRODUCTION

This chapter summarizes the interpretations of results presented in the previous chapter and provides conclusion of this study. In addition, this chapter discussed the findings in this study with relation to the research objectives. The chapter begins discussion, followed by the implication of study, after that limitation of the study will be discussed, and finally the conclusion.

5.1 DISCUSSION

This study discusses the effect of leadership types on organizations financial performance in Amman, Jordan. In other words, the study attempts to investigate whether there is a significant relationship between leadership types and organizations financial performance in all telecommunication organizations in Amman, Jordan. The results show that the situational leadership style is significant in regression analysis. Three research objectives were derived to guide this study:

- To identify if transformational leadership styles significantly influence the organizations financial performance.
- To identify if transactional leadership styles significantly influence the organizations financial performance.
- To identify if situational leadership styles significantly influence the organizations financial performance.

The finding and their implications were discussed in the following section.

5.2 IMPLICATION OF THE STUDY

5.2.1 IMPLICATION TO ACADEMICALS PERSPECTIVE

Managers who display transformational leadership encourage employee to look beyond their own needs and focus instead on the interests of the group overall and transformational leaders develop positive relationships with subordinates in order to strengthen employee and organizations financial performance.

This study concludes that transformational transactional and situational leadership styles can never be taken for granted, but must always be examined at the interaction level of its constitution and production, i.e. within the regimes of representation and classification in which practitioners operates. Such regimes of representation and classification are imminent in a verity of managerial tools and organizational systems and must therefore, be examined in greater details.

5.2.2 IMPLICATION TO PRACTITIONERS

Leadership contributes significantly in the success and failure of an organization. Leaders are symbolic managers and managers of meaning for the followers. By virtue of their formal position in the hierarchy, leaders' interpretation, actions and decisions are given special attention and consideration from their direct reports. People believe leaders are important, often crediting them with the successes or blaming them for the failures that take place within organization.

Motivation in other hand also being agreed as a main factor in the process of development. Financial performance environment within organization brings better efficiency thus bringing better competency. Leaders are the person in the right place and right time to have a great opportunity to help their organization grow to greater levels of success.

5.3 LIMITATION OF THE STUDY

As with any study, the findings obtained in the thesis display some shortcomings, this limitation need to be recognized when interpreting the findings of this thesis while also recognizing the opportunities they present the future research. The sample that was employed in this thesis has limited generalizability because of the sampling plan used since the questionnaire distribution was conducted only in four organizations in Amman- Jordan.

An extension of this study for future study can be developed in several areas; first, interested parties can develop a study for sectors such as industrial, service sector, or police and private sectors that can be helpful for the organizations and managers to achieve their financial performance goals.

5.4 CONCLUSION

Transformational leadership is implemented when leaders involve broaden and elevate their sub-ordinates' interests, when they generate awareness and acceptance of the group's tasks and mission. This also happen when a leader creates the need within sub-ordinates to look beyond their own self-interests for the good of others. Transactional leadership involves leader-follower exchanges necessary for achieving routine performance agreed upon between leaders and followers. Situational leadership involves the flexible leaders to have the social perceptiveness and information to match their behavior with situational demands which that

indicates to the more flexible leader is one who is capable of showing a wider variety and range of situation appropriate behavioral responses.

The number of respondent is 120 managers of four organizations in Amman- Jordan. Their perspectives were translated into reports based on transformational, transactional and situational leadership styles. It was define as way to deliver the information contained in the reports in a way that would be meaningful and could translate into company process improvements. Through the survey research method, the questionnaire sees a complete picture of the way different things are connected, what to focus on and measure. Transformational, transactional and situational leadership styles of representing in used seems to look up the capacity to make things appear to be connected, making a kind of wholeness or optimum solution.

The result of correlation, the regression analysis is assessing the variables or the empirical relationship between transformational, transactional and situational leadership styles to telecommunication financial performance. From the regression results, it can be observed that there was only one variable that is significant which the situational leadership style. However, transformational and transactional leadership styles were not significant. In testing hypothesis, table 4.8, 4.9, and 4.10 show the significant relationship between transformational leadership, transactional leadership and situational leadership and financial performance.

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APPENDIX (1)



**COLLEGE OF BUSINESS
UNIVERSITI UTARA MALAYSIA**

**A Study on Leadership and Telecommunication Organizations Financial
Performance in Jordan**

Dear Participant,

Thank you for agreeing to participate in this research.

I would appreciate it very much if you could answer the questions carefully as the information you provide will influence the accuracy and the success of this research. It will take no longer than 30 minutes to complete the questionnaire. All answers will be treated with strict confidence and will be used for the purpose of the study only.

If you have any questions regarding this research, you may address them to me at the contact details below.

Thank you for your cooperation and the time taken in answering this questionnaire.

Yours sincerely,

Arkan Al-smadi
Master Candidate
College Of Business
Universiti Utara Malaysia,
06010 Sintok, Kedah Darul Aman
Email:

Section one:
Demographic Profile

Please tick (✓) the appropriate box to answer the questions.

1.1 Gender **Male** ☐ **Female** ☐

1.2 Age **20 – 25** ☐ **26-30** ☐
 31-35 ☐ **36-40** ☐
 31-35 ☐

1.3 Level of Education **High school** ☐ **Diploma** ☐
 Master's Degree ☐ **PhD Degree** ☐

1.4 Years of Experience **1 – 5 years** ☐ **6 – 10 years** ☐
 11– 15 years ☐ **16 – 20 years** ☐

SECTION 2: LEADERSHIP STYLE³

Using the following scale, please circle the number that represents your most appropriate answer.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
<u>Transformational Leadership</u>					
1. I always retain the final decision making authority within my department or team.	1	2	3	4	5
2. I and my employees always vote whenever a major decision has to be made.	1	2	3	4	5
3. I ask for employee ideas and input on upcoming plans and projects.	1	2	3	4	5
4. For a major decision to pass in my department, it must have the approval of each individual or the majority.	1	2	3	4	5
5. I want to create an environment where the employees take ownership of the project. I allow them to participate in the decision making process.	1	2	3	4	5
6. I always retain the final decision making authority within my department or team.	1	2	3	4	5
<u>Transactional Leadership</u>					
1. I allow my employees to set priorities with my guidance.	1	2	3	4	5
2. When something goes wrong, I tell my employees that a procedure is not working correctly and I establish a new one.	1	2	3	4	5
3. I ask employees for their vision of where they see their jobs going and	1	2	3	4	5

³ Montore (2007). High Performance Organization Alignment. Retrieved 18 October 2009 from: <http://www.ifelf.com/Presentations/Patterson%20HPOquestionnaire.doc>

then use their vision where appropriate					
4. Employees will exercise self-direction if they are committed to the objectives.	1	2	3	4	5
5. Employees must be directed or threatened with punishment in order to get them to achieve the organizational objectives.	1	2	3	4	5
6. When there are differences in role expectations, I work with them to resolve the differences.	1	2	3	4	5
<u>Situational Leadership</u>					
1. I always try to include one or more employees in determining what to do and how to do it. However, I maintain the final decision making authority.	1	2	3	4	5
2. I allow my employees to determine what needs to be done and how to do it.	1	2	3	4	5
3. Employees know how to use creativity and ingenuity to solve organizational problems.	1	2	3	4	5
4. I and my employees always vote whenever a major decision has to be made.	1	2	3	4	5
5. My workers know more about their jobs than me, so I allow them to carry out the decisions to do their job.	1	2	3	4	5
6. My employees can lead themselves just as well as I can.	1	2	3	4	5
7. Employees have the right to determine their own organizational objectives.	1	2	3	4	5

Section 3: organizational financial performance

1	Return on investment	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
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2	Earnings growth	1	2	3	4	5
3	Sales growth	1	2	3	4	5
4	Market share	1	2	3	4	5
5	Return on assets	1	2	3	4	5
6	Cash flow	1	2	3	4	5

Thank you

APPENDIX (2)

Table 4.1: correlation between transformational leadership and financial performance

		Correlations											
		Q1	Q2	Q3	Q4	Q5	Q6	Q20	Q21	Q22	Q23	Q24	Q25
Q1	Pearson Correlation	1	-.029	-.023	-.049	.095	.338**	-.067	.011	-.139	-.023	-.049	.000
	Sig. (2-tailed)		.750	.805	.592	.302	.000	.469	.903	.129	.805	.592	.994
	N	120	120	120	120	120	120	120	120	120	120	120	120
Q2	Pearson Correlation	-.029	1	-.066	-.013	.051	-.154	.094	.057	.017	-.066	-.013	.215*
	Sig. (2-tailed)	.750		.476	.890	.582	.092	.306	.540	.857	.476	.890	.018
	N	120	120	120	120	120	120	120	120	120	120	120	120
Q3	Pearson Correlation	-.023	-.066	1	.191*	.091	-.059	-.101	.065	-.043	1.000**	.191*	.165
	Sig. (2-tailed)	.805	.476		.037	.323	.520	.274	.483	.643	.000	.037	.071
	N	120	120	120	120	120	120	120	120	120	120	120	120
Q4	Pearson Correlation	-.049	-.013	.191*	1	.096	-.097	-.221*	.132	-.119	.191*	1.000**	.170
	Sig. (2-tailed)	.592	.890	.037		.298	.292	.015	.152	.197	.037	.000	.064
	N	120	120	120	120	120	120	120	120	120	120	120	120
Q5	Pearson Correlation	.095	.051	.091	-.096	1	.090	-.091	.112	.094	.091	-.096	-.017
	Sig. (2-tailed)	.302	.582	.323	.298		.327	.320	.222	.308	.323	.298	.856
	N	120	120	120	120	120	120	120	120	120	120	120	120
Q6	Pearson Correlation	.338**	-.154	-.059	-.097	.090	1	-.013	.060	.029	-.059	-.097	-.022
	Sig. (2-tailed)	.000	.092	.520	.292	.327		.888	.513	.752	.520	.292	.813
	N	120	120	120	120	120	120	120	120	120	120	120	120
Q20	Pearson Correlation	-.067	.094	-.101	-.221*	.091	-.013	1	.055	.576**	-.101	-.221*	.038
	Sig. (2-tailed)	.469	.306	.274	.015	.320	.888		.550	.000	.274	.015	.677
	N	120	120	120	120	120	120	120	120	120	120	120	120
Q21	Pearson Correlation	.011	.057	-.065	.132	.112	-.060	.055	1	.129	-.065	.132	.040
	Sig. (2-tailed)	.903	.540	.483	.152	.222	.513	.550		.161	.483	.152	.664
	N	120	120	120	120	120	120	120	120	120	120	120	120
Q22	Pearson Correlation	-.139	.017	-.043	-.119	.094	.029	.576**	.129	1	-.043	-.119	.059
	Sig. (2-tailed)	.129	.857	.643	.197	.308	.752	.000	.161		.643	.197	.522
	N	120	120	120	120	120	120	120	120	120	120	120	120

Q23 Pearson Correlation	-.023	-.066	1.000**	.191*	.091	-.059	-.101	-.065	-.043	1	.191*	.165
Sig. (2-tailed)	.805	.476	.000	.037	.323	.520	.274	.483	.643		.037	.071
N	120	120	120	120	120	120	120	120	120	120	120	120
Q24 Pearson Correlation	-.049	-.013	.191*	1.000**	-.096	-.097	-.221*	.132	-.119	.191*	1	.170
Sig. (2-tailed)	.592	.890	.037	.000	.298	.292	.015	.152	.197	.037		.064
N	120	120	120	120	120	120	120	120	120	120	120	120
Q25 Pearson Correlation	.000	.215*	.165	.170	-.017	-.022	.038	.040	.059	.165	.170	1
Sig. (2-tailed)	.994	.018	.071	.064	.856	.813	.677	.664	.522	.071	.064	
N	120	120	120	120	120	120	120	120	120	120	120	120

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Table 4.2 correlation between transactional leadership and motivation of manager

Correlations												
	Q7	Q8	Q9	Q10	Q11	Q12	Q20	Q21	Q22	Q23	Q24	Q25
Q7 Pearson Correlation	1	.200*	-.003	.073	-.074	-.054	-.012	-.268**	-.028	.073	-.074	-.049
Sig. (2-tailed)		.028	.972	.425	.419	.560	.897	.003	.764	.425	.419	.595
N	120	120	120	120	120	120	120	120	120	120	120	120
Q8 Pearson Correlation	.200*	1	.083	.022	-.003	-.101	-.022	.050	-.174	.022	-.003	.032
Sig. (2-tailed)	.028		.369	.810	.976	.271	.815	.586	.057	.810	.976	.729
N	120	120	120	120	120	120	120	120	120	120	120	120
Q9 Pearson Correlation	-.003	.083	1	-.066	-.013	.021	.094	.057	.017	-.066	-.013	.215*
Sig. (2-tailed)	.972	.369		.476	.890	.824	.306	.540	.857	.476	.890	.018
N	120	120	120	120	120	120	120	120	120	120	120	120
Q10 Pearson Correlation	.073	.022	-.066	1	.191*	.055	-.101	-.065	-.043	1.000**	.191*	.165
Sig. (2-tailed)	.425	.810	.476		.037	.552	.274	.483	.643	.000	.037	.071
N	120	120	120	120	120	120	120	120	120	120	120	120
Q11 Pearson Correlation	-.074	-.003	-.013	.191*	1	-.058	-.221*	.132	-.119	.191*	1.000**	.170
Sig. (2-tailed)	.419	.976	.890	.037		.531	.015	.152	.197	.037	.000	.064
N	120	120	120	120	120	120	120	120	120	120	120	120
Q12 Pearson Correlation	-.054	-.101	.021	.055	-.058	1	.017	.034	.034	.055	-.058	-.111
Sig. (2-tailed)	.560	.271	.824	.552	.531		.854	.716	.713	.552	.531	.229
N	120	120	120	120	120	120	120	120	120	120	120	120
Q20 Pearson Correlation	-.012	-.022	.094	-.101	-.221*	.017	1	.055	.576**	-.101	-.221*	.038
Sig. (2-tailed)	.897	.815	.306	.274	.015	.854		.550	.000	.274	.015	.677
N	120	120	120	120	120	120	120	120	120	120	120	120
Q21 Pearson Correlation	-.268**	.050	.057	-.065	.132	.034	.055	1	.129	-.065	.132	.040
Sig. (2-tailed)	.003	.586	.540	.483	.152	.716	.550		.161	.483	.152	.664
N	120	120	120	120	120	120	120	120	120	120	120	120
Q22 Pearson Correlation	-.028	-.174	.017	-.043	-.119	.034	.576**	.129	1	-.043	-.119	.059
Sig. (2-tailed)	.764	.057	.857	.643	.197	.713	.000	.161		.643	.197	.522
N	120	120	120	120	120	120	120	120	120	120	120	120
Q23 Pearson Correlation	.073	.022	-.066	1.000**	.191*	.055	-.101	-.065	-.043	1	.191*	.165

Sig. (2-tailed)	.425	.810	.476	.000	.037	.552	.274	.483	.643		.037	.071
N	120	120	120	120	120	120	120	120	120	120	120	120
Q24 Pearson Correlation	-.074	-.003	-.013	.191*	1.000**	-.058	-.221*	.132	-.119	.191*	1	.170
Sig. (2-tailed)	.419	.976	.890	.037	.000	.531	.015	.152	.197	.037		.064
N	120	120	120	120	120	120	120	120	120	120	120	120
Q25 Pearson Correlation	-.049	.032	.215*	.165	.170	-.111	.038	.040	.059	.165	.170	1
Sig. (2-tailed)	.595	.729	.018	.071	.064	.229	.677	.664	.522	.071	.064	
N	120	120	120	120	120	120	120	120	120	120	120	120

*. Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

Table 4.3 correlation between situational leadership and motivation of manager

Correlations													
	Q13	Q14	Q15	Q16	Q17	Q18	Q19	Q20	Q21	Q22	Q23	Q24	Q25
Q13 Pearson Correlation	1	-.028	.048	.113	.004	-.160	.078	.066	-.035	-.034	.048	.113	.004
Sig. (2-tailed)		.761	.599	.220	.963	.081	.396	.473	.707	.712	.599	.220	.963
N	120	120	120	120	120	120	120	120	120	120	120	120	120
Q14 Pearson Correlation	-.028	1	-.066	-.013	.215*	.035	-.117	.094	.057	.017	-.066	-.013	.215*
Sig. (2-tailed)	.761		.476	.890	.018	.706	.201	.306	.540	.857	.476	.890	.018
N	120	120	120	120	120	120	120	120	120	120	120	120	120
Q15 Pearson Correlation	.048	-.066	1	.191*	.165	.093	-.117	-.101	-.065	-.043	1.000**	.191*	.165
Sig. (2-tailed)	.599	.476		.037	.071	.315	.202	.274	.483	.643	.000	.037	.071
N	120	120	120	120	120	120	120	120	120	120	120	120	120
Q16 Pearson Correlation	.113	-.013	.191*	1	.170	.008	-.021	-.221*	.132	-.119	.191*	1.000**	.170
Sig. (2-tailed)	.220	.890	.037		.064	.932	.824	.015	.152	.197	.037	.000	.064
N	120	120	120	120	120	120	120	120	120	120	120	120	120
Q17 Pearson Correlation	.004	.215*	.165	.170	1	-.092	-.099	.038	.040	.059	.165	.170	1.000**
Sig. (2-tailed)	.963	.018	.071	.064		.320	.281	.677	.664	.522	.071	.064	.000
N	120	120	120	120	120	120	120	120	120	120	120	120	120
Q18 Pearson Correlation	-.160	.035	.093	.008	-.092	1	-.091	-.178	.139	-.124	.093	.008	-.092
Sig. (2-tailed)	.081	.706	.315	.932	.320		.323	.052	.130	.179	.315	.932	.320
N	120	120	120	120	120	120	120	120	120	120	120	120	120
Q19 Pearson Correlation	.078	-.117	-.117	-.021	-.099	-.091	1	-.091	-.121	-.043	-.117	-.021	-.099
Sig. (2-tailed)	.396	.201	.202	.824	.281	.323		.321	.187	.644	.202	.824	.281
N	120	120	120	120	120	120	120	120	120	120	120	120	120
Q20 Pearson Correlation	.066	.094	-.101	-.221*	.038	-.178	-.091	1	.055	.576**	-.101	-.221*	.038
Sig. (2-tailed)	.473	.306	.274	.015	.677	.052	.321		.550	.000	.274	.015	.677
N	120	120	120	120	120	120	120	120	120	120	120	120	120

Q21 Pearson Correlation	-.035	.057	-.065	.132	.040	.139	-.121	.055	1	.129	-.065	.132	.040
Sig. (2-tailed)	.707	.540	.483	.152	.664	.130	.187	.550		.161	.483	.152	.664
N	120	120	120	120	120	120	120	120	120	120	120	120	120
Q22 Pearson Correlation	-.034	.017	-.043	-.119	.059	-.124	.043	.576**	.129	1	-.043	-.119	.059
Sig. (2-tailed)	.712	.857	.643	.197	.522	.179	.644	.000	.161		.643	.197	.522
N	120	120	120	120	120	120	120	120	120	120	120	120	120
Q23 Pearson Correlation	.048	-.066	1.000**	.191*	.165	.093	-.117	-.101	.065	-.043	1	.191*	.165
Sig. (2-tailed)	.599	.476	.000	.037	.071	.315	.202	.274	.483	.643		.037	.071
N	120	120	120	120	120	120	120	120	120	120	120	120	120
Q24 Pearson Correlation	.113	-.013	.191*	1.000**	.170	.008	.021	.221*	.132	-.119	.191*	1	.170
Sig. (2-tailed)	.220	.890	.037	.000	.064	.932	.824	.015	.152	.197	.037		.064
N	120	120	120	120	120	120	120	120	120	120	120	120	120
Q25 Pearson Correlation	.004	.215*	.165	.170	1.000**	-.092	.099	.038	.040	.059	.165	.170	1
Sig. (2-tailed)	.963	.018	.071	.064	.000	.320	.281	.677	.664	.522	.071	.064	
N	120	120	120	120	120	120	120	120	120	120	120	120	120

*. Correlation is significant at the 0.05 level

(2-tailed).

**. Correlation is significant at the 0.01 level

(2-tailed).

APPENDIX (3)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.446 ^a	.199	.192	.35839

a. Predictors: (Constant), transformational

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.520	.192		7.920	.000
transformational	.376	.069	.446	5.417	.000

a. Dependent Variable: financial

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.022 ^a	.000	-.008	.40038

a. Predictors: (Constant), transactional

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.566	.097		26.419	.000
transactional	-.006	.026	-.022	-.241	.810

a. Dependent Variable: financial

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.022 ^a	.000	-.008	.40038

a. Predictors: (Constant), situational

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.494	.214		11.673	.000
situational	.016	.069	.022	.239	.812

a. Dependent Variable: financial