



The effect of leadership style on financial performance: a
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.

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