

**London Metropolitan University**  
**Guildhall School of Business and Law**

**Impact of Leadership on Family Business  
Organizational Performance –  
The case of El-Saeed Group – Egypt**

**A thesis submitted for the degree of  
Doctor of Business Administration DBA**

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# **Declaration**

I hereby that this thesis was completed by myself and that the work is my  
own.

Nidhal H. H. Al-Sarraf

## **Acknowledgment**

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## **Abstract**

This thesis studies the relationship between leadership and family business performance. It consists of three parts: literature review, methodology, and data analysis. The literature review covers: leadership, family business, organizational performance, and the impact of leadership on organizational performance. They are the core areas that frame this thesis.

To answer this research question: “how does leadership impact organizational performance in a family business?” three leadership styles considered: a) leader - member exchange LMX leadership, b) transformational leadership, and c) servant leadership, and those three leadership styles further split into twenty subscales, and four organizational performance measures: profitability, productivity, plant efficiency, and sales volume. These parameters resulted in the development of  $20 \times 4 = 80$  hypotheses to test, in order to examine the relationship between each leadership subscale with each organizational performance measure; the testing of hypotheses was conducted by means of statistical analysis.

The study chose El-Saeed Investment Group – Egypt (eight companies) as the research setting. There, data were collected from 588 participants; seventy six (76) of them who held leadership roles (top and mid – management levels) were asked to complete a questionnaire of three parts (one for each leadership style) in order to operationalize the independent variable (leadership). Historical data were collected from those companies in relation to each of the organizational performance measures in order to operationalize the dependent variable (organizational performance).

The results showed a very strong, or strong positive relationship between many of these leadership styles (subscales) and some of the organizational performance measures. Some of these relationships are statistically significant.

This research work makes a significant contribution to knowledge and literature by providing solid empirical evidence about the relationship between each of these three leadership styles (twenty subscales) and the selected organizational performance measures (four measures) – this is the area where the theoretical gap has been identified. In addition to the theoretical conclusions, the study has a significant contribution to practitioners' knowledge, by offering recommendations that are beneficial and practically useful to El-Saeed Investment Group – Egypt, and any similar company, in the processes of selecting and recruiting the new leaders and / or in the development programs for the existing leaders.



## **Chapter - 1**

### **Introduction**

This thesis studies the relationship between leadership and family business organizational performance, and its title “Impact of Leadership on Family Business Organizational Performance – the case of El-Saeed Group – Egypt” consists of five elements:

Element – 1: Leadership,

Element – 2: Family Business,

Element – 3: Organizational Performance,

Element – 4: The Impact of Leadership on the Family Business Organizational Performance, and

Element – 5: El-Saeed Investment Group – Egypt.

This led me, as a researcher, to study each of the first four elements in the context of the fifth one, and to review the literature that relates to each of them, as well as the literature that brings them together, especially the impact of leadership on organizational performance.

Consequently, this thesis structured to cover three parts:

**Part – 1** Literature Review: This part consists of four chapters, i.e. chapters two, three, four, and five:

**Chapter – 2: Leadership:** This chapter covers the leadership definition, dimensions and many aspects of leadership, like leadership traits, skills and styles, as well as the leadership role, the relationship between leaders and followers, leadership and power, and leadership versus management and the main difference between leadership and management.

All these topics have gained the researchers' interest all over the world for decades (Northouse, 2013). By reviewing the meaning of leadership as discussed by scholars and practitioners, there emerges that it is a process of influencing others to achieve goals. It is an "action" performed by an "actor" - the leader - on a "predicate or object" – the followers. Accordingly, Yukl (2013) defined leadership as the process of influencing the activities of an organized group toward goal achievement, and hence, the definition selected to build the thesis on is "leadership is the process of influencing others to achieve goals".

**Chapter – 3: Family Business:** This chapter covers the family business definition and features, and the importance of the family businesses as they constitute 80 – 98% of all businesses in the world's free economics, and employ more than 75% of workers around the world (Poza, 2010). It also discusses many other aspects and issues in family business, like: the family business culture, performance, ownership and management, the three dimensions of the family business, the family business life cycle, family governance and constitution, as well as the most critical issue in any family business, the succession. Poza (2010) argued that succession planning is a key and strategic role in family business success and survival, a lack in succession planning process is the most common reason cause a failure in family business, though there are many other reasons. Crafting the succession process is the key factor for family business success and survival. Golob (2013) agreed with Poza (2010) and argued that the main reasons why family business fail are ten, two of them being the poor succession planning and unprepared next generation leaders.

In this context, I concentrated on reviewing factors or reasons that impact the success or failure of the family business, and concluded that “leadership” is the key for both, although there are many other factors and reasons. I argue that leadership in family business is highly affected by its succession plan and process.

**Chapter – 4: Organizational Performance:** this chapter covers the main aspects of organizational performance starting with the definition and meaning of performance, performance management, and organizational performance. The chapter discusses issues related to performance measurement, and the relationship between organizational performance and organizational culture, and presents the theoretical link between organizational performance and other organizational aspects like human resource, learning, communication, total quality management, information systems, improvement, subjective well-being, health, and workplace performance.

Organizational performance links with most if not all organizational functions and activities starting from the first step of goal setting, and ending with the step of achieving and evaluating the outcomes (Thorpe and Holloway, 2008). Excellent performance can be achieved when operational activities meet the organizational business strategy (Kotter and Heskett, 1992). Internal and external organizational contingencies such as the globalization of markets, high-paced changes and rapid evolution of information and communication technologies led the organizational management to review its ability to assess how the organization is performing in a continuous base (Verweire and Berghe, 2004). Consequently, senior managers in different types of businesses have recognized in the few past decades that they need to think of new organizational measurements in addition to the financial ones, like quality, market share, productivity, and other nonfinancial measures. Financial measures involve the analysis of historical data and describe past results of organizational operations, whereas it is now suggested that better and preferred measures should also involve

preventive actions, such as customer satisfaction and market share, in order to ensure future success (Eccles, 1998).

Four organizational performance measures: profitability, productivity, plant efficiency, and sales volume considered with some other quantitative measures. These four measures applied in the study of the relationship between leadership and organizational performance in this research work.

In the context and for the purpose of this research work, this chapter presents and discusses scholars' views on the difference between the organizational performance in family and in non-family business.

**Chapter – 5: Leadership – The Key Driver of Organizational Performance:** This chapter discusses leadership, be it in a family or in a non-family business, as the process of influencing others to achieve goals. I argue that the main consequence of the leader's influence upon followers is the impact on their performance, regardless whether the followers are in a direct or indirect relationship or interaction with the leader. This argument, i.e. that leadership is key driver of performance, has been supported by scholars and researchers like Kotter (2012) and Hargreaves et al. (2014).

In order to link the literature review with the aims of this research work, this chapter focuses on the “influence”, and discusses three leadership styles in more detail. These styles are: leader-member exchange LMX leadership, transformational leadership, and servant leadership. Examining the relationship between them and organizational performance will be the core of this research work.

This chapter covers other issues such as the importance of leadership and influential leadership. It also considers the sustainable excellent organizational performance, leadership in family business, and the relationship between leadership and performance.

**Part – 2: Methodology:** This part consists of three chapters: chapters six, seven, and eight:

**Chapter – 6: Research Design and Methodology:** this chapter presents clearly my plan on how I will go about answering my research question: “how does leadership impact the organizational performance in a family business?” For any researcher, it is important to identify the theoretical antecedents on which his/her research is going to be based on, i.e. the research philosophy, the research approach, the research design’s aims, the research methodology, the research strategy, and finally the research methods. Each of those stages considered to consist of multi choices, and I call the link between the choices of all the stages “the idealized research path”. This idealized research path illustrates that this research work is based on the epistemological assumptions of positivism as a research philosophy, deductive as a research approach, explanatory as a research design aims, quantitative as a research methodology, survey as a research strategy. The research methods is the material of chapter – 7.

**Chapter – 7: Research Methods:** this chapter structures this research hypotheses about the relationship between leadership and organizational performance, and clarifies how the research variables are operationalized. Leadership is the independent variable, and organizational performance is the dependent variable. Twenty (20) subscales used to describe the leadership and four measures used in assessing the organizational performance. Consequently, the number of hypotheses considered in this study is eighty (80), as results from the following:

A significant positive relationship between each of the twenty (20) subscales of leadership and each of the four (4) organizational performance measures, which means 20 leadership subscales multiplied by 4 organizational performance measures = 80 hypotheses.

This chapter completes my “idealized research path” by identifying the research methods used for data collection and analysis, They are the questionnaire and statistical techniques.

**Chapter – 8: Data Collection:** This chapter provides details about the primary data required to measure each of the following:

- one leadership subscale for the Leader-Member Exchange LMX leadership style,
- twelve leadership subscales for the transformational leadership style, and
- seven leadership subscales for the servant leadership style.

The chapter describes how the questionnaires used to operationalize this independent variable (leadership). The total number of participants considered to complete the questionnaires is 588, of which seventy-six (76) is the number of leaders who participated in this research work.

Chapter – 8 provides, as well, the definition used for each of the four measures used to assess the organizational performance; it also includes historical (secondary) data from this research setting related to each of these measures. (See section below about research setting).

**Part – 3: Data Analysis:** This part consists of three chapters, i.e. chapters nine, ten and eleven:

**Chapter – 9: Data Analysis:** This chapter covers the data analysis process in examining the relationship between the twenty (20) leadership subscales (the independent variable) and the four (4) organizational performance measures (the dependent variable). Specifically, the statistical analysis techniques include exploratory data analysis, descriptive statistics, and bivariate analysis used in this process. SPSS-24, as a software have been used to calculate Pearson’s correlation coefficient  $r$  in order to describe the strength of the relationship between the two variables, and to calculate the p-value in order to identify the significance of Pearson’s  $r$ . The results of these statistical techniques and overall analysis are interesting

and showed that there is a very strong, or strong positive relationship between many leadership styles (subscales) with some of the organizational performance measures. Some of those relationships were statistically significant.

#### **Chapter – 10: Discussion:**

This chapter discuss the concept of the leadership and the organizational performance in the context of the research question and the hypotheses.

Based on the results and findings achieved by data analysis (chapter – 9) this chapter discuss deeply the relationships between each of the twenty leadership styles (subscales) with each of the four performance measures.

**Chapter – 11: Conclusions:** the last chapter of this thesis presents a summary and the general conclusions, conclusions based on results and findings, the theoretical and practical contributions, recommendations, and limitations and recommendations for future research. The conclusions and recommendations are useful for researchers as they add to theoretical and practical knowledge. In the same time, they can be very useful for the specific research setting, i.e. for El-Saeed Investment Group of Companies – Egypt in the context of leadership, starting from the selection and recruitment process for top and mid-management levels to the process of identifying training needs and planning for development programs. The last section presents the reflections.

#### **The Research Setting: El-Saeed Investment Group of Companies – Egypt:**

El-Saeed Investment Group – Egypt is a subgroup of its mother group of companies called HSA – Hayel Saeed Anam Group of Companies ([www.hsagroup.com](http://www.hsagroup.com)). HSA has been established officially on 1938 as a Yemeni family business in Yemen. In 1970's, it started expanding its businesses outside Yemen, by establishing trading and manufacturing

companies. Now, HSA runs a very diversified range of businesses all over the world, and its operations cover the following five main regions:

1. Yemen,
2. Kingdom of Saudi Arabia (KSA),
3. Far East (FE),
4. The United Kingdom (UK), and
5. Egypt

The group has around a hundred (100) companies distributed between those regions. Some businesses are also established in other countries outside those regions. The group employs more than fifty (50) family members in top management levels, and around 35000 employees from different nationalities.

On 1992, one of the family members, who was coming from somewhere between the second and third generation, established a business in Egypt. He started with one manufacturing company to produce and sell cooking oil, ghee, and butter. In a very short period of time, this company became one of the biggest industrial companies in Egypt, and it is now number one and the market leader in the cooking oil market in Egypt and surrounding areas.

I worked with HSA Group for more than six years (1993-1999) in Yemen, then in 1999, I moved to join its subgroup El-Saeed Investment Group of Companies in Egypt. I know the HSA family well, and I personally know most of its top management members starting from the chairman and board members. I started to think about the family factor and the huge overlap between the three elements of the 3–circle family business model (see section – 3.5), namely, the family, the business, and the ownership. I was the first one who raised the “red flag” and warned that this family business would be going very soon to the “exit or decline”



phase or stage of the family business life cycle (see section – 3.6). I discussed this concern many times with El-Saeed chairman, who is a board member of HSA as well.

When I started thinking about doing my DBA as a second doctorate, I suggested my research proposal and therefore my thesis to be on the topic: “Impact of leadership on the family business life cycle”. My aim was to work on how I could assist to expand the “maturity” phase of its life cycle as much as possible. My intention was to assist the group’s top management to take the right decisions and actions to renew and restructure its management and leadership style, in order to push the business for another life cycle rather than continue moving towards the exit phase. Unfortunately, my prediction appeared to be right, and the war on Yemen that started on March 2015, accelerated the family internal problems and conflicts. Its top management and oldest members are still struggling today to keep their internal relations and the business as it is.

Due to all these concerns, it happened that:

1. El-Saeed Investment Group – Egypt started to work as if independent, i.e. not related directly to its mother group, and also work separately as an investment group of companies in Egypt.
2. In the light of these changes I updated my research proposal to the one I worked on for this thesis.

El-Saeed Investment Group of Companies – Egypt operates the following eight companies, with a workforce of over six thousand employees:

1. Arma Food Industries: this company produce and sale cooking ghee, butter, margarine, and shortenings.
2. Arma Oil Industries: this company produce and sale cooking oil.
3. Arma for Soap and Detergents: this company produce and sale toilet soap, dish wash liquid soap, detergents (powder and liquid), and soap noodles.

4. Hi-Pack for Packaging Materials: this company produce and sale corrugated carton.
5. Ce-Pack for Packaging Materials: this company produce and sale corrugated carton.
6. El-Alamein for Packaging Materials: this company produce and sale corrugated carton.
7. Global Glass: this company produce and sale glass sheets.
8. Al Dawlia Real Estate: this company developed millions of square meters of premium property in Egypt and outside Egypt.

One of the main characteristics of El-Saeed Investment Group – Egypt is its rapid vertical growth by expanding the existing businesses, and horizontal growth by establishing new businesses. It has new companies raised up recently, and it has many other companies and business units that will see the light during the next couple of years.

Figure – 1.1 shows the general organizational structure of El-Saeed Investment Group. The group is going through a restructuring process, especially as it is going to operate many new companies and business units. The main feature of this restructuring is to gradually involve in the management more professionals, and to keep the family members (the father and his three sons) in the back office in order to lead or supervise all the businesses indirectly with the assistance of professional functions managers.

As El-Saeed Investment Group – Egypt is my research setting, I considered seventy-six of its leaders who are working in the following positions:

- General Managers,
- Industrial Operation (Manufacturing) Directors,
- Plant Managers,
- Sales or Commercial Directors, and
- Sales Managers.

This is to operationalize their leadership styles, as leadership is the research independent variable. On the other hand, I considered the historical data related to each of the four

organizational performance measures: profitability, productivity, plant efficiency, and sales volume as the organizational performance is the research dependent variable. A letter from the group Managing Director (now is the group CEO) to all concerned employees in all different levels has been sent to support my research work in the following two directions (appendix – D):

**First:** to complete the questionnaires (related to the independent variable), and

**Second:** to provide the required historical data (related to the dependent variable).

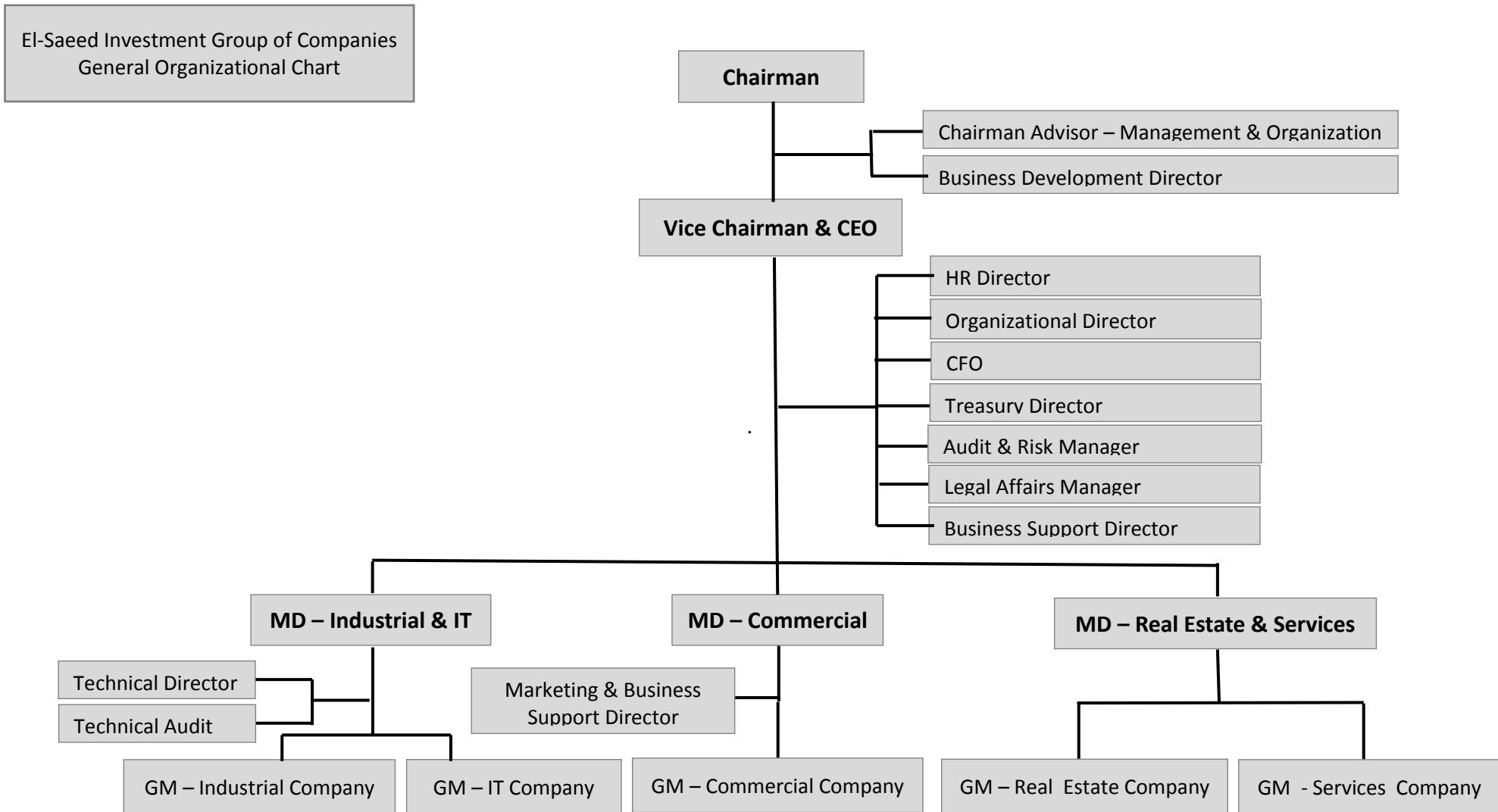


Figure-1.1

El-Saeed Investment Group General Organizational Structure

**Part – 1**

**Literature Review**

## **Chapter - 2**

### **Leadership**

#### **Introduction**

Leadership has gained researchers' interest all over the world for decades. Many aspects of leadership have been a fertile area for research since the early years of the twentieth century (Northouse, 2013). This chapter will cover, to the extent that it is relevant to this research work, various dimensions and aspects of leadership, such as leadership traits, skills and styles, as well as leadership role, the relationship between leaders and followers, leadership and power, and leadership versus management. The first section identifies the definition selected to use in this research, the last section will state the summary on this topic.

#### **2.1 Definition of Leadership**

The term "leadership" is used in different places, functions, and positions in our day to day life; in military and civilian sectors, in politics and social works, in family and in business. "Leadership" is used widely in organizations, and indeed it is dispersed in many levels of our societies' different functions (Wren, 1995).

Leadership has attracted researchers' interest all over the world for decades. Leadership definitions suggest a way of conceptualizing leadership; how leadership is described and

approached, as well as leadership processes, leadership dimensions, and many other aspects of leadership have been fertile areas for research since the early years of the twentieth century (Northouse, 2013). Furthermore, the influence of leadership on organizational culture, on employees' behaviour and performance, and on organizational performance they all have been additional areas for researchers' works. Many books, research papers, and postgraduate theses considered all these aspects of leadership. Schein (2010), for example, discussed the leadership role in building, embedding, and evolving culture, and how leaders can manage culture change.

As a definition, leadership has been considered in many research works. Yukl (2013:3) presents many definitions in a table. Three of those definitions that are particularly relevant to this study are:

- Leadership is the process of influencing the activities of an organized group toward goal achievement.
- Leadership is about articulating visions, embodying values, and creating the environment with which things can be accomplished.
- Leadership is the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organization.

The definition Yukl chose to use in his book is: "leadership is the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individuals and collective efforts to accomplish shared objectives."

Northouse (2013) defined leadership as a process whereby an individual influence others to achieve a common goal. Leadership involves influence and without this influence, it does not exist. Leadership, primarily brings change (Kotter and Heskett, 1992). Leaders, as members of an organization, can achieve their objectives, depending on how they enable others to achieve

certain objectives. The main difference between leadership and management is that managers focus on what should be done now, while leaders focus on what is going to be done in the future (Cook, 2009).

Schein (2010) argued that leadership creates and changes culture, although culture is not determined by formal leaders only. Gobillot (2007) stated a short definition for leadership emphasizing its ability to make others grow. Leaders have the powerful influence and ability to shape organizations, which in turn impacts strongly on the effectiveness of their strategic endeavours. This is how Carroll et al. (2015) view leadership. Gell (2014) gives a simpler definition by viewing leadership as getting results through other people. Leadership is about enacting progress towards a vision or goal with the help and support of others (Gautrey, 2014). It is a set of processes that creates organizations in the first place or adapts them to significantly changing circumstances. Leadership defines what the future should look like, i.e. sets the vision, aligns people with that vision, and inspires them to make it happen despite the obstacles (Kotter, 2012). Gauthier (2014) steps on the work of Miles and others (2009) and their argument that historically, leadership has been conceptualized as linear leader-follower process, centred in personalities and relying on authority. Leadership is the ability to inspire confidence and provide support to people in order to facilitate them achieve organizational goals (DuBrin, 2016).

McCormik (2015) considered the leader's role to be a pilot and motivate his followers to be more effective and productive, as well as to be a catalyst to the process of their growth. Thompson (2015) argues that leaders in organizations play the role of a social architect in designing and building cultural space through mastering organizational structure, job design, customer experience, and culture.

In addition to the previous theoretical work on leadership, it is also worth notice that:



1. Integrity is the supreme quality of leadership (Gell, 2014).
2. No two leaders have the same characteristics, skills or behaviours, but all leaders have one thing in common, that is influencing others (Gautrey, 2014).
3. Leaders focus on creating and communicating visions and strategies, while managers focus on planning, budgeting, organizing, staffing, controlling and problem solving (Kotter, 2012).
4. Leadership is a process (Northouse, 2013; Yukl, 2013).
5. Leadership is not engaged with high-level positions only, it is required at all levels in any organization. A person who might have not been assigned any leadership position in any level could at times practise leadership in certain situations (DuBrin, 2016).

Furthermore, by reviewing the meaning of the word leadership, one can notice the following aspects (the online Merriam Webster dictionary):

- A position as a leader of group, organization, etc.
- The time when a person holds the position of leader
- The power or ability to lead other people.

The dictionary added that leadership is:

- Capacity to lead, and
- The act or an instance of leading

Studying this meaning carefully, it can be identified that leadership is an “action” that can be performed by an “actor” – the leader – on a “predicate or object” like people or organization (Carroll et al., 2015). Consequently, my main conclusion on the definition of leadership is that leadership consists of three elements:

- The first element is the “leader” himself as an actor,

- The second element is the “influence” as an action, and
- The third element is the “followers” as a predicate or object.

This will be better clarified in the next sections of this chapter, and in the next chapters as well.

In this context, and due to this explanation, I am going to use the following definition of leadership in my research work:

“Leadership is the process of influencing others to achieve goals”.

In addition to the large number of definitions mentioned in this section, Kruse (2015) provided 100 definitions and quotes stated by well recognized leaders, authors, and practitioners. In table – 2.1, I selected twelve of them as they contain the same mentioned elements and meanings, and they are closed to the definition I selected for this research work.

## **2.2 Relationship between Leader and Followers**

As leadership is the process of influencing others to achieve goals, this means that there is a relationship between leader and followers. The influence can describe this kind of relationship regardless of who the leader and the follower are. Enabling people to work together to achieve organizational or leadership goals depends not only on the leader’s trait or behaviour, but also on the interactions among them. Even though the new communication technologies provide many and easy interacting facilities like e-mails, intranet or social media, still face to face meetings would help to develop the required interactions and support the relationship between the leader and his followers (DuBirin, 2016).

Table - 2.1

Definitions and Quotes on Leadership. Source (Kruse, 2015)

	<b>Definition/Quote</b>	<b>Leader/Author/ Practitioner</b>
1	A leader is best when people barely know he exists, when his work is done, his aim fulfilled, they will say: we did it ourselves	Lao Tzu
2	Leadership is the capacity to translate vision into reality	Warren Bennis
3	A leader is one who knows the way, goes the way, and shows the way	John Maxwell
4	Become the kind of leader that people would follow voluntarily; even if you had no title or position	Brian Tracy
5	The very essence of leadership is that you have to have a vision. It's got to be a vision you articulate clearly and forcefully on every occasion. You can't blow an uncertain trumpet	Reverend Theodore Hesburgh
6	The key to successful leadership today is influence, not authority	Kenneth Blanchard
7	If your actions inspire others to dream more, learn more, do more and become more, you are a leader	John Quincy Adams
8	It is better to lead from behind and to put others in front, especially when you celebrate victory when nice things occur. You take the front line when there is danger. Then people will appreciate your leadership	Nelson Mandela
9	Management is about arranging and telling. Leadership is about nurturing and enhancing	Tom Peters
10	Management is efficiency in climbing the ladder of success; leadership determines whether the ladder is leaning against the right wall	Stephen Covey
11	The greatest leaders mobilize others by coalescing people around a shared vision	Ken Blanchard
12	True leadership lies in guiding others to success. In ensuring that everyone is performing at their best, doing the work they are pledged to do and doing it well	Bill Owens

It is worth noticing that it is not necessary for the followers to be the leader's subordinates. Followers could be from different levels of the organization such as managers, peers, and lower level employees. Followers could also be outsiders, like suppliers and customers. When considering the word "influence" in leadership practice, it leads us to make a distinction between two kinds of influence: direct influence and indirect influence, which respectively are associated with direct and indirect leadership (Yammarino, 1994). It is clear that, in any organization, direct leadership means that leaders have direct influence on their subordinates, or employees directly reporting to them. The indirect leadership is about indirect influence of leaders on others, for example (Yukl, 2013):

- Employees in lower levels when they do not directly report to those leaders.
- Ability of leaders to change or modify management systems or implement new work structures or programs, or use new technology; this influences employees in different levels, in different departments and functions, and can even influence their job descriptions.
- Influence of leaders on organizational culture can also have an indirect influence on employees. This may happen by influencing the organizational vision and mission, values and beliefs, communication systems and other organizational culture elements and aspects.

Pogan (2015) proposed that leadership needs the active engagement of team members, who should not only focus on a list of goals and tasks, but they should also engage in maximizing their capacity. The leader's role here is to involve followers, allocate them responsibilities and motivate them. Pogan viewed "engagement" as follower's involvement, commitment and dedication.

Leader-Member Exchange Theory is one of theories that describes the relationship between leaders and followers. Leaders, according to this theory, should indeed treat their individual followers differently, unlike what most leadership theories proposed, i.e. that leaders should behave in the same way with all their followers (Lunenburg, 2010). More explanation about this theory and other theories will consider in chapter-5.

### **2.3 Leadership versus Management**

Referring to section 2.1 above, some scholars and practitioners when proposing a clear definition of the word leadership, they compare and contrast it with the word ‘management’. For example, the main difference between leadership and management is that, managers focus on what should be done now, while leaders focus on what should be done in the future (Cook, 2009). Furthermore, leadership is viewed as the process of influencing others to understand and agree on what needs to be done and how to do it, and the process of facilitating individuals and collective efforts to accomplish shared objectives (Yukl, 2013). Other examples are the following two (see table - 2.1):

- Management is about arranging and telling. Leadership is about nurturing and enhancing.
- Management is efficiency in climbing the ladder of success; leadership determines whether the ladder is leaning against the right wall.

All of those definitions, and many others, attempt to answer the core question, i.e. what the difference between leadership and management may be.

Management is a very important leadership skill, and hence each leader should have this skill, while at the same time each manager should have the leadership constituent. To illustrate the difference between leadership and management, Gell (2014) provided an example of a ship where its captain has to steer the ship to the set direction, but this cannot be done without the people who operate the engines. Setting the vision is the responsibility of leaders in any organization, while execution of the vision is the responsibility of the managers.

Northouse (2013) argued that an effective organization should have and sustain both management and leadership skills, otherwise its outcomes would not be in the planned direction, i.e. if it has strong management without leadership, or if it has strong leadership without management. One observes that both processes, management and leadership, are similar in some aspects, as both involve influence, both need people to work together, both need effectiveness to achieve goals. And in general there is an overlap between them as manager needs occasionally to play the leader's role, and similarly the leader occasionally needs to play the manager's role; yet Northouse (ibid) insists that management is different from leadership. This difference can be noted in the role, as management is about planning and budgeting, organizing and staffing, controlling and problem solving, while leadership is about establishing directions, aligning people, motivating and inspiring.

After discussing some scholars' arguments about the difference between leadership and management, Yukl (2013) concluded that leading and managing cannot be distinct considering their role, process, or relationship in the context of effective leadership theory, especially since most scholars agree that in modern organizations, the successful management involves leadership. Furthermore, the scholar proposed that the question about the difference between

leadership and management cannot be answered through debates, but the answer should rather come through empirical research.

Ladkin (2016) proposes that management produces order, consistency, and predictability, while leadership produces change and adaptability to new things in the context of organization, be they products, markets, competitors, customers, and work processes. The leader engages with vision creation to drive the organization, while the manager's role is to implement the vision.

The same person might be a manager and a leader at the same time, but the commitment, role and influence on others and on organizations are different. One could be a good manager but not a great leader. Leaders make use of their position to achieve organizational goals and drive results (Voigt and Guariglia, 2015).

While reviewing the literature about this issue, namely leadership versus management, it is noticeable that many researchers and practitioners refer to the distinguished leadership theorist John P. Kotter. Kotter (2012) defined management as a set of processes that can keep a complicated system of people and technology running smoothly, and its role includes planning, budgeting, organizing, staffing, controlling and problem solving. He defined leadership as a set of processes that creates organizations in the first place or adapts them to significantly changing circumstances, and its role is to define future's vision, align people with it and motivate them to implement it (Kotter, 2012).

## **2.4 Leadership and Power**

Scholars and practitioners pay attention to the concept of power as it is part of the process of “influence”, and influence itself is the core of the process of leadership (Northouse, 2013). Most of leadership approaches mentioned in this literature review deal with this concept.

On truth of power, the French philosopher Michel Foucault (1926-1984) proposed that power is necessary, in the sense that power’s owner had to be able to gain access to the bodies of individuals, to their acts, attitudes, and modes of every behaviour (Faubion, 1994). Power is the ability to get someone to do something you want done. It is the ability to make things the way you want them to. It could be defined as a capacity that A has to influence the behaviour of B, so that B acts in accordance with A’s wishes. The greater B’s dependency on A, the greater the power A has over B. So power is ambiguous and ubiquitous; relative, not absolute. A person is only powerful in relation to others’. “When you are in power, you should probably trust no single person in your organization too much, unless you are certain of their loyalty and that they are not after your job. The constant vigilance required by those in power to ensure they are hearing the truth and to maintain their position vis-à-vis rivals is yet another cost of occupying a job that many others want.” (Pfeffer, 2010. pp 193-194).

Ladkin (2016) argued that leadership, like management, operates through the expression of power; considering that this power could not be legitimate as organizational power of a position, it could be associated with individual’s characteristics when the individual take up the leadership role (Carroll et al., 2015). Power, as the ability to influence decisions and control resources, is the leaders’ requirement that enables them exercise influence. The closer to shareholder or board members the leader is, the greater this ability is, and hence the greater power the leader can exercise (Ladkin, 2016).



In the context of leadership, power is considered a critical element, it is the attribute associated with leaders who can motivate people. Exercising the power is an issue of argument, because it can be both a good and a bad leadership source (Gauthier, 2014). Based on the argument that power is critical, it becomes an issue of significance who has it, who has more powerful than others, how it influences conflict situations and how it is exercised to deal with people who resist to change (Brent and Dent, 2014).

Pfeffer (1992) defined power as the capacity to influence, and argued that power is part of leadership and is necessary to get things done. Gautrey (2014) argued that this influence gets someone thinking, feeling or doing something different. In this context the scholar defined power as the capacity of one to get what they want, and concentrated on the word “capacity” as being available to the actor, who can use it at the time and for the purpose they wish. On the other hand, having this capacity can create the influence the actor wants. This concept agreed with Yukl’s argument as he considered time as the essence of power. Yukl (2013) used the term power in his book “Leadership in Organizations” to describe individual’s capacity to influence others’ behaviour at a given point in time.

Price and Toye (2017) argued that on one hand, leaders can do what the business need, and on the other hand they play the role of changing the organization. They argued, as well, that organizations need to distinguish, in the context of power, between authority and leadership. In this sense, the process of making a real organizational change should not be imposed but rather empowered.

As a concept, power is a tool used by leaders to achieve their own ends, and it is a relational concern for both leaders and followers (Northouse, 2013).

### **2.4.1 Source of Power**

Power can be categorized as either positional or personal power. Personal power is associated with personality. Position power is associated with the potential influence derived from legitimate authority to control resources and rewards, punishments, information, and the physical work environment (Yukl, 2013). Leader can be attributed personal power when the followers like them and see them knowledgeable, as well as when their actions are important to them. Positional power is associated with a person enjoying a higher status than others in the organizational structure (Northouse, 2013).

DuBrin (2016), Northouse (2013), Yukl (2013), and many others refer to French and Raven's work (1960) on social power, where they proposed the following five sources of power:

1. Personal Power – The ability of leaders to develop followers from the strength of their own personalities.
2. Expert Power – the ability to control another's behaviour because of the knowledge and experience that the other person does not have but needs.
3. Legitimate or Position Power – stems from an authority's legitimate right to require and demand compliance.
4. Reward Power – the extent to which a manager can use extrinsic and intrinsic rewards to control other people.
5. Coercive Power – The extents to which a manager can deny desired rewards or administer punishment to control other people.

In his book "Influential Leadership", Gautrey (2014) who is an author, trainer and executive coach, and has specialized in the field of power and influence, proposed the following seven sources of power:

1. Credibility: occur from professional standing and expertise.
2. Character: occur personal traits, values and beliefs that impact the leader's behaviour.
3. Presence: occur due to the impact and feelings of people when they meet the leader.
4. Position: occur due to the role that the leader plays and how he put himself into the limelight.
5. Connections: occur due to relationships of the leaders around himself and his work.
6. Skills: occur due to special and unusual abilities the leader has that enable him to get things done.
7. Agenda: occur when the leader set issues and priorities to focus on.

#### **2.4.2 How is power exercised**

The exercise of power does not simply appears as a relationship between partners, individual or collective; it is a way in which some act on others, it exists only when exercised by some on others, only when it is put into action, even though, of course, it is inscribed in a field of sparse available possibilities underpinned by permanent structures (Foucault, 1982).

In the concern of answering the questions of "how – what - why" the French philosopher Foucault 1926 – 1984 said: "If, for the time being, I grant a certain privileged position to the question of "how", it is not because I would wish to eliminate the questions of "what" and "why". Rather, it is that I wish to present these questions in a different way -better still, to know if it is legitimate to imagine a power that unites in itself a what, a why, and a how. To put it bluntly, I would say that to begin the analysis with a "how" is to introduce the suspicion that power as such does not exist. It is, in any case, to ask oneself what contents one has in mind when using this grand, all-embracing, and reifying term; it is to suspect that an extremely complex

configuration of realities is allowed to escape while one endlessly marks time before the double question: what is power, and where does power come from” (Foubion, 1994 p.336).

Coming back to organizations, managers should increase their visibility by exposing themselves to the employees and maximizing the contact with their superiors. This would give them the opportunity to gain recognition for a task or job they have performed. Employees as well would appreciate the manager or supervisor who gets involved with the practical aspects of the working environment and empowers them by including them in the decision making process. By acquiring recognition, the chances for the acquisition of power and influence would also increase. “All professional, managerial, and technical people face situations each and every day where they can increase or decrease some of their power. Developing a power base in one’s early career requires that one be sensitive to these opportunities, both from the point of view of gaining or enhancing sources of power and from that of not inadvertently wasting valuable power.” (Kotter, 1985 p.126).

## **2.5 Leadership Traits**

Trait, as a word, means a quality that makes a person or thing different from another (Merriam Webster dictionary). In vocabulary.com trait is “something about you that makes you “you””, and in science, trait refers to characteristics that is caused by genetics. So, trait is something owned or possessed. Researchers agree that great leaders have common innate traits (Cherry, 2014). Cherry (2014) proposed sixteen traits that a great leader could have. Not all leaders have all of these traits, but it is argued that they should have most of them. These traits are:

1. Intelligence and Action-Oriented Judgment
2. Eagerness to Accept Responsibility
3. Task Competence
4. Understanding Followers and Their Needs
5. People Skills
6. Need for Achievement
7. Capacity to Motivate People
8. Courage and Resolution
9. Perseverance
10. Trustworthiness
11. Decisiveness
12. Self-Confidence
13. Assertiveness
14. Adaptability and Flexibility
15. Emotional Stability
16. Creativity

DuBrin (2016) argued that leader's personal traits are of two types: the first is associated with the general personality traits such as trustworthiness and self-confidence, whereas the second is associated with the disposition of the person, such as flexibility and adaptability. DuBrin (2016) proposes that the general personality traits are observable both, within and outside the context of work, and hence a leader carries his personal traits in his personal life as well as in his work. DuBrin (2016) proposed nine personal traits and five task - related traits. These are:

### **Nine Personal Traits**

1. Self confidence
2. Humility
3. Core self-evaluations
4. Trustworthiness
5. Authenticity
6. Extraversion
7. Assertiveness
8. Enthusiasm
9. Sense of humour

### **Five Task Related Traits**

1. Passion
2. Emotional intelligence
3. Flexibility and adaptability
4. Proactive personality
5. Courage

Northouse (2013) tracked the leadership literature on traits approach. Table - 2.2 shows a historical summary of what scholars proposed on leadership traits. The scholar considered only five traits that appear to be the most common. They are:

- Intelligence
- Self confidence
- Determination
- Integrity

- Sociability.

Yukl (2013) selected the eight traits that summarize and integrate the findings from reviewing research studies on leadership covering a period of a few decades. These traits are:

1. High energy level and stress tolerance
2. Self confidence
3. Internal locus of control orientation
4. Emotional maturity
5. Personal integrity
6. Socialized power motivation
7. Moderately high achievement orientation
8. Low need for affiliation.

Table - 2.2

Leadership traits: historical summary (Adapted from Northouse, 2013)

Year	Scholar	Leadership Traits
1948	Stogdill	Intelligence, alertness, insight, responsibility, initiative, persistence, self-confidence, sociability
1959	Mann	Intelligence, masculinity, adjustment, dominance, extroversion, conservatism
1974	Stogdill	Achievement, persistence, insight, initiative, self-confidence, responsibility, cooperativeness, tolerance, influence, sociability
1986	Lord, Devader, and Alliger	Intelligence, masculinity, dominance
1991	Kirkpatrick and Locke	Drive, motivation, integrity, confidence, cognitive ability, task knowledge

## 2.6 Leadership Skills

Unlike leadership traits, that appeared to be owned or possessed, leadership skills can be learned. Adair (2013) argued that is possible one to develop one's own ability as a leader, however leadership cannot be taught, it is something that one has to learn by themselves. The scholar provides eight leadership functions and explains how to turn them into skills. They are:

1. Defining the task
2. Planning
3. Briefing
4. Controlling
5. Evaluating
6. Motivating
7. Organizing
8. Providing an example

DeCotiis (2015) proposed five areas where one can apply leadership skills. They are:

1. Self - leadership
2. Business - leadership
3. Results - leadership
4. Vision - leadership
5. People - leadership

Organizations need to identify through a thoroughly developed recruitment process those individuals, who have the important and relevant for the organization leadership skills. Furthermore organizations need to set in place the leadership training and development processes, to support those individuals selected for succession, to develop further these



important skills. Although not two organizations are the same in terms of the leadership skills that they need, there are certain common leadership skills that affect leadership effectiveness (Glatzhofer, 2015). The scholar offered the following five leadership skills:

1. Ability to lead and influence others
2. Ability to relate and interact with peers, subordinates and superiors
3. Ability analyze information and decisions
4. Ability to execute and deliver
5. Ability to adapt to changes and be innovative.

Gautrey (2014) constructed a model of influencing skills, and argued that there were no magic ingredients, or complicated skills; to illustrate this the scholar provided seven dimensions of such skills. They are:

1. Self-awareness
2. Understanding people
3. Understanding groups
4. Networking
5. Influencing people
6. Influencing groups
7. Building trust

It is worth noting here that based on their research findings, Yukl (2013) and Northouse (2013) agreed that effective leadership depends on three basic personal skills. Yukl named them technical, conceptual, and interpersonal skills, whereas Northouse named them technical, human, and conceptual skills.

## 2.7 Leadership Styles

As mentioned above (section 2.1), the definition for leadership chose to apply in this study is that “leadership is the process of influencing others to achieve goals”. To achieve goals, leaders do not need to use the same behaviours and attitudes in all situations, rather they need to adapt their behaviours and attitudes according to the case or situation at hand (Gell, 2014).

The leadership style provides insights into the way or the pattern of behaviour that form leaders’ characteristics. Personality traits have a direct influence on the leaders’ behaviour, and consequently, they influence the nature of leadership style of a given leader (DuBrin, 2016). In this context, it is recognized that there could be as many leadership styles as many leaders. There is no unique style that describe the best action of the leadership process (Gell, 2014).

When discussing leadership styles we could broadly to distinguish two types of behaviours:

First: task behaviour, when the leader behaves as a facilitator to help followers achieve the goals.

Second: relationship behaviour, when leaders play a role in making followers comfortable in the work environment, both as individuals and as a team.

Combination of these two types of behaviour and their impact on followers’ achievement towards the goals, remain an on-going subject in researching leadership styles (Northouse, 2013).

Researchers and authors take different approaches when distinguishing leadership styles, i.e., they focus on different aspects of leadership styles. For example, DuBrin (2016) offers the following leadership styles:

1. Participative leadership,

2. Autocratic leadership, and
3. Entrepreneurial leadership.

DuBrin (2016) added the gender as another dimension that affects leadership styles, as it has been empirically observed that women could have cooperative and empowering leadership styles, whilst men opt for a more commander and control or militaristic leadership style.

Gell (2014) provided six leadership styles that effective leaders adopt according to the case or situation at hand. These are:

1. Visionary leadership
2. Coaching leadership
3. Affiliative leadership
4. Democratic leadership
5. Pace-setting leadership
6. Commanding/Coercive leadership

On the other hand, and going back to the selected leadership definition, i.e. “leadership is the process of influencing others to achieve goals”, leaders have the ability to impact and influence over followers, consequently, they have power. According to the source of influence and nature of impact, Gobillot (2007) suggested four styles of leadership. These are:

1. Personalized leadership, where leaders use the power of their position to directly influence outputs.
2. Distributed leadership, where leaders recognize and allow the power of others’ to materialize strategy and plans.
3. Authentic leadership, where leaders derive power from their ethos and integrity.

4. Connected leadership, where leaders act beyond their boundaries. This requires engaging all members of an organization with the change the leader envisions, regardless of members being within their remit or not.

Wart (2017) considered 10 types to describe leadership styles. They are:

1. Laissez-faire,
2. Directive,
3. Supportive,
4. Participative,
5. Delegative,
6. Achievement oriented,
7. Inspirational,
8. Strategic,
9. Collaborative,
10. Combined

Iqbal et al. (2015) argued that leadership styles have significant impact upon small businesses as well as on the largest organizations in the world. This impact affects everyone, starting from organizational seniors and top management to the newly employed individuals. Iqbal et al. (2015) considered in their research work three kinds of leadership styles, i.e. autocratic, democratic, and participative. They found that:

1. In the short term: the autocratic leadership is useful.
2. In all time horizon: the democratic leadership is useful.
3. In the long term: the participative leadership is most useful.

Furthermore, they concluded that the participative leadership style is the most effective style that leads to enhancing employees' performance, when those employees are empowered and become confident in doing their jobs and making decisions (Iqbal et al., 2015).

For the purpose of this research work, the following three leadership styles will consider in more detail in a later chapter (see chapter-5):

- Leader-Member Exchange LMX leadership,
- Transformational leadership, and
- Servant leadership.

However, for the purpose of this chapter, two leadership styles will be considered and defined to explain the concept of “leadership style”. These are authentic and ethical leadership.

### **2.7.1 Authentic Leaders**

Authenticity is about trait characteristics, such as being trustworthy, having integrity and being frank, open and honest about personal values and beliefs (DuBrin, 2016). Kernis and Goldman (2006) proposed four authenticity components:

1. Awareness: it refers to self-knowledge of one's feelings, motives and emotions. The idea behind is that awareness fosters self-integration and acceptance of self, which in turn yield more information about individuals.
2. Unbiased Processing: this is about unbiased processing of self-relevant information, which involves objectivity about positive and negative individual's self-aspects, emotions and self-awareness.
3. Behaviour: this reflects the awareness and unbiased processing outputs.

4. Relational Orientation: it is about openness, sincerity, and honesty in relations with others.

Fusco et al. (2015) argued that if one's goal is to be an authentic leader, it requires an authentic self. The scholar proposed four core concepts of authentic leadership: conscious, competent, confident and congruent. Fusco et al. (2015) inspired by forms of coaching, proposed that the key to the effective group leadership is to enable the followers to work at intra and inter personal levels of experience, and develop their self-concept to achieve uniqueness.

### **2.7.2 Ethical Leadership**

It is widely accepted in the business world that, leadership is a concept that enhances and takes the business to higher levels. Transformational leadership (see chapter 5) is also one of these concepts that has been widely discussed and praised for its effectiveness and adequacy. On the other hand, the less discussed authentic leadership, ethical leadership and spiritual leadership have a similar role and appear to be based on the same functional concept. Ethical leadership relates to leaders, who are able to lift up the business outcomes to a higher level and offer rescue during crisis and troubled times (Helen and Spoelstra, 2015). As a style, ethical leadership involves trait characteristics like integrity, honesty, fairness, and also behaviours such as the implementation of two-way communication and the granting of high level of job control and independency to followers (Zhou et al., 2015).

## 2.8 Leadership Role

The previous sections have defined leadership, leadership traits, skills, and styles, and have concentrated on the concept of leadership. Referring once again to the definition selected to use in this research work, i.e. “leadership is the process of influencing others to achieve goals”, and regardless of the kind of relationships leaders develop with their followers, their management skills, the type of power they have and their leadership traits, skills or styles, the main issue in understanding leadership process remains the “leadership role”, or what leaders really do.

This is why researchers focused on leadership in general, and specifically on its relationship with organizational performance, considering that leadership is not required only at top management level, but it is equally important and required at all other levels. Its influence can be seen in all organizational functions’ performance, and consequently in the overall organizational performance. Flanigan et al. (2017) examined the relationship between leadership and organizational performance, and found a positive link between “transformational” leadership and sales volume and profit as financial measures of organizational performance.

One of the questions concerned the researchers in this context, is what makes two organizations that work under similar conditions differentiate in the way they operate, and consequently achieve different outcomes. To answer this, the dimension of leadership role emerges as a promising factor (Schein, 2010). Leader’s role exceeds hiring, training, controlling followers’ performance, promoting employees, etc. as these tasks are mainly parts of a manager’s role (Yukl, 2013). Leadership aims at creating organizational change and devising ways of achieving this. This requires leaders to work beyond what managers usually do.

Managers do routine work, and they concentrate on how they can do it better. On the other hand, leaders concentrate on what they should do instead, they spend their time on doing things beyond normal functions with a vision for a different future (Ibarra, 2015). Ibarra (2015) argued that it is not an event to play a leadership role, it is a process, and this requires spending much of individual's time on the following practices:

- Bridging across diverse people and groups
- Envisioning new possibilities
- Engaging people in the change process
- Embodying the change.

Ibarra (2015) argued that the best leaders spend much of their time outside, not inside the team in order to explore if the team gets the right information and resources, as well as to select another successful team's outcomes, even competitors, so their team can consider those outcomes and build over them. In this context, the scholar distinguishes two main roles leaders could play:

1) Hub Role: when leaders set goals for the team, assign team members' roles and tasks, monitor progress, manage performance, hold meetings to coordinate work, and create a good climate inside the team.

2) Bridge Role: when leaders align team goals with organizational priorities, funnel critical information and resources into the team to ensure progress toward goal, get the support of key allies outside the team, enhance the external visibility and reputation of the team, and get recognition for good performance.



Ibarra continues, that both roles are critical, but leaders who practise only the second one, namely bridge role, perform better than those who concentrate only on the Hub role.

## **2.9 Importance of Vision**

It has been explained in section – 2.3 that setting the vision is the responsibility of leaders in any organization, while execution of the vision is the responsibility of managers. In this light, understanding what “setting the vision” means has become one of leadership researchers’ main interest. Kotter (2012:71) defined the vision as it “refers to a picture of the future with some implicit or explicit commentary on why people should strive to create that future”. Vision is a beautiful picture of what the future would look like when the team gets there (Gell, 2014). “Vision is an image of an attractive, realistic, and believable future” (Northouse, 2013: 187). Vision is considered to be the main characteristic and quality of leadership (Coers, 2018).

Leaders need, not only to develop vision, but also to present it in a clear manner to others, in order to guide all actions of all members of a team or an organization, in a way that they would feel self-respect and that their work is meaningful. The purpose should be clear and common (Yukl, 2013). The rationale behind the vision should not be absent. Leaders need to create the sense of purpose to guide people and organizations across the directions toward achieving the goals that are required to achieve the vision (Gauthier, 2014). It helps the leader to coordinate all team or organizational members quickly and efficiently (Kotter, 2012).

In this context, the vision, as the ability of envision possibilities for the future and communicating it with others, can be considered as a criterion to recognize leaders and

differentiate them from non-leaders. Ibarra (2015) argued that by having a vision, leaders are enabled to:

- Sense opportunities and threats in the environment
- Set strategic direction
- Inspire others to look beyond current practice

Organizations with visionary leadership can state where they are going and why, and consequently can do better than other organizations. Visionary leaders can make fast and confident decisions to take the organization towards success either in crisis or in considerable opportunity times (Price and Toye, 2017).

## **2.10 Summary**

After reviewing approaches to leadership, as discussed by experts in the field, the project establishes the concept as a process of influencing others to achieve goals. It is an “action” that can be performed by an “actor” - the leader - on a “predicate or object” – the followers.

Integrity is the supreme quality of leadership, and this quality should not be limited to high-level positions only, but rather it is required at all levels in any organization. On this note, it is reminded that person without a leadership position in any level could potentially practice leadership in certain situations.

Although leaders bear different traits or styles or have different skills, their main role remains doing things beyond normal functions with a vision for a different future. Leaders need, not only

to develop vision, but to make it clear in order to guide all actions of followers who will feel self-respect and also that their work is meaningful. This is the main difference between leadership and management, as managers focus on what should be done now, while leaders focus on what is going to be done in the future.

## **Chapter - 3**

### **Family Business**

#### **Introduction**

Family businesses constitute more than 80% of the business in the world's free economies, and they employ more than 75% of workers around the world (Poza, 2010). This impressive fact has attracted the interest for a growing number of researchers to further research and understand it (Matherne et al., 2011). This chapter will cover many aspects of family business, and will start with its definition, then pass to its culture, management, performance, and life cycle, then discuss the importance for the family to develop its policies and to write a constitution, and will conclude with the most problematic issue in the context of family business, i.e. succession.

#### **3.1 Family Business Definition and Features**

It has been widely recognized that family business is a type of secretive in nature organization, and for confidentiality purposes, its management do not easily welcome outsiders for research work. This impacts on the process of researching the topic of family business and the ability of consultants and researchers to define and describe the phenomenon, and explain aspects of family business. Neubauer and Lank (1998) reviewed academic work on this subject and offered sixteen definitions offered by various authors, and recognized that the common

components of all those definitions are ownership and management.

Family business is a business owned and/or managed by at least two persons who belong to the same family, i.e. relatives, including spouses (Kertesz and Atalaya, 1999). Family businesses may continue to second and third generations and sometimes more (Ward, 1997). A family business exists when its founders and their offspring or relatives comprise human capital of a company holding managerial or the board of director's positions at the same time (Puplacz, 2014). A family business emerges when one or more family members partly own the business and control at least the 20% of the total votes outstanding (Miller and Le Breton-Miller, 2006). It is a business that is managed by a highly dominant coalition of members of the same family who have an intention to shape and pursue the vision of the business (Matherne et al., 2011).

In Britain, family business is a business that belongs to a family, and where family members work (Collins English Dictionary - [www.collinsdictionary.com](http://www.collinsdictionary.com)).

In Egypt (where this research focuses on) the definition provided by IFC (International Financial Corporation) Corporate Governance states: "A family business refers to a company where the voting majority is in the hands of the controlling family; including the founder(s) who intend to pass the business on to their descendants. The terms "family business", "family firm", "family company", "family-owned business", "family-owned company", and "family-controlled company" will be used interchangeably to refer to family businesses" (IFC Corporate Governance, 2015).

Family businesses constitute 80 - 98% of all businesses in the world's free economies. They employ more than 75% of workers around the world (Poza, 2010). Research shows that around 30% of family business continue to the second generation, however less than 5% continue to

the third (Ward, 1997). Kertesz and Atalaya (1999) considered and studied more than 500 family businesses and found that 30% continued after five years, one-third of the remaining family firms passed the baton to the second generation, and one-ninth to the third generation, while only two firms to the fourth generation. Kertesz and Atalaya (1999) argued that the main cause of failure is the unsuitable cash-flow control. On the other hand, Golob (2013) argued that the main reasons why family business failed are ten reasons, they are

1. Poor succession planning
2. Lack of trusted advisers
3. Family conflict
4. Different visions between generations
5. Governance challenges
6. Exclusion of family members outside the business
7. Unprepared next generation leaders
8. Poor strategic planning
9. Not using their 'familiness' advantage
10. Fundamental principles of business are not applicable.

While family business owners manage, they need always to think of new ways for meeting the organizational improvement standards. This could be easier in family business rather than in non-family business because of many specific to the family business elements like trust, similar habits, and security of family members jobs (Pyplacz, 2014).

### **3.2 Family Business Culture, Shared Vision, and Strategy**

Founders' vision and values usually form the basis of the family business culture, because

they have a direct link and impact on family members, who already share similar values and aspirations coming from family bonds. Family vision and values can be aligned easier in order to share goals, and create homogeneity and a shared destiny - or not (Neff, 2015). A shared vision has a high positive impact on leadership effectiveness of the new generations as leaders for the family business, as well as on their engagement with work. Miller (2014) also found that the family business culture has a significant impact on the creation of shared vision, which influence the leadership talent of the next-generation. Passing the business to next generations requires from the current leaders to concentrate on creating a positive culture and at the same time on developing a successful business strategies and outcomes.

Family members, family, work and culture are overlapping aspects of a social phenomenon represented by family business. Ruggieri et al. (2014) considered that family, family managed business and ownership are an integrated system. Their research intended to verify the overlap between the family and the business, and to confirm that there are different family business cultural models that influence the intergenerational transition process. The authors suggest that a cultural model is the output of the way in which families define family, business, and generational change.

There are some prevailing features in the family business culture, such as the friendly atmosphere, easy communication and sharing opinions, and job positions created only for family members or their relatives (Pyplacz, 2014).

Ward (2011) argued that family business strategies are driven by the values created in the family and the vision of its owners. This argument assumes that strategy formulation reflects personal desires of the family business controller, and that no single strategy can suit any business at a certain point of time. The scholar concluded that SWOT (Strength – Weaknesses

– Opportunities – Threats) analysis does not provide enough support when developing an adequate strategy that would meet or agree with the owners' vision and values. Understanding how family business thinking is driven by certain values and core beliefs, and how these impact on the ownership vision, is essential in understanding the process of strategic decision making.

The continuation of family business necessitates continuous discussions between generations to identify their vision, as well as the recognition of the conflict between generations; it also needs keeping and activating the core factors that contributed to the business success. Although each generation has its own vision, still a complementary vision of new generations to the founder(s) vision can be a key factor of family business success and continuation (Poza, 2010).

### **3.3 Family Business Performance**

Measuring the performance of a family business and looking for its future success is an interesting area for many researchers; financial data is the tool they mostly rely on, whereas few researchers opt for using non-financial measurements. Creating a multidimensional, non-financial assessment is rarely used as performance measurement in family business as well as for identifying its future sustainability. Still, since family business owners usually intend to sustain their business and keep it alive for sons and coming generations, Neff (2015) argued that non-financial performance measurements are interesting for the owners themselves and by extension, for researchers as well. Although financial performance results and measures are important for the firm's financial success, the non-financial results have a motivational role for the family business, acknowledging that these could have positive or negative impact on the business performance. This becomes, even more important, especially when the business becomes weak after departure of the first generation or founder(s).



When examining the differences in organizational performance, Sultan et al. (2017) considered thirty five (35) factors that might affect the organizational performance in achieving financial and non-financial results in high performance organizations, be they family owned or non-family owned organization. The scholars concluded that non-family businesses performed better than family businesses. Other scholars and researchers reached contradictory conclusion, like Allouche et al. (2008). In general researchers do not agree on which type of organization, the family or non-family, performs better. This issue will revisit in section - 4.6 in more details.

### **3.4 Family Business Ownership and Management**

Family businesses are not like any other organization type. The difference is clear from many aspects like ownership, management, control, and many human resources' aspects like recruitment, promotion and succession planning (Basco, 2013).

Gimeno et al. (2010) identified five perspectives in managing the family business:

1. Issues facing family business
2. Succession planning
3. Drafting a family constitution
4. Governance
5. Family communications.

In the context of family business management, Kertesz and Atalaya (1999) considered the following four areas as the four dimensions of PALT model:

1. Psychological (P), (effective communications – problem solving – leadership – motivation – etc.)
2. Administrative/Accounting (A), (personnel and financial management – banking –

investment – taxes – etc.)

3. Legal (L), (legal structure – equity – relationship with labour law – trademarks – etc.), and
4. Technology/Commercial (T), (technology updating – processes – total quality – import/export – marketing – etc.),

The scholars continued that this model encourages individuals in each area to understand and acknowledged other areas as an effective requirement of harmonious and collaborative work.

Some family businesses are led by managers who are not family members. However Miller and Le Breton-Miller (2006) argued that family management could decrease agency costs and increase stewardship attitude, which in turn would result in investment time expansion and business capabilities building. Family members' involvement can occur in ownership and also at the top management levels. Their contribution can be valuable if they have multiple experiences.

Avrichir et al. (2016) argued that family businesses may lack managerial skills, but they have “**familiness**”. Furthermore, the organizational future can differ depending on the managers, i.e. if they were family members they would be much more concern about its long term vision and survival, while the non-family members would have a short term vision and would probably look for successful achievements during their employment period.

Two systems overlap and interact when managing any family business; these are:

- Emotion - oriented family system, when the management concentrates on non - financial goals, and
- Results - oriented business system, when the management concentrates on the financial goals.

In both cases, making decisions is the biggest challenge in managing a family business.

Motylska-kuzma (2017) argued that the owner's and family member's managerial style could highly affect the financial decision process.

Muntean (2016) argued that there is a considerable difference between family businesses that are managed or controlled by the founder or family members, and those managed or controlled by non-family managers. This difference is due to the political behaviour of managers, which in turn impact on the corporate political behaviour.

Setting the family and business as one dimension, and the short-term and long-term timeframe as the second dimension, then four areas arise. Sorenson et al. (2013) argued that there are seven clusters within what called "family business landscape", they are distributed between the four areas and their intersections shown in the matrix of figure-3.1. The seven clusters represent the family business issues, they are:

- "1) Performance,
- 2) Strategy,
- 3) Social and Economic Impact,
- 4) Family Dynamics,
- 5) Family Business Role,
- 6) Succession, and
- 7) Governance" (Sorenson et al., 2013, p2). Each cluster is interesting and forms a distinct research area for many researchers.

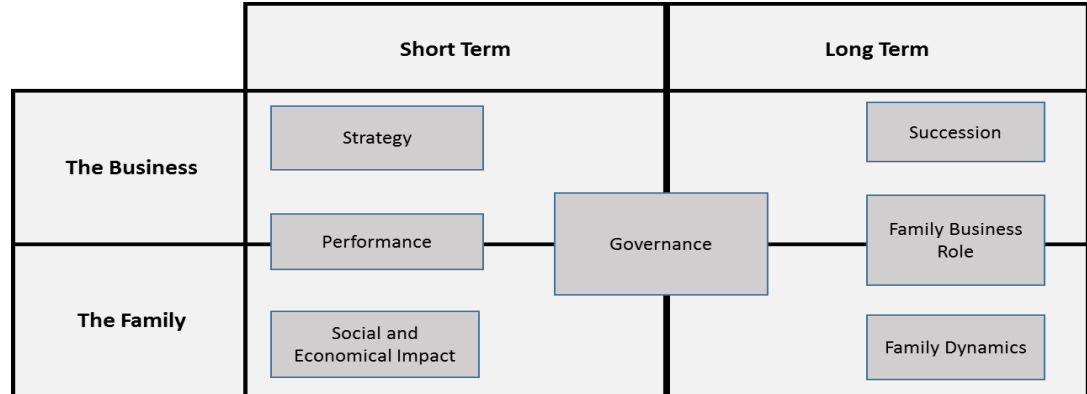


Figure - 3.1 The Landscape of Family Business

Source and adapted from (Sorenson et al., 2013, p2)

### 3.5 The Three Dimensions of Family Business

Family business gained a high interest of a growing number of scholars, who aim to identify ways that family business distinctively and significantly add to achieving success and sustainability. Scholars concentrate on understanding the conflicts that occur when family members mingle goals and resources across family and business. Scholars create models to describe this type of conflicts (Matherne et al., 2011). Adding in other types of conflict between owners and managers extend the model to the “Three-Circle Model of Family Business”, which conceptualizes family, business, and ownership as three overlapping subsystems, and where individuals can be in any area of the intersections of the three cycles (Gersik et al., 1997).

Scholars agreed that there are three dimensions to be considered in the context of the family business, for example:

- Gerisk et al. (1997) considered: the family, the business and the ownership,
- Rouvinez and Ward (2005) considered: the family, the business, and the management, and

– Montemrlo and Ward (2011) considered: the family, the business, and the company.

In this context, the most used three dimensions model will consider, i.e. the family – the business – the ownership model. This model is called “The Three - Circle Model of Family Business”, figure - 3.2.

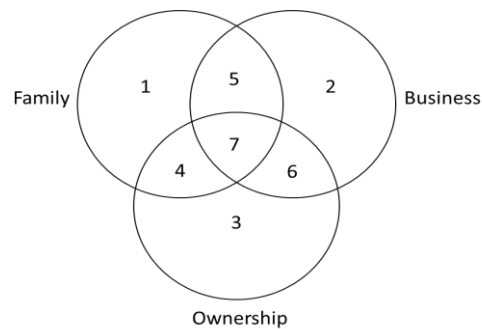


Figure - 3.2 The Three-Circle Model of Family Business  
Source: (Ward, 2004)

Definitions of areas of figure-3.2 are:

Area 1: Family members – neither owners nor working in the business

Area 2: Non family employees

Area 3: Non family owners – not working in the business

Area 4: Family members – owners – not working in the business

Area 5: Family members – not owners – working in the business

Area 6: Non family owners – working in the business

Area 7: Family members – owners – working in the business

The critical areas of figure - 3.2 are the intersections between any two circles, which could potentially present areas of conflict, especially the intersection between the family and the ownership (Hess, 2006), i.e. area 4. The most critical area is the intersection of the three circles where there are owners, who are family members, and who work in the business, i.e. area 7.

Balancing the relation between the family and the business is a critical process on the family business management issues. The family has its own goals, whereas the business needs to meet a different set of goals; the family is characterized by needs and wants that could mainly be understood and addressed by focusing on emotional aspects and aim at maintaining stability, whereas the business strives for improving performance and achieving change. This dilemma has been considered by Carlock and Ward (2001) as shown in figure - 3.3, and by Rouvinez and Ward (2005) as shown in figure - 3.4.

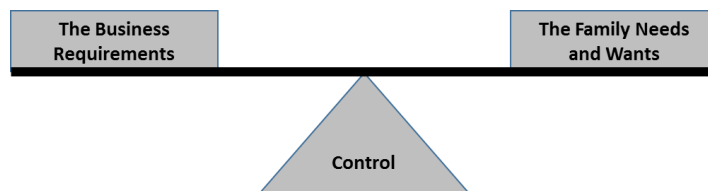


Figure - 3.3 The Family Business Control Dilemma  
Source: (Carlock and Ward, 2001)

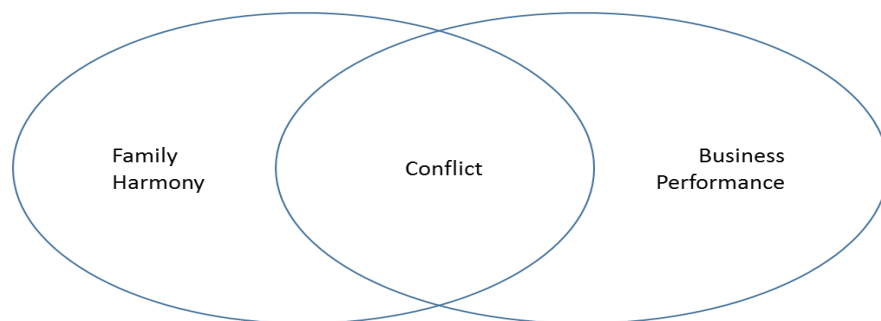


Figure - 3.4 The Family Business Conflict Dilemma  
Source: (Rouvinez and Ward, 2005)

The three circles of the family business model simulates the system theory, which represents a theoretical approach widely used in today's literature. The system theory approach considers the family business as an integrated system containing three subsystems, the family, the business management, and the ownership. Controlling the overlaps and interactions among the three subsystems is the main concept of this approach. Understanding the overlaps, interactions and interdependence between the three subsystems as one system, drives our understanding of the full integrated system of the family business. This understanding can be affected by the position of each family member, as individuals, in any subsystem, and consequently in the whole system, because of their own problems and priorities that impact on their perspectives. This brings us to what Poza (2010) categorized as:

**Family-First Business:** where each family member works in the business by birth right.

**Management-First Business:** where the family pushes its members (new generation) to work outside its business in order to gain experience before getting a job within its business, and also applies the same employment rules on family and non-family members.

**Ownership-First Business:** where shareholders issues come first and the investment issues are treated as most important and by priority (Poza, 2010).

Matterne et al. (2011) concentrated on the potential advantages and disadvantages of the overlap between only two of the circles or subsystems of the model, namely on family and business. They argued that steward behaviour provides significant advantages to business.

Success of the family business requires the business to be healthy and the family itself to be healthy as well. The main issue here is the mixing of the family with the business, as this causes

a dual impact both on the management process of the business, and on the policies needed to manage the family itself (Rouvinez and Ward, 2005).

### **3.6 Family Business Life Cycle**

Like any organism, organizations are born, grow, and then die. Organization, or business life cycle, passes through stages. Researchers distinguish three stages: “Early Stage – Middle Stage – Late Stage” (Ward, 1997), “Controlling Owner – Sibling Partnership – Cousin Confederation” (Rouvinez and Ward, 2005), or “Green and Supply Youth – Time of flourishing Strength – Gnarled Old Age” (Levie and Lichtenstein, 2008). Other researchers split the life cycle into more stages, e.g. Janssen (2011) considered the 7 - Stages: “Seed - Start Up – Growth – Establish – Expansion – Mature - Exit”. In each stage, the business faces challenges, pursues goals and revenue sources, which are different than those found in other stages.

### **3.7 Developing Policies in a Family Business**

To avoid family conflicts that could potentially destroy the business, organizations need to articulate clearly the policies, according to which the business should operate. Aronoff et al. (2011) urged that real consideration is required to develop the policies and not let them be developed haphazardly.

Setting the policies are important in governing the relationships among family members and between the family and the business. This can provide many benefits to both, the family and the business, by solving current and future problems, avoiding problems and conflict before they



happen, strengthening and unifying the family, making decision processes explicit, offering training for family members, and enhancing continuity of the planning process. The core policies required for each family business should cover main issues starting from identifying family members' employment requirements, how to evaluate their performance, how to compensate them, the decision making process and the code of conduct. The relationship between the family and its business needs to be justified clearly in policies. Setting these policies in a structured and written way helps the family avoid family conflicts and minimize the probability of destroying the family business (Aronoff et al., 2011).

### **3.8 Family Governance - Constitution**

It has been recognized that successful business families should concentrate on two main issues: the first one being the strengthening of the business through independent business board, and the second one being the strengthening of the family itself through a written agreement. This family agreement should articulate the regulations that govern the family members' relations and the family's relationship with its business. One of the agreement types is the family constitution. Other types are family statement, family business protocol, and owners' contract. Montemerlo and Ward (2011) tracked this family business critical issue and stated that 35 percent of American, about one-third of Italian, and about 50 percent of the global family firms are governed by similar documents.

Memili et al. (2016) argued that family governance can be affected by the family size, the business size, the work field, the existing generation, and other family and business issues; it is also suggested that family governance can influence the business strategies and performance.

It is important to notice that, in a family business organization, any kind of governance task cannot be practised efficiently or handled in a satisfactory way without the desire and the intention of the family members to work together and closely in a systematic way. The constitution differs from one family business to another depending on the business size, the number of family members involved or not involved with the business, etc. The constitution should also identify the different family members' tasks, state clearly how the power is distributed and its limitations and extension. The main component of any family business constitution is the governance of the family members' relations and their relationship with its business and how to control and solve conflicts that arise in those kinds of relations (Neubauer and Lank, 1998).

### **3.9 Succession in a Family Business**

Family business that have multiple generations and an increase number of family members and relatives, could experience difficulties in finding successors especially when no one is adequately qualified; this adds to the expected problems of succession e.g. conflicts and clashes among candidates for the position members (Miller and Le Breton-Miller, 2006). Researchers considered the succession as a major turning point in any family business in both cases, when the nominated successor is from within the family and when he/she is from outside the family (Avrichir et al., 2016).

While researching the succession process and transferring time in China – Surabaya, Karsono and Suprpto (2013) studied fifteen family businesses, and found that succession tends to take place when successors start working in the family business after graduation from universities or schools. Regardless of successor's educational level, the senior member helps and teaches the

successor about the business and sometimes they continue to supervise certain functions (Karsono and Suprpto, 2013).

Problems that may arise in any family could potentially arise in a family owned business; furthermore, problems that may arise in any business could potentially arise in a business owned by a family. It can be noticed then, that a family business may suffer from a combination of both kinds of problem, and these challenges are most commonly expected. Here lies one of the main problems of business survival: this combination of problems and overlap between the family and the business are identified as the main cause for not passing the family business successfully from one generation to the next. One of the most important challenges in a family business is the process of passing ownership and power from a generation to the next one; this could cause a negative impact on individuation and maturation of family members who become frustrated and concerned about their future (Rodriguez et al., 1999).

Succession planning is key and indeed plays a strategic role in family business success and survival; it is widely acknowledged that a lack in succession planning process is the most common reason of a failure in family business, though admittedly not the only one. Crafting the succession process is the key factor for family business success and survival (Poza, 2010).

The handover from the senior to the next generation in a family business means that a new leadership appear, and this is what is usually called “succession” (Ward, 1997). Succession occurs at this moment, the moment of passing the leadership to the next generation. Although succession represents a very important event in the family business and its life cycle, it remains a process and not an event (Lansberg, 1999); the reason for this is that it is not an easy task to consider someone, who was child a few years ago, to jump to a leadership position in a short time, and run a business (Carlock and Ward, 2001). This needs a long process of preparation.

This process starts with the business owner who has to face the reality that, whether he likes or not, the business should be run without him in the future. Therefore, the current management needs to plan for the future of the business considering the new generation, and train the successor, and senior members need to play the role of teachers and pass their knowledge to the successors, in order to ensure proper leadership transition (Danco, 2003).

Succession planning means a member from the young generation should be prepared to be the future leader. This is the general complex case applicable for family and non-family business. Our world increases this complexity for the young generation, because they need to deal with problems passed on to them from previous generations, so, even though they have not created such problems, they are called in to solve them. Building specific leadership skills starts with goal setting, and ends with ethical decision-making; this process could prepare the young generation to solve the business problems in the future (Seemiller, 2018).

In this light, Fritsch (2017) considered that the most relevant challenge in the succession process faced by both family business leader and successor, is that there is no clear understanding of the early stages of the succession process, there is no clear understanding of how the handover should be done, and finally, what the business's future strategy should be.

Researchers have recognized that succession process bears a great impact on the family business and its life cycle. Michel and Kammerlander (2015) reviewed the research work on the succession planning process, which is considered a critical part of the succession process as a whole. They have identified four phases that many researchers agreed on, even though each called them differently. They proposed the four phases to be:

**Phase 1** “trigger”, notification of the current leadership for the importance of succession and to be ready for it.

**Phase 2** “preparation”, definition of goals and setting of the timeline

**Phase 3** “selection”, identification of candidates based on set criteria and agreement on the nominated successor, and

**Phase 4** “training”, development of the training plan for the successor.

I propose that the selection phase is the most critical one, as it is the start of getting the successor to be involved with the succession planning process. Organizations prefer to recruit candidates with high level of hard and soft skills, where hard skills are measurable while the soft skills are not. Hard skills are identified from and should be relevant to the job requirements, whereas soft skills are identified in the candidate traits, personality, behaviour and attitude. Schlepphorst and Moog (2014) offered a “successor selection procedure” which would help in preparing them to occupy the family business leadership positions. The model consists of five stages: pre-selection process I, needs assessment, pre-selection process II, recruitment channel, and selection process.

The stages of building the successor’s career is presented in figure-3.5. Carlock and Ward (2001) argue that this process has two dimensions:

**The first dimension** relates to the exiting leader(s) or the old generation who, mainly has to:

1. Prepare the next generation of family managers and leaders,
2. Improve their leadership skills,

3. Develop their career programs before joining the business,
4. Clearly identify the capabilities and competencies required from them,
5. Clearly identify the method of selecting future leaders.

**The second dimension** relates to the successor(s) or the new generation who has to develop themselves through to leadership positions:

1. Following personal development plan,
2. Studying the business history, strategy and culture,
3. Understanding the responsibilities of business and family leaders.

Referring back to the three circle model of the family business: the family, the business, and the ownership circles (see figure - 3.2), other researchers have studied each circle as a single dimension, and identified the different stages of each dimension (Gersick et al., 1997). The dimension/stage matrix of figure - 3.6 describes this idea.

In the start-up stage, when the family business is still young, it is identified with the first phase, i.e. “controlling owner”. When the business is formalized and the family members start to work together, then it is identified with the second phase, i.e. “sibling partnership”. Lastly when the first generation passes the baton and the business expands and becomes mature, then the family business is identified with the third phase, i.e. “cousin consortium”.

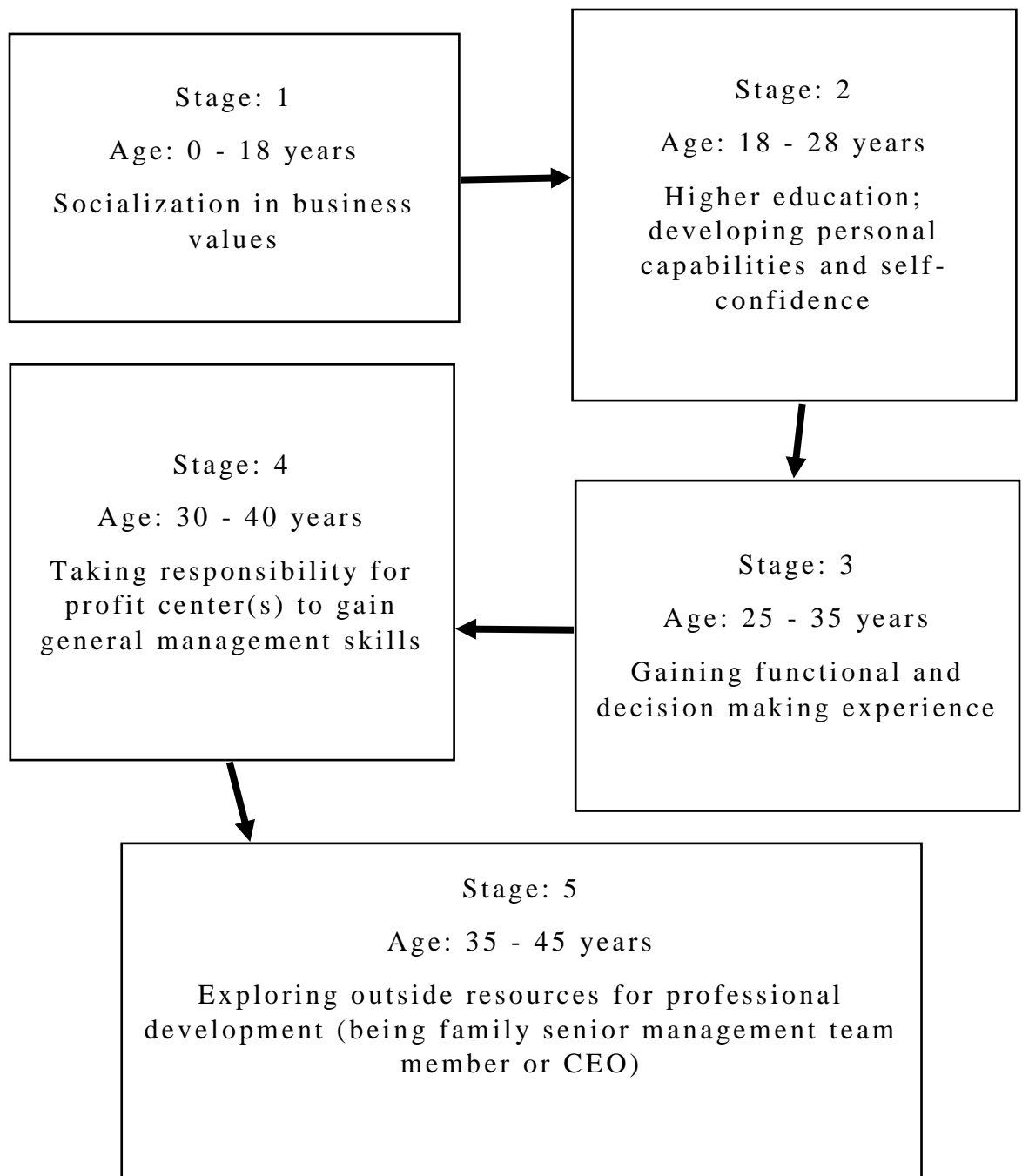


Figure - 3.5 Time Line of Building the Successor's Career  
In a Family Business (Ward, 1997)

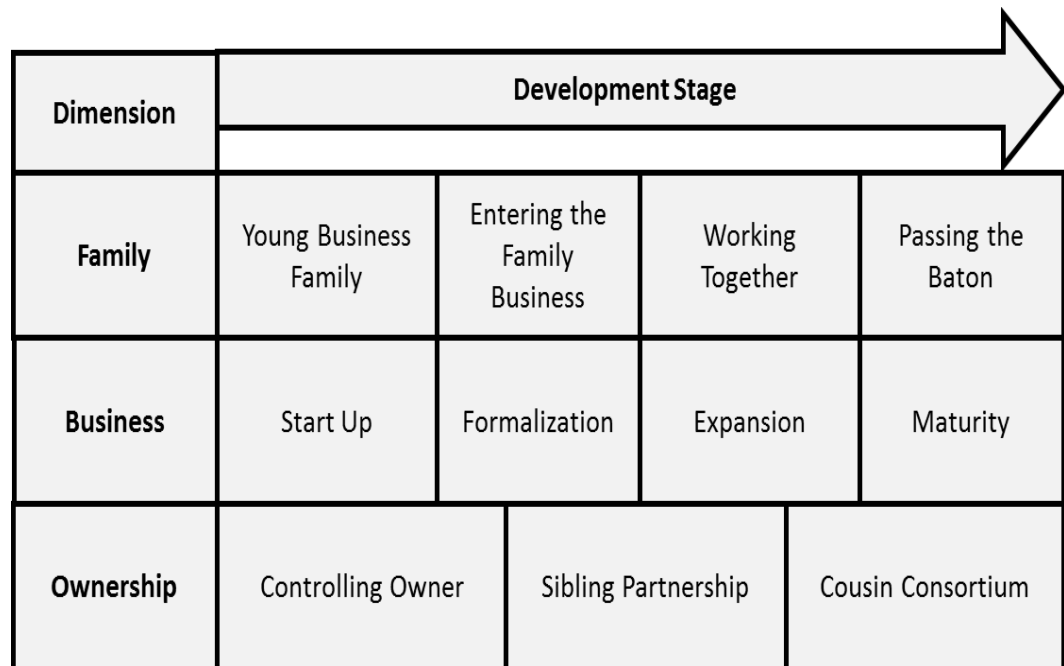


Figure – 3.6  
The Three Dimensional Family Business Model  
(Gerisk et al., 1997)

Based on this model of the three basic forms of family business, Lansberg (1999) suggested that each phase requires a different set of managerial and leadership skills.

Lansberg continues by offering a framework to the succession transitions, covering:

1. Changing or replacing the leadership with no change in business fundamentals.
2. Changing or replacing the leadership with changes in the authority and systems control.
3. Changing or replacing the leadership by skipping a generation and passing from the controlling owner phase to the cousin consortium phase.



It needs be noted here that the second and third cases are rare. The last one happens when the owner has no ready or prepared successor from the next generation.

Family business leaders need to consider how to benefit from the advantage the family influence offers, as it represents one valuable resource. Craig et al. (2014) demonstrated that the family influence plays a significant role in increasing the succession process success chances, by highlighting the way to the new generation to build their understanding of how to be future leaders.

### **3.10 Summary**

Family business is a fertile area for research, since it represents the biggest section of the global business. Scholars agree that very few family businesses continue after the third generation. This means that the family business life cycle, in general, is not long and the family firms do not survive for a long period of time.

Reviewing factors that impact on the success or the failure of the family business, one can conclude that “leadership” is the key for both, although there are many other factors and reasons. As shown above, authors have particularly focussed on how leadership in family business is greatly affected by the succession plan and process.

## **Chapter - 4**

### **Organizational Performance**

#### **Introduction**

Organizational performance is one of the topics that have attracted great interest from management researchers and theorists. It is associated with all the organizational functions and activities, starting from the early phase of goal setting to the end phase of devising tasks involved those functions and activities (Thorpe and Holloway, 2008). In strategic management research, organizational performance is considered to be a central issue (Anna, 2015). This chapter will cover some key aspects of organizational performance starting with what performance, performance management, and organizational performance are. Then the chapter will move to performance measurement and the relationship between organizational performance and organizational culture; finally, the chapter will show how organizational performance is linked with other organizational aspects such as human resource, learning, communication, total quality management, information systems, improvement, employee well-being, health, and workplace performance.

#### **4.1 Organizational Performance Definition and Concept**

Organizational performance is one of the topics that have attracted the interest of

management researchers and theorists in the past years. It is a relatively new area of research, and is characterized by quick expansion; its characteristics are of applied nature. Organizational performance is associated with probably all the organizational functions and activities starting from the early phase of goal setting until the end phase of devising tasks under these functions and activities. It is an integral element of the planning and control of the organization operational cycle (Thorpe and Holloway, 2008).

In strategic management research, organizational performance is considered to be a central issue. Anna (2015) proposed that for a more balancing view of organizational performance, a combination of financial and non-financial measurements are needed to be considered, so that management could link actions with financial results and focus on long-term organizational strategies. The scholar found a positive significant relationship between strategic management tools and techniques with organizational performance, as well as between management tools and techniques with financial and non-financial performance outcomes.

Kotter and Heskett (1992) argued that neither the motivated managers' behaviour nor the strong organizational culture is enough to lead to excellent performance. The scholars suggested that organizational performance would improve if operational activities could meet the organizational business strategy. Hughes et al. (2014) suggested that the overall organizational performance is a result of having leaders, who can translate visionary future opportunities to organizational strategies, and who can control human performance and internal and external influences.

Organizations need to analyze their internal capabilities (determining their opportunities and threats). SWOT analysis is one such tool that could be applied for this purpose, in order to improve organizational strategies. Especially when combined with Balanced Scorecard, as a

single management control system in implementing these strategies, jointly they could improve the organizational performance (Hanafi and Fatma, 2015).

Organizations in today's world face an increasing number of internal and external threats, or at least difficulties, due to globalization of markets, high and rapid technological changes and developments in information and communication technologies. All this puts the organizational management in the need for continuous review of its ability and pace to adapt; in other word, they need to review continuously how the organization performs. Verweire and Berghe (2004) argued that organizational performance is a central issue in strategic management, and they defined it in terms of the created value that results by using organizational productive assets, and by comparing these results with the owners' expectations. The authors suggested that this process of quantifying the efficiency and productivity of actions taken defines performance management.

The authors continue that external factors can have a direct impact on internal factors, and consequently on the performance in any organization. For example:

- The globalization of markets (an external factor) can have a direct impact on organizational managers (an internal factor), who will face greater uncertainty and unpredictability, and this would consequently lead to greater risks in the decision making process.
- New technologies, especially information and communication technologies (an external factor) can have a direct impact on employees' continuous improvement and empowerment (an internal factor); this would consequently cause an impact on their performance, on the function performance, and on the organizational performance as well.

## **4.2 Performance Management and Performance Appraisal**

Performance management is a “continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with strategic goals of the organization” (Aguinis, 2005, p 1 - 2).

Managing the performance framework can be understood by considering three perspectives:

1. Ensuring performance management is effective across the business
2. Providing effective management support for organizational departments
3. Managing day-to-day performance constructively, fairly and promptly.

Figure - 4.1 illustrates the tasks and activities related to each of those perspectives.

Measuring organizational performance is a process that needs to take place in any organization frequently in order to serve many organizational purposes (Spitzer, 2007).

Performance management is about improving employees’ and team performance towards organizational goals, and by extension it, is a process that can improve organizational performance. Performance management is based on empowerment, motivation, focusing on tasks, and employees’ potential maximization and alignment with organizational goals. In this context, Yahia (2012) notes that performance management takes into account all organizational aspects that influence organizational performance recently and in the future, while performance appraisal takes into account only past indicators about how the job-holder has performed.

Performance management is about optimizing business strategy execution using a number of organizational processes and applications (Eckerson, 2011), whereas performance appraisal is the process of assessing how well employees are doing their jobs (Williams, 2016).

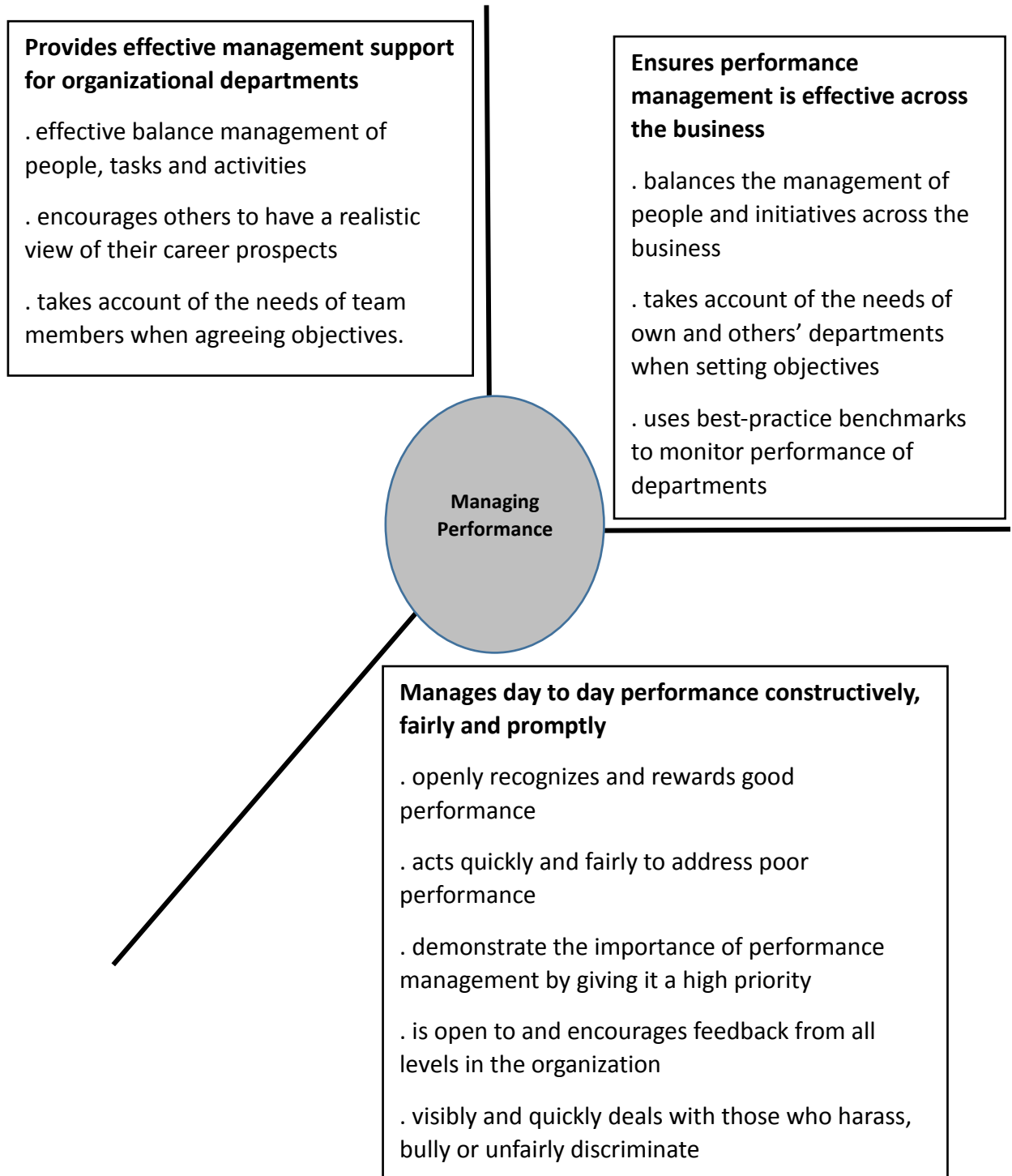


Figure - 4.1 Organizational Performance Framework

(Whiddett and Hollyforde, 2003)

### **4.3 Performance Measurement**

Senior managers from different business types recognized in the past decades that the real and hard competition in the market creates the need to devise new organizational measurements on top of the financial ones. This led to the development of concepts and tools related to quality, market share, productivity, and other non-financial measures. It is important to recognize that financial measures usually involve the analysis of historical data and describe past outcomes of organizational operations. The non-financial measures, such as market share and customer satisfaction, involve the development of preventive actions to ensure future success (Eccles, 1998).

One of the most challenging issues in the analysis of organizational performance is its measurement (Lusthaus et al., 2002). Measuring organizational performance is about identifying to what extent the organization has achieved its objectives (Elenkov, 2000). Carton (2004) discussed in his PhD dissertation, seven empirical studies on organizational performance measurements. The study identified some measurements for each performance dimension, such as return on investment ROI as measure of efficiency dimension, and market share growth as measure of organizational growth dimension. Expanding further this area of research, Iqbal (2011) suggested employee morale, organization competitiveness, customer satisfaction, management satisfaction, the ability to introduce organizational change, and market share, as adequate measures of organizational effectiveness.

Performance Measures are a set of quantitative indicators describing aspects of organizational functions and achievements. The most common indicators are financial data. There are many performance indicators used in measuring organizational or functional

effectiveness, efficiency and productivity. Performance measurement is about improving the management and decision making process; it provides tools to support managers and organizations to work on improving performance, especially on the dimensions involved with the measurement process (Poister, 2003). Measurement is about quantifying the performance of any part of the organization, be it individual, team, business unit, activity, function and/or organization as whole. Organizational performance measures can be financial, customer and market, quality, and time (Collier and Evans, 2015).

Getting results from performance measurement in small organizations could be easier than that in large organizations; that is because the number of measures in large organization will probably be large as well. The larger an organization becomes, the bigger number of measures is required due to its diversified functions. Financial measures can be used for organizational performance as a whole or for its business units, while the majority of measures are used for the different functions and activities of the organization. Using financial or non-financial performance measures is not the difficult part in this process; however identifying the non-financial measures for assessing the performance of those diversified organizational functions and activities, can be challenging (Meyer, 2002).

Twelve criteria, i.e. efficiency, productivity, stability, innovation, growth, evaluation, fiscal health, output quality, information management, conflict-cohesion, intra-organizational and extra-organizational have been grouped into four dimensions, i.e. purposeful, adaptable, sustainable and harm minimization, and are suggested to be considered in measuring organizational performance (Martz, 2013).

Though all these criteria for measurement can be used in the analysis of operational outcomes, yet, it has been argued that organizations are driven mainly by profit and financial



ratios as the main performance indicators or measurements (Hancott, 2005).

Organizational performance is about what organizations do to meet their visions, missions, and goals. Performance measures and performance referents are the two main issues to be considered in organizational performance. Performance measure is a metric used in gauging the organization, while a performance referent is a benchmark used in identifying where the organization stands in relation to a performance measure. In this context, different types of performance measures and performance referents can be used to provide different information depending on the diversity of functions in the organization (Ketchen and Short, 2012).

“Performance” needs to be linked with “productivity”. To put it simply, as employees do well or perform well when they are productive, similarly organizations also do well or perform well when they are productive. Productivity is not the only term linked with performance; authors have also suggested efficiency and effectiveness. Achieving goals is effectiveness, while how this achievement happened considering time, cost, and other resources is described via efficiency. Efficiency is the ratio of inputs to outputs (Agawal, 2014), hence, an employee or an organization is considered to perform well, when they achieve goals (effective) efficiently. Considering this link between performance and productivity is not the end of the story, as performance need to be linked with many other internal and external effects, such as:

- The uncertainty and unpredictability that the managers can face and the great risk in decision making (internal factors), and
- The globalization of markets and the revolution of information and communication technology (external factors) (Verweire and Berghe, 2004).

## **4.4 Relationship between Organizational Performance and other Organizational Aspects**

Researchers considered many organizational aspects and studied the relationship between organizational performance with those aspects. The following are a few of them:

### **4.4.1 Organizational Performance and Organizational Culture**

Organizational culture is a set of beliefs, values, and behavioural norms practiced by and held by the members of an organization. Yazici (2011) argued that organizational culture is significantly related to project and business performance. Organizational performance is influenced by internal performance, customer satisfaction, and economic performance. Human resource performance can affect the overall organizational performance, since satisfied employees have direct impact on financial results, as well as on customer satisfaction. Organizational performance is indeed influenced by the organizational culture, as the latter influences organizational processes throughout the organization, products and services, quality, prices and costs, turnover and profit. A significant factor that determines the impact the organizational culture has upon the organization is the phase of culture life cycle (Neagu and Nicula, 2012). Figure - 4.2 presents these phases.

Sluyter (1998) argued that organizational culture as a powerful force that connects all members in any organization, and suggested that its analysis should include the following elements:

- Leadership style,
- Agency governing,
- Communication patterns,

- Approach to decision making,
- Employee recognition,
- Employee satisfaction,
- Approaches to conflict resolution, and
- The basic approach to the management of quality or performance.

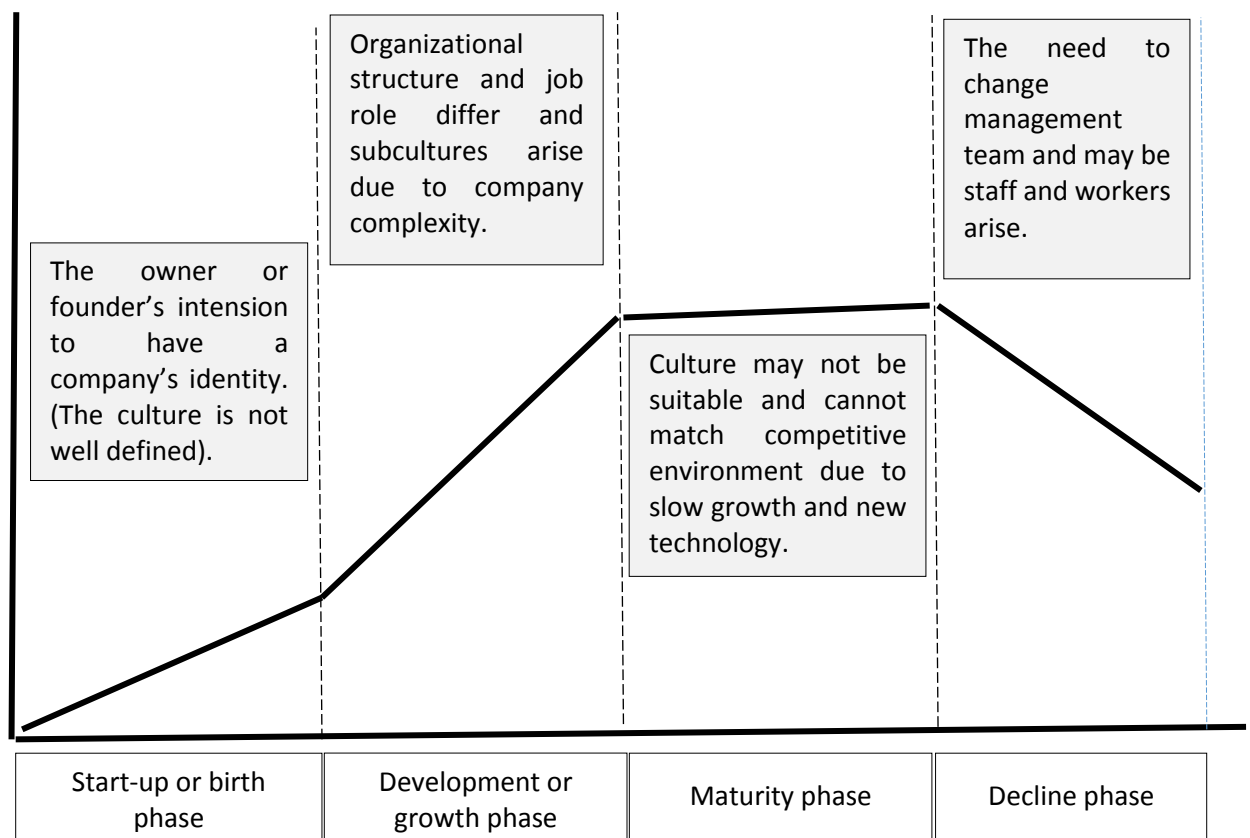


Figure - 4.2

Organizational culture life cycle (Neagu and Nicula, 2012)

Ralevic et al. (2015) linked the human resource management practices with organizational performance; in studying this relationship they added the organizational culture, as it influences the attitudes and behaviours of individuals and teams, in a way that impacts on organizational results. This impact could be positive or negative, in the sense that organizational culture can affect individuals and teams in a way that decreases their potential, and consequently decreases the overall organizational performance. Superior organizational performance is the result of the direct relationship between organizational strategic goals and the action plan.

#### **4.4.2 Organizational Performance and Human Resources**

Chanda and Shen (2009) studied the relationship between human resource management and organizational performance, and proposed that human resource management is about delivering outcomes, such as commitment, competence, quality, productivity etc. These, in turn can influence many organizational aspects such as sales, profit, market share, customer satisfaction and others, and consequently impact on the organizational performance.

#### **4.4.3 Organizational Performance and Learning**

Imran et al. (2011) studied the impact of organizational learning on organizational performance and found that each of the following four elements has a significant relationship with organizational performance:

- Continuous learning
- Team learning
- Empowerment

- Organizational learning

The authors' research results showed that two of the elements, i.e. continuous learning and empowerment, have a more significant influence on organizational performance than the other two elements, i.e. team learning and organizational learning.

Shieh (2012) studied the effect of knowledge management on organizational performance and found that knowledge management has a positive significant effect on learning organization, and the learning organization has positive remarkable effects on organizational performance; consequently, knowledge management has a notable positive effect on organizational performance.

#### **4.4.4 Organizational Performance and Communication**

Florea (2014) studied the link between organizational communication (concentrating on communication between managers and employees) and performance, and argued that this communication can occur in three areas:

1. When managers have short term visions, and they are continuously changing work methods and policies and procedures. Consequently, employees do nothing rather than what they are asked with limited thinking and innovation.
2. When there is a lack of consistency in the management style, with weak or complex processes and policies and procedures, as well as inefficient communication. Consequently, the work environment will not suit employees, and they will start looking for another job although they are doing better than those in (1) above.

3. When the management style starts to be consistent, encouraging, and provides guidelines. Consequently, employees will be aligned with managers and with the overall objects of the organization.

The scholar argued that, such an analysis could provide a series of benefits, such as better performance resulting from the improved behaviour and attitudes of management; an opportunity to evaluate how managers communicate with employees; and finally, an opportunity to assess how communication impacts on employees' and organizational performance.

Improving employees' skills and behaviours needs technologies that allow organizations to observe them and ensure that they work in safe environments. The increasing use of coaching especially when facilitated by technologies can improve employees' performance. The advancements in performance management technologies led to more technological coaching tools and learning methods, like virtual coaching, video and voice recordings. Poeppelman and Blacksmith (2016) argued that technological changes affect managerial roles and team performances.

#### **4.4.5 Organizational Performance and Total Quality Management**

Khan (2011) studied the relationship between total quality management practices and organizational performance, as well as the relationship between the moderating role of management competencies with total quality management and organizational performance. The study provided empirical evidence about the positive significance of both relationships.

#### **4.4.6 Organizational Performance and Information Systems**

Perez-Mendez and Machado-Cabezas (2015) found a positive significant relation between each of the following parameters and performance improvement:

- Information systems
- Information system strategy
- Information system quality
- The use of new management tools.

#### **4.4.7 Organizational Performance and Improvement**

Most organizations expect from the employees to improve the results of their work, and some employees indeed are encouraged and take initiatives to meet this goal. Doing things better is as difficult as orchestrating the change. Change could potentially lead to improvement, but it is acknowledged that this is not always the case. Organizational performance needs to continuously focus on the change processes to ensure efficient and effective improvements. Langley et al. (2009) proposed three fundamental areas of change that could result in improvements:

1. Change how work organized or how products are produced,
2. Produce results that can make a difference compared to past results, and
3. Take actions that have a lasting positive impact.

#### **4.4.8 Organizational Performance and Subjective well-being**

Task performance, organizational behaviour, and counterproductive work behaviours are three aspects considered by Man and Ticu (2015) in the study of the relationship between professional performance and subjective well-being. The authors found a significant association between subjective well-being and those three aspects. Specifically, they argued that organizational positive actions influence subjective well-being, and consequently they impact on professional performance.

#### **4.4.9 Organizational Performance and Health**

An organization is assumed to be healthy when it can survive and succeed to thrive in the future. Keller and Price (2011) proposed a tool for analysing organizational performance and health that consists of 5A's, and essentially requires answers to five basic questions about achieving organizational excellence. Each of the form A's, is associated with a question that represents a stage; for each stage there is one question on the performance, and one on the health of the organization. The five A's guide the process for achieving organizational excellence (see table - 4.1).

#### **4.4.10 Organizational Performance and Workplace Performance**

Lavin et al. (2015) developed a web based workplace performance improvement system for managing the real time manufacturing process, considering that the workplace is a significant part of the organization. Their research described some performance analysis methods to minimize the cycle time (time of plan workplace task – collect data from workplace – analyze



data and change or modify workplace plan or goals) in order to provide the possibility for developing a workplace performance and consequently the overall organizational performance (Lavin et al., 2015).

## 4.5 Organizational Performance Benefits

Dimon (2013) proposed that organizations can benefit from organizational performance management, in areas such as management efficiency, executing strategy, improving performance, reducing risks, and gaining competitive advantage. The description of each of those benefits and the associated results are explained in table - 4.2.

Table - 4.1

The five stages process for achieving organizational excellence (Keller and Price, 2011)

From (A)	Question	Challenges	
		Performance	Health
Aspire	Where does the organization want to go?	How to develop a change vision and targets (the strategic objective).	How to determine what “healthy” looks like for organization (the health essentials).
Assess	How ready the organization is to go there?	How to identify and diagnose an organization’s ability to achieve its vision and targets (the capability platform).	How to uncover the roots-cause mindsets that drive organizational health (the discovery process).
Architect	How does the organization need to do to go there?	How to develop a concrete, balanced set of initiative to improve performance (the portfolio initiative).	How to reshape the work environment to influence healthy mindsets (influence mode).
Act	How does the organization manage the journey?	How to determine and execute the right scaling-up approach for each initiative in portfolio (the delivery model).	How to ensure that energy for change is continually infused and unsheathed (the change engine).
Advance	How does the organization moving forward?	How to make the transition from a transformation focused on a one –time step change to an era on ongoing improvement efforts (the continuous improvement infrastructure).	How to lead transformation and sustain high performance from a core of self-mastery (centered leadership).

## **4.6 Organizational Performance in Family and Non-Family Businesses**

Researchers do not agree on which type of organization, i.e. family or non-family business, performs better. The reason behind is that managerial aims tend to differ, in the sense that managers in non-family business concentrated more on the short term, personal goals, and on satisfying the organizational shareholders. On the other hand the main goal of the family business' managers, as family members, is to continue the business to the next generations, and to instil the family values, in the financial and non-financial business goals. Having said the above, Machek et al. (2013) after consideration of numerous research, could not reject the hypothesis that there is a positive relationship between family involvement and organizational performance. Hence, they concluded that the relationship between family involvement and organizational performance is always positive, and this involvement on the family business is not always adversary.

On this issue, i.e. the question about family and non-family organizational performance, researchers have reached contradictory conclusions. Anderson and Reeb (2003), by comparing market based performance measurements, argued that the organizational performance of the two types of business is at least the same. Even though their evidence supported this argument, using the ROA as a measure for performance, their findings indicated that the performance of family businesses is significantly better than the performance of non-family businesses.

Table - 4.2

## Benefits of Organizational performance management (Dimon, 2013)

Benefit	Description	Results
Management Efficiency	Performance management enables standard management process that every company must do well:	Budgeting, planning and forecasting
		Financial consolidation and statutory reporting
		Management reporting and business intelligence
		Profitability analysis.
		Other financial and operational modeling, planning, analysis, and Reporting
Executing Strategy	Enterprise performance management can help close the loop between what you want to happen in the business (and how), and what actually happened (and why):	Records and documents business model assumptions, constraint and drivers
		Connects those models into your annual operating plans, budgets and forecasts
		Monitors and alerts exceptional variances from actual to plan
		Helps you understand the roots causes of variance and plug that corporate knowledge back into the business model and strategy
		Ties it all together with a common business language and common master data to improve visibility, focus, and alignment
Improving Performance	Enterprise performance management can have a material impact on the top and bottom line, on the balance sheet, and on overall return on capital:	Giving more stakeholder alignment
		It can improve visibility into the key drivers of value in the business.
		It can show the cause and effect relationship of operational metrics on financial performance.
		It helps you focus on the right things in the business.
Reducing Risk	By improving transparency and the right access to information, managers can see for themselves where the business is and can test operational and financial models to help make the best resource deployment decisions:	It can bring agility to business models and organizational structures.
		Global governance and compliance of data and reporting
		It adds a level of accountability for results
		Better preparation for change, increased predictability
Competitive advantage	Organizations that get enterprise performance management right are more nimble than those who don't.	Fewer surprises through better collaboration and communication.
		Better strategy formulation and planning
		Less complexity and lower costs by unifying management information
		Increased organizational flexibility (mergers and acquisitions, organizational changes)

Allouche et al. (2008) accepted the hypothesis that the family businesses in Japan perform better than the non-family businesses, and confirmed that this achievement is evident in both profitability and financial structures. Morikawa (2013) found that, the productivity growth of the family businesses in Japan is slower than the productivity growth of the non-family businesses. Cucculelli et al. (2014) agreed with Morikawa (2013) and brought evidence that the productivity of family business in Italy is lower than the productivity of organizations managed by non-family members.

It can be seen that the family business consist of two parts, these are the family and the business. The first is based on emotions, while the second is based on professionalism. Conflict between the two could be one of the family business characteristics. The second, and possibly most important characteristic to describe the family business, is that family members can be part of the owners, board members, and main members of the top management levels. This seems not to be the case in non-family business. Sultan et al. (2017) found that the scores of all thirty five (35) indicators of high performance organizations in the non-family businesses are higher than those in the family businesses.

In the same context, Yordanova (2017) examined the difference between Bulgarian family and non-family organizational performance and found that:

- Family business status affects negatively the organizational performance.
- Entrepreneurial orientation mediates the effect of family business status on organizational performance.
- Foreign ownership mediates the effect of family business status on organizational performance.

In a master thesis, Vloet (2017) studied the impact of family involvement on organizational

performance using accounting and market measures. The results agreed with other studies in that, organizations controlled by families represent a better form of corporate governance with positive impact on organizational performance. Vloet's results also showed that, there is no linear relationship between family ownership and organizational performance.

Studying the difference between planned and actual growth as an organizational performance measure, Saridakis et al. (2018) found that their relationship with family ownership is negative in small and medium sized UK firms. The authors went on to argue that there is no difference between family and non-family firms, when the former are managed by a combination of family and non-family members.

## **4.7 Summary**

Organizational performance is considered to be a central issue in strategic management research (Anna, 2015). Performance is enhanced when operational activities meet the organizational business strategy (Kotter and Heskett, 1992). Organizations need to analyze their internal capabilities (determining their opportunities and threats by using tools such as SWOT analysis) (Hanafi and Fatma, 2015), as organizations in recent environment face many external and internal threats, or at least, difficulties due to changes such as the globalization of markets, technological changes and improvements in information and communication technologies. The above changes presented management with the need for continuous review of the organizational ability to adapt, in other words it presents the need to continuously review the organizational performance (Verweire and Berghe, 2004). These recent developments pushed senior managers of different types of businesses to recognize the need to devise new organizational measurements in addition to the already used financial ones. This has led to the emergence of

concepts and tools such as quality, market share, productivity, and other non-financial measures. Financial measures use historical data and describe past results of organizational operations, while now it is suggested that better and preferred measures should address preventive actions, such as customer satisfaction and market share, to ensure future success (Eccles, 1998).

Linking organizational performance with other organizational aspects such as human resource, communication, total quality management, information systems etc., is one very important issue. On the other hand, considering non-financial measures is another important issue in this context. The last section of this chapter compared the claims about the performance of family over the non-family business.

## **Chapter - 5**

### **Leadership: The Key Driver of Organizational Performance**

#### **Introduction**

This chapter will expand the literature review on leadership by offering more details about its influence on followers, who are in a direct or indirect relationship or interaction with the leader. The consequences of such an influence are its impact on performance. The argument that “leadership is the key driver of performance” has been supported by scholars like Kotter (2012) and Hargreaves et al. (2014). The chapter covers how to sustain excellent organizational performance as an expansion of the leadership impact on performance, it also covers some aspects of leadership in family business.

In order to link the literature review with the aim of this research work, three leadership styles will consider in more details in this chapter. These are: leader-member exchange LMX leadership style, transformational leadership style, and servant leadership style. Examining the relationship between those styles and organizational performance will be the core of this research work.

#### **5.1 Why Leadership is Important**

Organizations in today’s business world face powerful macroeconomic pressures to reduce costs, improve quality, search for new opportunities to grow, and increase productivity. Kotter

(2012) identified the eight most common errors and their consequences that can take organizations to failure. The scholar also provided a changing process of eight stages that can take organization to success. Table – 5.1 presents both. In addition, the author argued that this success cannot be achieved without leadership. Leadership is the driver of the required change towards success.

Leadership can have an uplifting power to improve employee and organizational performance and sustain these effects at a high level through hard work while motivating and inspiring people. Hargreaves et al. (2014) argued that organizations can do a lot with little or from nothing, and organizations can indeed move from failure to success; the key driver in this process is leadership.

High organizational performance is a result of decision making processes related to many organizational aspects, such as human resources, organizational structure, systems, and strategy; these processes can be highly influenced by leaders. In this context, leaders' influence on organizational performance can be approached by two dimensions (Yukl, 2013):

- Leaders' behaviours, and
- Leaders' decisions.

In today's knowledge economies, improving organizational performance is associated with knowledge and information. This implies that organizations need the kind of leaders who can stand up and enhance innovation. Garcia-Morales et al. (2012) examined the relationship between transformational leadership and knowledge slack, absorptive capacity, organizational learning, and innovation, and found a significant positive relationship between them.



## 5.2 Influential Leadership

Chapter 2 reviewed various approaches to leadership, and concluded that most of leadership definitions consist of three elements:

- The leader as an actor
- The influence as an action
- The followers as a predicate or object,

For my research, I chose to define leadership as “leadership is the process of influencing others to achieve goals”. Leadership can be seen using the input – process - output model as illustrated in figure -5.1 which consists of three blocks:

**The 1<sup>st</sup> block** is the leader (actor); this block considers the leader himself from three dimensions:

- Leader’s reputation, e.g. integrity, credibility, reliability, commitment, etc.,
- Leader’s career, e.g. leaders should know for themselves, who they are, where they come from and where they envision their career future, and
- Leader’s resilience, e.g. emotional control, sense of purpose, forms on solutions, awareness of others, etc.

Therefore, the 1<sup>st</sup> block is about leader’s action.

**The 2<sup>nd</sup> block** is the followers; this block considers how leaders behave and their relation with followers from different dimensions such as coaching, facilitating, motivating, managing performance, etc.

Therefore, the 2<sup>nd</sup> block is about the impact of leader’s actions on followers.

Table – 5.1

Eight errors common to organizational change efforts and their consequences

<b>Eight errors common to organizational change efforts</b>	<b>Consequences</b>	<b>The eight stage-process of creating major change</b>
Allowing too much complacency	<ul style="list-style-type: none"> <li>- New strategies are not implemented well</li> <li>- Acquisitions do not achieve expected synergies</li> <li>- Reengineering takes too long and costs too much</li> <li>- Downsizing does not get costs under control</li> <li>- Quality programs do not deliver expected results</li> </ul>	Establishing a sense of urgency
Failing to create a sufficiently powerful guiding coalition		Creating the guiding coalition
Underestimating the power of vision		Developing a vision and strategy
Under communicating the vision by a factor of 10 (or 100 or even 1,000)		Communicating the change vision
Permitting obstacle to block the new vision		Empowering broad-based action
Failing to create short-term wins		Generating short-term wins
Declaring victory too soon		Consolidating gains and producing more change
Neglecting to anchor changes firmly in the corporate culture		Anchoring new approaches in the culture

**The 3<sup>rd</sup> block** is the organization; this block considers the outcomes of leader's actions and followers' reactions, such as:

- Organizational change and its key elements,
- Organizational derailment and how to prevent it, and
- Positive leadership behaviour that influence relationship and performance (Brent and Dent, 2014).

Therefore, the 3<sup>rd</sup> block is about the results of leader's actions and followers' reactions.

It is recognized that leaders have their own and unique leadership behaviour based on their background, experience, education and culture; it needs be noted that this behaviour is not about leaders themselves, but it is about the direct or indirect influence on the individuals surrounding them (Fisher, 2008). Leadership has a positive or negative impact on organizational productivity and performance. Aseri and Parvar (2013) argued that these variations on defining the nature and style of leadership do not reduce the impact of leadership on organizational performance. Suifan (2010) argued that team members' performance depends on leaders ability to influence the team. Suifan's research showed that leadership can influence the development and improvement of team performance.

According to Kaufman (2011) influence is the ability of a person to prompt others to some action. The author continues that influence is a core skill and a leader needs to identify their sphere of influence. This sphere consists of the leaders' direct reports, peers, superiors, board members, shareholders, and other stakeholders, with whom they interact and collaborate to achieve the organizational objectives. Furthermore, Kaufman (2011) argued that influence is the "fuel for success" and leaders should not let the "fuel gauge" to get empty. This argument supports the title selected for this chapter, as leadership is the key driver of organizational performance.

Mat (2008) studied the impact of leadership style on internal marketing in retailing; the

research focused on the way in which leaders “drive” followers towards organizational goals. This study provided a good theoretical background backed up with evidence, to build this chapter and supports my argument, once again, that leadership is the key driver of organizational performance.

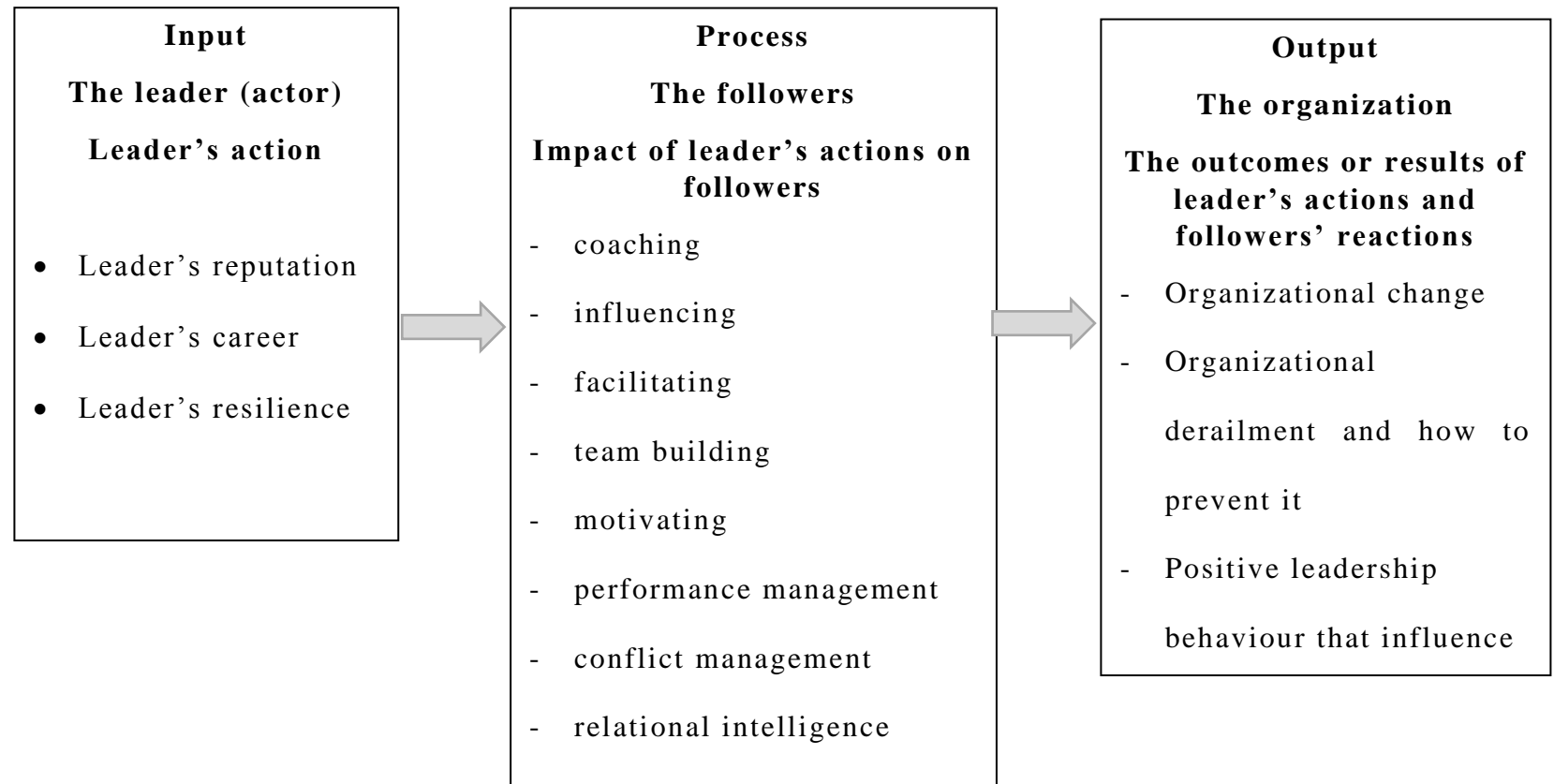
In this context, with the consideration that so much followers, who report directly to the leader, as much as other organizational members, who are in the vertical or in the horizontal dimensions of the leader-follower relationship, it is argued that leaders can have a direct or indirect influence on others (Yammarino, 1994 and Yukl, 2013). The framework of the leadership influence is illustrated in figure - 5.2, as:

**Circle - 1** represents the followers who are directly related to the leader, such as subordinates, same level colleagues and peers, and superior.

**Circle - 2** represents the followers who are indirectly related to the leader within the organization, like employees who do not directly report to the leader in lower level, colleagues who have no direct relation or interaction with the leader, and seniors in higher levels of the organizational structure.

**Circle - 3** represents external followers like customers, suppliers, consultants, and service providers.

Figure – 5.1  
Leadership as a process



### **5.3 Sustainable Excellent Organizational Performance**

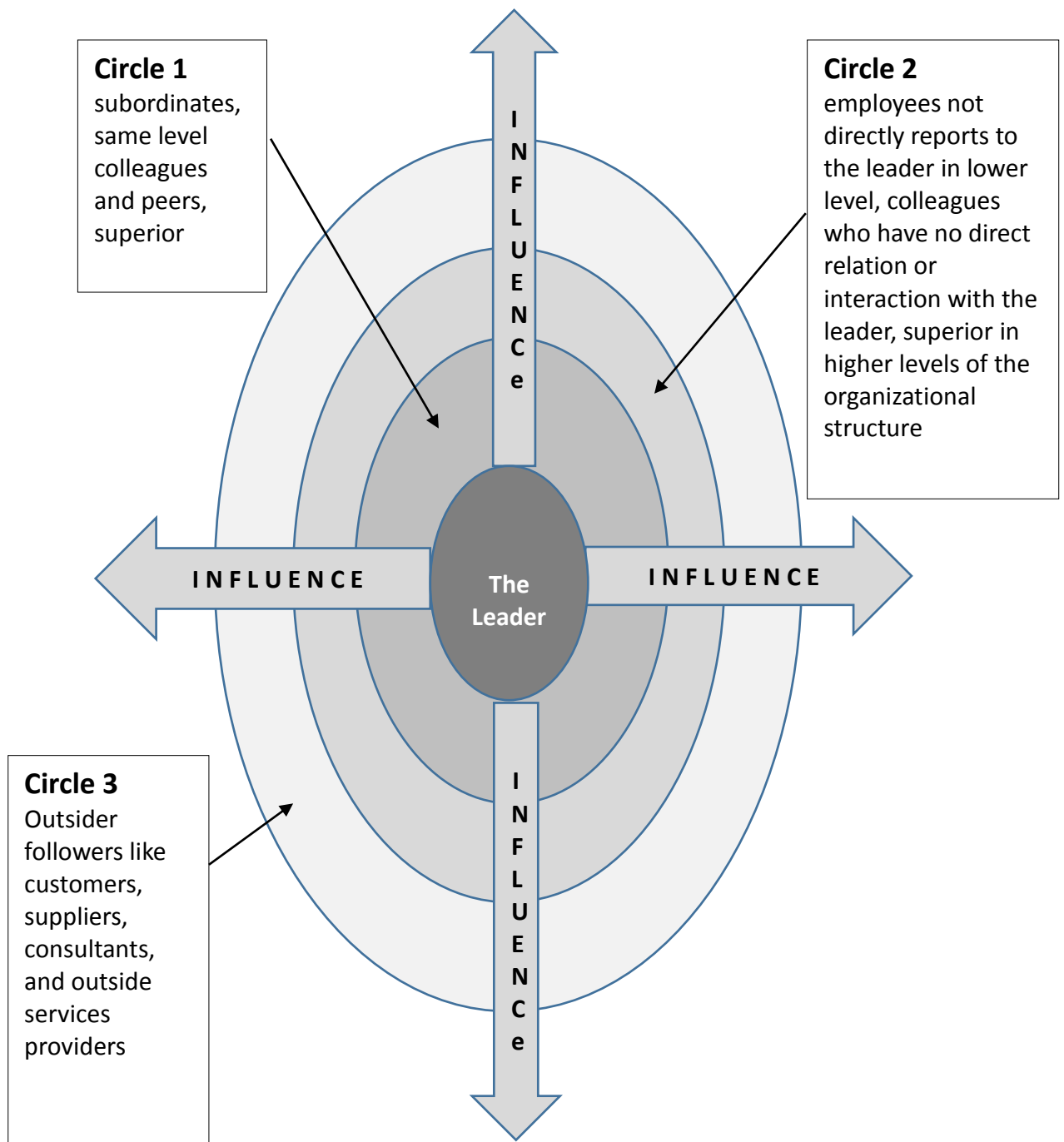
When an organization delivers positive results in measurements like profit, return on investment, cost, or total returns to shareholders, the organization can be considered to perform well, or to have excellent performance. When the organization can survive and sustain its excellent performance to thrive in the future, and can have a competitive advantage through its ability to align and execute objectives, and renew itself instead of reaching the decline phase of the organizational life cycle, the organization can be described as a healthy organization (Keller and Price, 2011). Excellent organizational performance is achieved when operational activities meet the organizational business strategy (Kotter and Heskett, 1992).

Translating visionary future opportunities to organizational strategies and maintaining full organizational performance are results of having leaders, who can influence internal and external factors of performance (Hughes et al., 2014). In general, it is not enough for the organization to be in excellent performance status, it also needs to be healthy. This agrees with Rouvinez and Ward (2005) argument in that the success of the family business requires both the business and the family itself to be healthy. In this light, succession planning is key and plays a strategic role in family business success (excellent performance) and survival (being healthy) (Poza, 2010).

The leader, as the driver who can influence the organizational performance and health, needs to behave towards meeting leadership standards like: result orientation, accountability, innovation, trust, collaboration and passion (Keller and Price, 2011). Explanation of these standards is shown in table - 5.2. In this context, the authors provided four roles for the senior leaders who can influence organizational performance and health; the roles and interpretation is shown in table -5.3 (Keller and Price, 2012).

Figure - 5.2

The 3 Circles of Direct and Indirect Influence of Leadership



## **5.4 Leadership in a Family Business**

Leadership is equally important whether it is performed a nonfamily or a family business organization. Nonfamily organizations recruit professional individuals for senior and leadership positions, while such positions in the family business organizations are usually given to family members, regardless of their traits or leadership skills, or even previous experience. Family members can justifiably be found in leadership roles because of their experience in working with the family business, but this necessitates years. Referring back to Golob (2013) and the ten reasons as to why family business fails (see chapter 2 sec. 2.1), I pick here two of those:

- Poor succession plan, and
- Unprepared next generation leaders.

Both reasons point to an absence of actions for preparing family members to become future leaders (Golob, 2013).

Successful business, regardless of whether it is a family or a nonfamily, needs to recognize the critical roles of leadership, management and governance. Leading individuals or employees is different than managing them to do their work. Leading is about targeting the future, and leaders should have a vision, in the sense that they should have an idea of where the organization should be going, and they should devise strategies to reach there and challenge employees to work towards actualizing this vision (Davis, 2014). Preparing successors from the new generations in a family business to be future leaders is an issue of utmost importance for the family business (Ward, 2004). Senior generations need to consider the new generation, communicate with them, and let them take responsibility for certain actions or decisions, so that they can be effective leaders in their future (Miller, 2014).



Table – 5.2

Features of leaders' behaviour due to leadership standards

<b>Leadership Standard</b>	<b>Leaders' Behaviour Feature</b>
<b>Results orientation</b>	<ul style="list-style-type: none"> <li>• Knowing what expected of them and their team</li> <li>• Sharing objectives with team members and encourage them to meet those objectives</li> <li>• Making good decisions in a timely manner</li> <li>• Focusing on the most important issues and establish priorities</li> </ul>
<b>Accountability</b>	<ul style="list-style-type: none"> <li>• Assuming responsibility for problems and focusing on solutions</li> <li>• Admitting mistakes and turn them into learning opportunities</li> <li>• Knowing their emotions and channel them</li> <li>• Holding others accountable</li> </ul>
<b>Innovation</b>	<ul style="list-style-type: none"> <li>• Questioning the status quo and provoke new thinking</li> <li>• Proposing and implementing new ways of working</li> <li>• Committing to their personal growth and transformation</li> <li>• Taking calculated risks and empower others to do as well</li> </ul>
<b>Trust</b>	<ul style="list-style-type: none"> <li>• Doing what they saying they'll do</li> <li>• Saying what they think and feel</li> <li>• Confronting conflict constructively</li> <li>• Caring about the development of others</li> </ul>
<b>Collaboration</b>	<ul style="list-style-type: none"> <li>• Putting the company before personal and departmental interests</li> <li>• Asking for help and offer help to others</li> <li>• Treating other people's time and opinions with respect</li> <li>• Getting out of the way to let others get the job done</li> </ul>
<b>Passion</b>	<ul style="list-style-type: none"> <li>• Proud of working for the organization</li> <li>• Do our best and encourage others to do so too</li> <li>• Willing to go the extra mile when necessary</li> <li>• Keeping a sustainable balance between their passions inside and outside work</li> </ul>

Table - 5.3

## Leadership Role

<b>Senior Leadership Role</b>	<b>Interpretation</b>
Making the transformation meaningful	Making the change personal for all team members and the success is all about them.
Role modeling desired mindsets and behaviour	Behave as a model for followers in order to let them behave in the same way while doing their work.
Building a strong and committed top team	Identifying the team member who is capable and motivated to be part of the transformation and change process.
Relentlessly pursuing impact	Being in the field whenever required

The critical role of leadership in making a difference gained great interest from family business theorists and practitioner. Ramirez-Pasillas et al. (2015) continued that transferring leadership from the old to the new generation is a process initiated either by an older leader's retirement or death, or by an unexpected decision taken by older leaders. This process requires transferring of knowledge, values, and entrepreneurial characteristics from the older leader to the new one. The authors argued that the transition of leadership from the older leader to the successor can take place in three forms:

1. Individual: when something is done by either the older leader or by the successor,

2. Dyadic: when something is done by both of them, and
3. Collective: when all relevant parties are involved.

## **5.5 Relationship between Leadership and Performance**

Studying the relationship between leadership (traits, styles and skills, and followers as individuals and teams), and organizational performance has been a fertile area for scholars, authors and researchers (see chapter - 2). Table - 5.4 provides a summary of such studies. It is noted here that this relationship could be direct and indirect (Bass & Avolio, 1994, page 205).

Concentrating on the relationship between certain leadership styles and many management and organizational aspects will be the subject of the next sections of this chapter. The leadership styles considered for this research work are: leader-member exchange LMX leadership style, transformational leadership style, and servant leadership style.

## **5.6 Leader-Member Exchange LMX Leadership**

Leader-Member Exchange Theory describes the relationship between leaders and followers. Leaders, according to this theory, act differently in treating their followers unlike what most leadership theories proposed, i.e. that leaders should behave in the same way with all group followers (Lunenburg, 2010). This theory proposes that leaders treat their followers differently, depending on the group they come from, as follows:

**In-group:** where followers work within the inner circle of the leader's communication, and they usually gain more attention.

Table - 5.4

Samples of research works on the relationship between leadership and performance

<b>Title</b>	<b>Reference</b>	<b>Core Topic/Key Findings</b>
The relationship between new leadership styles and organization: An empirical investigation of transformational and transactional leadership	Al-Anazi (1993)	Assessing the impact of different leadership styles on organizations and their outcomes.
Improving organizational effectiveness through transformational leadership	Bass and Avolio (1994)	A collection of chapters from various authors on different aspects of leadership. One core issue considered is the direct and indirect leadership, and its impact on individual, team, department and organizational performance.
Leadership that matters	Sashkin and Sashkin (2003)	Critical factors in making a difference in people and organizational success.
The legacy of leadership-a study of leadership influence with a single organization	Fisher (2008)	Legacy is about how leaders influence others directly or indirectly.
The influence of leadership style on internal marketing retailing	Mat (2008)	Leadership style relates to job satisfaction and to the head of department performance.
Leading for success	Cook (2009)	Claims about the power of leadership potential to achieve extraordinary results.
A multilevel investigation of the mediating role of trust in relationship between leadership and follower outcomes	Hasel (2009)	Tested the hypotheses “performance increases with grater levels of trust on individual and collective levels” and “individual trust is equally important for group performance as collective trust”.

Table-5.4 Continued		
Title	Reference	Core Topic/Key Findings
The impact of leadership styles on organizational effectiveness	Iqbal (2011)	Leadership styles influence the organizational effectiveness
The effect of leadership styles on organizational performance at state corporations in Kenya	Koech and Namusonge (2012)	Studies the relationship between laissez-faire, transformational, and transactional as leadership styles with the achievement of previous year objectives as organizational performance measures
Leadership and the influence of context in organizational performance: An investigation of leader's views in Saudia Arabia	Aseri and Parvar (2013)	Leadership can be the key to organization success.
Challenges of organizational behaviour: Leadership and its impact on performance of employees: (A case study of a public sector bank in Mohali)	Dhillon (2014)	Studies the relationship between coaching, employees centred-, team centred-, and delegation as leadership styles, and employees performance.
Leadership Styles	Flemming (2015)	Improving organizational performance through leadership styles and culture.

**Out-group:** where followers work outside the inner circle. They gain less attention and are managed formally.

Lunenburg (2010) suggested that the in-group should be as large as leader's out-group.

The important feature of this theory is its affirmation on leader-followers relationship rather than on leader's behaviour, leadership is the product of relationship between leaders and followers (Martin and Mark, 2015).

The leader-member exchange theory concentrates on two areas: first, the relationships between leaders and employees, and second the quality of these relationships. This could be characterized either as:

- High quality, which comes from respect and trust between both parties, or
- Low quality, which comes from the formal and hierarchical levels of both parties.

Signs of any of these types of relationship can assist to predict employees' attitude and performance, and ultimately the organizational performance (Janssen and Yperen, 2004).

Peterson and Aikens (2017) suggested three dimensions for analysing leader-member exchange, i.e. respect, trust, and obligation, and three more dimensions to analyze its effects: loyalty, contribution, and professional respect.

According to this theory, employees' work behaviour and attitude depends on the quality of the leader-member exchange, the higher this quality is, the higher level of employee engagement is expected, which leads them to be more efficient and perform better, and consequently improve organizational performance. Based on this premise, Kim et al. (2015) constructed a conceptual framework showing that leader-member exchange quality has a positive relationship with psychological empowerment, psychological empowerment has a positive relationship with taking charge, and the latter has positive relationship with job performance.

The quality of the social exchange relationship between employees and their leader ranges from low to high, depending on the base of those relationships: they can be conceptualized as

economical exchanges due to the contract between the two parties, or going beyond that they can be conceptualized as an outcome based on respect, trust, and obligation, Breevaart et al. (2015) examined the relationship between leader-member exchange and employees' job performance, and argued that this relationship is positive. Their findings supported this argument.

Researchers' suggest that a leader needs to practise and develop leader-member exchange LMX relationships with employees for two reasons: first to improve organizational performance, and second to improve employees' outcomes such as job satisfaction. Martin et al. (2015) found a significant positive relationship between LMX and task performance, and citizenship performance. They proposed that both leaders' and employees' views need to be acknowledged as critical elements in order to improve performance. Concentrating on this point during the process of training and preparing LMX leaders can help leaders to understand the causal relationship between them and the performance dimensions, and behave in an adequate way to improve employees' performance.

Janssen and Yperen (2004) argued that better quality of leader-member exchange can be achieved by mastery orientation rather than by goal orientation. The authors found that there is a positive relationship between high quality of leader-member exchange and mastery orientation, and similarly with job performance and satisfaction.

Arif et al. (2017) provided a study to investigate the relationship between leader-member exchange and the two variables, i.e. change management and organizational culture, and found that there is a significant positive relationship between leader-member exchange and organizational culture. Furthermore, the latter is a mediate between leader-member exchange and organizational change management.

Sindhu et al. (2016) showed that there is a positive relationship between leader-member exchange and organizational justice, that can lead employees to feel satisfied and to improve their performance, and hence organizational performance.

In leader-member exchange (LMX) there is an interpersonal exchange of relationships between managers (leaders) and employees. The better the quality of these relationships, the more employees would benefit from an effective communication, trust, and direct and quick access to their leader. In this sense, the LMX can affect the employees' job performance. Jyoti and Bhau (2015) argued that LMX leaders can influence employees to be more efficient, and that leaders need to have a high quality of leader-member exchange with employees to improve their performance. They found that there is a significant positive relationship between leader-member exchange and employees' job performance.

Chaurasia and Shukla (2013) examined the relationship between leader-member exchange with employee engagement, and the relationships between employee engagement with employee effectiveness, team member effectiveness, and organization member effectiveness, as well as the relationship between leader-member exchange and work role performance. The authors used regression equations and correlation matrix, and their findings supported their hypotheses that those relationships are significant and positive.

Konya et al. (2015) provided different results regarding the relationship between leader-member exchange, leader-member exchange quality and employee commitment, and organizational values. The authors argued that their most important result supported the hypothesis that there is a significant positive relationship between leader-member exchange and commitment.



Reducing the distance between employees and leader can give insights into issues concerning both sides, and consequently improve the performance at the employees' level and at the organizational level. Tariq et al. (2014) found a significant positive relationship between leader-member exchange and two variables, i.e. organizational performance and organizational commitment.

All the researchers above agree on that there is a significant relationship between leader-member exchange LMX leadership and many aspects of measurements, (one critical measurements being performance, be it employee, work, or organizational). My research findings agree with them (results shows a positive relationship between leaders-member exchange LMX and three out of the four considered organizational performance measurements, see table - 10.3).

## **5.7 Transformational Leadership**

Transformational leadership is about empowering followers to do more than what leaders thought possible. Organizational skills, project management, managing and monitoring followers' performance are essential for effective transformational leadership (Hein, 2013). Delaney and Spoelstra (2015) provided an explanation of the basic dictionary definition of the word "transform", and concentrated on the following meanings:

- Be altered radically in form, function, etc.
- Change in form, appearance, condition, etc.

Delaney and Spoelstra (2015) argued that the word 'radically' indicates that the proposed change is fundamental, complete and extreme. The change is not minor.

In this context, transformational leadership is about inspiring followers to:

- Achieve extraordinary outcomes, and
- Develop their own leadership capacity.

The influence of transformational leaders expands beyond their direct followers, towards achieving individual, leaders', and organizational goals and objectives. The main issue here is exceeding the expected performance and results, as followers are motivated to do more than they originally used to, expected or thought to do (Bass and Riggio, 2006).

Transforming organizational performance from low to acceptable level, or from acceptable to a high level, as well as moving the organization from a crisis to the normal status, is the main role of transformational leaders. This transformational process can take place when leaders practise the following (DuBrin, 2016):

1. Raise people's awareness,
2. Help people look beyond self-interest,
3. Help people search for self-fulfilment,
4. Help people understand need for change,
5. Invest managers with a sense of urgency,
6. Commit to greatness,
7. Adopt long-range broad perspective,
8. Build trust,
9. Facilitate proactive behaviour, and
10. Concentrate resources where most needed.

Transformational leaders are charismatic, have high level of emotional intelligence, and positive core self-evaluation; they create visions and communicate them and motivate followers;

they are concerned with organizational survival and followers' personal development. So, they are supportive and empowering, they encourage followers to think innovatively, and lead by example (DuBrin, 2016).

Transformational leadership exceeds the scope of transactional leadership. Transactional leaders achieve results through a relation exchange process between them and their followers. They concentrate on how the work should done, and move on to materialize these plans. Accordingly, they compensate their followers by promotion or pay increase or other means of reward (Carroll et al., 2015). The exchange takes place between leaders, colleagues and followers based on discussions about the work requirements, the conditions, and rewards employees would get depending on results and achievements. In this context, Bass and Riggio (2006) considered that transformational leadership is an expansion of transactional leadership in one way or another. The authors proposed four components (subscales) of transformational leadership:

1. Idealized Influence: this comes from leaders' behaviour and from how others perceive them,
2. Inspirational Motivation: this is when leaders involve followers in developing their optimistic visions about future,
3. Intellectual Stimulation: this is when leaders encourage followers to create new ideas or try new approaches without criticizing, even when these are not matching those of the leaders, and
4. Individualized Consideration: this is when leaders take care of each team member, colleague or follower by coaching and mentoring them to learn and grow.

Northouse (2013) agreed with Bass and Riggio (2006), and call them transformational leadership factors. Northouse emphasized that transformational leadership produces greater effects compared to transactional leadership (figure - 5.3).

Ghasabeh et al. (2015) argued that transformational leaders motivate followers through generating new knowledge and ideas for organizational problem solving. As visionary leaders, transformational leaders inspire followers and engage them in developing a vision for the future. Empowering followers and enabling organizational changes are the transformational leaders' role when pursuing to improve the organizational performance.

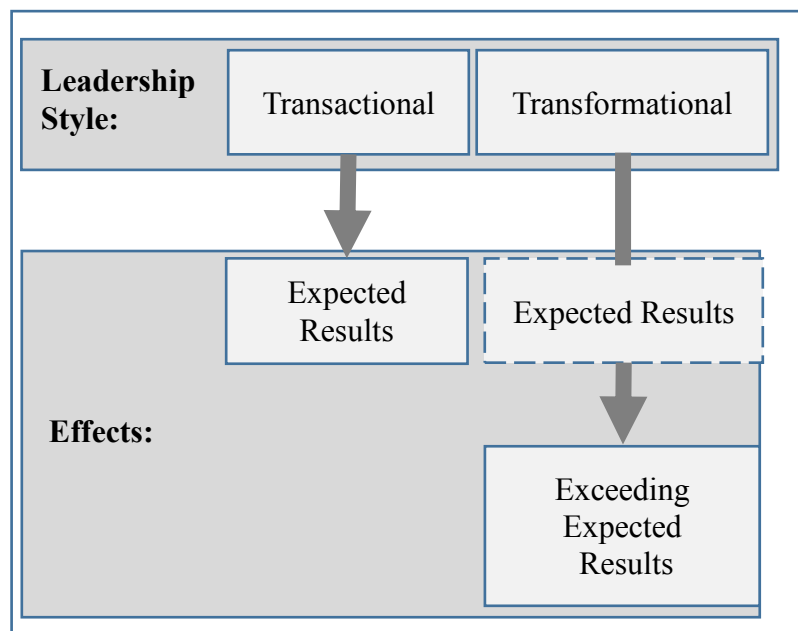


Figure - 5.3

Effects of Transactional Leadership and Transformational Leadership

Walumbwa et al. (2008) found a significant positive relationship between transformational leadership and employee identification. They noted that this result could lead employees to focus on their identification with the leader and self-efficacy more than on their performance; similarly, leaders themselves might realize that they played a role in developing employees' identification and self-efficacy, rather than improving their performance.

Choudhary et al. (2013) tested three hypotheses: the first tested the relationship between transformational leadership and organizational learning; the second tested the relationship between servant leadership and organizational learning; and the third tested the relationship between organizational learning and organizational performance. The results supported the hypotheses and showed a significant positive relationship between these variables, the two ethical leadership styles and both organizational learning and organizational performance.

Asif et al. (2014) studied the relationship between transformational leadership style and organizational commitment focusing on the mediate effect of psychological empowerment. The study supported the following three hypotheses:

**First hypothesis:** There is a significant relationship between idealized influence and affective organizational commitment

**Second hypothesis:** There is a significant relationship between inspirational motivation and affective organizational commitment

**Third hypothesis:** There is a significant relationship between psychological empowerment and affective organizational commitment.

Toban and Sjahruddin (2016) studied the effect of transformational leadership on organizational commitment, job satisfaction, and employee performance. They found that:

- There is a significant positive relationship between transformational leadership and organizational commitment,
- There is a significant positive relationship between transformational leadership and job satisfaction,
- There is a significant positive relationship between transformational leadership and employee performance,
- There is a significant positive relationship between job satisfaction and employee performance, and
- Organizational commitment and job satisfaction are mediators in the relationship between transformational leadership and employee performance.

To study the influence of transformational leadership on employee performance, Mwangeli and Juma (2016) examined three components (subscales) of transformational leadership, i.e. inspirational motivation, individualized consideration, and intellectual stimulation. They found that there is a significant positive relationship between both inspirational motivation leadership and intellectual stimulation leadership, and employee performance, while the relationship between individualized consideration leadership and employee performance is significantly negative.

Abu Orabi (2016) examined the impact of transformational leadership on organizational performance considering four components (subscales):, inspirational motivation, intellectual stimulation, individualized consideration, and idealized influence. He found that there is a significant positive relationship between each of the first three components, and organizational performance, while there is no significant relationship between idealized influence and organizational performance.

The same four components (subscales) of transformational leadership were also studied by Evelyn and Hazel (2015), when they examined the relationship between transformational leadership and employee engagement – by extension organizational performance. The results supported their hypotheses and agreed with the previous study.

In a study on the impact of leadership on organizational commitment and organizational performance, Park and Seo (2016) considered five types of leadership. The results supported their hypotheses that there is a significant effect of transactional, transformational, and empowering leadership on organizational commitment, and similarly the latter on organizational performance. In contrast, the hypothesis that there is a significant effect of other types of leadership, namely servant leadership and issue leadership, on organizational commitment, was not supported. In this context, the researchers concluded that their study disagreed with previous studies, which had found the effect of those two leadership types, servant and issue leadership, to be significant.

Flanigan et al. (2017) concluded that compared to other variables, only transformational leadership (as independent variable) can offer high sales and profit (as dependent variable to measure the organizational performance). The researchers suggested that in sales branches, managers (leaders) with transformational leadership skills are most likely to achieve grater sales than others.

From the above discussion, it can be observed that most researchers agree on the positive relationship between transformational leadership and organizational performance, but they tend to disagree, on this relationship, when they examine the subscales. This is clear in the contradictory findings between Mwongeli and Juma (2016) and Abu Orabi (2016), when the first researchers found a significant negative relationship between individualized consideration

(as transformational subscale) and employee performance, while the second researcher found significant positive relationship between this transformational leadership subscale and organizational performance. My research findings on this leadership style (subscale) agree with the findings of the second researcher; Abu Orabi (2016), see table - 10.5.

## **5.8 Servant Leadership**

Servant leadership is the leadership style, whereby leaders are more concerned with allowing their followers to succeed and grow, and less with their own interests as leaders. Servant leaders support their followers by instilling knowledge-sharing values in the organizational culture, and consequently improve organizational performance (Song et al., 2015).

Followers' abilities and skills are not the same, and therefore the leader instead of using power, they would opt for a dictating approach. Creating strong cultural values is core in this leadership style, as it enhances followers' commitment, adaptability and motivation. Servant leadership is particularly adequate in achieving this state. Khan et al. (2015) found a significant relationship between servant leadership and others by testing the hypothesis that servant leadership has a positive effect on knowledge sharing, and the hypothesis that knowledge-sharing is a mediate in the relation between servant leadership and team performance. Song et al. (2015) research work supported these findings.

Like any other leadership style, servant leaders need power. The difference between them and other leaders appears in how they are using this power. Servant leaders do not use it for benefiting themselves or for their interests; furthermore, servant leaders adopt a more inclusive language, normally use "we" instead of "me". Peterson et al. (2012) continued by proposing



that many empirical research works examined the relationship between transformational and charismatic leadership and organizational performance, and suggested that servant leadership needs to be considered as well, as they found a positive relationship between this leadership style and organizational performance (Peterson et al., 2012).

Leaders in higher organizational ranks with hierarchical power adopt a humble behaviour as servant leaders, which seems to increase employees engagement. Sousa and Dierendonck (2015) examined the impact of the action side and the humble side of servant leadership on employees' engagement, and found that this relationship is significantly positive. They also found a significant positive relationship between hierarchical power and employees' action side and engagement.

One of the main features of servant leadership becomes apparent when servant leaders themselves entrench the behaviour of serving others in their follower. Followers who work with servant leaders can understand and recognize the effectiveness of this behaviour in practice, and consequently become their behaviour as future servant leaders. Lacroix and Vendorfer (2017) argued that this practice motivates employees to consider their leaders as role models for them to become servant leaders in the future, rather than being solely focusing on working under pressure for immediate goals, and having a risk for unsatisfactory results. Their findings supported their hypothesis that motivation to lead has a negative relationship with leadership avoidance, and that the more the leaders represent a leader prototype, the more the followers desire to become leaders and reduce leadership avoidance.

Servant leaders influence the organization to develop a servant culture by increasing servant leadership behaviour among leaders and between leaders and employees. This is a reflection of their integrity and of their concern for employees, who learn from their leaders to be concerned

about others people's needs rather than focusing solely on themselves. Liden et al. (2014) investigated the relationship between servant leadership and serving culture, and employee identification, and employee and unit performance. They found a positive relation that supported their hypothesis (Liden et al., 2014)

The most important feature of servant leadership is considered to be that a leader gives subordinates the freedom to finish their tasks and be self-motivated. By doing so, servant leaders assist the organization in building a cooperative culture. Harwiki (2015) found a significant impact of servant leadership on organizational culture, organizational commitment, organizational citizenship, and employee performance.

The serving organizational culture gives employees integrity and values to reflect on, and increase their willingness to improve performance. Empowering employees and involving them in decision making processes could potentially enhance their motivation and effectiveness. Awan et al. (2012) suggested that establishing this culture could in time expand beyond the organization and into the community. The scholars examined the relationship between servant leadership and employees' motivation and brought evidence to support the claim that the more the employees were motivated the more their work performance would increase.

Melchar and Basco (2010) argued that managers in mid-level, who worked with servant leaders, show above average level of servant leadership characteristics, and that those characteristics would not depend upon age, years of experience, and education. Their research work presented evidence to support this argument.

In contrast to the findings of many researchers, that there is a significant direct positive relationship between servant leadership and organizational performance, Waal and Sivro (2012)

research found that there is no evidence to accept this hypothesis. However, they did find that there is a significant positive relationship between some servant leadership factors (empowerment, accountability, stewardship, courage, humility, stand back, forgiveness, and authenticity) and some high quality organizational factors (management quality, openness and action orientation, long-term orientation, continuous improvement and renewal, and workforce quality) on different hierarchical levels.

In the same direction, Lisbijanto and Budiyo (2014) argued that there is no significant relationship between servant leadership and organizational performance. However, they continued, there is a significant relationship between servant leadership and job satisfaction, and there is also a significant relationship between the latter (as a mediate) and organizational performance.

Using an empirical study, Zebral (2017) found that the influence of the leadership productive performance on followers' performance is clear, and argued that, if the leader does better then followers do better, too.

It can be concluded, therefore that, the hypothesis that there is a significant positive relationship between servant leadership style and organizational performance does not have a clear answer yet. We observe that some researchers support the hypothesis, whereas others disagree. Having said this, the latter have presented evidence that there is a significant positive relationship between some subscales of this leadership style and some organizational factors related to organizational performance. This research considered seven subscales of this leadership style, and examined the relationships between each subscale and each of the four organizational performance measures that considered, i.e. to examine  $7 \times 4 = 28$  such relationships. This research results show that fifteen of those relationships are positive and

significant at the same time (see table - 10.4).

## **5.9 Summary**

The key argument of this chapter that “leadership is the key driver of performance” has been supported by scholars like Kotter (2012), who argued that organizational success cannot be achieved without leadership. Hargreaves et al. (2014) argued that organizations could do a lot with a little or from nothing, and that organizations could change from failure to success. The key driver for doing this is leadership.

Influence is the key factor, element, and tool that leaders practise to enable followers to achieve goals and desired results. Aseri and Parvar (2013) argued that leadership might have a positive or negative impact on organizational productivity and performance, and that variation on defining the nature and style of leadership could not reduce the impact of leadership on organizational performance. These arguments supported the definition selected to use in my research work: “leadership is the process of influencing others to achieve goals”. This process and its impact on organizational performance is the same regardless whether the organization is a family business or not. The main issue in family business is the preparation of the leader’s successor or the new generation leadership.

This chapter considered in some details the findings of researches about the relationships between the three leadership styles considered for this research work; i.e. leader-member exchange LMX leadership style, transformational leadership style, and servant leadership styles, and many organizations aspects, mainly, the organizational performance.

## **Part – 2**

### **Methodology**

## **Chapter - 6**

### **Research Design and Methodology**

#### **Introduction**

This chapter will present and explain my plan to answer the research question. The path I selected starts with positioning my research on the grounds of a positivistic philosophy; I will continue by presenting and discussing suitable choices and considerations concerning each step of planning the empirical study. The research uses a deductive research approach, it is, explanatory in nature, applies a survey as research strategy, and makes use of quantitative data and statistical techniques for the analysis.

#### **6.1 The Research Process**

The research process is a set of steps or stages that need be completed in sequence. Some authors use figures or diagrams to explain the idea. To illustrate, Brewerton and Millward (2001), for example, established a working model for the research process, starting with the activity of planning the research project and ending with the activity of reporting and the presentation of findings. Crawther and Lancaster (2008) established a cyclic model starting with theories passing through different stages and ending with logical inference or concept and proposition formations, and then back to theories one more time.

Dawson (2009) argued that before started thinking about research, the researcher needs to answer the five W's questions:

- What is the research?
- Why to do the research?
- Who will be the participants?
- Where to conduct the research? and
- When to do the research?

Gill and Johnson (2010) provided a sequence of seven steps to describe the research process, starting with identifying a broad area of interest and ending with presentation of findings.

There is no fixed or precise number of steps to undertake and complete a research, and overlaps between those steps, as well as the possibility of revisiting some steps again, can happen. Having said this, the research process usually includes the following main steps: identifying a topic, literature review, research design, data collection, data analysis and writing up (Saunders et al., 2016). Figure - 6.1 explains these.

Further to this explanation of the research process, the idea of this section is to look at the research process from another standpoint, given that researching is a process of developing knowledge based on sound ontological and epistemological assumptions. From this standpoint, the researcher needs to clarify the assumptions where the research is based on, and the research philosophy the study subscribes to. Whenever these antecedent conditions are clarified, then the researcher can present the research approach, methodology, strategy and methods. This process is what I will call, henceforth, the 'idealized research path'. This path is a multi-stage, and in

each stage there are multiple choices (Saunders et al., 2016). Figure - 6.2 represents this idealized path.

Before starting the research process, the researcher needs to identify the research path. The next sections of this chapter will cover all these stages in order to explain my selected research path.

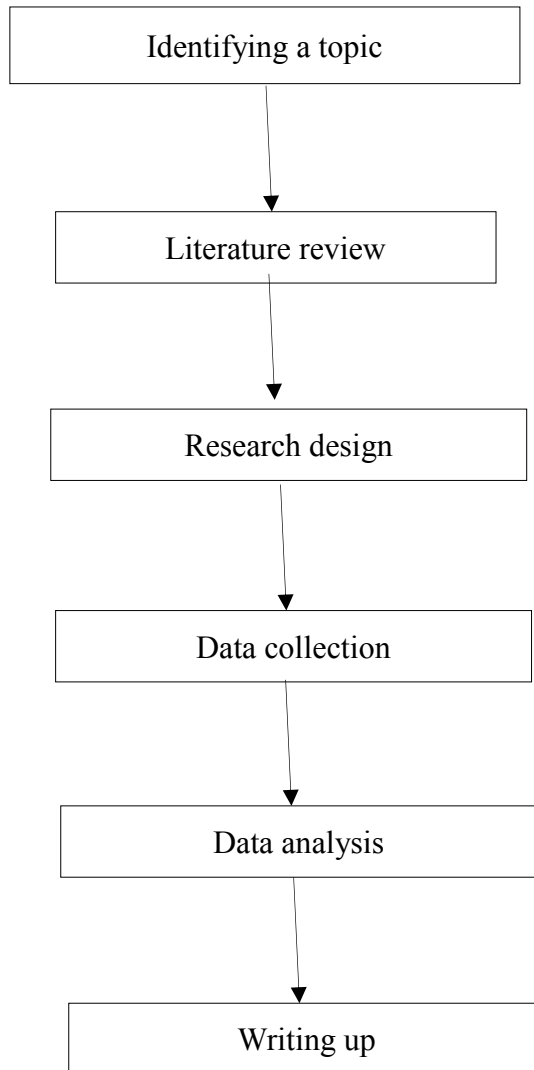


Figure - 6.1

The Research Process Steps



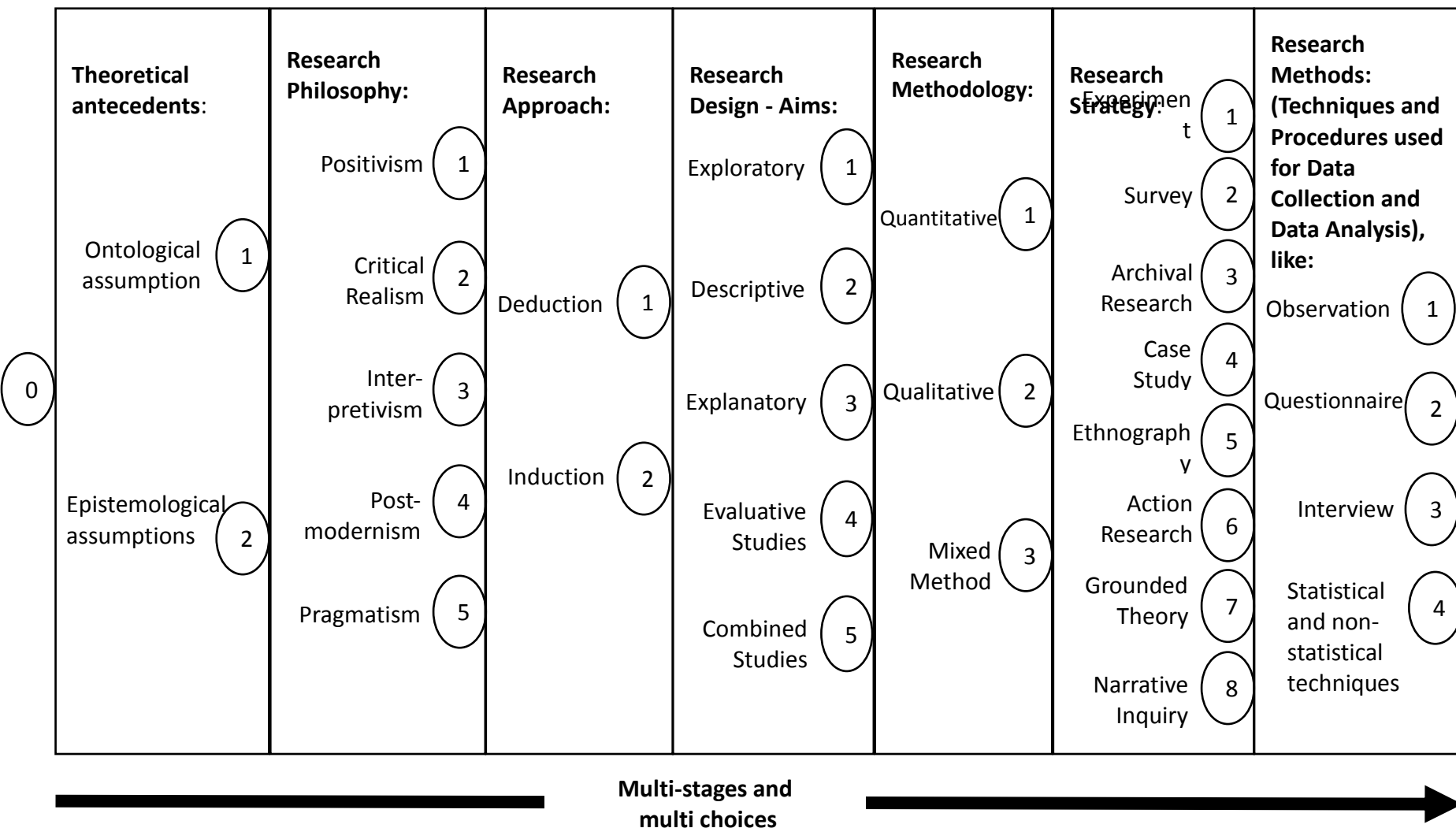


Figure - 6.2  
Stages (Steps) Needed to Identify the Idealized Research Path

## 6.2 Research Philosophy

Philosophical assumptions about the nature of knowledge and the world underpin all research projects and form all stages, from conceptualizing the research question to identifying the practicalities of what and how to conduct the investigation (Gill and Johnson, 2010). Research is essentially a process whereby we aim to develop knowledge; this can occur through new theory development or even by answering a specific research question related to an organizational issue. Knowledge development should be based on a set of assumptions and beliefs that form what is called research philosophy (Saunders et al., 2016). Answering my research question: “How does leadership impact the organizational performance in a family business?” implies the investigation of leadership in organization, and it might reach a result that leadership skills, styles or characteristics are associated with effective leadership. In order to answer this, I need to clarify the process of how I as a researcher believe I should engage with the process of knowing, i.e. clarify the epistemological approach (Crowther and Lancaster, 2008). Epistemology refers to the theorization of the nature of knowledge and looks for the source of this knowledge and how we can know (Dawson, 2009).

In relations to epistemological assumptions, research philosophies move between objectivism and subjectivism, which represent two opposing extremes (Saunders et al., 2016). Saunders et al. proposed that the use of facts, numbers, observable phenomena and law-like generalizations to answer the research question puts the researcher in the area of objectivism; whilst the use of opinions, narratives, attributed meanings and individual experiences and focus on contexts and specifics put the researcher in the area of subjectivism. Figure - 6.3 illustrates how research philosophy moves between the two opposing extremes, objectivism and subjectivism.



Figure - 6.3  
Research Philosophy between Subjectivism and Objectivism

Researchers need to be aware of the philosophical background of their study, in order not to feel that their findings represent the absolute truth. The point here is that these findings can only help and add a better understanding of the phenomena or a problem under investigation, without this rendering them to a totalitarian understanding of the phenomenon (O’Gorman et al., 2014).

Epistemological assumptions, or what constitutes acceptable knowledge, like: scientific methods, observable and measurable facts, law-like generalizations, and numbers are the essentials to identify a project with a positivist research philosophy (Saunders et al., 2016). One of the principles that positivism entails is the principle of deductivism, namely when generating a hypothesis can be tested to be either accepted or rejected, and consequently to produce knowledge (Bryman and Bell, 2011). By subscribing to positivism, researchers commit to investigate the effects of certain variable(s) on other variable(s), or to identify quantifiably the cause and effect relations between them (Brewerton and Millward, 2001).

Quinlan et al. (2015) argued that for a research to make a contribution to knowledge, the research should contemplate ideas about the nature of knowledge and indeed, how knowledge is created, in other words, it should engage with epistemological questions. Answers to these questions, would form the research itself, the aim, and the nature of data to be collected and analyzed to complete the research.

Gill and Johnson (2010) proposed that directly observable phenomena and testing theories deductively are the most significant characteristics of a positivistic epistemology. Furthermore, objectivity or neutrality are the positivist philosophical commitment (Gill and Johnson, 2010). Neuman (2014) argued that positivist researchers test causal hypotheses depending on precise quantitative data and using experiments, surveys and statistics (Neuman, 2014).

It can be noticed that this research work is based on the epistemological assumptions of positivism.

### **6.3 Research Approach**

This research investigates the relationship between leadership and organizational performance in a family business, and it focuses on the cause and effect relationship that may exist; in this light it falls under the positivistic paradigm. The study will adopt a deductive approach for the investigation, which is compatible with the positivistic assumptions (Saunders et al., 2016), and is deemed more adequate for the investigation of this question. Saunders et al. (2016) argued that deductive and inductive are two contrasting approaches to adopted reasoning in the research, and that there are three characteristics associated with the deductive approach, they are:

1. The research is about explaining the causal relation between variables,
2. Variables can be measured (usually quantitatively) in other words, variables are operationalized, and
3. Generalization depends on results (usually based on carefully selected samples).

Developing theory or hypothesis and providing empirical observation to test it, is the key characteristic of the deductive research approach. Crowther and Lancaster (2008) argued that

this approach is suitable for consultancy type of research, in other words, it can be used for applied research. Brewerton and Millward (2001) argued that positivism is about defining a method to investigate the effect or interactions of certain variable(s) on other variable(s) as a tool to identify quantifiable cause and effect relationships.

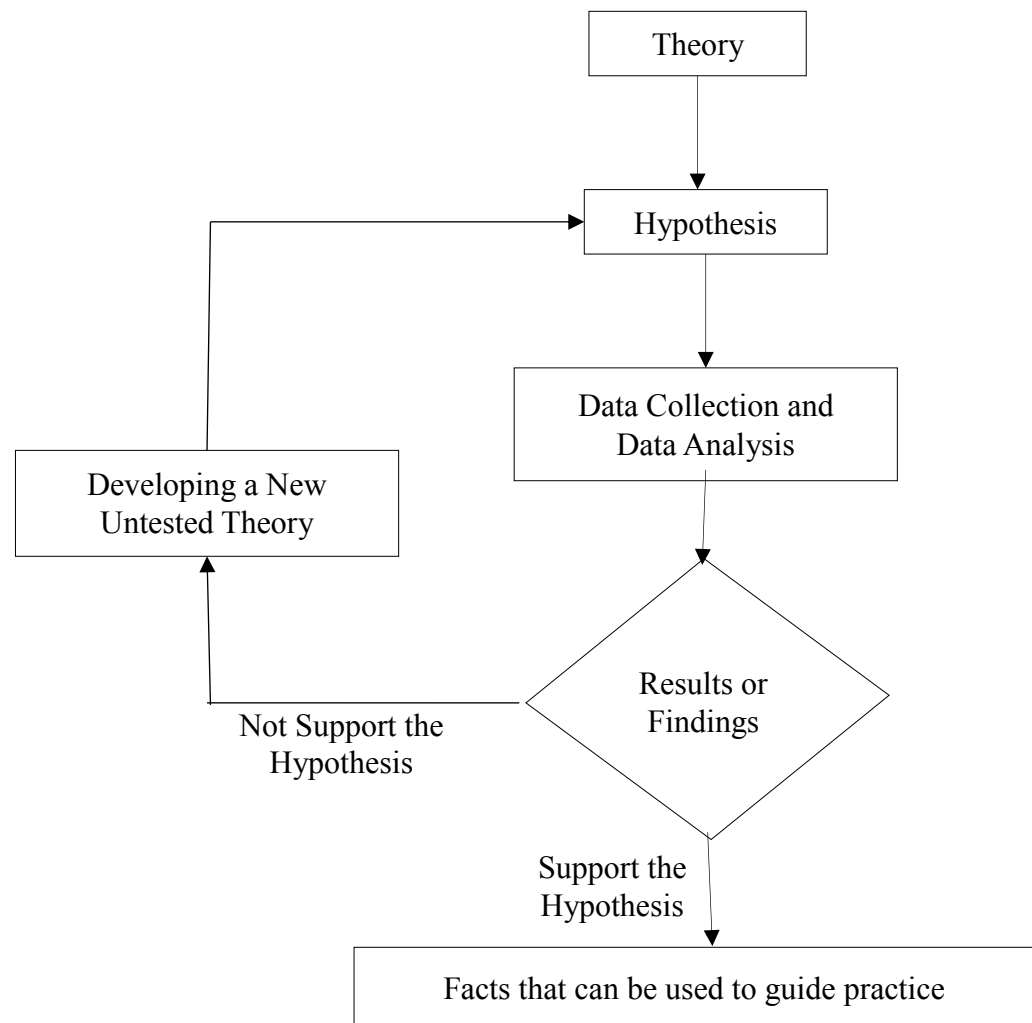


Figure - 6.4  
The Deductive Research Approach

Gill and Johnson (2010), and Bryman and Bell (2011) considered the deduction as a process of sequential steps, starting with theory and ending with an action required when the tested hypothesis will be either falsified or corroborated. Figure - 6.4 illustrate the process of the deduction research process.

Taheri et al. (2014) argued that quantitative research has the following characteristics: it relies on positivism, and it usually corroborates or falsify a causal or relational hypothesis depending on hard data in nature (usually numbers). In quantitative research, the researchers usually know what they are looking for, the collected data can be represented numerically, and findings can be generalized (Matthews and Ross, 2010).

Consequently, and as I started this section by setting that this research work is about studying the relationship between two concepts or variables (leadership and organizational performance), then the research approach of this research work is the deductive approach.

## **6.4 Research Design**

Identifying the research philosophy and the research approach will be the guide for the next step of the research path shown in figure - 6.2. These steps, i.e. the research methodology and the research strategy, represent the major components of the research design, which can be considered as the general plan to answer the research question (Saunders et al., 2016). This section will present the research methodology and the research strategy, as well as the aim of the research design. When researchers establish the objectives of the research project, they start considering how these objectives can be achieved, and consequently how to design the research to develop the framework for data collection and analysis; to put it simply, how to choose the appropriate research methods (Walliman, 2011).

#### **6.4.1 Research Methodology**

Depending on the research assumptions, research philosophy, and the research approach, researcher needs to decide on the appropriate methodology, which draws from a choice from quantitative methods, qualitative methods, or both (mixed) methods. Methodology in management and social sciences has been an area of debate for years, and discussions have revolved around establishing which methodology might have been the most appropriate given the complex nature of social phenomena (Dawson, 2009). Dawson (2009) argued that quantitative researchers usually try to measure the observations without error or bias coming from them or from respondents. In order to answer a research question, the researcher needs to identify the most appropriate research methodology depending on the project research nature and aim (Neuman, 2014).

It can be noticed that, this stage of the research path (see figure - 6.2), namely identifying the research methodology, is of high interest for researchers. At this stage, the researcher is in a position to decide how evidence are to be collected and analyzed in order to answer the research question and to test the hypothesis; it should be reminded here that this decision depends, on the chosen methodology. Brewerton and Millward (2001) argued that in quantitative methodology, data can be in correlation or experimental or in both forms. Saunders et al. (2016) explains that quantitative methodology is normally applied for numerical data or for data collection that generates numerical data.

Crowther and Lancaster (2008) argued that quantitative data are usually more objective and scientific than qualitative data, and as they are in the form of numbers, then data analysis can be conducted via statistical techniques to achieve results. Bryman and Bell (2011) proposed an explanation of quantitative research process starting with elaborating theory, devising

hypothesis and ending with developing findings and conclusions and then writing up. Bryman and Bell (2011) argued that in the context of quantitative research the collected information must be prepared in a way that is quantifiable and to be transferrable into data form.

Based on the objectivist epistemological assumptions, positivist philosophy, and deductive approach explained above that underpin my project, it follows that my methodological choice will be quantitative (Saunders et al., 2016).

#### **6.4.2 Aim of Research Design**

Answering a research question involves in one way or another the identification of the research aim or purpose; this aim could be to explore, explain, describe, or evaluate a variable that relates to an organizational issue, phenomenon, or problem. In this context, Saunders et al. (2016) provided four aims related to the research design, namely, exploratory, explanatory, descriptive, and evaluative, and argued that answering a research question that includes a causal relationship between variables leads the research design aims to be explanatory. This is the case of my research question, which includes the relationship between leadership and organizational performance in a family business. Hence, this research is an explanatory one.

#### **6.4.3 Research Strategy**

A research strategy is the plan about how to answer the research question. Saunders et al. (2016) argued that a research strategy is flexible and offers the researcher choices, however, it still depends on the research question and on the research philosophy, approach, and methodology although admittedly, the boundaries between them are open. Saunders et al. (2016) linked the two research strategies: experiment and survey with the quantitative research methodology, while the other two research strategies: archival and documentary research and



the case study with both quantitative and qualitative methodologies. The most important argument of the scholars above for this research work is the association of the survey with the deductive research approach.

Crowther and Lancaster (2008) discuss how the survey is usually applied in researching internal and/or external organizational issues by using questionnaires as tool for data collection. Surveys tend to use questionnaires to collect data and measure organizational issues or phenomena in order to either describe its features or test a theory or a hypothesis associated with it, by using a deductive approach through statistical analysis. Hence, a survey is either descriptive or analytical in nature (Gill and Johnson, 2010).

Bryman and Bell (2011) argued that a survey is concerned with findings generalization to large populations by researching, usually, random samples. The authors give the following definition (Bryman and Bell, 2011, pp 54 - 62): “survey research comprises a cross-sectional design in relation to which data are collected predominantly by questionnaire or by structured interview on more than one case (usually quite a lot more than one) and at a single point in time in order to collect a body of quantitative or quantifiable data in connection with two or more variables (usually many more than two), which are then examined to detect patterns of association”.

In this context, the appropriate research strategy for my research work is the survey.

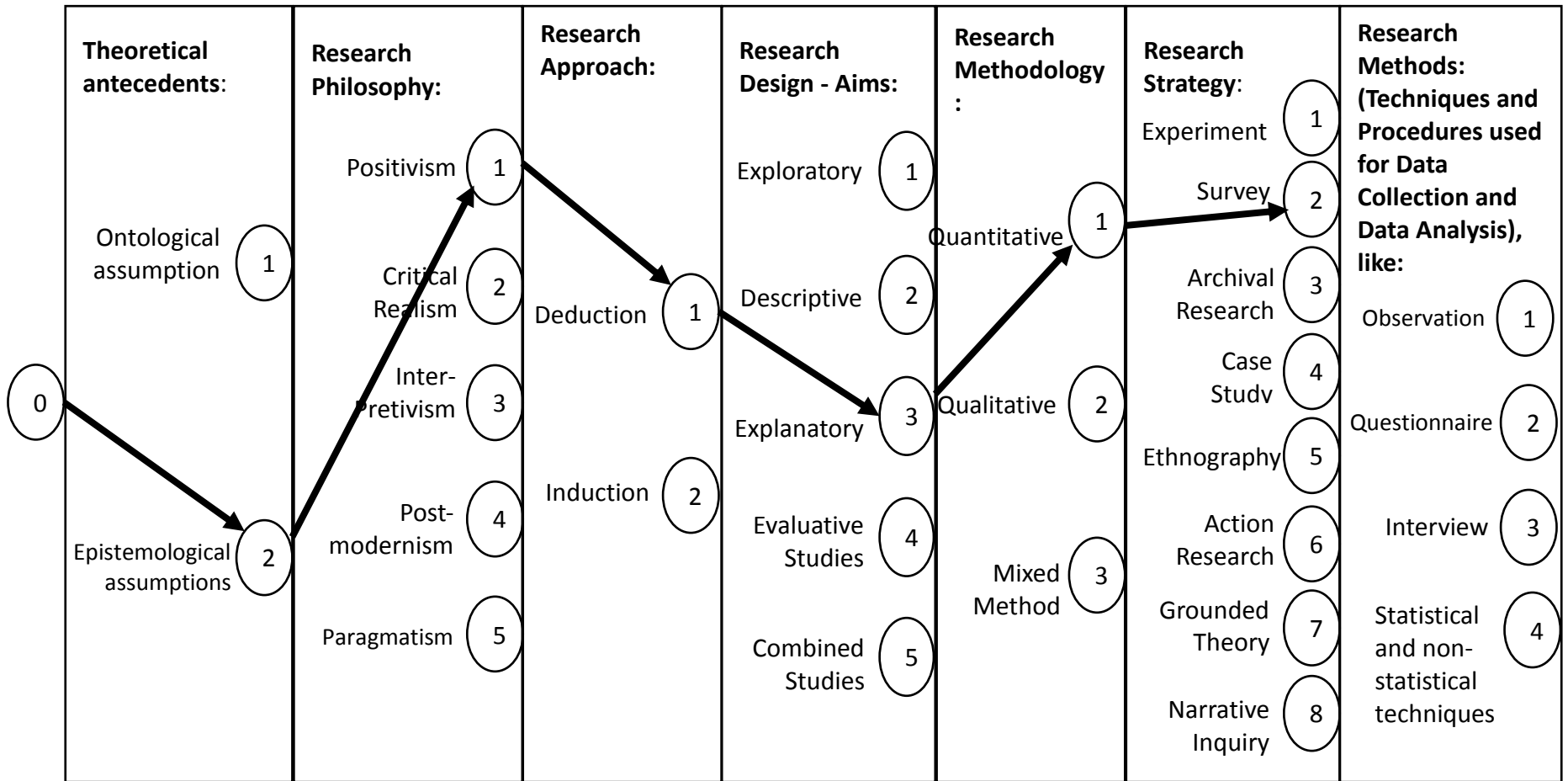
## **6.5 Selected Idealized Research Path**

It is worth noting here that I have earlier identified clearly that this research is based on objectivist epistemological assumptions, a positivistic philosophy, deductive approach, explanatory aim, quantitative methodology, and survey research strategy. So, my research path

can be seen clearly in figure - 6.5 below. The last step to identify my complete idealized research path will be the selection of research methods for data collection and analysis, which I will present in the next chapter.

## **6.6 Summary**

This chapter explained clearly my plan of answering my research question. I identified that my research is based on epistemological assumptions and my choice in each step of the idealized path to undertake the research are: positivism, deductivism, explanatory, quantitative, and survey research, see figure - 6.5.




 Choices selected in each stage (step) to identify the idealized research path– up to the research strategy stage
 

Figure - 6.5  
The Idealized Research Path

## **Chapter - 7**

### **Research Methods**

#### **Introduction**

Chapter - 6, explained how I chose the survey to be my research strategy to undertake this research work. In this chapter, I will consider the research methods for data collection and analysis, which have been selected for this study, and will concentrate on the one that I am going to use, which is questionnaire. This chapter will present the operationalization of the research variables, and defining the research hypotheses.

#### **7.1 Definition**

Referring back to figures - 6.2 and 6.5, it becomes clear that the last step to identify the complete idealized research path is the research methods, which is simply a technique for collecting data (Bryman and Bell, 2011). Research methods are the tools used by the researcher to collect data, the most popular among these methods being: interviews, focus groups, questionnaires, and participant observation (Dawson, 2010).

Crowther and Lancaster (2008) argued that selecting the appropriate method(s) for data collection requires an understanding of the characteristics, uses, advantages and disadvantages of those methods.

When observing the input – process – output model, one notices that the raw material of research, namely data (Walliman, 2011), can be considered as the input of the research process, and it is clear that knowledge is its output, figure - 7.1.



Figure - 7.1  
The Research Process

Researcher needs to understand what those data are, and their characteristics, as well as how they can be measured. Data can be collected by the researcher or by others. The collection methods involve asking questions, making observations, and simulation (Walliman, 2011).

## 7.2 Research Methods Associated with Survey

Section 6.4.3 identified that the appropriate research strategy for my research work is the survey. This strategy is usually associated with the following main methods of data collection that are quantitative in nature and can be analyzed quantitatively in order to answer questions about the relationships between variables (Saunders et al., 2016):

- Questionnaires,
- Structured observations, and
- Structured interviews

Saunders et al. (2016) argued that questionnaires represent the most common use in surveys, as

well as in experiments and case studies. The authors classified questionnaires to be either:

- Self - completed using internet, postal, or delivery and collection. Or
- Interviewer - completed either face – to – face or via telephone.

Questionnaire, as a method for data collection, is a list of questions prepared by the researcher to be answered by respondents using their own words (open questions) or by choosing among options (closed questions). Questionnaires are adequate to be used when the researcher has already defined the variables that are under study, and offers options that explore these variables. The researcher in this case is not interested in exploring new possibilities that have not been addressed in the research design, and therefore what is tested is how widespread that particular variable is. Using questionnaires developed by the researcher for the purpose of the particular study, or by somebody else (i.e. off – the – shelf questionnaire) in order to collect the main or ancillary data, the researcher needs to think about which questions to ask, how to ask them, how to structure them, and what responses to allow (Rugg and Petre, 2007). The preparation of a good questionnaire that would yield valid and reliable measurements, needs to consider two principles: avoiding possible respondents' confusion, and keeping their perspectives in mind, (Neuman, 2014).

Questionnaires can be designed by the researcher, or follow the principle of “there is no need to reinvent the wheel”. In this latter case, the researcher should be prepared to spend a reasonable amount of time in searching for existing questionnaires, taking into consideration that some of them are copyright protected and can be used after taking the permission of the author (Mathers et al., 2009); (this is applicable to this study, as will explain later).

Dawson (2010) proposed three basic types of questionnaires: close - ended, open - ended, and combination of both, and argued that the first one is mostly used to generate statistical data

in quantitative research. Gill and Johnson (2010) provided four important issues related to questionnaires: question focus, question phraseology, the form of response, and question sequencing and overall presentation. Crowther and Lancaster (2008) argued that developing a questionnaire is a highly complex activity that requires special training and knowledge. Crowther and Lancaster (2008) provided suggestions and examples for questionnaire design like questions types (closed or open), questions structure, and questions order. The researchers also discussed other key aspects of the questionnaire administration, such as face to face, distributing/returning questions, and methods for recording responses.

The questionnaire is an attractive tool for data collection for academics and practitioners because of the low cost, minimal resources requirements and the possibility to collect data from large samples. Regarding the information obtained from questionnaires, Brewerton and Millward (2001) argued that there are three types: demographic/descriptive data, behavioural data, and attitudinal data.

The questionnaire is a useful method of data collection from large populations, especially when it is difficult or impractical to approach those populations by other methods (e.g. interviews) in order to measure behaviours, attitudes, preferences and opinions on certain issues or phenomena (McLeod, 2014).

My research question “How does leadership impact on the organizational performance in a family business?” contains implicitly the investigation of the relationship between the variables leadership and organizational performance. Therefore, the questionnaire will be the main research method (tool) for data collection. Details on this issue will be the material of the next chapter.

### **7.3 Operationalization of the Research Variables**

Referring back to my research question “How does leadership impact on the organizational performance in a family business?” it can be observed that it implicitly contains two parts, they are two concepts or else variables: the first one is leadership, and the second one is organizational performance. Answering this question requires studying the relationship between these two variables, and this relationship can be considered as causality relationship as the first variable has a direct impact that affects the second. Consequently, this relationship determines leadership as the independent variable (causal), and the organizational performance as the dependent variable (effect) (Bryman and Bell, 2011).

Leadership and organizational performance as variables are abstractions, and need to be translated into indicators or specific observables that can be measured, in other words, an empirical representation of the variables is needed. Consequently, these variables need to be operationalized (Gill and Johnson, 2010). Operationalization is one of the main characteristics of deduction (this research approach), it enables facts to measure and it can be defined as the translation of concepts into tangible indicators of their existence (Saunders et al., 2016). Bryman and Bell (2011) defined operationalization as a term that originally derives from physics to refer to the operations by which a concept (like temperature) is measured. In this context, Brewerton and Millward (2001) argued that operationalizing a research question requires that it is translated into testable and/or measurable form. Gill and Johnson (2010) considered operationalization process so central to positivism (this research philosophy) and it is about making the abstract observable in a valid reliable manner.

Operationalization requires the elimination of confusion, as the research question, the theory, and the hypothesis usually are abstract concepts. On the other hand, the



operationalization of both, the dependent and the independent variables, requires their definition in a way that they can be measured taking in consideration that this is not easy as we are dealing with abstract concepts which are difficult to measure (Crowther and Lancaster, 2008).

### **7.3.1 Operationalizing the Independent Variable – Leadership**

The definition of leadership and other related aspects were reviewed in chapter - 2. This section will remind the reader that I used this definition for leadership: “leadership is the process of influencing others to achieve goals”. In order to operationalize leadership (the independent variable), I will concentrate on leadership aspects, skills, or styles that are linked directly (by definition) with individual, team, and organizational performance. These are (Northouse, 2013):

1. Leader-Member Exchange Theory
2. Transformational Leadership.
3. Servant Leadership

To translate each concept in a way that would enable me to measure them in a quantitatively manner (Saunders et al., 2016), this research will use the questionnaire as a research method for collecting data on leadership. Population, samples, and data collection process will be discussed in the next chapter.

### **7.3.2 Operationalizing the Dependent Variable – Organizational**

#### **Performance**

The definition of organizational performance and other related aspects were reviewed in chapter - 4. Measuring organizational performance is about identifying the extent the organization has achieved its objectives (Elenkov, 2000). Performance Measures are a set of quantitative indicators of various aspects of organizational functions and achievements. The

most used indicators are the financial data. There are many performance indicators used to measure organizational or functional effectiveness, efficiency and productivity. Martz (2013) identified twelve criteria, i.e. efficiency, productivity, stability, innovation, growth, evaluation, fiscal health, output quality, information management, conflict - cohesion, intra - organizational and extra - organizational. Furthermore, it is argued that in order to measure organizational performance, these criteria can be grouped into four dimensions: purposeful, adaptable, sustainable, and harm minimization (Martz, 2013).

This section will identify the following organizational measurements to operationalize the dependent variable, i.e. the organizational performance, they are:

1. Profitability,
2. Productivity,
3. Plant Efficiency, and
4. Sales Volume.

## **7.4 Research Hypotheses**

To explore further the research question “how does leadership impact on organizational performance?” the main hypothesis set as follows: “there is a significant positive relationship between leadership and organizational performance”. In section - 7.3.1, I selected the following leadership approach/skills/styles (Northouse, 2013) to operationalize leadership as the independent variable:

1. Leader-Member Exchange theory, where the measurements will put the leader in one of the following:

- High Quality Leader-Member Exchange - H
  - Moderate Quality Leader-Member Exchange - M
  - Low Quality Leader-Member Exchange -L
2. Transformational leadership, where the measurements will provide a score for each of the following transformational leadership subscales (Avolio and Bass, 2004):
- Idealized Influence (Attributes)
  - Idealized Influence (Behaviours)
  - Inspirational Motivation
  - Intellectual Stimulation
  - Individualized Consideration
  - Contingent Reward
  - Management-by-Exception (Active)
  - Management-by-Exception (Passive)
  - Laissez-faire Leadership
  - Extra Effort
  - Effectiveness
  - Satisfaction
3. Servant Leadership, where the measurements will provide a score for each of the following servant leadership subscales:
- Emotional Healing
  - Creating Value for the Community
  - Conceptual Skills
  - Empowering

- Helping Subordinates Grow and Succeed
- Putting Subordinates First
- Behaving Ethically

In section - 7.3.2, the selected four measurements to operationalize the organizational performance as dependent variable are: profitability, productivity, plant efficiency, and sales volume. Measurements will investigate which of the organizational performance measures are upward trend, no trend, or downward trend during a certain period of time (this will be revisited in more details in the next chapter).

Consequently, the hypotheses of this research can be structured as shown in figure - 7.2 and table - 7.1, and will be stated as in the following form:

Hypothesis k (k=1, 80): There is a significant positive relationship between leadership subscale i (i=1, 20) and organizational performance measure j (j=1, 4).

Figure - 7.2  
Hypotheses Structure

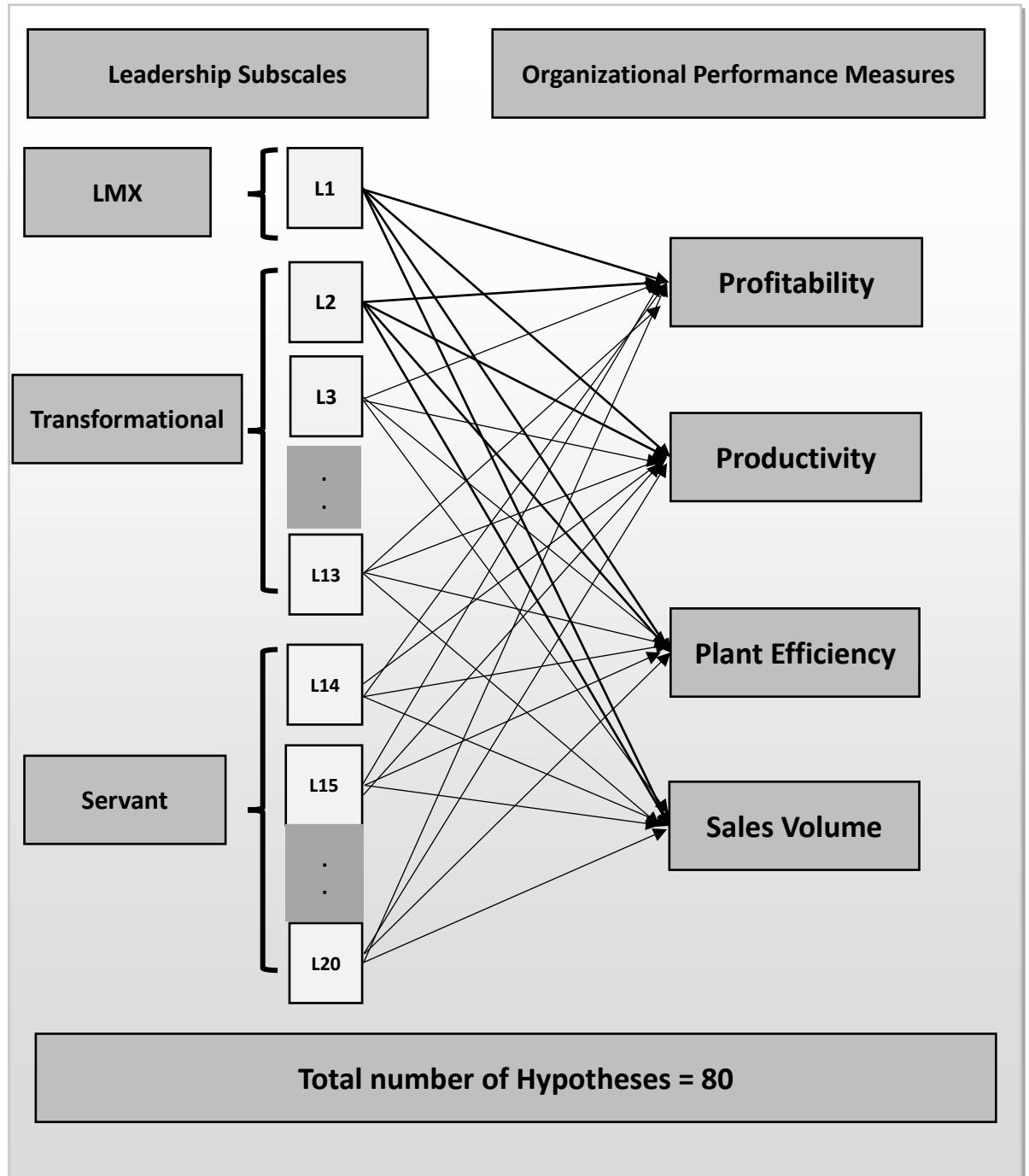


Table - 7.1 Hypotheses Structure

Leadership			Organizational Performance Measure (Y)	Hypothesis	
Style/Skill/Approach	Subscale (X)			Hypothesis Number	(There is a significant positive relationship between X and Y)
leader-Member Exchange	L1	leader-Member Exchange	Profitability	1	Leader-Member Exchange and Profitability
Transformational	L2	Idealized Influence (Attributes)		2	Idealized Influence (Attributes) and Profitability
	L3	Idealized Influence (Behaviours)		3	Idealized Influence (Behaviours) and Profitability
	L4	Inspirational Motivation		4	Inspirational Motivation and Profitability
	L5	Intellectual Stimulation		5	Intellectual Stimulation and Profitability
	L6	Individualized Consideration		6	Individualized Consideration and Profitability
	L7	Contingent Reward		7	Contingent Reward and Profitability
	L8	Management-by-Exception (Active)		8	Management-by-Exception (Active) and Profitability
	L9	Management-by-Exception (Passive)		9	Management-by-Exception (Passive) and Profitability
	L10	laissez-faire Leadership		10	laissez-faire Leadership and Profitability
	L11	Extra Effort		11	Extra Effort and Profitability
	L12	Effectiveness		12	Effectiveness and Profitability
	L13	Satisfaction		13	Satisfaction and Profitability
Servant	L14	Emotional Healing		14	Emotional Healing and Profitability
	L15	Creating Value for the Community		15	Creating Value for the Community and Profitability
	L16	Conceptual Skills		16	Conceptual Skills and Profitability
	L17	Empowering		17	Empowering and Profitability
	L18	Helping Subordinates Grow and Succeed		18	Helping Subordinates Grow and Succeed and Profitability
	L19	Putting Subordinates First		19	Putting Subordinates First and Profitability
	L20	Behaving Ethically		20	Behaving Ethically and Profitability

Table-7.1 Continued

Leadership			Organizational Performance Measure (Y)	Hypothesis	
Style/Skill/Approach	Subscale (X)			Hypothesis Number	(There is a significant positive relationship between X and Y)
leader-Member Exchange	L1	leader-Member Exchange	Productivity	21	Leader-Member Exchange and Productivity
Transformational	L2	Idealized Influence (Attributes)		22	Idealized Influence (Attributes) and Productivity
	L3	Idealized Influence (Behaviours)		23	Idealized Influence (Behaviours) and Productivity
	L4	Inspirational Motivation		24	Inspirational Motivation and Productivity
	L5	Intellectual Stimulation		25	Intellectual Stimulation and Productivity
	L6	Individualized Consideration		26	Individualized Consideration and Productivity
	L7	Contingent Reward		27	Contingent Reward and Productivity
	L8	Management-by-Exception (Active)		28	Management-by-Exception (Active) and Productivity
	L9	Management-by-Exception (Passive)		29	Management-by-Exception (Passive) and Productivity
	L10	laissez-faire Leadership		30	laissez-faire Leadership and Productivity
	L11	Extra Effort		31	Extra Effort and Productivity
	L12	Effectiveness		32	Effectiveness and Productivity
	L13	Satisfaction		33	Satisfaction and Productivity
Servant	L14	Emotional Healing		34	Emotional Healing and Productivity
	L15	Creating Value for the Community		35	Creating Value for the Community and Productivity
	L16	Conceptual Skills		36	Conceptual Skills and Productivity
	L17	Empowering		37	Empowering and Productivity
	L18	Helping Subordinates Grow and Succeed		38	Helping Subordinates Grow and Succeed and Productivity
	L19	Putting Subordinates First		39	Putting Subordinates First and Productivity
	L20	Behaving Ethically		40	Behaving Ethically and Productivity

Table-7.1 Continued

Leadership			Organizational Performance Measure (Y)	Hypothesis	
Style/Skill/Approach	Subscale (X)			Hypothesis Number	(There is a significant positive relationship between X and Y)
leader-Member Exchange	L1	leader-Member Exchange	Plant Efficiency	41	Leader-Member Exchange and Plant Efficiency
Transformational	L2	Idealized Influence (Attributes)		42	Idealized Influence (Attributes) and Plant Efficiency
	L3	Idealized Influence (Behaviours)		43	Idealized Influence (Behaviours) and Plant Efficiency
	L4	Inspirational Motivation		44	Inspirational Motivation and Plant Efficiency
	L5	Intellectual Stimulation		45	Intellectual Stimulation and Plant Efficiency
	L6	Individualized Consideration		46	Individualized Consideration and Plant Efficiency
	L7	Contingent Reward		47	Contingent Reward and Plant Efficiency
	L8	Management-by-Exception (Active)		48	Management-by-Exception (Active) and Plant Efficiency
	L9	Management-by-Exception (Passive)		49	Management-by-Exception (Passive) and Plant Efficiency
	L10	laissez-faire Leadership		50	laissez-faire Leadership and Plant Efficiency
	L11	Extra Effort		51	Extra Effort and Plant Efficiency
	L12	Effectiveness		52	Effectiveness and Plant Efficiency
	L13	Satisfaction		53	Satisfaction and Plant Efficiency
	Servant	L14		Emotional Healing	54
L15		Creating Value for the Community		55	Creating Value for the Community and Plant Efficiency
L16		Conceptual Skills		56	Conceptual Skills and Plant Efficiency
L17		Empowering		57	Empowering and Plant Efficiency
L18		Helping Subordinates Grow and Succeed		58	Helping Subordinates Grow and Succeed and Plant Efficiency
L19		Putting Subordinates First		59	Putting Subordinates First and Plant Efficiency
L20		Behaving Ethically		60	Behaving Ethically and Plant Efficiency



Table-7.1 Continued

Leadership			Organizational Performance Measure (Y)	Hypothesis	
Style/Skill/Approach	Subscale (X)			Hypothesis Number	(There is a significant positive relationship between X and Y)
leader-Member Exchange	L1	leader-Member Exchange	Sales Volume	61	Leader-Member Exchange and Sales Volume
Transformational	L2	Idealized Influence (Attributes)		62	Idealized Influence (Attributes) and Sales Volume
	L3	Idealized Influence (Behaviours)		63	Idealized Influence (Behaviours) and Sales Volume
	L4	Inspirational Motivation		64	Inspirational Motivation and Sales Volume
	L5	Intellectual Stimulation		65	Intellectual Stimulation and Sales Volume
	L6	Individualized Consideration		66	Individualized Consideration and Sales Volume
	L7	Contingent Reward		67	Contingent Reward and Sales Volume
	L8	Management-by-Exception (Active)		68	Management-by-Exception (Active) and Sales Volume
	L9	Management-by-Exception (Passive)		69	Management-by-Exception (Passive) and Sales Volume
	L10	laissez-faire Leadership		70	laissez-faire Leadership and Sales Volume
	L11	Extra Effort		71	Extra Effort and Sales Volume
	L12	Effectiveness		72	Effectiveness and Sales Volume
	L13	Satisfaction		73	Satisfaction and Sales Volume
Servant	L14	Emotional Healing		74	Emotional Healing and Sales Volume
	L15	Creating Value for the Community		75	Creating Value for the Community and Sales Volume
	L16	Conceptual Skills		76	Conceptual Skills and Sales Volume
	L17	Empowering		77	Empowering and Sales Volume
	L18	Helping Subordinates Grow and Succeed		78	Helping Subordinates Grow and Succeed and Sales Volume
	L19	Putting Subordinates First		79	Putting Subordinates First and Sales Volume
	L20	Behaving Ethically		80	Behaving Ethically and Sales Volume

## **7.5 The Idealized Research Path**

Referring back to figure - 6.5 (The Idealized Research Path), where the path (arrows) stopped at the survey in the research strategy stage for this study, the final stage of my idealized research path is to define the research methods. The research path includes two methods for data collection and data analysis (the last column of figure - 6.5). These methods are:

1. Questionnaire, and
2. Statistical techniques.

Therefore, it can be stated at this point that this research work is:

- based on epistemological assumptions as a theoretical antecedents,
- positivism as a research philosophy,
- deductive as a research approach,
- explanatory as a research design aims,
- quantitative as a research methodology,
- survey as a research strategy, and
- using questionnaire and statistical techniques as a research methods.

The idealized path for this research work is shown in figure - 7.3.

## **7.6 Summary**

This chapter presented and discussed the research methods selected for data collection and analysis, these are:

- Questionnaire to operationalize the independent variable (leadership), and
- Statistical historical data to operationalize the dependent variable (organizational performance).

The chapter also identified the selected leadership styles that will study in this research work; these are:

- Leader-Member Exchange (LMX) leadership style,
- Transformational leadership style, and
- Servant leadership style.

The chapter devised twenty (20) subscales to represent these leadership approaches. Furthermore, four measures were selected to study the organizational performance; these are:

- Profitability,
- Productivity,
- Plant efficiency, and
- Sales volume.

This led to the development of eighty (80) hypotheses. The idealized research path for this research work was completed by identifying the methods for data collection (figure - 7.3).

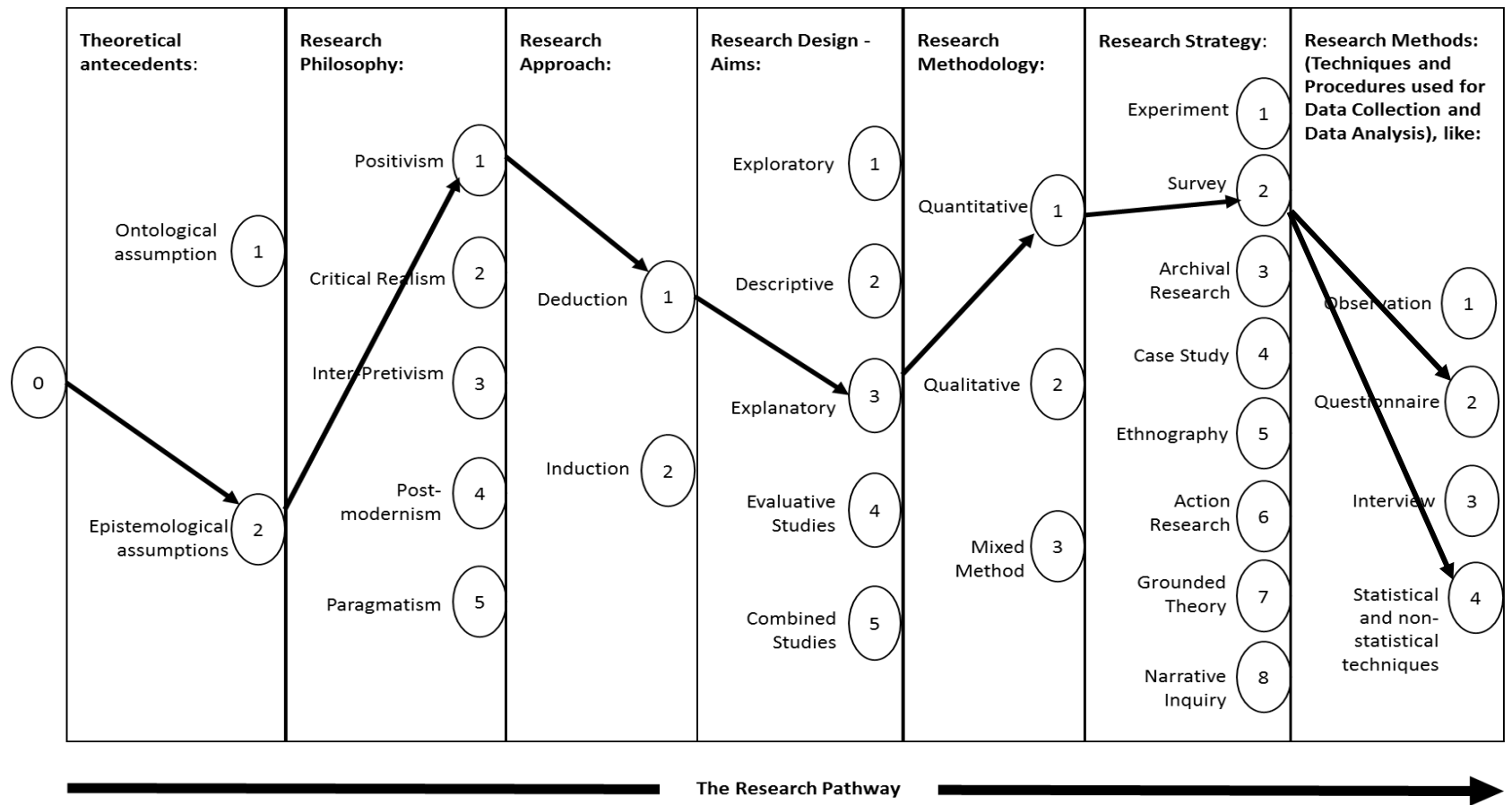


Figure-7.3  
The Idealized Research Path

## **Chapter - 8**

### **Data Collection**

#### **Introduction**

This chapter presents how primary data were collected to enable the quantitative measurements of the independent variable (leadership). The three questionnaires associated with each of the three selected leadership styles are explained. The chapter also presents, the secondary data required to quantify the dependent variable (organizational performance), which come in the form of historical data associated with the selected four measures; profitability, productivity, plant efficiency, and sales volume.

#### **8.1 Primary Data**

Primary data are usually collected by researchers specifically for the research project at hand (Saunders et al., 2016). This type of data is generated through the research process depending on the methods of data collection like experimentation, observation, questionnaire, and interviews (Crowther and Lancaster, 2008).

Chapter - 6 selected the survey as my research strategy to answer my research question, and in chapter - 7, it has been mentioned that there are three methods of data collection associated with surveys; questionnaire, structured observation, and structured interviews (Saunders et al., 2016).

The questionnaire is the data collection method selected in order to operationalize leadership as the independent variable of the main hypothesis “there is a positive relationship between leadership and organizational performance”.

### **8.1.1 Leader-Member Exchange (LMX) Theory of Leadership**

To translate this concept of leadership in a way that it can be quantitatively measured, I will use the LMX 7 questionnaire (Northouse, 2013). This questionnaire (see part - 1 in appendix - A) was intended to be completed by the research participants (leaders, subordinates, and some other people who would know the leader’s capacity, e.g. senior managers and colleagues) (see section - 8.2).

The questionnaire consists of seven questions, and the score range for each question is:

1 = “Rarely”, “Not at all”, “None”, “Strongly disagree”, and “Extremely ineffective”.

2 = “Occasionally”, “A little”, “Small”, “Disagree”, and “Worse than average”.

3 = “Sometimes”, “A fair amount”, “Moderately”, “Neutral”, and “Average”

4 = “Fairly often”, “Quite a bit”, “Mostly”, “High”, “Agree”, and “Better than average”.

5 = “Very often”, “A great deal”, “Fully”, “Very high”, “Strongly agree”, and “Extremely effective”.

Scores obtained by this questionnaire can indicate high or low quality leader-member exchange. Details and results will be discussed in part - 3 of this thesis.

### **8.1.2 Transformational Leadership**

To translate this concept of leadership in a way that enables it to be quantitatively measured, I will use the Multifactor Leadership Questionnaire MLQ (Avolio and Bass, 1995). This questionnaire is the most widely used in measuring this style of leadership (Northouse, 2013).

It is part - 2 of appendix - A. Using this questionnaire required permission from the publisher Mind Garden, and fees to be paid in advance to get this permission (info@mindgarden.com, www.mindgarden.com). I got this permission on May 11, 2016 for only 50 participants, and another permission on Oct. 3, 2017 for the total number of participants of 588 (leaders, subordinates, and some other people who would know the leader's capacity, e.g. senior managers and colleagues) (Appendix - B).

QLM questionnaire comes in two forms: leader form, and raters form; each consists of forty five (45) questions, and of further twelve different combinations, to identify the twelve transformational subscales; they are (see table - 7.1):

1. Idealized Influence (Attributes)
2. Idealized Influence (Behaviours)
3. Inspirational Motivation
4. Intellectual Stimulation
5. Individualized Consideration
6. Contingent Reward
7. Management-by-Exception (Active)
8. Management-by-Exception (Passive)
9. Laissez-faire Leadership
10. Extra Effort
11. Effectiveness
12. Satisfaction

The score range for leader and raters forms was set for each transformational subscale as follows:

0 = Not at all

1 = Once in a while

2 = Sometimes

3 = Fairly often

4 = Frequently, if not always.

Details and results will be discussed in part - 3 of this thesis.

### **8.1.3 Servant Leadership**

To translate this concept of leadership in a way that it can be quantitatively measured, I will use the “Servant Leadership Questionnaire” (Northouse, 2013). This questionnaire (see part - 3 of appendix - A) was intended to be completed also by the research participants (leaders, subordinates, and some other people who would know the leader’s capacity, e.g. senior managers and colleagues).

This questionnaire consists of twenty eight (28) questions, and sets of four of those questions are associated with the following servant leadership subscales (see table - 7.1):

1. Emotional Healing
2. Creating Value for the Community
3. Conceptual Skills
4. Empowering
5. Helping Subordinates Grow and Succeed
6. Putting Subordinates First
7. Behaving Ethically

The score range for each question of this questionnaire is set as follows:



1 = Strongly disagree

2 = Disagree

3 = Disagree somewhat

4 = Undecided

5 = Agree somewhat

6 = Agree

7 = Strongly agree.

Details and results will be discussed in part - 3 of this thesis.

## **8.2 Participants**

Participant is the person who answers the questions of the designed questionnaire (Saunders et al., 2016). In the case of this research, participants are the employees of El-Saeed Investment - Egypt. Those employees could be family or non-family members, and employed in any position (leadership, senior, subordinate, or colleague).

This research uses two forms of questionnaires: the leader form, to be answered by leaders themselves, and the raters form, to be answered by seniors, subordinates, or colleagues. The leadership positions selected for this research are:

- Companies General Managers
- Operation Directors (Manufacturing)
- Business Directors (Sales)
- Sales Managers
- Plants Managers

In addition to the aforementioned raters (senior, subordinate, colleague), some employees

from other positions who would know the leader's capacity, like functional directors and central departmental managers of the head office, were also invited to participate by completing the raters questionnaire. Who rates whom is clarified in figure - 8.1.

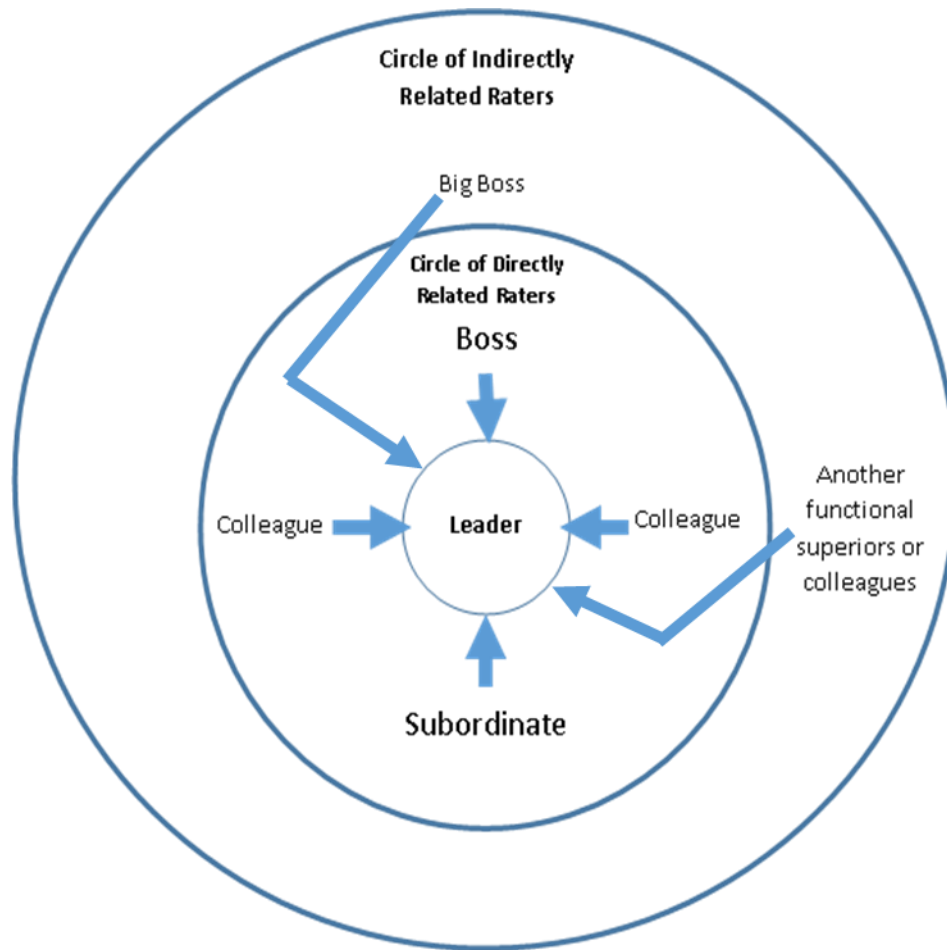


Figure - 8.1

The questionnaire participants – who rate whom

In order to communicate with all participants, two letters were sent to each of them individually:

- The first one from myself, to invite them to participate in this study and to inform them about confidentiality issues that would protect their participation if they decided to

answer the questionnaire. A period of fifteen (15) working days was assigned to allow them time to complete the questionnaire (Appendix - C).

- The second letter from El-Saeed Investment CEO (who has been the Managing Director at the time), to inform participants about his approval to me to do this DBA, and to use the organization (El-Saeed Investment) as the research setting, as well as to ask them to assist and support me (see Appendix - D) by:

- 1) Filling the questionnaire
- 2) Providing any data that I would need regarding organizational performance measurements.

### **8.3 Secondary Data**

Secondary data are data originally collected for another purpose and can be used and analyzed to add something to knowledge (Saunders et al., 2016 and Crowther and Lancaster, 2008). Researchers, who were not originally involved in the process of data collection, could analyze again these data (Church, 2001).

Secondary data could be data that have already been collected and analyzed as primary data by other researchers, or data that have been produced for non-research purposes, like organizational data that represent or describe different organizational activities and issues (Bryman and Bell, 2011).

In order to answer my research question in the context of ElSaeed Investment group of companies, it requires data to measure the organizational performance, as follows from the operationalization of the dependent variable. The selected measurements are: profitability, productivity, plant efficiency, and sales volume. Historical data for each of these measurements

were collected, based on their availability during the key stages of the research.

### 8.3.1 Profitability

Maximizing profit is the main and logical objective of all private businesses. Profitability has been suggested by economists and management theorists, as a key financial performance measure. It can be measured by return on investment ROI or return on sales ROS (Verweire and Van Den Berghe, 2004). Smith (2005) identified four key financial areas in the context of organizational performance measurement: profitability, gearing, liquidity, and working capital, and considered profitability as the first area.

Profitability can be measured by two ratios (Smith, 2005):

$$\text{Or } \frac{\text{Profit before interest and tax}}{\text{Total assets}}$$

$$\frac{\text{Profit before tax}}{\text{Total assets}}$$

Return on capital employed can be measured by dividing profit by the assets used in generating it, and the result will represent a profitability measure (Otley, 2004).

In the context of El-Saeed Investment, the measure I am going to use for profitability is:

$$\text{Profitability} = \frac{\text{Net profit}}{\text{Total assets}}$$

Historical data to measure the annual profitability were collected from all El-Saeed Investment companies for a period of eleven years, specifically from 2006 to 2016, based on their availability and company age (see table - 8.1).

### **8.3.2 Productivity**

Productivity can measure employee, team, function, and organizational performance. One way of measuring productivity is to divide the total output by the number of employees (Spitzer, 2007).

In this context, I will use the following ratio as an organizational performance measure for all El-Saeed Investment companies:

$$\text{Productivity} = \frac{\text{Revenue}}{\text{Total number of employees}}$$

Historical data to measure the annual productivity were collected from all El-Saeed Investment companies for a period of eleven years, i.e. between 2006-2016 based on data availability and company age, (see table - 8.1).

### **8.3.3 Efficiency**

Efficiency is the relation (ratio) between output (total production) and input (number of units produced) (Verweire and Van Den Berghe, 2004). This measure gives an indication of how productively the resources have been used towards achieving organizational goals (Jones and George, 2011). Efficiency is suggested to pertain the use of all organizational resources, and can be calculated by dividing the actual output by the effective capacity (where effective capacity = designed capacity – allowances like personal time and maintenance) (Stevenson, 2012), that is:

$$\text{Efficiency} = \frac{\text{Actual output}}{\text{Effective capacity}}$$

Historical data were collected for forty four (44) months (Jan. 2013 – Aug. 2016) from all El-Saeed Investment companies, to measure the monthly plant efficiency, (see table - 8.2).

#### **8.3.4 Sales Volume**

Sales volume can be considered as the first and the most widely used criterion to measure sales force output in small and large organizations. 87.2% of small organizations and 93.1% of large organizations use this measure (Jobber and Lancaster, 2012).

In the context of El-Saeed Investment, sales volume is the total quantity of all products sold by any sales channel. I will use the sales volume as a measure for each channel sales manager in all El-Saeed Investment companies.

Historical data were collected for a period of forty four (44) months (Jan. 2013 – Aug. 2016) from all El-Saeed Investment companies to measure the monthly sales volume (see table - 8.2).

### **8.4 Summary**

Three questionnaires for collecting primary data associated with each of the three selected leadership approaches were discussed with the intention to quantify the independent variable (leadership). Furthermore, the necessary secondary (historical) data, with the selected four measures (profitability, productivity, plant efficiency, and sales volume), were also discussed, as they are intended to be used in quantifying the dependent variable (organizational performance).

Table - 8.1 Template used to collect historical data for all El-Saeed Investment Companies – Profitability and Productivity

Company	Performance Measur	Year										
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
i, i=1,2,..8	Profitability											
	Productivity											

Table - 8.2 Template used to collect historical data for all El-Saeed Investment Companies – Plant Efficiency and Sales Volume

Company	Performance Measur	Channel/Plant	Month									
			1 (Jan. 2013)	2	3	.	.	.	.	.	.	60 (Aug. 2016)
i, i=1,2,..k	Plant Efficiency	1										
		2										
		n										
	Sales Volume	1										
		2										
		m										

## **Part – 3**

### **Data Analysis**



## **Chapter - 9**

### **Data Analysis**

#### **Introduction**

This chapter covers the data analysis process in order to examine the relationship between twenty leadership subscales (leadership is the independent variable) and four organizational performance measures (organizational performance is the dependent variable). Exploratory data analysis, descriptive statistics, and bivariate analysis were applied in this process. The software SPSS-24 was used to calculate Pearson's correlation coefficient  $r$  in order to describe the strength of the relationship between the two variables, and the  $p$ -value to identify the significance of Pearson's  $r$ . Results and findings from this analysis support the research hypotheses.

#### **9.1 Exploratory Data Analysis and Descriptive Statistics**

Exploratory data analysis is an approach to exploring, summarizing, and understanding data by using tables, graphs, charts, histograms, etc. The importance of using any of these tools in a research study, is:

**First:** Visual representation can help choosing the technique to be used in the analysis. It is acknowledged that inspecting data represented visually makes it easier (Field, 2009).

**Second:** It can lead to an unplanned analysis or unexpected findings (Saunders et al., 2016).

Saunders et al. (2016) suggests that it is best to start the exploratory analysis by looking at each single variable individually, in order to identify some indicators like highest and lowest values, percentages for data values, trends in data, and distribution of data values. Then, the researcher can link across and compare the variables, looking for interdependence.

In this light, I will work with my data as follows:

**First:** The data on leadership (the independent variable) will be analysed individually, by using tables and histograms.

**Second:** Data for each of the organizational performance measures, (profitability, productivity, plant efficiency, and sales volume), i.e. the dependent variable, will be analysed by using tables, graphs, where trends will be sought.

**Third:** By linking the independent and dependent variables, in order to look for their interdependence or relationship.

Descriptive Statistics is about describing or comparing variables numerically, by focusing on the central tendency like the mean or the average, and the dispersion, like the variance or the standard deviation (Saunders et al., 2016). At this stage of my data analysis, I will use the average in different cases in the next sections.

### **9.1.1 Leadership Data**

Chapter - 6 stated that the survey was selected as the strategy to answer my research question, and chapter - 8 stated that the questionnaire was selected as the method for collecting the necessary primary data for the operationalization of the independent variable “leadership”. Two forms of questionnaires used, the leader and the raters form. Each form consists of three parts:

**Part-1** is linked with the leader-members exchange leadership LMX. This part has no subscales, therefore I will assume it to be a single subscale.

**Part-2** is linked with the transformational leadership and has twelve subscales (sec - 8.1.2).

**Part-3** is linked with the servant leadership and has seven subscales (sec - 8.1.3).

This research studied eight companies, and involved the participation of seventy six (76) leaders from these companies, six of them were in general management levels, nine of them were in directory or managerial levels leading the operation or manufacturing functions, and the rest sixty one (61) leaders were in directory or managerial levels in sales functions. The leader form of the questionnaire distributed, intended for the leaders to assess themselves, and the raters form intended to capture the opinions and rates of others about the leaders. The total number of participants is 588. Each leader has been assessed by an average of approximately seven raters, in addition to own assessment.

Table - 9.1 shows how each leadership subscale is to be rated:

- High (H) when the score gained by the leader in this subscale is 3.
- Moderate (M) when the score gained by the leader in this subscale is 2.
- Low (L) when the score gained by the leader in this subscale is 1.

The values 3, 2, and 1 are used to operationalize leadership as the independent variable.

The score of leadership each leader achieved in each subscale, is shown in appendix - E; each column represents a leader and each row represents a leadership subscale. Table - 9.2 shows an example of one leader (leader number 1). This is further illustrated and becomes more clear when looking at figure - 9.1. Seventy six (76) charts were used for the representation of the seventy six (76) leaders, as shown in appendix-F and the scores associated with all the subscales are 1, 2 or 3 as explained above.

Table - 9.1

Leadership subscales, average of scores, and associated level

Leadership Subscale			
Tittle	Code	Score	Level
LMX	1	1	Low L
		2	Moderate M
		3	High H
Transformational - idealized influence (attributed)	2	1	Low L
		2	Moderate M
		3	High H
Transformational - idealized influence (behavior)	3	1	Low L
		2	Moderate M
		3	High H
Transformational - inspirational motivation	4	1	Low L
		2	Moderate M
		3	High H
Transformational - intellectual stimulation	5	1	Low L
		2	Moderate M
		3	High H
Transformational - individualized consideration	6	1	Low L
		2	Moderate M
		3	High H
Transformational - contingent reward	7	1	Low L
		2	Moderate M
		3	High H
Transformational - management -by-exception (active)	8	1	Low L
		2	Moderate M
		3	High H
Transformational - management -by-exception (passive)	9	1	Low L
		2	Moderate M
		3	High H
Transformational - laissez-fair	10	1	Low L
		2	Moderate M
		3	High H
Transformational - extra effort	11	1	Low L
		2	Moderate M
		3	High H

Table - 9.1 (continued)

Leadership Subscale			
Tittle	Code	Score	Level
Transformational – effectiveness	12	1	Low L
		2	Moderate M
		3	High
Transformational – satisfaction	13	1	Low L
		2	Moderate M
		3	High H
Servant - emotional healing	14	1	Low L
		2	Moderate M
		3	High H
Servant - creating value for the community	15	1	Low L
		2	Moderate M
		3	High H
Servant - conceptual skills	16	1	Low L
		2	Moderate M
		3	High H
Servant – empowering	17	1	Low L
		2	Moderate M
		3	High H
Servant - helping subordinates grow and success	18	1	Low L
		2	Moderate M
		3	High H
Servant - putting subordinates first	19	1	Low L
		2	Moderate M
		3	High H
Servant - behaving ethically	20	1	Low L
		2	Moderate M
		3	High H

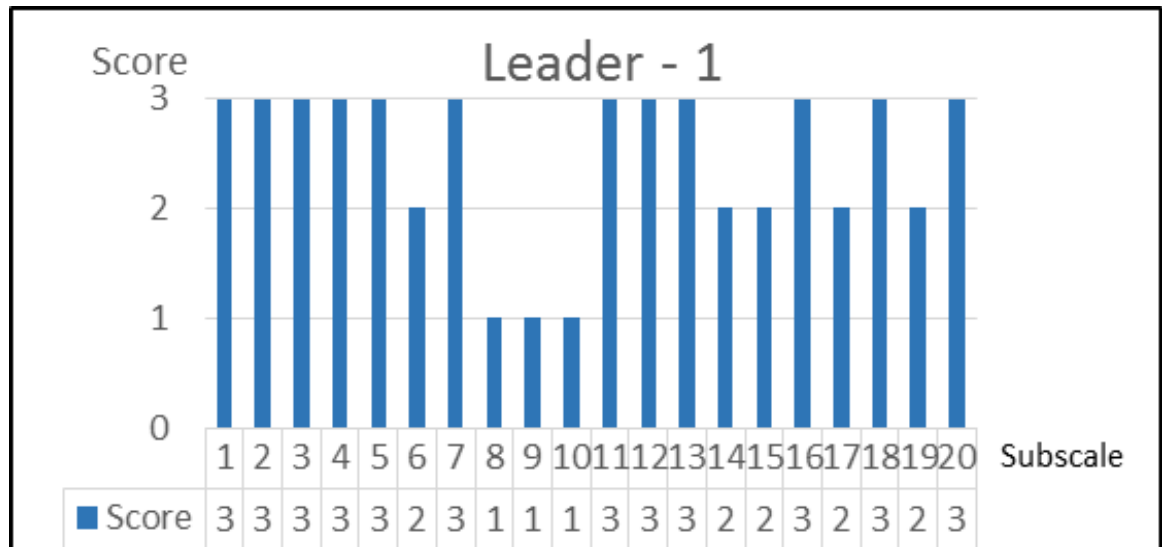
Table - 9.2

Leader number 1 scores associated with each leadership subscale

Leadership		Score
1	LMX	3
2	Transformational - idealized influence (attributed)	3
3	Transformational - idealized influence (behavior)	3
4	Transformational - inspirational motivation	3
5	Transformational - intellectual stimulation	3
6	Transformational - individualized consideration	2
7	Transformational - contingent reward	3
8	Transformational - management -by-exception (active)	1
9	Transformational - management -by-exception (passive)	1
10	Transformational - laissez-fair	1
11	Transformational - extra effort	3
12	Transformational – effectiveness	3
13	Transformational – satisfaction	3
14	Servant - emotional healing	2
15	Servant - creating value for the community	2
16	Servant - conceptual skills	3
17	Servant – empowering	2
18	Servant - helping subordinates grow and success	3
19	Servant - putting subordinates first	2
20	Servant - behaving ethically	3

Figure - 9.1

Leadership level associated with each leadership subscale (leader number 1)



It can be seen from the charts in figure - 9.1 and appendix - F, that:

1. Most of leadership subscales present a high (H=3) score for most of the seventy six (76) leaders.
2. There are fifteen (15) leaders who achieved a moderate score in most of leadership subscales, and they represent approximately 20% of the seventy six (76) leaders.
3. Most of leaders achieved a low score (L=1) in two leadership subscales, i.e.:
  - Transformational - management – by – exception (passive)
  - Transformational - laissez-faire

It is important to mention here that the low score in those two subscales represent the preferable, or appropriate result for any leader that participated.

4. There are nine leaders, who achieved a low score (L=1) in more than the two leadership subscales mentioned in 3 above. They represent the 12% of the seventy six (76) leaders.

On the other hand, the number of leaders who achieved a high=H=3, moderate=M=2, and low=L=1 score can be counted in each row, i.e. for each leadership subscale (appendix - E). For example, in subscale L8 (Transformational Leadership - management-by-exception (active)), the number of leaders who achieved a 3 is sixteen (16), the number of leaders who achieved a 2 is fifty-seven (57), and the number of leaders who achieved 1 is three (3). These values construct the frequency distribution for subscale L8, and in the same way for the rest of the subscales (figure - 9.2 shows an example of one subscale). The details for all subscales are shown in appendix - G.

It can be seen from figure - 9.2 and the table and charts of appendix - G, that:

1. The frequency of the H is greater than the frequencies of the M and the L in all charts except only for two of them, namely those associated with subscales 9 (Transformational - management -by-exception (passive)) and 10 (Transformational - laissez-faire); the frequency of the L there is the greatest, which is reasonable, desired, and appropriate for these subscales as mentioned above.
2. The frequency of the L is very low in all charts except only for those two subscales.

### **9.1.2 Organizational Performance Data**

Chapter - 8 stated that answering my research question in the context of El-Saeed Group requires data that would allow me to measure the organizational performance, which is the operationalized dependent variable. These data are historical and were originally compiled for organizational purposes, and not for this research purpose; having said this, they were collected according to the definitions and equations mentioned in sections - 8.3.1, 8.3.2, 8.3.3, and 8.3.4.

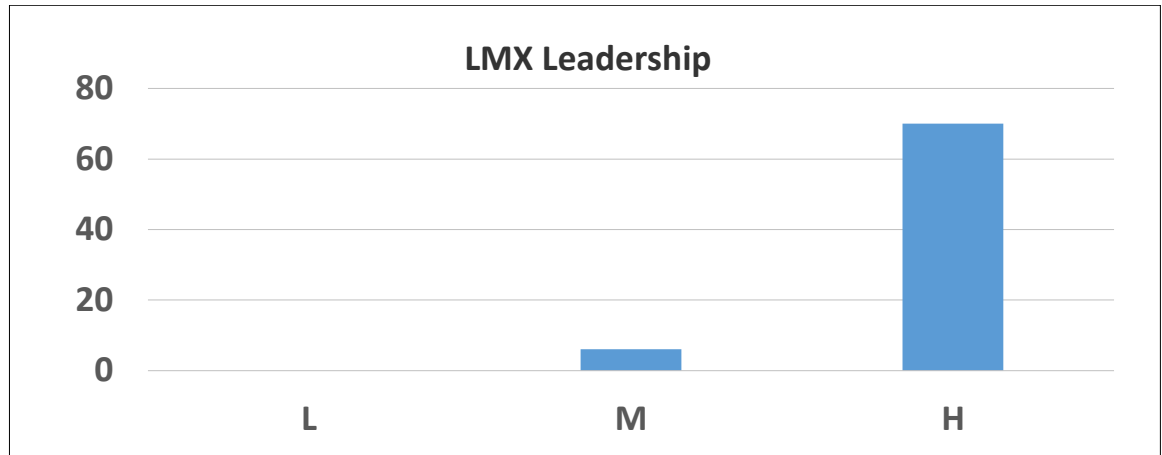
The four organizational performance measures considered in this study are: profitability,



productivity, plant efficiency and sales volume.

Figure - 9.2

Frequency distribution of leadership subscale number 1 – LMX



**Organizational Performance Measure - 1 Profitability:** A time series of the annual profitability of the eight companies of the study, for a period of 6-10 years was conducted; the exact period for each company depended on the company's age and data availability. Figure - 9.3 shows the profitability time series, average, and trend line for the eight companies.

To operationalize this measure, it can be considered that:

- Profitability = 3 if the profitability trend line was uptrend.
- Profitability = 2 if the profitability had no trend, i.e. the trend line is parallel to the average line.
- Profitability = 1 if the profitability trend was downtrend.

Table - 9.3 shows how this organizational performance measure was operationalized according to the results.

Figure - 9.3

Profitability Time Series, Average, and Trend Line  
for the 8 Companies



Table - 9.3  
Profitability Operationalized Values

<b>Company</b>	<b>Profitability Trend</b>	<b>Profitability Operationalized</b>
1	Downtrend	1
2	Downtrend	1
3	Uptrend	3
4	Downtrend	1
5	Uptrend	3
6	Downtrend	1
7	Uptrend	3
8	Uptrend	3

**Organizational Performance Measure - 2 Productivity:** A time series of the yearly productivity for the same companies and same periods was conducted and treated similarly to profitability. The results are presented in figure - 9.4 and table - 9.4.

Figure - 9.4  
Productivity Time Series, Average, and Trend Line  
for the 8 Companies

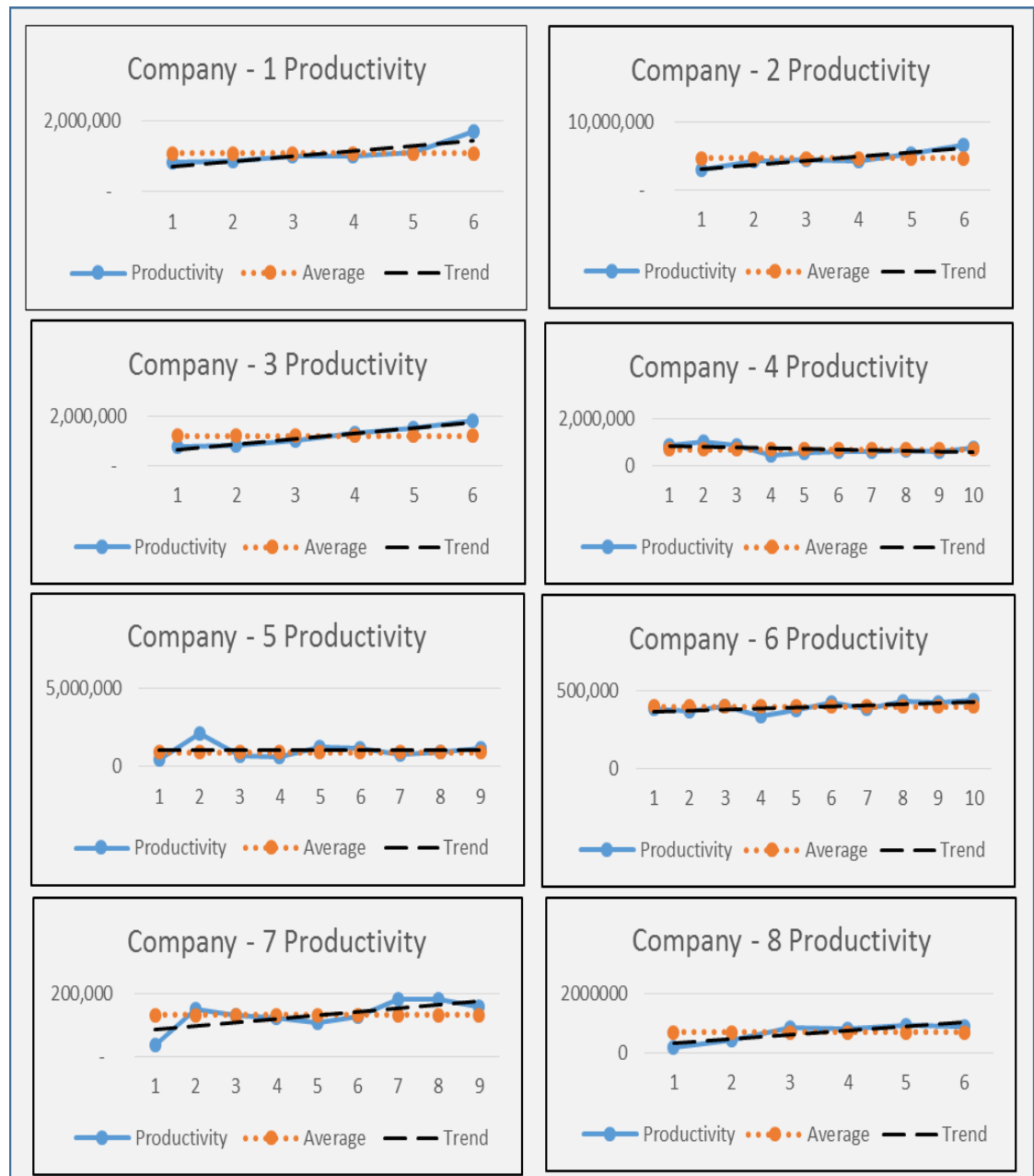


Table - 9.4  
Productivity Operationalized Value

Company	Productivity Trend	Productivity Operationalized Value
1	Uptrend	3
2	Uptrend	3
3	Uptrend	3
4	Downtrend	1
5	No trend	2
6	Uptrend	3
7	Uptrend	3
8	Uptrend	3

**Organizational Performance Measure - 3 Plant Efficiency:** A time series of forty eight (48) months was conducted, based on data availability, where I studied monthly plant efficiency for the same companies, The exception was company 8, which had no plant, and therefore the company's annual efficiency of six years was studied instead. To operationalize this organizational performance measure, it was treated like profitability and productivity. The results are presented in figure - 9.5 and table - 9.5.

Figure - 9.5  
Plant Efficiency Time Series, Average, and Trend Line  
for the 8 Companies



Table - 9.5

## Plant Efficiency Operationalized Value

Company	Plant Efficiency Trend	Plant Efficiency
1	Uptrend	3
2	No trend	2
3	Uptrend	3
4	Uptrend	3
5	Uptrend	3
6	Downtrend	1
7	Downtrend	1
8	Uptrend	3

**Organizational Performance Measure - 4 Sales Volume:** A time series of the monthly sales volume was conducted for the same companies for a period of 48-72 months, based on data availability. To operationalize this organizational performance measure, it is treated like profitability, productivity and plant efficiency. The results are presented in figure-9.6 and table - 9.6.

Figure - 9.6  
Sales Volume Time Series, Average, and Trend Line  
for the 8 Companies

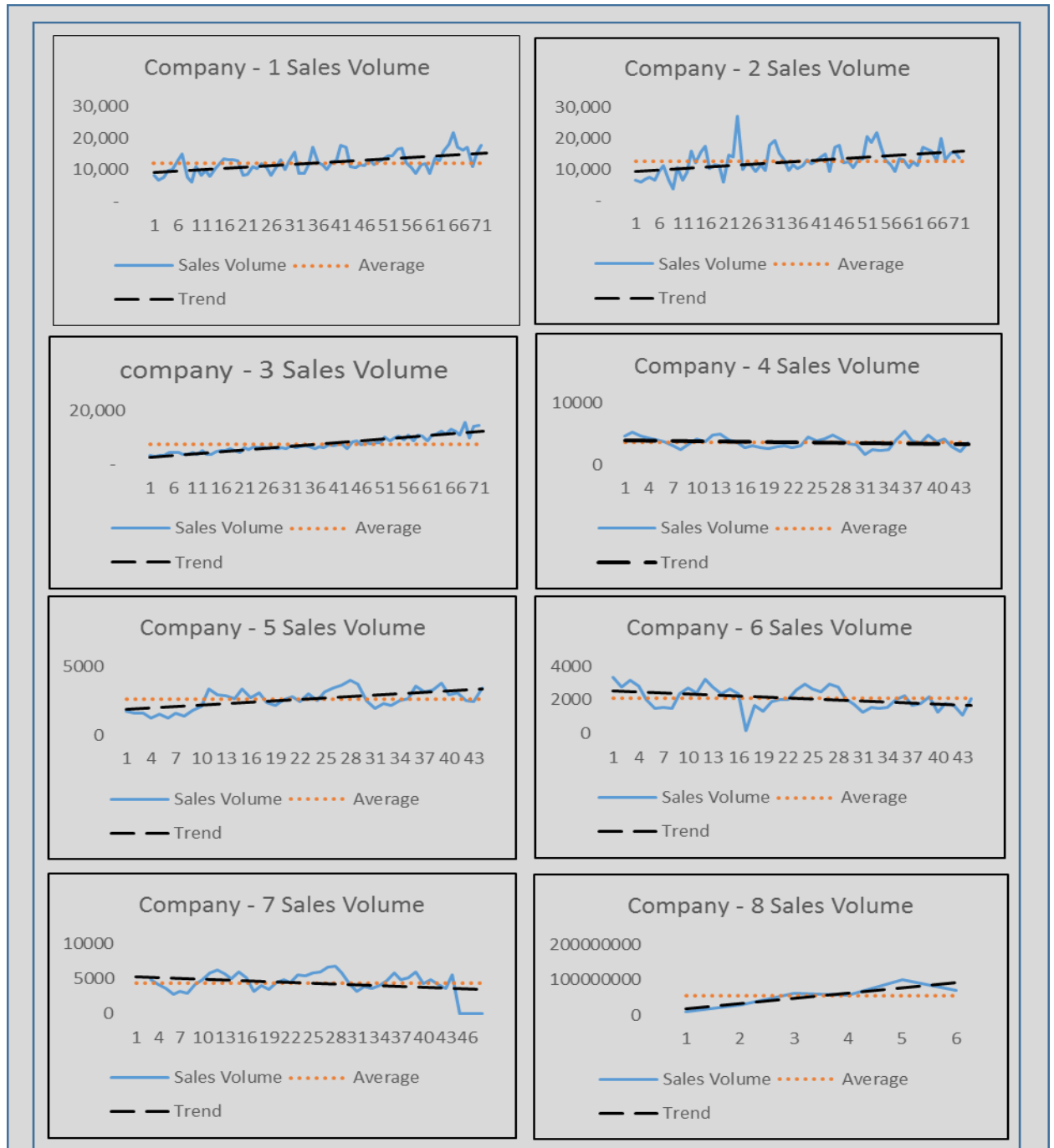




Table - 9.6  
Sales Volume Operationalized Value

<b>Plant</b>	<b>Plant Efficiency</b>	<b>Sales Volume Operationalized Value</b>
1	Uptrend	3
2	Uptrend	3
3	Uptrend	3
4	Downtrend	1
5	Uptrend	3
6	Downtrend	1
7	Downtrend	1
8	Uptrend	3

### 9.1.3 Relationship between Leadership and Organizational Performance

In order to link each of the organizational performance measures with each of the leadership subscales, I considered the operationalized value for each of them. For all participant companies with uptrend lines for profitability, productivity, plant efficiency, and sales volume, I counted the number of high scores achieved by each leader in each leadership subscale. For example, I found four companies with uptrend profitability line (others had no-trend or downtrend profitability), and the number of leaders of those four companies found to be fifty-four (54). Out of those fifty-four leaders:

- Forty nine (49) leaders achieved a high score in leadership subscale 1 (LMX), i.e. number of 3's is 49.
- Five leaders achieved a moderate score in leadership subscale 1 (LMX), i.e. number of 2's is 5.
- No leader achieved a low score in leadership subscale 1 (LMX), i.e. number of 1's is 0.

It can be concluded that percentages of 3's, 2's, and 1's to the total number of leaders are 91%, 9%, and 0% respectively. A complete calculation of percentages of 3's, 2's, and 1's for the total number of leaders under each leadership subscale for uptrend profitability, productivity, plant efficiency, and sales volume lines, is presented in table - 9.7. It is important to stress that the low scores of leadership associated with subscales 9 and 10 are the appropriate or preferable scores, rather than a high score. Subscale 9 is "transformational-management-by-exception (passive)", and subscale 10 is "transformational-laissez-faire".

The percentage of the shaded cells of table - 9.7 are more than 50% (considering that the 1's of subscales 9 and 10 are the appropriate scores). It can be noticed that:

1. The number of shaded cells for profitability is 14,
2. The number of shaded cells for productivity is 18,
3. The number of shaded cells for plant efficiency is 14,
4. The number of shaded cells for sales volume is 18.

This means that:

1. For the uptrend profitability line, more than 50% of the 3's occurred in 70% of the cells, and this means that, for 70% of the subscales, the number of leaders who achieved a high score is more than 50% of the total number of leaders in the examined subscale. This indicates that there is a positive relationship between leadership and profitability. It is clear that some of those subscales have a strong or even a very strong relationship with performance, when the percentage of 3's is more than 70% or 90%.

Table - 9.7  
Percentage of 3's, 2's, and 1's scores having uptrend line for each organizational performance measure, achieved by all leaders in the eight companies

Uptrend Profitability Line																				
	L1	L2	L3	L4	L5	L6	L7	L8	L9	L10	L11	L12	L13	L14	L15	L16	L17	L18	L19	L20
% of 3's	91%	78%	72%	81%	72%	41%	70%	9%	0%	0%	74%	76%	67%	46%	46%	65%	13%	59%	33%	78%
% of 2's	9%	20%	26%	17%	26%	57%	28%	80%	4%	4%	24%	22%	30%	54%	52%	35%	87%	41%	63%	22%
% of 1's	0%	2%	2%	2%	2%	2%	2%	11%	96%	96%	2%	2%	4%	0%	2%	0%	0%	0%	4%	0%
Uptrend Productivity Line																				
	L1	L2	L3	L4	L5	L6	L7	L8	L9	L10	L11	L12	L13	L14	L15	L16	L17	L18	L19	L20
% of 3's	92%	72%	84%	87%	82%	52%	81%	24%	0%	0%	82%	83%	77%	56%	67%	75%	25%	72%	56%	86%
% of 2's	8%	27%	15%	12%	17%	46%	17%	69%	7%	7%	17%	16%	19%	43%	31%	25%	75%	27%	40%	14%
% of 1's	0%	1%	1%	1%	1%	3%	3%	7%	93%	93%	1%	1%	3%	1%	2%	0%	0%	1%	4%	0%
Uptrend Plant Efficiency Line																				
	L1	L2	L3	L4	L5	L6	L7	L8	L9	L10	L11	L12	L13	L14	L15	L16	L17	L18	L19	L20
% of 3's	92%	68%	66%	80%	68%	44%	67%	15%	0%	0%	72%	74%	69%	40%	46%	61%	20%	58%	36%	73%
% of 2's	8%	29%	32%	19%	29%	55%	32%	78%	6%	6%	26%	24%	29%	59%	51%	39%	80%	41%	59%	27%
% of 1's	0%	2%	2%	1%	2%	1%	1%	7%	94%	94%	2%	2%	2%	1%	4%	0%	0%	1%	5%	0%
Uptrend Sales Volume Line																				
	L1	L2	L3	L4	L5	L6	L7	L8	L9	L10	L11	L12	L13	L14	L15	L16	L17	L18	L19	L20
% of 3's	92%	73%	84%	89%	84%	53%	82%	25%	0%	0%	83%	84%	78%	58%	70%	77%	25%	73%	56%	87%
% of 2's	8%	26%	15%	11%	15%	45%	16%	68%	7%	7%	16%	15%	18%	41%	28%	23%	75%	26%	39%	13%
% of 1's	0%	1%	1%	1%	1%	3%	3%	7%	93%	93%	1%	1%	4%	1%	2%	0%	0%	1%	4%	0%

2. For the uptrend productivity line, more than 50% of the 3's appeared in 90% of the cells.

This means that, for 90% of the subscales, the number of leaders who achieved a high score is more than 50% of the total number of leaders in the examined subscale. This can give, again, a good indication that there is a positive relationship between leadership and productivity. It is clear, as well, that some of those subscales have a strong or even a very strong relationship with performance, where the percentage of 3's is more than 70% or 90%.

3. The same holds for the rest of the performance measures, i.e. plant efficiency and sales volume.

At this stage of data analysis, it can be concluded that there is a positive relationship between leadership and organizational performance, and consequently this research main hypothesis is supported. Looking at table - 9.7 closely, we observe that the percentages for the four measures (profitability, productivity, plant efficiency, and sales volume) on the intersection between 3's and some subscales are always high, e.g. subscale L1 where the percentages are 91%, 92%, 92%, and 92% respectively. This is a very good indicator that there is a positive relationship between L1, or Leader-Member Exchange LMX leadership style and the four measures of organizational performance. The same holds for L4, as another example, where the percentages are 81%, 87%, 80%, and 89%, this leads to another indication that there is a positive relationship between L4, i.e. Transformational-inspirational motivation leadership style and all organizational performance measures.

## **9.2 Bivariate Analysis**

Bivariate analysis examines whether two variables are related or not. When identifying such relationship, evidence is needed to ensure that the variation in one of them occur at or during

the same time with the variation in the other one (Bryman and Bell, 2011).

The strength of relationship between the two variables can be measured by using correlation coefficient statistics (Field, 2009). This test can return a value between -1 and +1, and depending on this value the relationship between the two variables can be described as perfect negative (if the value is -1), or perfect positive (if the value is +1). Any value greater than -1 or less than +1 gives the strength of the relationship between the two variables a different interpretation. Table - 9.8 shows these relationships. A positive value of the correlation coefficient means that, when the values of one variable increase, the values of the second variable increase, too. A negative value of the correlation coefficient means that, when the values of one variable increase, the values of the second variable decrease (Saunders et al., 2016).

There are many techniques for examining the relationship between two variables, depending on their nature. If the two variables contain numerical data, or:

- Both are interval or ratio
- One of them is interval and the other is ratio, or vice versa,

Then the technique to be used is Pearson's Correlation Coefficient (Field, 2009, Bryman and Bell, 2011; Saunders et al., 2016).

As shown earlier in section - 8.1, the data explored here are of this form, and consequently, the appropriate test to examine the relationship between the two variables, the independent variable (leadership) and the dependent variable (organizational performance) is Pearson's correlation coefficient. Pearson's correlation coefficient or "r" usually used to quantify the strength of linear relationship between two variables, when both variables contain numerical data. The sample from which the data collected should be selected randomly, and the data should be normally distributed (Saunders et al., 2016), or to be generated from a large sample (Field,

2009). Pearson's correlation coefficient  $r$  can have a value between -1 and +1 as mentioned at the beginning of this section. This means that the value of  $r$  will describe the strength of the relation between the variables.

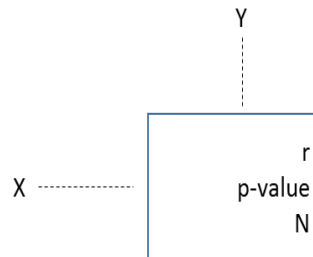
Table - 9.8  
Strength of relationship between two variables  
associated with each correlation value

Correlation Coefficient Value		Strength of The Relation
Greater Than	Up To	
-1		Perfect Negative
-1	-0.8	Very Strong Negative
-0.8	-0.6	Strong Negative
-0.6	-0.35	Moderate Negative
-0.35	-0.2	Weak Negative
-0.2	0	Non
0		Perfect Independence
0	0.2	Non
0.2	0.35	Weak Positive
0.35	0.6	Moderate Positive
0.6	0.8	Strong Positive
0.8	1	Very Strong Positive
1		Perfect Positive

### 9.2.1 Pearson's $r$ Calculation:

One of the most popular software when researchers need to calculate Pearson's  $r$ , is the Statistical Package for the Social Sciences (SPSS). This software presents Pearson's correlation

coefficient  $r$  and the  $p$ -value cells of a matrix; each cell links two variables, say  $X$  and  $Y$  in the following form:



Where:

- $X$  is the independent variable,
- $Y$  is the dependent variable,
- $r$  is Pearson's correlation coefficient, and shows the strength of the relationship between  $X$  and  $Y$ ,
- $p$ -value is the level of significance of  $r$ , and
- $N$  is the number of cases in the calculation of  $r$  minus the number of missing values for one or both variables.

### 9.2.2 Pearson's Correlation Coefficient $r$ Calculation using SPSS:

At this stage, it would be useful to remind that this research main research hypothesis is "there is a significant positive relationship between leadership and organizational performance". Based on this main hypothesis, the research work hypotheses constructed in the way shown in figure - 9.7. Each arrow of this figure represents one hypothesis. For example:

- The arrow between  $L1$  and profitability represents the hypothesis "there is a significant positive relationship between Leader-Member Exchange (LMX) leadership and organizational profitability",

- The arrow between L2 and productivity represents the hypothesis “there is a significant positive relationship between Transformational - idealized influence (attributed) leadership and organizational productivity”,
- and so on

Figure - 9.7  
Hypotheses Structure

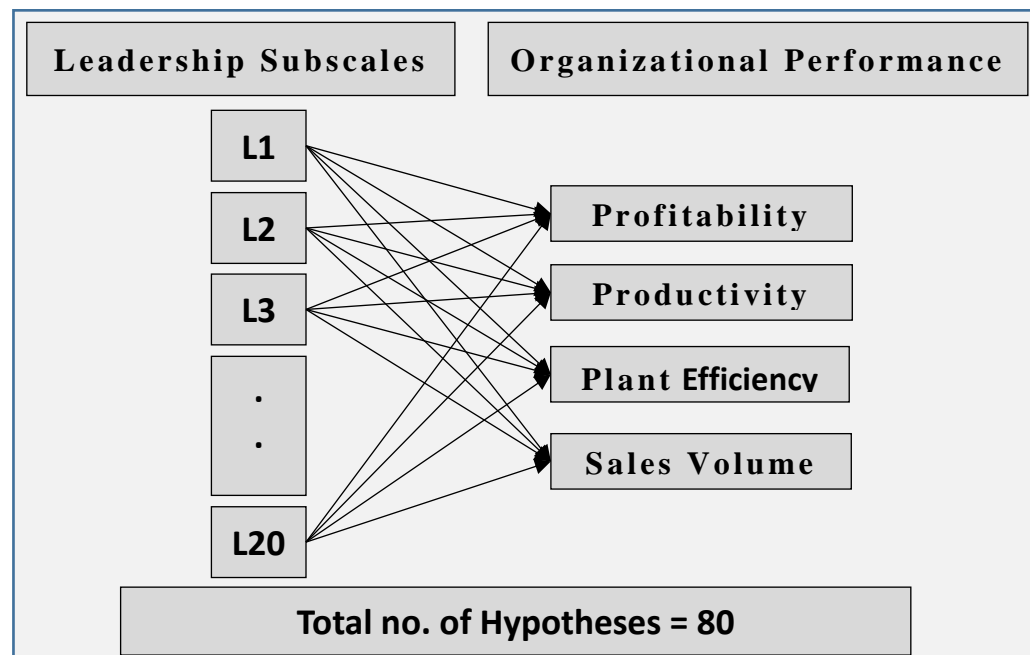


Figure - 9.7 shows the total number of hypotheses (i.e. eighty hypotheses) that this research work sets out to test. Consequently, the correlation matrix produced by running SPSS (version 24)-Pearson’s r contains number of cells = [20 (leadership subscales) + 1 (organizational performance measure, say profitability)] = 21 \* 21 = 441 cell (see appendix - H). Another 441 cell for the relationship between the same twenty leadership subscales and productivity, and so



on. The total number of cells for the whole process of running SPSS to test the relationship between leadership and the performance measures due to this research work is  $441 \times 4 = 1764$  cell. Table - 9.9 presents an example of the results shown in appendix-H for one cell only, i.e. for one leadership subscale i.e. LMX (L1) and one organizational performance measure, i.e. profitability.

Table - 9.9  
SPSS (version 24)-Pearson's Correlation Coefficient  $r$  for the Relationship between  
Leadership Subscales 1 (LMX) and Profitability

	<b>Profitability</b>	
<b>L1</b>	r	0.645
	p-value	0.084
	N	8

In order to make the results easier and clearer to understand, I constructed tables containing:

- the leadership subscales and their actual definitions or names,
- the Pearson's correlation  $r$ ,
- the p-value,
- the interpretations of the relationships associated with each value of  $r$  based on the information provided in table-9.8, and
- the significance of  $r$ .

Tables-9.10, 9.11, 9.12, and 9.13 show the results associated with the profitability, productivity, plant efficiency, and sales volume respectively.

Table - 9.10

Pearson's correlation coefficient  $r$  – relationship between leadership subscales and profitability

Leadership Styles and Subscales			correlation $r$	p_value	The Relation	Significance
L1	LMX	LMX	0.645	0.084	Very Strong Positive	
L2	Transformational	idealized influence (attributed)	0.209	0.619	Moderate Positive	
L3		idealized influence (behavior)	0.524	0.183	Strong Positive	
L4		inspirational motivation	0.69	0.058	Very Strong Positive	
L5		intellectual stimulation	0.707	0.05	Very Strong Positive	Statistically Significant
L6		individualized consideration	0.486	0.222	Strong Positive	
L7		contingent reward	0.682	0.062	Very Strong Positive	
L8		management -by-exception (active)	0.415	0.307	Strong Positive	
L9		management -by-exception (passive)	0.455	0.257	Strong Positive	
L10		laissez-fair	0.455	0.257	Strong Positive	
L11		extra effort	0.706	0.05	Very Strong Positive	Statistically Significant
L12		effectiveness	0.706	0.05	Very Strong Positive	Statistically Significant
L13		satisfaction	.716*	0.046	Very Strong Positive	Statistically Significant
L14	Servant	emotional healing	.775*	0.024	Very Strong Positive	Statistically Significant
L15		creating value for the community	0.688	0.059	Very Strong Positive	
L16		conceptual skills	0.664	0.072	Very Strong Positive	
L17		empowering	0.498	0.209	Strong Positive	
L18		helping subordinates grow and successd	.740*	0.036	Very Strong Positive	Statistically Significant
L19		putting subordinates first	.709*	0.049	Very Strong Positive	Statistically Significant
L20		behaving ethically	0.542	0.165	Strong Positive	

Table - 9.11

Pearson's correlation coefficient  $r$  – relationship between leadership subscales and productivity

Leadership Styles and Subscales			correlation $r$	p_value	The Relation	Significance
L1	LMX	LMX	0.63	0.094	Very Strong Positive	
L2	Transformational	idealized influence (attributed)	-0.101	0.811	Non	
L3		idealized influence (behavior)	0.416	0.306	Strong Positive	
L4		inspirational motivation	0.625	0.098	Very Strong Positive	
L5		intellectual stimulation	0.555	0.153	Strong Positive	
L6		individualized consideration	0.491	0.217	Strong Positive	
L7		contingent reward	0.547	0.16	Strong Positive	
L8		management -by-exception (active)	0.423	0.297	Strong Positive	
L9		management -by-exception (passive)	.727*	0.041	Very Strong Positive	Statistically Significant
L10		laissez-fair	.727*	0.041	Very Strong Positive	Statistically Significant
L11		extra effort	0.565	0.145	Strong Positive	
L12		effectiveness	0.57	0.14	Strong Positive	
L13		satisfaction	0.701	0.053	Very Strong Positive	
L14	Servant	emotional healing	0.622	0.099	Very Strong Positive	
L15		creating value for the community	0.572	0.138	Strong Positive	
L16		conceptual skills	0.527	0.179	Strong Positive	
L17		empowering	.729*	0.04	Very Strong Positive	Statistically Significant
L18		helping subordinates grow and success	0.684	0.061	Very Strong Positive	
L19		putting subordinates first	.722*	0.043	Very Strong Positive	Statistically Significant
L20		behaving ethically	0.452	0.26	Strong Positive	

Table - 9.12

Pearson's correlation coefficient  $r$  – relationship between leadership subscales and plant efficiency

Leadership Styles and Subscales			correlation $r$	p_value	The Relation	Significance
L1	LMX	LMX	-0.357	0.386	Weak Negative	
L2	Transformational	idealized influence (attributed)	.795*	0.018	Very Strong Positive	Statistically Significant
L3		idealized influence (behavior)	0.426	0.292	Strong Positive	
L4		inspirational motivation	-0.497	0.21	Moderate Negative	
L5		intellectual stimulation	-0.299	0.472	Weak Negative	
L6		individualized consideration	-.775*	0.024	Strong Negative	Statistically Significant
L7		contingent reward	-0.376	0.359	Moderate Negative	
L8		management -by-exception (active)	-.889**	0.003	Very Strong Negative	Statistically Significant
L9		management -by-exception (passive)	-0.434	0.282	Moderate Negative	
L10		laissez-fair	-0.434	0.282	Moderate Negative	
L11		extra effort	-0.428	0.29	Moderate Negative	
L12		effectiveness	-0.495	0.213	Moderate Negative	
L13		satisfaction	-0.284	0.496	Weak Negative	
L14	Servant	emotional healing	-0.523	0.184	Moderate Negative	
L15		creating value for the community	-0.506	0.201	Moderate Negative	
L16		conceptual skills	-0.25	0.55	Weak Negative	
L17		empowering	-0.421	0.299	Moderate Negative	
L18		helping subordinates grow and successd	-0.093	0.827	Non	
L19		putting subordinates first	-0.355	0.388	Weak Negative	
L20		behaving ethically	0.464	0.247	Strong Positive	

Table - 9.13

Pearson's correlation coefficient r – relationship between leadership subscales and sales volume

Leadership Styles and Subscales			correlation r	p_value	The Relation	Significance
L1	LMX	LMX	-0.389	0.341	Moderate Negative	
L2	Transformational	idealized influence (attributed)	.798*	0.017	Very Strong Positive	Statistically Significant
L3		idealized influence (behavior)	0.405	0.32	Strong Positive	
L4		inspirational motivation	-0.527	0.179	Moderate Negative	
L5		intellectual stimulation	-0.323	0.436	Weak Negative	
L6		individualized consideration	-.794*	0.019	Strong Negative	Statistically Significant
L7		contingent reward	-0.399	0.328	Weak Negative	
L8		management -by-exception (active)	-.905**	0.002	Very Strong Negative	Statistically Significant
L9		management -by-exception (passive)	-0.471	0.238	Moderate Negative	
L10		laissez-fair	-0.471	0.238	Moderate Negative	
L11		extra effort	-0.452	0.261	Moderate Negative	
L12		effectiveness	-0.518	0.188	Moderate Negative	
L13		satisfaction	-0.318	0.443	Weak Negative	
L14	Servant	emotional healing	-0.55	0.158	Moderate Negative	
L15		creating value for the community	-0.53	0.177	Moderate Negative	
L16		conceptual skills	-0.273	0.513	Weak Negative	
L17		empowering	-0.458	0.254	Moderate Negative	
L18		helping subordinates grow and success	-0.127	0.764	Non	
L19		putting subordinates first	-0.39	0.34	Moderate Negative	
L20		behaving ethically	0.44	0.276	Strong Positive	

Table - 9.10 provides the following information:

1. From observing the twenty rows of Pearson's correlation coefficient  $r$  value, we notice that there is a:
  - “Very strong positive” relationship between twelve leadership subscales, i.e. 60% of the total number of subscales and profitability.
  - “Strong positive” relationship between seven leadership subscales, i.e. 35% of the total number of subscales and profitability.
  - “Moderate positive” relationship between only one leadership subscale, i.e. 5% of the total number of subscales and profitability.
2. Considering the  $p$ -value, which is the indicator of statistical significance of  $r$ , we observe that the number of rows with  $p$ -values  $\leq 0.05$  is seven. These values are associated with the “very strong positive” relationship. This means that the probability that this kind of relationship exists for the seven relationships is 95% ( $1 - 0.05$ ) or more.
3. There is no “weak relationship” and no “non-relationship” between any of the leadership subscales and profitability.
4. There is no negative relationship between any of the leadership subscales and profitability.

Based on the same method of analysis, table-9.11 provides the following information:

1. There are:
  - Nine “very strong positive” relationships between leadership subscales and productivity, i.e. 45% of the total number of subscales.
  - Ten “strong positive” relationships between leadership subscales and productivity, i.e. 50% of the total number of subscales.
  - Only one “non” relationship between leadership subscales and productivity, i.e. 5% of the total number of subscales.

2. The number of p-values  $\leq 0.05$  is four. They are, again, associated with the “very strong positive” relationship. This means that the four associated r values are statistically significant at 0.05 level.
3. There is no “weak” relationship between any of the leadership subscales and productivity.
4. There is no negative relationship between any of the leadership subscales and productivity.

Table - 9.12 (the relationship between leadership subscales and plant efficiency) shows that there is:

- Only one “very strong positive” relationship, i.e. 5% of the 20 relationships. It is statistically significant at 0.05 level.
- Two “strong positive” relationships, i.e. 10% of the twenty relationships.
- Only one “non” relationship, i.e. 5% of the twenty relationships.
- Five “weak negative” relationships, i.e. 25% of the twenty relationships.
- Nine “moderate negative” relationships, i.e. 45% of the twenty relationships.
- Only one “strong negative” relationship, i.e. 5% of the twenty relationships.
- Only one “very strong negative” relationship, i.e. 5% of the twenty relationships.

Therefore, there is only one statistically significant and positive relationship, which is associated with transformational-idealized influence (attributed) leadership and plant efficiency.

Table - 9.13 (the relationship between leadership subscales and sales volume) shows that there is:

- Only one “very strong positive” relationship, i.e. 5% of the twenty relationships. It is statistically significant at 0.05 level.
- Two “strong positive” relationships, i.e. 10% of the twenty relationships.

- Only one “non” relation, i.e. 5% of the twenty relationships.
- Five “weak negative” relationships, i.e. 25% of the twenty relations.
- Nine “moderate negative” relationships, i.e. 45% of the twenty relationships.
- Only one “strong negative” relationships, i.e. 5% of the twenty relationships.
- Only one “very strong negative” relationships, i.e. 5% of the twenty relationships.

Therefore, there is only one statistically significant positive relationship, which is associated with transformational-idealized influence (attributed) leadership and sales volume.

Due to the high number of sales leaders included in this work (sixty one (61) sales Directors and Managers), and consequently the large number of participants (420), the relationship between the twenty leadership subscales and sales volume will be considered and discussed more extensively in chapter - 10.

Going through the results shown in tables - 9.10, 9.11, 9.12, and 9.13, we can observe that:

1. The number of “very strong positive” relationships between the twenty leadership subscales and the four organizational performance measures is twenty three (23).
2. The number of “strong positive” relationships between the twenty (20) leadership subscales and the four organizational performance measures is twenty one (21).
3. Therefore, the total number of “very strong positive” and “strong positive” is forty four (44); this is a 55% of the total number of 80 relationships = 20 (leadership subscales) multiplied by 4 (organizational performance measures).
4. The number of “statistically significant” r’s at levels of 0.01 or 0.05 is seventeen (17):
  - Thirteen of them show a “very strong positive” (r is positive) correlation,
  - Two of them show a “strong negative” (r is negative) correlation, and
  - Two of them show a “very strong negative” (r is negative) correlation.



In conclusion, there are thirteen out of eighty (16.25%) p-values indicators at significant level 0.05 ensuring, that there is a “statistically significant and very strong” relationship between leadership and organizational performance.

### **9.2.3 Hypotheses Testing:**

Based on the results shown in tables - 9.10, 9.11, 9.12, and 9.13, it can be concluded that the thirteen statistically significant p-values associated with very strong positive relationship, support the main hypothesis that “there is a significant positive relationship between leadership and organizational performance” at significant level 0.05. Table - 9.14 presents the links between the results and the hypotheses that have been corroborated. The hypotheses that are not mentioned in this table are to be rejected.

## **9.3 Summary**

This chapter covers the data analysis process in order to examine the relationship between the twenty leadership subscales (the independent variable) and the four organizational performance measures (the dependent variable). Exploratory data analysis, descriptive statistics, and bivariate analysis have been applied in this process. Also, the statistical software SPSS-24 was used in calculating Pearson’s correlation coefficient  $r$ , in order to describe the strength of the relationship between the two variables, and the p-value was used in identifying the significance of Pearson’s  $r$ . The final results from the examination of the relationship between the twenty leadership styles (subscales) and the four organizational performance measures indicate which of the eighty (80) hypotheses should be accepted.

Table - 9.14  
Accepted Hypotheses

Hypothesis	correlation r=	p_value ≤
There is a significant positive relationship between Transformational intellectual stimulation Leadership and Profitability	0.707	0.050
There is a significant positive relationship between Transformational extra effort Leadership and Profitability	0.706	0.050
There is a significant positive relationship between Transformational effectiveness Leadership and Profitability	0.706	0.050
There is a significant positive relationship between Transformational satisfaction Leadership and Profitability	.716*	0.046
There is a significant positive relationship between Servant emotional healing Leadership and Profitability	.775*	0.024
There is a significant positive relationship between Servant helping subordinates grow and succeed Leadership and Profitability	.740*	0.036
There is a significant positive relationship between Servant subordinates first Leadership and Profitability	.709*	0.049
There is a significant positive relationship between Transformational management -by-exception (passive) Leadership and Productivity	.727*	0.041
There is a significant positive relationship between Transformational laissez-faire Leadership and Productivity	.727*	0.041
There is a significant positive relationship between Servant empowering Leadership and Productivity	.729*	0.040
There is a significant positive relationship between Servant putting subordinates first Leadership and Productivity	.722*	0.043
There is a significant positive relationship between Transformational idealized influence (attributed) Leadership and Plant Efficiency	.795*	0.018
There is a significant positive relationship between Transformational idealized influence (attributed) Leadership and Sales Volume	.798*	0.017

## **Chapter - 10**

### **Discussion**

#### **Introduction**

In the more challenging and competitive worldwide business, , regardless the organizations organizational are family or non-family owned, it emerges more and more clearer the need to consider “leadership” as a main and core competency for their managers, be them family members or non-family professionals. This leads organizations to face a significant and complex process to recruit managers. Consequently, studying the relationship between managers’ leadership styles and organizational performance or outcomes has become an important, interested, and fertile topic for researchers.

This thesis studied the relationship between leadership and organizational performance in the context of El-Saeed group – Egypt as a family business. Its aim was to answer the research question “how does leadership impact organizational performance in family business”.

As mentioned, many researchers studied this impact or relationship, like Alamir (2012) who studied the impact of leadership on organizational commitment, and Garcia-Morales et al. (2012) who studied the effect of transformational leadership on organizational performance through knowledge and innovation, and many other researchers mentioned in the literature

review chapters. Table-5.4 presents the key-work on the subject. Although the prolific work on the subject, I have not been able to identify a work that studies Leaders-Member Exchange LMX, Transformational, and Servant leadership styles and especially addressing all the subscales of those styles to reach in total twenty leadership styles, like I did in this thesis.

Furthermore this thesis considered four main organizational performance measures: profitability, productivity, plant efficiency, and sales volume. This allowed me to expand the main research hypothesis from “there is a significant positive relationship between leadership and organizational performance” to be “there is a positive relationship between leadership subscale  $i$  ( $i=1,20$ ) and organizational performance measure  $j$  ( $j=1,4$ )”, i.e. to have  $20 \times 4 = 80$  hypotheses.

The elements of my research question and my hypothesis were:

- Leadership,
- Organizational performance,
- Family business, and
- The “impact” of the first element on the second one in the context of the third element.

This enforced my literature review to cover all of them (chapters - 2, 3, 4, and 5).

Data collected to operationalize this thesis' variables, were:

**Questionnaire** was used to collect data related to leadership style as the independent variable (seven questions for the LMX leadership style + forty five questions for the transformational leadership style + twenty eight questions for the servant leadership style = eighty questions in total (appendix - A)).

The total number of participants answered those questions was 588 (76 of them were the leaders themselves). This means that I had  $588 \text{ multiplied by } 80 = 47040$  figures, which

considered in the data analysis phase.

**Historical data** were used to collect information related to organizational performance as the dependent variable (62 figures related to the profitability + 62 figures related to the productivity + 361 figures related to the plant efficiency + 397 figures related to the sales volume = 882 figures which considered in the data analysis phase (figures - 9.3, 9.4, 9.5, and 9.6)).

Two statistical methods used to analyse these data:

- Exploratory data and descriptive statistics, and
- Bivariate analysis.

Results and findings are clearly explained in chapter - 9, and going to be more discussed in this chapter.

## **10.1 Leadership**

In the first chapter of my literature review, i.e. chapter - 2, I went through many definitions and quotes on leadership stated by scholars, authors, researchers, and practitioners. and selected to use this definition in my research work:

“Leadership is the process of influencing others to achieve goals”.

This definition supports my research question and my hypothesis, because:

- Leadership is influence in both,
- Influence in the definition is the impact in the research question and the hypothesis, and
- The goals in the definition are the outcomes or the measurements of the organizational performance.

Leadership as a process explained in figure - 5.1.

To simplify, the input of this process comes from the leader as an actor; this can be represented by leadership style, and therefore by leadership style subscales. The process itself is the impact as an action on followers. The output of this process is the organizational performance, and it can be represented by organizational performance measures.

Due to this, it was important for me to study the leadership styles to a greater extent, and I argue that no one studied the impact of all the twenty leadership subscales in one research work. I did this in this thesis.

Leaders scores associated with each leadership subscale as high (H=3), moderate (M=2), or low (L=1) shown in table - 9.2, figure - 9.1 and in appendix - F. It is clear that most of the seventy six leaders gained a high score (H=3) in most of leadership subscales. The impact of these high scores will be shown in the conclusions and recommendations sections-11.2 and 11.4.

## **10.2 Organizational Performance**

Chapter - 3 studied this topic by considering its definition, concept, measurements, and its relationship with other organizational aspects. The chapter considered, as well, a very important issue, namely the organizational performance in family and non-family businesses. Researchers do not agree on an answer about which is performing better, the family or the non-family businesses (section 4.6).

For the purpose of this thesis, it has been considered that business is business, and organizational performance is organizational performance. This research did not studied the impact of leadership on organizational performance in both kinds of businesses at the same time in order to reach a comparison and consequently, to achieve a conclusion to answer which one is performing better. My research aim was to study that impact in the context of my research

setting, i.e. El-Saeed group – Egypt which is a family business.

Profitability, productivity, plant efficiency, and sales volume were used to measure El-Saeed group companies' organizational performance. Time series for each one was established and studied in order to identify if each measure is in uptrend, non-trend, or downtrend during the period selected for the study. Being uptrend represents a good indicator. Being non-trend or downtrend represents not a good indicator.

The links between these indicators with the leaders' scores in order to study the relationship between them will be discussed in the next section.

### **10.3 Relationship between leadership and organizational performance**

Relationships between the three leadership styles (all subscales) and each of the four organizational performance measures will be presented in the following subsections.

#### **10.3.1 Relationship between leadership and profitability**

This research work suggests that there is a significant positive relationship between leadership and profitability as an organizational performance measure. Three main leadership styles were studied:

1. Leader-Member Exchange LMX leadership with only one subscale, i.e. the LMX itself.
2. Transformational leadership with twelve subscales.
3. Servant leadership with seven subscales.

This approach resulted to twenty hypotheses, each of the form: “there is a significant positive relationship between LMX, idealized influence (attributes), idealized influence (behaviour), ....etc. and profitability (section 7.4).

Exploratory data analysis and descriptive statistics showed that:

1. Most of leadership subscales for most leaders are in high level (H) (figures - 9.1 and 9.2 and appendices - F and G).
2. The profitability trends for four out of the eight companies are uptrend (figure - 9.3 and table - 9.3).
3. 59 - 91% of the leaders in those four companies achieved a high score (H) in twelve out of the twenty leadership subscales. 96% of them achieved a low score (L) in two leadership subscales, where this is the appropriate or preferable score (table - 9.7).

These results partially support the hypotheses as they came from 50% of the companies. In addition, the bivariate analysis supported seven out of the twenty (35%) hypotheses, where the relationship between each of the seven leadership subscales and the profitability is statistically significant (very strong positive, see table - 9.10), and consequently, these seven hypotheses are accepted (table - 9.14).

Therefore, and in the light of the accepted hypotheses, one can observe that:

1. The relationship between leader-member exchange LMX leadership and profitability is not statistically significant, even though the test shows a very strong positive correlation, as  $r = 0.645$  however,  $p = 0.084 > 0.05$  (this leadership style has only one subscale, the LMX).

This result does not agree with many researchers (e.g. Janssen and Yperen (2004); Chaurasia and Shukla (2013); Tariq et al. (2014); Breevaart et al. (2015); and Martin et al. (2015), whose work supported the hypothesis that there is a significant relationship between LMX leadership and performance (see section 5.6).

At this point, it would be useful to go back to the meaning of the p-value, where  $p \leq 0.05$ , simply, means that the hypothesis is going to be accepted as  $p \leq 0.05 = 5\%$  which means that, there is a statistically significant relationship between the two variables. This



means, once again, that there is a probability of  $1 - 5\% = 95\%$  or more that this can happen in reality or practice.

I would like to remind here, that this research work based on two variables: leadership as the independent variable and organizational performance as the dependent one. The research based, as well on a hypothesis that the independent variable has an impact on the dependent one. Although this research, and many others, operationalize this dependent variable in order to deal with it as a figure or value, like  $H = 3$  for example to represent high level of leadership, leadership is still a “human” factor. Therefore, the p-value  $p = 0.084$  above means that the probability of having a relationship between LMX leadership style and profitability is  $1 - 0.084 = 0.916$  or 91.6%, i.e. more than 90%; this is a very high probability to be considered in reality or practice. Consequently, in reality or practice, a leader with 90% or more probability or possibility to have the LMX leadership style can have an impact on profitability (positive relationship). This is something that can be accepted.

Therefore, at this point of the discussion, once again, I will consider that if the p-value is  $0.1 = 10\%$  or less, then the hypothesis can be accepted, i.e. it can happen or occur in reality or practice on 90% or more of the cases.

Due to this, I will accept the hypothesis that there is a positive relationship between LMX leadership style and profitability at level  $p \leq 0.1$  as  $p = 0.084$ . This result is particularly important, especially when considering the correlation between this leadership style and profitability, which was shown in table - 9.10 as “very strong positive”.

It is important to mention here that  $p \leq 0.05$  means that, once again, there is a probability of 95% to accept the hypothesis when it is true. In other word, there is a probability of 5% to reject the hypothesis when it should in fact be confirmed or accepted, then what called in

statistics a “type 1 error” occurs. The greater the value of  $p$  is, the greater the chance type 1 error can occur (Bryman and Bell, 2011). So, considering  $p \leq 0.1$  can increase the chance of having type 1 error and the researcher need to be careful because the risk of rejecting the hypothesis when it is true will 10%.

2. Four out of the twelve transformational leadership subscales show a statistically significant and very strong positive relationship with profitability. The subscales are:

- Transformational intellectual stimulation Leadership,  $r = 0.707$ ,  $p = 0.050$ .
- Transformational extra effort Leadership,  $r = 0.706$ ,  $p = 0.050$ .
- Transformational effectiveness Leadership,  $r = 0.706$ ,  $p = 0.050$ .
- Transformational satisfaction Leadership,  $r = 0.716$ ,  $p = 0.046$ .

The first result concerning the relationship between intellectual stimulation of leadership and profitability as an organizational performance measure, agrees with Mwangeli and Juma (2016), who found a significant positive relationship between this leadership style and employee performance (section 5.7). The researchers found, as well, that there is no significant positive relationship between individualized consideration as a subscale of the transformational leadership style and employee performance. These findings agree with the current research findings, (table - 9.10). The difference between the two studies is encountered on the study of inspirational motivation subscale of transformational leadership style; the authors found a significant positive relationship between inspirational motivation and employee performance, while my findings do not support this, (table - 9.10).

The first result, again, agrees with the finding of Abu Orabi (2016), who found a significant positive relationship between intellectual stimulation and organizational performance (section 5.7). Furthermore, both, my research work and Abu Orabi’s (2016) findings agree that there is no significant relationship between idealized influence subscale of the transformational

leadership and organizational performance (table - 9.10). On the other hand, Evelyn and Hazel (2015) found that there are significant relationships between the four subscales, i.e. idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration as transformational leadership styles, and organizational performance (section 5.7), this outcome agrees with the first result only, and disagrees with the rest (table - 9.10).

Due to what mentioned in 1 above about the p-value, there is one more hypothesis that can be accepted at level 0.1, i.e. there are two more subscales of the transformational leadership style that has a positive relationship with profitability at level 0.1. They are:

- Inspirational Motivation,  $r = 0.69$ ,  $p = 0.058$ , and
- Contingent reward,  $r = 0.682$ ,  $p = 0.062$ .

Table - 9.10 shows that this relationship was “very strong positive”.

This means, the hypothesis that there is a significant positive relationship between transformational - contingent reward leadership style and profitability can be accepted at level 0.1.

3. Three out of the seven servant leadership subscales show a statistically significant and very strong positive relationship with profitability; they are:

- Servant emotional healing leadership,  $r = 0.775$ ,  $p = 0.024$ .
- Servant helping subordinates grow and success leadership,  $r = .740$ ,  $p = 0.036$ .
- Servant subordinates first leadership,  $r = .709$ ,  $p = 0.049$

In this context, it is important to explore this issue further, by considering two streams of work:

- 1) Many researchers examined the servant leadership style, however without considering its components or subscales, and its relationship with organizational performance either directly or via a mediate, among other aspects of management and organizational issues.

For example (see section 5.8):

- Awan et al. (2012) found a significant positive relationship between servant leadership style and employees' performance.
- Peterson et al. (2012) found a significant positive relationship between servant leadership style and organizational performance.
- Liden et al. (2014) found a significant positive relationship between servant leadership style and serving culture, employee identification, and hence employees' and unit performance.
- Harwiki (2015) found a significant positive relationship between servant leadership style and organizational culture, organizational commitment, organizational citizenship behaviour, and employee performance.
- Khan et al. (2015) found a significant positive relationship between servant leadership style and knowledge-sharing culture as a mediate in the relationship between servant leadership and team performance.
- Song et al. (2015) agreed with Khan et al. (2015).

**2)** Some researchers however, did not support the first perspective directly, (see section 5.8):

- Waal and Sivro (2012) found that there is a significant positive relationship between some servant leadership factors or subscales (empowerment, accountability, stewardship, courage, humility, stand back, forgiveness, and authenticity) and some of high quality organizational factors (management quality, openness and action orientation, long term orientation, continuous improvement and renewal, and workforce quality) on different employee levels.
- Lisbijanto and Budiyanto (2014) found that there is no significant relationship between servant leadership and organizational performance. On the other hand, they found a

statistically significant relationship between servant leadership and job satisfaction, and also a statistically significant relationship between the latter (as a mediate) and organizational performance.

Given what was mentioned in 1 above, about the p-value, once again it can be seen from table - 9.10 that there are two more subscales of the servant leadership style that can be accepted at level 0.1. They are:

- Creating value for the community,  $r = 0.688$ ,  $p = 0.059$ , and
- Conceptual skills,  $r = 0.664$ ,  $p = 0.072$ .

Table - 9.10 shows that the relationships of each of these two subscales with profitability were “very strong positive”.

This means, the two hypotheses: “there is a significant positive relationship between servant - creating values for the community and servant - conceptual leadership styles and profitability” can be accepted at level 0.1.

In summary,

**First:** at level 0.05, i.e.  $p\text{-value} \leq 0.05$ , the results of this research work mean that:

1. There is no significant positive relationship between any leader-member exchange (LMX) leadership subscale (style) and profitability.
2. There is a significant positive relationship between 33.33% of the transformational leadership subscales and profitability.
3. There is a significant positive relationship between 42.86% of the servant leadership subscales and profitability.

**Second:** at level 0.1, i.e.  $p\text{-value} \leq 0.1$ , the results of this research work mean that:

1. There is a positive relationship between leader-member exchange (LMX) leadership

subscale (style) and profitability.

2. There is a positive relationship between 50% of the transformational leadership subscales and profitability.
3. There is a positive relationship between 71.43% of the servant leadership subscales and profitability.

### **10.3.2 Relationship between leadership and productivity**

Like profitability, this research work suggests that there is a relationship between leadership and productivity as an organizational performance measure. There are twenty hypotheses of the form: “there is a significant positive relationship between leadership attributes and behaviours (LMX, idealized influence as attributes, idealized influence as behaviour, etc.) and productivity” (section 7.4).

Exploratory data analysis and descriptive statistics showed that:

1. Most leaders scored high (H) in most leadership subscales (figures - 9.1 and 9.2 and appendices - F and G).
2. The productivity trends for six out of the eight companies are uptrend (figure - 9.4 and table - 9.4).
3. 56 – 92% of the leaders in these six companies gained a high score (H) in sixteen of the twenty leadership subscales. 93% gained a low score (L) in two leadership subscales, where this was the appropriate or preferable score (table - 9.7).

These results, which represent 75% of the companies, highly support the hypotheses. Furthermore, the bivariate analysis supported four of the twenty hypotheses, where the relationship between each of the four leadership subscales and productivity is statistically significant and very strong positive, (table - 9.11), and therefore, those four hypotheses are

accepted (table - 9.14). This means that:

1. The relationship between leader-member exchange (LMX) leadership and productivity is not statistically significant, where  $r = 0.630$ ,  $p = 0.094$ .

But  $p = 0.094 < 0.1$  means that the hypothesis that there is a positive relationship between LMX leadership style and productivity can be accepted at level 0.1. Table - 9.11 shows that this relationship was “very strong positive”.

2. The relationship between two out of the twelve transformational leadership subscales and productivity is statistically significant, and is described as very strong positive; they are:
  - Transformational management – by – exception (passive) Leadership,  $r = 0.727$ ,  $p = 0.041$ .
  - Transformational laissez – faire Leadership,  $r = 0.727$ ,  $p = 0.041$ .

In addition, there are two more subscales of this leadership style that appear to support this hypothesis at level 0.1. They are:

- Inspirational motivation,  $r = 0.625$ ,  $p = 0.098$ , and
  - Satisfaction,  $r = 0.701$ ,  $p = 0.053$ .
3. The relationship between two of the seven servant leadership subscales and productivity is statistically significant and are described as very strong positive; the subscales are:
    - Servant empowering Leadership,  $r = .729$ ,  $p = 0.040$ .
    - Servant putting subordinates first Leadership,  $r = .722$ ,  $p = 0.043$

In addition, there are two more subscales of this leadership style that appear to support this hypothesis at level 0.1. They are:

- Emotional healing,  $r = 0.622$ ,  $p = 0.099$ , and
- Helping subordinates grow and success,  $r = 0.684$ ,  $p = 0.061$ .

In summary,

**First:** At level 0.05, i.e.  $p\text{-value} \leq 0.05$ , the results of this research work mean that:

1. There is no significant positive relationship between leader-member exchange LMX leadership subscales (style) and productivity.
2. There is a significant positive relationship between 16.67% of the transformational leadership subscales and productivity.
3. There is a significant positive relationship between 28.57% of the servant leadership subscales and productivity.

**Second:** At level 0.1, i.e.  $p\text{-value} \leq 0.1$ , the results of this research work mean that:

1. There is a positive relationship between leader-member exchange LMX leadership subscales (style) and productivity.
2. There is a positive relationship between 33.33% of the transformational leadership subscales and productivity.
3. There is a significant positive relationship between 57.14% of servant leadership subscales and productivity.

### **10.3.3 Relationship between leadership and plant efficiency**

Similarly to the profitability and productivity results, exploratory data analysis and descriptive statistics on the relationship between leadership and plant efficiency showed that:

1. Most of leadership subscales for most leaders returned a high score (H) (figures - 9.1 and 9.2 and appendices - F and G).
2. The plant efficiency trends for five out of the eight companies are uptrend (figure - 9.5 and table - 9.5).
3. 58 - 92% of the leaders in these five companies achieved a high score (H) in twelve out of



the twenty leadership subscales. 94% of them achieved a low score (L) in two leadership subscales, where this was the appropriate or preferable score (table - 9.7).

These results give support to the hypotheses, as they came from 62.5% of the companies, while the bivariate analysis supported only one of the twenty hypotheses, where the relationship between the respective leadership subscale and the plant efficiency is statistically significant and very strong positive,  $r = 0.795$ ,  $p = 0.018 < 0.05$  (table - 9.12). This means that:

1. The only accepted hypothesis is: “there is a significant positive relationship between transformational - idealized influence (attributes) and plant efficiency”.
2. There is no significant positive relationship between any of the rest eleven transformational leadership subscales and plant efficiency.
3. There is no significant positive relationship between leader-member exchange LMX leadership and plant efficiency.
4. There is no significant positive relationship between servant leadership and plant efficiency.

Unlike profitability and productivity, there is no matching between the results obtained from the exploratory data analysis and statistical descriptive statistics, and those obtained from the bivariate analysis.

#### **10.3.4 Relationship between leadership and sales volume**

Like the three previously presented organizational performance measures, i.e. profitability, productivity, and plant efficiency, exploratory data analysis and descriptive statistics on the relationship between leadership and sales volume showed that:

1. Most of leadership subscales return a high score (H) for most leaders (figures - 9.1 and 9.2 and appendices – F and G).

2. The sales volume trends for five out of the eight companies are uptrend (figure - 9.6 and table - 9.6).
3. 53 - 92% of the leaders in those five companies achieved a high score (H) in sixteen out of the twenty leadership subscales. 93% of them gained a low score (L) in two leadership subscales, where this is the appropriate or preferable score (table - 9.7).

These results most probably support the hypotheses as they came from 62.5% of the companies, while the bivariate analysis supported, again, only one of the twenty hypotheses; the relationship between this one leadership subscale and the sales volume is statistically significant and very strong positive,  $r = 0.798$ ,  $p = 0.017 < 0.05$  (table - 9.13) – this result is similar to the plant efficiency. This means that:

1. The only accepted hypothesis is: “there is a significant positive relationship between transformational - idealized influence (attributes) and sales volume”.
2. There is no significant positive relationship between any one of the rest (eleven) transformational leadership subscales and sales volume.
3. There is no significant positive relationship between leader-member exchange LMX leadership style and sales volume.
4. There is no significant positive relationship between any of the servant leadership subscales and sales volume.

### **10.3.5 More about the relationship between leadership and sales volume**

In the context of studying the relationship between leadership and sales volume, it would be useful to remind that:

1. The number of sales leaders (Directors / Managers) considered in this study is sixty one (61) out of a total number of seventy six (76) leaders.

2. The study considered the total number of leaders in order to examine the relationships between twenty leadership subscales and four organizational performance measures.

At this stage of discussing the results it is beneficial to examine the relationship between leadership (considering only the sales leaders) and sales volume, especially focussing on the link between each sales leader and the associated sales volume.

Bivariate analysis, SPSS-24-Person's  $r$ , again used to examine this relationship. Results shown in table - 10.1, and appendix - I. Table - 10.1 shows that:

1. There is no statistically significant positive relationship between leader-member exchange LMX leadership and sales volume.
2. There is a statistically significant (weak) positive relationship between eight out of the twelve transformational leadership subscales and sales volume, they are:
  - 1) Transformational idealized influence (behaviour),  $r = 0.305$ ,  $p = 0.025$ .
  - 2) Transformational inspirational motivation,  $r = 0.269$ ,  $p = 0.049$ .
  - 3) Transformational intellectual stimulation,  $r = .344$ ,  $p = 0.011$ .
  - 4) Transformational individualized consideration,  $r = .344$ ,  $p = 0.014$ .
  - 5) Transformational contingent reward,  $r = .322$ ,  $p = 0.018$ .
  - 6) Transformational extra effort,  $r = 0.268$ ,  $p = 0.05$ .
  - 7) Transformational effectiveness,  $r = .273$ ,  $p = 0.046$ .
  - 8) Transformational satisfaction,  $r = .289$ ,  $p = 0.034$ .
3. There is a statistically significant (moderate and weak) positive relationship between servant leadership and sales volume shown in six out of the seven subscales (six moderate and one weak), they are:
  - 1) Servant emotional healing,  $r = .394$ ,  $p = 0.003$ .
  - 2) Servant creating value for the community,  $r = .377$ ,  $p = 0.005$ .

- 3) Servant conceptual skills,  $r = .386$ ,  $p = 0.004$ .
- 4) Servant helping subordinates grow and success,  $r = .363$ ,  $p = 0.007$ .
- 5) Servant putting subordinates first,  $r = .377$ ,  $p = 0.005$ .
- 6) Servant behaving ethically,  $r = 0.287$ ,  $p=0.036$ .

These new results support 70% of the hypotheses associated with sales volume. Therefore, the accepted hypotheses are presented in table - 10.2.

#### **10.4 Relationship between the twenty leadership subscales and the four organizational performance measures:**

By looking at tables - 9.10, 9.11, 9.12 and 10.1, we observe that:

1. There are fifty nine out of eighty (73.75%) positive relationships, ranging from weak to very strong positive. Table - 10.3 shows these relationships, and it can be noticed that:
  - 1) The relationships between all the leadership subscales and profitability are positive.
  - 2) The relationships between 95% of the leadership subscales and productivity are positive.
  - 3) The relationships between 15% of the leadership subscales and plant efficiency are positive.
  - 4) The relationship between 85% of the leadership subscales and sales volume are positive.
  - 5) The highest percentage of positive relationships between any leadership subscale and the four organizational performance measures is 100%. This is shown in two subscales, they are “transformational – idealize influence (behaviour)” and “servant – behaving ethically”.

Table - 10.1

Pearson's r – Relationship between Leadership Subscales and Sales Volume

Leadership Styles and Subscales			Pearson's correlation R	The Relation	Significance (p-value)
L1	LMX	LMX	0.170	None	0.218
L2	Transformational	idealized influence (attributed)	0.136	None	0.327
L3		idealized influence (behaviour)	.305	Weak Positive	0.025
L4		inspirational motivation	.269	Weak Positive	0.049
L5		intellectual stimulation	.344	Weak Positive	0.011
L6		individualized consideration	.334	Weak Positive	0.014
L7		contingent reward	.322	Weak Positive	0.018
L8		management -by-exception (active)	0.145	None	0.296
L9		management -by-exception (passive)	-0.060	None	0.669
L10		laissez-fair	-0.069	None	0.62
L11		extra effort	0.268	Weak Positive	0.05
L12		Effectiveness	.273	Weak Positive	0.046
L13		Satisfaction	.289	Weak Positive	0.034
L14	Servant	emotional healing	.394	Moderate Positive	0.003
L15		creating value for the community	.377	Moderate Positive	0.005
L16		conceptual skills	.386	Moderate Positive	0.004
L17		Empowering	-0.014	None	0.918
L18		helping subordinates grow and success	.363	Moderate Positive	0.007
L19		putting subordinates first	.377	Moderate Positive	0.005
L20		behaving ethically	.287	Weak Positive	0.036

Table - 10.2

Accepted hypotheses about the relationship between leadership  
(sales leaders) and sales volume

Hypothesis	correlation	p_value
There is a significant positive relationship between transformational idealized influence (behaviour)	.305	0.025
There is a significant positive relationship between transformational motivation	.269	0.049
There is a significant positive relationship between transformational intellectual stimulation	.344	0.011
There is a significant positive relationship between transformational individualized consideration	.334	0.014
There is a significant positive relationship between transformational contingent reward	.322	0.018
There is a significant positive relationship between transformational extra effort	.268	0.05
There is a significant positive relationship between transformational effectiveness	.273	0.046
There is a significant positive relationship between transformational satisfaction	.289	0.034
Servant emotional healing	.394	0.003
Servant creating value for the community	.377	0.005
Servant conceptual skills	.386	0.004
Servant helping subordinates grow and success	.363	0.007
Servant putting subordinates first	.377	0.005
Servant behaving ethically	.287	0.036

- 6) There are fifteen subscales showing a positive relationship with three of the four organizational performances measure, i.e. 75% of the leadership subscales have positive relationship with 75% of the organizational performance measures.
  - 7) There are three leadership subscales has a positive relationship with only two of the organizational performance measures.
  - 8) None of the twenty leadership subscales has a positive relationship with only one of the organizational performance measures.
  - 9) Therefore, none of the twenty leadership subscales has a positive relationship with less than 50% of the four organizational performance measures.
2. Thirty five (36) out of the fifty nine (59) positive relationships (61.02%) are statistically significant, with  $p\text{-value} \leq 0.05$  and  $p\text{-value} \leq 0.1$ , (see tables - 9.10, 9.11, 9.12 and 10.1). This means that thirty five (36) of the total number of eighty (80) relationships between the twenty (20) leadership subscales and the four organizational performance measures are statistically significant and positive; they represent 45% of the eighty (80) relationships. Table - 10.4 shows that:
- 1) 60% of the leadership subscales have a significant positive relationship with profitability.
  - 2) 45% of the leadership subscales have a significant positive relationship with productivity.
  - 3) Only 5% of the leadership subscales have a significant positive relationship with plant efficiency.
  - 4) 70% of the leadership subscales have a significant positive relationship with sales volume.
  - 5) No leadership subscale has a significant positive relationships with all the four organizational performance measures at the same time.
  - 6) The number of leadership subscales that have significant positive relationships with three of the four organizational performance measures (75%) at the same time is 5. These

leadership subscales are:

- Transformational – inspiration motivation,
- Transformational – satisfaction,
- Servant – emotional healing,
- Servant – helping subordinates grow and success,
- servant - putting subordinates first.

7) The number of leadership subscales that have significant positive relationships with two of the four organizational performance measures (50%) is 7. These leadership subscales are:

- 1) Leader-members exchange LMX.
- 2) Transformational- intellectual stimulation
- 3) Transformational- extra effort
- 4) Transformational- effectiveness
- 5) Transformational- satisfaction
- 6) Servant- emotional healing
- 7) Servant- helping subordinates grow and success.

8) The number of leadership subscales that have significant positive relationships with one of the four organizational performance measures (25%) is 7. These leadership subscales are:

- 1) Transformational- idealized influence (attributed)
- 2) Transformational- idealized influence (behavior)
- 3) Transformational- individualized consideration
- 4) Transformational- management -by-exception (passive)
- 5) Transformational- laissez-faire



- 6) Servant- empowering
- 7) Servant- behaving ethically.

Table - 10.3

Positive relationships between the 20 leadership subscales and the 4 organizational performance measures

Leadership Subscale		Profitability	Productivity	Plant Efficiency	Sales Volume	%
L1	LMX	√	√		√	75%
L2	Transformational - idealized influence (attributed)	√		√	√	75%
L3	Transformational - idealized influence (behaviour)	√	√	√	√	100%
L4	Transformational - inspirational motivation	√	√		√	75%
L5	Transformational - intellectual stimulation	√	√		√	75%
L6	Transformational - individualized consideration	√	√		√	75%
L7	Transformational - contingent reward	√	√		√	75%
L8	Transformational - management -by-exception (active)	√	√		√	75%
L9	Transformational - management -by-exception (passive)	√	√			50%
L10	Transformational - laissez-fair	√	√			50%
L11	Transformational - extra effort	√	√		√	75%
L12	Transformational - effectiveness	√	√		√	75%
L13	Transformational - satisfaction	√	√		√	75%
L14	Servant - emotional healing	√	√		√	75%
L15	Servant - creating value for the community	√	√		√	75%
L16	Servant - conceptual skills	√	√		√	75%
L17	Servant - empowering	√	√			50%
L18	Servant - helping subordinates grow and success	√	√		√	75%
L19	Servant - putting subordinates first	√	√		√	75%
L20	Servant - behaving ethically	√	√	√	√	100%
	%	100%	95%	15%	85%	44%

9) The number of leadership subscales that have no significant positive relationships with any one of the four organizational performance measures (0%) is only 1. This leadership subscale is:

- Transformational – management – by – exception (active)

At this point, it would be useful to go back to section - 10.3.1 which talked about the meaning of the p-value p and what does the confidence levels 0.05 and 0.1 mean. In this context, it can be seen from tables - 10.5 and 10.6, that:

- 1) There are twenty six accepted hypotheses on level 0.05 (table - 10.5),
- 2) There are nine accepted hypotheses on level 0.1, and
- 3) In total, there are  $26 + 9 = 35$  out of 80 hypotheses, i.e. 43.75%, are accepted for the purpose of this thesis.

## **10.5 Summary**

This chapter discusses the results and findings of this research work. It covers my definition and understanding of each of the elements of my research question. First, the leadership as the independent variable. Second, the organizational performance as the dependent variable. And third, the impact of the first element on the second one. This impact is represented by the relationship between the two variables. Results and findings about this relationship that obtained in chapter - 9 discussed deeply in this chapter. Section - 10.3 consists of four subsections:

Section 10.3.1 to discuss the relationship between leadership (the twenty subscales) and profitability,

Section 10.3.2 to discuss the relationship between leadership (the twenty subscales) and productivity,

Section 10.3.3 to discuss the relationship between leadership (the twenty subscales) and plant efficiency, and

Section 10.3.4 to discuss the relationship between leadership (the twenty subscales) and sales volume.

Furthermore, section 10.4 discussed the relationship between the twenty leadership subscales and the four organizational performances measures at the same time in order to identify the positive relationships between them (table - 10.3) and the significant correlations between them (table - 10.4). In the end of section 10.4 the accepted hypotheses at levels 0.05 and 0.1 were identified (tables - 10.5 and 10.6).

Table - 10.4  
Significant correlations coefficient (S)\* between the 20 leadership subscales and  
the 4 organizational performance measures

Leadership Subscale		Profitability	Productivity	Plant Efficiency	Sales Volume	%
L1	LMX	S	S			50%
L2	Transformational - idealized influence (attributed)			S		25%
L3	Transformational - idealized influence (behavior)				S	25%
L4	Transformational - inspirational motivation	S	S		S	50%
L5	Transformational - intellectual stimulation	S			S	50%
L6	Transformational - individualized consideration				S	25%
L7	Transformational - contingent reward	S			S	50%
L8	Transformational - management -by-exception (active)					0%
L9	Transformational - management -by-exception (passive)		S			25%
L10	Transformational - laissez-fair		S			25%
L11	Transformational - extra effort	S			S	50%
L12	Transformational - effectiveness	S			S	50%
L13	Transformational - satisfaction	S	S		S	75%
L14	Servant - emotional healing	S	S		S	75%
L15	Servant - creating value for the community	S			S	50%
L16	Servant - conceptual skills	S			S	50%
L17	Servant - empowering		S			25%
L18	Servant - helping subordinates grow and successd	S	S		S	75%
L19	Servant - putting subordinates first	S	S		S	75%
L20	Servant - behaving ethically				S	25%
%	%	60%	45%	5%	70%	31%

\*Consequently, the corresponding hypotheses will be accepted.

Table - 10.5

Accepted Hypotheses at Level 0.05

Hypothesis	r	p
There is a significant positive relationship between Transformational intellectual stimulation Leadership and Profitability	0.707	0.050
There is a significant positive relationship between Transformational extra effort Leadership and Profitability	0.706	0.050
There is a significant positive relationship between Transformational effectiveness Leadership and Profitability	0.706	0.050
There is a significant positive relationship between Transformational satisfaction Leadership and Profitability	.716*	0.046
There is a significant positive relationship between Servant emotional healing Leadership and Profitability	.775*	0.024
There is a significant positive relationship between Servant helping subordinates grow and succeed Leadership and Profitability	.740*	0.036
There is a significant positive relationship between Servant subordinates first Leadership and Profitability	.709*	0.049
There is a significant positive relationship between Transformational management -by-exception (passive) Leadership and Productivity	.727*	0.041
There is a significant positive relationship between Transformational laissez-faire Leadership and Productivity	.727*	0.041
There is a significant positive relationship between Servant empowering Leadership and Productivity	.729*	0.040
There is a significant positive relationship between Servant putting subordinates first Leadership and Productivity	.722*	0.043
There is a significant positive relationship between Transformational idealized influence (attributed) Leadership and Plant Efficiency	.795*	0.018
There is a significant positive relationship between transformational idealized influence (behaviour) and Sales Volume	.305	0.025
There is a significant positive relationship between transformational motivation and Sales Volume	.269	0.049
There is a significant positive relationship between transformational intellectual stimulation and Sales Volume	.344	0.011
There is a significant positive relationship between transformational individualized consideration and Sales Volume	.334	0.014

Table - 10.5 (continued)

Hypothesis	r	P
There is a significant positive relationship between transformational contingent reward and Sales Volume	.322	0.018
There is a significant positive relationship between transformational extra effort and Sales Volume	.268	0.05
There is a significant positive relationship between transformational effectiveness and Sales Volume	.273	0.046
There is a significant positive relationship between transformational satisfaction and Sales Volume	.289	0.034
Servant emotional healing and Sales Volume	.394	0.003
Servant creating value for the community and Sales Volume	.377	0.005
Servant conceptual skills and Sales Volume	.386	0.004
Servant helping subordinates grow and success and Sales Volume	.363	0.007
Servant putting subordinates first and Sales Volume	.377	0.005
Servant behaving ethically and Sales Volume	.287	0.036

Table - 10.6

Accepted Hypotheses at Level 0.01 Table - 10.6

Accepted Hypotheses at Level 0.01

Hypothesis	r	p
There is a significant positive relationship between Leader-Member Exchange LMX Leadership and Profitability	0.645	0.084
There is a significant positive relationship between Transformational Inspirational Motivation Leadership and Profitability	0.69	0.058
There is a significant positive relationship between Transformational contingent reward Leadership and Profitability	0.682	0.062
There is a significant positive relationship between Servant creating value for the community Leadership and Profitability	0.688	0.059
There is a significant positive relationship between Servant conceptual skills Leadership and Profitability	0.664	0.072
There is a significant positive relationship between Leader-Member Exchange LMX Leadership and Productivity	0.63	0.094
There is a significant positive relationship between Transformational inspirational motivation Leadership and Productivity	0.625	0.098
There is a significant positive relationship between Transformational satisfaction Leadership and Productivity	0.701	0.053
There is a significant positive relationship between Servant emotional healing Leadership and Productivity	0.622	0.099
There is a significant positive relationship between Servant helping subordinates grow and success Leadership and Productivity	0.684	0.061

## **Chapter - 11**

### **Conclusions**

#### **11.1 Summary and General Conclusions**

This DBA thesis studied the relationship between leadership and organizational performance. Its aim was to answer the research question “how does leadership impact the organizational performance in a family business?” The main elements of this research question are: the leadership, the organizational performance, the family business, and the impact of the first element on the second one in the context of the third one (chapter - 1). Each element studied to a certain level that required for this thesis. Each of these elements took a distinguish part of the literature review (chapters - 2, 3, 4, and 5).

##### **11.1.1 Leadership**

Leadership was considered to be the first element and it was the independent variable of this research work. Its definition has been considered by many scholars, researchers, authors, and practitioners. The definition considered for the purpose of this thesis was: “leadership is the process on influencing others to achieve goals” (chapter - 2). It can be concluded by reviewing all those definition with the one I chose, that the letters of the word “LEADER” can be linked with an action that the leader has to do (as an actor) in the following way:



<b>L</b>	<b>Long Term Vision</b>
<b>E</b>	<b>Engagement of</b>
<b>A</b>	<b>All Team Members in</b>
<b>D</b>	<b>Decision Making Process &amp; Implementation of</b>
<b>E</b>	<b>Every Operational Process to Achieve Targets &amp;</b>
<b>R</b>	<b>Reviewing Results to Update Plans Periodically</b>

This link can be used to explain and clarify the concept of leadership and the role of leaders.

“Power is part of the process of influence, and influence itself is the core of the process of leadership (Northouse, 2013)”. “Power is necessary, in the sense that power’s owner had to be able to gain access to the bodies of individuals, to their acts, attitudes, and modes of every behaviour (Faubion, 1994)”. This has been mentioned in section - 2.4. It can be concluded that power is a tool used by leaders to achieve their own ends, and it is a relational concern for both leaders and followers (Northouse, 2013).

This issue; the power, will revisit in the end of the next section (11.1.2).

### **11.1.2 Family business**

Family business like any organism, born (usually by the founder and the first generation of the family), grow (usually by the first generation itself and the second one, and may be the third one as well), and then die. Thirty percent of the family businesses continue to the second generation, and less than five percent of them continue to the third generation (ward, 1997).

This means that, the majority of family businesses fail during the life of the first or the second generation. Although there are many reasons for this fail (Golob, 2013), it can be concluded that, the most important reasons that linked with or related to this thesis, are:

- Poor succession planning, and
- Unprepared next generation leaders.

The importance of choosing the family business to be the context of studying the relationship between leadership and organizational performance relates to the importance of the family business itself as it represents more than eighty percent of businesses in the world's economics (Poza, 2012). Furthermore, studying leadership in family business has another importance because leaders in a family business can be of two types: leaders can be family members or non-family members (professionals).

Refereeing back to the conclusion that “power” is the tool used by leaders to achieve their ends, the term “source of power” can pop up. In this context, it can be concluded that (section - 2.4):

1. Source of non-family members' power can be personal credibility, character, presence, skill, experience ... etc.
2. Source of family members' power can be:
  - Any of those mentioned in (1) above, which is usually not the case in any family business, or
  - Legitimate or position power which stems from authority's legitimate rights as a family member who can require or demand compliance, which is usually the case in any family business.

### **11.1.3 Organizational performance**

Organizational performance is about what organizations do to meet their visions, missions, and goals. This can be gauged by using a performance measure. Performance measures' number depends on the size of the organization itself, large organizations need more numbers of measures due to their diversified functions.

In the context of studying the performance in a family and a non-family business, it appears that researchers do not agree about which one performs better (section - 4.6). For the purpose of this thesis, it has been considered that performance is the same construct, regardless as to whether it is measured in a family or in a non-family business. But, to study the relationship between leadership and the organizational performance, I selected the context of a family business, it is my research setting (chapter - 1). The performance measures used to achieve conclusions about this relationship in that family business were the most important measures for the performance of such organization. They are: profitability, productivity, plant efficiency, and sales volume.

Linking the two concepts mentioned above, namely the leadership and the organizational performance in the context of the third one, namely the family business was the core issue of this thesis. I explained this link by the argument that “leadership is the key driver of performance” which has been supported by scholars like Kotter (2012) and researchers like Hargreaves et al. (2014) (chapter - 5). In this context, it can be concluded that the influence of the leader, as a key driver, will exceed the followers or employees directly reported to the leader, to another circle of relationships between the leader and others, like employees from lower levels, colleagues doing jobs not related to the leader, and superiors in higher levels in the organization. This influence can exceed more and go for another circle to reach customers, suppliers, and other parties outside the organization. This was explained in figure - 5.2.

For the purpose of designing the research methodology, I established a way to identify the idealized research path for any research work. The research process is a set of steps or stages that need be completed in sequence (figure - 6.1).

Research is a process of developing knowledge, where the researcher needs to design the research based on sound of ontological or epistemological assumptions, and to identify, as well, the following:

- Research philosophy,
- Research approach,
- Research design aims,
- Research methodology,
- Research strategy, and
- Research methods.

Therefore, I considered each of these as a stage (or step) that contains different choices and established (figure - 6.2). In each stage (step) there are different choices that the researcher can choose from. For example, in the research approach stage, the researcher can choose one of the two approaches: deduction or induction, and in the methodology stage, the researcher can choose one of the three methodologies: quantitative, qualitative, or the mixed-method approach.

It can be concluded that the idealized research path is identified when the researcher selects the most appropriate option from each stage, like the one shown in figure - 7.3 which represents my idealized research path.

To answer my research question “how does leadership impact organizational performance in a family business?” I tested my hypothesis that “there is a significant positive relationship between leadership (twenty subscales of three leadership styles were considered) and organizational performance (four performance measures were considered)”.

It can be concluded that this large number of hypotheses (20 leadership subscales or styles multiplied by 4 organizational performance measures = 80 hypotheses) provides information about the relationship between leadership and organizational performance that cannot be found in a single research work, as it is in this thesis.

## 11.2 Conclusions based on results and findings

1. By studying tables - 9.10, 9.11, 9.12, and 10.1, we observe the description of the relationship between the twenty leadership styles (subscales) and each of the organizational performance measures as represented in the following matrix:

Description of the relationship between the leadership styles and the performance measures	Frequency per			
	Profitability	Productivity	Plant Efficiency	Sales Volume
<b>Very Strong Positive</b>	12	9	1	-
<b>Strong Positive</b>	7	10	2	-
<b>Moderate Positive</b>	1	-	-	5
<b>Weak Positive</b>	-	-	-	9
<b>None</b>	-	1	1	6
<b>Negative</b>	-	-	16	-
<b>Total</b>	20	20	20	20

It is clear that, fifty six (56) out of eighty (80) relationships, i.e. 70%, are positive. Therefore, the concept behind the main hypothesis of this thesis is supported by this conclusion.

2. In addition, from table - 10.3, it can be concluded that:

- 1) All the leadership styles (subscales) have a positive relationship with the profitability.

- 2) Most of the leadership styles (subscales) have a positive relationship with the productivity and with the sales volume (95% and 85% respectively).
- 3) The most important leadership styles (subscales) are the following two because they have a positive relationship with all performance measures:
  - Transformational – idealized influence (behaviour), and
  - Servant – behaving ethically.

These results support, once again, the concept behind the main hypothesis of this thesis.

3. By studying the tables - 10.4, 10.5 and 10.6, it can be concluded that, there is a significant positive relationship between Leader-Member Exchange LMX and two organizational performance measures, i.e. profitability and productivity.
4. Considering the transformational leadership style, it can be concluded from the tables 10.4, 10.5, and 10.6 that:
  - 1) Transformational-satisfaction (subscale) has a significant positive relationship with each of the three organizational performance measure at the same time, i.e. profitability, productivity, and sales volume.
  - 2) There are four transformational style subscales that have a significant positive relationship with each of the two organizational performance measures (profitability and sales volume) at the same time; these are:
    - Transformational – intellectual stimulation,
    - Transformational – contingent reward,
    - Transformational – extra effort, and
    - Transformational – effectiveness.

- 3) There is only one transformational leadership subscale that has a significant positive relationship with these two organizational performance measures, i.e. productivity and sales volume. This subscale is: transformational-inspirational motivation.
5. Considering the servant leadership style, it can be concluded from tables - 10.4, 10.5, and 10.6 once again, that:
  - 1) There are three out of the seven subscales of this leadership style that have a significant positive relationships with three of organizational performance measures (profitability, productivity, and sales volume) at the same time. They are:
    - Servant – emotional healing,
    - Servant – helping subordinates grow and succeed, and
    - Servant – putting subordinates first.
  - 2) There are another two subscales that have a significant positive relationships with only two organizational performance measures (profitability and sales volume) at the same time, they are:
    - Servant – creating value for the community, and
    - Servant – conceptual skills.
6. By studying table - 10.4 and points 2,3, 4 and 5 above, it can be concluded that, the most important leadership styles are:
  - 1) Priority - 1 (most important):
    - Transformational – satisfaction,
    - Servant – emotional healing,
    - Servant – helping subordinates grow and success, and
    - Servant – putting subordinates first.

This is because they have a significant positive relationship with three (75%) of the four organizational performance measures.

2) Priority - 2:

- Leader-Member Exchange LMX,
- Transformational – intellectual stimulation,
- Transformational – contingent reward,
- Transformational – extra effort
- Transformational – effectiveness,
- Servant – creating value for the community, and
- Servant – conceptual skills.

This is because they have a significant positive relationship with two (50%) of the four organizational performance measures.

3) Priority - 3

- Transformational – idealized influence(attributed),
- Transformational – idealized influence (behaviour),
- Transformational – individualized consideration,
- Transformational – management – by – exception (passive),
- Transformational – laissez – fair,
- Servant – empowering, and
- Servant – behaving ethically.

This is because they have a significant positive relationship with only one (25%) of the four organizational performance measures.



### **11.3 Theoretical and Practical Contribution**

This thesis provides information about studying the relationship between leadership and organizational performance, this can add to the literature of studying such relationship. This information can be useful for researchers and practitioners; i.e. theoretical and practical.

#### **11.3.1 Theoretical Contribution**

This study offers new empirical evidence to understand the relationship between leadership and organizational performance. Unlike most research work, this study considered three main styles of leadership with all their twenty subscales at the same time. Furthermore, it considered four main organizational performance measures at the same time as well. And therefore, it linked them together by establishing  $20 \times 4 = 80$  hypotheses to explore the relationship between each leadership subscale with each organizational performance measure. The final results using SPSS-24 – Person's correlation  $r$  showed that thirty six (36) out of eighty (80) hypotheses (45%) are accepted (tables - 10.4, 10.5 and 10.6).

#### **11.3.2 Practical Contribution**

Good performance in any organization, especially a family business one, is a main key indicator for its success. Furthermore, leadership is considered as the key driver of this performance (chapter - 5). Therefore, studying the link between them, the leadership and the performance, became a key issue in any organization. This thesis concluded that many kinds of leadership styles can have a positive impact on the performance, and this impact can be statistically significant.

Applying the above in the context of practice, i.e. professional world, is very important for any organization. Especially in a family business, this is not only very important, but also a very

critical issue, since this type of organizations might have two kinds of leaders; family and non-family members. It has been noticed that two of the main reasons why family businesses fail (section - 3.1) are: poor succession planning and unprepared next generation leaders. In this light, the results of this thesis could improve the performance of any organization by considering the recommended leadership styles in the process of building its competency system, and this will impact on the plans of recruiting and training its leaders, be they family or non-family members.

## **11.4 Recommendations**

1. The results in tables - 10.4, 10.5, and 10.6 can be used by any family business as key indicators to establish its leaders' competencies. Based on these competencies it can build its human resources (HR) systems starting from the recruitment process (searching, screening, interviewing, and selecting), career path, training, appraisals and managing performance, as well as the compensation and benefits systems.
2. Based on the results that show the highly important leadership styles (subscales):

Priority - 1

- Transformational-satisfaction,
- Servant-emotional healing,
- Servant-helping subordinates grow and success, and
- Servant-putting subordinates first

And priority – 2:

- Leader-Member Exchange LMX,
- Transformational-intellectual stimulation,

- Transformational-contingent reward,
- Transformational-extra effort
- Transformational-effectiveness,
- Servant-creating value for the community, and
- Servant-conceptual skills.

It is recommended the family businesses to encourage newly recruited, as well as existing leaders to establish and improve the organizational culture through their paradigmatic behaviours and actions. This can be achieved by training and supporting leaders, be they family or non-family members, to adopt these leadership styles.

3. Based on the results that show there is a significant positive relationship between all the following leadership styles (subscales) and profitability which is a key indicator of organizational performance in any business, then these leadership styles can be considered as the most important and need to be considered in any HR activity related to the leaders of the organization, especially at the top and middle management levels:

- Leader-Member Exchange LMX.
- Transformational – intellectual stimulation.
- Transformational – contingent reward.
- Transformational – extra effort.
- Transformational – effectiveness.
- Transformational – satisfaction.
- Servant – emotional healing.
- Servant – creating value for the community.
- Servant – conceptual skills.
- Servant – helping subordinates grow and success.

- Servant – putting subordinates first.
4. Based on the results that show there is a significant positive relationship between all the following leadership styles (subscales) and productivity which is another key indicator of organizational performance in any business, then these leadership styles can be considered as the most important and need to be considered, once again, in any HR activity related to the leaders of the organization, especially at the top and middle management:
- Leader-Member Exchange LMX.
  - Transformational – inspirational motivation.
  - Transformational – management – by – exception (passive).
  - Transformational – laissez – faire.
  - Transformational – satisfaction.
  - Servant – emotional healing.
  - Servant – empowering.
  - Servant – helping subordinates grow and success.
  - Servant – putting subordinates first.
5. The only leadership style (subscale) that has an impact on the plant efficiency, i.e. one of the organizational performance measures, is transformational – idealized influence (attributed). Family businesses need to concentrate on this style in all HR activities associated with plants Directors and Managers.
6. Particularly for Sales Directors and Managers, as shown from the results in tables - 10.4 and 10.6, it is clear that 70% of the leadership subscales have a significant positive relationship with sales volume.

This leads to recommend the family businesses to develop their sales leaders, starting from recruitment, and set in place leadership training programs to develop their skills according

to these leadership styles (subscales) requirements. These leadership styles are:

- Transformational – idealized influence (behaviour).
- Transformational – inspirational motivation.
- Transformational – intellectual stimulation.
- Transformational – individualized consideration.
- Transformational – contingent reward.
- Transformational – extra effort.
- Transformational – effectiveness.
- Transformational – satisfaction.
- Servant – emotional healing.
- Servant – creating value for the community.
- Servant – conceptual skills.
- Servant – helping subordinates grow and succeed.
- Servant – putting subordinates first.
- Servant – behaving ethically.

7. Family business organizations need to act on points 1 to 6 above in order to be healthy, i.e. its performance to be excellent, so that could survive and sustain excellent performance to thrive in the future (review section-5.3).
8. Based on the results of table-9.10 that show all the relationships between all leadership styles (subscales) and profitability (the key indicator of organizational performance in any organization, especially in a family business) are either moderate positive, strong positive, or very strong positive, and in the same time, some of these relationship are statistically significant, which confirm the argument that leadership is the key driver of the

organizational performance in any organization (review chapter-5), then the old generation in a family business needs to concentrate on recommendations 1 to 7 above in order to:

- Prepare the next generation of family managers and leaders,
- Improve their leadership skills,
- Develop their career programs before joining the business,
- Clearly identify the capabilities and competencies required from them, and
- Clearly identify the method of selecting future leaders.

9. Based on the accepted hypotheses where the relationships between leadership and organizational performance are significant and positive (see the matrix in the end of this section), which show that most of those relationships engaged with deferent sources of leader's power rather than the legitimate or authority power (which is usually associated with family members in any family business), then old generations in a family business organizations need to teach the family members of the new generations starting from their early ages, that the power required for them as future leaders should depend on their capabilities and leadership skills and styles rather than their legitimate authority as family members (the above recommended leadership styles should be particularly considered in this case).

10. Considering point 1.6 in section 10.4 where it is mentioned “there are fifteen subscales showing a positive relationships with three out of the four organizational performance measures” and in addition to the two leadership subscales that have a positive relationship with all the four performance measures (table-10.3), it can be recommended that family business organizations need to consider all these leadership styles in their plans to prepare the new generations to be the future leaders. This recommendation is especially relevant,

since those positive relationships are statistically significant as well, as shown in the following matrix.

The information provided in this matrix led to the accepted hypotheses shown in tables – 10.5 and 10.6.

Leaders Style (subscale)		Profitability	Productivity	Plant Efficiency	Sales Volume
L1	Leader-Member Exchange LMX	positive & significant	positive & significant		
L2	Transformational - idealized influence (attributed)			positive & significant	
L3	Transformational - idealized influence (behaviour)				positive & significant
L4	Transformational - inspirational motivation	positive & significant	positive & significant		positive & significant
L5	Transformational - intellectual stimulation	positive & significant			positive & significant
L6	Transformational - individualized consideration				positive & significant
L7	Transformational - contingent reward	positive & significant			positive & significant
L8	Transformational - management -by-exception (active)		positive & significant		
L9	Transformational - management -by-exception (passive)		positive & significant		
L10	Transformational - laissez-fair				
L11	Transformational - extra effort	positive & significant			positive & significant
L12	Transformational - effectiveness	positive & significant			positive & significant
L13	Transformational - satisfaction	positive & significant	positive & significant		positive & significant
L14	Servant - emotional healing	positive & significant	positive & significant		positive & significant
L15	Servant - creating value for the community	positive & significant			positive & significant
L16	Servant - conceptual skills	positive & significant			positive & significant
L17	Servant - empowering		positive & significant		
L18	Servant - helping subordinates grow and success	positive & significant	positive & significant		positive & significant
L19	Servant - putting subordinates first	positive & significant	positive & significant		positive & significant
L20	Servant - behaving ethically				positive & significant



## **11.5 Limitations and Recommendations for Future Research**

1. This research is about examining the relationship between leadership and organizational performance in a family business. The study was conducted in El-Saeed group of companies in Egypt, which is a family business, and even though this organization includes many companies working in different industries, there is still the limitation that a single family organization was studied. My recommendations for future research are:

- a) Considering more family businesses is necessary in order to provide the ability to generalize the findings.
- b) Considering two groups of leaders in different family businesses, i.e. family members leaders and nonfamily members leaders is also necessary in order to compare between the results of studying the relationship between their leadership styles and the organizational performance. This comparison can help in identifying which relationship is significantly positive and which is not.
- c) Studying the relationship between leadership styles and organizational performance in family and nonfamily businesses at the same time, can provide more information about which is performing better, and about the difference between leading the nonfamily business by professionals and leading the family business usually by family members.

2. Although the leaders' number (76) and the participants' number (588) are large enough for the purpose of this research work, the small number of plants' leaders (manufacturing Directors / Managers), which was nine (9), did not give me the opportunity to examine the relationship between their leadership styles and the plant efficiency as an organizational performance measure. This was a challenge I faced during the phase of data collection, and certainly it was not part of the initial research design, since at that time I knew the following about the four industrial companies that belong to my research setting: company one has three plants, company

two has three plants, company three has six plants, and company four has five plants (there should be  $3 + 3 + 6 + 5 = 17$  plants = 17 leaders = on average  $17 \times 7$  (raters) = 119 participants). However, the available historical data regarding efficiency considered each of these companies as one plant.

3. My recommendation for future research, and for El-Saeed group top management as well, is to consider separately the efficiency of each plant in each industrial company.

Considering my research aims, I decided not to ask for such data at that phase, because, on one hand it would have taken a long time to go back sixty (60) months to provide the data, and on the other hand the plant efficiency is just one of the four organizational performance measures considered for this research work. If it was the only one, then it would have been essential to collect data in that form.

4. Unlike most research works I reviewed, the current study considered a very large number of leadership styles (twenty leadership styles –subscales). However, it did not include some popular leadership styles, like autocratic and democratic. My recommendation for future research and especially for doctorate students, who intend to repeat this study in family businesses, is to consider more leadership styles. Admittedly, increasing the number of leadership styles might increase the research work size beyond reasonable expectations. To avoid this, I recommend future researchers to increase the number of leadership styles, however, to examine their relationships with only one or two organizational performance measures, instead of the four that I used in this research.
5. Even though the organizational performance measures considered in this research work are the most important ones for any organization, the study is still limited, in the sense that it did not considered more organizational performance measures, especially non-financial measures like employees' satisfaction, customers' satisfaction, etc. My recommendation for

future research is to expand the organizational performance measures included in the work. In this case, unlike what mentioned in point 3 above, future research can consider the relationship of only one or two leadership styles with a higher number of organizational performance measures.

6. Following from points 4 and 5 above, my recommendation to research units or institutions is to establish a matrix like the one shown in table - 11.1. Each cell of such matrix represents a relationship between the associated leadership (row  $i$ ,  $i = 1, 2, \dots, m$ ) and an organizational performance measure (column  $j$ ,  $j = 1, 2, \dots, n$ ). Expanding and repeating research associated with each cell can add to our practical and theoretical knowledge.

Table - 11.1  
Relationship between leadership styles – subscales and  
organizational performance measures

Leadership Style-Subscale	Organizational Performance Measures					
	1	2	3	.....		n
1						
2						
3						
.						
.						
.						
m						

7. Furthermore, there is another limitation of this research work, it is the interpretation of the correlation when this research concentrate in sec.-9.1.3 on the positive quadrant; i.e. the high leadership score and the uptrend for the four organizational performance measures. Studying the relationship between moderate or low leadership style score with uptrend for organizational performance measures, and between moderate or low leadership style score with no-trend or downtrend for organizational performance measures need to considered and interpreted. This could be an area for further future research.
8. Although the bivariate analysis considers the whole range of values of the independent and dependent variables; i.e. the high, moderate, and low leadership style scores and the uptrend, no-trend and downtrend for the organizational performance measures, the conclusions and recommendations of this research work based on the significant positive relationships between the 20 leadership styles (subscales) and the 4 organizational performance measures (they are 36 out of 80 = 45%). From theoretical and practical point of views, studying the negative correlation is also important, especially when the level of the leadership style is high and the performance measure is downtrend, or when the level of the leadership style is low and the performance measure is uptrend. More investigation and interpretation can be considered for further future research.

## **11.6 Reflections**

Based on the results and findings of this research, I discovered that prejudgments and building convictions or believes about a concept, like the leadership or any issue related to the family business, do not need be right or accepted all the times. To explain, and to link this with

my long experience with HSA group and its subgroup El-Saeed – Egypt, a number of very strong convictions were created in my mind previously, like:

1. The non-family business performs better than the family business. This is because the first one is managed by professionals, while the second one is usually managed by family members who might even be illiterate and with no experience.
2. The family business can perform better if it is managed by professionals rather than family members for the same above reasons.
3. Management models, usually, are management by objects, management by exception, management by walking around, ... etc. In the family business, any of these models can be encountered, but the most likely model that can be is what I call “management by ownership”. Family members usually say “I want it like this”, “do it as I told you”, “you are right, but do it in my way”, and so on.
4. Dictatorial leadership is the most likely style to be encountered in the family business that is managed by family members.
5. The impact of the decision making process on the organizational culture could be negative in most cases, when the family business is managed by family members.

HSA and El-Saeed groups had a common family practice when they employ their fresh graduate family members in a high level position, usually General Managers, or sometimes Deputy General Managers for a couple of years and then promoted to General Managers. This practice was the main reason for those convictions, i.e. the lack of professionalism, experience, knowledge, and leadership skills and styles. This is in agreement with the two reasons I picked

(section-5.4) from the ten main reasons argued by Golob (2013) to explain why family business failed (section-3.1). Those two reasons were:

- Poor succession plan, and
- Unprepared next generation leaders.

because both reasons point to an absence of actions for preparing family members to become future leaders.

During my DBA journey, I discovered that those convictions do not need be universally accepted all the times. I learned from reviewing the family and non-family business performance literature that researchers do not agree on which of them performs better. Contrary to my convictions, some researchers found that family business performs better, like Allouche et al. (2008), and the impact of family involvement on organizational performance in the organizations controlled by families represent a better form of corporate governance with positive impact on organizational performance.

On the other hand, I learned from reviewing the leadership literature that the leadership style needs be studied by using a well-designed questionnaire rather than any prejudgment. Although the family members behaviour (as managers) seems to stem from a dictatorial leadership style, they may also have other leadership styles. It has been shown in figure-9.1 and appendix-F, that most of leadership subscales presented a high score for most of the leaders considered in this study including the family members.

It has been mentioned in section - 3.5 that: “Success of the family business requires the business to be healthy and the family itself to be healthy as well”. The main issue here is the mixing of the family with the business, as this causes a dual impact both on the management

process of the business, and on the policies needed to manage the family itself (Rouvinez and Ward, 2005)”. Section - 3.6 mentioned the family business life cycle, and considered that the organization like any organism is born, grow, and then die.

The research setting of my thesis is El-Saeed group – Egypt, which is a subgroup of its mother group of companies called HSA group (chapter - 1).

I have worked with HSA for more than six years, and with its subgroup (El-Saeed group) for more than fifteen years, (that was on 2014 when I decided to join London Metropolitan University to do my DBA), i.e. in total for more than twenty years in this family business. During this time I have realized that, HSA is in a very critical situation, as it is in the maturity stage of its life cycle (Janssen, 2011 – section – 3.6) and it is still expanding. This realization was based on the following variables:

1. The size of the family had increased dramatically, especially when considering that around fifty five family members were working with its businesses all over the world,
2. The size of its businesses increased dramatically as well. Its businesses were distributed in different regions and countries. It has around a hundred companies working in diversified fields (chapter - 1). However, it has lost the founders and the first generation. Many family members from the second generation still exist and work in the business, in addition to the third and fourth generations.

My conclusion was that, this family business would be very soon in the exit or decline stage (Section - 3.6). My aim at that time, as a researcher, was to study the impact of leadership on the family business life cycle (considering HSA as the research setting) in order to conclude how to expand, as much as I can, the maturity stage of its life cycle before it reaches or be in

the exit or decline stage, and then to think about how to renew the business in order to start another life cycle.

On March 2015, after around six months from the starting date of my DBA journey, the war on Yemen started, (more than 50% of HSA businesses' size is in Yemen). All the family members left Yemen and their jobs there. Most of them became jobless because HSA businesses outside Yemen could not offer them jobs. The headquarters moved from Yemen to Dubai, and the top management started to interfere more and more with businesses in other regions outside Yemen. Conflicts started, and family members who had established the businesses outside Yemen resisted by not allowing such interference, and started emphasising that the companies in their regions are their “babies” and a restructuring of the shareholding and ownership need to be reviewed.

By the end of the academic year 2014-2015, I changed my mind about my research question, and consequently my research proposal, so I moved from “does leadership impact the family business life cycle?” towards “does leadership impact the family business organizational performance?” As a result, my research setting changed from the mother group HSA all over the world, to be only its subgroup El-Saeed group – Egypt.

During the first stage of building my thesis' structure, I found that the literature is very rich in considering each element of my research question, namely: the leadership, the family business, the organizational performance, and linking them together. This put me under pressure to read about each of them to understand the definition, the features, and the concept of each element, and then on the link or relationships between them. In this context, I was surprised to find many research studies, papers and theses, that considered a similar topic to my thesis or very closed to it. It was a big challenge for me to go in this direction and to do this research in



a way that puts my thesis as “unique” in this “crowd” of research work. To do this, I decided to study the relationship between different leadership styles and different organizational performance measures, and to test (20 leadership styles or subscales multiplied by 4 performance measures) = 80 hypotheses. The importance of this was not the “large work” in testing these hypotheses statistically, but it was the “big picture” that I could reach through the possibility to identify the positive significant link between each of the leadership styles and each of the performance measures.

On the other hand, and when I started to identify my research methodology, I found that it could be considered as a process that contains “stages”. Based on the theoretical antecedents, a researcher needs to identify the research philosophy. I considered this as a stage, where, there are various selections available: positivism, critical realism, interpretivism ... etc. My research philosophy was positivism, and based on this I considered the next stage to identify my research approach, which is either deduction or induction, and so on. I called this process the identification of the “idealized research path”. Then I established figure - 7.3 to illustrate this process.

Depending on this explanation, it is easy for me, or for any researcher to look on this figure in order to identify the “idealized research path”.

Finally, and based on the limitations stated in section - 11.5, I could say that if I had more time, or if I was going to study this topic again, I would consider the following requirements:

1. Study the relationship between leadership and the performance in a family and in a non - family organizations at the same time in order to conclude if there are any differences between the impact of the first variable (leadership) on the second one (performance) in both organizations.

2. Study the relationship between leadership and performance in family business that was led by family members and non - family employees in order to reach a comparison between the results from both and to understand if the power of family membership can make a difference.

Due to the requirements of this thesis, and the time available, I can emphasise that its findings are important and can be an addition to literature on the theoretical side, and that they would add value in any organization, whether it is a family or a non-family organization.

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# **Appendices**

**Appendix-A**

Questionnaire

# **Leadership Questionnaire**

## **Leaders Form**

**Name** :.....

**Date** :.....

**Position:**.....

## Part-1

This part contains items that ask you to describe your relationship with your subordinates. For each of the items, indicate the degree to which you think the item is true for you by circling one of the responses that appear below the item.

1	Do you know where you stand with your follower... [And] do you usually know how satisfied your follower is with you do?				
	Rarely	Occasionally	sometimes	fairly often	very often
	1	2	3	4	5
2	How well does your follower understand your job problems and need?				
	Not a bit	A little	A fair amount	Quite a bit	A great deal
	1	2	3	4	5
3	How well does your follower recognize your potential?				
	Not a bit	A little	Moderately	Mostly	Fully
	1	2	3	4	5
4	Regardless of how much formal authority your follower has built into his or her position, what are the chances that your follower would use his or her power to help you solve problems in your work?				
	None	Small	Moderate	High	Very high
	1	2	3	4	5
5	Again, regardless of how amount of formal authority your follower has, what are that chances that he or she would "bail you out" at his or her expense?				
	None	Small	Moderate	High	Very high
	1	2	3	4	5
6	I have enough confidence in my follower that I would defend and justify his or her decision if he or she were not present to do so?				
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
7	How would you characterize your working relationship with your follower?				

	Extremely Ineffective	Worse than average	Average	Better than Average	Extremely effective
	1	2	3	4	5

## Part-2

This part is to describe your leadership style as you perceive it. Please judge how frequently each of the following statement fits you to answer all items. **If an item is irrelevant, or if you are unsure or do not know the answer, leave the answer blank.** The word “others” may mean your peers, clients, direct reports, supervisors, and/or all of these individuals.

Use the following rating scale:

<b>Not at all</b>	<b>Once in a while</b>	<b>Someti mes</b>	<b>Fairly often</b>	<b>Frequently if not always</b>
0	1	2	3	4

1	I provide others with assistance in exchange for their efforts.	0	1	2	3	4
2	I re-examine critical assumptions to question whether they are appropriate	0	1	2	3	4
3	I fail to interfere until problems become serious	0	1	2	3	4
4	I focus attention on irregularities, mistakes, exceptions, and deviations from standards	0	1	2	3	4
5	I avoid getting involved when important issues arise	0	1	2	3	4
6	I talk about my most important values and beliefs	0	1	2	3	4
7	I am absent when needed	0	1	2	3	4
8	I seek differing perspectives when solving problems	0	1	2	3	4
9	I talk optimistically about the future	0	1	2	3	4
10	I instill pride in others for being associated with me	0	1	2	3	4
11	I discuss in specific terms who is responsible for achieving performance targets	0	1	2	3	4
12	I wait for things to go wrong before taking action	0	1	2	3	4
13	I talk enthusiastically about what needs to be accomplished	0	1	2	3	4
14	I specify the importance of having a strong sense of purpose	0	1	2	3	4
15	I spend time teaching and coaching	0	1	2	3	4
16	I make clear what one can expect to receive when performance goals are achieved	0	1	2	3	4
17	I show that I am a firm believer in "If it ain't broke, don't fix it."	0	1	2	3	4
18	I go beyond self-interest for the good of the group	0	1	2	3	4

19	I treat others as individuals rather than just as a member of a group	0	1	2	3	4
20	I demonstrate that problems must become chronic before I take action	0	1	2	3	4
21	I act in ways that build others' respect for me	0	1	2	3	4
22	I concentrate my full attention on dealing with mistakes, complaints, and failures	0	1	2	3	4
23	I consider the moral and ethical consequences of decisions	0	1	2	3	4
24	I keep track of all mistakes	0	1	2	3	4
25	I display a sense of power and confidence	0	1	2	3	4
26	I articulate a compelling vision of the future	0	1	2	3	4
27	I direct my attention toward failures to meet standards	0	1	2	3	4
28	I avoid making decisions	0	1	2	3	4
29	I consider an individual as having different needs, abilities, and aspirations from others	0	1	2	3	4
30	I get others to look at problems from many different angles	0	1	2	3	4
31	I help others to develop their strengths	0	1	2	3	4
32	I suggest new ways of looking at how to complete assignments	0	1	2	3	4
33	I delay responding to urgent questions	0	1	2	3	4
34	I emphasize the importance of having a collective sense of mission	0	1	2	3	4
35	I express satisfaction when others meet expectations	0	1	2	3	4
36	I express confidence that goals will be achieved	0	1	2	3	4
37	I am effective in meeting others' job-related needs	0	1	2	3	4

38	I use methods of leadership that are satisfying	0	1	2	3	4
39	I get others to do more than they expected to do	0	1	2	3	4
40	I am effective in representing others to higher authority	0	1	2	3	4
41	I work with others in a satisfactory way	0	1	2	3	4
42	I heighten others' desire to succeed	0	1	2	3	4
43	I am effective in meeting organizational requirements	0	1	2	3	4
44	I increase others' willingness to try harder	0	1	2	3	4
45	I lead a group that is effective	0	1	2	3	4

## Part-3

In this part, please select the relevant answer using the following key:

1 = Strongly disagree
2 = Disagree
3 = Disagree somewhat
4 = Undecided
5 = Agree Somewhat
6 = Agree
7 = Strongly agree



1	Others would seeks help from me if they had a personal problem.	1	2	3	4	5	6	7
2	I emphasize the importance of giving back to the community.	1	2	3	4	5	6	7
3	I can tell if something work related is going wrong.	1	2	3	4	5	6	7
4	I give others the responsibility to make important decisions about their own jobs.	1	2	3	4	5	6	7
5	I make others' career development a priority.	1	2	3	4	5	6	7
6	I care more about others' success than my own.	1	2	3	4	5	6	7
7	I hold high ethical standards.	1	2	3	4	5	6	7
8	I care about others' personal well-being.	1	2	3	4	5	6	7
9	I always interested in helping people in the community.	1	2	3	4	5	6	7
10	I able to think through complex problems.	1	2	3	4	5	6	7
11	I encourage others to handle important work decisions on their own.	1	2	3	4	5	6	7
12	I interested in making sure others reach their Career goals.	1	2	3	4	5	6	7
13	I put others best interests above his/her own.	1	2	3	4	5	6	7
14	I always honest.	1	2	3	4	5	6	7
15	I take time to talk to others on a personal level.	1	2	3	4	5	6	7
16	I involved in community activities.	1	2	3	4	5	6	7
17	I have a thorough understanding of the organization and its goals.	1	2	3	4	5	6	7

18	I give others the freedom to handle difficult situations in the way they feel is best.	1	2	3	4	5	6	7
19	I provide others with work experience that enable them to develop new skills.	1	2	3	4	5	6	7
20	I sacrifice my own interests to meet others' needs.	1	2	3	4	5	6	7
21	I would not compromise ethical principals in order to meet success.	1	2	3	4	5	6	7
22	I can recognize when others are feeling down without asking them.	1	2	3	4	5	6	7
23	I encourage others to volunteer in the community.	1	2	3	4	5	6	7
24	I can solve work problems with new or creative ideas.	1	2	3	4	5	6	7
25	If others need to make important decisions at work, they do not need to consult me.	1	2	3	4	5	6	7
26	I want to know about others' career goals.	1	2	3	4	5	6	7
27	I do what I can make others' jobs easier.	1	2	3	4	5	6	7
28	I value honesty more than profits.	1	2	3	4	5	6	7

# Leadership Questionnaire

## Raters Form

**Name** :.....

**Date** :.....

**Position:**.....

## Part-1

This part contains items that ask you to describe your relationship with your leader. For each of the items, indicate the degree to which you think the item is true for you by circling one of the responses that appear below the item.

1	Do you know where you stand with your leader... [And] do you usually know how satisfied your leader is with you do?				
	Rarely	Occasionally	sometimes	fairly often	very often
	1	2	3	4	5
2	How well does your leader understand your job problems and need?				
	Not a bit	A little	A fair amount	Quite a bit	A great deal
	1	2	3	4	5
3	How well does your leader recognize your potential?				
	Not a bit	A little	Moderately	Mostly	Fully
	1	2	3	4	5
4	Regardless of how much formal authority your leader has built into his or her position, what are the chances that your leader would use his or her power to help you solve problems in your work?				
	None	Small	Moderate	High	Very high
	1	2	3	4	5
5	Again, regardless of how amount of formal authority your leader has, what are that chances that he or she would "bail you out" at his or her expense?				
	None	Small	Moderate	High	Very high
	1	2	3	4	5
6	I have enough confidence in my leader that I would defend and justify his or her decision if he or she were not present to do so?				
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
7	How would you characterize your working relationship with your leader?				

	Extremely Ineffective	Worse than average	Average	Better than Average	Extremely effective
	1	2	3	4	5

## Part-2

Name of Leader: \_\_\_\_\_ Position: \_\_\_\_\_

This part is to describe the leadership style of the above-mentioned individual as you perceive it. Please answer all items on this answer sheet. **If an item is irrelevant, or if you are unsure or do not know the answer, leave the answer blank.** Please answer this questionnaire anonymously.

IMPORTANT (necessary for processing): Which best describes you?

\_\_\_ I am at a higher organizational level than the person I am rating.

\_\_\_ The person I am rating is at my organizational level.

\_\_\_ I am at a lower organizational level than the person I am rating.

\_\_\_ I do not wish my organizational level to be known.

Use the following rating scale:

<b>Not at all</b>	<b>Once in a while</b>	<b>Sometimes</b>	<b>Fairly often</b>	<b>Frequently if not always</b>
0	1	2	3	4

1	I provide others with assistance in exchange for their efforts.	0	1	2	3	4
2	I re-examine critical assumptions to question whether they are appropriate	0	1	2	3	4
3	I fail to interfere until problems become serious	0	1	2	3	4
4	I focus attention on irregularities, mistakes, exceptions, and deviations from standards	0	1	2	3	4
5	I avoid getting involved when important issues arise	0	1	2	3	4
6	I talk about my most important values and beliefs	0	1	2	3	4
7	I am absent when needed	0	1	2	3	4
8	I seek differing perspectives when solving problems	0	1	2	3	4
9	I talk optimistically about the future	0	1	2	3	4
10	I instill pride in others for being associated with me	0	1	2	3	4
11	I discuss in specific terms who is responsible for achieving performance targets	0	1	2	3	4
12	I wait for things to go wrong before taking action	0	1	2	3	4
13	I talk enthusiastically about what needs to be accomplished	0	1	2	3	4
14	I specify the importance of having a strong sense of purpose	0	1	2	3	4
15	I spend time teaching and coaching	0	1	2	3	4
16	I make clear what one can expect to receive when performance goals are achieved	0	1	2	3	4
17	I show that I am a firm believer in "If it ain't broke, don't fix it."	0	1	2	3	4
18	I go beyond self-interest for the good of the group	0	1	2	3	4
19	I treat others as individuals rather than just as a member of a group	0	1	2	3	4

20	I demonstrate that problems must become chronic before I take action	0	1	2	3	4
21	I act in ways that build others' respect for me	0	1	2	3	4
22	I concentrate my full attention on dealing with mistakes, complaints, and failures	0	1	2	3	4
23	I consider the moral and ethical consequences of decisions	0	1	2	3	4
24	I keep track of all mistakes	0	1	2	3	4
25	I display a sense of power and confidence	0	1	2	3	4
26	I articulate a compelling vision of the future	0	1	2	3	4
27	I direct my attention toward failures to meet standards	0	1	2	3	4
28	I avoid making decisions	0	1	2	3	4
29	I consider an individual as having different needs, abilities, and aspirations from others	0	1	2	3	4
30	I get others to look at problems from many different angles	0	1	2	3	4
31	I help others to develop their strengths	0	1	2	3	4
32	I suggest new ways of looking at how to complete assignments	0	1	2	3	4
33	I delay responding to urgent questions	0	1	2	3	4
34	I emphasize the importance of having a collective sense of mission	0	1	2	3	4
35	I express satisfaction when others meet expectations	0	1	2	3	4
36	I express confidence that goals will be achieved	0	1	2	3	4
37	I am effective in meeting others' job-related needs	0	1	2	3	4
38	I use methods of leadership that are satisfying	0	1	2	3	4
39	I get others to do more than they expected to do	0	1	2	3	4

40	I am effective in representing others to higher authority	0	1	2	3	4
41	I work with others in a satisfactory way	0	1	2	3	4
42	I heighten others' desire to succeed	0	1	2	3	4
43	I am effective in meeting organizational requirements	0	1	2	3	4
44	I increase others' willingness to try harder	0	1	2	3	4
45	I lead a group that is effective	0	1	2	3	4

## Part-3

In this part, please select the relevant answer using the following key:

1 = Strongly disagree
2 = Disagree
3 = Disagree somewhat
4 = Undecided
5 = Agree Somewhat
6 = Agree
7 = Strongly agree



1	Others would seeks help from him/ her if they had a personal problem .	1	2	3	4	5	6	7
2	He/She emphasize the importance of giving back to The community.	1	2	3	4	5	6	7
3	He/She can tell if something work related is going wrong.	1	2	3	4	5	6	7
4	He/She gives others the responsibility to make important decisions about their own jobs.	1	2	3	4	5	6	7
5	He/She make others' career development a priority.	1	2	3	4	5	6	7
6	He/She cares more about others' success than his/her own.	1	2	3	4	5	6	7
7	He/She holds high ethical standards.	1	2	3	4	5	6	7
8	He/She cares about others' personal well-being.	1	2	3	4	5	6	7
9	He/She is always interested in helping people in the community.	1	2	3	4	5	6	7
10	He/She is able to think through complex problems.	1	2	3	4	5	6	7
11	He/She encourages others to handle important work decisions on their own.	1	2	3	4	5	6	7
12	He/She interested in making sure others reach their Career goals.	1	2	3	4	5	6	7
13	He/She puts others best interests above his/her own.	1	2	3	4	5	6	7
14	He/She is always honest.	1	2	3	4	5	6	7
15	He/She takes time to talk to others on a personal level.	1	2	3	4	5	6	7
16	He/She is involved in community activities.	1	2	3	4	5	6	7
17	He/She has a thorough understanding of the organization and its goals.	1	2	3	4	5	6	7
18	He/She gives others the freedom to handle difficult situations in the way they feel is best.	1	2	3	4	5	6	7
19	He/She provides others with work experience that enable them to develop new skills.	1	2	3	4	5	6	7
20	He/She sacrifices his/her own interests to meet others' needs.	1	2	3	4	5	6	7
21	He/She would not compromise ethical principals in order to meet success.	1	2	3	4	5	6	7
22	He/She can recognize when others are feeling down without asking them.	1	2	3	4	5	6	7
23	He/She encourages others to volunteer in the community.	1	2	3	4	5	6	7
24	He/She can solve work problems with new or creative ideas.	1	2	3	4	5	6	7
25	If others need to make important decisions at work, they do not need to consult him/her.	1	2	3	4	5	6	7
26	He/She wants to know about others' career goals.	1	2	3	4	5	6	7
27	He/She does what he/she can make others' jobs easier.	1	2	3	4	5	6	7
28	He/She values honesty more than profits.	1	2	3	4	5	6	7

## Appendix-B

1<sup>st</sup> permission to use MLQ for 50 participants.

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Authors: *Bruce Avolio and Bernard Bass*

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Sincerely,

Robert Most

Mind Garden, Inc.

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**2<sup>nd</sup> permission to use MLQ for the 588 participants**

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The entire instrument may not be included or reproduced at any time in any published material.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Most", followed by a horizontal line.

Robert Most  
Mind Garden, Inc.  
www.mindgarde

## Appendix-C

### My letter to the participants

24 /8/2016

Dear Colleague,

Hope you are well.

As you know, I am doing a Doctorate of Business Administration at London Metropolitan University – UK, and as a part of my study, I have to submit a thesis titled “Impact of Leadership on Organizational Performance in a Family Business – The Case of ElSaeed Group”.

To assist me, I would be grateful if you could kindly complete the attached questionnaire of three parts about leadership.

Although I fully understand your time limitation, your quick respond will be highly appreciated. Please use the enclosed envelope which contains on its face the statement “**Confidential and Private to Dr. Nidhal**” in order to send me back the filled questionnaire. It is important to know that this questionnaire will be confidential and is not going to be use for any of the company’s activities; it will use for academic purpose only, so it is not necessary to write your name in case that you are a rater.

I am expecting your response within 15 working days starting from this letter’s date.

Best regards.



Dr. Nidhal Hameed Hussein Al-Sarraf

## Appendix-D

El-Saeed Investment Group Managing Director's letter



EL SAEED INVESTMENT GROUP

مجموعة السعيد للاستثمار

24/8/2016

**To:** All Companies General Managers,  
Functional Directors,  
Departmental Managers

Dear All,

I would like to let you know that I approved for Dr. Nidhal Hameed Hussein Al-Sarraf to do his Doctorate of Business Administration at London Metropolitan University – UK. As part of his study, I approved for him to use our organization as a case for his research titled “Impact of Leadership on Organizational Performance in a Family Business”.

**I would be pleased if you assist and support his research by providing the required data through:**

1. Filling any questionnaire, he is going to provide.
2. Providing any financial and nonfinancial data, he needs for his research.

I wish that you will all respond on time for this, as his research will be very beneficial for our organization, and I wish him all the best during this fruitful period of his academic and practical life.

Best regards,

**Nagib Mahfouz Saeed**

**Managing Director**

11, Sizostiris St. Alkorba - Heliopolis - Cairo  
Tel. : +20-2-22917197 / 22917135 / 22917089 / 22917088  
Fax : +20-2-22917130

١١ شارع سيزوستريس - الكورية - مصر الجديدة - القاهرة  
تليفون: ٢٢٩١٧١٩٧ \ ٢٢٩١٧١٣٥ \ ٢٢٩١٧٠٨٩ \ ٢٢٩١٧٠٨٨ ( ٢٠٢+ )  
فاكس: ٢٢٩١٧١٣٠ ( ٢٠٢+ )

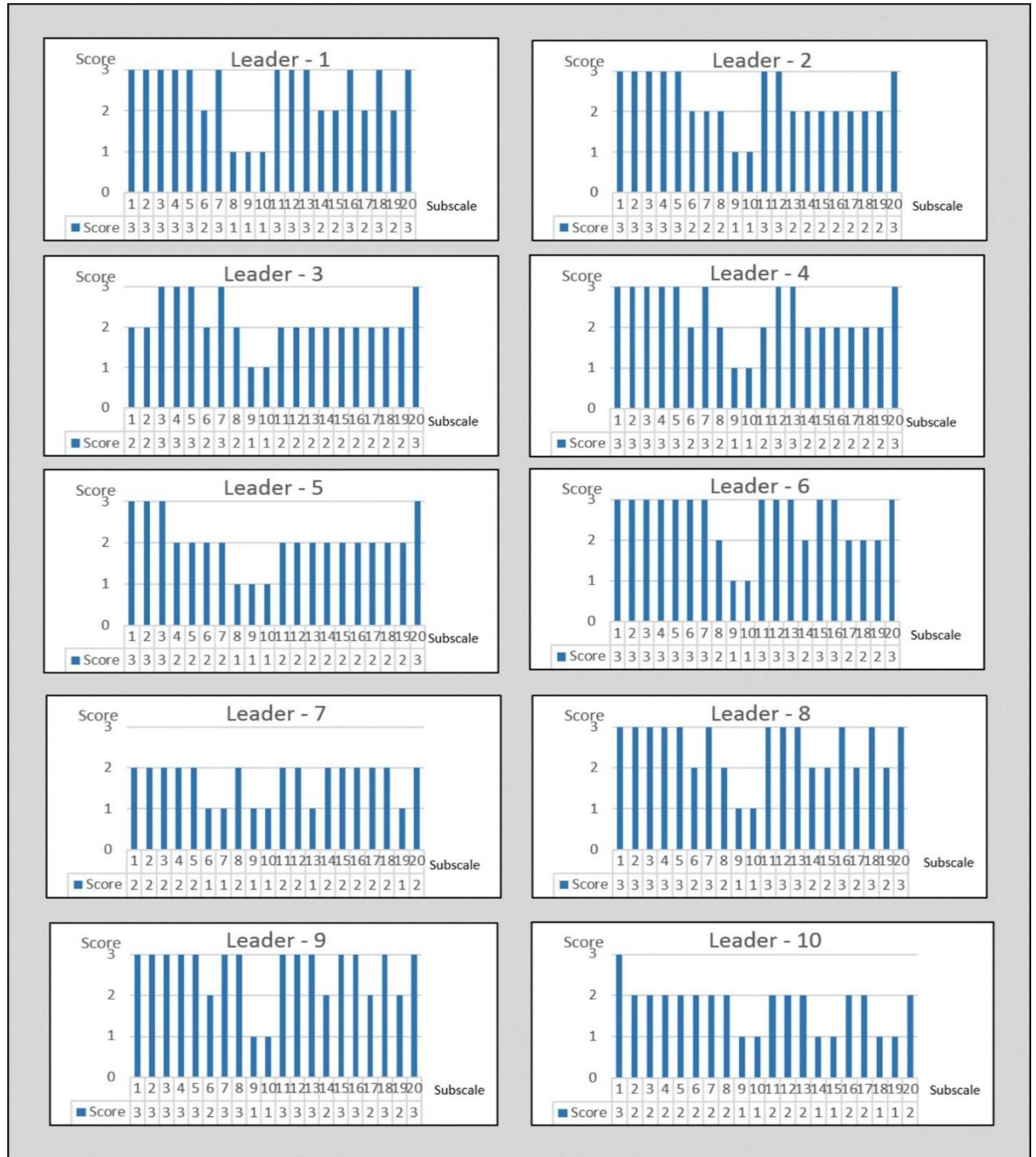
## Appendix-E

Leaders' scores associated with each leadership subscale

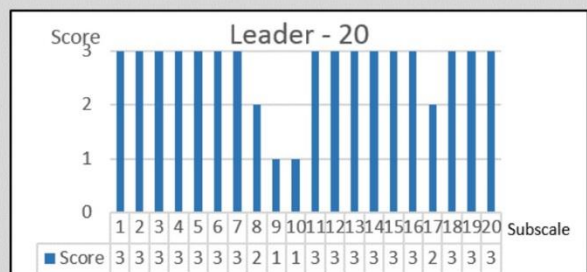
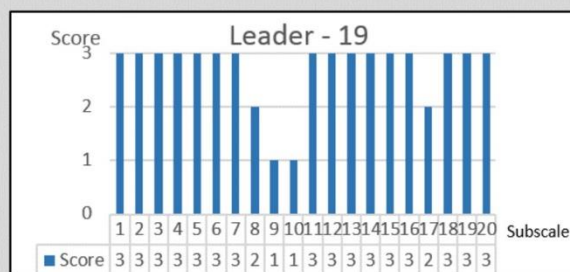
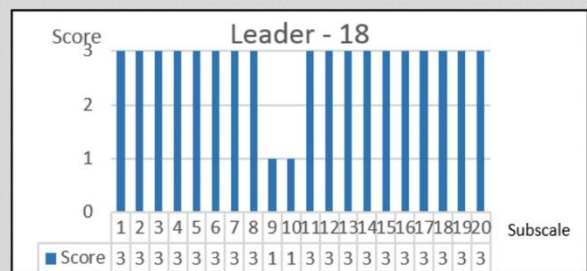
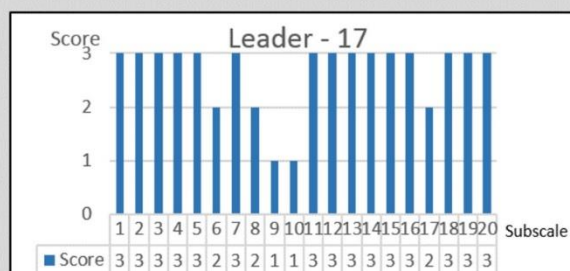
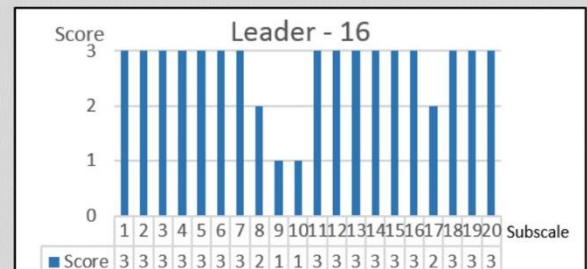
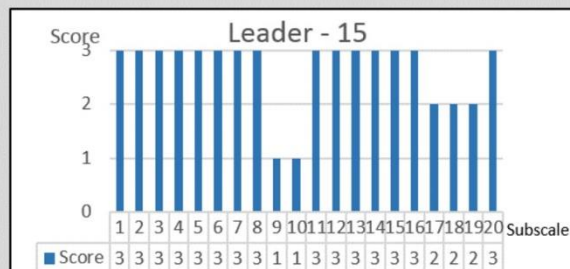
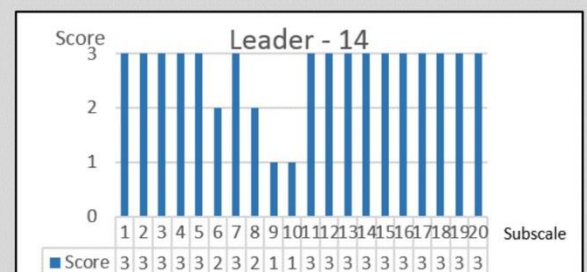
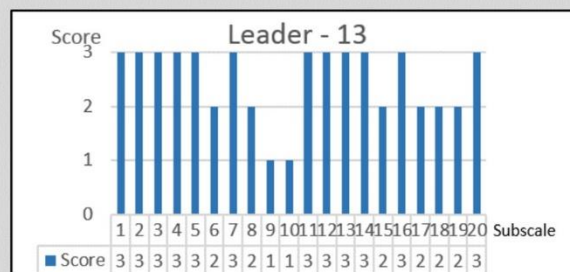
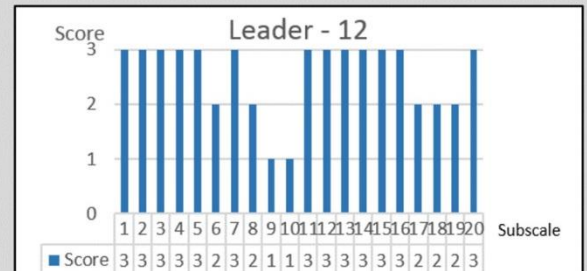
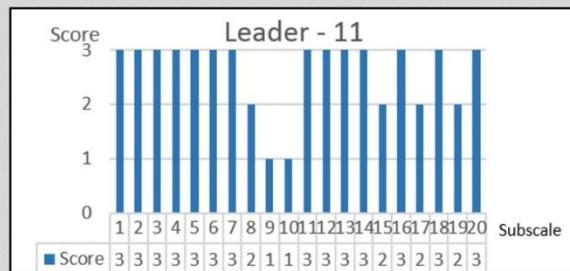
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## Appendix-F

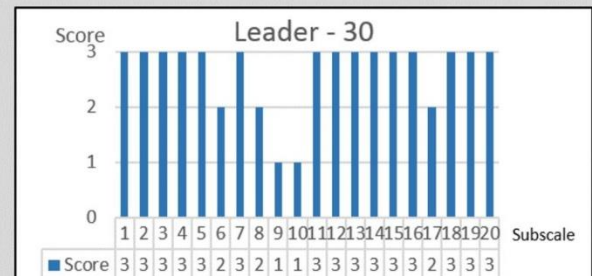
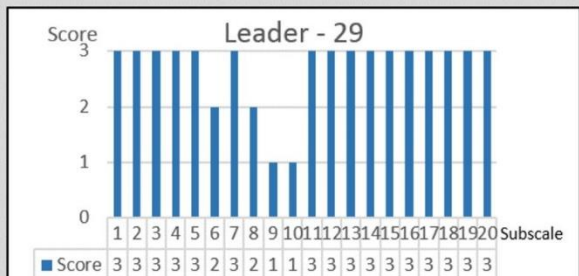
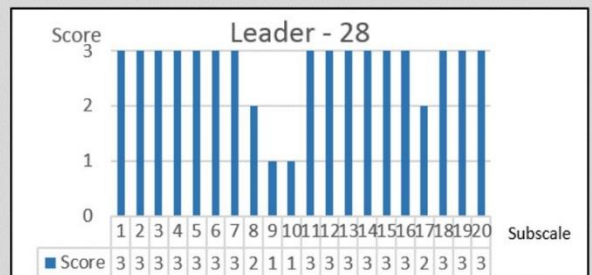
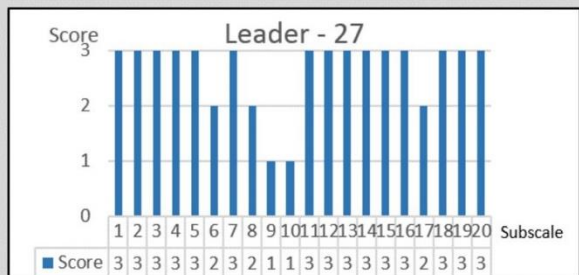
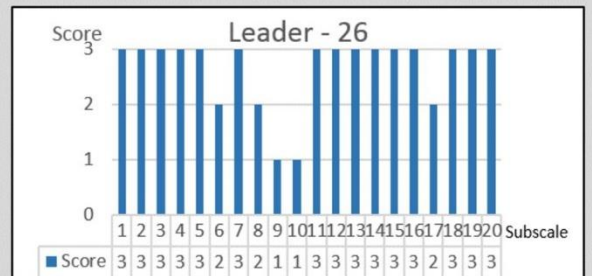
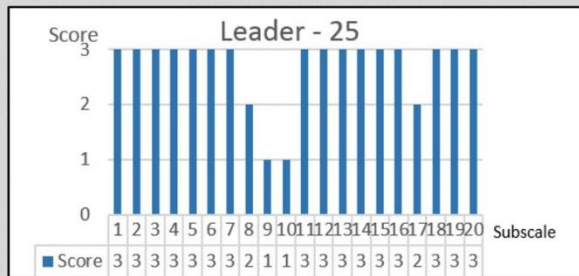
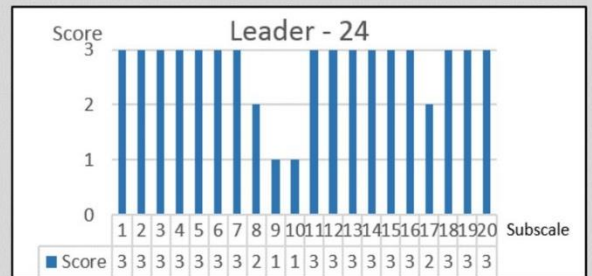
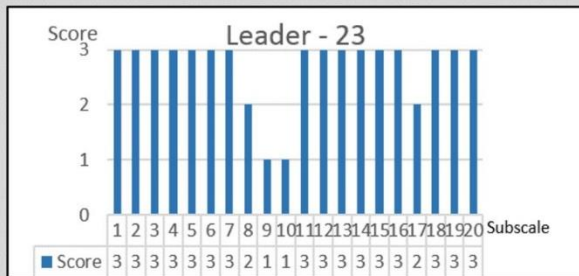
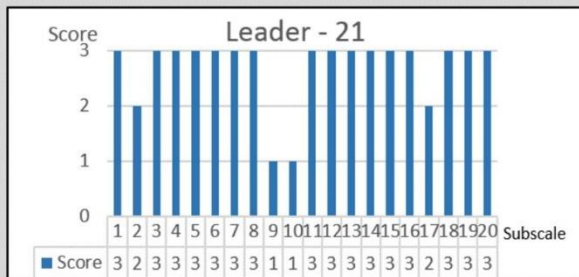
Leadership level associated with each leadership subscale for all leaders (1-76)

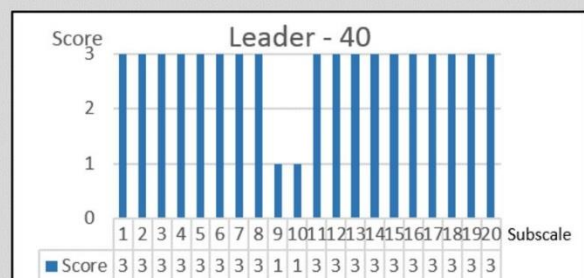
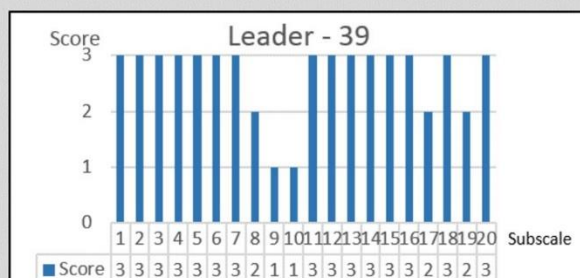
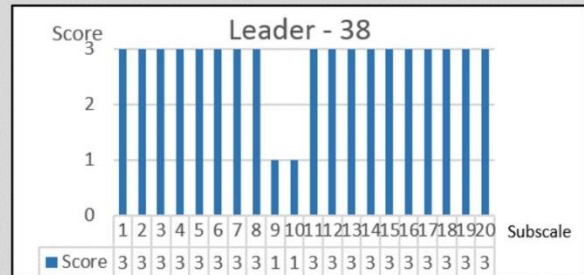
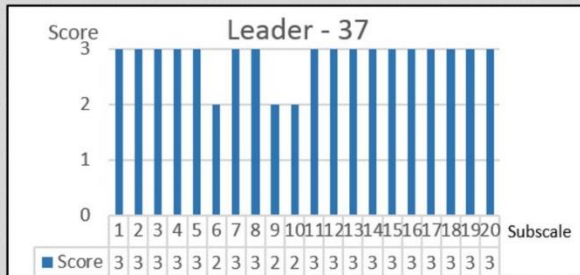
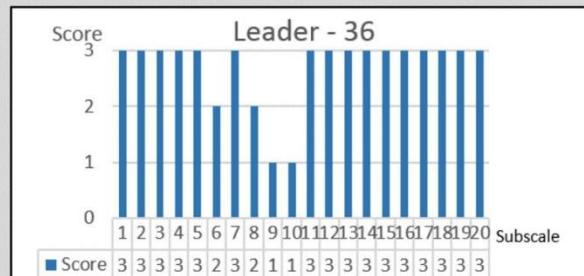
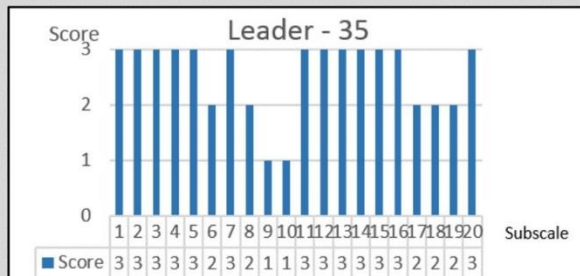
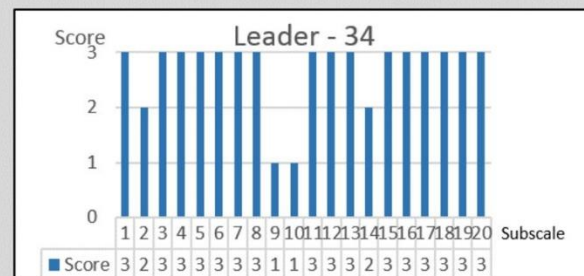
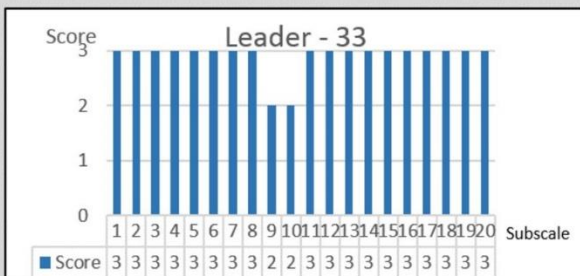
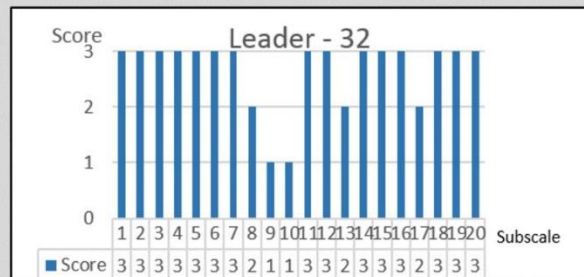
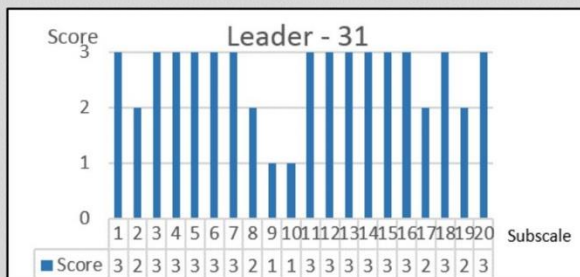


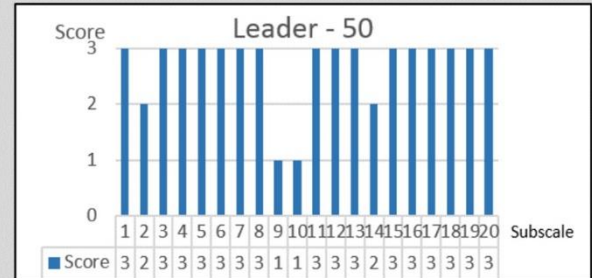
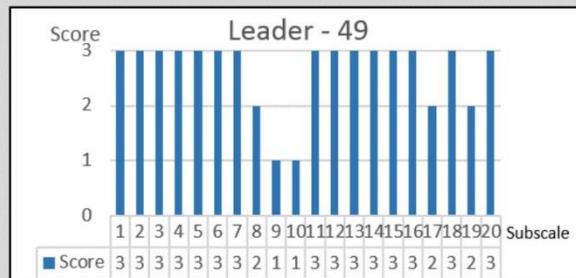
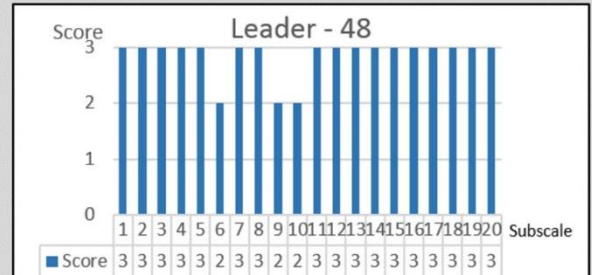
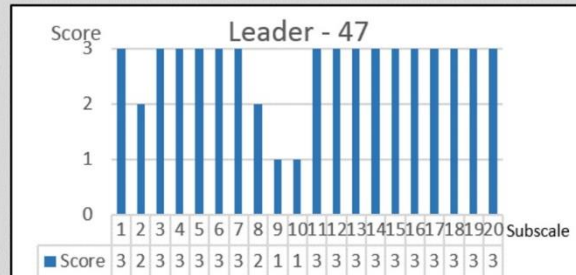
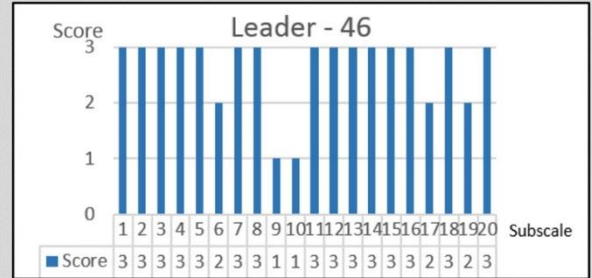
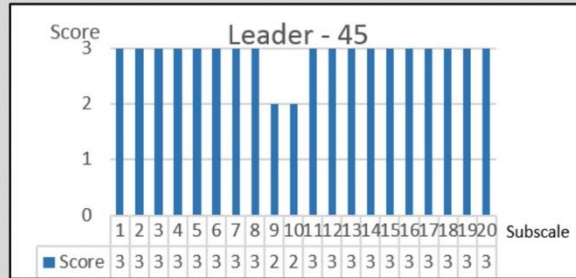
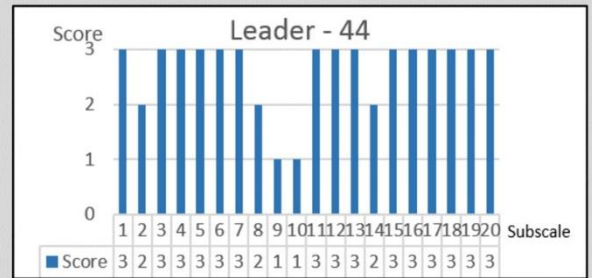
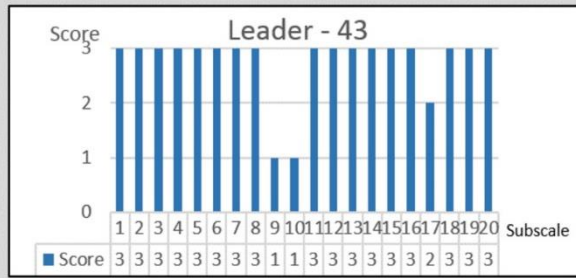
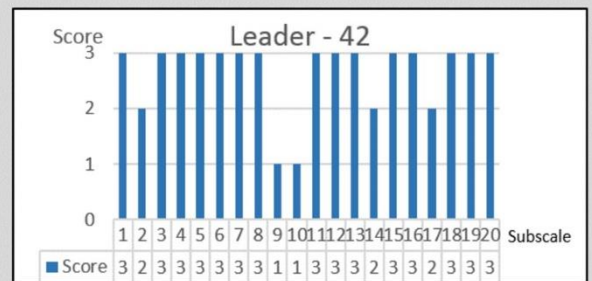
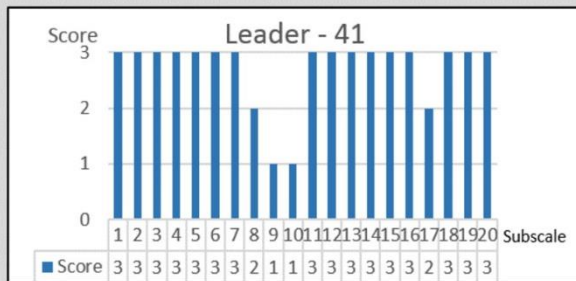


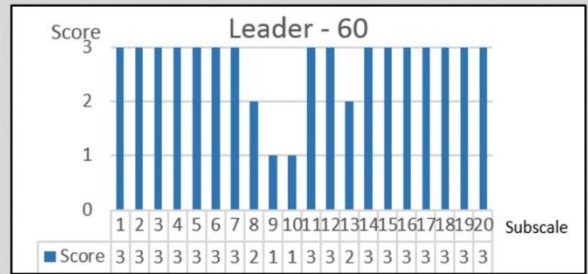
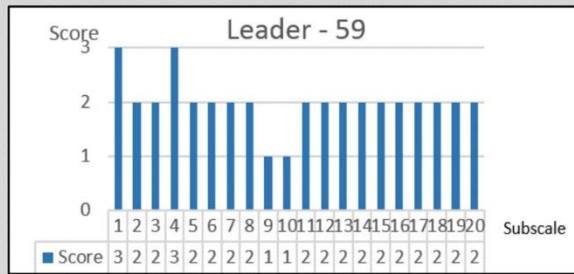
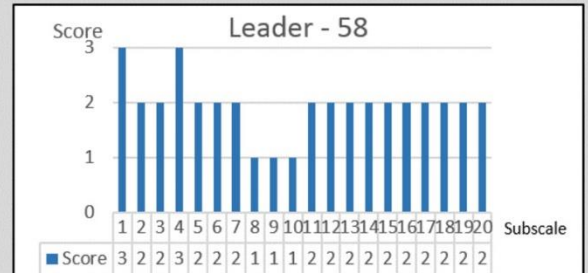
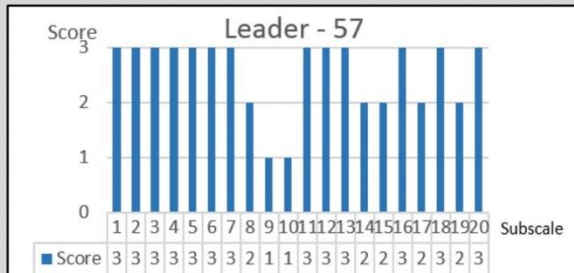
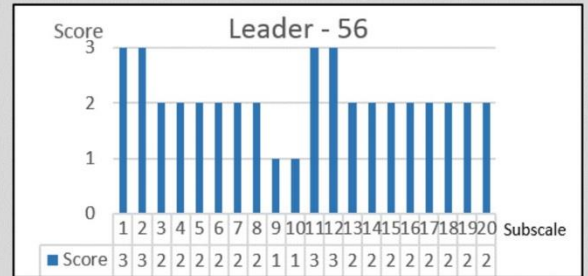
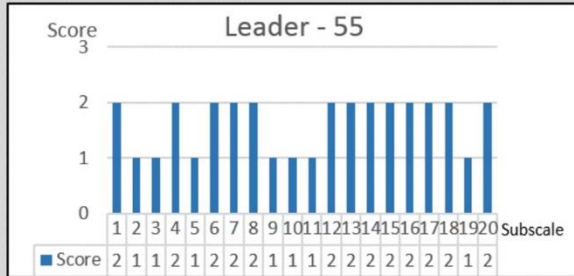
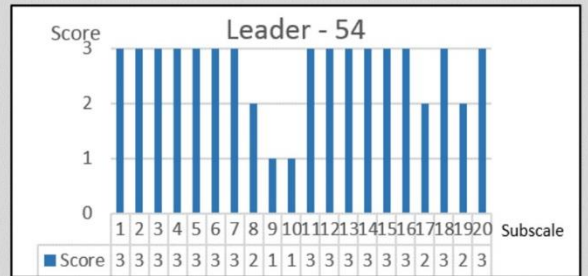
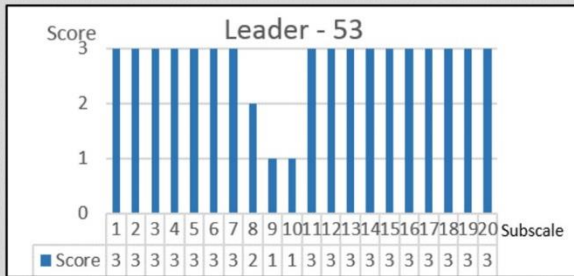
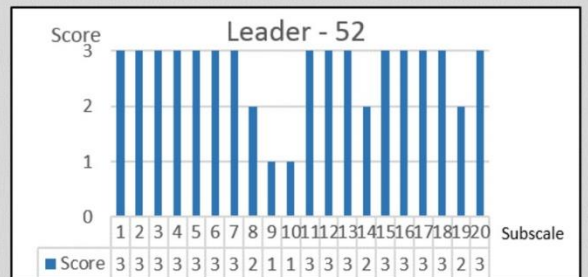
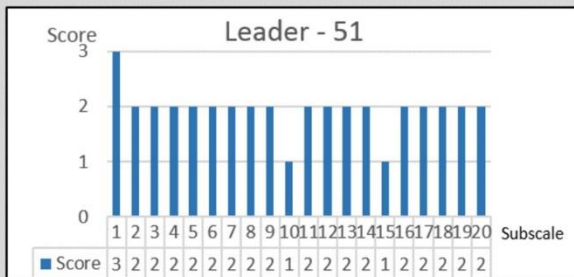




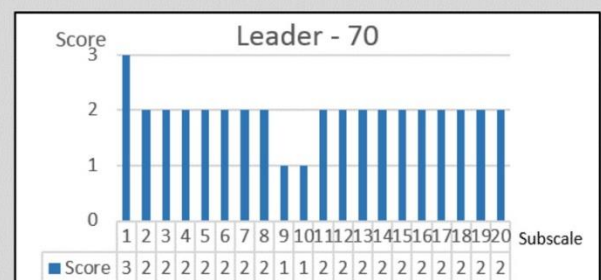
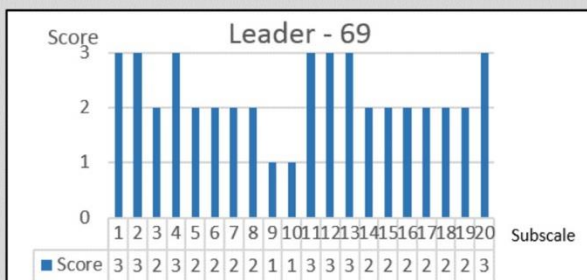
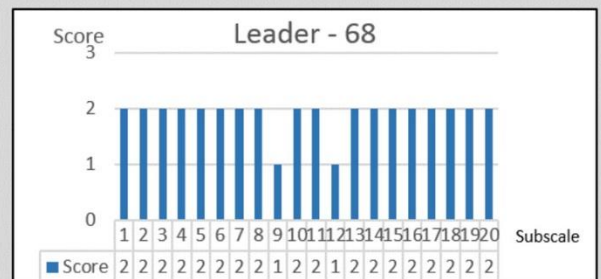
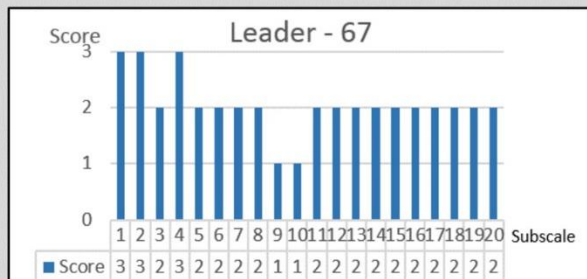
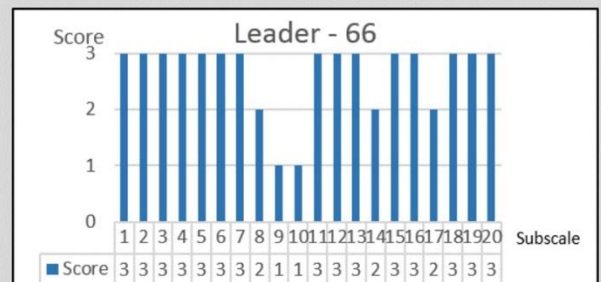
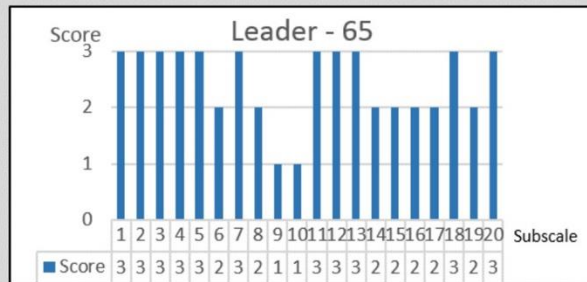
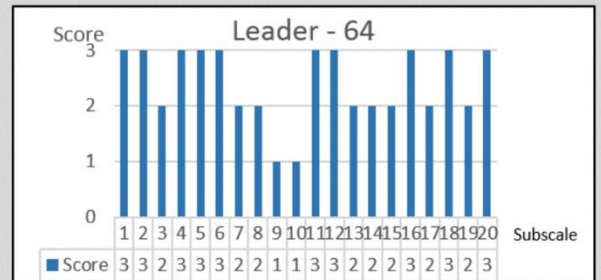
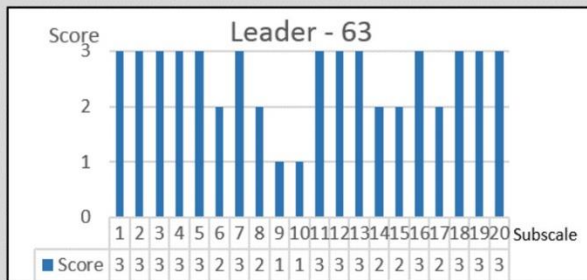
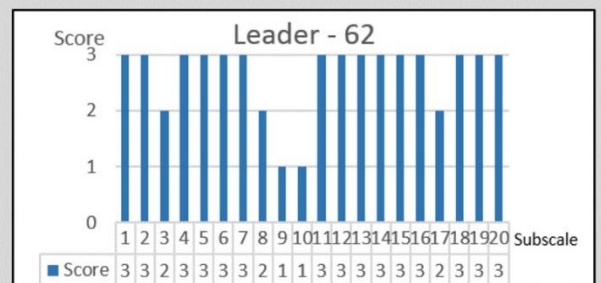
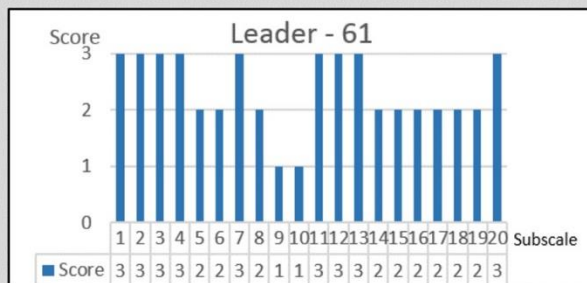


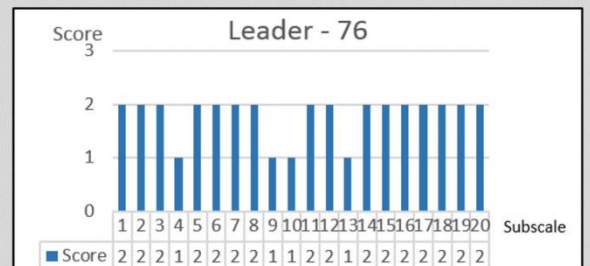
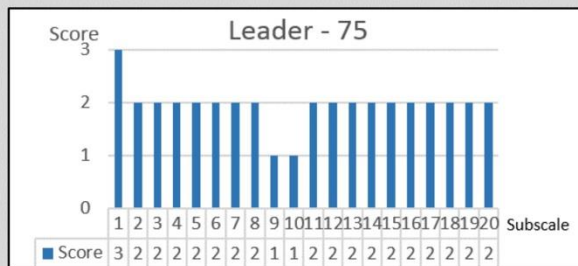
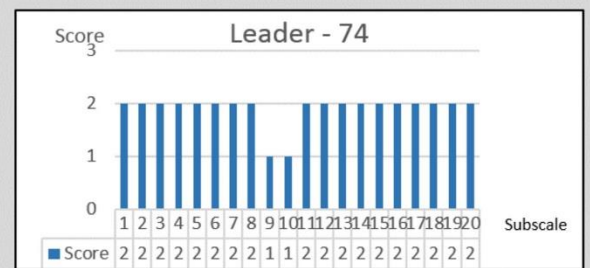
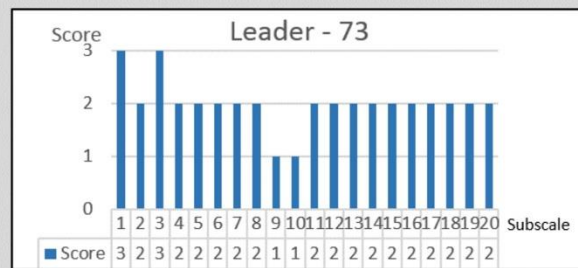
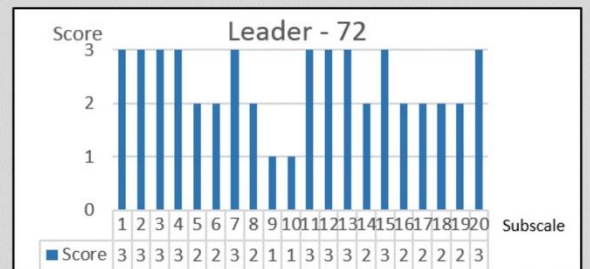








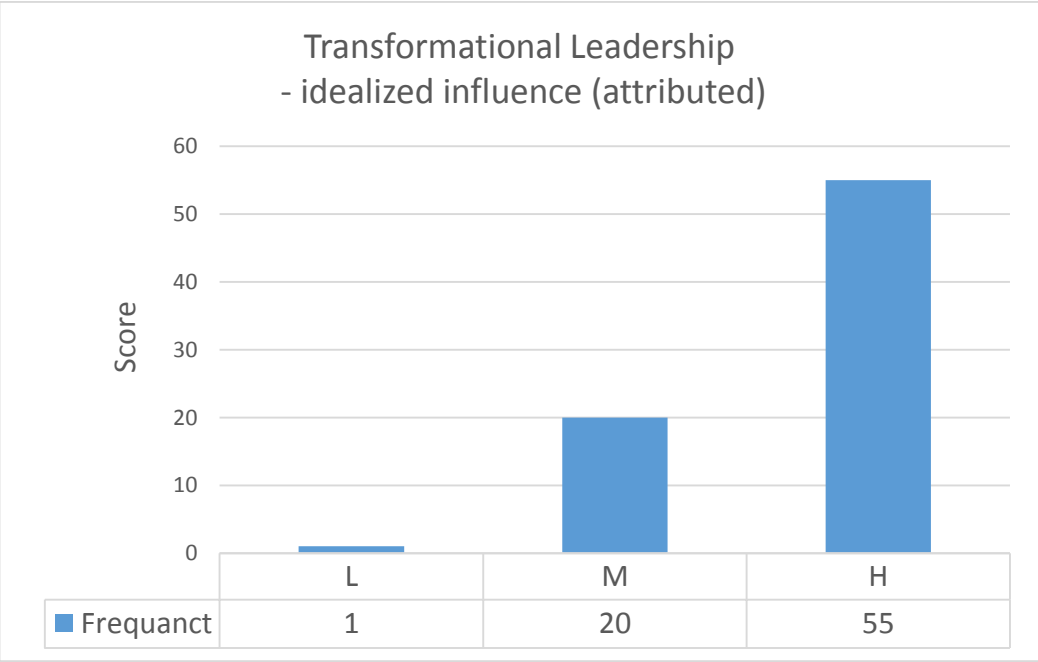
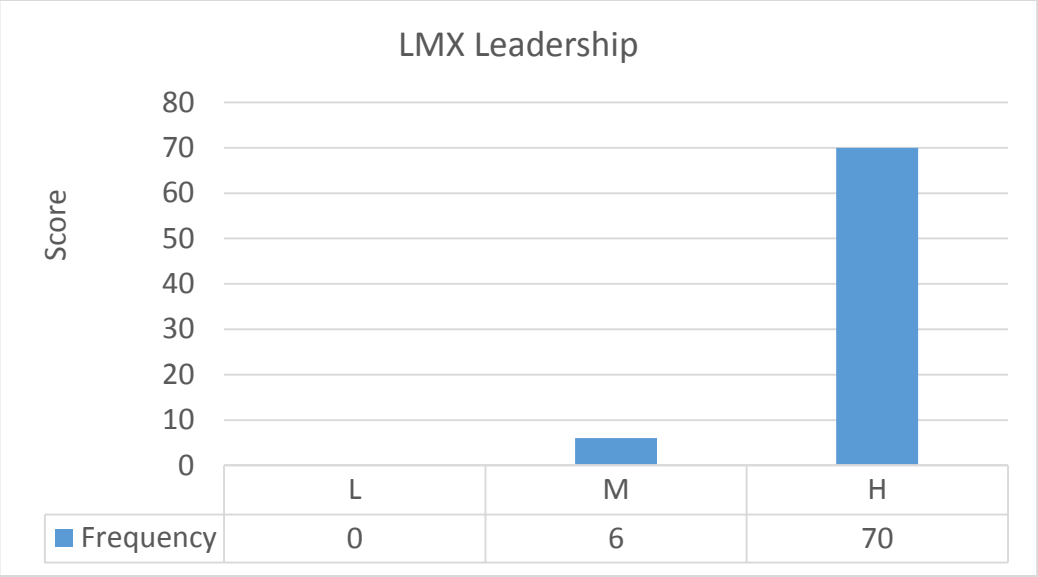




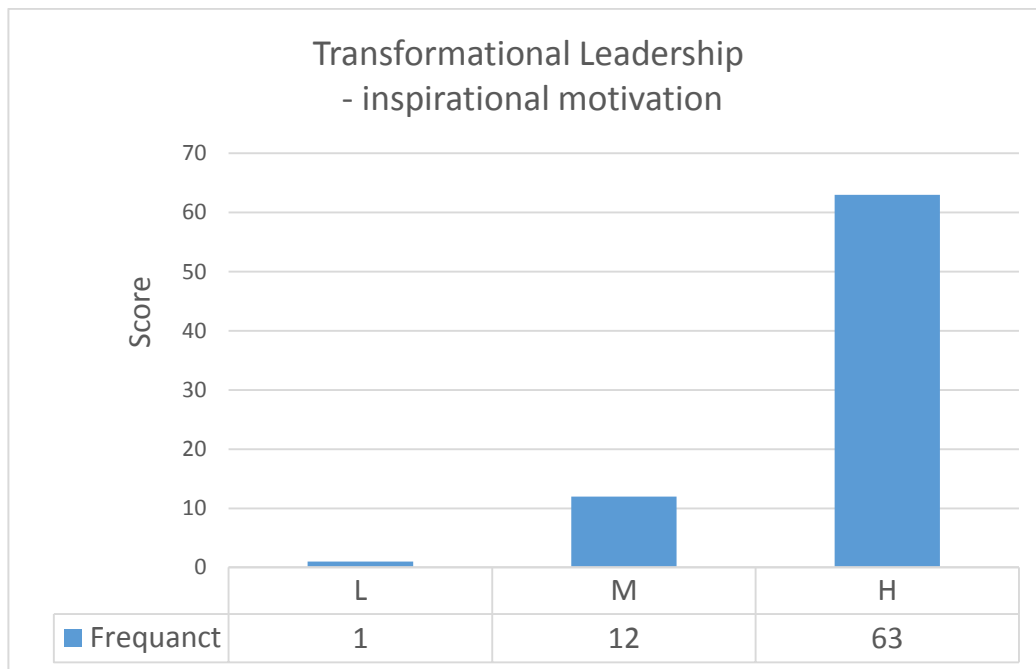
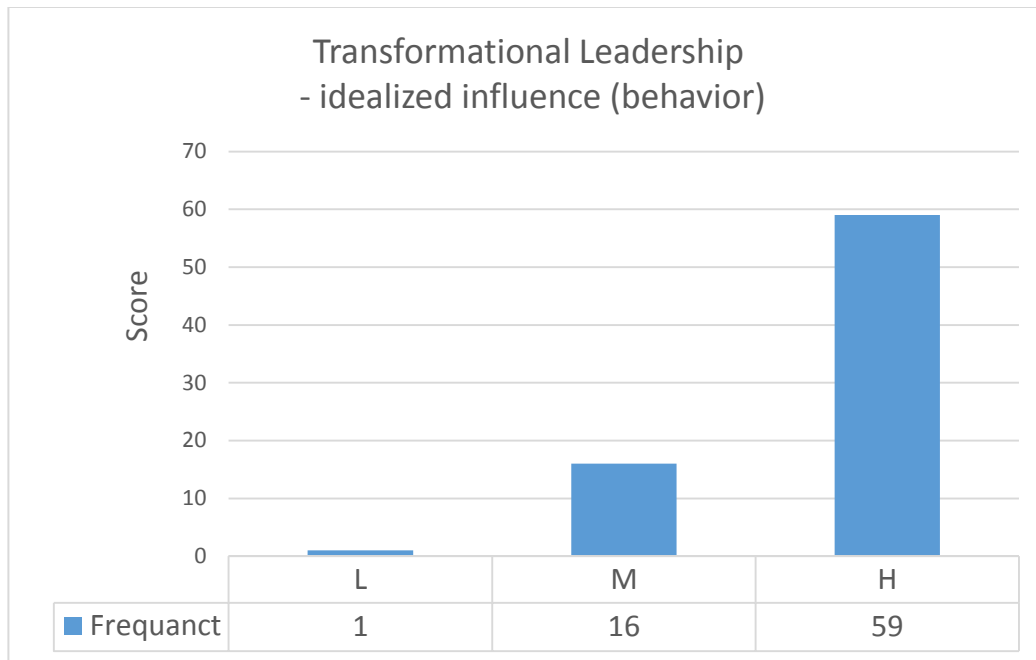
## Appendix-G

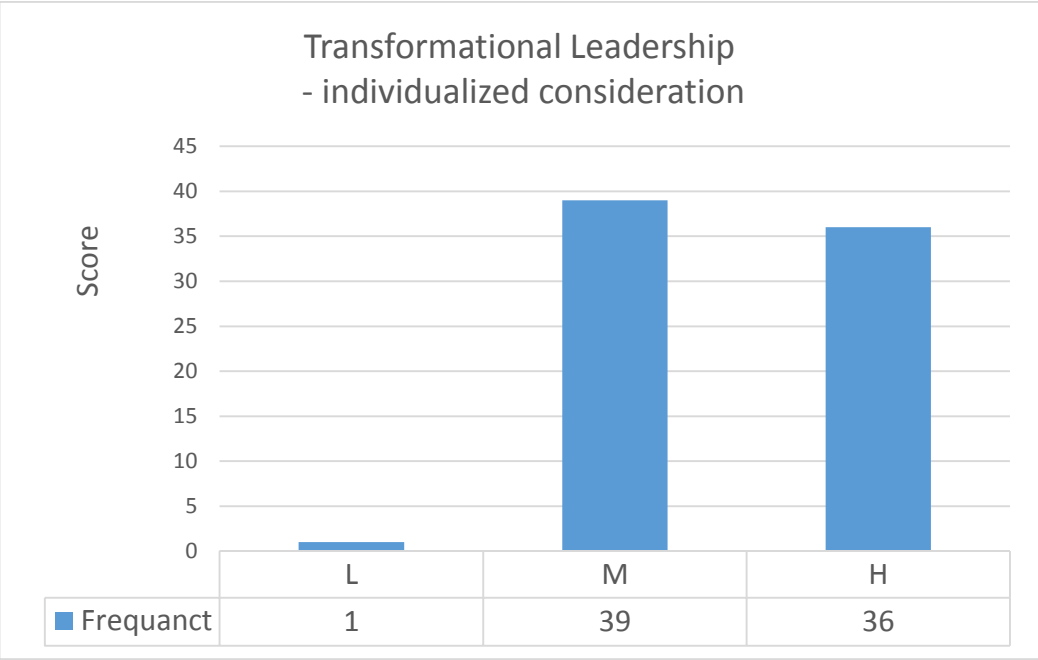
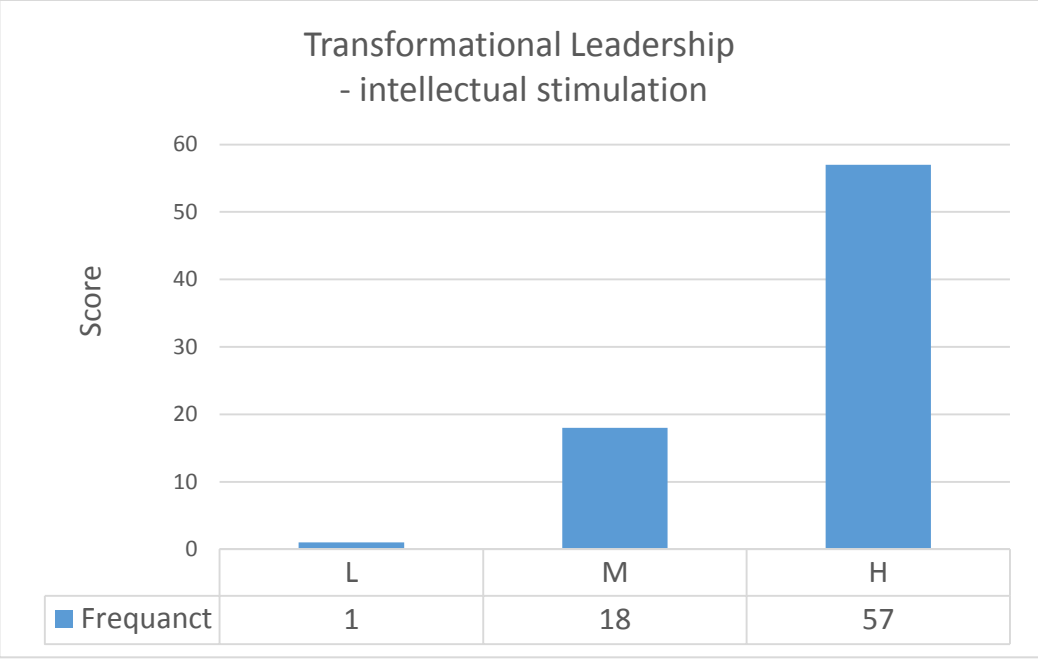
### Frequency distribution of all leadership subscales (1-20)

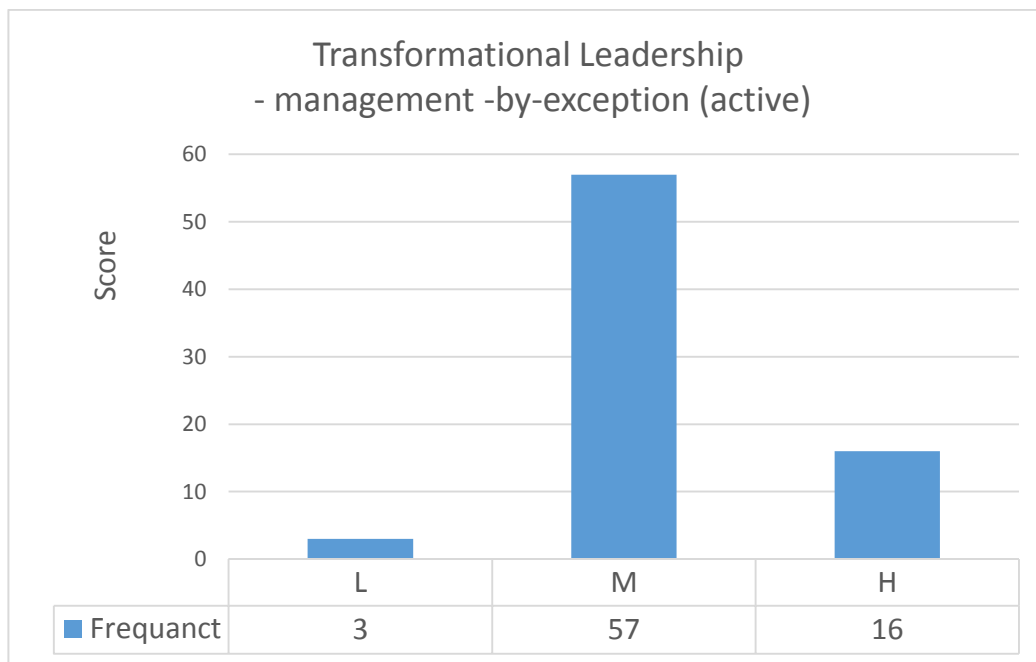
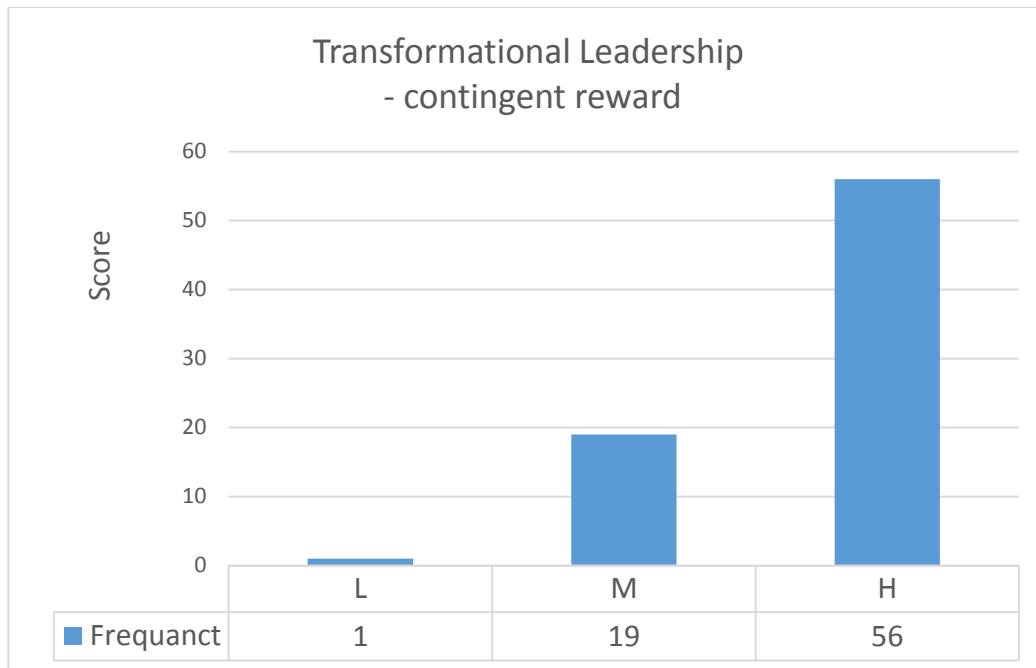
Leadership Subscale		Number of Leaders		
		H	M	L
1	LMX Leadership	70	6	0
2	Transformational Leadership - idealized influence (attributed)	55	20	1
3	Transformational Leadership - idealized influence (behavior)	59	16	1
4	Transformational Leadership - inspirational motivation	63	12	1
5	Transformational Leadership - intellectual stimulation	57	18	1
6	Transformational Leadership - individualized consideration	36	39	1
7	Transformational Leadership - contingent reward	56	19	1
8	Transformational Leadership - management -by-exception (active)	16	57	3
9	Transformational Leadership - management -by-exception (passive)	0	5	71
10	Transformational Leadership - laissez-fair	0	5	71
11	Transformational Leadership - extra effort	59	16	1
12	Transformational Leadership - effectiveness	60	15	1
13	Transformational Leadership - satisfaction	55	19	2
14	Servant Leadership - emotional healing	40	35	1
15	Servant Leadership - creating value for the community	47	27	2
16	Servant Leadership - conceptual skills	53	23	0
17	Servant Leadership - empowering	17	59	0
18	Servant Leadership - helping subordinates grow and successd	49	26	1
19	Servant Leadership - putting subordinates first	36	37	3
20	Servant Leadership - behaving ethically	61	15	0

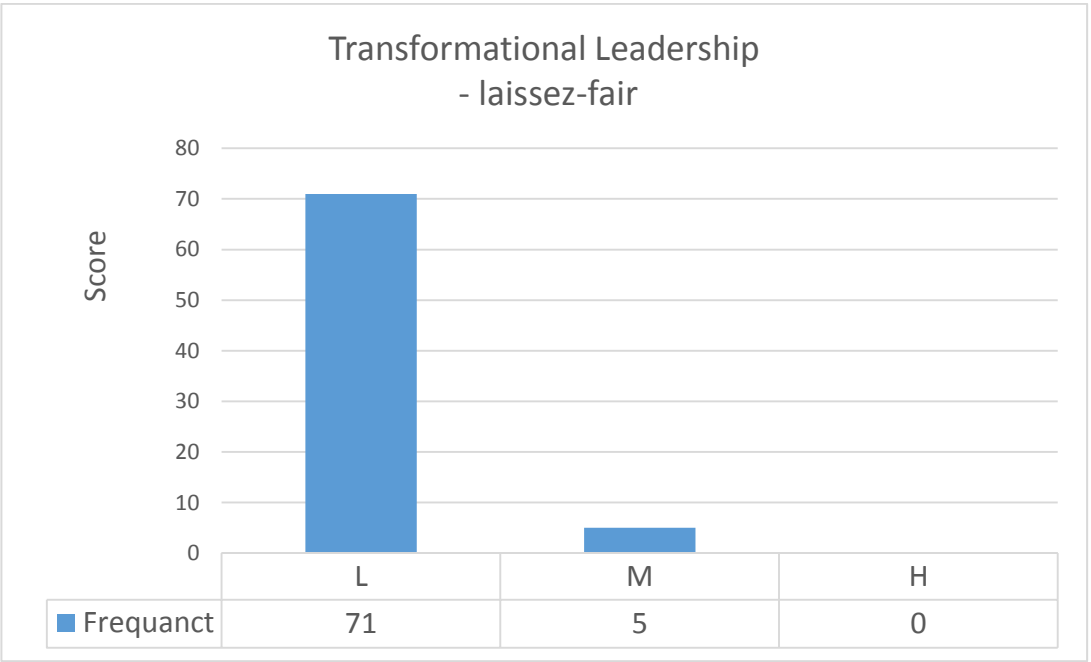
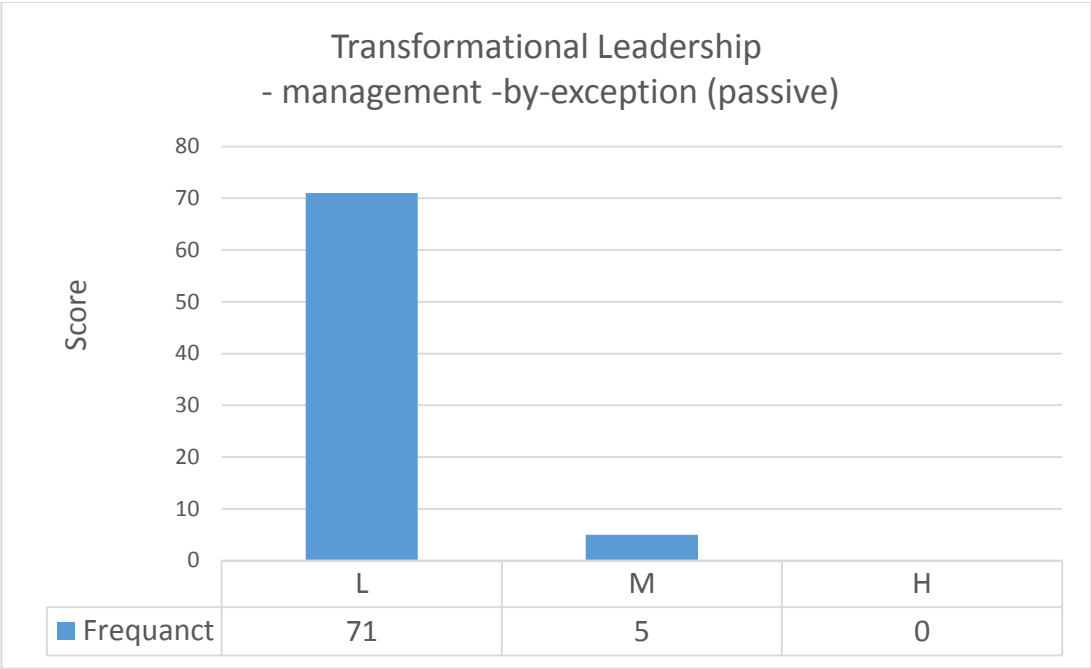


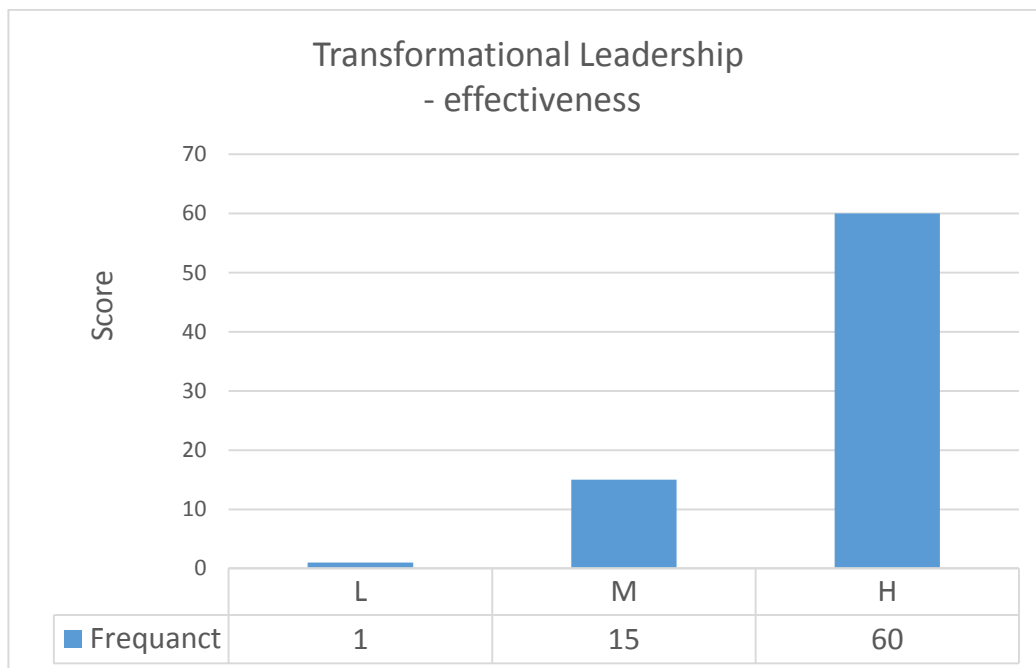
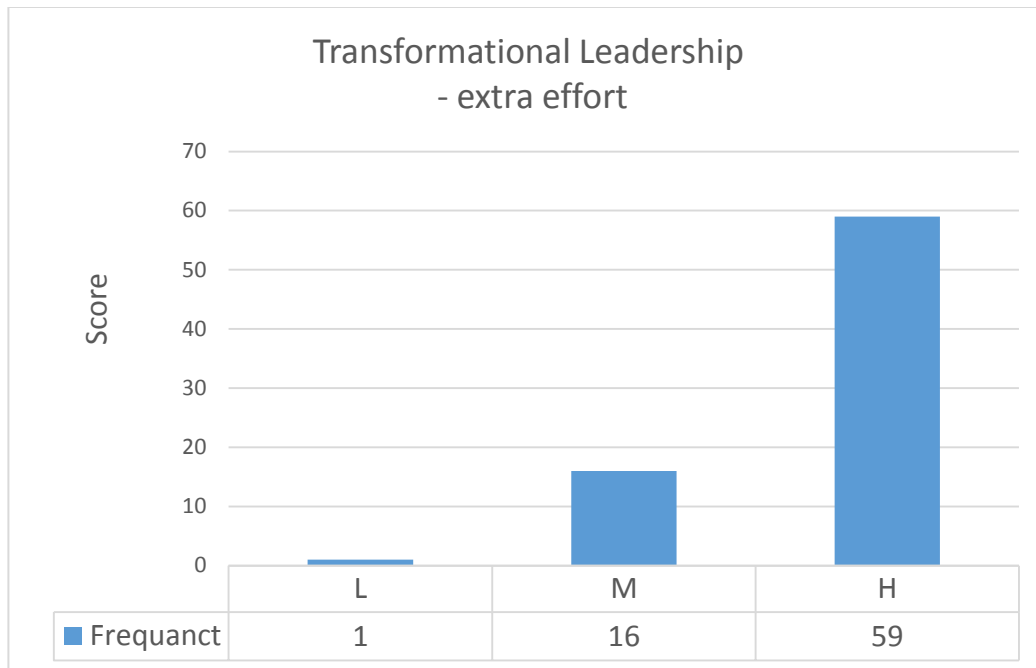


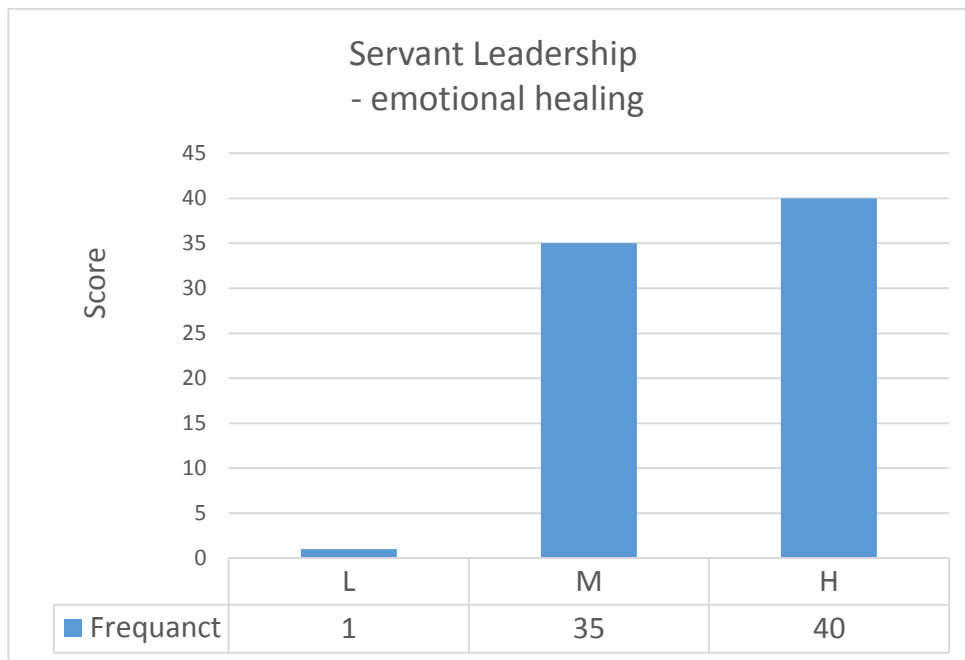
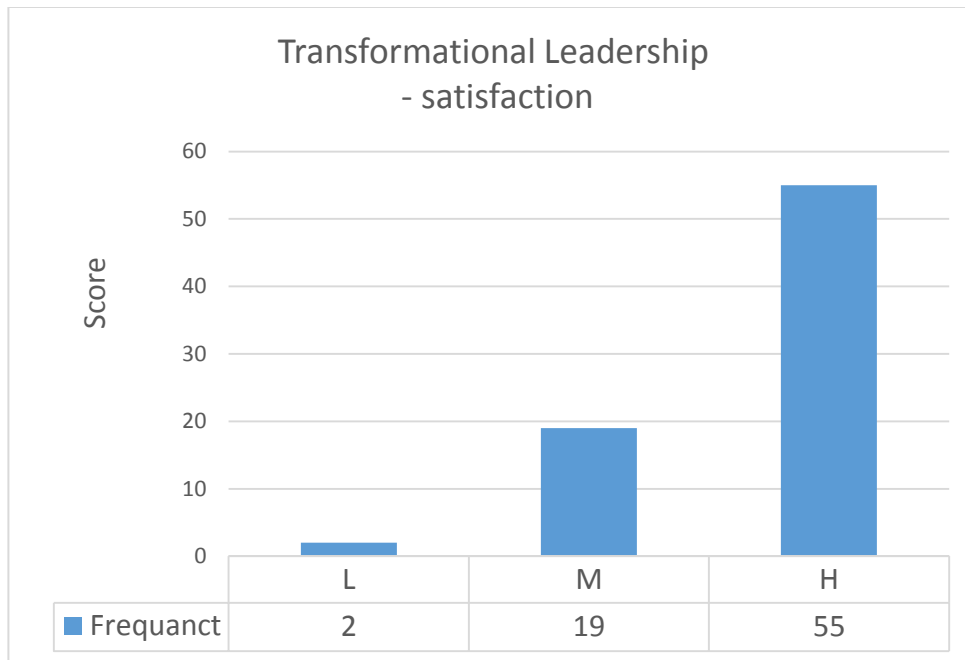


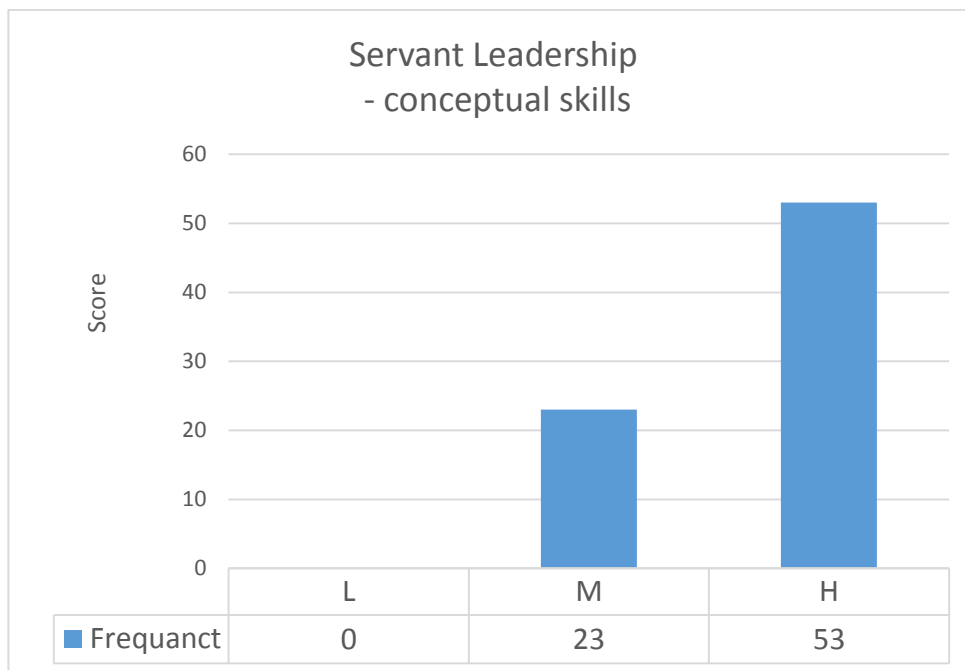
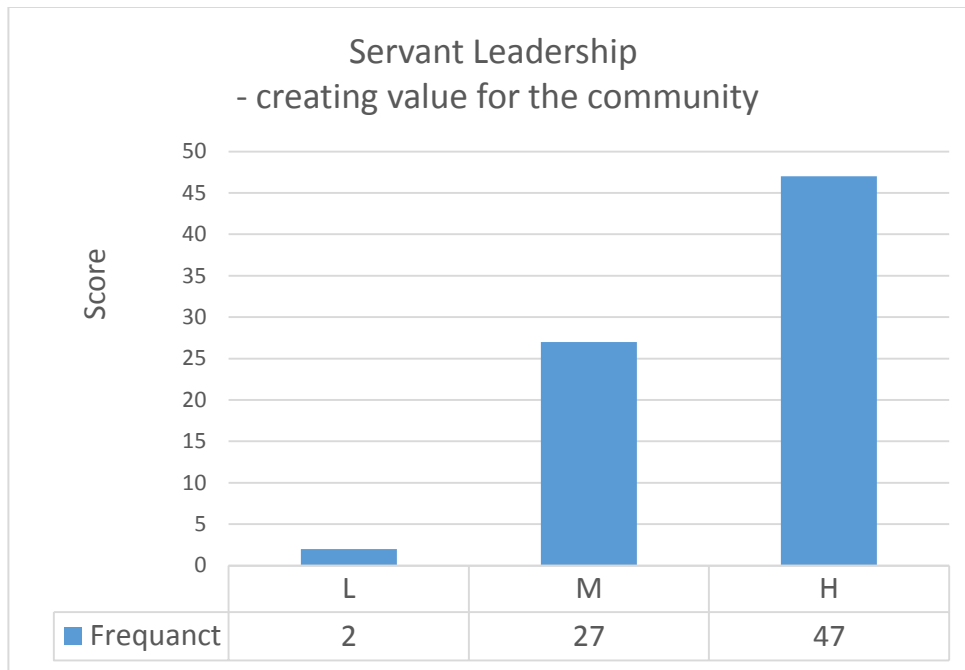


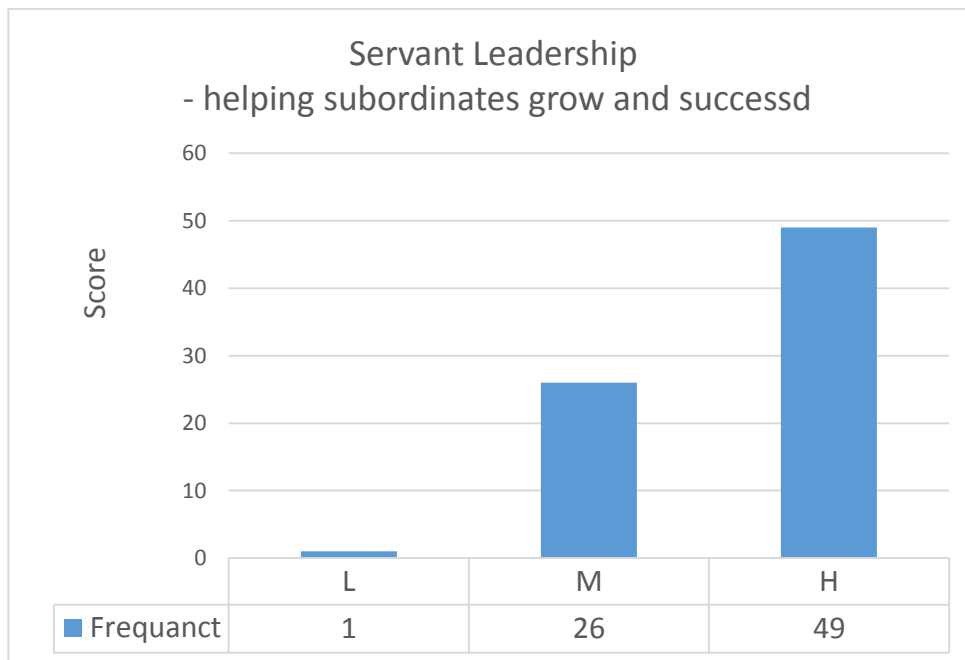
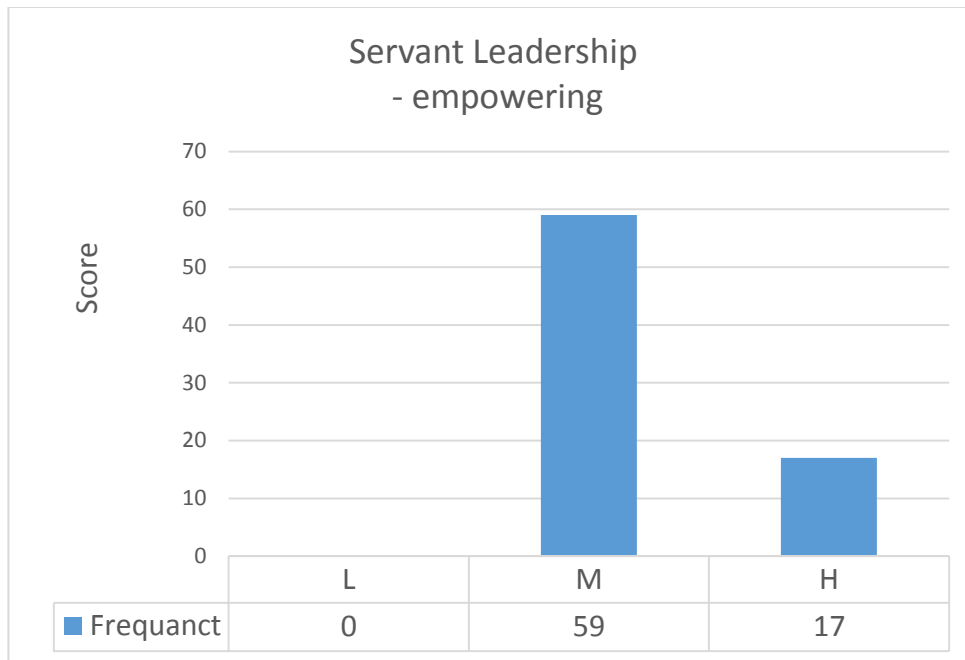




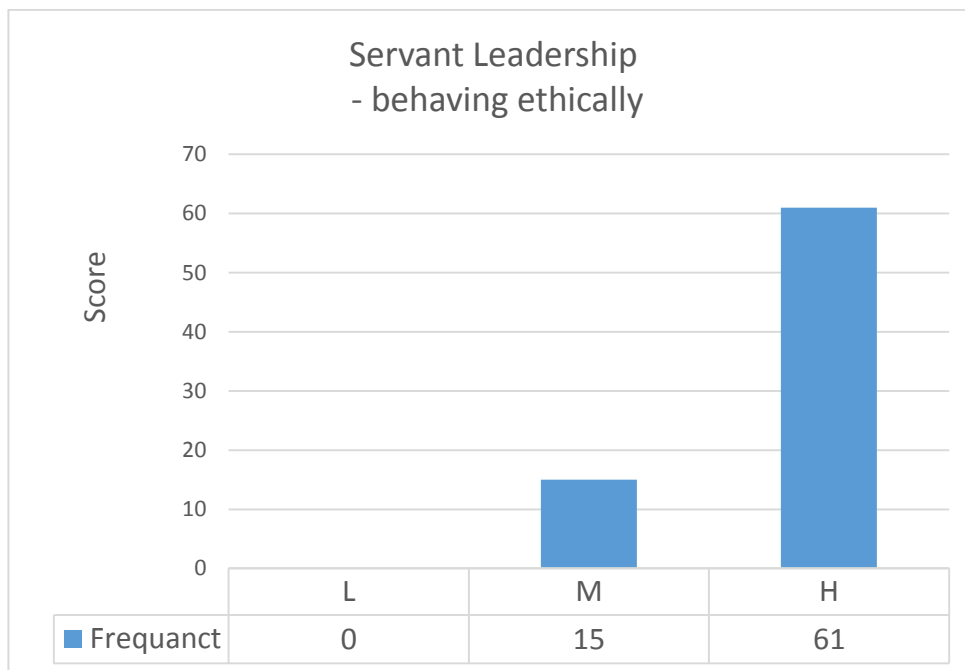
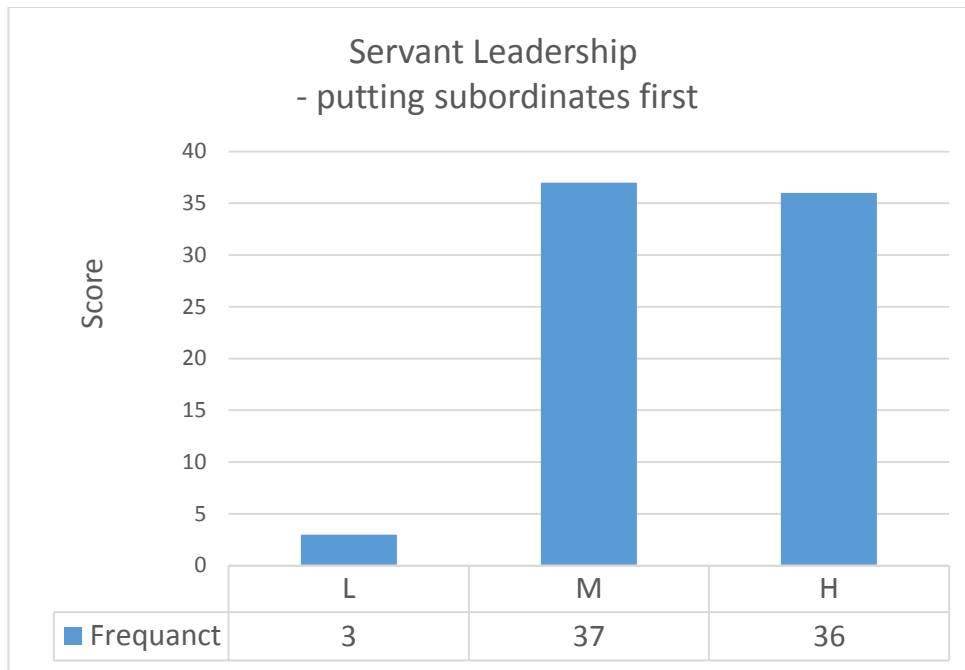












## Appendix-H

### SPSS (version 24)-Pearson's Correlation Coefficient r Matrix for the Relationship between Leadership Subscales and Profitability

		Profitability	L1	L2	L3	L4	L5	L6	L7	L8	L9	L10	L11	L12	L13	L14	L15	L16	L17	L18	L19	L20
Profitability	Pearson Correlation	1	0.645	0.209	0.524	0.690	0.707	0.486	0.682	0.415	0.455	0.455	0.706	0.706	.716*	.775*	0.688	0.664	0.498	.740*	.709*	0.542
	Sig. (2-tailed)		0.084	0.619	0.183	0.058	0.050	0.222	0.062	0.307	0.257	0.257	0.050	0.050	0.046	0.024	0.059	0.072	0.209	0.036	0.049	0.165
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L1	Pearson Correlation	0.645	1	-0.212	0.318	.983**	0.630	0.564	0.611	0.638	.892**	.892**	0.672	0.703	.889**	.889**	0.696	0.547	.901**	.931**	.928**	0.379
	Sig. (2-tailed)	0.084		0.614	0.443	0.000	0.094	0.145	0.108	0.089	0.003	0.003	0.068	0.052	0.003	0.006	0.055	0.161	0.002	0.001	0.001	0.354
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L2	Pearson Correlation	0.209	-0.212	1	0.688	-0.281	0.123	-0.477	0.041	-0.655	-0.454	-0.454	-0.013	-0.086	-0.030	-0.148	-0.119	0.168	-0.406	0.107	-0.144	0.698
	Sig. (2-tailed)	0.619	0.614		0.059	0.500	0.771	0.232	0.923	0.078	0.259	0.259	0.976	0.840	0.944	0.726	0.779	0.691	0.318	0.800	0.734	0.054
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L3	Pearson Correlation	0.524	0.318	0.688	1	0.283	.730*	0.200	0.675	-0.022	0.243	0.243	0.630	0.566	0.634	0.475	0.556	.762*	0.306	0.632	0.531	.990**
	Sig. (2-tailed)	0.183	0.443	0.059		0.497	0.040	0.636	0.066	0.959	0.562	0.562	0.094	0.143	0.091	0.235	0.152	0.028	0.462	0.092	0.176	0.000
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L4	Pearson Correlation	0.690	.983**	-0.281	0.283	1	0.695	0.687	0.689	.752*	.886**	.886**	.750*	.786*	.901**	.922**	.781*	0.614	.898**	.897**	.941**	0.327
	Sig. (2-tailed)	0.058	0.000	0.500	0.497		0.056	0.060	0.059	0.031	0.003	0.003	0.032	0.021	0.002	0.001	0.022	0.106	0.002	0.002	0.000	0.429
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L5	Pearson Correlation	0.707	0.630	0.123	.730*	0.695	1	.796*	.995**	0.649	0.611	0.611	.989**	.974*	.897**	.906**	.965**	.994*	0.657	.754*	.839**	0.703
	Sig. (2-tailed)	0.050	0.094	0.771	0.040	0.056		0.018	0.000	0.082	0.108	0.108	0.000	0.000	0.003	0.002	0.000	0.000	0.077	0.031	0.009	0.052
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L6	Pearson Correlation	0.486	0.564	-0.477	0.200	0.687	.796*	1	.848**	.957**	0.698	0.698	.868**	.897**	.727*	.843**	.906**	.775*	.713*	0.489	.735*	0.153
	Sig. (2-tailed)	0.222	0.145	0.232	0.636	0.060	0.018		0.008	0.000	0.054	0.054	0.005	0.003	0.041	0.009	0.002	0.024	0.047	0.219	0.038	0.718
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L7	Pearson Correlation	0.682	0.611	0.041	0.675	0.689	.995**	.848**	1	.707*	0.621	0.621	.996**	.985**	.883**	.908**	.981**	.989**	0.667	.715*	.832*	0.638
	Sig. (2-tailed)	0.062	0.108	0.923	0.066	0.059	0.000	0.008		0.050	0.100	0.100	0.000	0.000	0.004	0.002	0.000	0.000	0.071	0.046	0.010	0.089
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L8	Pearson Correlation	0.415	0.638	-0.655	-0.022	.752*	0.649	.957**	.707*	1	.744*	.744*	.751*	.800*	0.671	.811*	.813*	0.603	.747*	0.470	.716*	-0.051
	Sig. (2-tailed)	0.307	0.089	0.078	0.959	0.031	0.082	0.000	0.050		0.034	0.034	0.032	0.017	0.069	0.014	0.014	0.114	0.033	0.240	0.046	0.904
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L9	Pearson Correlation	0.455	.892**	-0.454	0.243	.886**	0.611	0.698	0.621	.744*	1	1.000**	0.668	0.700	.858**	.791*	.714	0.551	.994**	.802*	.906*	0.281
	Sig. (2-tailed)	0.257	0.003	0.259	0.562	0.003	0.108	0.054	0.100	0.034		0.000	0.070	0.053	0.006	0.019	0.047	0.157	0.000	0.017	0.002	0.500
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L10	Pearson Correlation	0.455	.892**	-0.454	0.243	.886**	0.611	0.698	0.621	.744*	1.000**	1	0.668	0.700	.858**	.791*	.714	0.551	.994**	.802*	.906*	0.281
	Sig. (2-tailed)	0.257	0.003	0.259	0.562	0.003	0.108	0.054	0.100	0.034	0.000		0.070	0.053	0.006	0.019	0.047	0.157	0.000	0.017	0.002	0.500
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L11	Pearson Correlation	0.706	0.672	-0.013	0.630	.750*	.989**	.868**	.996**	.751*	0.668	0.668	1	.996**	.906**	.943**	.992**	.974*	.711*	.749*	.866**	0.600
	Sig. (2-tailed)	0.050	0.068	0.976	0.094	0.032	0.000	0.005	0.000	0.032	0.070	0.070		0.000	0.002	0.000	0.000	0.000	0.048	0.032	0.005	0.116
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L12	Pearson Correlation	0.706	0.703	-0.086	0.566	.786*	.974*	.897**	.985**	.800	0.700	0.700	.996**	1	.909**	.961**	.995**	.952*	.739*	.750*	.879*	0.539
	Sig. (2-tailed)	0.050	0.052	0.840	0.143	0.021	0.000	0.003	0.000	0.017	0.053	0.053	0.000		0.002	0.000	0.000	0.000	0.036	0.032	0.004	0.166
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L13	Pearson Correlation	.716*	.889**	-0.030	0.634	.901**	.897**	.727*	.883**	0.671	.858**	.858**	.906**	.909**	1	.947**	.908**	.855*	.892**	.946**	.988**	0.651
	Sig. (2-tailed)	0.046	0.003	0.944	0.091	0.002	0.003	0.041	0.004	0.069	0.006	0.006	0.002	0.002		0.000	0.002	0.007	0.003	0.000	0.000	0.080
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L14	Pearson Correlation	.775*	.859**	-0.148	0.475	.922**	.906**	.843**	.908**	.811*	.791*	.791*	.943**	.961**	.947**	1	.953**	.855*	.822*	.854**	.945**	0.477
	Sig. (2-tailed)	0.024	0.006	0.726	0.235	0.001	0.002	0.009	0.002	0.014	0.019	0.019	0.000	0.000	0.000		0.000	0.007	0.012	0.007	0.000	0.232
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L15	Pearson Correlation	0.688	0.696	-0.119	0.556	.781*	.965**	.906**	.981**	.813*	.714*	.714*	.992**	.995**	.908**	.953**	1	.943*	.757*	.743*	.885*	0.523
	Sig. (2-tailed)	0.059	0.055	0.779	0.152	0.022	0.000	0.002	0.000	0.014	0.047	0.047	0.000	0.000	0.002	0.000		0.000	0.030	0.035	0.003	0.184
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L16	Pearson Correlation	0.664	0.547	0.168	.762*	0.614	.994**	.775*	.989**	0.603	0.551	0.551	.974**	.952**	.855**	.855**	.943**	1	0.599	0.696	.785*	.725*
	Sig. (2-tailed)	0.072	0.161	0.691	0.028	0.106	0.000	0.024	0.000	0.114	0.157	0.157	0.000	0.000	0.007	0.007	0.000		0.116	0.055	0.021	0.042
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L17	Pearson Correlation	0.498	.901**	-0.406	0.306	.898**	0.657	.713*	0.667	.747*	.994**	.994**	.711*	.739*	.892**	.822*	.757*	0.599	1	.836**	.937**	0.336
	Sig. (2-tailed)	0.209	0.002	0.318	0.462	0.002	0.077	0.047	0.071	0.033	0.000	0.000	0.048	0.036	0.003	0.012	0.030	0.116		0.010	0.001	0.416
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L18	Pearson Correlation	.740*	.931**	0.107	0.632	.897**	.764*	0.489	.715*	0.470	.802*	.802*	.749*	.950**	.946**	.854**	.743*	0.696	.836**	1	.944**	0.682
	Sig. (2-tailed)	0.036	0.001	0.800	0.092	0.002	0.031	0.219	0.046	0.240	0.017	0.017	0.032	0.032	0.000	0.007	0.035	0.055	0.010		0.000	0.063
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L19	Pearson Correlation	.709*	.928**	-0.144	0.531	.941**	.839**															

## Appendix-H (continued)

### SPSS (version 24)-Pearson's Correlation Coefficient r Matrix for the Relationship between Leadership Subscales and Productivity

Productivity		Productivity	L1	L2	L3	L4	L5	L6	L7	L8	L9	L10	L11	L12	L13	L14	L15	L16	L17	L18	L19	L20
	Pearson Correlation	1	0.630	-0.101	0.416	0.625	0.555	0.491	0.547	0.423	.727	.727	0.565	0.570	0.701	0.622	0.572	0.527	.729	0.684	.722	0.452
	Sig. (2-tailed)		0.094	0.811	0.306	0.098	0.153	0.217	0.160	0.297	0.041	0.041	0.145	0.140	0.053	0.099	0.138	0.179	0.040	0.061	0.043	0.260
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L1	Pearson Correlation	0.630	1	-0.212	0.318	.983	0.630	0.564	0.611	0.638	.892	.892	0.672	0.703	.889	.859	0.696	0.547	.901	.931	.928	0.379
	Sig. (2-tailed)	0.094		0.614	0.443	0.000	0.094	0.145	0.108	0.089	0.003	0.003	0.068	0.052	0.003	0.006	0.055	0.161	0.002	0.001	0.001	0.354
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L2	Pearson Correlation	-0.101	-0.212	1	0.688	-0.281	0.123	-0.477	0.041	-0.655	-0.454	-0.454	-0.013	-0.086	-0.030	-0.148	-0.119	0.168	-0.406	0.107	-0.144	0.698
	Sig. (2-tailed)	0.811	0.614		0.059	0.500	0.771	0.232	0.923	0.078	0.259	0.259	0.976	0.840	0.944	0.726	0.779	0.691	0.318	0.800	0.734	0.054
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L3	Pearson Correlation	0.416	0.318	0.688	1	0.283	.730	0.200	0.675	-0.022	0.243	0.243	0.630	0.566	0.634	0.475	0.556	.762	0.306	0.632	0.531	.990
	Sig. (2-tailed)	0.306	0.443	0.059		0.497	0.040	0.636	0.066	0.959	0.562	0.562	0.094	0.143	0.091	0.235	0.152	0.028	0.462	0.092	0.176	0.000
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L4	Pearson Correlation	0.625	.983	-0.281	0.283	1	0.695	0.687	0.689	.752	.886	.886	.750	.786	.901	.922	.781	0.614	.898	.897	.941	0.327
	Sig. (2-tailed)	0.098	0.000	0.500	0.497		0.056	0.060	0.059	0.031	0.003	0.003	0.032	0.021	0.002	0.001	0.022	0.106	0.002	0.002	0.000	0.429
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L5	Pearson Correlation	0.555	0.630	0.123	.730	0.695	1	.796	.995	0.649	0.611	0.611	.989	.974	.897	.906	.965	.994	0.657	.754	.839	0.703
	Sig. (2-tailed)	0.153	0.094	0.771	0.040	0.056		0.018	0.000	0.082	0.108	0.108	0.000	0.000	0.003	0.002	0.000	0.000	0.077	0.031	0.009	0.052
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L6	Pearson Correlation	0.491	0.564	-0.477	0.200	0.687	.796	1	.848	.957	0.698	0.698	.868	.897	.727	.843	.906	.775	.713	0.489	.735	0.153
	Sig. (2-tailed)	0.217	0.145	0.232	0.636	0.060	0.018		0.008	0.000	0.054	0.054	0.005	0.003	0.041	0.009	0.002	0.024	0.047	0.219	0.038	0.718
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L7	Pearson Correlation	0.547	0.611	0.041	0.675	0.689	.995	.848	1	.707	0.621	0.621	.996	.985	.883	.908	.981	.989	0.667	.715	.832	0.638
	Sig. (2-tailed)	0.160	0.108	0.923	0.066	0.059	0.000	0.008		0.050	0.100	0.100	0.000	0.000	0.004	0.002	0.000	0.000	0.071	0.046	0.010	0.089
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L8	Pearson Correlation	0.423	0.638	-0.655	-0.022	.752	0.649	.957	.707	1	.744	.744	.751	.800	0.671	.811	.813	0.603	.747	0.470	.716	-0.051
	Sig. (2-tailed)	0.297	0.089	0.078	0.959	0.031	0.082	0.000	0.050		0.034	0.034	0.032	0.017	0.069	0.014	0.014	0.114	0.033	0.240	0.046	0.904
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L9	Pearson Correlation	.727	.892	-0.454	0.243	.886	0.611	0.698	0.621	.744	1	1.000	0.668	0.700	.858	.791	.714	0.551	.994	.802	.906	0.281
	Sig. (2-tailed)	0.041	0.003	0.259	0.562	0.003	0.108	0.054	0.100	0.034		0.000	0.070	0.053	0.006	0.019	0.047	0.157	0.000	0.017	0.002	0.500
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L10	Pearson Correlation	.727	.892	-0.454	0.243	.886	0.611	0.698	0.621	.744	1.000	1	0.668	0.700	.858	.791	.714	0.551	.994	.802	.906	0.281
	Sig. (2-tailed)	0.041	0.003	0.259	0.562	0.003	0.108	0.054	0.100	0.034	0.000		0.070	0.053	0.006	0.019	0.047	0.157	0.000	0.017	0.002	0.500
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L11	Pearson Correlation	0.565	0.672	-0.013	0.630	.750	.989	.868	.996	.751	0.668	0.668	1	.996	.906	.943	.992	.974	.711	.749	.866	0.600
	Sig. (2-tailed)	0.145	0.068	0.976	0.094	0.032	0.000	0.005	0.000	0.032	0.070	0.070		0.000	0.002	0.000	0.000	0.000	0.048	0.032	0.005	0.116
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L12	Pearson Correlation	0.570	0.703	-0.086	0.566	.786	.974	.897	.985	.800	0.700	0.700	.996	1	.909	.961	.995	.952	.739	.750	.879	0.539
	Sig. (2-tailed)	0.140	0.052	0.840	0.143	0.021	0.000	0.003	0.000	0.017	0.053	0.053	0.000		0.002	0.000	0.000	0.000	0.036	0.032	0.004	0.168
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L13	Pearson Correlation	0.701	.889	-0.030	0.634	.901	.897	.727	.883	0.671	.856	.856	.906	.909	1	.947	.906	.855	.892	.946	.988	0.651
	Sig. (2-tailed)	0.053	0.003	0.944	0.091	0.002	0.003	0.041	0.004	0.069	0.006	0.006	0.002	0.002		0.000	0.002	0.007	0.003	0.000	0.000	0.080
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L14	Pearson Correlation	0.622	.859	-0.148	0.475	.922	.906	.843	.908	.811	.791	.791	.943	.961	.947	1	.953	.855	.822	.854	.945	0.477
	Sig. (2-tailed)	0.099	0.006	0.726	0.235	0.001	0.002	0.009	0.002	0.014	0.019	0.019	0.000	0.000	0.000		0.000	0.007	0.012	0.007	0.000	0.232
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L15	Pearson Correlation	0.572	0.696	-0.119	0.556	.781	.965	.906	.981	.813	.714	.714	.992	.995	.908	.953	1	.943	.757	.743	.885	0.523
	Sig. (2-tailed)	0.138	0.055	0.779	0.152	0.022	0.000	0.002	0.000	0.014	0.047	0.047	0.000	0.000	0.002	0.000		0.000	0.030	0.035	0.003	0.184
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L16	Pearson Correlation	0.527	0.547	0.168	.762	0.614	.994	.775	.989	0.603	0.551	0.551	.974	.952	.855	.855	.943	1	0.599	0.696	.785	.725
	Sig. (2-tailed)	0.179	0.161	0.691	0.028	0.106	0.000	0.024	0.000	0.114	0.157	0.157	0.000	0.000	0.007	0.007	0.000		0.116	0.055	0.021	0.042
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L17	Pearson Correlation	.729	.901	-0.406	0.306	.898	0.657	.713	0.667	.747	.994	.994	.711	.739	.892	.822	.757	0.599	1	.836	.937	0.336
	Sig. (2-tailed)	0.040	0.002	0.318	0.462	0.002	0.077	0.047	0.071	0.033	0.000	0.000	0.048	0.036	0.003	0.012	0.030	0.116		0.010	0.001	0.416
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L18	Pearson Correlation	0.684	.931	0.107	0.632	.897	.754	0.489	.715	0.470	.802	.802	.748	.750	.946	.854	.743	0.696	.836	1	.944	0.683
	Sig. (2-tailed)	0.061	0.001	0.800	0.092	0.002	0.031	0.219	0.046	0.240	0.017	0.017	0.032	0.032	0.000	0.007	0.035	0.055	0.010		0.000	0.063
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L19	Pearson Correlation	.722	.928	-0.144	0.531	.941	.830	.735	.832	.716	.906	.906</										

## Appendix-H (continued)

SPSS (version 24)-Pearson's Correlation Coefficient r Matrix for the Relationship between Leadership Subscales and Plant Efficiency

		Plant Efficiency	L1	L2	L3	L4	L5	L6	L7	L8	L9	L10	L11	L12	L13	L14	L15	L16	L17	L18	L19	L20
Plant Efficiency	Pearson Correlation	1	-.357	.795	.426	-.497	-.299	-.775	-.376	-.889	-.434	-.434	-.428	-.495	-.284	-.523	-.508	-.250	-.421	-.093	-.355	.464
	Sig. (2-tailed)		.386	.018	.292	.210	.472	.024	.359	.003	.282	.282	.290	.213	.496	.184	.201	.550	.299	.827	.388	.247
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L1	Pearson Correlation	-.357	1	-.212	.318	.983	.630	.564	.611	.638	.892	.892	.672	.703	.889	.859	.696	.547	.901	.931	.928	.379
	Sig. (2-tailed)	.386		.614	.443	.000	.094	.145	.108	.089	.003	.003	.068	.052	.003	.006	.055	.161	.002	.001	.001	.354
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L2	Pearson Correlation	.795	-.212	1	.688	-.281	.123	-.477	.041	-.655	-.454	-.454	-.013	-.086	-.030	-.148	-.119	.168	-.406	.107	-.144	.698
	Sig. (2-tailed)	.018	.614		.059	.500	.771	.232	.923	.078	.259	.259	.976	.840	.944	.726	.779	.691	.318	.800	.734	.054
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L3	Pearson Correlation	.426	.318	.688	1	.283	.730	.200	.675	-.022	.243	.243	.630	.566	.634	.475	.556	.762	.306	.632	.531	.990
	Sig. (2-tailed)	.292	.443	.059		.497	.040	.636	.066	.959	.562	.562	.094	.143	.091	.235	.152	.028	.462	.092	.176	.000
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L4	Pearson Correlation	-.497	.983	-.281	.283	1	.695	.687	.689	.752	.886	.886	.750	.786	.901	.922	.781	.614	.898	.897	.941	.327
	Sig. (2-tailed)	.210	.000	.500	.497		.056	.060	.059	.031	.003	.003	.032	.021	.002	.001	.022	.106	.002	.002	.000	.429
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L5	Pearson Correlation	-.299	.630	.123	.730	.695	1	.796	.995	.649	.611	.611	.989	.974	.897	.906	.965	.994	.657	.754	.839	.703
	Sig. (2-tailed)	.472	.094	.771	.040	.056		.018	.000	.082	.108	.108	.000	.000	.003	.002	.000	.000	.077	.031	.009	.052
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L6	Pearson Correlation	-.775	.564	-.477	.200	.687	.796	1	.848	.967	.698	.698	.868	.897	.727	.843	.906	.775	.713	.489	.735	.153
	Sig. (2-tailed)	.024	.145	.232	.636	.060	.018		.008	.000	.054	.054	.005	.003	.041	.009	.002	.024	.047	.219	.038	.718
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L7	Pearson Correlation	-.376	.611	.041	.675	.689	.995	.848	1	.707	.621	.621	.996	.985	.883	.908	.981	.989	.667	.715	.832	.638
	Sig. (2-tailed)	.359	.108	.923	.066	.059	.000	.008		.050	.100	.100	.000	.000	.004	.002	.000	.000	.071	.046	.010	.089
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L8	Pearson Correlation	-.889	.638	-.655	-.022	.752	.649	.957	.707	1	.744	.744	.751	.800	.671	.811	.813	.603	.747	.470	.716	-.051
	Sig. (2-tailed)	.003	.089	.078	.959	.031	.082	.000	.050		.034	.034	.032	.017	.069	.014	.014	.114	.033	.240	.046	.904
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L9	Pearson Correlation	-.434	.892	-.454	.243	.886	.611	.698	.621	.744	1	1.000	.668	.700	.858	.791	.714	.551	.994	.802	.906	.281
	Sig. (2-tailed)	.282	.003	.259	.562	.003	.108	.054	.100	.034		.000	.070	.053	.006	.019	.047	.157	.000	.017	.002	.500
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L10	Pearson Correlation	-.434	.892	-.454	.243	.886	.611	.698	.621	.744	1.000	1	.668	.700	.858	.791	.714	.551	.994	.802	.906	.281
	Sig. (2-tailed)	.282	.003	.259	.562	.003	.108	.054	.100	.034	.000		.070	.053	.006	.019	.047	.157	.000	.017	.002	.500
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L11	Pearson Correlation	-.428	.672	-.013	.630	.750	.989	.868	.996	.751	.668	.668	1	.996	.906	.943	.992	.974	.711	.749	.866	.600
	Sig. (2-tailed)	.290	.068	.976	.094	.032	.000	.005	.000	.032	.070	.070		.000	.002	.000	.000	.000	.048	.032	.005	.116
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L12	Pearson Correlation	-.495	.703	-.086	.566	.786	.974	.897	.985	.800	.700	.700	.996	1	.909	.961	.995	.952	.739	.750	.879	.539
	Sig. (2-tailed)	.213	.052	.840	.143	.021	.000	.003	.000	.017	.053	.053	.000		.002	.000	.000	.000	.036	.032	.004	.168
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L13	Pearson Correlation	-.284	.889	-.030	.634	.901	.897	.727	.883	.671	.858	.858	.906	.909	1	.947	.908	.855	.892	.946	.988	.651
	Sig. (2-tailed)	.496	.003	.944	.091	.002	.003	.041	.004	.069	.006	.006	.002	.002		.000	.002	.007	.003	.000	.000	.080
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L14	Pearson Correlation	-.523	.859	-.148	.475	.922	.906	.843	.908	.811	.791	.791	.943	.961	.947	1	.953	.855	.822	.854	.945	.477
	Sig. (2-tailed)	.184	.006	.726	.235	.001	.002	.009	.002	.014	.019	.019	.000	.000	.000		.000	.007	.012	.007	.000	.232
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L15	Pearson Correlation	-.506	.696	-.119	.556	.781	.965	.906	.981	.813	.714	.714	.992	.995	.908	.953	1	.943	.757	.743	.885	.523
	Sig. (2-tailed)	.201	.055	.779	.152	.022	.000	.002	.000	.014	.047	.047	.000	.000	.002	.000		.000	.030	.035	.003	.184
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L16	Pearson Correlation	-.250	.547	.168	.762	.614	.994	.775	.989	.603	.551	.551	.974	.952	.855	.855	.943	1	.599	.696	.785	.725
	Sig. (2-tailed)	.550	.161	.691	.028	.106	.000	.024	.000	.114	.157	.157	.000	.000	.007	.007	.000		.116	.055	.021	.042
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L17	Pearson Correlation	-.421	.901	-.406	.306	.898	.657	.713	.667	.747	.994	.994	.711	.739	.892	.822	.757	.599	1	.836	.937	.336
	Sig. (2-tailed)	.299	.002	.318	.462	.002	.077	.047	.071	.033	.000	.000	.048	.036	.003	.012	.030	.116		.010	.001	.416
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L18	Pearson Correlation	-.093	.931	.107	.632	.897	.754	.489	.715	.470	.802	.802	.749	.750	.946	.854	.743	.696	.836	1	.944	.682
	Sig. (2-tailed)	.827	.001	.800	.092	.002	.031	.219	.046	.240	.017	.017	.032	.032	.000	.007	.035	.055	.010		.000	.063
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L19	Pearson Correlation	-.355	.928	-.144	.531	.941	.839	.735	.832	.716	.906	.906	.866	.879	.988	.945	.885	.785	.937	.944	1	.552
	Sig. (2-tailed)	.368	.001	.734	.176	.000	.009	.038	.010	.046	.002	.002	.005	.004	.000	.000	.003	.021	.001	.000		.156
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
L20	Pearson Correlation	.464	.379	.698	.990	.327	.703	.153	.638	-.051	.281	.281	.600	.539	.651	.477	.523	.725	.336	.682	.562	1
	Sig. (2-tailed)	.247	.354	.054	.000	.429	.052	.718	.089	.904	.500	.500	.116	.168	.080	.232	.184	.042	.416	.063	.156	
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8

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

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

a. group = 2

### Appendix-H (continued)

SPSS (version 24)-Pearson's Correlation Coefficient r Matrix for the Relationship between Leadership Subscales and Sales Volume

Sales Volume	Pearson Correlation	Sales Volume	1	L1	L2	L3	L4	L5	L6	L7	L8	L9	L10	L11	L12	L13	L14	L15	L16	L17	L18	L19	L20
L1	Sig. (2-tailed)		-0.389	.798	0.405	-0.527	-0.323	-.794	-.0399	-.905	-.0471	-0.471	-0.471	-0.452	-0.518	-0.318	-0.550	-0.530	-0.273	-0.458	-0.127	-0.390	0.440
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
	Sig. (2-tailed)		-0.389	1	-0.212	0.318	.983	0.630	0.564	0.611	0.638	.892	.892	0.672	0.703	.889	.859	0.696	0.547	.901	.931	.928	0.379
L2	Sig. (2-tailed)		0.341	0.017	0.320	0.179	0.436	0.019	0.328	0.002	0.238	0.238	0.261	0.188	0.443	0.158	0.177	0.513	0.254	0.764	0.340	0.276	0.052
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
	Sig. (2-tailed)		0.017	0.614	0.059	0.500	0.771	0.232	0.923	0.078	0.259	0.259	0.976	0.840	0.944	0.726	0.779	0.691	0.318	0.800	0.734	0.054	0.000
L3	Sig. (2-tailed)		0.405	0.318	0.688	1	0.283	.730	0.200	0.675	-0.022	0.243	0.243	0.630	0.566	0.634	0.475	0.556	.762	0.306	0.632	0.531	.990
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
	Sig. (2-tailed)		0.320	0.443	0.059	0.497	0.040	0.636	0.066	0.959	0.562	0.562	0.094	0.143	0.091	0.235	0.152	0.028	0.028	0.462	0.092	0.176	0.000
L4	Sig. (2-tailed)		-0.527	.983	-0.281	0.283	1	0.695	0.687	0.689	.752	.886	.886	.750	.786	.901	.922	.781	0.614	.898	.897	.941	0.327
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
	Sig. (2-tailed)		0.179	0.000	0.500	0.497	0.056	0.060	0.059	0.031	0.003	0.003	0.032	0.021	0.002	0.001	0.022	0.106	0.002	0.002	0.000	0.429	0.000
L5	Sig. (2-tailed)		-0.323	0.630	0.123	.730	0.695	1	.796	.995	0.649	0.611	0.611	.989	.974	.897	.906	.965	.994	0.657	.754	.839	0.703
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
	Sig. (2-tailed)		0.436	0.094	0.771	0.040	0.056	0.018	0.000	0.082	0.108	0.108	0.000	0.000	0.003	0.002	0.000	0.000	0.077	0.031	0.009	0.052	0.000
L6	Sig. (2-tailed)		-0.794	0.564	-0.477	0.200	0.687	.796	1	.848	.957	0.698	0.698	.868	.897	.727	.843	.906	.775	.713	0.489	.735	0.153
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
	Sig. (2-tailed)		0.019	0.145	0.232	0.636	0.060	0.018	0.008	0.000	0.054	0.054	0.005	0.003	0.041	0.009	0.002	0.024	0.047	0.219	0.038	0.718	0.000
L7	Sig. (2-tailed)		-0.399	0.611	0.041	0.675	0.689	.995	1	.707	0.621	0.621	.996	.985	.883	.908	.981	.989	0.667	.715	.832	0.638	0.538
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
	Sig. (2-tailed)		0.328	0.108	0.923	0.066	0.059	0.000	0.008	0.050	0.100	0.100	0.000	0.000	0.004	0.002	0.000	0.000	0.071	0.046	0.010	0.089	0.000
L8	Sig. (2-tailed)		-.905	0.638	-0.655	-0.022	.752	0.649	.957	1	.744	.744	.751	.800	0.671	.811	.813	0.603	.747	0.470	.716	-0.051	0.000
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
	Sig. (2-tailed)		0.009	0.089	0.078	0.959	0.031	0.082	0.000	0.050	0.034	0.034	0.032	0.017	0.069	0.014	0.014	0.114	0.033	0.240	0.046	0.904	0.000
L9	Sig. (2-tailed)		-0.471	.892	-0.454	0.243	.886	0.611	0.698	0.621	.744	1	1.000	0.668	0.700	.858	.791	.714	0.551	.994	.802	.906	0.281
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
	Sig. (2-tailed)		0.238	0.003	0.259	0.562	0.003	0.108	0.054	0.100	0.034	0.000	0.000	0.070	0.053	0.006	0.019	0.047	0.157	0.000	0.017	0.002	0.500
L10	Sig. (2-tailed)		-0.471	.892	-0.454	0.243	.886	0.611	0.698	0.621	.744	1.000	1	0.668	0.700	.858	.791	.714	0.551	.994	.802	.906	0.281
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
	Sig. (2-tailed)		0.238	0.003	0.259	0.562	0.003	0.108	0.054	0.100	0.034	0.000	0.000	0.070	0.053	0.006	0.019	0.047	0.157	0.000	0.017	0.002	0.500
L11	Sig. (2-tailed)		-0.452	0.672	-0.013	0.630	.750	.989	.868	.996	.751	0.668	0.668	1	.996	.906	.943	.992	.974	.711	.749	.866	0.600
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
	Sig. (2-tailed)		0.261	0.068	0.976	0.094	0.032	0.000	0.005	0.000	0.032	0.070	0.070	0.000	0.000	0.002	0.000	0.000	0.000	0.048	0.032	0.005	0.116
L12	Sig. (2-tailed)		-0.518	0.703	-0.086	0.566	.786	.974	.897	.985	.800	0.700	0.700	.996	1	.909	.961	.995	.952	.739	.750	.879	0.539
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
	Sig. (2-tailed)		0.188	0.052	0.840	0.143	0.021	0.000	0.003	0.000	0.017	0.053	0.053	0.000	0.000	0.002	0.000	0.000	0.000	0.036	0.032	0.004	0.168
L13	Sig. (2-tailed)		-0.318	.889	-0.030	0.634	.901	.897	.727	.883	0.671	.858	.858	.906	.909	1	.847	.908	.855	.892	.946	.968	0.651
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
	Sig. (2-tailed)		0.443	0.003	0.944	0.091	0.002	0.003	0.041	0.004	0.069	0.006	0.006	0.002	0.002	0.000	0.000	0.002	0.007	0.003	0.000	0.000	0.080
L14	Sig. (2-tailed)		-0.550	.859	-0.148	0.475	.922	.906	.843	.908	.811	.791	.791	.943	.961	.947	1	.953	.855	.822	.854	.945	0.477
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
	Sig. (2-tailed)		0.158	0.006	0.726	0.235	0.001	0.002	0.009	0.002	0.014	0.019	0.019	0.000	0.000	0.000	0.000	0.000	0.007	0.012	0.007	0.000	0.232
L15	Sig. (2-tailed)		-0.530	0.696	-0.119	0.556	.781	.965	.906	.981	.813	.714	.714	.992	.995	.908	.953	1	.943	.757	.743	.885	0.523
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
	Sig. (2-tailed)		0.177	0.055	0.779	0.152	0.022	0.000	0.002	0.000	0.014	0.047	0.047	0.000	0.000	0.002	0.000	0.000	0.000	0.030	0.035	0.003	0.184
L16	Sig. (2-tailed)		-0.273	0.547	0.168	.762	0.614	.994	.775	.989	0.603	0.551	0.551	.974	.952	.855	.855	.943	1	0.599	0.696	.785	.725
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
	Sig. (2-tailed)		0.513	0.161	0.691	0.028	0.106	0.000	0.024	0.000	0.114	0.157	0.157	0.000	0.000	0.007	0.007	0.000	0.116	0.055	0.021	0.042	0.000
L17	Sig. (2-tailed)		-0.458	.901	-0.406	0.306	.898	0.657	.713	0.667	.747	.994	.994	.711	.739	.892	.822	.757	0.599	1	.836	.937	0.336
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
	Sig. (2-tailed)		0.254	0.002	0.318	0.462	0.002	0.077	0.047	0.071	0.033	0.000	0.000	0.048	0.036	0.003	0.012	0.030	0.116	0.010	0.001	0.416	0.000
L18	Sig. (2-tailed)		-0.127	.931	0.107	0.632	.897	.754	0.489	.715	0.470	.802	.802	.749	.750	.946	.854	.743	0.696	.836	1	.944	0.682
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
	Sig. (2-tailed)		0.764	0.001	0.800	0.092	0.002	0.031	0.219	0.046	0.240	0.017	0.017	0.032	0.032	0.000	0.007	0.035	0.055	0.010	0.000	0.063	0.000
L19	Sig. (2-tailed)		-0.390	.928	-0.144	0.531	.941	.839	.735	.832	.716	.906	.906	.866	.879	.988	.945	.885	.785	.937	.944	1	0.552
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
	Sig. (2-tailed)		0.340	0.001	0.734	0.176	0.000	0.009	0.038	0.010	0.046	0.002	0.002	0.005	0.004	0.000	0.000	0.003	0.021	0.001	0.000	0.000	0.156
L20	Sig. (2-tailed)		-0.440	0.379	0.698	.990	0.327	0.703	0.153	0.638	-0.051	0.281	0.281	0.600	0.539	0.651	0.477	0.523	.725	0.336	0.682	0.552	1
	N	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
	Sig. (2-tailed)		0.276	0.354	0.054	0.000	0.429	0.052	0.718	0.089	0.904	0.500	0.500	0.116	0.168	0.080	0.232	0.184	0.042	0.416	0.063	0.156	0.000
*, Correlation is significant at the 0.05 level (2-tailed).																							
**, Correlation is significant at the 0.01 level (2-tailed).																							
a. group = 2																							

## Appendix-I

SPSS (version 24)-Pearson's Correlation Coefficient r Matrix for the Relationship between Leadership Subscales (Sales Directors/Managers) and Sales Volume

Correlations																						
	Sales Volume	L1	L2	L3	L4	L5	L6	L7	L8	L9	L10	L11	L12	L13	L14	L15	L16	L17	L18	L19	L20	
Sales Volume	Pearson	1	0.170	0.136	0.305	0.269	0.344	0.334	0.322	0.145	-0.060	-0.069	0.268	0.273	0.289	0.394	0.377	0.386	-0.014	0.363	0.377	0.287
	Sig. (2-tailed)		0.218	0.327	0.025	0.049	0.011	0.014	0.018	0.296	0.669	0.620	0.050	0.046	0.034	0.003	0.005	0.004	0.918	0.007	0.005	0.036
	N	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61
L1	Pearson	0.170	1	.544**	.588**	.628**	.565**	.282**	.480**	.164	.069	-.240	.675**	.675**	.542**	.316*	.410**	.431**	.130	.454**	.491**	.582**
	Sig. (2-tailed)	0.218		.000	.000	.000	.000	.039	.000	.235	.622	.080	.000	.000	.000	.020	.002	.001	.350	.001	.000	.000
	N	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61
L2	Pearson	0.136	.544**	1	.497**	.712**	.547**	.159	.495**	.034	.153	.005	.707**	.615**	.588**	.546**	.386**	.419**	.010	.455**	.430**	.645**
	Sig. (2-tailed)	0.327	.000		.000	.000	.000	.250	.000	.808	.269	.969	.000	.000	.000	.000	.004	.002	.941	.001	.001	.000
	N	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61
L3	Pearson	0.305	.588**	.497**	1	.655**	.786**	.400**	.859**	.329*	.137	-.017	.771**	.675**	.759**	.549**	.728**	.672**	.259	.713**	.742**	.708**
	Sig. (2-tailed)	0.025	.000	.000		.000	.000	.003	.000	.015	.323	.902	.000	.000	.000	.000	.000	.000	.058	.000	.000	.000
	N	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61
L4	Pearson	0.269	.628**	.712**	.655**	1	.743**	.448**	.763**	.262	.109	-.101	.898**	.898**	.863**	.503**	.652**	.685**	.206	.722**	.636**	.925**
	Sig. (2-tailed)	0.049	.000	.000	.000		.000	.001	.000	.056	.432	.466	.000	.000	.000	.000	.000	.000	.135	.000	.000	.000
	N	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61
L5	Pearson	0.344	.565**	.547**	.786**	.743**	1	.596**	.819**	.348**	.145	-.006	.832**	.738**	.724**	.669**	.778**	.912**	.274	.961**	.857**	.787**
	Sig. (2-tailed)	0.011	.000	.000	.000	.000		.000	.000	.010	.295	.968	.000	.000	.000	.000	.000	.000	.045	.000	.000	.000
	N	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61
L6	Pearson	0.334	.282**	.159	.400**	.448**	.596**	1	.494**	.423**	.101	-.042	.461**	.461**	.419**	.425**	.601**	.654**	.190	.621**	.578**	.484**
	Sig. (2-tailed)	0.014	.039	.250	.003	.001	.000		.000	.001	.469	.761	.000	.000	.002	.001	.000	.000	.168	.000	.000	.000
	N	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61
L7	Pearson	0.322	.480**	.495**	.859**	.763**	.819**	.494**	1	.343**	.143	-.033	.786**	.786**	.884**	.659**	.855**	.791**	.270	.836**	.781**	.825**
	Sig. (2-tailed)	0.018	.000	.000	.000	.000	.000	.000		.011	.302	.815	.000	.000	.000	.000	.000	.000	.048	.000	.000	.000
	N	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61
L8	Pearson	0.145	.164	.034	.329*	.262	.348*	.423**	.343*	1	.417*	.265	.269*	.269*	.303*	.272*	.401**	.382**	.405**	.362*	.345*	.283*
	Sig. (2-tailed)	0.296	.235	.808	.015	.056	.010	.001	.011		.002	.053	.049	.049	.026	.046	.003	.004	.002	.007	.011	.038
	N	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61
L9	Pearson	-0.060	.069	.153	.137	.109	.145	.101	.143	.417**	1	.730**	.112	.112	.126	.217	.167	.159	.359**	.151	.177	.118
	Sig. (2-tailed)	0.669	.622	.269	.323	.432	.295	.469	.302	.002		.000	.418	.418	.362	.115	.227	.250	.008	.275	.200	.396
	N	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61
L10	Pearson	-0.069	-.240	.005	-.017	-.101	-.006	-.042	-.033	.265	.730**	1	-.056	-.225	-.063	.071	.006	-.006	.359**	-.019	.036	-.081
	Sig. (2-tailed)	0.620	.080	.969	.902	.466	.968	.761	.815	.053	.000		.687	.102	.650	.612	.966	.965	.008	.892	.793	.560
	N	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61
L11	Pearson	-0.069	.675**	.707**	.771**	.898**	.832**	.461**	.786**	.269*	.112	-.056	1	.895**	.889**	.518**	.672**	.706**	.212	.743**	.717**	.953**
	Sig. (2-tailed)	0.620	.000	.000	.000	.000	.000	.000	.000	.049	.418	.687		.000	.000	.000	.000	.000	.123	.000	.000	.000
	N	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61
L12	Pearson	0.273	.675**	.615**	.675**	.898**	.738**	.461**	.786**	.269*	.112	-.225	.895**	1	.889**	.518**	.672**	.706**	.212	.743**	.629**	.953**
	Sig. (2-tailed)	0.046	.000	.000	.000	.000	.000	.000	.000	.049	.418	.102	.000		.000	.000	.000	.000	.123	.000	.000	.000
	N	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61
L13	Pearson	0.289	.542**	.588**	.759**	.863**	.724**	.419**	.884**	.303*	.126	-.063	.889**	.889**	1	.583**	.756**	.678**	.239	.717**	.708**	.933**
	Sig. (2-tailed)	0.034	.000	.000	.000	.000	.000	.002	.000	.026	.362	.650	.000	.000		.000	.000	.000	.082	.000	.000	.000
	N	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61
L14	Pearson	0.394	.316*	.546**	.549**	.503**	.669**	.425**	.850**	.272*	.217	.071	.518**	.518**	.583**	1	.771**	.734**	.225	.697**	.664**	.544**
	Sig. (2-tailed)	0.003	.020	.000	.000	.000	.000	.001	.000	.046	.115	.612	.000	.000	.000		.000	.000	.101	.000	.000	.000
	N	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61
L15	Pearson	0.377	.410**	.386**	.728**	.652**	.778**	.601**	.855**	.401**	.167	.006	.672**	.672**	.756**	.771**	1	.853**	.316	.802**	.806**	.705**
	Sig. (2-tailed)	0.005	.002	.004	.000	.000	.000	.000	.000	.003	.227	.966	.000	.000	.000	.000		.000	.020	.000	.000	.000
	N	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61
L16	Pearson	0.386	.431**	.419**	.672**	.685**	.912**	.654**	.791**	.382**	.159	-.006	.706**	.706**	.678**	.734**	.853**	1	.301*	.949**	.854**	.741**
	Sig. (2-tailed)	0.004	.001	.002	.000	.000	.000	.000	.000	.004	.250	.965	.000	.000	.000	.000	.000		.027	.000	.000	.000
	N	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61
L17	Pearson	-0.014	.130	.010	.259	.206	.274	.190	.270	.405**	.359**	.359**	.212	.212	.239	.225	.316*	.301*	1	.286	.335*	.223
	Sig. (2-tailed)	0.918	.350	.941	.058	.135	.045	.168	.048	.002	.008	.008	.123	.123	.082	.101	.020	.027		.036	.013	.105
	N	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61
L18	Pearson	0.363	.454**	.455**	.713**	.722**	.961**	.621**	.836**	.362**	.151	-.019	.743**	.743**	.717**	.697**	.802**	.949**	.286*	1	.817**	.780**
	Sig. (2-tailed)	0.007	.001	.001	.000	.000	.000	.000	.000	.007	.275	.892	.000	.000	.000	.000	.000	.000	.036		.000	.000
	N	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61
L19	Pearson	0.377	.491**	.430**	.742**	.636**	.857**	.578**	.781**	.345*	.177	.036	.717**	.629**	.708**	.664**	.806**	.854**	.335*	.817**	1	.672**
	Sig. (2-tailed)	0.005	.000	.001	.000	.000	.000	.000	.000	.011	.200	.793	.000	.000	.000	.000	.000	.000	.013	.000		.000
	N	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61	61
L20	Pearson	0.287	.582**	.645**	.708**	.925**	.787**	.484**	.825**	.283*	.118	-.081	.953**	.953**	.933**	.544**	.705**	<				

