

“The impact of Leadership style on the Organizational Performance”

(A mixed project between organizational behavior and
statistics)

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□ Introduction:

The role of leadership in an organization is crucial in terms of creating a vision, mission, determination and establishment of objectives, designing strategies, policies, and methods to achieve the organizational objectives effectively and efficiently along with directing and coordinating the efforts and organizational activities. Unfortunately, some companies do not take account of the leadership style adopted by their managers.

Based on this premise, our project aims to explore the relationship between leadership style and organizational performance in Shakal Company for Italian restaurants.

□ Organization Background:

Shakal Group is a company with 5 restaurants: **paccino's** with its 2 branches (#1 café and restaurant in Minya according to google), **Arkan**, **Trevi**, and **Jalapeno**.

Those restaurants are 5 of the most famous, well known, and successful restaurants in Minya.

□ Literature Review:

+ Leadership:

▪ Leadership Definition:

Leadership can be defined in different ways that it is hard to come up with a single working definition. Leadership is not just a person or group of people in a high position, it is a very important factor for any organization or group. Leadership is a process in which leader is indulged in various activities to achieve any goal. Leadership is a communication process of leader and individuals.

It also refers to the behavior/ attitude of a leader to collect and direct the individuals towards any goal. So, the success of a company or individual depends mostly on the extent and quality of leadership.

▪ Leadership Styles:

Leadership style can be defined as the kind of relationship used by an individual to make people work together for a common goal. According to modern leadership styles, leadership styles can be categorized as follows:

(1) Transformational leadership style:

Transformational leadership style focuses on developing the followers and considering their needs. The managers that focus on transformational leadership focus particularly on developing the overall value system of the employees, development of moralities, skills, and their motivation level.

The transformational leadership acts as a strong bridge between the followers and leaders, to develop clear understanding associated with the motivational level, values, and interests.

(2) Charismatic leadership style:

Charismatic leadership is considered one of the most successful leadership styles, where the charismatic leaders develop a vision and the followers are asked to follow and execute it. The charismatic leadership invites innovation and creativity and is considered motivational for the employees.

The Charismatic leaders tend to have a vision and are willing to take personal risks to achieve that vision, sensitive to follower needs, and exhibit extraordinary behaviors.

Charismatic leaders are more successful when the follower's task has an ideological component or the environment includes a high level of stress and uncertainty.

Although the charismatic leadership is considered one of the best leadership styles, like everything in life it has a dark side as many charismatic leaders have allowed their personal goals to override the goals of the organization, they are all too successful at convincing their followers to execute a vision that is not constructive for the organization.

(3) Authoritarian leadership style:

Authoritarian leaders are classic and bossy in nature. The Authoritarian leaders want their subordinates to work according to them.

They are less creative and only promote one-sided conversation. This severely affects the motivation and satisfaction level of the employees. The Authoritarian leadership style is however, known to be effective in the short term.

Authoritarian leadership restricts the workplace socialization and communication which is cordial for effective organizational performance. The Authoritarian leadership also leads to organizational conflicts which negatively affect the overall performance.

This sort of leader assumes that the employees are lazy, have very little want to hold out responsibility and like to be directed. The authoritarian leaders continuously tell the followers

what to try. Moreover, as a way to couple and supervise them closely, his vogue is predicated on the idea that his power comes from the position he holds.

So, Authoritarian leadership could be a Theory X (According to McGregor theory X and Y)

(4) Democratic leadership style:

The leadership in which the decision- making is decentralized and is shared by all the subordinates. the democratic leadership is also known to motivate the employees to perform better, as their views and opinions are valued. In this type of leadership style, praises and criticism are given objectively and a sense of responsibility is also developed among the employees, it also provides opportunities to the employees to express and implement their creative ideas and take part in the decision-making process. This leadership style also prepares future leaders and helps the organization in the long run.

It also can be considered a Theory Y.

Recently most of scholars have focused on charismatic leadership and transformational leadership and their effects on organizational effectiveness.

They emphasize the importance of leaders' relationships with followers. Key behaviors of charismatic/transformational leaders include expressing a vision, making sense of missions, showing determination, and communicating high performance expectations.

+ Organizational Performance:

- Organizational Performance Definition:

Organizational performance is the ability of an organization to reach its goals and optimize results. In other words, performance is achievement or score in a given event. On individual basis, it is the record of the person's accomplishment.

Organizational performance has taken a considerable part of researcher's interest due to its important role to organizations to survive and succeed in present business reality, especially with existence of an intense competition nowadays.

- Ways to Measure Organizational Performance:

Measuring and analysis of organizational Performance has become widely popular and play a very important role in the success of the organization. It is quite important for a company to determine the relevant indicators how they relate to the company goals and their dependence on the performed activities.

At first, there were many argues that organizational PM can be assigned as traditional PM, where the traditional PM emphasize on financial measures such as ROI and profits only. Then, the Balanced Scorecard came into the scene. The BSC utilizes both financial and non-finical

performance measures related to the organization's strategy. the dimensions of this scale can be defined as follow:



- **Financial Perspective:**

Views an organization's financial performance and the use of financial resources. Financial performance measures indicate whether the company's strategy, implementation, and execution are contributing to bottom-line improvement. Typical financial goals have to do with profitability, growth, and shareholder value.

- **Customer Perspective:**

Views organizational performance from the perspective of the customer. The balanced scorecard demands that managers translate their general mission statement on customer service into specific measures that reflect the factors that really matter to customers (like: Time, quality, performance and Service, and cost).

- **Internal Process Perspective:**

views the quality and efficiency of an organization's performance related to the product, services, or other key business processes. The internal measures for the balanced scorecard should stem from the business processes that have the greatest impact on customer satisfaction—factors that affect cycle time, quality, employee skills, and productivity. Companies should decide what processes and competencies they must excel at and specify measures for each.

- **Learning & Growth Perspective:**

views human capital, infrastructure, technology, culture, and other capacities that are key to breakthrough performance. A company's ability to innovate, improve, and learn ties directly to the company's value. That is, only through the ability to launch new products, create more value for customers, and improve operating efficiencies continually can a company penetrate new markets and increase revenues and margins—in short, grow and thereby increase shareholder value.

+ The Relationship between Leadership Style and Organizational Performance:

There is a considerable impact of the leadership styles on organizational performance. The leadership style influences the organization culture which, in turn, influences the organizational performance. The personalized relationship developed by a leader creates an environment in which the employees feel happy and hence, their overall performance is improved.

An effective leadership is known to result in high levels of trust, motivation and job commitment.

There have been a lot of studies in the past few years made on the job commitment due to its huge impact on work attitudes such as job satisfaction, turnover and performance.

So, in a way or another, theoretically, the leadership styles have a very strong impact on the organizational performance either in direct or indirect way.

□ Methodology:

+ The Project's Model:

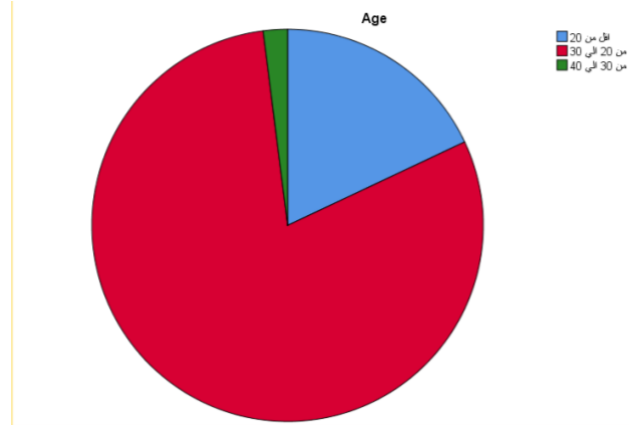
The main aim of the project is to find the impact of leadership style on a firm's performance and growth



+ Sample Details:

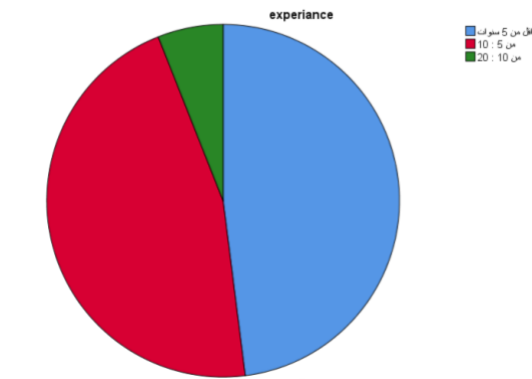
- The case company in the research is “Shakal Group”. There are about 80 employees working at “Shakal” company out of who 51 responded to the questionnaire we made to know which leadership style from the discussed above affects the performance more.
- Sample Size: 50 using simple sampling technique.

Age					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	أقل من 20	9	17.6	18.0	18.0
	من 20 إلى 30	40	78.4	80.0	98.0
	من 30 إلى 40	1	2.0	2.0	100.0
	Total	50	98.0	100.0	
Missing	System	1	2.0		
Total		51	100.0		



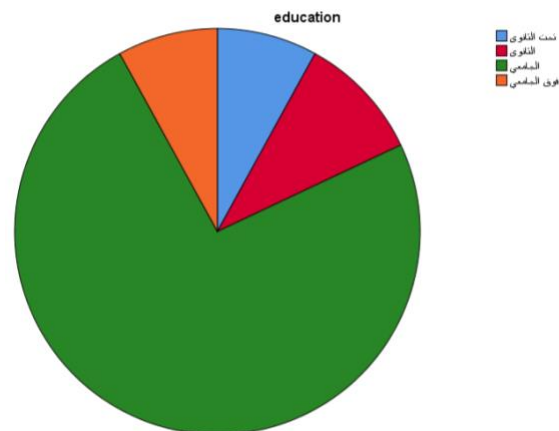
- Employees in the age group less than 20 years: 17.6%
- Employees in the age group from 20- 30 years: 78.4%
- Employees in the age group from 30- 40 years: 2%

experience					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	أقل من 5 سنوات	24	47.1	48.0	48.0
	من 5 : 10	23	45.1	46.0	94.0
	من 10 : 20	3	5.9	6.0	100.0
	Total	50	98.0	100.0	
Missing	System	1	2.0		
Total		51	100.0		



- Employees with less than 5 years of experience: 47.1%
- Employees with years of experience from 5- 10 years: 45.1%
- Employees with years of experience from 10- 20 years: 5.9%

education					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	تحت الثانوي	4	7.8	8.0	8.0
	الثانوي	5	9.8	10.0	18.0
	الجامعي	37	72.5	74.0	92.0
	فوق الجامعي	4	7.8	8.0	100.0
	Total	50	98.0	100.0	
Missing	System	1	2.0		
Total		51	100.0		



- Employees with an educational level below secondary: 7.8%
- Employees with a secondary educational level: 9.8%
- Employees with a university educational level: 72.5%
- Employees with an educational level above university: 7.8%

+ Hypothesis testing 1:

- H_0 : There is no relationship between Leadership and Organizational Performance.
- H_1 : There is a relationship between Leadership and Organizational Performance.
- Test statistic using Pearson correlation:

		Correlations	
		LEADERSHIP	PERFORMAN CE
LEADERSHIP	Pearson Correlation	1	.359*
	Sig. (2-tailed)		.010
	N	50	50
PERFORMANCE	Pearson Correlation	.359*	1
	Sig. (2-tailed)	.010	
	N	50	50

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

- Sig (P-Value) < 0.05
- We will reject H_0 and we cannot reject H_1

□ Conclusion:

Leadership is an important factor in achieving organizational objectives. Therefore, there is a direct relationship between the quality of leadership and the achievement of organization objective.

Therefore, leadership Style adopted by a manager has a considerable impact on the organizational performance.

		Correlations				
		PERFORMAN CE	Democratic	AUTHORITER IAN	Transformatio n	Charismatic
PERFORMANCE	Pearson Correlation	1	.224	-.256-	.616**	.582**
	Sig. (2-tailed)		.118	.073	.000	.000
	N	50	50	50	50	50
Democratic	Pearson Correlation	.224	1	-.592-**	.328*	.067
	Sig. (2-tailed)	.118		.000	.020	.645
	N	50	50	50	50	50
AUTHORITERIAN	Pearson Correlation	-.256-	-.592-**	1	-.262-	-.188-
	Sig. (2-tailed)	.073	.000		.066	.191
	N	50	50	50	50	50
Transformation	Pearson Correlation	.616**	.328*	-.262-	1	.372**
	Sig. (2-tailed)	.000	.020	.066		.008
	N	50	50	50	50	50
Charismatic	Pearson Correlation	.582**	.067	-.188-	.372**	1
	Sig. (2-tailed)	.000	.645	.191	.008	
	N	50	50	50	50	50

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

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

The result in the table shows the relationship between each of the used leadership styles in this research (Democratic, Authoritarian, Transformational, and Charismatic). We found that there

is no relationship between the democratic and authoritarian leadership styles and the organizational performance with sig = 0.118 and 0.073 respectively, however there is a moderate positive relationship between the other two with the “Transformational leadership” being on top with a correlation 0.616 and next the “charismatic” with a correlation 0.582.

This shows that the “Democratic” and “Authoritarian” leadership Styles do not induce the employees to perform better and stimulate high turnover intention.

The “charismatic” leadership style is a good style of leadership for short-term or small projects but as far as the long-term and future prospects are considered, they are not beneficial as they do not lead to employee development, and this does not bring out the expected performances from the employees. However, the “Transformational” leadership style induces the employees to perform better and as per the level of expectations.

□ Recommendations:

This study shows that Leadership style and behavior is quite essential in all kinds of companies. This study also explains the different leadership styles and their different impacts on the organizational performance. The study can also help improving the performance of employees and in motivating employees to accomplish the organization’s goals.

These ideas can be used for the future research in the leadership and organizational performance field.

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□ Appendices:

+ The Arabic Questionnaire:



موظفين شركة شكّل الكرام/

نحن طلاب كلية إدارة الأعمال جامعة دراية نقوم بعمل استبيان خاص بمشروع مادتي الإحصاء والسلوك التنظيمي. نرجو من سيادتكم استيفاء هذا الاستبيان والمعد بغرض تحليل المعلومات الخاصة بمشروعنا علما بأن البيانات ستحاط بسرية تامة ولن تستخدم الا لغرض البحث العلمي ولقياس اختلاف أثر أساليب القيادة على الأداء التنظيمي للشركة. ولكم جزيل الشكر.

الوظيفة/.....

النوع:

ذكر

أنثى

العمر:

أقل من ٢٠

من ٢٠ الى ٣٠

من ٣٠ الى ٤٠

أكبر من ٤٠

المستوى التعليمي:

تحت الثانوي

الثانوي

الجامعي

فوق الجامعي

سنوات الخبرة:

أقل من ٥ سنوات

من ٥ : ١٠

من ١٠ : ٢٠

المتغير الأول: اسلوب القيادة

العبارات	تقييمك من 0 الي 100 (بحيث 1 = لا اوافق بشدة)
١- القيادة الديمقراطية:	
1 يعد الترحيب بمقترحات الموظفين داخل الشركة أمر ضروري.	

2	يسمح لك بالمشاركة في التخطيط وتحديد أهداف الشركة.
3	يجب أن يكون الموظفون جزءاً من عملية اتخاذ أي قرار في الشركة.
4	لا ينفرد المدير بنفسه في عملية صنع القرارات الخاصة بتنفيذ الخطة الاستراتيجية للشركة.
٢- القيادة المتسلطة:	
1	يجب على الموظفين في الشركة تنفيذ جميع الأوامر المصدرة إليهم بدون طرح أي أسئلة.
2	لن يقوم الموظفون بعملهم داخل الشركة إلا بالإشراف عليهم وتوجيههم عن قرب.
3	يتحكم المدير في الطريقة التي يؤدي بها العمل في الشركة.
4	يعتمد القائد في الشركة على أسلوب الأمر والتهني في تعامله مع الموظفين.
٣- القيادة التحويلية:	
1	يشجع القائد الموظفين على التفكير من منظور أوسع داخل الشركة.
2	يساعد القائد في الشركة على تحسين قدرة الموظفين وكفاءتهم.
3	يقوم القائد بالتغيرات الدائمة في الشركة بهدف تطوير الأداء.
4	يركز القائد على الابتكار والتجديد في الشركة.
٤- القيادة الكاريزمية:	
1	يظهر القائد إحساساً بالقوة والثقة داخل الشركة.
2	يكون القائد على استعداد للتضحية بكل شيء من أجل تنفيذ رؤية الشركة ومهمتها مهما كلفه الأمر.
3	يعزز القائد نقاط القوة لدى الموظفين داخل الشركة.
4	القائد لديه رؤية لمستقبل ناجح للشركة والموظفين.

المتغير الثاني: الأداء التنظيمي

تقييمك من 0 الي 100 (بحيث 1 = لا اوافق بشدة)	العبارات
١-الأداء المالي	
1	تحقق الشركة زيادة مستمرة في الربحية.
2	تقوم إدارة الشركة بتقييم ومقارنة أدائها المالي في فترات زمنية متعاقبة.
٢- العمليات الداخلية:	
1	تقوم الشركة بتصميم خدماتها بعد إجراء دراسة لمتطلبات السوق والعملاء.
2	تحرص إدارة الشركة على تقديم خدمات بأعلى مستوى من الجودة.
٣- العملاء:	
1	تهتم إدارة الشركة بشكاوى العملاء ومقترحاتهم.
2	يوجد انخفاض في شكاوى العملاء.
٤- التعلم والنمو:	
1	تقوم إدارة الشركة بدعم الأفكار الجيدة والإبداعية.
2	تستفيد الشركة من الخبرات الموجودة لديها لتطوير الأداء.

+ The English Questionnaire:

Dear employees of Shakal Company/

We are **business administration students, Deraya university**. We are making a questionnaire for the Statistics and Organizational Behaviour project. We kindly ask you to complete this questionnaire, which was prepared for the purpose of analysing the information related to our project, knowing that the data will be kept strictly confidential and will not be used except for the purpose of scientific research and to measure the impact of leadership styles on the organizational performance of the company. Thank you very much.

Job title \.....

Gender:

Male

Female

Age:

Younger than 20 years

From 20 to 30

From 30 to 40

Older than 40

Educational level:

Bellow secondary school

Secondary school

University

Above university

Years of experience:

Less than 5 years

From 5: 10

From 10: 20

- **The first variable: Leadership Style**

	The phrases	Your evaluation from 0 to 100 (0 = I don't agree at all)
1- Democratic Leadership:		
1	Welcoming employee suggestions within the company is essential.	
2	You are allowed to participate in planning and setting company goals.	
3	Employees should be a part of the company's decision-making process.	

4	The manager is not the only one in the decision-making process.	
2- Authoritarian Leadership:		
1	Employees in the company must carry out all orders issued to them without asking any questions.	
2	The employees will perform their work within the company only by supervising and directing them closely.	
3	The Leader controls the way work is done within the company.	
4	The leader depends on the method of ordering and forbidding in his dealings with employees in the company.	
3- Transformational leadership:		
1	The leader encourages employees to think in a broader perspective within the company.	
2	The leader in the company helps to improve the ability and efficiency of the employees.	
3	The leader makes permanent changes in the company with the to improve the performance.	
4	The leader focuses on innovation and creativity in the company.	
4- Charismatic Leadership:		
1	The leader shows a sense of strength and confidence in the company.	
2	The leader is willing to sacrifice everything in order to implement the company's vision and mission, whatever the cost.	
3	The leader enhances the strengths of employees within the company.	
4	The leader has a vision with a successful future for the company and the employees.	

- **The second Variable: Organizational Performance**

	The Phrases	Your evaluation from 0 to 100 (0 = I don't agree at all)
1- Financial Performance:		
1	The company achieves continuous increase in profitability.	
2	The company's management evaluates and compares its financial performance over different periods of time.	
2- Internal Processes:		
1	The company designs its services after conducting a study of market and customer requirements.	
2	The company's management is keen on providing services with the highest quality.	
3- Customers:		
1	The company's management pays attention to customer complaints and suggestions.	
2	There is a decrease in customer complaints.	
4- Learning & Growth:		
1	The company's management supports good and creative ideas.	
2	The company takes advantage of all the experiences it has to develop performance.	