

The Impact of Leadership Styles on Business Success: A Case Study on SMEs in Amman

Ibrahim Mkheimer*

Department of Economics and Management Sciences, Sultan Zainal Abidin University, Terengganu, Malaysia

Abstract

Leadership styles have an essential, direct cause and effect relationship on business success and their development. Leaders' roles are revolved in forming values, visions, and employee's motivation. Several leadership styles were analyzed in this study such as transformational, transactional and charismatic. A review of the literature showed several empirical businesses. The problem of the study was to cover the gap in the literature related to leadership styles in achieving total business success. Data collected in this study using a leadership survey including demographic, leadership styles and business success questions. Hundred questionnaires were distributed and only 85 valid respondents completed and appropriate for further analysis in the survey. Descriptive statistics, exploratory factor analysis (EFA) and multiple regressions were used to test the research hypotheses. The study was assumed that a transformational transactional and charismatic leadership styles were the most dominant of leadership styles in the business. The study found that most companies have same styles of leadership. Based on the results, transactional leadership style has a significant positive impact on business success. Additional, transformational leadership style, however, showed a negative impact on business success. This means that success of business would not develop or increase when transformational style is found.

Keywords: Leadership styles; Business success; SMEs; Jordan

Introduction

Different methods the organizations used to measure success of their activities and positing in the marketplace. Such as advanced methods either qualitative or quantitative have been designed and employed practically like Balanced Scorecard developed by Kaplan and Norton or other financial indices (ROE, ROA). Moreover, since the 90's there was no common and precise method to measure business success. The activities are essential for companies and managed as providing a value in their daily operations. Without these activities and strategic policies cannot be executed, hence the strategy cannot be recognized. Moreover, in the beginning time of project management which is one of the most important functions in the modern management it amalgamates incompetent manpower within the company. This philosophy demonstrated in the project management as well, developed by the necessity for designing the policy and plans. So the proper planning and carrying out the responsibilities referred a project [1]. The complexity and highly complicated in the business environment have imposed the organizations to be more informed and liable to accept the changes which are continuous and non-stop. The uncertainty of the business also needs to be sufficient in participation in all levels of the organization. In addition there are many strategic organizational assets like physical infrastructure, capital as well human resource which is vital component for organization. It has a key role in running smoothly the organization and accomplishing its objectives. In the continuous changing and competitive world market, the human resources become the most competitive advantage in the business, if they have managed effectively and sufficiently, it may considers as an evident that leaders have worthy effect on followers. The importance of leadership style has increased in the every industry, and has a direct effect on the development process with all its dimensions. So, the progress and sustainability in the business regardless the nature of the sector assures the overall development of local economy, especially in the emerging markets.

Defining leadership

Understanding overall dimensions of the concept of Leadership

the researcher started with having a look for the most common definitions of leadership. A study and analysis conducted to show the widespread definitions of leadership showed that most definitions aim to highlight on the leaders' characteristics. Notable traits have been viewed and thus have described leadership. Some of these definitions see the leadership as an attempt to influence the followers by using multiple means of communication and straightforward to achieving the goals. Leadership is a process tends to influence people and enable management to make the people do voluntarily what should be done and do it well. Cribbin [2] in his work named "Leadership: strategies for organizational effectiveness" was defined the leadership as group of process and steps tend to influence the practices of an organized people to accomplish the goals. Rauch and Behling [3] leadership aims to discover the company's fate and its future as well drawing a pathway to follow this desired track. Jaworski [4] analyzed the leadership concept as interpersonal skill focus in affecting in a particular situation and organized by series of communication process towards the strategic organizational objectives [5].

The definition of leadership like many social and business terms still has not a consensus to define and agree on its components and characters [6]. Leaders and business professionals discussed the views of what dynamic leaders should have and the main constitutes for leaders. Charisma, power, prestige, achievements and others are attributes described the leaders and most definitions of leadership several scopes and streams like military, business and socio-culture fields. In a conference held in 1927 discussed the definition of leadership, General

*Corresponding author: Ibrahim Mkheimer, PhD Scholar, Sultan Zainal Abidin University, Terengganu, Malaysia, Tel: +962776031753; E-mail: amkheimer97@gmail.com

Received May 07, 2018; Accepted May 31, 2018; Published June 11, 2018

Citation: Mkheimer I (2018) The Impact of Leadership Styles on Business Success: A Case Study on SMEs in Amman. Arabian J Bus Manag Review 8: 343.

Copyright: © 2018 Mkheimer I. This is an open-access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.

Stuart, was one of experienced staff of the West Point Military Academy, defined leadership "as the ability to impress the will of the leader on those led and induce obedience, respect, loyalty, and cooperation" [7]. Another definition of leadership Arthur Young, characterized leadership "as the ability to get results". Modern definitions and approaches examined the definition of leadership describe a contrast amongst influence and fulfillment goals. Leadership definitions in the 1920s have concentrated on the characteristics of this concept [6]. Stogdill conducted survey to state the traits of leaders and focus on how leaders can acquire these traits of leadership [8]. He summarized the group of main traits of leadership included smart, social acceptance, humble and effective that build up a deep definition of leadership. There are personality constitutes for leaders including analytical thinking, openness, popular and wide knowledge, these traits have been used to identify the theoretical of leadership. Moreover, the analyzing the leadership importantly restrict possible leaders according to their personalities. Thus, there are more diversified theories on leadership definition were needed to discuss and know how to create effective leaders. Leaders' decisions and behaviors may give an understanding of styles of how people react to different situations. The behavioral approach of leadership has been described as theoretical of certain kinds of reactions to events. This approach also classified the leadership into function and relationship behaviors needed to accomplish goals and build long-term relationships [6]. Katz [9] designed new approach examine the skill of leadership through identifying multiple skills and competences which the leaders should obtain such as technical, thinking, and knowledgeable abilities. Technical ones indicated to an individual's experience, but thinking skills reflected ability to make a proper decision while working with group of people. Knowledgeable skills were the amount of knowledge and realize most of complicated details of an organization. This competence is important especially for top management [6].

According to Bass's [10], definition of leadership "leadership consists of influencing the attitudes and behaviors of individuals and the interaction within and between groups for the purpose of achieving goals." Chemers [11] also defined leadership as "a process of social influence in which one person is able to enlist the aid and support of others in the accomplishment of a common task." Their definitions are general accepted amongst many scholars, and they included constant dimensions in leadership which were people, means, effects and goals. The leaders need people to motivate and inspire them, by using proper means to influence people and attract them, the most element in the leadership definitions belonging Bass and Chemers was the effect and charismatic dimension in the personality of leaders. As well there were goals need to be achieved and the leaders aim to obtain people's focus on these goals.

The concept of leadership has been discussed and characterized by many experts and scholars almost in many approaches. Stogdill [12] noticed the uncertainty when he analyzed the different definitions of leadership and it was reflected scholars who try to describe and probe this concept. Multiple definitions of leadership return to different understanding and applying this concept in various contexts as well the nature of this concept and its complications. Lassey [13] explained this complexity and analyzed through noticing it. So there is no agreed rule or theoretical background can the entire scholars apply it to define the concept of leadership in every conditions and sectors. In the terms of finding a consolidated framework of leadership and reveal the equivocation and confusion of leadership definitions, Chemers [11] developed a theory which was an umbrella collecting different of definitions of leadership that obtain the approval of the

most of scholars and theorists. His definition demonstrated leadership as a system and method of various influence in many circumstances which means that leader able to utilize and induct others to achieve the most important duties. According to Chemers [11] leadership didn't described obviously until the beginning of 20th century. Bass [10] emphasized that the modern theorists of leadership have attempted to recognize the elements of leadership by many theoretical approaches. He also persisted with this understanding to propose that writers have failed to build up a comprehensive theories due to they didn't care about intervenes amongst individual and other factors. He compared newly writers on leadership to their present peers, and concluded that the past researchers attempted to design a thorough theory with theoretical basis. The all definitions of leadership look to be situational which depends on the situation, people, culture, the personality traits or the organization. Hoffman et al., [14] characterized leadership as the effect of a leader on his/her subordinates' acts and behaviors towards achieve organizational goals. Some scholars defined the leaders by measuring the relationships, knowledge and experience they have [15]. Kouzes and Posner [16] defined it as "the art of mobilizing others to want to struggle for shared aspirations". Others noted the leadership as a process not a job [17] while Burns [18] defined leadership as "leaders inducing followers to act for certain goals that represent the values and the motivations the wants and needs, the aspirations and expectations of both leaders and followers. And the genius of leadership lies in the manner in which leaders see and act on their own and their followers' values and motivations".

Literature Review

Prabhu [19] noted that the recognition about the entrepreneurial leaders' still incomplete, little research with also small sample found which can't generalize for comparison. Some cases have adequate information and knowledge lead to make adequate proper and valued studies. There are some initiatives related to the leadership concept in business existing now and focus mainly on leadership characteristics, such as essential personal trustiness, integrity and willingness to impact the followers' commitment to the organization through stating it with connecting to important values instead of plan financial terms [20]. Current studies examining the influence of leadership styles on overall success in business environment still little analyzed and they were qualitative natured studies [19,20]. The existence studies discussed the relationship between the styles of leadership and organizational performance was assured by several researches in different sectors. A study by McCann [21] founded that leadership style had a positive impact on involvement of employee in USA in manufacturing industry; as well there was an increasing for the involvement in other industry which was financial sector in developing counties like India. Walumbwa and Lawler [22] developed engagement of innovation in some organisations [23], the organisational efficiency for business entities and financial performance of business [24]. Basically, there is a difference in understanding between the business and organizations either these corporates profit seeking or non, the relationship between a leadership styles and the business success to be recognized which it can be implemented with operations in the every sector. The leaders working in any industry must concentrate both on the internal and external environment dimensions; they have to first plan, support, organise, decide good decisions, give authority, direct, supervise and finance projects [25]. Apart from these important activities, another significant activity corresponds with other activities carried out by leaders working in different sectors. Since modern businesses also have to obtain a particular degree of sustainability to provide services to their

societies, there is a stream for the impact of leadership styles on the success of an organization to involve as it is found in profit sectors. In the public sector for example, where incurs a significant likeness to the other sector such as social, Parry and Proctor-Thomson [26] discovered the influence of leadership styles on the organizational performance and effectiveness in the public sector. On the other hand, Thach and Thompson [27] studied different skills of leadership according to the interviews they made with many leaders in both profit and non-profit industries.

Examining leadership with other variable like performance was motivation for many studies [28]. Idris and Ali [29] assured this emphasis by investigating the effect of activities of management as a mediator between leadership styles and business performance. Moreover, testing the performance and its impact on the owner of businesses was the aim of other studies [30]. Founder of the business may work as important as entrepreneurs and top management may have distinguished style of management [31]. A study concentrated on owner's traits provided little realization of the characteristics which create differences within the CEO's skills and related experiments to involve and achieve a successful business [32]. So, Jayaraman et al. [30] carried out a research of CEOs and they found that the age and size of the business play as mediators and has an effect of the management. CEO had a good effect on the performance of new businesses comparing to older ones. Thus, the time which the entrepreneur remain in the business may affect organization performance. Achieving the sustainability of business rely on how understand the styles of leadership entrepreneurs which also assist an organization to create steady positioning with today's world businesses. The diversity in using different style of leadership may be necessary in order to build and develop business progress across long period of years [33]. In addition, exploring the relationship between leadership styles and performance and focusing on solid traits of a CEOs and leadership skills may be sharpened and improved. However, leadership styles support more significant models need to be understood and make this relationship between leadership and performance more obvious. Swiercz and Lydon [33] indicated a gap in the study on how entrepreneurial managers can transit from one style of leadership to another style and their eligibilities to raise the organization to advance competitive level and accomplish the strategic goals. Leadership style has an impact also on collapse business levels so the entrepreneurs don't have good leadership competences necessary to move from founder to CEO. Scrutinizing how leadership characteristics of entrepreneurs after couple of years of management can provide an insight creating a prospective business to overcome the possibility of failure in the business. Moreover, the top management in the transformational leadership conducts had a direct effect on business performance more than other managerial levels [34]. They revealed that CEO with high competences and skills were more sufficient in organizing, directing as well manage small to medium enterprises (SMEs) by using transformational style of leadership. The study has provided an evidence for the capability of transformational leader but the study didn't explore how extent the entrepreneurial leadership in the SMEs. There is a need of research to show the importance of relationship and its impact on several dimensions such as business success. The literature review refers that leadership styles will stay a major concern of studies to understand how top management in the organizations influence its activities. Some of the reviewed studies have moderating variables, for instance emotional intelligence, creativity, and organizational environment, provide a rich discussion of how leaders can employ the styles of leadership as a tool to accomplish organizational goals. Leadership studies also have widely highlighted

on big companies, revealing little grasp of how leadership in SMEs influence its outcomes.

Leadership theory

Many leadership styles have been used by leadership theories in order to analyze various different views connected with leadership concept. Present leadership theories classify leaders based on their characteristics or how they can influence and motivate the employee to achieve objectives of the organizations. Common categories in the today's business can be divided into bureaucratic, democratic or charismatic. If analyzing the leadership styles from the view of the power and its applications to assure results, leaders are classified as situational, transactional or transformational. Using, applying and understanding these different trends can provide a framework for discussion which may lead to fruitful and desired outcomes. As well, stating an individual leader's traits is critical to assessing leadership effectiveness especially it closely connected to organizational objectives.

Transformational and transactional leadership

The transformational leadership still a prevalent theory in leadership studies. Burns [18] described leadership as "the reciprocal process of mobilizing by persons with certain motives and values, various economic, political and other resources, in a context of competition and conflict, in order to realize goals independently or mutually held by both leaders and followers". He was the first researcher who makes a difference between transformational and transactional styles of leadership. The transformational leadership need leader pursues to lead the organization in a way which the individual, employees and organization transformed positively. The starting origin of transformational leadership theory tend with Maslow's Hierarchy of Needs which the leaders were invited to move people to fulfill one's talents and capabilities, especially considered as a drive for everyone [35]. Bass [10] has a study aimed to examine the parts of transformational leadership. Three constituents of transformational leadership, including charismatic, intellectual and concentration on followers' development were connected with transformational leadership. Bass's research on this style of leadership was characterized as Full Range Leadership. In this style, both transformational and transactional leadership were examined in continuous sequences which elements are not different from each other. The main components of transformational leadership are viewed as typical effect, inspiration motive, mental stimulation and individualized respect [36]. The main purpose of transformational leadership in this framework was developing the performance and followers. On the other hand, transactional leadership style was described by Contingent Reward and Management-by-Exception theories. It highlighted on the achieving the tasks and accomplishing objectives with remuneration and negative ramifications for not accomplishing goals. Importantly, transactional leadership indicates a leader-follower reciprocal relationship. Laissez-Faire leadership is another leadership style which indicates an absence of leadership. Laissez-Faire leadership presumes that the leader is not practicing leadership manners. Hence, the concentration in this review of literature is on leadership behaviors manifested utilizing the theories of transformational and transactional leadership styles within the model of full range leadership. Moreover, the theory of transformational leadership hasn't without criticism. Yukl [37] criticize the previous studies that study the transformational leadership through showing conceptual weaknesses in this concept. He demonstrated the concentration of the research on transformational leadership was including an individual effect without sufficient highlight on organizational operations. As well, he noted that the

Full Range Leadership Model didn't give a distinguished structure of transformational leadership due to mental stimulation tends to intervene in some capable with other facets of this theory such as inspirational motive. This debate has been disproved by interconnected relationship of the components of transformational leadership [6]. Yukl [37] also stated that there was more need to describe how transformational leadership related to leadership efficiency and effectiveness. As well the study in the transformational leadership after increasing the criticisms by Yukl also increase the authenticity of transformational leadership as a discrete leadership style which affects organizational results [38]. Nonetheless, these ideas uphold the need for more research on leadership styles in different cases.

Charismatic leadership

Weber [39] defined charismatic leadership as "resting on devotion to the exceptional sanctity, heroism or exemplary character of an individual person". In the same stream, Shamir et al., [40] discussed making a charismatic leader require a consciousness of multi-dimensional identity which was significant in this style of leadership. Empirical studies indicated with respect to the means which the leaders use, that the charismatic leaders may lead to creativity and innovation business basically on their behaviors and personality [41]. Other studies have declared that charismatic leaders normally affected the followers by forming a promising and prosperous future rather than making dissatisfaction comparing with the present situation [42]. There is broad clue that charismatic leadership may lever the level of organizational commitment, increase energy and organize individual's efforts towards strategic objectives, visions [43]. Avolio et al. [44] showed that charismatic leaders may create appreciation, respect, dedication and honesty. Similarly, other attempts have created a significant correlation between charismatic leadership and group effectiveness as well rejuvenation [45]. Moreover, there are solid indexes that charisma style alone is not effective enough to create innovation and business success [42]. A research done by Bossink [46], the failure in creating the innovation in business was existed to be connect with the incompetence in the charismatic leader to involve in wide knowledge belonging various fields and specialities. He also roots this result in a complementary research in 2007, and found that charismatic leadership style disable to "absorb useful information and knowledge during the project". These findings backup the inducement of some scholars that charismatic leadership can create innovation and can be consummated with other leadership abilities to assure organizational success [42].

Influence of leadership styles on business success

Achieving highly sustainable competitive advantage was one of the organizational major objectives which all businesses pursue to become true which has mix of human and non-human elements were essential and needed to utilized [47]. According to Barney [48] most studies related to competitive advantage and success of business have highlighted on understanding the company's weaknesses and strengths as well analyzing its opportunities and threats what called today with (SWOT analysis) and discover how these components have a role in forming and implementing business strategies. The SWOT analysis designates the goals of business and names internal as well external influential factors that are significant or not in carrying out these goals. Porter has five forces model which aims to describe the characteristics of successful marketplace and notes that when the market is sufficient, this means the opportunities will be higher than threats. The model presumes that businesses which similar in an industry are also the same

in terms of the resources used in achieving the strategies they want to monitor and strategies they strive [48]. It also presumes that the company's resources are changeable and therefore not homogenous in a business which will not last long time. A theory called resource-based view (RBV) focused on various indications [48]. The essential rule and principle of this theory depends basically in its enforcement on the package of important resources. Based on Boxall and Purcell [49] the RBV model emerged from the supposition that companies are different in nature, which means there are dissimilarities between these companies in the same vein of the industry. Furthermore, the model also revealed that the available resources were not completely changeable within the company [48]. The study of Boxall presented that company with certain human strategic elements was basically had an output was valuable and too hard to imitate as well difficult to produce, also it should be unparalleled within the current business and possible competition, robust to override with different inputs which may achieve the same destination [49]. It is debated that the RBV model states a great parallel amongst the resources of business to accomplish total business success. The analyzed criterias may also be ineffective while working to achieve overall business success. While they mention what the actions should be done, they also neglect a critical criteria that when and how these actions should be taken [50]. Leavy [51] confirmed the resources which help in success of business which were rooted as mechanisms and support the highest business importance for instance, the culture with all constituents like values, norms and attitudes [52]. To make the benefits become real in the marketplace it is important to know how manage these resources well. The leaders are invited also to train and obtain the knowledge of how using effectively these latent resources which aim to leverage and enhance the positioning of the business amongst their competitors as well forming the sustainable of competitive advantage and increasing profitability [51].

According to Boal and Schultz [53] the sophisticated leaders can get into new opportunities and exploit current resources and use them effectively in their purposes in daily communication. Sharing employees' experiences and their business related knowledge may improve the grasp and obvious techniques which may lead to create innovation and enhance the ability to adapt great change. The authors demonstrate that the ability of influential leaders permit companies to continue and obtain the core to manage successfully the business in a complicated and competitive contexts. Hamel and Prahalad [54] assured the critical correlation between leadership styles and resource exploitation. They also demonstrated that leadership styles should have several traits such as dynamic and flexible and when involved with creativity and diligence, the leaders are able to utilize "every possible opportunity for resource leverage". Hitt and Duane [55] empathized on the human capital and classified it as the most significant and unique resource at all in the business and may be a limitation for economic development either for sole proprietorship or public companies. As well, apparent knowledge and the tool used are an also major factor which describes the differences in degree of business success within many businesses [55]. Influential leaders can increase human and social assets in their companies to also meet the expectation of the customers and create great value for the company and achieve lasting competitive advantage. Thus, the different styles of leadership are generally connected with the performance of company. Hitt and Duane [55] debate that innovation, critical and creative thinking are essential to develop the total performance which are consistent with leadership while manage and utilize all company's resources.

Leaders have a vital role in motivating and inspiring the initiatives of individual and improving business environment procedures to win

with benefits for the organization [56]. An effective leader also impacts the subordinates in a required way to accomplish wanted objectives and visions. All businesses have dealing with multiple complex contexts and rapidly changes in every dimension and they are requested to adapt with these changes. According to Hargreaves [57] the leaders should also adopt traits of development process such as looking for a consensus between the business goals, his followers, and subordinates and may be the environment. Growingly, the employed leadership styles have a significant influence on business's management. Surely, in the effective and robust marketplace of business, leaders have to be able to stand up the instability and highly competition emerging from consequences of globalization. Also Pfeffer and Sutton [58] in their studies, focused the intrinsic significant of leaders' role in making the knowledge to become applicable. In the same vein, leadership styles quickly have become index consider the most important in measuring, keeping and improving business's competitiveness. This notion was discussed by Ireland and Hitt [59] when they demonstrated that designing and developing a particular action by leaders reach to competitive outcome and arriving to desired organizations' results. Schwenk and Shrader [60] also called for that business's growth and great performance were closely connected with the behavior and attitudes the leaders use, in this circumstances the leaders and their styles of leadership utilized had a critical role. Moreover, based on the fact that all businesses are more affected to competitive, rapid and complex environment with many of changes and obstacles, the manner which the leaders handle the human resources also alter. At present, people are treated as human capital as an entire element of the business's success and able to provide added value to the business [61]. Until achieving this, the business has to value people and push them to raise the company and develop their abilities and competences and understand how they can add to the business great performance. There should be mutual of behaviors which the leader has to motivate and the success relies on the style of leadership used. Langowitz and Allen [62], in his study related to the significance of small and medium business CEOs, revealed the leader was the CEO and debated that many of these business's leaders produced enterprising actions.

Research Methodology

The purpose of this research was to investigate the most frequently leadership styles employed and their roles in running successful business to determine success factors of business sustainability. The study examined the collection of leadership styles to assure which styles are most correlated with developing, growing and reinforcing business. A descriptive study relies on the understanding of different styles of leadership and their influences on business success. The questionnaire method is proper for this type of study whereas it provides a quantitative description of attitudes and opinions of the target population. The population for this study was founder and co-founder who are establish new businesses and they are owners of companies as well operate in

the Amman city. Structured self-administered questionnaires were distributed to the sample and collected after hiring a research assistant and take few weeks to collect distributed questionnaire. The study used the Multifactor Leadership Questionnaire (MLQ) to evaluate differences in transformational, transactional, and charismatic leadership styles [10]. Bass developed this instrument, and it was depends on qualitative interviews with 70 CEOs in South Africa [63]. It examined transformational, transactional and charismatic leadership styles. Many amendments have made to improve the instrument and to achieve objective the study. The questionnaire consisted of group of validated items adapted from previous studies [63] and set of questions related to demographics variables. Each subject was guaranteed of the confidentiality of all responses. The participants of the survey were asked to fill the questionnaire optionally. A total of 88 respondents filled the questionnaires out of 100 questionnaires were distributed, representing 88% response rate which is good range. The completed questionnaires were checked for cleaning data, seriousness and completeness resulting in 85 usable cases. The sample can be defined as a "judgment sample" who can provide a great value and contributions, as well "major informants" who have a good knowledge and perception regarding the issues being surveyed and willing to contact with them [64]. Three independent constructs with several factors were selected and measured by using five-point scale ranging from 1 (strongly disagree) to 5 (strongly agree). A pilot study of four founders and co-founder was carried out to state if the survey had a good validity, they were requested to answer the survey questions as well provide the researcher with feedback related to the clarity of the items, understanding, easy to complete the questionnaire and feedback if there were additional questions should ask the participants. These were charismatic, transactional, and transformational leadership styles. The questionnaire was conveniently and directly sent to target sample establishing their own business and working in Amman city. The respondents' demographic information like gender, industry type, education levels and years of operation. The dependent construct was identified by the level which the companies have accomplished their own business objectives. To examine the effect of leadership styles on business success, exploratory factor analysis and correlation analysis were analyzed.

Hypotheses and Analysis

The next hypotheses are framed with the relationship as seen in Figure 1. The independent variables are three leadership styles discussed above. They are impacted on business success. The proposed conceptual model also proposes that this research states if the different leadership styles can affect and associate with implementing of leadership to achieve an appropriate level of business success.

H1: Transformational leadership style is positively impacted on business success.

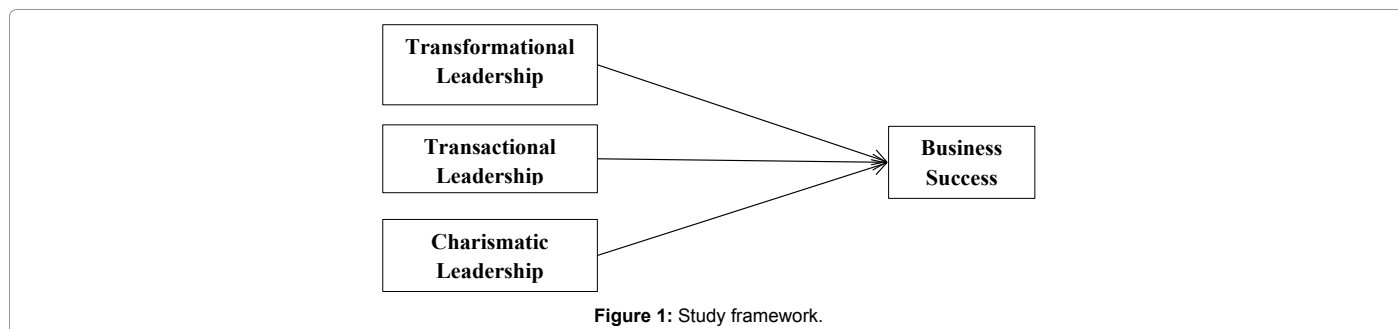


Figure 1: Study framework.

H2: Transactional leadership style is positively impacted on business success.

H3: Charismatic leadership style is positively impacted on business success.

Factor analysis and reliability by applying principle component analysis and Varimax rotation, all observed variables in the measurement scale were tested through exploratory factor analyses (EFA) to discover their structures and convergences in the model. The first exploratory factor analysis was applied for the dependent variable, including six items, and the other EFA was for the group of independent variables (transformational, transactional and charismatic leadership) including 4, 3 and 4, items respectively.

As seen in the Table 1 above related to the dependent variable, the KMO index was at $0.669 \geq 0.6$ and the Sig. of Bartlett's test was at 0.000, this demonstrated that the data of dependent variable was proper for factor analysis. Only one component extracted which corresponded to the concept of business success. All items had good factor loadings which were equal or greater than ≥ 0.6 which indicates good correlation between the items and the corresponding extracted component. The eigenvalue of the extracted component was 2.780 meeting the requirements of being more than 1 and the total variance explained was 40.82% of the total variance. As well, the high value of Cronbach's alpha of 0.763 approved a good reliability of the measurement scale for measuring the dependent variable. Regarding independent variables in Table 2, the KMO index of transformational leadership was at $0.700 \geq 0.6$ and the Sig. of Bartlett's test was at $0.000 < 0.05$ indicating that the data was proper for further analysis. Only one component was extracted, the solution cannot be rotated and corresponding to the concept of transformational, transactional and charismatic leadership styles in the study framework. The eigenvalues of all extracted components were greater than 1 and the total variances explained have been indicated. Additionally, the values of Cronbach's alpha of all variables ranging from 0.682-0.786 referring good to very good degree of reliability of the measurement scale to assess the independent variables.

Table 3 explained the demographics variables of the participants in this study. The number of male are more than female respondents (61.2%) which means dominance male in creating and managing the projects which also reflect weakness of supporting women in establishing their own businesses due to the nature of oriental culture prevalent in Jordan, and the majority of the respondents had an IT services natured business (40.0%), followed by business services like recruiting agencies and manufacturing with 28.2% and 16.5% accordingly. However, most of the respondents participating in filling the questionnaire were had with 4-6 operation years (accounting for

| Variable | Number of items | Cronbach's alpha |
|------------------|-----------------|------------------|
| Business success | 6* | 0.763 |

*All items have factor loadings ≥ 0.6 ; the KMO index for dependent variable: 0.669; significance of Bartlett's test=0.000; total variance explained=46.34%.

Table 1: Summary of the dependent variable.

| Variable | Number of items | Cronbach's alpha |
|-----------------------------|-----------------|------------------|
| Transformational leadership | 6* | 0.682 |
| Transactional leadership | 6* | 0.786 |
| Charismatic leadership | 5* | 0.715 |

*All items have factor loadings ≥ 0.6 ; the KMO indexes for independent variables are 0.700, 0.770 and 0.707 respectively; significance of Bartlett's test=0.000; total variances explained are 40.82%, 57.09% and 44.82% respectively.

Table 2: Summary of the independent variables.

42.4% of the total) in the surveyed SMEs; most of owner or founders also co-founder had undergraduate educational level with (36.5%).

According to the Table 4 above, transformational leadership style has the highest mean value corresponding to 3.7588 and standard deviation value of 0.62122 interpreting that transformational leadership style has good correlation with business success. Followed by charismatic leadership styles which have 3.6541 mean value and 0.71206 standard deviation and 3.3275, 0.71206 mean and standard deviation respectively for transactional variable referring that this leadership style is poorly correlated with dependent variable (business success).

| Variable | | Frequency | Percent |
|-----------------|----------------------|-----------|---------|
| Gender | Male | 52 | 61.2 |
| | Female | 33 | 38.8 |
| Industry type | Educational services | 13 | 15.3 |
| | IT services | 34 | 40.0 |
| | Business services | 24 | 28.2 |
| | Manufacturing | 14 | 16.5 |
| Operation years | Less than 3 years | 29 | 34.1 |
| | 4-6 years | 36 | 42.4 |
| | Above 7 years | 20 | 23.5 |
| Education level | Secondary and less | 26 | 30.6 |
| | College degree | 33 | 27.1 |
| | Undergraduate degree | 31 | 36.5 |
| | Postgraduate | 5 | 5.9 |

Table 3: Profile of respondents.

| Variable | N | Mean | Std. deviation |
|------------------|----|--------|----------------|
| Transformational | 85 | 3.7588 | 0.62122 |
| Transactional | 85 | 3.3275 | 0.50686 |
| Charismatic | 85 | 3.6541 | 0.71206 |
| Business success | 85 | 3.8000 | 0.51870 |

Table 4: Descriptive statistics.

Discussion

The Durbin Watson's test is a statistical test using in detecting the existing autocorrelation in the residual (prediction error) in the regression analysis. It is named after James Durbin and Geoffrey Watson conducted this test at the residuals in least squares regression, and evolved limits tests for the null hypothesis which the errors are uncorrelated compared to the alternative ones which also follow first order autoregressive process. When value of Durbin-Watson test at 2, means there is no autocorrelation, if the value close to 0, it means there is a positive correlation and if the value approaching to 4 also means there is a negative correlation. The rule of thumb is said that the good fit of the model should be predicted by minimum of 60% variance in dependent variable which makes it a good fit for the study and getting a value of adjusted R square higher than 60%. Durbin-Watson's test estimates the autocorrelation of the residuals from the regression analysis which identify that the cut-off ranges for Durbin-Watson's test between 1.5 and 2.5.

According to the Table 5 above, R square value is 0.20 which means that 20% of the dependent variable can be predicted and interpreted by independent variables. The adjusted R square is -0.016 which also reveals that the model is not a good fit model whereas the value is less than 60. The Durbin-Watson value demonstrates no autocorrelation within the surveyed participants for this research as the value comes in the ranges between 1.5 and 2.5.

Further analysis will be focus on coefficients where the ranges of alpha values of 0.05, 0.001 or 0.01 are used to find the significance of the variables.

As shown in Table 6, transactional leadership style beta coefficient value is 0.008 with a significant value of 0.946 which is greater than 0.05, thus transactional leadership is showed to have a negative significant effect on business success. This result is different with [65] whereas correlation analysis was used to identify the relationship between leadership styles and project success. Similarly, the relationship between the several leadership styles and project successes in construction industry in South African was examined by using Pearson Correlation. Results from the research found that there was a positive correlation between transactional leadership and project success. The findings were also further found no relationship between Laissez faire leadership style and project success. Moreover, the research explored a relationship between leadership styles and project success. Charismatic leadership style beta coefficient value is 0.142 with a significant value of 0.243 which is higher than 0.05, thus charismatic leadership is revealed to get a negative significant impact on business success. This finding is not consistent with Shea's [66] study, which one of main contributions of this study was the impact of charismatic leadership on the performance of manufacturing task over a several of attempts was investigated. The findings of this study also indicated that employees working under leaders perform better than individuals who working under charismatic leaders in the first attempt. As well the study of Sidra which the data was collected from telecom sector in Pakistan and it was secondary and qualitative study, the sample size was 100 respondents, it concluded there was a relationship founded between charismatic leadership and organizational performance moreover it realized that the ability and skills have great role in creating follower's committed work behavior and help protrusion in crises conditions, demonstrating strategic objectives which lead business to more successful and effective. Transformational leadership style beta coefficient value is -0.021 with a significant value of 0.851 which is higher than 0.05, thus transformational leadership is showed to get a negative significant impact on business success. This finding is different to a study conducted by Nubuor et al., [67] showing that there was a positive correlation between transformational leadership and banking project success in Ghana. This was due to the regression model selected can predict about 59% of the variance dependent variable (project success). The highest predictor of banking project success was inspirational motivation followed by individual consideration.

The results referred that transformational leadership had a negative significant impact on business success. Therefore, transformational leadership style doesn't produce a role in creating success in the SMEs. H1: Rejected (Table 7). The findings showed that transactional leadership had a negative significant impact on business success. H2: Rejected. The results show that charismatic leadership has a negative significant impact on business success. H3: Rejected.

Conclusion

The conclusions were abstracted from analysis of the data collected from the surveys conducted by the researcher. From these, it can be indicated that employees are not as well paid as they would want, although the existence of great leadership styles develop their success. Leadership with its types have an essential role in shaping the behaviour and attitudes of the subordinates as well staff. The field of leadership not only aimed to analyze the interpersonal connections but also focused on the role of a leader as a motivator. The objective of this study was to forming and developing the understanding of modern and popular leadership styles in selected companies in Amman city. The study found that most companies have same styles of leadership. Based on the results, all leadership styles have significant negative impact on business success. This indicates that when these types of leadership when applied, the business success would not increase. Therefore, Jordanian context leaders is invited to adopt and apply new styles leadership and share all members in decision making process since it is approved that business success was the best under several styles of leadership. Jordanian leaders should root innovation and creativity which may lead success in the business also increased productivity. The significant negative impact of leadership styles on business success means that success of business would not develop or increase when these styles of leadership are found.

Organizations need to get great skilled and more professional leaders to lead their subordinates in everyday activities in order to achieve the organizational strategic goals. Based on the findings of this research, every leadership styles studied in this research had negative on business success. The organizations who are interested to stay in the competitive business environment, it is highly recommended to get the right leader with great competences and experience as well influential effects should be found in all levels of the organization, either in public or private sectors in Jordan. Organizations in Jordan should also try to apply the recommendations of the most important

| Model | R | R square | Adjusted R square | Std. error of the estimate | Durbin-Watson |
|-------|--------------------|----------|-------------------|----------------------------|---------------|
| 1 | 0.142 ^a | 0.020 | -0.016 | 0.52286 | 1.899 |

^aPredictors: Transformational, transactional, charismatic.

Table 5: Model summary.

| Model | | Unstandardized coefficients | | Standardized coefficients | T | Sig. |
|-------|------------------|-----------------------------|------------|---------------------------|--------|-------|
| | | B | Std. Error | Beta | | |
| 1 | Transformational | -0.018 | 0.094 | -0.021 | -0.188 | 0.851 |
| | Transactional | 0.008 | 0.121 | 0.008 | 0.067 | 0.946 |
| | Charismatic | 0.104 | 0.088 | 0.142 | 1.175 | 0.243 |

Dependent variable: Business success.

Table 6: Coefficients.

| Hypothesis | Beta value | Sig. | Result |
|---|------------|-------|----------|
| H1: Transformational leadership style is positively impacted on business success. | -0.021 | 0.851 | Rejected |
| H2: Transactional leadership style is positively impacted on business success. | 0.008 | 0.946 | Rejected |
| H3: Charismatic leadership style is positively impacted on business success. | 0.142 | 0.243 | Rejected |

Table 7: Summary of hypothesis.

studies which examine and identify the role of leadership in supporting and developing the companies. Organizations with good leadership strength and ability will further achieve success not only in the business but also in the personal scope; therefore, serious attention and concern should be highlighted to make leadership an ultimate target and priority.

References

1. Boynton AC, Zmud RW (1984) An assessment of critical success factors. *Sloan Manage Rev* 25: 17-27.
2. Cribbin JJ (1981) Leadership: Strategies for organizational effectiveness. Amacom.
3. Rauch CF, Behling O (1984) Functionalism: Basis for an alternate approach to the study of leadership. In *Leaders and Managers*, pp: 45-62.
4. Jaworski J (2011) Synchronicity: The inner path of leadership. Berrett-Koehler Publishers.
5. Tannenbaum R, Weschler I, Massarik F (2013) Leadership and organization. Routledge.
6. Northouse PG (2016) Leadership: Theory and practice. Los Angeles, CA: Sage Publications.
7. Moore BV (1927) The May conference on leadership. *Personnel Journal* 6: 50-74.
8. Stogdill RM (1974) Handbook of leadership: A survey of theory and research. New York: Free Press.
9. Katz RL (1974) Skills of an effective administrator. *Harvard Bus Rev* 52: 90-102.
10. Bass BM (1990) From transactional to transformational leadership: Learning to share the vision. *Organizational Dynamics* 18: 19-31.
11. Chemers MM (1997) An integrative theory of leadership. Publisher: Lawrence Erlbaum Associates.
12. Stogdill RM (1948) Personal factors associated with leadership: A survey of the literature. *J Psychol* 25: 35-71.
13. Lassey W (1976) Leadership and social change. California: University Associates.
14. Hoffman EA, Kolm N, Berglund A, Arguello JR, Jones AG (2005) Genetic structure in the coral-reef-associated Banggai cardinalfish, *Pterapogon kauderni*. *Molecular Ecology* 14: 1367-1375.
15. Maxwell JC (2007) The 21 irrefutable laws of leadership. Nashville: Nelson.
16. Kouses JM, Posner BZ (1997) The leadership challenge: How to keep getting extraordinary things done in organizations.
17. Hughes RL, Ginnett RA, Curphy GJ (1993) Leadership: Enhancing the lessons of experience. Homewood: Irwin.
18. Burns JM (1978) Leadership. New York: Harper and Row.
19. Prabhu GN (1999) Social entrepreneurial leadership. *Career Development International* 4: 140-145.
20. Borins S (2000) Loose cannons and rule breakers, or enterprising leaders? Some evidence about innovative public managers. *Public Adm Rev* 60: 498-507.
21. McCann J (2008) Leadership in the apparel manufacturing environment: An analysis based on the multi-factor leadership questionnaire. *Advanced Management Journal* 73: 20-31.
22. Walumbwa O, Lawler JJ (2003) Building effective organizations: transformational leadership, collectivist orientation, work-related attitudes and withdrawal behaviours in three emerging economies. *Int J Hum Resour Man* 14: 1083-1101.
23. Lee YD, Chang HM (2006) Leadership style and innovation ability: An empirical study of Taiwanese wire and cable companies.
24. Brown FW, Moshavi D (2002) Herding academic cats: faculty reactions to transformational and contingent reward leadership by department chairs. *Journal of Leadership Studies* 8: 79-93.
25. Kurlito M (2012) Strategic management of companies as a model for social enterprises. Proceedings in ARSA-Advanced Research in Scientific Areas.
26. Parry KW, Proctor-Thomson SB (2003) Leadership, culture and performance: The case of the New Zealand public sector. *Journal of Change Management* 3: 376-399.
27. Thach E, Thompson KJ (2007) Trading places: Examining leadership competencies between for-profit vs. public and non-profit leaders. *Leadership and Organization Development Journal* 28: 356-375.
28. Rowold J, Heinitz K (2007) Transformational and charismatic leadership: Assessing the convergent, divergent, and criterion validity of the MLQ and the CKS. *Leadersh Q* 18:121-133.
29. Idris F, Ali KM (2008) The impacts of leadership style and best practices on company performances: Empirical evidence from business firms in Malaysia. *Total Qual Manag Bus* 19: 165-173.
30. Jayaraman N, Khorana A, Nelling E, Covin J (2000) CEO founder status and firm financial performance. *Strategic Manage J*, pp: 1215-1224.
31. Daily CM, Dalton DR (1992) Financial performance of founder-managed versus professionally managed small corporations. *Journal of Small Business Management* 30: 25-34.
32. Westhead P (1995) Survival and employment growth contrasts between types of owner-managed high-technology firms. *Entrepreneurship: Theory and Practice* 20: 5-27.
33. Swiercz PM, Lydon SR (2002) Entrepreneurial leadership in high-tech firms: A field study. *Leadership and Organization Development Journal* 23: 380-389.
34. Ling YA, Simsek Z, Lubatkin MH, Veiga JF (2008) Transformational leadership's role in promoting corporate entrepreneurship: Examining the CEO-TMT interface. *Acad Manage J* 51: 557-576.
35. McCleskey JA (2014) Situational, transformational, and transactional leadership and leadership development. *Journal of Business Studies Quarterly* 5: 117-130.
36. Avolio BJ (2011) Full range leadership development. Thousand Oaks, CA: Sage Publications.
37. Yukl G (1999) An evaluation of conceptual weaknesses in transformational and charismatic leadership theories. *Leadersh Q* 10: 285-305.
38. Engelen A, Gupta V, Strenger L, Brettel M (2015) Entrepreneurial orientation, firm performance, and the moderating role of transformational leadership behaviors. *J Manag* 41: 1069-1097.
39. Weber M (1978) Economics and society. Berkeley and Los Angeles: University of California Press.
40. Shamir B, House RJ, Arthur MB (1993) The motivational effects of charismatic leadership: A self-concept based theory. *Organization Science* 4: 577-594.
41. House RJ, Spangler WD, Woycke J (1991) Personality and charisma in the US presidency: A psychological theory of leader effectiveness. *Adm Sci Q* 36: 364-396.
42. Nadler DA, Tushman ML (1990) Beyond the charismatic leader: Leadership and organizational change. *Calif Manage Rev* 32: 77-97.
43. James K, Lahti K (2011) Organizational vision and system influences on employee inspiration and organizational performance. *Creativity and Innovation Management* 20: 108-120.
44. Avolio BJ, Waldman DA, Yammarino FJ (1993) Leading in the 1990s: The four i's of transformational leadership. *Journal of European Industrial Training* 15: 9-16.
45. Paulsen N, Maldonado D, Callan VJ, Ayoko O (2009) Charismatic leadership, change and innovation in an R&D organization. *Journal of Organizational Change Management* 22: 511-523.
46. Bossink BAG (2004) Effectiveness of innovation leadership styles: a manager's influence on ecological innovation in construction projects. *Construction Innovation* 4: 211-228.
47. Porter ME (1985) Competitive advantage: Creating and sustaining superior performance. New York, The Free Press.
48. Barney J (1991) Firm resources and sustainable competitive advantage. *Acad Manage J* 37: 680-687.

-
49. Boxall P, Purcell J (2003) *Strategy and human resource management*. London, Palgrave MacMillan.
 50. Boal KB, Hooijberg R (2000) Strategic leadership research: Moving on. *Leadersh Q* 11: 515-549.
 51. Leavy B (1996) Outsourcing strategy and a learning dilemma. *Production and Inventory Management Journal* 37: 50.
 52. Schein EH (1985) *Organizational culture and leadership*. San Francisco, Jossey-Bass.
 53. Boal KB, Schultz PL (2007) Storytelling, time, and evolution: The role of strategic leadership in complex adaptive systems. *Leadersh Q* 18: 411-428.
 54. Hamel G, Prahalad CK (1994) *Competing for the future*. Harvard Business School Press.
 55. Hitt MA, Duane R (2002) The essence of strategic leadership: Managing human and social capital. *J Leadersh Organ Stud* 9: 3-14.
 56. Moriano JA, Molerof, Topa G, Mangin JP (2014) The influence of transformational leadership and organizational identification on intrapreneurship. *International Entrepreneurship and Management Journal* 10: 103-119.
 57. Hargreaves A (2006) *Sustainable leadership*. San Francisco: Jossey Bass.
 58. Pfeffer J, Sutton RI (2000) *The breakthrough: How to know about smart companies in action*. Boston: Harvard Business School Press.
 59. Ireland RD, Hitt MA (1999) Achieving and maintaining strategic competitiveness in the 21st century: The role of strategic leadership. *Acad Manage Exec* 13: 43-57.
 60. Schwenk CR, Shrader CB (1993) Effects of formal strategic planning on financial performance in small firms: A meta-analysis. *Entrepreneurship Theory and Practice* 17: 53-64.
 61. Youndt MA, Subramaniam M, Snell SA (2004) Intellectual capital profiles: An examination of investments and returns. *J. Manag Stud* 41: 335-361.
 62. Langowitz NS, Allen IE (2010) Small business leadership: Does being the founder matter? *Journal of Small Business and Entrepreneurship* 23: 53-63.
 63. Avolio BJ, Bass BM (2004) *Multifactor leadership questionnaire: Manual and review copy*. Mind Garden.
 64. Churchill GA (1999) *Marketing research: Methodological foundations*. Seventh Edition. Fort Worth: Dryden Press.
 65. Liphadzi M, Aigbavboa C, Thwala W (2015) Relationship between leadership styles and project success in the South Africa construction industry. *Procedia Eng* 123: 284-290.
 66. Shea CM (1999) The effect of leadership style on performance improvement on a manufacturing task. *The Journal of Business* 72: 407-422.
 67. Nubuor SA, Hongyi X, Frimpong SK (2014) The impact of transformational leadership style on project success: An empirical study of banking projects in Ghana. *International Journal of ICT and Management* 2: 85-95.