

## **Comparison of Transformational and Transactional Leadership In Jordan Organisations**

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## **Executive summary**

This study aimed to investigate transformational and transactional transformational role in the development of Jordanian organisations, especially when it comes to meeting the deadlines, and increasing motivation level of the workers. This investigation aimed to compare transformational and transactional leadership approach use in the firms. The method selected was qualitative, and content analysis methodology was deployed. The studies selected were lying in the last 5 years, and comparison of transformational leadership was done with transactional. After carrying critical review of the leadership styles; transformational and transactional leadership, it can be concluded that transformational leadership is best for the firms, especially when the management is focussing on lifting the motivation level of the workers and contributing to team work approach. In addition, the performance of the organisation can be improved if results of this investigation are looked upon. Similar findings may help the firms in lifting the motivation level of the workers, especially, when the focus is on adopting the transactional leadership approach rather than transactional leadership approach.

## 1. Introduction

Leadership is an essential aspect of the business world because of its qualities to set a clear vision and lead subordinates by communicating effectively. Leadership offers companies a clear direction and make their people realise their role and responsibilities. Due to multiple reasons, companies fail from which the one reason is ineffective leadership. Luftus (2016) stated that poor leadership is one of the major reasons of organisational failure. Bad leadership does not occur in isolation, lack of interest in customers, ruthless behaviour, and careless behaviour towards employees are some of the driving forces. Chartered management institute (2015) also forced misguided leadership as one of the core reason for business failure. Approximately 50% of companies cannot survive beyond 16 years if leaders are not able to align their strategies effectively with the shifted requirements of the environment. Leaders are liable to motivate people and encourage them to do voluntarily what they want to. Leadership aims to discover the faith of companies and the future of firms. A list of leadership styles exists that companies follow; leadership styles have cause and effect relationships with business development and success (Chartered Management Institute, 2015). The most common leadership styles that managers adopt in the contemporary world to lead people and companies include transactional and transformational leadership style. hence, there is a need to evaluate the leadership styles that donate best to the effectiveness of firms and their success. Considering the requirement, the research attempts to overview the transformational and transactional leadership style that is frequently deployed in companies working in Jordan.

### 1.1 Research Background

Globalisation is a core reason to convert the business world in a small global village that calls for high competitive environment and networking. This competitive landscape calls for innovative ways to conduct business rather being stagnant. In this regard to innovation and creativity, leadership has been one of the focus of interest. Since people started coming together for the attainment of organisational goals, leadership has become mandatory for them. In the current business arena, evaluating the leadership styles and making a clear distinction in the leading idea is complex because of the different explanations and of diverse people from distinctive industries (Jdetawy, 2018).

The only thing that is obvious is to have an impact on the individuals and their commitment towards companies in any way. In the prior arena, leaders were the\ saw people with answers to problems; but, currently, a leader cannot have the answer to all problems because of the

complex business environment. Leaders must need followers to deal with the complex environment and find out the ways to empower them in order to be successful and keep followers accountable for their actions. Leaders play multiple roles such as the leaders can be teachers, coach, and facilitator as well (Jdetawy, 2018). Transformational and transactional leadership styles have been commonly used in Jordanian organisations.

According to Sabir (2016), different companies deploy different leading styles from which transformational and transactional are common. For example, at the International Air Transport Association (IATA), the preference of managers is to utilise the transformational leadership style compared to transactional leading style. The study revealed that Jordanian companies unable to distinguish between the uses of both leading styles and make a clear preference.

Alzougool et al. (2015) highlighted that the transactional leaders in Jordan failed due to their failure of interfering in the problem until it gets worst. The study highlighted that transformational leading style contains a relatively stable leading style. The study disclosed that leaders in Jordan are more inclined to the transactional leadership due to its traits to focus on the followers' ways to achieve the organisational goals and ability to motivate them. However, Orabi (2016) highlighted the transformational leadership style as an effective one to make the organisations success. The research indicated that transformational leaders are able to create a collective and knowledge-sharing climate. The study stated that transformational leaders are necessary for organisational success, as they have individual consideration, idealised influence, intellectual stimuli, and inspirational motivation. The elements of transformational leadership are necessary for improving organisational performance. There is a debate in Jordan related to the best leading style and transactional and transformational leadership are in limelight. This discussion arises a need to further discuss these leading styles and understand the appropriate of each in Jordanian companies.

## **1.2 Research Problem**

Multiple studies have been conducted on the comparison of transactional and transformational leadership (Alzougool et al., 2015; Jdetawy, 2018; Sabir, 2016). Leadership is one of the critical organisational factors that play a significant role in making organisations success or failure. The traits and characteristics that are required in leaders vary according to the cultural differences. Studies have been discussing the differences between transformational and transactional leadership. Lack of studies attempted to disclose the effectiveness of leadership styles for companies in Jordan. The more discussion is on the adoption of leadership style by

multiple companies. Hence, the research fills the gap and reflects on the effectiveness of each leadership styles for Jordan businesses.

### **1.3 Research Justification**

It has been assessed that the leaders in Jordan are confused between the adoption of leadership style and finding difficult on the leading style that must be implemented in companies to be successful (Alzougool et al., 2015). Companies need to understand the difference between these two leading styles and their effectiveness for their businesses. This research aims to reflect on the effectiveness of each leadership style to clear the concepts of transactional leaders and help them in making the decision regarding the implementation of the leading style. The study is beneficial for managers, employees who are a part of succession planning, and students who pursue a goal to become a leader in future.

### **1.4 Research Aim**

The research aims to critically evaluate the two leadership styles in Jordan companies including transformational and transactional.

### **1.5 Research Objectives**

Research objectives are the activities that researchers continue to reach the study aim. The research contains the following objectives:

- To determine the role of transformational leadership in Jordan companies.
- To determine the influence of transactional leadership in Jordan companies
- To compare the effectiveness of both (transactional and transformational) leadership styles.
- To make suggestions regarding the adoption of leadership style for organisational success in Jordan.

### **1.6 Research Questions**

The research answers the following questions:

Q1: What is the impact of transformational and transactional leadership style on Jordan companies?

Q2: What leadership style is best according to the culture of Jordan?

## **1.7 Research Outline**

The research contains 5 chapters that have been mentioned as follow:

**Introduction:** The introduction consists of a research background, research aims, objectives, research questions, justification, and define the need for the research.

**Literature review:** Literature review contains 4 sections including theoretical background, empirical studies, literature gap, and conceptual framework.

**Methodology:** The chapter explains the research philosophy, methods, approaches, data collection, and data analysis methods.

**Data analysis:** Data analysis chapter reflects on the results and analyses the searched information through the use of an appropriate data analysis technique.

**Conclusion and recommendations:** This chapter highlights the key research points and draws the conclusion. Further, the section highlights the limitations of the research and offers recommendation for the research audience and suggestions for future research.

## **2 Literature Review**

The chapter sheds light on the concepts and theories of transformational and transactional leadership. The highlights the literature gap and presents a conceptual framework of the research.

### **2.1 Transformational Leadership Theory**

According to Braven (2016), transformational leaders contain the ability to work with teams. Transformational leaders tend to motivate their employees, make efforts to enhance job performance and morale of followers. Transformational leaders focus on the development of teams rather giving preferences to individuals. Though transformational leaders support individuals, the core purpose is to ensure organisational success. In distinction, Zyl and Campbell (2018) highlighted transformational leadership as a change facilitator and driver of change in social systems and individuals by introducing the variety of mechanism. Transformational leadership theory encourages leaders to encourage, motivate, and respect employees. These leaders are honest, team-oriented, reliable, pursue effective communication skills, value empathy, and trustworthiness. Transformational leaders direct change in employees and transform their mind and heart to make employees behaviours congruent with organisational concepts and values.

On the contrary, Harrison (2017) stated transformational leaders as individuals who hold idealised influence and views as a role model. Followers respect these leaders and admire them. These leaders contain intellectual stimulation that they use to encourage employees to create and innovate things. Transformational leaders are status-quo breakers and encourage questions. Transformational leaders contain the ability to deal with followers individually and understand their needs.

### **2.2 Impact of Transformational Leadership on Organisational Performance**

Masa'deh, Obeidat and Tarhini (2016) tinted on the importance of transformational leadership. The study highlighted the different aspect of transformational leadership to build a superior relationship with team members. The study revealed the importance of transformational leaders towards the improvement of several aspects of individuals that donate to the functional efficiency of the organisation. Rao (2014) in the agreement stated transformational leadership style as a process of developing people for the accomplishment of organisational goals.

Jyoti and Dev (2015) mentioned the positive impact of transformational leadership on the employees' creativity. They showed the concerns of leaders to create a willingness in the mind of employees to perform certain objectives for the attainment of success. Transformational leaders improve employee performance by creating and facilitating the team working environment. According to Gathungu et al. (2015), transformational leadership is a modern approach that makes efforts to find the ways organisations can be headed and make strategies to handle the internal and external changes that are critical for employees to reach the organisational goals. In coordination, Jyoti and Dev (2015) stated that the business world is dynamic and transformational leaders contain the knowledge to deal with these dynamics and proactively leading them and their following to adopt the changes. Transformational leaders influence the businesses outcome greatly by forcing creativity in employees. Hence, the study concluded the positive influence of transformational leadership on employees' effectiveness.

Jaiswal and Dhar (2015) tinted on the positive impact of transformational leaders on employees' creativity. The study concludes that the ways of improving the organisational performance of transformational leaders are to develop individuals, aspire, and enhance the ethical actions of followers. Altering the beliefs of individuals and encouraging them to look forward beyond their interests with the aim of achieving organisational goals is a key towards the enhancement of individual creativity. Yahaya and Ebrahim (2016) highlighted the inspirational motivation ability of leaders. They defined that leaders hold an ability to inspire others by acting as a model for their employees. Leaders motivate followers to achieve their personal and professional goals. Inspirational leaders tend to communicate the organisational vision to employees with optimism, fluency, and enthusiasm. Transformational leaders attempt to encourage and energise others with motivational examples to bring creativity and influence the performance of employees.

On the contrary, Cerni, Curtis and Colmar (2010) highlighted the idealised influence as a core capability of transformational leaders. Idealised influence refers to the charismatic actions of leaders and their ways of focusing on a sense of mission, and values. Transformational leaders by implementing the idealised influence put forward the creativity of employees. The study stated transformational leaders as a communicator of their most important values and beliefs and tend to emphasise the collective purpose and mission. These leaders are concerned about the ethical implications of their decisions. Colloquially speaking, transformational leaders walk in the way they talk about to others. Hence, transformational leadership contains a significant positive influence on the employees' creativity and performance.

In contrary to others, Tajasum et al. (2015) mentioned the individualised consideration as a pivotal characteristic of transformational leaders. The research brought light to the fact that transformational leaders have a sense of dealing with employees as individuals and not as a member of the team. They effectively address the needs of individuals and improve their performance by paying attention to their needs, advising, supporting, and motivating them. These aspects of transformational managers bring a positive impact on the development of followers. Mentioning another side of the coin, Lin, Ho and Lin (2013) reflected on the intellectual stimulation of transformational leaders. They stated that transformational leaders develop their followers by challenging their ideas and values when problem-solving is critical. The intellectual stimulation of leaders, encourage followers to raise questions on their own beliefs, values, and assumptions and even their leaders. These practices are the ways to break the status quo and bring creativity and innovation in the organisational setting.

According to Al-Abrrow (2014), transformational leaders are not stagnant; they value and encourage the climate of organisational learning. The leaders consider organisational learning as a way of employee development and organisational success. Martin et al. (2014) by reflecting on the transformational leadership explained the importance of shared vision. The research stated that organisational learning cannot bring significant impact on employees and cannot deliver to the organisational performance until employees do not share their vision. Transformational leaders encourage the shared vision of among employees by motivating them and improving their communication process. This process is also known as inter-departmental communication. The increased cross-functional communication enhance the informational flow that ultimately leads employees to enhanced creativity and performance. According to Eres (2011), transformational leaders are open-minded and have great acceptance of change and new ideas. Transformational leaders encourage their followers to continuously review their old assumptions and existing knowledge.

Cheung and Wong (2015) stated that employee creativity is dependent on the development of novel ideas and their potential utilisation that enhance the employees' effectiveness and efficiency. Transformational leaders derive the individual's creativity by encouraging the employees' accumulated skills, thinking, and expertise based on their past experience and formal education. Transformational leaders value employee creativity and beliefs as one of the most significant aspects of organisational behaviour. By boosting creativity behaviour, transformational leaders force employees to reach creative outcomes and adopt a creative attitude.

Jyoti and Dev (2015) voiced on the ability of transformational leaders to go beyond individual needs, addressing intrinsic rewards, having a focus on a common purpose, and higher psychological needs. Hence, transformational leaders motivate their followers by increasing the followers' self-efficacy, by linking the organisational and followers' values, and by facilitating the social identification of followers. Transformational leaders enable employees to analyse the problems from numerous angles, think creatively, explore, and propose better solutions for the problems by encouraging technological advancements.

Pradha and Pradhan (2015) mentioned that the use of transformational leadership style by managers is a way of leading employees to more commitment, less stress, and more satisfaction. Transformational leaders are famous for reducing job stress and burnout. Thus, it is found that transformational leaders are more related to greater employee commitment, motivation, satisfaction, and loyalty.

The literature defined a positive and strong relationship between the employees' creativity and transformational leadership. Transformational leaders perform a mediating role between learning orientation and self-efficacy, and employee creativity.

### **2.3 Transactional Leadership**

According to Masa'deh, Obeidat and Tarhini (2016), transactional leadership is built on the concepts of the reciprocal relationship between employees and leaders. The authors stated that the leaders and their followers exchange economic, psychological, and political values for meeting the standard performance. Transactional leadership is focused on regular and short-term activities. Odumero and Ogbonna (2013) stated that transactional leadership demand employees with information and problem-solving skills. Leaders motivate employees by contingent rewards and management by expectations. In contingent reward, leaders communicate employees the desired behaviours that need to be adopted by followers to gain rewards. The rewards are based on the bargaining exchange system where leaders clear the expectations and ask them to clarify their own. Both leaders and followers with mutual understanding accomplish the organisational goals. On the contrary Tavanti, M. (2008). Transactional leadership. *Leadership: The key concepts*, 166-170. Tavanti (2008) stated that transactional leadership is about management by expectations. In this context, management set standards to comply and employees who do not follow these standards are considered ineffective performers. After the performance evaluation, leaders take correction measures to better their performance or may punish them.

## **2.4 Impact of Transactional Leadership on Employee Performance**

Industries for their prosperity depend on the performance of employees that are driven by the employee behaviours and their performance and leaders attempt to charge the positive behaviours for the attainment of organisational goals (Hassan, 2016). Masa'deh, Obeidat and Tarhini (2016) attempted to measure the impact of transactional leadership on employees. The study highlighted that fact that transactional leaders are the drivers of employee efficiency and organisational performance. Brahim, Ridic and Jukic (2015), transactional leaders motivate the employees by rewarding them. These leaders identify the expectations of their followers and respond to these expectations by creating a close association between the rewards and efforts. Leaders exercise their power, evaluate, correct, and train the employees when there is a requirement to improve employees' performance.

Trimblay, Vandenberghe and Doucet (2013) highlighted the transactional leadership is a mechanism of reward and penalties. In terms of inspiration, the style has some limitations. Transactional leaders are limited to meet the expectations of their followers and make efforts to the extent that is necessary to achieve the desired performance and may not cause penalties. Transactional leaders are more likely to follow the coercive power. The author stated that working in a fear of losing jobs or having demotion only make employees ineffective and not productive. Employees rather giving their full efforts to spend more time worrying about the consequences of their ideas and not meeting the expectations of their leaders. In alignment, Asrar-ul-Haq and Kuchinke (2016) also agreed with the fact that transactional leaders depend on the authority and power and their practice to use rewards to take work from employees are nor so effective. Even, transactional leaders in most scenarios may donate negatively and demotivate employees.

Haq and Chandio (2018) expressed their views on transactional leadership and defined it as a bureaucratic style. The leadership is more reactive than proactive and believes in relationship development with employees. These leaders are not in favour of changing the overall organisational culture rather they emphasis on developing the existing organisational culture. In agreement, Al Khajeh (2018) mentioned the transactional leadership as bureaucratic individuals who focuses on following procedures and rules in order to manage teams. Creativity is less common in this leadership style; hence, it contains a negative association with organisational performance. Transactional leadership does not offer the opportunity to have freedom.

According to Ojokoko (2013), the focus of the transactional leadership style is on the supervision, organisation, and performance of employees; the role is similar to managerial leadership. The leadership is focused on the employees' performance and give reward to them in terms of promotions and financial increments. These leaders force their followers to obey their rules, monitor, and control employees closely. The transactional leaders do not allow their followers to participate in the decision-making process. On the contrary, Hongnou et al. (2014), documented a positive association between employee creativity and transactional leadership. They stated that transactional leaders influence followers by working conditions, salary, relationships, recognition and achievement. These tactics of transactional leaders influence the followers to give their best to achieve organisational performance. Transactional leaders offer flexible conditions to employees to keep them motivated. Recognition proves to be one of the most effective tactics that leaders use to encourage employees for innovation and creativity.

Mberia and Midigo (2016) also agreed with the concept that the transactional leaders' approach to satisfy employees through benefits, wages, acknowledgement, accomplishments, job importance, independence, and success. When employees accomplish something they feel satisfied and their satisfaction keeps them going on towards the attainment of organisational goals. Employees give importance to their jobs when they are acknowledged for their efforts. Independency is one of the critical factors that allow them to be creative and innovative. Baah and Ampofo (2016) transactional leadership reach to organisational goals by motivating employees for the attainment of their self-interest. This means that employees do not work in the interest of others and organisations; they seek for their own benefits. Followers believe that if they perform well they may get promotions or the management increase their packages. Transactional leaders set standards for followers and expect them to follow and measure their performance against the set standards.

According to Wen et al. (2019), transactional leaders tend to improve organisational performance and they get successful because of their multiplicity of the practices. Robbins and Judge (2017) reflected on the new insights that transactional leaders tend to achieve organisational performance by clarifying the job requirements and clearing the roles. If employees are not clear about their roles or they do not know about the requirements of their jobs then they cannot perform well. Hence, it is mandatory for leaders that they clear the employees' role to them and define the job description. Afshari and Gibson (2016), also agreed with the positive association of transactional leading style with employee performance. According to Mir and Shah (2015) when facing challenges, transactional leaders contribute to

better employee performance. They stated transactional leadership as an exchange relationship where employees give good performance and leaders in return give them rewards. Ahmad and Ejaz (2019), transactional leadership has a positive influence on organisational performance by following the transformational leadership styles.

Continuing the positive influence, Longe (2014) stated that transactional leaders create and sustain the context in which companies are able to enhance their organisational and human capabilities and always able to achieve the intangible and tangible rewards. Transactional leaders specifically help in creating the environment that articulates the compelling vision and optimal for performance that lead companies to the overall performance enhancement. Sofi and Devanadhen (2015) found no direct influence of transactional leaders on the organisational performance. They commented that transactional leaders do not encourage the innovation and creativity amongst employee; hence, employees do not contain any will to perform according to the expectations of employees.

## **2.5 Differences between Transformational and Transactional Leadership**

Transactional leadership is focused on the monitoring and supervision of employees' performance while transformational leadership encourage the motivational environment in companies to keep employees engaged. Transformational leaders encourage followers to implement new ideas to resolve issues; they support followers and motivate them by inculcating confidence. On the contrary, transactional leaders motivate their followers by recognising them for their efforts, giving them rewards, and punish them to meet the organisational objectives. The transformational leaders give feedback to their followers and induce extra efforts to reach the organisational goals while transactional leaders motivate employees by recognising their strengths (Mujkic, Sehit, Rahimit and Jusic, 2014).

Kalsoom, Khan and Zubair (2018) stated that transformational leadership style has a significant positive influence on the employees and organisational performance compared to transactional leadership while Mir and Shah (2015) highlighted the transactional leadership style more effective than transformational leadership. Arumugam et al. (2019) shed light on the positive association of transactional leadership and employee job satisfaction.

Asim, Kavoo-linge and Sikalieh (2016) attempted to evaluate the relationship between organisational performance and transactional leadership. The research highlighted that managers to facilitate the growth of enterprises adopt transactional leadership. It has been observed that transactional leadership keep employees engaged and has a significant impact on

organisational effectiveness. The study concluded that transactional leadership has a positive impact on the profitability and success of the organisations. Transactional leaders tend to motivate employees by producing a positive atmosphere and inspiring employees to perform at the highest level. Transactional leadership is effective in improving organisational performance most specifically in uncertain situations and tend to achieve competitive advantage. The transactional leadership exhibit particular behaviour that leads towards the acceleration of the employees' level of innovative thinking that ultimately lead to organisational success and thinking. Transactional leadership positively generates changes that are in favour of companies and build values in each of the workers. The leadership style just not give rewards but reduces the pressure and increase the ethical and moral behaviour of employees. Hence, employees are more satisfied and their productivity improves. With better productivity of employees, companies are in a better position to achieve growth capabilities.

## **2.6 Leadership in Jordan Companies**

Masa'deh, Obeidat and Tarhini (2016) conducted research on leadership in Jordan. The study concluded that a knowledge-sharing environment is a significant practice in Jordan companies. it has been assessed that both transformational and transactional leadership has been a part of companies in Jordan. Transactional leadership has been a way of promoting the knowledge-sharing environment in companies while transformational leaders do not. The study stated that transformational leadership has a positive influence on organisational performance. In Jordan companies, transformational leaders contain an ability to motivate employees and allow them to adopt and develop the necessary skills and knowledge to deal with changes and challenges. The findings disclosed that transformational leaders in Jordan do no promote the culture of knowledge sharing. The study revealed that knowledge sharing has a positive relationship with job performance. Employees who tent to share knowledge are able to perform their jobs well. Hence, it can be concluded that transactional leadership is more appropriate in Jordan compared to transformational leadership.

Sabri (2008) evaluated the managerial style in Jordan companies and compared it with the International Air Transport Association (IATA). The study concluded that individual consideration, charisma, and intellectual stimulation are some of the key aspects of transformational leadership. The study concluded that in Jordanian companies, leaders are more focused towards transactional leadership style compared to the transformational leadership. Managers do not perceive transformational leadership as effective as they perceive the transactional leadership. Managers believe that they must facilitate the events and must be

practical. Though leaders in Jordan use both transformational and transactional leadership style transactional leadership is more effective in Jordan as employees are motivated by management's expectation and rewards. Jorda managers are more seem to adopt the transactional leadership style. However, it is also visible that managers are not clear about their preferences in the leadership style.

Alzougool et al. (2014) voiced on the leadership styles adopted by women in Jordan. It has been assessed that women in Jordan deploy different leadership style. Women in Jordan prefer to use the idealised influence, inspirational motivation techniques, contingent rewards, and intellectual stimulation to take work from employees and assure the higher level of organisational success. The results o the research showed that the women are more inclined to the factors compared to men in Jordan. It has been assessed that women leaders in Jordan motivate their employees by highlighting their importance and the desire of their input with the aim of achieving the desired goals. Leaders in Jordan are keen to encourage the employees by giving those rewards. For correcting the dimensions, employees practice management by expectations that are fairly displayed by the leaders in Jordan companies. All the mentioned or highlighted aspects are the critical aspects of transactional leadership and transformational leadership. This means that women leaders like males in Jordan are interested in deploying transactional leadership and believe these as an effective way of gaining organisational goals. However, there is a difference between the intensity of men and women leadership when coming to the transformational leadership style. The women are more interested in adopting and deploying the transformational leadership style.

Al-Daibat (2017) discussed the leadership style from the perspective of Jordanian companies. the study highlighted that managers in Jordanian companies use different leadership styles. The level of leadership is moderate and transactional leadership style is one of the major priorities to lead employees. The study disclosed that it is not the case that managers do not consider transformational leadership; but this leadership style has become a secondary priority of managers in Jordan; there is no single style that companies in Jordan value. Leaders adopt the leading styles according to the circumstances and ensure the organisational performance by linking employees' objectives with the organisational objective.

## **2.7 Literature Gap**

The literature defines the characteristics of transformational and transactional leadership. Studies highlighted the differences between the two leadership styles and the leadership styles

that are mostly used in Jordan. However, the literature lacks in defining the effectiveness of each leadership style in the Jordanian companies. This research is an attempt to fill the gap by identifying the frequently used leadership style on a Jordan and the effectiveness of that leadership style for the success of companies.

## **2.8 Chapter Summary**

The chapter includes the description of theories and evaluation of the impact of transformational and transactional leadership style on organisational performance and employee effectiveness. The chapter defines the differences between the two leadership styles and the leadership styles that are used in Jordan companies. The literature defines that the transactional leadership style is frequently used in Jordanian companies.

### 3 Data Analysis

The chapter presents the findings and discusses the data. The chapter uses a systematic analysis to evaluate the data. The advantage of systematic analysis is its ability to present the information pieces together and create an understanding of the whole information that is happening.

#### 3.1 Findings

General Electric is one of the leading companies in Jordan. The company contains an adaptive culture. The CEO of the company, Jeff Immelt was asked about the ways the company reached the top position in 2017. CEO Jeff mentioned that he was deploying a transformational approach to the company and transformational leading style has been the major driver of the business' culture. The CEO stated that the company has always been keen to accept change and focused on the development of a chaotic environment. The company has been committed to adopting the change to deal with uncertainties. The CEO emphasised that the company has been a point of encouraging the employees for proposing innovative ideas and empowering employees for decision-making. The company always tried to simplify the concepts, add clarity, and bring stability by speeding the decision-making process (Arshavskiy, 2018). These finds are supported by the (Jdetawy, 2018) and (Campbell, 2018). They both highlighted employee empowerment and adaptability as key features of the transformational leaders. Hence, it can be concluded that the transformational leading style has a positive impact on the employees' creativity and organisational performance in Jordan.

The company's operating income is the reflection of the transformational leadership of the company. In 2016, the operating income of the company was 14,042, 000 while in 2019, the operating income of the general electronics has been 5,412,000. However, this does not reflect that the transformational leader has not been successful in achieving operational efficiency, as the company deconsolidated its oil and gas segment. Further, the company also invested in mergers. Though the company is not having profitability; but, these investments will be beneficial for the company in long-run and transformational leaders have their focus on long-term solutions. Hence, the transformational leadership style is positive for the Jordanian companies.

Jordan Petroleum Refinery Company is an oil and gas exploration and production company in Jordan. The employee reviews disclosed that the company is an excellent place to work. According to Jaiswal and Dhar (2015), transformational leadership believes in ethics while

Campbell (2018) reflected on the organisational values. Jordan Petroleum Refinery believes in ethical practices and contains work values. The management at the company is supportive of employees. The company provides great advancement opportunities for individuals. The business encourages the teamwork environment. The company contains a culture of employee motivation by offering them support and a healthy work environment (Indeed, 2020b). Employees feel proud to work at the company. Tajasum et al. (2015) mentioned individualised consideration as a pivotal characteristic of transformational leaders. Jordan Petroleum Refinery has individualised consideration for employees. The company offers its employees an opportunity to develop their engineering skills by dealing with operational troubleshooting. The company holds a learning culture as the business always contain something to learn. According to an employee review, Jordan Petroleum Refinery is a great learning place for engineers and management is amazing (Indeed, 2020b). The business reflects on transformational leadership practices. However, the place lacks in encouraging the socialisation and interaction amongst the workers.

The performance of leadership is reflective of the healthy financial position of the business. For example, in 2013, the operating income of the company was JOD8723838 while in 2017 it reached JOD 18,198,767. The leadership has been successful in gaining its operational efficiency goals (Jordinvest, 2018). In 2019, the company reported higher profitability. The company has been able to generate a record pre-tax profit in 2019 with JD53.9 million compare to JD42.7 million in 2018. The after-tax income of the company in 2019 has been JD45.1 million compared to the JD36.8 in 2018. The current situation of the company reflects on the effectiveness of leadership in responding to the external and internal environment of the business proactively. Hence, it can be said that transformational leadership contains a positive influence on the Jordanian companies.

Royal Jordanian is a service company in the airline sector. The company reflects on the traits of transactional leadership. Transactional leaders offer benefits to employees in exchange for their hard work (Masa'deh, Obeidat and Tarhini, 2016). The company contains strong communication culture with employees. The company offers excellent benefits to its employees. Even the company offers excellent after employment benefits. Thee business offers a relaxing and good environment for the employees. According to Hongnou et al. (2014), transactional leaders offer flexibility to employees for keeping them motivated. Employees at Royal Jordanian state the organisation as a flexible one that contains great learning experience. However, employees at the company are not fully satisfied as the management demands

continuous good work and gives pressure. There is no chance of employee development, the management does not offer support to employees. Employees are not delivered with training opportunities and there is no clear vision. Employees complain that the company does not contain workplace ethics, as the management does not deliver with equal opportunity (Glassdoor, 2020). According to Haq and Chandio (2018), transactional leaders do not seek for innovations rather they focus on developing the existing culture. It seems that the company is not concerned about changes and keep developing on the existing culture. The facts disclosed that the company holds a transactional leadership style.

The performance of a Royal Jordanian company has not been good and the effectiveness of the leadership style of the company is reflective from the financial performance of the business. However, the operating income of the company increased from JOD12947000 in 2017 to JOD19011000 in 2018. However, the company has been in the loss as the net profitability of the company went in a loss in 2018 with 5JOD5857000. However, the company soon recovered from the loss and in 2019 successfully generated the profitability (Investing.com, 2020). This means that the leadership has been successful on the side of employees but lacked in evaluating the other factors and their impact on organisational performance. The business has not been successful in gaining the profitability goals of the business. Hence, it can be concluded that the transactional leadership style is not suitable for the companies operating in Jordan. Hence, companies practising transactional leadership must consider the transformational leading style or must amalgamate some traits of transformational leadership in their existing leadership style (The Royal Jordanian Airline Company, 2018).

Atlas Group is another Jordan company that is recognised for its trusted services. According to the employees' reviews on Indeed (2020a), the leadership contains huge benefits for their employees in return for their performance. However, the leadership does not contain any room for advancements. The leadership contains a flexible attitude and offers a work-life balance to employees. Leadership maintains a great environment for workers. According to Braven (2016), transformational leaders focus on team development. At Atlas Group, teamwork is appreciated and collaborative environment is encouraged. Tajasum et al. (2015) stated that transformational leaders support their employees by offering them opportunities to enhance their knowledge and improve their capabilities. At Atlas Group, the leadership supports the employees by providing them with training and development opportunities. Employees do not feel overburdened due to enhanced productivity. The company offers an open environment to discuss the issues and give feedback. The company shows all traits of transformational

leadership, but the company needs to improve the employee relationship and enhance the inspirational qualities. These deficiencies may limit the success of the company.

Jordan Telecom Group is a Fixed Line Telecommunication company in Jordan. According to the reviews of Jordan Telecom, the company gives pressure to employees, maintaining the work/life balance is difficult. However, the company offers incredible learning opportunities to employees and offer a range of training courses (Indeed, 2020c). The company is a place that offers its employees a great experience. The leadership is focused on building relationships and offering a collaborative environment to the employees. According to the performance of this firm, it is believed that the management of this organisation is regularly coordinating with the workers, and ensuring that right tactics are deployed in a short time period. Due to this reason, it is believed that the management of workers is very important especially for increasing collaboration in the workplace. The performance of the firm is depending on deploying the tactics, which are not only friendly for the management of that firm but also encouraging the participation of the workers with high engagement facilities.

The performance of the firms in a short time period can be improved, especially when the management of that firm is willing to elevate the motivation level of the workers. For example, the research article of Elrehail et al., (2018), the performance of the firms can be improved, when the management is willing to include the performance parameters in a short time period. Due to this reason they investigated education platform of Jordan and came out with the results that performance of the firms can be improved if transformational leadership approach is followed according to them, transformational leadership approach is beneficial for the firms, especially when it comes to managing the workforce because there are number of parameters allowing the management of Higher Education to keep their employees motivated and engaged.

In one more investigation presented by Alfalah (2017), it is argued that role of leadership in many organisations is depending on sustaining their leadership approaches and changing them when needed. For this reason, they carried out an investigation in Islamic Banks in Jordan. After carrying out the review, they concluded that transactional leadership is good in some situations only which include managing the workers in tough deadlines and meeting their expectations, while transformational leadership approach is best when it comes to managing the workers' motivation level. On the other hand, transactional leadership style is best when it comes to managing the motivation level of the workers, and engage them in the responsibilities. Based on the findings in their investigation, it can be said that transformational leadership

approach is much better as compared to transactional leadership when it comes to managing them in Islamic Banks.

In another investigation presented by Bazazo et al., (2016), it is argued that role of transformational leadership in enhancing social responsibilities is important. According to their findings, which was based on investigating leadership approaches at the five stars hotels in the Hashemite Kingdom of Jordan, the social responsibilities sensing in the organisations depend on understanding the roles of subordinates and continuously engage with them for best customer support provision. According to their results obtained, when transformational leadership approach is utilised, it becomes easier to ensure for hotels to provide best customers services to the tourists because their sense of engagement elevates. Therefore, it can be argued that there are several benefits of elevating the customer support platforms in the workplace, especially with assistance of transformational leadership approaches, so that motivation level of the workers remain on top.

While one more investigation carried out by Al-Quraan in 2016, was based on finding out the impact brought by transformational and transactional leadership on organisational commitment. According to their findings, when the management of Jordan Ahli Bank interacts with its workers, its focus is on the management of workers by working on motivation and rewards. For this purpose, their focus is on not only engaging with the workers but also lifting their moods with introduction of new tactics and strategies in a short time period. Their investigation depicted that if transformational leadership approach is not followed, it becomes difficult for the management to maintain a collaboration based working environment in the workplace, and motivate their performance.

If one more investigation with respect to the performance of organisation is kept in consideration, it is argued that transformational leadership is best for those firms which focus on interaction with their workers, while transactional leadership is where leader is not present regularly to interact with its workers. The investigation of Lefebvre, Turnnidge and Cote (2019) wrote that performance of different organisations depends on leadership characteristics, which not only engage their workers but also encourages them to come up with unique and creative ideas for improving the performance of their employees. Youth sport is the sports body of Jordan which was investigated in their investigation. The results obtained show that performance of the sports department can be improved, especially when the management is willing to induce new rewarding platforms for engaging and motivating the workers. Through

this leadership approach, the motivation level of the workers will not only improve, the engagement and willingness to work also elevate.

## **5. Discussion**

### **5.1. Introduction**

The performance of the organisations can improve, especially when the management is willing to interpret the findings, and performing to peak. This section of the thesis presents the findings with respect to theoretical underpinnings, which included transformational and transactional leadership approaches. Due to this reason, this chapter is segmented into different parts, which identify the roles and responsibilities, needed to be carried out by the people of that organisations, ultimately helping them to increase motivation level of their workers and their attitudes. This section of the chapter identifies all the results with respect to the findings in the last chapter

### **5.2. Critical evaluation with respect to theories**

The theories with respect to the performance of the organisations are explained here by observing theories of transformational and transactional leadership approaches. In this investigation, it was found that transformational leadership theories are mostly used in organisations where the performance can be improved. The results obtained show that most of the Jordanian organisations especially the performance of the firms can improve, when they make use of the learning platforms, and engage their workers in them. According to the research article of Elrehail et a., (2018), most of the organisations in Jordan are willing to adopt transformational leadership approach because this leadership allows interaction between the workers and leaders. In addition, only a few organisations are found willing to take transactional leadership approach. According to Alfalah (2017), transactional leadership approach is best when it comes to managing the workforce by assigning the task and rewarding them if it is done. Due to this reason, it is believed that performance of the firms can be improved, especially when they make use of transformational leadership because it increases engagement while transactional leadership focusses on individual performance having low support.

In this investigation, it is also found that performance of the firms can decline if the motivation level is not kept in consideration. Transformational leadership approach not only increases motivation, but it is also focussed on teamwork, which should be followed. In this investigation, one more aim was to find out the impact which is brought by transformational leadership approach on the management of workers. Due to this reason, it is necessary that the performance of the firms is improved by the management of a firm. Due to this reason, it is

believed that performance of the firms could be improved, when it comes to managing the workers through transactional leadership approach. According to Bazazo et al., (2016), when the management of a firm is willing to increase the investment in development of workers, it becomes important that their efficiency would be kept in consideration. On the other hand, Alfalah (2017) wrote that transactional leadership has its own benefits, while transformational leadership contains its own drawback. For example, transformational leadership helps in leading the workers with motivation while transactional leadership helps in lifting speed. Nonetheless, investigation of Ahmad and Ejaz (2019) wrote that transactional leadership theory is not recommended to be used by many firms because of lack of focus by the management.

### **5.3. Unique insight from this investigation**

Due to the above findings, this investigation has tried to identify the most used leadership styles in the organisations of Jordan. After carrying critical review of the leadership styles; transformational and transactional leadership, it can be concluded that transformational leadership is best for the firms, especially when the management is focussing on lifting the motivation level of the workers and contributing to teamwork approach. In addition, the performance of the organisation can be improved if results of this investigation are looked upon. Similar findings may help the firms in lifting the motivation level of the workers, especially, when the focus is on adopting the transactional leadership approach rather than transactional leadership approach.

Motivated employees perform better, they build good relations with customers and shareholders and work hard to achieve the goals. Employees trust their leaders and except directions that are given by leaders to perform the specific task. Transformational leaders encourage their employees and align their personal goals with organizational goals. In this style, clear information is transfer to the employees that reduces the conflicts and increase trust between employees and leaders. Employees have clear knowledge about the organizational goals that help them to identify the problems related to these goals and do efforts to solve these problems.

Through communication leaders empower the employees and encourage them to solve the problems. Leaders provide support to their employees to solve the problems and motivate them to achieve their goals. When all employees are motivated and engaged with the achievement of organizational goals then the performance of the organization will be improved and achieve

high benefits. The transformational leadership style improves the organization's environment and has a positive influence on the employee's behavior.

In Jordan organizations, both leadership styles are used but they use a more transactional style rather than a transformational leadership style because in Jordan organization social factors are considered more important. Jordanian organizations have a highly competitive marketplace, leaders have to develop transformational and transactional leadership style at the same time to improve the performance of the organization. Jordanian managers believe that competition increases productivity that's why they use a transactional leadership style most rather than a transformational leadership style. Jordan has a highly competitive marketplace and transactional leadership has an impact on the creativity of marketing.

Both styles are closely related to and different from each other. An effective leader should adopt these styles to achieve a higher level of employee satisfaction. Transformational leadership is focused on employees' needs and satisfy them through inspiration. Transactional leadership is based on giving and take rule it provides temporary satisfaction. Transactional leadership reacts to problems as they raise but transformational leadership addresses the issues before they become a problem.

Transactional leaders work on old existing culture no innovation is involved in this style while in transformational leadership creativity and innovation are involved this style change the environment of the organization. In transactional leadership, style leaders give rewards and punishments to employees according to organization standards, while transformational leaders create a high rewards system, provide motivation to employees to get these rewards. In transactional leadership, employees worked for themselves to get rewards but in transformational leadership, the employee worked for the overall organization to get rewards.

Transactional leadership concerned about the day to day progress towards goals. They operate within the organization's standards boundaries. This type of leadership style is not considered more satisfactory because they are less change-oriented. While transformational leadership works to enhance motivation and encourage employees through communication. This style is more satisfactory because it is highly change-oriented. The transformational style focuses on the strengths and weaknesses of the employees and enhances their capabilities to achieve the organizational goals.

## 6. Conclusion

Leadership style plays an important role in any organization regardless of their activities. A leader is a person who has the ability to influence others' work. On the basis of results obtained, it can be concluded that a leader provides motivation to other employees of the organization to complete their tasks efficiently and increase their productivity. Leadership style is differed according to the culture and area. Jordan organizations have different leadership styles according to their area. Leadership is responsible for the success and the failure of the organization.

In Jordan this leader takes action when major deviations from plans are required. This leader allows the employees to do work as they have done before no innovation is involved in this section. They avoid giving directions to the employees if work is going fine. On the other hand, the transformational leadership style is considered as the increase in motivation level of employees to get high performance. This style is used to increase the satisfaction and performance level of the employees. Transformational leadership is comprised of four dimensions: Charisma, Inspiration, Individualized consideration, and intellectual stimulation. Charisma is the key component of the transformational leadership style. It builds an emotional relationship between employees and the leader and increases excitement towards the goal. Charismatic leader increases the awareness of the problem and earns the trust and respect from the employees which lead them to accept challenging goals.

Inspiration is known as the key aspect of charismatic leadership. Inspirational leaders communicate their vision with employees to generate a friendly relation and use symbols to increase the awareness about desired goals. A leader gives attention to their employees' needs and treats every individual equally. Leader diagnoses the needs and abilities of employees. Then perform different roles like mentor, coach, friend or leader according to the employee need. Leaders use delegation sometimes to encourage the employees to perform their responsibilities effectively.

In intellectual stimulation, employees think and analyze their own problems and their solutions. In intellectual stimulation, transformational leaders encourage innovation, creativity, and motivation to solve the problems. Intellectual stimulation has three dimensions: self-esteem, self-efficacy, respect for the leader. Transformational leadership is also helpful for creating self-esteem is the set of attitudes and beliefs that how a person faces the world. It is used to explore areas like social participation, response to threats, competitive behavior and attitude

towards a daily basis. Self-confidence, self-respect is also studied in this section. A high level of self-esteem is associated with risk-taking, job satisfaction and fewer efforts to please others. Self-efficacy is the belief of an individual that he or she can do the specific task. It is a positive thing, individually put extra effort to solve the problem to do the task. It is linked with the attitude towards work. Transformational leadership highly influences the performance of the organization. Transformational leadership is related to the deep motivation of employees to perform better it also increase the satisfaction level of employee. It changes the individual behavior which leads to the achievement of the organizational goals. It put a substantial impact on the overall performance of the organization. The transformational leadership style has a positive impact on the performance of the organization. Through the transformational leadership style, a leader can change the environment of the organization to increase the motivation of employees and energized them to improve performance.

## **7. Recommendations**

Transactional leadership is based on the exchange process where a leader gives rewards to those employees who perform better and give punishment to those employees that perform low. It is totally based on giving and taking phenomena. The transactional leadership style influences the behavior of employees. This leadership style help organizations to complete their tasks effectively by linking functional performance with rewards, individual get rewards according to their performance in these specific tasks. Leaders provide rewards when employees achieve the required tasks.

Transactional leadership creates high competition between employees to achieve organizational goals and perform well to get rewards. Transactional leadership focuses on group and organization performance. They have concerned about the day to day progress towards goals. They operate within the organization's standards boundaries. This type of leadership style is not considered more satisfactory because they are less change-oriented. Transactional leadership is comprised of two dimensions contingent rewards and management by exception. In this leader and the employees of the organization have a mutual understanding of rewards and punishment according to the performance. Performance is measured on specific tasks that are assigned by the leader to the employees.

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