

# **THE ROLE OF LEADERSHIP IN ORGANIZATIONAL PERFORMANCE**

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## **Summary of the Doctoral Thesis- English**

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## **KEYWORDS**

Leadership, Transactional leadership, Transformational leadership, Effective leadership, Situational leadership, Organization performance, Individual performance, Crisis

## SYNTHESIS OF THE WORK

As organizations continue to evolve and adapt to fluctuating situations, the role of effective leadership in increasing performance remains a key success aspect. The concept of effective leadership constitutes the core of this research, due its positive relationship with organization performance. It should be noted that effective leaders' styles are being increasingly labeled as transactional and/or transformational. For the purpose of conducting this research, it is important to break down performance into different levels: organizational, individual, and team. Each level comprises many variables that contribute in raising subordinates' commitment and task performance, leading to an increase in overall performance. The research's primary objective was to discover the nature of the relationship between the proper leadership style and the individual mechanisms that help in increasing the employees' job performance and commitment in the Lebanese SMEs. This would increase the performance at the individual level which, in collaboration with other factors, will assure a good organizational performance.

The importance of this research stems from the fact that it will provide an awareness about both the leadership style and the SMEs' overall performance in Lebanon. The researcher hopes to present a sort of guidance to some managerial problems that hindered the Lebanese SMEs from achieving high levels of performance during the crisis period.

With regard to literature review about the influence of transformational and transactional styles on performance, the researcher assumes the presence of a positive relationship between the two leadership styles and employees' performance. Hereafter, the research problem was expressed through the following main question: Is the leadership style of SME's managers related to the employees' individual performance in a way that contributes in achieving high levels of overall organizational performance? The research sub-questions were expanded as follows:

- Q1- Is there a significant correlation between the individual mechanisms and the individual performance in the Lebanese SMEs?
- Q2- Is there a significant correlation between a transformational leader and employees' OCB and commitment in the Lebanese SMEs?
- Q3- Is there a significant correlation between a transactional leader and employees' OCB and commitment in the Lebanese SMEs?

- Q4- Is there a significant correlation between a passive avoidant leader and employees' OCB and commitment in the Lebanese SMEs?
- Q5- Which leadership style is better in increasing employees' performance in the Lebanese SMEs: during the current crisis?

In the light of literature, the researcher predicted some answers elaborated in the five hypotheses presented below.

- H 1: The individual mechanisms positively correlates with the employees' performance and commitment
- H 2: Transformational leadership positively correlates with the employees' job performance in the Lebanese SMEs.
- H 3: Transactional leadership positively correlates with the employees' job performance in the Lebanese SMEs.
- H 4: Passive avoidant leadership negatively correlates with the employees' job performance in the Lebanese SMEs.
- H 5: Transformational and transactional leadership styles can prevent employees' breakdown in case of severe crisis

The research followed a hypothetical-deductive model where the quantitative approach along a survey technique were selected. Two types of data were used: primary and secondary. Secondary data was based on previous research concerning the topic of leadership, performance, and SMEs. Primary data, on the other hand, were originated through a survey which was conducted to gather data regarding the variables. The survey targeted three hundred and eighty-seven employees occupying administrative positions in Lebanese SMEs. It was based on a self-reported questionnaire, as a research instrument, which was developed in line with previously designed and tested questionnaires. A descriptive correlational research design was used to study the impact of leadership behavior on both individual mechanisms and performance during February and March 2021. Data was collected and analyzed using SPSS19.

To understand the nature of the relationship between the leadership styles in the FRML model and the individual performance of the employees, the researcher considered the following delimitations:



- Period of time: the survey was conducted during February and March 2021, a period characterized of being a crisis phase due to the covid-19 pandemic' effects and the Lebanese financial crisis.
- Sample size and profile: the respondents were selected on the basis that they hold administrative positions in Lebanese SMEs and who were still working by the time the survey was conducted
- The methodological procedure: this research is based on previous researches that concluded the causality between transformational and transactional leadership style. Hence, the research does not aim at composing a new formula nor at creating a new theory. Its originality stems from the fact that it had tackled the Lebanese employment area in SMEs, the largest and the most important economic source. Not much previous research was found correlating leadership styles and job performance in Lebanese SMEs, especially in time of crisis. By this, this research can contribute to decrease the shortage in the literature in relation to scholarly studies on the nature of the correlation between leadership and individual organizational performance within SMEs operating in Lebanon

Several limitations were taken into consideration: The first limitation was the limited number of scholarly studies related to the correlation and causality between transformational and transactional leadership style with the employees' performance within the Lebanese SMES, especially in times of crisis. Another limitation was linked to the scope research: Although implemented as per the Fishers' model, the sample size could have been larger than the one selected for this research. A larger sample would have been more representative of the population. The third limitation was related to the questionnaire parts: The survey was conducted in a hard time where stress reigned over everyone. Respondents might had answered rapidly without thorough rationalization. The fourth limitation was related to the methodology which was designed to test the existence of the relationship between leadership and individual job performance in the Lebanese SMEs and not the causality between the two variables. The causality was affirmed in the literature review part.

The research was divided into six chapters. Chapter one comprised three subchapters: the first one was solely dedicated to leadership. The second subchapter explained the concept of

organizational performance in general and highlighted its context in this research. The last subchapter described what had been written about the impact of contemporary leadership styles on organizations performance and explained the SMEs status in Lebanon. Chapter two identified the conceptual framework and research hypotheses. Chapter three described the research methodology by identifying the process of data collection, extraction, and analysis techniques. The research model was constructed to allow readers to recognize the dependent and independent variables. In addition, the model presented the relationship between the variables in the form of five hypotheses. In chapter four the results were presented and explained and the hypotheses were verified. Chapter five discussed the hypothesis and their validation. The researcher then compared the results with those found in the literature. At the end, the results' significance and their implications were exposed. Chapter six summarized the analysis and the results of the research. It described the originality and the applicability of those results and proposed some solutions. In addition, the research limitations and future directions were exposed.

The research results were analyzed under two situations: normal and crisis and came in conformity with what was described in literature. A positive correlation was revealed between the transformational and transactional leadership aspects and individual organizational performance. Nevertheless, results showed that this fact does not stand out in time of crisis. As a conclusion, to be labelled as effective leader and improve the workers' performance, SMEs managers should maintain an equilibrium between transactional and transformational styles. In a nonstop changing business environment, it is imperative for them to adapt and innovate. It is by adopting a mindset of continuous improvement and implementing education and training, that they ensure sustainability on the long run.