

# Alignment between Board of Directors Roles and Top Management Leadership Styles: An Empirical Study on Defense and Security industry in the Hashemite Kingdom of Jordan

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**Abstract** This research aims to investigate the existence of the alignment between Top management leadership styles (Transformational and Transactional) and the Board of Directors roles (Monitor, Evaluate & Influence and Initiate & Determine) in the manufacturing companies in the Security and Defense industry at the Hashemite Kingdom of Jordan due to the lack of previous researches focused on the topic and especially in the developing countries, and due to the lack of researches conducted in general on the research community. It seems to be fertile and worthy of analyzing the relationship between the variables. The survey data was gathered from 7 companies; in order to achieve these objectives, a questionnaire was developed. Statistical Package for Social Sciences (SPSS) program was used to analyze and test the hypotheses. The findings of the research showed that there is a significant existence of alignment between Top management leadership styles and the board of directors' roles. The researcher suggests to maintain the current alignment between the top management leadership style and the board of director's roles and if possible develop on it by adding more dimensions.

**Key words** Leadership style, Board of directors role

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## 1. Introduction

It comes that leadership style of top management is a determinant of the success or failure of any organization. A leader is an individual who induces others and guides them to execute particular duties and to give their best towards achieving the desired goals. Leadership style is a pattern and approach of providing guidance, implementing plans, and motivating people (Ojokuku *et al.*, 2012).

The role of a leader is critical for the survival and progress of an organization. Leadership helps in developing the organization's objectives, values, and vision. Besides the leadership style of top management, there are the roles of Board of Directors that have a significant impact on organizational performance. The alignment between Board of directors' roles and top management leadership style should be taken into consideration because ineffective coordination between them will influence the organizational performance.

### 1.1. Research objectives

The primary objective of this research is to identify the alignment between the board of directors' roles and top management leadership styles, and that by the fulfillment of the following objectives:

To identify the level of importance of Board of directors' roles and top management Leadership style in all manufacturing PSC Companies in the Defense and Security industry at the Hashemite Kingdom of Jordan. To explore the expected existence of the Alignment between the board of directors' strategic roles and top management leadership styles.

### 1.2. Significance of the Research

The significance of this research comes from the importance of the Alignment between the Top Management Leadership Style and BOD Roles in order to enhance Organization Growth. However, Due to the lack of previous researches focused on the topic and especially in the developing countries, and due to the lack of researches conducted in general on the research community. It seems to be fertile and worthy of analyzing the relationship between the variables.

### 1.3. Study Model

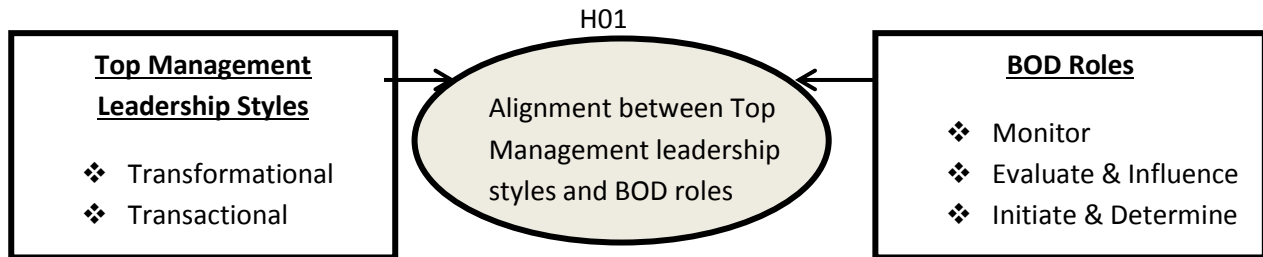


Figure 1. Study model

Source: Authors

### 1.4. Research hypothesis

**H01:** There is no alignment between BOD's roles and top management leadership style at the level ( $\alpha \leq 0.05$ ).

## 2. Literature review

### 2.1. Leadership

Burns (1978) observes that: "Leadership is one of the most observed and least understood phenomena on earth". Omolayo (2007) defined Leadership "as a social influence process in which the leader seeks the voluntary participation of subordinates in an effort to reach organizational goals". Robbins *et al.* (2012) agreed with Ngambi *et al.* (2010) that the Leadership is a process of influencing others towards achieving a value added, shared vision or set of goals. Howard (2005: p.387) also defined leadership as "a process of communication (verbal and non-verbal) that involves coaching, motivating/inspiring, directing/ guiding, and supporting/counseling others".

Burns (1978) described leadership as an aspect of power and distinguishes between leaders and powerholders, that Powerholders are concerned with achieving only their own goals, while leaders consider followers wants and needs as well as to their own. Bass *et al.* (1990) also described leadership as a "universal phenomenon," and defined it as an interaction happened when one group member modifies the motivation or competencies of others in the group. A leader influence his/her subordinates for better performance towards achieving the stated and the desired corporate objectives and goals (Ojokuku *et al.*, 2012). A leader also has been defined as an individual who delegates or influencing others to act in a way to carry out specified objectives (Mullins, 2004).

True leaders used to induce followers to act in accordance with their values and motivations. The optimal relationship can occur when leaders engaged in the process of raising the awareness and the understanding of followers, or, at least, engages both leaders and followers in a common enterprise. Leadership is meaningless, without its connection to common purposes and collective needs (Burns, 1978).

Swamy and Swamy (2014) argued that today's Organizations need effective leaders who understand the complexities of the rapidly changing global environment. Effectiveness will be high if the task is highly structured and the leader has a good relationship with the employees.

Terry (1993) wrote that "Leaders are agents of change" for individuals whose influence other people more than other people's affect them.

### 2.1.1. Leadership styles

Burns (1978) made a central distinction between "transactional" and "transforming" leadership. Transactional leadership style is best described as the politics of exchange, is take place when a person takes the lead in making contact in order to exchange of valued things. Transforming leadership, in contrast, has a moral dimension. It may be said to occur when "one or more persons engage with each other in such a way that leaders and followers raise one another to higher levels of motivation and morality" (Burns, 1978). The transforming leader is one who, though initially induced by seeking for individual recognition, raises collective purpose by taking into consideration the aspirations of his or her followers.

Bass (1997) developed on Burns's research, divided leadership style into transformational leadership and transactional leadership. The Transformational leadership has the characteristics of individual influence, spiritual encouragement, and intellectual stimulation. They often consider individuals, establish vision and aim inside, create an open culture, trust the subordinates and empower them to reach their goals. Transactional leadership is focused on staff's basic and external demand, the relationship between leaders and subordinates is based on the contract, they tend to attain the organizational goal by job roles and mission design; its core purpose is to maintain a stable and controlled organization.

Miller *et al.* (2002) view leadership style as the pattern of interactions between leaders and subordinates. It includes controlling, directing, and all techniques and methods used by leaders to motivate subordinates to follow their instructions.

Transformational and transactional leadership involves two types of behavior. The transactional leadership focuses on the tasks or performance of the firm, such as planning, setting the organization's vision or goals, as well as monitoring subordinate's activities, and providing necessary support such as the tools and technical support that needed to get the job done. The transformational leadership focuses on relationships with employees, including providing support and help to subordinates when need, showing trust and confidence in them, being friendly and considerate, trying to understand their problems, encourage the subordinates by showing appreciation for their ideas and efforts, and providing recognition for subordinates contributions and accomplishments (Yukl, 2002).

Transformational leadership does not necessarily equal effective leadership, nor does transactional leadership necessarily equal ineffective leadership. The most effective leaders are both transformational and transactional while the worst leaders are neither, avoiding the display of leadership. Transformational and transactional leadership go beyond the traditional dimensions of initiation of structure and consideration; transformational leaders can be directive or participative, democratic or authoritarian, or elitist or leveling (Bass and Avolio, 1994). However, some studies argued that the organizations should reach a combination of both styles on the same time and according to the situation.

Transformational leadership and transactional leadership styles are good close indicators of a leader's behavior because a style indicates the manager's tendency to action. Each style has been found to be effective under several types of conditions, such as differences in types of tasks and/or types of subordinate (Yukl, 1998).

The tendency of transformational leadership is to enhance the motivation and engagement by developing follower's mass potential into leaders and toward a shared vision. The transactional leaders focus more on the role of supervision (Monitoring & Controlling) and resource exchanges through rational or economic means (Bass, 2008). Therefore, the transformational leadership would have a more positive impact on followers and consequently on the organizational performance than transactional leadership. Hence, the transformational leader inspires followers to put out extra effort and raise their awareness to achieve the organization goals which have a direct effect on the organizational performance, which would then lead to organizational growth.

These leadership styles shape the strategies used by the organization, develop the structure to implement them, direct follower's efforts and attention, and correct any mistakes or deviations from expectations. These actions are directed to enhance the organizational performance directly and/or indirectly either through dealing with the tasks directly or through influencing the behaviors of followers. (Wang *et al.*, 2011)

Based on the above, we can conclude that the difference between transformational and transactional leadership styles lay in the way of motivating others and that both styles can be effective but in different conditions. Also, we can conclude that Leadership style of top management is a key determinant of the success or failure of any organization.

#### 2.1.1.1. Transformational Leadership styles

Transformational leadership theory was developed by Burns (1978) and later enhanced by (Bass, 1997; Tichy and Devanna, 1986; Bass and Avolio, 1994). Burns (1978) introduced the concept of transforming leadership in his descriptive research on political leaders; Transformational leadership is now used in organizational psychology as well. He defines Transformational leadership style as a process in which leaders and followers raise one another to higher levels of morality and motivation.

Wheelen *et al.* (2015) defined the transformational leaders as "leaders who provide change and movement in an organization by providing a vision for the change". Transformational leadership style focuses on the development of followers as well as their needs. Transformational leaders concentrate on the growth and development of value system of employees, their inspirational level and moralities with their abilities (Ismail *et al.*, 2009). Bass (1997) described how transformational leadership could be measured, and how it impacts subordinates motivation and performance.

Transformational leaders encourage followers to view problems differently, provide support and encouragement communicates a vision, stimulates emotion and identification. Transformational leaders happen when leader raise the employee's interests, they acquire awareness and acceptance for the group objectives, and they show more tendency to appear beyond their self-interest for the good of the group (Bass *et al.*, 1990).

Transformational leaders can define and express a vision for their organizations, and their leadership style can influence or "transform" both individuals and the organization by as example increasing subordinates motivation and, convergence of views among groups. The impact of leadership on the organizational performance should be indirect through the followers and that the direct impact means that the leader is not leading well or transformational (Avolio *et al.*, 1999).

In transformational leadership style, the follower feels trust, appreciation, loyalty, and respect towards the leader, and is motivated to do more than what was initially expected to do (Bass, 1985). Also, it had deep influence on individual and organizational outcomes such as employee satisfaction and performance. Higher levels of transformational leadership are associated with higher levels of group potency (Podsakoff *et al.*, 1990).

Yukl (2002) indicates that The transformational leadership concentrate on relationships with subordinates, by providing the appropriate support and help to subordinates when need, showing trust and confidence in them, being friendly and considerate, trying to understand their problems, encourage the subordinates by showing appreciation for their ideas and efforts, and providing recognition for subordinates contributions and accomplishments.

Bass *et al.* (1990) proposed four behaviors or components of transformational leadership to include:

First: charisma or idealized influence or attributes behavior for leaders whom behaving consistently with their promises and gaining the trust of others.

Second: the Inspirational motivation behavior; for those whom communicate convincing future's visions and affirm to others how their work contributes to the achievement of the vision.

Third: the Intellectual stimulation behavior that provides a safe environment in which others can think creatively and challenge the status quo.

Fourth: the personal consideration recognizing the developmental needs of others and providing support to their followers.

The transformational leader motivates subordinates by raising their awareness towards the importance of the task outcomes, influencing them to exceed their own self-interest for the sake of the organization or team and activating their higher order needs. He/her encourages followers to think critically and seek new ways to approach their duties, resulting in intellectual stimulation (Bass and Avolio, 1994).

Companies with transformational leaders have greater decentralization of responsibility, managers have more tendencies to take risks, and compensation plans are directed toward long-term results, all of which facilitate corporate entrepreneurship (Ling *et al.*, 2008).

Transformational leadership "is about change, innovation, and entrepreneurship" (Tichy and Devanna, 1986). Transformational leadership has consistently been shown to be superior to transactional leadership with respect to criteria such as trust and respect for those who are being led. Also, the literature indicated that the transformational leaders take a step further than transactional leaders to gain the trust of their followers, to engage them in the decision-making process, and to create a shared vision (Bass and Avolio, 1990; Aarons, 2006).

Transformational leadership can be measured by how much influence the leader has on the followers. The followers of such a leader show more willing to work harder than originally expected. These outcomes occur because the transformational leader offers followers with an inspiring mission and vision and give them an identity which is more than a self-gain. The leader transforms and motivates followers through his or her idealized influence. Transformational leaders are change oriented; they show a high level of attention for people wants and needs. They would seek and accept suggestions and ideas from subordinates, consult with employees in advance on important matters and issues.

#### *2.1.1.2. Transactional Leadership style*

Burns (1978) define Transactional leadership style simply as a process of an exchange of valued things with no enduring purpose, According to him; Transactional leader tends to focus on task completion and employee compliance, and they also rely quite heavily on organizational rewards and punishments to influence employee performance.

Transactional leadership depends on contingent reinforcement, as per management-by-exception, either positive contingent reward or the more negative active or passive forms (Bass and Avolio, 1994).

The transactional leader will first validate the relationship between performance and reward and then use these rewards to encourage subordinates to improve performance (Scott E. B., 2003). However, The transactional leadership style concentrate on the organization's tasks and performance, such as planning, setting the vision or goals for the organization, monitoring subordinate activities, and providing necessary support, equipment, and technical assistance and it would be effective where tasks require extensive guidance, coordination, monitoring and when there is pressure for results (Yukl, 2002). Moreover, Burns, (1978) also reported that the transactional leadership style focused more on course work, task-oriented goals, and work standards.

Transactional leaders display constructive behaviors as well as corrective behavior. Constructive behavior comprises contingent reward, and the corrective dimension implicates management by exception. Contingent reward involves the clarification of the work needed to obtain rewards and the use of incentives and contingent reward to enforce influence. It considers follower expectations and offers recognition when goals are achieved. The clarification of goals and objectives and providing of recognition once goals are achieved, which should result in achieving expected levels of performance by individuals and groups (Bass, 1985).

Bass and Riggio (2006) indicated that transactional leaders are considered to concentrate on compromise, conspire, and control; therefore they are more likely to be seen as more inflexible, detached, and manipulative than transformational leaders. Rewards and positive reinforcement are provided or mediated by the leader. Thus transactional leadership is more practical in nature because of its emphasis on meeting specific targets or objectives (Jung, 2001). Moreover, in the transactional leadership style the leader set standards for people to comply and it may include punishing them for non-compliance. Transactional leadership implies close monitoring for mistakes, errors and deviances and taking corrective action whenever they occur (Nongo, 2015). The Transactional leadership style through linking job performance to valued rewards and by ensuring that employees have the resources needed to get the job done can helps organizations achieve their current objectives more efficiently (Zhu *et al.*, 2005).

Accordingly, the Transactional leader would highlight the clear definition of tasks and goal-setting and is more likely to actively introduce his or her own ideas, assign duties and tasks to other people, and monitor their actions. Further, the transactional leader sets demanding performance standards, expects

his/her employees to fully comply with the standards, and encourages competition among employees. Employees achieve objectives through rewards and punishments set by the leader who motivates followers by appealing to their own self-interest.

## **2.2. Board of directors roles:**

A Board of directors is a group of people who are elected by a company's shareholders (if the Company type is Public shareholding company) to meet periodically to oversee the company's management and represent the interests of the shareholders when the company (accountingtools.com). Wheelen *et al.* (2015) have defined the board of directors as representatives of the shareholders, whom has authority and obligation to setup organization's policies and ensure that they followed in addition to approve all decisions that might affect the long term performance of the organization.

A Board of directors is a group of persons elected by the shareholders of a corporation to govern and manage the affairs of the company. The duties of the board vary by company. They may or may not be employed by the company. Often the boards of directors of large corporations are independent and hold other important positions in business and academia. The board typically hires a CEO, and other officers to run the day-to-day operations of the company, subject to the board's oversight. Boards are often involved in central issues of ownership, strategy, financing, and mergers and acquisitions. The board has a representative duty to act in the best interest of the shareholders. (USlegal.com)

The board of directors of any organization has a legal obligation to represent the Investor/ shareholder who participate in the profits (in the form of dividends and stock price increases) and protect their interests (Kosnik, 1987; Wheelen *et al.*, 2015). Further, the directors have the authority and the responsibility to establish basic organization policies and to ensure that they followed and they have an obligation to approve all decisions that might affect the long-term performance of the organization. Thus, the organization is fundamentally governed by the BOD overseeing top management, with the concurrence of the shareholder. The relationship between these three groups (BOD, Top management and shareholder) in determining the direction and performance of the organization reflect the meaning of the term "Corporate Governance" (Wheelen *et al.*, 2015; Byron, 2003).

Corporate governance may have been initially devised to supervise companies in the direction that maximizes shareholders' interest. However, the current corporate governance perspective concentrates on the interest of stakeholders and society as a whole (Clark, 2007). Moreover, Board of directors is a critical part of the internal mechanism of corporate governance. Board members supervise management actions and provide consultation to managers in the strategic planning development and implementation. Thus, Board of directors plays important roles in corporate governance guidelines (Panahi, 2001). Corporate governance has also defined as a collection of interrelationship among corporate executive, board members, shareholders, and other stakeholders (Organization for Economic Cooperation and Development (OECD, 2004).

As per Jordanian Securities Depository Center, Every organization should have a Board of Directors elected by its owners taking into consideration other stakeholders, the organization's objective, and sustainability whereby the mission of such Board of Directors is to ensure the strategic guidance to the organization, effectively monitor management, and be accountable to the organization and its stakeholders. The responsibilities of boards of directors vary from country to country. Since this research focus on Private Shareholding Companies in Hashemite Kingdom of Jordan, the researcher will summarize the Jordanian corporate governance code that related to the Board of Directors. Board of Directors Roles:

The role of the Board of Directors at any corporation has to be clear to avoid any conflicts with top management.

According to the Jordanian Securities Depository Center (2003), the Board of Directors should:

- Ensure the sustainability of an organization by creating succession plans and structures that enable such continuity.
- Review and approve the long-term strategy and guidance of the organization and the structure necessary to implement the strategy, In addition to reviewing and evaluating the SWOT analysis relating to the organization.

- Approve annual financial statements and External Auditor's report: The Board of Directors is accountable for the final financial statements that are disclosed to stakeholders and therefore, are responsible for reviewing them and approving them along with the External Auditor's report.

- Select, appoint, support and review the performance of the CEO (Managing Director): The Board of Directors is responsible to identify and appoint the most appropriate CEO to manage the organization. Consequently they are responsible for supporting the CEO to achieve the desired objectives and for reviewing his/her performance on a regular basis.

- Delegate to management:

- Delegate certain authorities to management, and monitor and evaluate the implementation of policies, strategies and business plans.

- Determine monitoring criteria to be used.

- Ensure that internal controls are effective.

- Exercise accountability to shareholders and be responsible to relevant stakeholders:

- Ensure that communications with shareholders and relevant stakeholders are effective.

- Understand and take into account the interests of shareholders and relevant stakeholders.

- Monitor relations with shareholders and relevant stakeholders by gathering and evaluating appropriate information.

- Promote the goodwill and support of shareholders and relevant stakeholders.

- Take decisions on issues that require Board approval as required by law.

Wheelen *et al.*, (2015) define the Board of Directors responsibilities as below:

1. Setting corporate strategy, overall direction, mission, or vision.

2. Hiring and firing the CEO and top management.

3. Controlling, monitoring, or supervising top management.

4. Reviewing and approving the use of resources.

5. Caring for shareholder interests.

Above responsibilities have been extracted through 200 interviews with directors from eight countries (Canada, France, Germany, Finland, Switzerland, the Netherlands, the United Kingdom, and Venezuela). These responsibilities were also supported by a Korn/Ferry International survey (1995) in which chairs and directors agreed that strategy and management succession, in that order, are the most important issues the board expects to face (Demb and Neubauer, 1992).

This research focuses on Wheelen *et al.* (2015) three roles of Board of Directors (Monitor, Evaluate & Influence, and Initiate & determine) (Wheelen *et al.*, 2015).

#### 2.2.1. Monitor

By acting through its committees, a board can keep informed about internal and external developments of the corporation, bringing to management's attention opportunities or developments that might have been ignored or overlooked. This task is the minimum that a board should handle.

#### 2.2.2. Evaluate & Influence

The board of directors can evaluate and examine management's proposals, decisions, and actions; agree or disagree with them; give advice and offer recommendations, suggestions or outline alternatives. Boards that are more active perform this task in addition to monitoring.

#### 2.2.3. Initiate & Determine

The board can specify the corporation's mission and determine strategic choices to its management. Only the most active boards take on this task in addition to the two previous ones. Wheelen *et al.*, (2015) agreed with Nadler (2004) that the participation or the involvement of board of directors in the organization may vary from a very low involvement or "phantom and rubberstamp" to very active or "Catalyst". Board of directors is responsible for development of mission, perspective, and values for identification of strategic activities, as well as, seeking for a suitable environment for creating opportunities (Kiel and Hendry, 2003).

Board of directors directly affects corporate strategy through approval of strategic plan, request for investigation about important issues, and assistance in strategy development and evaluation (Judge and Zeithaml, 1992). Good corporate governance leads to better performance and reducing the overall risk (Delton *et al.*, 1998).

Board of director's monitoring role is necessary as well as separating between ownership and control because of the potential costs incurred when management pursues its own interests at the expense of shareholders' interests which is mostly represented in profit maximization, thereby creating "agency" costs. Monitoring can reduce agency costs inherent in the separation of ownership and control which in turn improve firm performance (Fama, 1983; Mizruchi, 1983; Zahra and Pearce, 1992).

However, some studies suggest that high degree of involvement of the board of directors in strategic management is positively related to the organizational performance (Judge and Zeithaml, 1992; Zahra and Pearce, 1992).

### **2.3. Jordanian Defense and Security Industry**

The defense and security or military industries in Jordan (The Community research) were confined to the Jordan Armed Forces till 1999 when it has been privatization but yet under the umbrella of the Jordan Armed forces represented in KADDB; which is an independent government entity within the Jordan Armed Forces (JAF) aiming at becoming a defense and security research and development hub in the region. KIG (KADDB's Investment Group) has been established to act as the commercial and investment arm for KADDB. As a result, KADDB and KIG have conducted many Joint ventures with International and local investors that been established in the form of LLC and PSC companies in many specializations in the defense and security field along with completely owned companies by KIG.

In a short period of time, KADDB and KIG managed to place themselves on the world map, not only being active in the region. However, the highest number of sales came from internal security agencies and the Jordanian Armed Forces. The companies' manufactured products are either invented by KADDB or through acquired manufacturing rights out of the conducted joint ventures. The companies in subject are still considered SMEs (Small to Medium Enterprises), since the knowhow of such an industry taking more time than other as well as the customizations needed to fit for the regional requirements. And taking into consideration the date of establishment.

Because of the sensitivity of this industry, it have a special attention from the country senior officials and the higher authorities, this special attention resulted in hiring a very professionals and experts in the field to run these companies in the roles of CEOs/GMs and as members of BODs. Beside the experts, the BOD members mainly are JAF and Security agencies decision makers and representative of external investors. Since there are no known studies that have been conducted on the defense and security industries in Jordan to examine any of the Organizational growth, top management leadership style and the BOD roles, this research sheds light on the organizational growth of KIG's and KADDB's manufacturing companies. It examines the top management leadership style and the board of directors' roles and the alignment of top management leadership style and the board of directors' roles and their effect on the organizational growth.

## **3. Methodology of research**

### **3.1. Research Methodology**

Based on the statement of the problem, research questions, and the data that is supposed to be collected from the individuals (Board's directors and top management). The research can be considered as analytical study. In the same time a deductive methods are used in the research through hypotheses testing to deduce or infer from the results of data analysis.

### **3.2. Study population and sample**

#### **3.2.1. Population**

The population of interest for this study comprises (9) manufacturing companies at Security and Defense Industry within the Hashemite Kingdome of Jordan. But according to the condition of the



availability of Board of Directors for each company, the research is based only on (7) Private shareholding companies, total number of members of BOD are (32) members with One CEO/GM for each company. as shown in Table 1 below.

*Table 1.* Information of companies which covered by the questionnaires

No.	Company Name	Specialization	Owned by	Capital (JOD)	Registration Date	BOD Numbers
1	Aselsan Middle East	Night Visions	Joint Venture KIG + Turkish Investor	2,500,00	2012	5
2	Jordan Armament & Weapon Systems	Pistols & Rifles	KADDB	50,000	2006	4
3	Jordan Ammunition Manufacturing Services	Ammunitions	KIG	9,000,000	2008	3
4	Jadara Equipment and defense Systems Co	RPG-32 System	Joint Venture KADDB + Russian Investor	1,000,000	2005	3
5	Arab Ready Meals	Ready Meals	Joint Venture KIG + Malaysian Investor	5,000,000	2008	6
6	Jordanian Light Manufacturing Co.	Light Military Vehicles	Joint Venture KIG + American Investor	701,000	2004	5
7	Jordan Manufacturing and Services Solutions	Heavy Military Vehicles	KIG	1,000,000	2005	6

Source: [www.mit.gov.jo](http://www.mit.gov.jo)

### 3.2.2. Sample

The units of analysis are the companies' top management represented in CEO/GM and members of the board of directors, (7) leadership style questionnaires have been distributed for the CEOs / GMs and all have been received, (32) BOD's roles questionnaires have been distributed and only (18) have been received, as shown in Table 2 below.

*Table 2.* Respondent Numbers

No	Company Name	BOD Numbers	BOD Respondents	Top Management Responded
1	Aselsan Middle East	5	2	1
2	Jordan Armament & Weapon Systems	4	3	1
3	Jordan Ammunition Manufacturing Services	3	2	1
4	Jadara Equipment and defense Systems Co	3	2	1
5	Arab Ready Meals	6	3	1
6	Jordanian Light Manufacturing Co.	5	3	1
7	Jordan Manufacturing and Services Solutions	6	3	1
		(32)	56.25%	100%

### 3.3. Research tools and Data collection

For collecting the data that are needed to accomplish the research objectives, the following tools should be considered:

#### 3.3.1. Secondary data:

Secondary data were collected from the records of previous studies, thesis, articles, Electronic websites, Journals, Jordanian Securities Depository Center, Ministry of Industry and trade, and the specialized books.

### 3.3.2. Questionnaire development

It is a tool to gather primary and secondary information needed to complete the practical side of the research. In the questionnaire the researcher aimed at making the respondent aware of the research objectives, clearness, homogeneity, and it's precision. The questionnaires have been distributed in English language through personally face-to-face, electronic mail, and through office managers.

The questionnaires were built in a way that described the study in three main parts and as following:

1. Demography Information questionnaire, asking about Six general information, include (Gender, Age, Education Level, Position, Current position experience and Total experience).

2. The leadership styles questionnaire developed by (Burke, 1983). It have been modified to become 20 questions instead of 10 questions (Two part of each question), to meet Likert scale ranging from "Strongly Agree" to "Strongly Disagree" with no modifications to the content. The First Ten questions indicate the Transformational Leadership style and the last Ten questions reflects the Transactional Leadership style, this questionnaire have been distributed to CEOs/GMs those whom reflect the Top management.

3. BOD's Roles in strategic management (Monitor, Evaluate & Influence and Initiate & Determine) questionnaire developed by the researcher based on Wheelen *et al.* (2015) BOD Roles using Likert scale ranging from "Strongly Agree" to "Strongly Disagree."

The first four questions indicates the "Monitor" Role, the next Six Questions reflect the "Evaluate and Influence" Role, and the last four Questions reflect the "Initiate and Determine" Role, this Questionnaire have been distributed to BOD members only.

Relative of importance which suggested by (Sekaran and Bougie, 2013) assigning due to:

$$\text{Class Interval} = \frac{\text{Maximum class} - \text{Minimum class}}{\text{Number of Intervals}} \quad (1)$$

$$\text{Class Interval} = \frac{5 - 1}{5} = 0.8$$

The categories are as follows:

- Very low if the arithmetic averages ranged between (1-1.80).
- Low level if the arithmetic averages range from (1.81 to 2.60).
- Moderate level if the calculation averages ranged between (2.61-3.40).
- High level if the arithmetic mean ranges between (3.41-4.20).
- Very high if the arithmetic averages range between (4.21-5.00).

### 3.4. Statistical Analysis

In order to give clear answers about the research questions and testing hypothesis, data was analyzed using Statistical Package for Social Sciences (SPSS); the following statistical techniques have been used:

- *Cronbach's (alpha) coefficient*: it is the coefficient of internal consistency. It is commonly used as an estimate of the reliability for a sample of respondents.
- *Descriptive Statistics*: include Standard deviation and means that will be used to answer the research questions and to identify the relative importance.
- *Canonical Test*: To test the alignment between the independent variables.

### 3.5. Validity

If the research is said to be valid then it really means that what was intended to be measured has been measured accurately. In order to get to the terms of questionnaire, this research depended on the previous questionnaires and literature review, so the research included the most important items and the most related and repeated in many studies.

### 3.6. Reliability

If the research is said to be reliable then it is accurately measuring the needed variables, a reliability test was carried out using Cronbach's alpha, which measure the internal consistency of a construct. George and Mallery (2003) provided the following categories for reliability: " ( $\alpha \geq 0.9$ ) Excellent, ( $\alpha \geq 0.8$ ) Good, ( $\alpha \geq 0.7$ ) Acceptable, ( $\alpha \geq 0.6$ ) Questionable, ( $\alpha \geq 0.5$ ) Poor, and ( $\alpha < 0.5$ ) Unacceptable". The Larger value of Cronbach's alpha coefficient reflects a high degree of internal consistency. See Table 3.

Table 3. Cronbach's Alpha Reliability Test of Research Variables and Dimensions

Construct	No of items	Cronbach's alpha Value
<b>Top Management Leadership Style</b>	2	.891
Transformational	10	.839
Transactional	10	.781
<b>BOD Role</b>	3	.785
Monitor	4	.908
Evaluate & Influence	6	.856
Initiate & Determine	4	.829

Cronbach's Alpha  $\geq 0.600$

Table 3 shows the result of the conducted reliability test, which is the Cronbach's alpha, the internal consistency values reflect that the research instrument has high internal consistency and high reliability to serve the research goals.

## 4. Data analysis results

### 4.1. Demographics descriptive statistics

The main characteristics of the respondents participated in the research are expressed by demographic data filled in the survey instrument in the first section, these characteristics included respondent's (gender, age, education, position, experience in current position, and total experience). Table 4 presents the characteristics of respondents.

Table 4. Characteristics of respondents

Percentage and Frequency					
Gender					
Male	96.0	24	Female	4.0	1
Age					
25 – less than 30 years	-	-	30 – less than 35 Years	-	-
35 – less than 40 Years	-	-	40 – less than 45 Years	24.0	6
45 – less than 50 Years	36.0	9	50 and more	40.0	10
Education Level					
BSC	28.0	7	High Diploma	4.0	1
Master	36.0	9	PHD	32.0	8
Position					
GM / CEO	28.0	7	Board Director	72.0	18
Line Manager	-	-	Other "Specify"	-	-
Experience in the current position					
Less Than 4 years	56.0	14	Between 4 to 6 Years	20.0	5
Between 7 to 9 Years	8.0	2	Between 10 to 12 Years	4.0	1
13 Years and more	12.0	3			
Total Experience					
Less Than 4 years	-	-	Between 4 to 6 Years	-	-
Between 7 to 9 Years	-	-	Between 10 to 12 Years	16.0	4
13 Years and more	84.0	21			

Table 4 shows the characteristics of the sample. In regard of respondents gender the results shows that the male was 24 (96%), while the female 1 (4%), this is due to the firms specialization (Defense and Security). Regarding the age, the results revealed that (24%) fall between 40 – 45 years, while (36%) falls between 45 – 50, and (40%) were 50 years and more, the noticed thing is the strata between 25 – 40 were (0%), this result may have occurred considering that it is very hard to reach top managerial level or board level with a young age. Furthermore, the positions were divided between GM/CEO (28%) and Board Director (72%). In regard of the educational level, the results revealed that the BSc Holders was (28%), while higher diploma (4%), and Master degree reached (36%), and finally the PHD (32%). Regarding the current position experience the respondents were divided as follows: less than 4 years (56%), while the 4 – 6 years (20%), meanwhile the 7 – 9 years (8%), and the 10 – 12 years (4%), and finally the 13 years and more (12%). Concerning the total years of experience, the results revealed that only (16%) were 10 – 12 years of experience and the rest of the percentage were 13 years and more (84%).

#### 4.2. Descriptive statistics

Descriptive statistics is a way to get a feel for the data by showing how the respondents have reacted to the items in the survey, this allow us to determine the main trends in the research and identify if any errors or biases occurred, thus to get feel of the data considers the first step before undertaking any further detailed data analysis, the most obvious way to achieve this is by obtaining the central tendency measures expressed by the mean and the dispersion measures (variability) expressed by standard deviation for each research variable, dimension, and item.

As the descriptive statistics of means and standard deviations of all of the research variables starting by Top Management Leadership Style which represents (Transformational and Transactional Leadership) and Board of Directors Role Which Represents (Monitor, Evaluate and Influence, and Initiate and determine). Additionally, the dependent variable Growth which represents (Sales and Profit), all of these variables shows a high relative importance which discerns the positive attitudes of the respondents toward the extent to which these variables are applied and practiced.

For more illustration, the researcher will broaden the statistics to cover all of the items under each construct to show the level of implementation for more in-depth analysis of each dimension and item of the Independent and Dependent variables.

##### 4.2.1. Top Management Leadership Styles

Below table shows the mean and standard deviation for Top Management Leadership Styles (Transformational and Transactional) items:

Table 5. Descriptive Statistics of Top Management Leadership Styles

No.	Construct	Mean	Std. Deviation	Rank	Importance
	<b>Top Management Leadership Style</b>	<b>3.9224</b>	<b>.09238</b>	<b>-</b>	<b>High</b>
	<b>Transformational Leadership</b>	<b>4.1286</b>	<b>.19730</b>	<b>-</b>	<b>High</b>
1	As a leader I have a primary mission of change.	4.4286	.26726	2	High
2	As a leader I must cause events.	3.8571	.34503	8	High
3	I am concerned about what my followers want in life.	3.8571	.18898	7	High
4	My preference is to think long range: what might be.	4.5714	.26726	1	Very High
5	As a leader I spend considerable energy in arousing hopes, expectations, and aspirations among my followers.	4.0000	.40825	6	High
6	Although not in a formal classroom sense, I believe that a significant part of my leadership is that of a teacher.	3.8571	.44987	10	High
7	As a leader I must represent a higher morality.	4.4286	.26726	3	Very High
8	I enjoy stimulating others to want to do more.	4.1429	.18898	5	High
9	Leadership should be inspirational.	4.2857	.24398	4	Very High
10	What power I have to influence others comes primarily from my ability to get people to identify with me and my ideas.	3.8571	.34503	9	High

No.	Construct	Mean	Std. Deviation	Rank	Importance
	<b>Transactional Leadership</b>	<b>3.7162</b>	<b>.20318</b>	<b>-</b>	<b>High</b>
11	As leader I have a primary mission of maintaining stability.	<b>4.2857</b>	<b>.24398</b>	<b>2</b>	<b>Very High</b>
12	As a leader I must facilitate events.	<b>4.1429</b>	<b>.34503</b>	<b>4</b>	<b>High</b>
13	I am concerned that my followers are rewarded equitably for their work.	<b>4.4286</b>	<b>.26726</b>	<b>1</b>	<b>Very High</b>
14	My preference is to think short range: what is realistic.	<b>2.5714</b>	<b>.56695</b>	<b>10</b>	<b>Low</b>
15	As a leader I spend considerable energy in managing separate but related goals.	<b>3.2857</b>	<b>.37796</b>	<b>7</b>	<b>Moderate</b>
16	I believe that a significant part of my leadership is that of a facilitator.	<b>3.2857</b>	<b>.37796</b>	<b>8</b>	<b>Moderate</b>
17	As a leader I must engage with followers at an equal level of morality.	<b>3.7143</b>	<b>.47559</b>	<b>6</b>	<b>High</b>
18	I enjoy rewarding followers for a job well done.	<b>4.0000</b>	<b>.28868</b>	<b>5</b>	<b>High</b>
19	Leadership should be practical.	<b>4.1429</b>	<b>.34503</b>	<b>3</b>	<b>High</b>
20	What power I have to influence others comes primarily from my status and position.	<b>3.2857</b>	<b>.56831</b>	<b>9</b>	<b>Moderate</b>

Table 5 shows that the overall mean for Top Management Leadership Style is (3.9224) with a high level of relative importance which reflect a high level of existence for Top Management Leadership Style, the highest mean value is for the transformational leadership style (4.1286), while the lowest mean value for Transactional leadership style with a mean (3.7162). Moreover, in regard of the transformational leadership style, the results revealed that item number (4) have the highest mean value (4.5714), while item numbers (3,6 & 10) have got the lowest mean value (3.8571). On the other side, the highest mean value that follows to transactional leadership style is for item number (13) with mean value (4.4286). While the lowest mean value (**2.5714**) is for item number (14).

#### 4.2.2. Board of Directors Roles

On the top of what mentioned before Table (6) shows the mean and standard deviation for Board of Directors Roles.

Table 6. Descriptive Statistics of BOD Roles

No.	Construct	Mean	Std. Deviation	Rank	Importance
	<b>BOD Roles</b>	<b>3.6685</b>	<b>.44865</b>	<b>-</b>	<b>Very High</b>
	<b>Monitor</b>	<b>3.4446</b>	<b>.73441</b>	<b>-</b>	<b>High</b>
21	Board members are acting through different committees.	<b>3.0000</b>	<b>.95743</b>	<b>4</b>	<b>Moderate</b>
22	A Board can keep up to date of development inside and outside the firm.	<b>3.5000</b>	<b>.87797</b>	<b>3</b>	<b>High</b>
23	A Board brings to management's attention development/ Opportunities it might have overlooked.	<b>3.5000</b>	<b>.77728</b>	<b>2</b>	<b>High</b>
24	A Board should at the minimum carry out this task.	<b>3.7784</b>	<b>.68041</b>	<b>1</b>	<b>High</b>
	<b>Evaluate and influence</b>	<b>4.0459</b>	<b>.46599</b>	<b>-</b>	<b>High</b>
25	A Board can examine management proposals, agree or disagree with them.	<b>3.8892</b>	<b>.56928</b>	<b>5</b>	<b>High</b>
26	A Board can examine management decisions, agree or disagree with them.	<b>3.7216</b>	<b>.69556</b>	<b>6</b>	<b>High</b>
27	A Board can assist in strategy development and evaluation.	<b>4.1108</b>	<b>.81081</b>	<b>3</b>	<b>High</b>
28	A Board can examine management actions, agree or disagree with them.	<b>3.9432</b>	<b>.53792</b>	<b>4</b>	<b>High</b>
29	A Board can give advice and offer suggestions, and outline alternatives.	<b>4.2784</b>	<b>.48353</b>	<b>2</b>	<b>Very High</b>
30	A Board should at the minimum carry out this task.	<b>4.3324</b>	<b>.50000</b>	<b>1</b>	<b>Very High</b>

No.	Construct	Mean	Std. Deviation	Rank	Importance
	<b>Initiate and determine</b>	<b>3.5149</b>	<b>.58396</b>	<b>-</b>	<b>High</b>
31	A Board can outline precisely a corporation's mission to its management.	<b>3.1676</b>	<b>.72169</b>	<b>4</b>	<b>Moderate</b>
32	A Board can specify strategic options to its management.	<b>3.2784</b>	<b>.90395</b>	<b>3</b>	<b>Moderate</b>
33	A Board can affect corporate strategy through approval of strategic plan.	<b>4.0568</b>	<b>.61048</b>	<b>1</b>	<b>High</b>
34	A Board should at the minimum carry out this task.	<b>3.5568</b>	<b>.59317</b>	<b>2</b>	<b>High</b>

Table 6 shows that the overall mean for Board of Directors Role is (3.6685) with a high level of relative importance which reflect a high level of existence for the Role of Board of Directors, the highest mean value is for the evaluate and influence (4.0459), while the lowest mean value for monitor with a mean (3.4446), Finally the initiation and determine have got (3.5149) mean value. Moreover, in regard of the monitor, the results revealed that item number (24) have the highest mean value (3.7784), while item number (21) have got the lowest mean value (3.0000). on the other side, the highest mean value that follows to Evaluate and influence is for item number (30) with mean value (4.3324). While the lowest mean value (3.72016) is for item number (26). Finally, the results regarding initiate and determine have shown that the item number (33) have got the highest mean value (4.0568), while item number (31) have got the lowest mean value (3.1676).

#### 4.3. Checking the Assumptions of Regression Analysis (Multicollinearity)

Encountering a statistical phenomenon regarding multiple regression models in which two or more independent variables are highly correlated is called "Multicollinearity", this phenomenon become a problem if the purpose of the research is to estimate the individual regression coefficients and the relative importance for each.

There are many statistical tools can be used to detect Multicollinearity, in this research the researcher will check the Variance Inflation Factor "VIF", "VIF" is related measures indicate the degree to which one independent variable is explained by the other independent variable, "VIF" is a measure of how much the variance of the estimated regression coefficients is inflated because of the Collinearity. The greater the "VIF" than (10) then there is a serious problem, Therefore, the rule of thumb, Multicollinearity becomes a cause for concern, when "VIF" is larger than (10). See Table 7 that shows the results of the variance inflation factor test.

Table 7. Variance Inflation Factor

Top Management Leadership	VIF	BOD Role	VIF
Transformational leadership	<b>1.493</b>	Monitor	<b>1.866</b>
Transactional leadership	<b>1.493</b>	Evaluate & influence	<b>2.356</b>
		Initiate & determine	<b>1.440</b>
Overall Scale	<b>1.000</b>	Overall Scale	<b>1.000</b>

It is noticed from the table 7 that the "VIF" value for each of the independent variables is less than (10), the results of the Collinearity statistics of "VIF" denote that there is no Multicollinearity within the data, which in turn strengthen the model of the research by avoiding the problem of having interchangeable "β" values between independent variables, and reducing the bias resulting from type II error.

#### 4.4. Hypothesis Testing

This part is concerned with the testing of the null hypothesis "denoted by H<sub>0</sub>" which is assumed to be true but tested for possible rejection. To answer the questions related to the research problem regarding the nature of the relationship in regard to the Alignment between Board of Directors roles and Top

Management Leadership Styles, **H01**: There is no alignment between BOD's roles and top management leadership styles at the level ( $\alpha < 0.05$ ).

Table 8. Canonical Correlation Test of BOD Role and Top Management Leadership Styles

Canonical Correlations					
		Correlation		Sig	
BOD		.972			
Top management leadership styles		.123		.000	
				F	
				180.541	
Standardized Canonical Correlation Coefficients			Canonical Loadings		
	Transformational	Transactional		Transformational	Transactional
Monitor	.243	.032	Monitor	.638	.120
Evaluate and influence	.477	1.302	Evaluate and influence	.892	.414
Initiate and Determine	.462	1.257	Initiate and Determine	.907	.364
Proportion of Variance Explained					
Canonical Variable	Set 1 by Self	Set 1 by Set 2	Set 2 by Self	Set 2 by Set 1	
Transformational	.675	.638	.864	.816	
Transactional	.106	.002	.136	.002	
Proportion of Variance	78.732				

Table 8 shows the results of the canonical correlation analysis between Board of Directors Roles and Top Management Leadership Styles. from the table above, it can be concluded that the (Correlation) value for the Board of Directors is (.972), while the value for the Top Management Leadership Styles is (.123) which is significant at the level of ( $\alpha < 0.05$ ) (sig. =.000), this result tells us that there is less than a (0.05%) chance to get correlation value by chance. Therefore, we conclude that there is a statistically significant alignment between Board of Directors Roles and Top Management Leadership Styles. Thus, this research rejects the null hypothesis H03 (There is no alignment between BOD's roles and top management leadership style at the level ( $\alpha < 0.05$ ).) and accepts the alternative hypothesis.

On the same direction, table 8 shows the Standardized Canonical Correlation Coefficients which explains how much a one standard deviation change in the Board of Directors Roles can change the standard deviation of the Top Management Leadership Styles. Additionally, the Canonical Loadings part measures the simple liner relationship between Board of Directors Roles and Top Management Leadership Styles. Finally, the Proportion of Variance Explained part of the effect size of Board of Directors Role and Top Management Leadership Style through measuring the difference or variance between groups.

## 5. Discussions, conclusions and recommendations

### 5.1. Discussions

The findings emerged from the hypothesis testing using the Canonical test proved that there is an alignment between BOD's roles and Top Management Leadership Styles in Defense and Security industry (manufacturing companies) at Hashemite Kingdome of Jordan. Due to the lack of previous researches that studied such alignment, one result found to be consistent to previous research (Hautaluoma *et al.*, 1996) which claimed that the CEO leadership style as a dimension is a very important for reaching the consensus with the BOD.

### 5.2. Conclusions

This study develops a conceptual model to check the existence of the alignment between Top management leadership style and the BOD roles. The results showed that there is an alignment between Top management leadership styles (Transformational and Transactional) and the Board of Directors Roles (Monitor, Evaluate & Influence and Initiate & Determine), this finding reflects the presence of the harmonization in the relation between CEO leadership style and the BOD degree of involvement, thus;



there are no conflict that may interpret and/or impedes steering the company in efficient and appropriate way to achieve its stated and desired goals.

### 5.3. Recommendations

1. The Alignment between Top management leadership styles and the Board of Directors roles is something that most companies strive for, therefore should give such alignment as a first priority to create and to maintain. Further, developing this alignment to include another dimension would be superb.

2. The number of product types that each company can produce (within its specialization) may affect its financial performance on the long term. The companies should expand their product lines and lengthen it with keeping the current consistency level, to create a wide range of related products to match the potential requirements of clients and to enhance the sales growth rate. Consequently the cost can be reduced due to the economies of scope. This can add great value to these companies through growth and to achieve its desired objectives.

3. The researcher recommends conducting a research at KADDB to measure the top management leadership style with its dimensions (Transactional and Transformational) and its impact on the organizational performance with any dimensions excluding the Profit, sales growth and market share since KADDB considered as a non-profit bureau.

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