

# The Relationship between the Leadership Style and Competitive Advantage in Jordanian Health Care Organization

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## Abstract

Competitive Advantage still an important concept in the strategic management studies, many researchers try to determine what the factors that might contribute to achieve the competitive advantage, where thought leadership style is believed to be able to drive organizations to achieve better performance and achieve the sustainable competitive advantage. Within the extant literature, calls exist for more investigations into the concept of leadership style on outcomes such as competitive advantage. The aim of this study is to Study the extent of the application of leadership style practices in health care organizations and examine whether leadership style will assist health care organizations to uplift their performance and achieve the competitive advantage. Methods being used for this article were a comprehensive review and analysis of related studies and literature review for the development of hypotheses. The data collection instrument in this research was survey questionnaire, which included statements intended to quantify key research constructs. Additionally, Validity is the proof from which an instrument tests what it is supposed to measure. In a research study, a valid instrument is necessary for gathering important and accurate data. This study was being performed as a valid and reliable instrument in Jordan. The finding of this study that there is relationship between leadership style and competitive advantage in health care organization that affiliated to ministry of health in Jordan.

**Keywords:** Leadership Style, Competitive Advantage, Healthcare Organization

## Introduction

In the twentieth century, leadership was one of the important topics for sociologists, despite there was no agreed-upon definition (Jyoti & Bhau, 2015). Many researchers have examined the concept of leadership and some have concluded to no clear definition of leadership, and

there is no specific model for its (Akpapere et al., 2019). Leaders play a vital role in organizational performance and achieving goals (Bhargavi & Yaseen, 2016). Leadership styles effect on organizational performance directly or indirectly (Haque et al., 2015).

Leadership style is how to influence, direct, and encourage employees or subordinates by the leader to achieve the goals of the organization (Khajeh, 2018).

Leadership can be defined as the ability to influence the behavior of individuals, create loyalty, develop teamwork, and coordinate efforts to achieve the organization's goals (Al Batinah, Al Zoubi 2014). Leadership styles are one of the most important factors that help the organization create and achieve a sustainable competitive advantage (Khajeh, 2018).

According to Porter (1985), the concept of competitive advantage was first introduced in his competitive analysis. The competitive advantage stems from the company's capability to make value for its sales that will go beyond the cost of its creation. The organization has a competitive advantage when it is implementing a value-creating strategy different from the strategies of its competitors. The competitive advantage can be defined as sustainable above-normal returns that can be achieved through, resources heterogeneity, limits to competition, immobility (Wijayanto et al., 2019).

Public organizations the main contributor to creating a suitable environment for the growth of the national economy, and public organizations can impact the economic expansion of the state (Salkic, 2014).

## **Literature Review**

### **Leadership Style**

Leadership Style Leadership is an individual process that affects other individual groups in order to achieve the goals of the organization, where leaders implement their theories, knowledge, skills and experiences through others in order to achieve the goals that the organization seeks to reach (Aldholay et al., 2018, Ameen & Ahmad, 2013). Leadership is a positive activity by a person with leadership characteristics who is able to influence individuals, direct their behavior, motivate and interact with them to achieve the goals of the organization (Iqbal et al., 2015). Effective leadership style is seen as a potent source of managing the development and sustained competitive advantage (Al Khajeh, 2018).

There are several leadership styles as Autocratic Leadership Style, Democratic Leadership Style, and Laissez-Faire Leadership Style.

### **Autocratic Leadership Style (ALS)**

One of the positives of an authoritarian leadership style is rapid decision-making as a result of the rapid response to the circumstances and the lack of time to consult with the others in the organization. One of his downsides is that he makes followers hate the leader, and results in many complaints (Bhargavi & Yaseen, 2016). In the style of Autocratic leadership, followers implement leaders' decisions without discussion and without knowing the reasons and motives for decision-making. This style focuses on rules, regulations, instructions, punishment, incentives.

### **Democratic Leadership's Style (DLS)**

This style of leadership gives the followers a high sense of responsibility because they are consulted and involved in the decision-making process (Solaja & Ogunola, 2016). In this approach, decision-making is divided and distributed among teams (Iqbal et al., 2015).

### **Laissez-Faire Leadership Style (LLS)**

Laissez-faire is a French phrase that means “let it be” and it is also known as the “hands-off style” (Nwokocha & Iheriohanma, 2015). According to Gill (2014), it means leaving subordinates to complete tasks and jobs in the way they choose without adherence to any strict policies or procedures. Laissez-faire leadership style the leader has no belief in his own ability to supervise. And has no clear set goals, does not help the group in making decisions and so leaves too much responsibility with subordinates (Akpaprep et al., 2019).

### **Competitive Advantage**

The concept of competitive advantage emerged from (1981-1987). Competitiveness can be defined as the ability of organizations to produce services and goods, at the same time, According to Porter (1985) The competitive advantage can be defined as the ability of the organization to use and discover effective methods is different from the traditional methods which used by competitors. Competitive advantage is created for organizations through their ability to create value for their customers by offering products of high quality and value at low prices.

Ansoff (1965) defined the competitive advantage as the production of products with high individual properties. The competitive advantage helps organizations to achieve customer loyalty to the organization; create a mental image by creating individual value for customers. Achieve the highest profit rate and the highest market share. It also helps the organization to grow, stay stable and stay in a highly competitive environment (Ben Awali, 2009; Al-Shaiba, 2015).

Their many dimensions for competitive advantage as cost leadership strategy, Differentiation Strategies. Innovation, response ....etc.

### **Cost Leadership Strategy**

is defined as the ability of organizations to take advantage of opportunities from the external environment with available resources, and then to provide services or products to clients at a lower cost than competitors, and this helps to create a competitive advantage for the organization (Muasa, 2014). This strategy attracts clients who are interested in the price factor. Organizations use this strategy in several cases such as achieving a high-profit rate through economies of scale and producing large quantities. Second: Decreasing the operating cost. Third: Control of the supply chain (Josiah and Nyagara, 2015).

### **Differentiation Strategy**

can be defined as the organization's ability to take advantage of opportunities in the external environment. The differentiation strategy meets the desires of consumers by providing distinctive products or services of the highest quality that differ from the products provided by competitors (Putra et al., 2018). Organizations through the differentiation strategy can obtain customer loyalty, and organizations can achieve higher profits than the cost leadership strategy, but the cost leadership strategy achieves a higher market share than the differentiation strategy (Tanwar, 2013).

### **Analysis the Relationship between Constructs of the Study**

The Relationship between Leadership Style and Competitive Advantage, the studies of Alexander (2016) search the transactional and transformational leadership styles toward the lecturers and the administrative staff of STIE Perbanas Surabaya. The researcher collected data by distributing a questionnaire to 31 lecturers and 32 administrators in the organization.

After analyzing the data, there was a strong positive effect on the lecturers when using the transformational leadership style and that there is no effect on the lecturers when using the transactional leadership method. The study recommended that the organization by setting effective and clear strategies that help employees to raise their talents and this helps the organization to achieve its goals and thus enable it to grow, stability and thus achieve sustainable competitive advantage.

Khan and Anjum (2013) explained some of the leadership styles that influence and help achieve a competitive advantage. The study was conducted to find out the impact of leadership on the competitive advantage. After collecting data through a questionnaire, the study concluded that there is a strong, direct, and positive relationship between leadership and competitive advantage, and that leadership style is the key to a competitive advantage.

The study of Kadem (2017) aimed to test the effect of leadership in achieving a competitive advantage in the company, and determine the relationship between the leadership and dimension of competitive advantage. The study found that there is a positive effect of leadership on the competitive advantage and that there is a positive relationship between leadership and the dimensions of the competitive advantage. The study recommended the need to focus more on leadership styles because leadership is one of the primary tools that contribute to product 36 improvement, and because it helps the organization to survive, stabilize, and grow the organization in highly competitive, competitive environments.

### **Methodology**

The study used a quantitative approach research with a descriptive research design. In addition, The target population in this study will be administrative Staff at Jordanian public hospitals and their number (4666), of the total number of employees 31,646, depending on the report of the Ministry of Health in figures issued by the Directorate of Human Resources Planning and Personnel Affairs for (2018 P: 33).

The sample size was derived from Krejcie and Morgan (1970) table determining sample size as (355) administrative staff in Jordanian public hospitals from the total number of administrative its (4666) employees.

### **Research Instrument**

Adopting many survey questionnaires, to achieve the final form for the questionnaire of this study which will be divided into two parts: The first part: It is a personal and organizational data for the study community (age, educational qualification, and years of experience). Part Two: It is a statement of the study variables, it consists of 37 items that were adopted from many previous studies, and were adopting as follows:

Leadership style: this section consists of 18 items, ten items autocratic leadership and democratic leadership style, Ch, Ahmad, Malik, & Batool, (2017). Laissez-faire leadership style consists of 8 items, (Hinkin & Schriesheim, 2008).

competitive advantage: This section consist of 19 items.9 items cost leadership,10 items Differentiation, (Shurab, 2011; Kurmasha, 2010; Othman, 2017).

### **Data Analysis**

The method of data analysis it was "Structure Equation Model (SEM)", and the software or tool will be IBM- SPSS-AMOS. SPSS is easy-to-use statistical software designed by IBM, used in research and studies for correlation and comparison tests. On the other side, the AMOS

software, which is statistical software using to confirm or reject the hypothesis of the study and to test the relationships between study variables (Ong and Puteh, 2017).

**Findings**

The study has hypotheses to test regarding the inter-relationship among the leadership style and competitive advantage. The hypothesis statement together with the methods of statistical analysis to be employed is presented in (Table 1)

Table 1  
The hypotheses statement and method of analysis

	Hypothesis statement	Statistical Analysis to employ
H	Leadership Styles has significant and direct effect on Competitive Advantage	Path Analysis in SEM

The exogenous construct Leadership Styles is also a second order construct and this construct is measured by the following three components (resulted from EFA) namely:(Lesser-Faire /with 4 measuring items-Autocratic /with 6 measuring items-Democratic/with 6 measuring items). The measurement model for Leadership Styles is shown in Figure 2

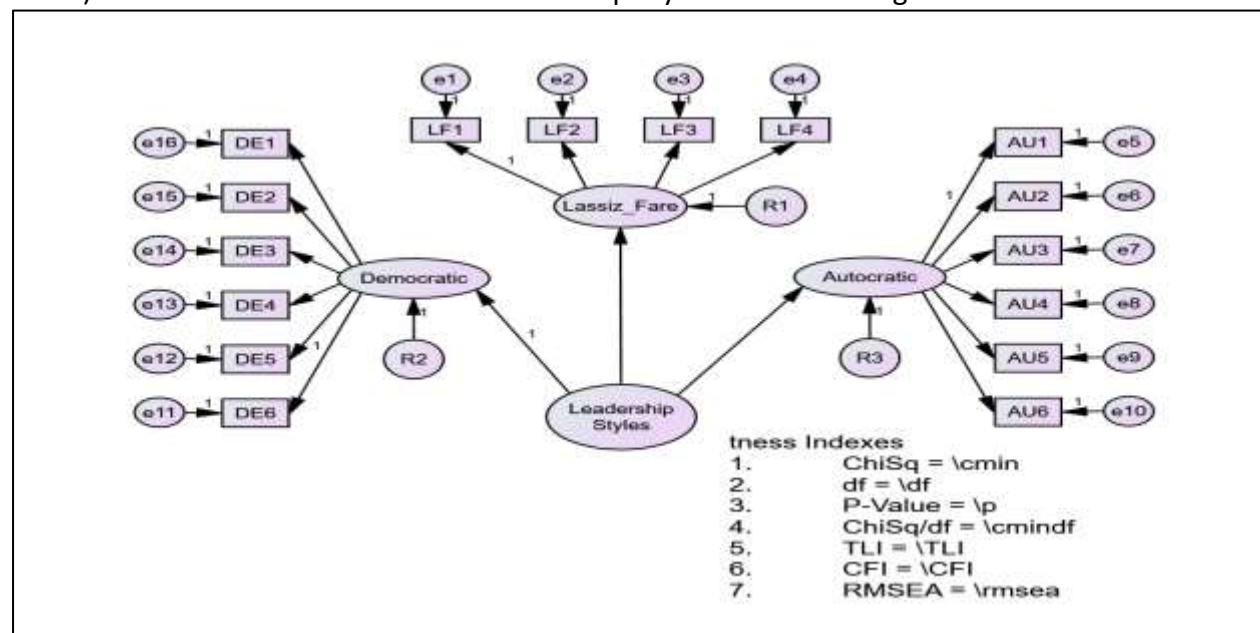


Figure 2: The Measurement Model for Leadership Styles Construct

The Competitive Advantage is also a second order construct and this construct is measured by the following two components (resulted from EFA) namely (Cost Leadership /with 6 measuring items-Differentiation /with 6 measuring items). The measurement model for Competitive Advantage is shown in Figure 3.

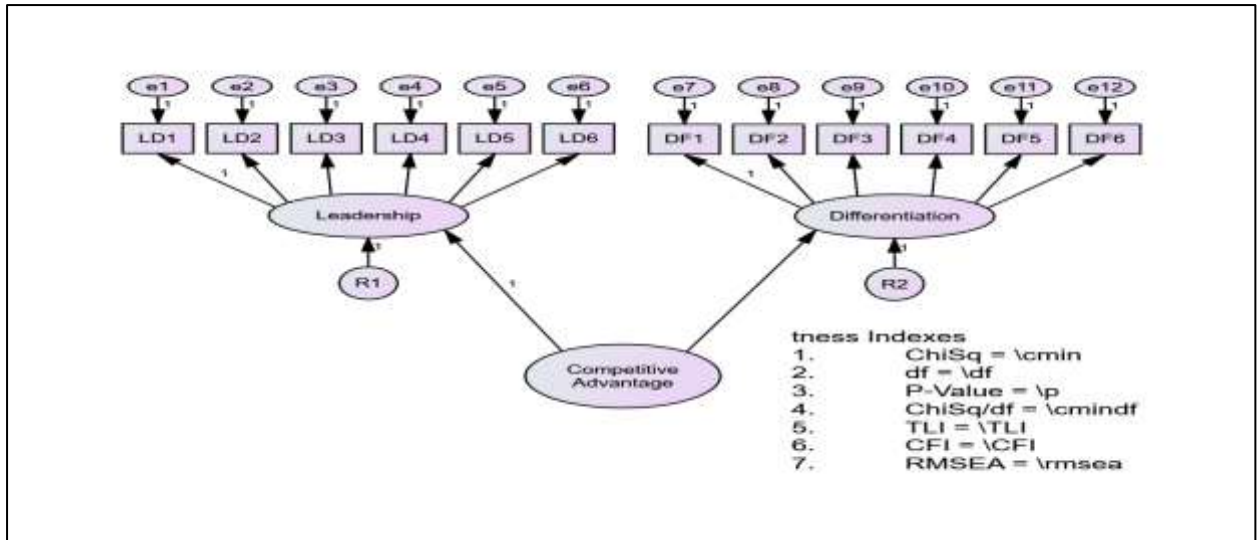


Figure3: The Measurement Model for Competitive Advantage Construct

**The Confirmatory Factor Analysis (CFA): the CFA Procedure for Validating Leadership Styles constructs**

As has been explained earlier, the Leadership Styles is components as shown in Figure 4. the fitness indexes for the whole construct, the factor loading for every sub-construct (component) as well as the factor loading for every item are presented. Thus, using the results in Figure 4 the researcher could assess the validity and reliability for this particular construct

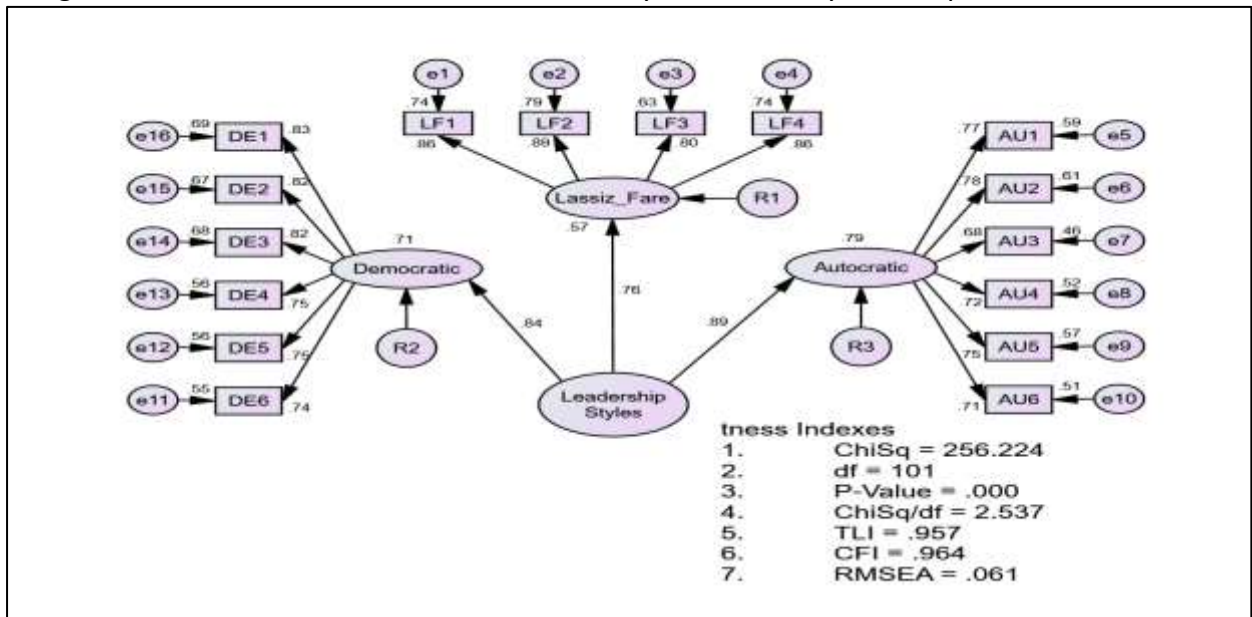


Figure 4: The CFA results for Leadership Styles construct



Table 5

The Average Variance Extracted (AVE) and Composite Reliability (CR) for Leadership Styles Construct

Construct	Item	Factor Loading
Leadership Styles	Democratic	.84
	Laissez Fare	.76
	Autocratic	.89
Democratic	DE1	.83
	DE2	.83
	DE3	.82
	DE4	.75
	DE5	.74
	DE6	.86
Laissez Fare	LF1	.86
	LF2	.89
	LF3	.80
	LF4	.86
Autocratic	AU1	.77
	AU2	.87
	AU3	.68
	AU4	.72
	AU5	.75
	AU6	.71

**The CFA Procedure for Validating Competitive Advantage construct**

As has been explained earlier, the Competitive Advantage or components as shown in Figure 6, the fitness indexes for the whole construct, the factor loading for every sub-construct (component) as well as the factor loading for every item are presented. Thus, using the results in Figure 6, the researcher could assess the validity and reliability for this particular construct

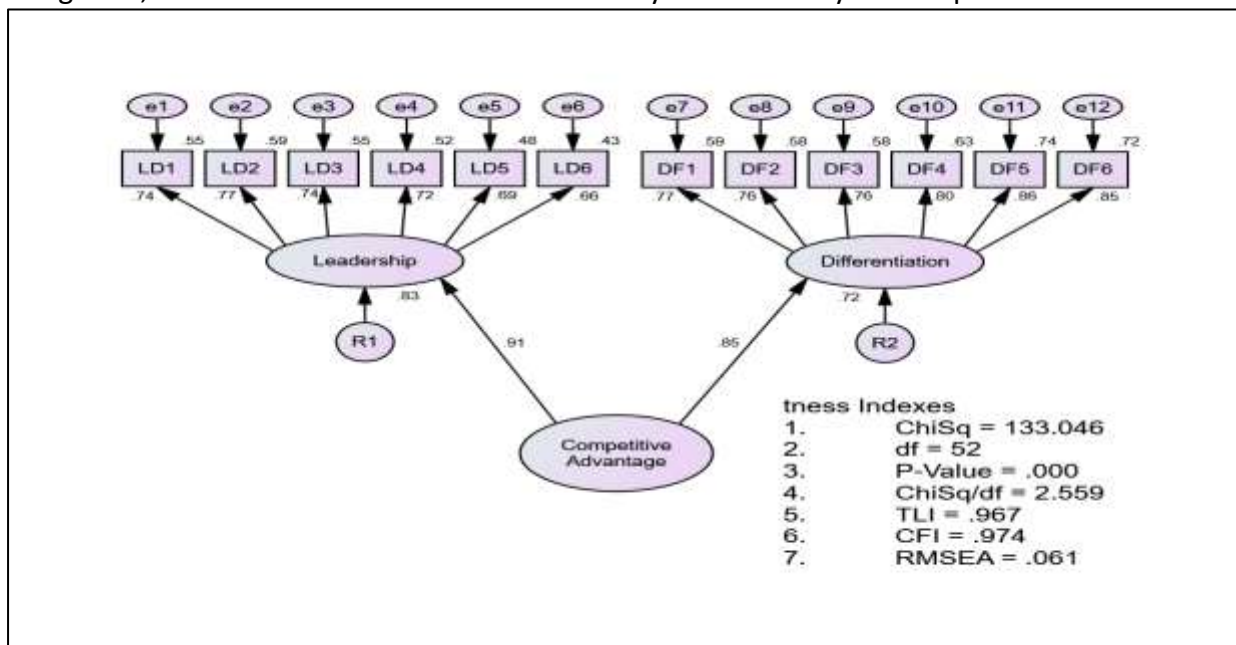


Figure 6: The CFA results for Competitive Advantage construct

Table 7

The Average Variance Extracted (AVE) and Composite Reliability (CR) for Competitive Advantage Construct

Construct	Item	Factor Loading	CR (Above 0.6)	AVE (Above 0.5)
Competitive Advantage	Leadership	.91	0.873	0.755
	Differentiation	.85		
Leadership	LD1	.74	0.888	0.572
	LD2	.77		
	LD3	.74		
	LD4	.72		
	LD5	.89		
	LD6	.66		
Differentiation	DF1	.77	0.915	0.542
	DF2	.76		
	DF3	.76		
	DF4	.80		
	DF5	.86		
	DF6	.85		

The Structural Model and Structural Equation Modeling (SEM)

Table 8

The Regression Path Coefficient obtained from Figure

Exogenous	Endogenous	Beta	Explanation
Leadership Styles	Competitive Advantage	0.44	When Leadership Styles goes up one unit, Competitive Advantage goes up 0.44

Table 9

The Regression Path Coefficient and Its Significance

			Estimate	S.E.	C.R.	P	Result
Competitive Advantage	<---	Leadership Styles	.436	.095	4.575	.001	Sig

Table 10

The Hypothesis Testing for Direct Effect Hypothesis

	Hypothesis statement	P-value	Result
H	Leadership Styles has significant and direct effect on Competitive Advantage	.001	Supported

Conclusion

Leadership Styles has significant and direct effect on Competitive Advantage", The results showed that there is a positive and statistically significant effect of Leadership Styles has significant and direct effect on Competitive Advantage, The study (Khan & Ullah, 2021) stated



that there is a positive and direct relationship with leadership styles on the dimensions of competitive advantage, and the study (Mahdi and Almsafir, 2014) indicated that all dimensions of leadership affect sustainable competitive advantage.

The instrument used in the study measured four constructs including Leadership Style (LS) Autocratic Leadership Style (ALS), Democratic Leadership Style (DLS), Laissez fair Leadership Style (LLS), and competitive advantage. The Exploratory Factor Analysis (EFA) was used to examine and test the dimensionality of objects measuring each construct in the analysis. For the extraction of the underlying factors in this analysis, the Principal Axis Factoring (PAF) extraction method and the Direct Oblimin rotation method were used. By integrating these two techniques, the value of the own values and the analysis of the Scree plot were obtained, thus the number of factors in the data set will be easily obtained. The sample size is appropriate, and a small number of items have few factors. The criteria used to evaluate the factors derived by the factor analysis were by assessing the factor loading value for each element. It was discovered that factor loadings could be determined by looking at the matrix table of trends.

As an EFA result, all the instruments of the four constructs explained that the variance was above 60 percent. However, all constructs have been above 0.7 delivering high reliability which is their Cronbach's Alpha. In addition, data encompassing this research was suitable for running the EFA on the basis of descriptive analysis. The 100 respondents enough for EFA as sample will help figure out whether or not the factor structure and individual items are valid. Those instruments are also useful to the construction of healthcare organization. These instruments offer the healthcare organization an advantage because it has been built based on viewpoints that include potential managerial staff. The present study however has its own limitation. The first limitation relates to the approaches used, to the EFA and to the study of reliability. Such two techniques are inadequate for evaluating the instrument's theoretical base. This study therefore suggests future work to be conducted using Confirmatory Factor Analysis (CFA) to add and enhance understanding in this field.

This study's generalizability is subject to some limitations relating to its results. For example, the study only includes health care organization affiliated to the ministry of health in Jordan. Based on research limitations in the sense of generalizability, this study indicates that it would be feasible to undertake future studies at all healthcare organization in Jordan. In this case, it is recommended to increase the number of health care organization as a sample study for future studies to expand the results in the same field and allow the evaluation to be carried out via further advanced analysis.

This study has contributed literature by proposing the relationship of leadership styles with competitive advantage from Jordan health care organizations administrative staff's perspective. Increasing scientific knowledge of the variables of the study and Opening the way for specialized researchers to conduct more research and studies

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