REVIEW ARTICLE

The Impact of Leadership on the Growth of ICT Companies

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ABSTRACT

Nowadays, one of the major purposes of any company is to survive in the competitive business markets. This purpose would be achievable through improving and developing growth in most cases. Prior studies suggest that leadership is a vital important factor in achieving growth in any company. Some researchers studied leadership topics as one of the significant motivations for developing and improving the growth of a company and agreed that understanding the role of leadership and its effect on the growth of the company is influential. In all countries, Information Communication Technology (ICT) companies are recognized as significant growth drivers by leaving considerable impacts on that. According to the literature, growth is a determining factor for the productivity of any company. Based on the literature of the ICTs, weak and insufficient leadership skills are considered as the main factors that cause failure in achieving the planned growth and development of ICT. Consequently, the goal of this study is to clarify how leadership affects the development of ICT enterprises.

Keywords: Leadership; ICT companies; Growth

1. Introduction

Leadership is a critically important factor to achieve better performance and growth in a company [1-4]. Harms and Credé [5] state that leadership is defined as “a process by which one person influences a group of...
people to achieve a common objective” (p. 3). Leadership plays a crucial role in enhancing the growth of a company, therefore, to provide the best potential services and products through the optimum usage of the available resources, leaders are responsible to their companies [6].

To achieve the planned growth of a company, leadership knowledge is one of the most important factors, therefore, it is essential to consider leadership as a crucial factor affecting a company’s growth. Leaders are responsible for reaching companies to planned goals, thus, they play an integral role in the growth of the company. Leaders are also responsible to the stakeholders in their companies because of their role in generating the most advantages of the available resources [6]. According to Hashim, Ahmad [7], it is of significant importance for leaders to focus on developing their strengths and effectiveness in order to stand steps ahead of their competitors in the market and influence the growth of their company. Information Communication Technology (ICT) is known as a great tool for companies to present their flexibility and ability in facing the new challenges in the world of business. Moreover, ICT is a leading factor in increasing the quality and productivity of the leadership and management context in any company.

According to the relevant literature [8-11], growth is an important factor in achieving the productivity objectives of any company. This review explores how effective leadership impacts the growth of Information Communication Technology (ICT) companies, unveiling key attributes and strategies that drive this growth in a dynamic business environment.

2. Literature review

2.1 Leadership

According to James and Posner [12], leadership is primarily “a relationship between those who aspire to lead and those who select to follow” and the success in leadership “is and will continue to be a function of how well people play and work together” (p. 58). The relationship is principally known as a necessary element in determining successful leadership [13]. Northouse [14] summarized the definition of leadership in several concepts that leadership entails, including leadership as an attribute, capability, aptitude, conduct and relationship. According to Avolio and Sosik [15], since corporate managers generally make most of the strategic business decisions, leadership plays a critical role in the development and growth of any organization. Therefore, performance in any organization is highly affected by effective and timely decisions that are made by leaders. Following Mumford and Zaccaro [16], the importance of leadership is becoming even more highlighted as the demand for adaptive analysis in a changing environment increases. According to Chen [13], personnel development, changing attitudes, and enhanced leadership and business skills are a few of the key elements that shape positive leadership. Leadership has a significant impact on the development and expansion of any organization [17]. The reason why leadership is crucial for the development and growth of any company is the integral role of leaders is making critical decisions that lead to determining results in the future of the company [15]. Effective leadership has been recognized as a driver factor in leading a company through success [18]. Regarding the literature on leadership, insufficient and weak leadership skills are mostly known as the major reasons why companies face serious failure [9,18-20]. Leading firms through success in times of crisis is the reason why companies need to develop their leadership skills. Effective leaders have a positive contribution in achieving success or failure in organizations based on Fiedler [21].

2.2 Information communication technology (ICT)

The growth of the sector of small and medium-sized businesses (SMEs) has been the driving factor behind the economic growth of nations. SMEs face many challenges in facilitating new procedures and leveraging their already existing skills to improve the growing function of Information Communication Technologies (ICT).

ICTs have been considerably developed during
the last two decades, and its role in today’s daily lives is negligible. Regarding the technical and functional characteristics of ICTs, in particular the availability and immediacy functions, ICTs have provided the possibility to reduce gaps and time constraints, also access to infinite sources of information and unlimited communication has been facilitated. ICTs are mostly regarded as an important tool for organizations to perform their desired flexibility and capabilities in facing new challenges in the constantly changing environment of the business world. ICTs play a main role in the national economies, providing employment opportunities, value added, and innovation [22,23]. Kvochko [24] has recognized the ICT industry as a major contributor of innovation and development of a country because of creating millions of job opportunities. In terms of economic development, it is shortsighted to turn a blind eye on the immense significance that the growth in ICT has on the economy of a country and its contribution to exports, investments, employment creation, competitiveness, innovation and branding [25].

On the other hand, ICT with applying digital technologies can help other SMEs’ sectors to expand market intelligence, reach scale without mass and access global and local markets at moderately low cost as well as creating new opportunities to enhance their competitive advantages and growth [26,27]. In addition, further developments of the ICT industry in developing countries can result in economic development, social development, good governance, qualified education, and health systems as well as acceptable ecology and sustainability [28]. Therefore, ICT leaders are vital to the economic development of nations. However, according to the researchers, there is still a high demand for more investigations on ICT industry in order to improve countries’ economic growth [8,29,30].

2.3 Company growth

Organizational performance is the most important dependent variable that explains the performance of organizations, according to studies in several leadership fields [3,31,32]. As stated by Koontz and Donnell [33], “organizational performance is the discussion of an organization’s ability to attain its goals, such as appropriate strategies, satisfactory financial results, a sizable market share, substantial profits, and high-quality products” (p. 103). There are several reliable and quantitative indicators to assess the performance of an organization such as inventory turnover, equity turnover, sales volume, asset turnover, profits, and costs [2]. On the other hand, there are also a number of qualitative indicators including product development and customer satisfaction that are rarely used [34]. Organizational performance is defined as a measure of organizational progress that demonstrates how well an organization is achieving its goals [35].

To ensure organizational success, analysis of organizational performance is a crucial step. However, due to the complexity and difficulty of measuring organizational performance, the issue is still up for dispute [36]. However, according to the literature on organizational performance, it has been extensively employed as a dependent variable, and numerous research has concentrated on identifying the key factors that drive the inconsistency in performance outcomes [32,34]. In their study, Lusthaus and Adrien [37] defined organizational performance in terms of its fundamentals namely; the efficiency (accuracy and the organization’s capacity to convert resources into results), the effectiveness (the ability of the organization to attain its goals), relevance (compatibility to the stakeholders) and financial capability (capability to increase major assets). Organizational performance has been defined by Daft and Marcic [38], as covering three particular areas of firm outcomes: product market performance, shareholder return, and financial performance. Metrics chosen to gauge the effectiveness of organizational performance are known as organizational performance measures [39]. Organizational performance measures have been categorized into five main categories by Robert and Charles [40]:

1) accounting (dependency on financial data);
2) operational (containing non-financial variables);
3) market-based (consisting of market value and return to shareholders);
4) survival (long-term performance) and finally;
5) economic value (accounting measures).

Correspondingly, growth, profitability, liquidity, cash flow, leverage, and efficiency measures are sub-categorized of accounting measures. Robert and Charles [40], concluded that to measure overall organizational performance, each category of measures has its own weaknesses and strengths. Absolutely, there is no definite single measure category of performance to be regarded as the alternative for the overall measurement of performance and consequently conducting further analysis is necessary to get a better understanding of this concept. Measuring the overall organizational performance is dependent on a set of measures because of weaknesses and strengths that every measure may possess. Organizational performance also can be measured through non-financial and financial performance indicators including profit before turnover and tax, customer satisfaction, transfer rates, employee turnover and delivery time. Non-financial performance measures are important indicators that can motivate leaders to improve their long-term financial performance [41]. In contrast, financial performance measures emphasis on improving the instant financial performance of the organization [42]. Despite the importance of non-financial and financial performance measures, many scholars have used subjective measures in order to measure the organizational performance because of organizations’ refusal to reveal their real financial performance in public [43,44]. However, objective data cannot entirely signify the real performance of an organization, even if it is accessible, moreover, there is the possibility to manipulate the data with the aim of eliminating corporate or personal taxes [45]. Hence, the literature supports subjective measurement as a suitable alternative to objective measurement [43,44]. Leaders are inspired to measure organizational performance through overall subjective measure because it reveals precise objective measures [46]. Relying on subjective measures is more desirable particularly in small organizations where the likelihood of facing ambiguous financial data is high. Subjective measure is also highly recommended in organizations where the focus is mainly on current conditions [47]. Based on the organizational performance literature, it is stated that performance should be measured through multiple measures because of being a multidimensional concept [48,49]. One of the main objectives that every organization follows is to become a high performing firm [50]. An organization with high performance provides a range of benefits for both the society and company [51]. They have also highlighted that an accurate performance measurement provides a clear understanding of what affects performance and how the organization can develop decent plans, organize resources, meet customers’ satisfaction and create competitive advantage in the market. On the contrary, inappropriate use of performance measurement can lead to misleading results and weak competitive position in the market.

Regarding the intentions of the organization in achieving its goals, the performance of an organization is its capability to transform available resources within the firm in an effective and efficient manner [38]. Profitability and growth are the most common factors that are used to measure organizational performance. Despite the important role of profitability and growth measurement in understanding the performance of an organization, measuring these variables in small and medium businesses is problematic [52,53]. The collected data can be either objective or subjective. Most research in this area is dependent on a survey-based approach to measure performance. This is because of the fact that giving competitive nature and market dynamics to small and medium businesses is challenging, in addition, getting access to historical financial data seems challenging in most cases. The performance of these businesses is typically assessed to address the aforementioned problems by the management or leader who answers the survey [52,53].

### 3. Future research direction

Comprehending the intricate relationships between leadership and the expansion of ICT companies is a challenging endeavor with significant repercussions. Current literature emphasizes the importance of leadership in determining the success of ICT enterprises, but it is difficult for researchers
to disentangle the direct effects of leadership from a variety of development-affecting variables \[54\]. The diverse nature of leadership and the rapidly evolving ICT industry make the monitoring and analysis process even more challenging. Additionally, evaluating the interactions between different phases of development and leadership styles highlights the need for extensive research.

Future research directions hold great potential for enhancing our understanding of this complex interaction. The different effects of transformational leadership on early-stage innovation versus mature-phase development can be determined by examining adaptive leadership techniques tailored to specific growth stages of ICT organizations. As the digital revolution reshapes the environment, the management of digital transformation by leaders and its subsequent effects on growth have become a crucial area of study. Given the global reach of ICT companies, the study of cross-cultural leadership and its implications for global development becomes increasingly important. Examining the effectiveness of leadership development programs and their role in nurturing growth-oriented leaders may yield actionable insights \[54\]. Moreover, there is tremendous potential in examining the relationship between leadership and innovation within ICT enterprises and how this impacts development.

Effective leadership has a variety of effects on the growth of ICT companies. It influences strategic decision-making, strengthens competitive advantages, and fosters the development of a flexible organizational culture. Effective leaders also cultivate staff loyalty, motivation, and engagement, contributing to the business’s long-term success \[55\]. Furthermore, effective leadership bolsters relationships with stakeholders, benefiting employees, investors, customers, and partners. Successful ICT businesses with visionary leadership can influence market trends and stimulate innovation, potentially altering the trajectory of the industry \[56\]. Concerning the impact of leadership on the expansion of ICT enterprises, Table 1 identifies prospective areas for further study, emphasizing critical subjects and relevant research questions.

### Table 1. Future research directions in leadership’s impact on ICT company growth.

<table>
<thead>
<tr>
<th>Research direction</th>
<th>Key topics/Concerns</th>
<th>Relevant research questions</th>
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<tbody>
<tr>
<td>Leadership Strategies</td>
<td>Exploring different leadership styles and their impact on ICT company growth.</td>
<td>How do different leadership styles (e.g., transformational, transactional) influence ICT company growth? What leadership strategies are most effective in promoting innovation and adaptation in the rapidly changing ICT industry?</td>
</tr>
<tr>
<td>Digital Transformation</td>
<td>Investigating how leaders can drive successful digital transformation in ICT companies.</td>
<td>What role does leadership play in facilitating successful digital transformation within ICT companies? How can leaders effectively manage resistance to digital changes and promote a culture of innovation?</td>
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<tr>
<td>Talent Management</td>
<td>Examining leadership’s role in attracting and retaining top talent in the ICT sector.</td>
<td>How does leadership impact talent acquisition and retention in the competitive ICT industry? What leadership practices contribute to creating a motivating and inclusive work environment for ICT professionals?</td>
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<tr>
<td>Ethical Leadership</td>
<td>Analyzing the influence of ethical leadership on ICT company growth and sustainability.</td>
<td>How does ethical leadership contribute to long-term growth and reputation of ICT companies? What ethical challenges do ICT leaders face, and how can they navigate them effectively?</td>
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<tr>
<td>Global Expansion</td>
<td>Investigating the leadership strategies for successful international expansion of ICT companies.</td>
<td>What leadership approaches are effective in managing cross-cultural teams and global operations in the ICT industry? How can leaders balance local market needs with global business objectives?</td>
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<tr>
<td>Innovation Leadership</td>
<td>Exploring how leadership fosters a culture of innovation within ICT companies.</td>
<td>How can leaders encourage and support a culture of continuous innovation and creativity in ICT companies? What leadership practices enhance collaboration and idea-sharing among ICT professionals?</td>
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24
4. Conclusions

This study looked at the connection between organizational growth and leadership. According to the literature, there is a link between leadership and organizational development. Any organization’s growth and development depend heavily on leadership. The influence that competent and timely decision-making has on the financial outcomes of an organization explains why leadership is so crucial to its development and progress. Since maintaining and sustaining an organization’s existence is one of its fundamental goals, businesses need to always concentrate on raising their performance to stay competitive.

Studies on leadership and organizational performance areas that have represented a meaningful positive relationship between the leadership and company’s growth have also demonstrated that organizational growth mainly depends on the leader engagement and is a productive result of effective strategic leadership. An indispensable requirement of keeping up with today’s competitive market which is accompanied with constant changes and trends is to practice leadership very specifically and adapt to the most recent internal and external changes.

Conflict of Interest

There is no conflict of interest.

References


