

**THE EFFECT OF LEADERSHIP STYLES AND
ORGANIZATIONAL CULTURE ON
ORGANIZATIONAL PERFORMANCE OF THE PUBLIC
SECTOR IN SAUDI ARABIA**

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**DOCTOR OF PHILOSOPHY
UNIVERSITI UTARA MALAYSIA
June 2015**

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SECTOR IN SAUDI ARABIA**

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**Thesis Submitted to
Othman Yeop Abdullah Graduate School of Business,
Universiti Utara Malaysia,
in Fulfilment of the Requirement for the Degree of Doctor of Philosophy**

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Abstract

In Saudi Arabia, public organizations have been associated with poor management and performance. Little is understood about the reasons behind such poor performance. Therefore, this study examined the effect of organizational culture and leadership styles on the performance of Saudi Arabia's public organizations, through the mediating factors of organizational commitment and job satisfaction. In this quantitative research, cross-sectional data of 400 employees working in 16 ministries of the Saudi Arabia government were obtained. The Partial Least Squares Structural Equation Modeling (PLS-SEM) was applied to test the hypotheses. The validity and reliability of the measurement and the structural models were confirmed. Findings showed a full mediation effect of organizational commitment on the relationship between organizational culture and organizational performance, but organizational commitment was found to partially mediate the relationship between leadership styles and organizational performance. No mediation of job satisfaction was found on the relationship between leadership styles and organizational performance and on the relationship between organizational culture and organizational performance. The findings add to the existing literature by integrating the factors that could enhance organizational performance. Based on the findings, the study recommends that public organizations in Saudi Arabia improve their organizational culture and appoint managers who have transactional and transformational qualities. By doing so, employee commitment is enhanced, which leads to a positive and significant impact on organizational performance. The implications for practice and for future research are also discussed.

Keywords: leadership style, organizational culture, organizational commitment, job satisfaction, organizational performance

Abstrak

Di Arab Saudi, organisasi awam sering dikaitkan dengan pengurusan dan prestasi yang lemah. Namun, tidak banyak yang dapat difahami tentang penyebab disebalik prestasi yang lemah ini. Oleh itu, kajian ini menyelidik kesan budaya dan gaya kepemimpinan organisasi terhadap prestasi organisasi awam di Arab Saudi, melalui faktor pengantara komitmen organisasi dan kepuasan kerja. Menerusi kajian kuantitatif, data keratan rentas telah diperolehi daripada 400 orang pekerja yang bekerja di 16 kementerian Arab Saudi. Kuasa Dua Terkecil Separa – Pemodelan Persamaan Berstruktur (PLS-SEM) telah digunakan untuk menguji hipotesis kajian. Kesahihan dan kebolehpercayaan pengukuran dan model struktur yang digunakan telah dapat disahkan. Dapatan telah menunjukkan kesan pengantara penuh komitmen organisasi ke atas hubungan antara budaya organisasi dan prestasi organisasi. Tetapi, komitmen organisasi didapati menjadi pengantara separa terhadap hubungan antara gaya kepemimpinan dan prestasi organisasi. Kepuasan kerja pula didapati tidak menjadi pengantara terhadap hubungan antara gaya kepemimpinan dan prestasi organisasi dan ke atas hubungan antara budaya organisasi dan prestasi organisasi. Penemuan kajian ini telah menambah sumber kajian yang sedia ada dengan mengintegrasikan faktor yang boleh meningkatkan prestasi organisasi. Berdasarkan penemuan, kajian ini mencadangkan agar organisasi awam di Arab Saudi meningkatkan budaya organisasi mereka dan melantik pengurus yang mempunyai kualiti transaksi dan transformasi. Dengan berbuat demikian, komitmen pekerja dapat dipertingkatkan, dan dapat menghasilkan kesan yang positif dan signifikan terhadap prestasi organisasi. Implikasi bagi amalan dan kajian lanjutan turut dibincangkan.

Kata kunci: gaya kepemimpinan, budaya organisasi, komitmen organisasi, kepuasan kerja, prestasi organisasi

Acknowledgement

First of all, I thank Almighty Allah for making this and everything possible. Then, I would like to express my deepest appreciation to my supervisor, Assoc. Prof. Dr. Hj. Hamzah Dato Abd.Rahman who has provided me with great support, help and guidance throughout my PhD studies. Thanks a lot Prof. Hamzah for all your assistance, guidance and patience throughout the years.

I don't think I will ever find words suitable enough to thank my family for their support. Therefore, a big 'Thank You' goes to my parents who have been the source for my achievement and success in life since the time I was little. Thank you father, Mr. Daij Bin Omira and thanks a lot mother, Mrs. Shaei Bargis for all your love and support; I am forever indebted to you all for all the help you provided throughout the years. I would also want to thank my brothers, sisters and my wife, for all the support and belief in me throughout the journey of life.

In addition, special thanks go to Assistant Professor Dr. Abdullah Al-Swidi and Dr. Ebrahim Mohammed Al-Matari, Faculty of Business and Economics, Ammran University, Yemen for their constructive comments and invaluable suggestions during my Ph.D journey.

No words can ever describe my feelings towards my children who have always been the real motivation for me to move forward and achieve more in life. So, thank you Yasser and my little and lovely princess, Sham. I love you all. Finally, I would love to thank all my friends from whom I learned a great deal throughout my journey in life.

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List of Abbreviations

AVE	Average variance extracted
CBSEM	Covariance-based structural equation modelling
CSOP	Customer satisfaction- organizational performance
FPOP	Financial performance- organizational performance
ILOP	Innovation and learning- organizational performance
IPOP	Internal processes- organizational performance
JS	Job satisfaction
KSA	Kingdom of Saudi Arabia
LS	Leadership style
MLQ	Multifactor leadership questionnaire
OC	Organizational culture
OCB	Organizations bureaucratic culture
OCI	Organizations innovative culture
OCOM	Organizational commitment
OCQ	Organizational culture questionnaire
OCS	Organizations supportive culture
OP	Organizational performance
PLS	Partial least squares
PLS-SEM	Partial Least Squares Structural Equation Modelling
RBV	Resource-Based View
TALS	Transactional leadership
TFLS	Transformational leadership style

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CHAPTER ONE

INTRODUCTION

1.1 Background of study

Public sector organizations in the developing countries seek to introduce changes and improvements to enhance their level of performance. It is clear that these organizations are continuously looking for new ways and methods of development, especially in the administrative aspects, which can assist in achieving effectiveness and efficiency (Al-Qhatine, and Al-Methheb, 1999). Throughout history, both developed and underdeveloped countries adopt change to achieve economic development. To achieve economic development, various countries bring transformation in the ownership of organizations; many countries adopt privatization like the UK government, which has been recognized as the pioneer in privatization practices. However, many developed and developing countries emulate British privatization, albeit adapting to alternative approaches. These countries include France, Italy, Portugal, Spain, Holland, Denmark, Finland, Austria, Turkey, Egypt, USA, Canada, Mexico, Jamaica, Chile, Brazil, Japan, Malaysia, New Zealand, Kenya and South Africa. Although the number of enterprises sold in developing countries is not large, the process is moving at a fast pace. However, little is known about the implementation of organizational change in a public sector context (Kuipers & Groeneveld, 2013). To improve the organizational performance in public and private sectors, the techniques and underlying philosophy of New Public Management (NPM) has replaced the old public management; it has been accepted and implemented in both developed and developing countries. The fundamental concept of NPM is the conviction that the public sector should utilize the practices of the private sector

(Hood, 1995). In addition, many countries have adopted citizen's charter initiative, that aim to improve continuously, the quality of public services for the people of the country so that these services respond to the needs and wishes of the users and to empower the citizen in relation to public service delivery. The concept of the citizen's charter enshrines the trust between the service provider and its users. The concept was first articulated and implemented in the United Kingdom by the Conservative Government of John Major in 1991 as a national programme. The UK's citizen's charter initiative aroused considerable interest around the world and several countries implemented similar programmes, e.g. Australia (Service Charter, 1997), France (Service Charter, 1992), India (Citizen's Charter, 1997), Malaysia (Client Charter, 1993).

Thus, performance of public organizations in countries around the world, particularly in developing countries has gained a great deal of attention by researchers and practitioners worldwide (Cheong, 2010). In this context, Ingraham and Moynihan (2000) argued that public sector reforms of the last quarter century have basically stressed on improving the performance and the effectiveness of public organizations. Kowalski, Büge and Egeland (2013) further asserted that the public sector in countries around the world has always been an important element of many economies, including the most advanced ones. In addition, Al-Qahtani (1999) pointed out that public sector organizations worldwide have increasingly stressed for productivity, quality, and service but incompatible demands have raised the chances of failure in any method of improvement. In such conflicting situations, public sector, represented by the public organizations, continuously search for ways to improve their

performance through different techniques such as cost-cutting, training, and reorganization.

Ingraham and Moynihan (2000) stated that in the attempt to reform public entities worldwide, many new terms and theories have emerged such as New Public Management (NPM), Total Quality Management (TQM), and Business Process Restructuring (BPR). Reform movements focused on management practices believe that management and performance are inseparable. In this context, Moynihan and Pandey (2005) stated that management highly affects performance and effectiveness, and that performance is the desired goal of public management systems and actions.

Public service sector in Saudi Arabia has gone through many reforms over the years. Historically, during the 1970s and early 1980s, a sharp increase in oil prices relieved Saudi Arabia from the economic and financial woes of the previous decades. Massive oil revenues combined with the limited capacity of the Saudi Arabian economy to absorb these funds, created large financial surplus in both the private and public sector. However, with the downturn in oil prices that began in 1980, oil revenues in the kingdom began to shrink. The Saudi Government had to revise its economic policy, from managing surpluses to coping with growing budgetary and balance of payments shortfalls. It had significant spending commitments, which forced the government to sell off some foreign assets in order to finance large budget, current account and balance of payments deficits (Metz, 1992). Due to the fact that oil was the only source of revenue for Saudi Arabia, the dramatic change in oil prices seriously affected government revenues and commitments. In fact, the Saudi Third Five –Year Development Plan (1980-1985) emphasized the need for output-oriented public sector investment through economic diversification. In addition, the Saudi Fifth

Development Plan (1990-1995) was focused on the reduction of effects of international economic fluctuations on the Saudi economy and the availability of essential public service. During the late 1990s and early 2000s, the Saudi Government, after considerable deliberations and studies, decided to follow the route of privatization that has been implemented in the western world. Prior to that, the Government of Saudi Arabia directly managed all infrastructure facilities and services, which were heavily subsidized by the Saudi Government. Since the national economy was heavily dependent on oil, the fluctuation in oil prices and the two gulf wars had taken a heavy toll on government expenditure, resulting in a spending deficit in spite of Saudi Arabia's status as the world's largest oil producer. At the time, the domestic private sector was very weak in comparison with its counterparts in other nations, and was not in a position to contribute substantially to the national economy. The government realized that drastic measures were needed to improve the efficiency and productivity of infrastructure facilities such as water, electricity, seaports, telecommunications, postal and health services that provide services at subsidized rates. It was also necessary to adopt state of the art technologies and the latest management techniques to introduce a sense of accountability in the departments providing these services. Thus, the Saudi economic reform was initiated under the Sixth Development Plan covering the period from 1995 to 2000. The strategic basis of the development plan emphasized the need to continue adopting policies that help the private sector to undertake many of the economic tasks of the government, rationalizing the systems of direct and indirect subsidies provided by the government for services. Thus, the private sector was to take on the role as the engine of economic recovery and growth (Alyagout & Siti-Nabiha, 2013).

The economic development in Saudi Arabia has been pioneered and led by government public enterprises, which include oil and gas companies, such as, the petrochemical giant Saudi Arabian Basic Industries Company (SABIC) and the Saudi Arabian Oil Company (ARAMCO), the world's largest oil company, along with other successful companies in other economic sectors. These trendsetter companies have created solid technical and management experience and have direct exposure and working relations with foreign companies and business companies in the developed world (Eljelly, 2009). Due to the dramatic increase in oil prices and the availability of petro-dollar in Saudi Arabia, the government has made use of the financial boom in the country's income in enhancing public entities and the country's infrastructure and also the services provided to the Saudi people through its public organizations (Alnimir, Mahmoud, Hamzawi, & Khajeqgi, 2006).

1.2 Public sector in Saudi Arabia

Public sector refers to organizations that exist for the purpose of providing public services to the people (AL-Knaan, 2002). In Saudi Arabia, these organizations are managed, supported and financed by the Saudi Government (Alhamoudi, 2010; AL-Knaan, 2002). The Saudi public sector's main responsibility is to provide the society with the needed goods and services. Yahya and Farah (2009) indicated that the public sector is the part of a nation's economic activity which is owned and controlled by the government.

Alkhamis (2001), in addressing public organizations in Saudi Arabia, stated that the public sector is represented by two main categories, namely, the Saudi ministries and related agencies and the Saudi public corporation. These two sets of organizations are

important for the Saudi public as they provide essential services that facilitate the lives of the people while at the same time these sets of organizations do not aim at making financial profits. In public corporations, employees are administered by independent policies and job categories. The ministries in Saudi Arabia include Ministry of Agriculture, Ministry of Civil Service, Ministry of Commerce and Industry, Ministry of Social Affairs, Ministry of Water and Electricity, Ministry of Foreign Affairs, Ministry of Housing, Ministry of Labor, Ministry of Municipal and Rural Affairs, Ministry of Transportations, Ministry of Communications and Information Technology, Ministry of Culture and Information, Ministry of Economy and Planning, Ministry of Finance, Ministry of Hajj, Ministry of Islamic Affairs, Endowments, Dawah and Guidance and Ministries of health, education, military and justice. These ministries are divided into two main categories: the four ministries of health, education, military and justice under one category, while the other 16 ministries are in a different category in which the majority of employees of these ministries are included under a ranking system (Ministry of Civil Service, 2013). Both the ministries and public corporations have been founded for the sake of providing the Saudi public with the services they need. They are not concerned with making financial profits as they are fully supported by the Saudi Government (Alhamoudi, 2010).

Any country is in need of a relatively stable and efficient public sector in order to provide its society with quality goods and services. The need for public sector development is apparent in the Saudi public sector organizations, which have now grown to a size where they utilize significant resources and perform extensive operations. Alhamoudi (2010) argued that in order to meet the constant demands of

the Saudi public, Saudi public organizations ought to constantly reform their policies and strategies so that they can render better services to the Saudi public.

One possible way of achieving the hoped-for improvements is to make appropriate changes in the Saudi public organizations by creatively taking advantage of the best modern theories in management and organizational behaviour. These theories have been credited for helping managers in the United States, Japan, and other countries find adequate solutions to the most fundamental problems facing their organizations (Hackman & Wageman, 1995; Pfeffer, 1998). It is acknowledged that studies testing management and organizational behaviour theories, which have originated in the West, in a Saudi context may be of particular value to achieve organizational improvements in Saudi organizations. Besides, such studies can give management scholars an opportunity to re-evaluate the applicability of conceptualizations and measurement techniques that have been developed and employed in studies conducted in the West in a new cultural context (Banai & Teng, 1996; Elenkov, 1998). Unfortunately, research efforts in this area have been mostly sporadic and the measurement techniques used have seldom been adapted to the specificity of cognitive abilities of Saudi managers. This is not to say that we know absolutely nothing about the potential applicability of Western schools' management and organizational behaviour theories in Saudi Arabia.

According to the ecological model in public organization theories, organizational performance could be defined as an ability of organizations to meet organizational goals and demands from their environments (Selden & Sowa, 2004). Boyne and Walker (2005) and Walker (2009) argued that many factors influence organizational performance in public organizations including a set of internal factors like

organizational culture, leadership styles, human capital and capacity, and other external factors such as environmental, political and social factors. However, researchers who conducted studies on organizational performance in the public sector only focused on some of these factors and did not included all the factors in a single study due to the fact that so many factors influence organizational performance (Moynihan & Pandey, 2005).

Al-Tameemi & Alshawi (2014) argued that most of the literature on culture, people and leadership and their link to organizational performance are from the western context. Thus, there is a need to expand the literature base to cover more studies on this link from the context of developing countries such as Saudi Arabia.

Hofstede (1984) argues that leadership, culture and work environment affect the Saudi Arabia organizational performance. Alshehri & Drew (2010) and Altrasi (2014) reported that the factors which are expected to effect on organizational performance should be studied, as there are few studies on the organizational performance in Saudi Arabia. Thus, the current research examined some of the internal factors like behavioural factor, organizational culture and leadership that have been hypothesized to influence organizational performance in the public organizations in Saudi Arabia.

1.3 Problem statement

The public service sector in Saudi Arabia has undergone many reforms over the years in which the focus was on increasing efficiency and effectiveness, and seeking excellent organization. To achieve this, the overall development is designed based on a successive period of five-year plans (Al-Maliki, 2013). Since the early days of these plans, the Saudi Government has utilized all available resources and accessible tools

to implement, and to meet the objectives that form the essence of these plans, in order to achieve the desired progress and economic growth. During the first three development plans (1970-1985), Saudi Arabia imported its technology and established physical infrastructures that could support a modern economic base. Consideration was also given to developing the human resources necessary to assist in the planned economic transformation. By 1985, with most of the physical infrastructure in place, attention shifted to diversifying the economy away from being wholly dependent on revenues from oil (REOSA, 2002). During the fourth and fifth plans (1985-1995), a rapid trend toward utilizing new IT systems in the private sector was noted (MOP, 2000). There was an emphasis on implementing IT systems in organizations to facilitate daily organizational activities and enhance overall productivity. Therefore, IT became an important resource and enabler of policy formulation and action for organizations.

In the late 1990s and early 2000s the Saudi Government embarked on the privatization of its public enterprises with the main objectives of improving the efficiency of the national economy, enlarging Saudi citizens' ownership of productive assets, and encouraging local and foreign capital investment in the Kingdom. Subsequently, in 2003, the Saudi Council of Ministries approved a list of 22 targeted economic activities and government services to be privatized and the private sector was invited to participate in many economic activities and services (Alyagout & Siti-Nabiha, 2013). In the eighth and ninth plans (2005-2014) the Saudi Government introduced the concept of e-government that aimed to transform the Saudi society into an information society by initiating and supporting new strategies and efforts to facilitate the electronic delivery of government services which would in turn improve

the quality of services provided to the Saudi public (ALGhamdi, AlFarraj, & Drew, 2011). In addition, the development plans emphasize the need to continue the Saudization policy and the development of the Saudi labor force to accelerate the replacement of the non-Saudi workforce. The plans included goals such as improvement of the living standard and quality of life of citizens as an essential priority, and improvement of services provided to citizens, both quantitatively and qualitatively. Despite all the plans in place and spending billions of dollars from oil revenues on public sector organizations on projects for the sake of improving public services provided to the Saudis (Atiyah, 1999), questions are raised as to whether such reforms have managed to increase the public sector performance. There have been increasing reports that public organizations are still ineffective. For example, Azmi (2009) noted that despite the achievements done by the Saudi public sectors represented by the different ministries in the country during the past few decades, the performance of these ministries is still lagging and below expectations. This view on ineffective Saudi public organizations was also supported by other researchers such as Alshehri and Drew (2010) and Alqahtani (2013) who stated that public organizations in Saudi Arabia have often been associated with poor management and poor performances. The Saudi organizations are criticized for not drafting long term strategies and lacking policies on quality, mission and vision. They also do not follow proper documentation procedures, meaning that such procedures may not exist (Alshehri & Drew, 2010). Furthermore, in 2013, the World Bank ranked Saudi Arabia 49 out of 185 countries in its overall “ease of doing business” category. Transparency International ranked Saudi Arabia 63 out of 176 in its 2012 Corruption Perception Index (BEBA, 2013) while Human Development Index ranked Saudi Arabia 56 out of

187 in 2011. This reflects the poor performance of the public sector organizations responsible for the delivery of the various services in Saudi Arabia.

The ineffective delivery of services by Saudi public organizations begs a serious question as to why such situation occurs. Studies that look at the performance of public organizations have considered a number of factors, which include leadership styles, organizational culture, job satisfaction, and organizational commitment. However, little is known about whether these factors play the same influence in Saudi Arabia due to the lack of local studies (Al-Shuwairkh, 2005; Alqahtani, 2013). Thus, studying these factors and how they are related to performance is important to understand the current situation of public organizations in Saudi Arabia. In other words, the problems may not be with the plans themselves but with the organizational factors such as leaders and their leadership styles or employees and their commitment to the organizations they work in. These individuals are responsible for ensuring that the plans put forward work efficiently and carried out correctly.

Leadership style has been consistently considered as a factor in the organization purported to influence organizational performance of public organizations (Agle *et al.*, 2006; Al-Tameemi & Alshawi, 2014; Chun & Rainey, 2005; Peterson *et al.*, 2003; Yukl, 2009). Yukl (2009) asserted that leadership style is one of the most important factors that impact the performance of a given organization and researchers who attempt to examine organizational performance should look into this construct. Moreover, leadership is known to play a critical role in causing changes necessary for effective management. Leaders should have the ability to transform organizations through their vision for the future, and by clarifying their vision, they can empower

employees to take responsibility for achieving that vision (Kim, 2013). Hence, the present study attempts to examine which leadership style is related to organizational performance especially given the high power distance between leaders and subordinates that characterizes public organizations in Saudi Arabia (Elenkov, 1998).

Another important factor purported to influence organizational performance in public organizations is organizational culture, argued to shape how employees behave (MacIntosh & Doherty, 2010; Manetje & Martins, 2009). Gelaidan (2013) argued that the best way to successfully manage reform is to create it by focusing on leadership and organizational culture. In addition, O'Donnell and Boyle (2008) and Wilson (2000) asserted that for public sector reforms with the aim to increase organizational performance, manipulation of culture is one of the first action to be attended. According to Alyaha & Suhaimi (2013), organizational cultures play a critical role in the adoption of innovative technology among organizations and individuals in Saudi Arabia.

Many academics and practitioners argued that the performance of an organization is dependent on the degree to which the positive and strong values of the culture are widely shared (Ouchi, 1981; Pascale & Athos, 1981; Deal & Kennedy, 1982; Peters & Waterman, 1982; Denison, 1990; Kotter & Heskett, 1992; Boxx *et al.*, 1991). Brown (1998) argued that managers and employees do not behave in a value-free vacuum; they are governed, directed and tempered by the culture of the organization where they work. Manetje and Martins (2009) recommended that when measuring organizational performance in public organizations, it is crucial that researchers examine how organizational culture and organizational performance are related. Thus,

the present study attempts to examine the relationship between organizational culture and organizational performance in the Saudi public sector, given the limited number of research that attempted to examine this relationship in public organizations in Saudi Arabia.

Although there seems to be a huge literature on the effect of leadership styles and organizational culture on organizational performance, many researchers argue that the effect is not direct but mediated by other factors. In this context, Brewer and Selden (2000, p. 704) noted that “leadership and supervision may contribute to organizational performance indirectly”. In addition, Mutsera (2008) argued that if leadership can be defined as “a process whereby an individual influences a group of individuals to achieve a common goal” (Northous, 2004, p.3), follower attitudes and behaviors can be significant mediators of the relationship between leadership style and organizational performance. Based on this assertion, Kim (2005) suggested that it is important to investigate how transformational and transactional leaderships are mediated by other variables to predict organizational performance. Kim (2005) further elaborated that these variables could include employees’ perception of the organization, job satisfaction, organizational commitment and work motivation. Other researchers seemed to concur with Kim’s recommendation on the mediating role of job attitudes such as job satisfaction and organizational commitment (Waisayarat *et al.*, 2010; Camilleri, 2007; Zehir *et al.*, 2011; Sarwat *et al.*, 2011). In keeping with the recommendations, this study attempts to examine the mediating effect of job satisfaction and organizational commitment on the relationship between leadership styles, organizational culture, and organizational performance.

Most studies on organizational performance of public organizations were conducted on Western or European firms while emerging countries such as Middle Eastern countries were left with scarce research (Al-Tameemi & Alshawi, 2014; Zehir *et al.*, 2011). Budhwar and Mellahi (2007) found that the Middle Eastern countries had somewhat different management systems from those in the developed countries due to local culture and norms (values, expectations, attitudes, and behaviour), restrictions in participation in making decisions, and the influence of the Islamic ethics and principles. Because of such differences, Budhwar and Mellahi (2007) stressed an urgent need for examining how leaders affect the attitudes and behaviors of others (especially their subordinates) in a different cultural environment. Thus, the present research is expected to provide a cross-cultural understanding of the different constructs and the way these constructs are interrelated and also the way they influence organizational performance.

1.4 Research questions

Literature suggests that organizational culture, leadership, employee job satisfaction and commitment have a significant impact on the performance of organizations. Thus, they need to be taken into consideration when reforming public sector performance in the developing world. The links between leadership style and organizational performance and between organizational culture and organizational performance have each been established in the literature. However, these links have been studied separately and no prior studies have examined the variables of leadership styles, organizational culture, organizational performance, job satisfaction, and organizational commitment together in a single study (Collins 2007; Kieu, 2010; Zehir *et al.*, 2011). Thus, the following research questions guided the study:

1. Is there a significant direct effect of leadership styles on employee job satisfaction in Saudi public sector?
2. Is there a significant direct effect of leadership styles on organizational commitment in Saudi public sector?
3. Is there a significant direct effect of organizational culture on job satisfaction in Saudi public sector?
4. Is there a significant direct effect of organizational culture on organizational commitment in Saudi public sector?
5. Is there a significant direct effect of job satisfaction on organizational performance in Saudi public sector?
6. Is there a significant direct effect of organizational commitment on organizational performance in Saudi public sector?
7. To what extent employee job satisfaction mediates the relationship between leadership style and organizational performance in Saudi public sector?
8. To what extent employee organizational commitment mediates the relationship between leadership style and organizational performance in Saudi public sector?
9. To what extent employee job satisfaction mediates the relationship between organizational culture and organizational performance in Saudi public sector?
10. To what extent employee organizational commitment mediates the relationship between organizational culture and organizational performance in Saudi public sector?

1.5 Research objectives

The primary goal of the present study is to examine the performance of public organizations in Saudi Arabia by considering the influence of leadership styles and organizational culture. This investigation will also look at the mediating factors of job satisfaction and organizational commitment, as antecedents of organizational performance. Thus, the current research aims to achieve the following objectives:

1. To test the effect of leadership styles on job satisfaction in Saudi public sector.
2. To test the effect of leadership style on organizational commitment in Saudi public sector.
3. To test the effect of organizational culture on job satisfaction in Saudi public sector.
4. To test the effect of organizational culture on organizational commitment in Saudi public sector.
5. To test the effect of job satisfaction on organizational performance in Saudi public sector.
6. To test the effect of organizational commitment on organizational performance in Saudi public sector.
7. To determine whether job satisfaction mediates the relationship between leadership styles and organizational performance in Saudi public sector.
8. To determine whether organizational commitment mediates the relationship between leadership styles and organizational performance in Saudi public sector.
9. To determine whether job satisfaction mediates the relationship between organizational culture and organizational performance in Saudi public sector.

10. To determine whether organizational commitment mediates the relationship between organizational culture and organizational performance in Saudi public sector.

1.6 Significance of the study

The primary goal of the current research is to investigate the effect of leadership styles and organizational culture on the performance of public organizations in Saudi Arabia. The research is believed to have both theoretical and practical significance. In other words, the study is expected to have contributes to the body of research in the field of organizational behaviour by examining the factors that would lead to better organizational performance, particularly the performance of public organizations. Simultaneously, the study is also expected to contribute to the Saudi public sector represented by the Saudi public organizations by offering some recommendations to these organizations on how to better organizational performance and eventually improve the services provided by these organizations to the Saudi people.

The following sections address both the theoretical and practical significance of the present research.

1.6.1 Theoretical significance

As has been mentioned earlier, the link between leadership style and organizational performance, between organizational culture and organizational performance, and the interplay between leadership style and organizational culture, have each been established in the literature. However, these links have been studied separately and no prior studies have examined the variables of leadership styles, organizational culture,

organizational performance, job satisfaction, and organizational commitment together in a single study (Collins 2007; Kieu, 2010; Zehir *et al.*, 2011). In other words, there is a lack of understanding of how these variables are interrelated. The current research attempts to fill this gap to offer a better understanding of the whole interplay process. Moreover, the model has not been validated in different cultural contexts since past studies were conducted in the West, while emerging countries were left with little research. By conducting a study in emerging countries such as Saudi Arabia, these countries can catch up with the developed countries (Dedoussis, 2004), particularly in terms of enhancing the performance of public organizations by considering appropriate leadership style and developing favourable organizational culture. In other words, the current study acts as a bridge between what has been done in this study area and what ought to be done in a conservative culture where leadership and culture correlate much differently (Budhwar & Mellahi, 2007).

In addition, by expanding the theoretical framework of Zehir *et al.* (2011) and other frameworks in previous studies (Kieu, 2010; Sarwat *et al.*, 2011), the present research contributes theoretically by integrating the variables of job satisfaction and organizational commitment. This is in line with Sarwat *et al.* (2011) recommendation that future researchers should examine the effect of organizational culture on organizational performance through the mediating influence of job satisfaction and organizational commitment. By integrating job satisfaction and organizational commitment within a single model, a better understanding on how organizations can improve their performance can be accomplished.

1.6.2 Practical significance

As mentioned earlier, Saudi public organizations are characterised by poor performance in terms of the quality of services provided to the Saudi citizens (Alqahtani, 2007; Azmi, 2009). This study would be useful in aiding practitioners and policy makers in these organizations to boost their organizational performance, which is reflected in the delivery of services provided to the Saudi people. To help the Saudi public organizations perform better and provide better services, this study will offer recommendations as to how this can be achieved. In particular, specific suggestions on the need to develop appropriate leadership style and organizational culture will be given.

1.7 Definitions of related terms

1.7.1 Organizational performance

Popovich (1998) referred to organizational performance as groups of employees who produce desired goods or services at higher quality with the same or fewer resources. Performance of public organizations in this study is assessed through the perceptions of the employees working in these organizations. In this study, organizational performance refers to the ability of Saudi public organizations in meeting the objectives and goals set and in providing satisfactory services to the Saudi people. Moullin (2004) states that in measuring organizational performance, both the perceptions of performance and performance indicators can be studied. In addition, Vermeeren *et al.* (2008) studied the performance of public organizations by examining the perceptions of the employees working in these organizations regarding how well the organizations perform. Other researchers also used the same measure of

organizational performance (Brewer & Selden 2000; Cho & Rinquist, 2010; De Caluwé & Van Dooren 2013; Kim, 2005; Van Loon, 2013).

1.7.2 Leadership styles

According to Yukl (2006), leadership is the process of influencing others to comprehend and agree towards what is required to be done and the way to do it, and it is the process of driving individual and collective efforts towards achieving common objectives (p. 8). Similarly, other leadership scholars defined leadership as an effort to influence the attitude and behaviour of the followers to accomplish certain results (Crosby & Bryson, 2005; Kouzes & Posner, 2007; Northouse, 2006; Yukl, 2009).

In the literature on leadership, two main styles emerge namely transformational leadership style and transactional leadership style (Bass & Avolio, 1990).

1.7.3 Organizational culture

Wallach (1983) defined organizational culture as “the shared understanding of employees as to how things are done” (p. 28). In the present research, Wallach’s (1983) classification of organizational culture will be used. Specifically, Wallach (1983) classified organizational culture profiles as bureaucratic organizational culture, innovative organizational culture, and supportive organizational culture. Further explanation about each of these classifications will appear in detail in Chapter Two.

1.7.4 Organizational commitment

According to Meyer and Allen (1991) affective commitment refers to employees' emotional attachment to the organization, including beliefs, and desire regarding organizational goal achievements.

1.7.5 Job satisfaction

Locke (1976) defined job satisfaction as a positive or pleasing emotional state from the appraisal of one's job or experience. This definition suggests that employees form their attitude towards their jobs by taking into account their feelings, beliefs and behaviours (Akehurst, Comeche, & Galindo, 2009; Robbins, 2005). In this study, satisfaction of Saudi employees working in Saudi public organizations will be assessed.

1.7.6 Saudi public organizations

Public organizations refer to organizations that exist for the purpose of providing public services to the people (Al-Knaan, 2002). In Saudi Arabia, these organizations are managed, supported and financed by the Saudi government (Alhamoudi, 2010; AL-Knaan, 2002). On the other hand, private organizations are referred to as organizations that are established for the purpose of certain objectives, specifically to earn profit (Rainey, 1976). Therefore, they are owned and managed privately and are geared towards making profit from sales of their products and services. In this study, public organizations will constitute the focus of the research.

1.8 Summary of the chapter

This study aims to examine the effect of leadership styles and organizational culture on organizational performance of Saudi public organizations, as stated in this chapter. Specifically, this chapter began by providing a general background of public organizations in Saudi Arabia to justify the need to conduct the study. Gaps in the existing literature that the study attempts to fill were discussed. Research questions and objectives were then presented. It then highlighted the significance of the research to theory and practice, and concluded by defining the main concepts in the study. Chapter Two reviews the relevant literature on the variables used in the current research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The aim of the current study is to find out how leadership styles and organizational culture influence the performance of Saudi public organizations. As such, the chapter is constructed in such a way to cover the three main constructs of the study, namely, leadership style, organizational culture, and organizational performance. The current chapter begins with the construct of leadership style, its definitions, foundations and measurements. The two main styles of leadership, namely transactional and transformational leadership will then be addressed. The chapter continues with the second construct of the study, organizational culture, where the construct's definition, foundations and measurements are explained. Likewise, organizational performance is introduced including its definition, foundations and measurements. The mediating factors of job satisfaction and organizational commitment together with their definitions, foundations and measurements are then identified. The chapter then reviews the relevant literature on the relationships among the three variables. Theoretical underpinnings upon which the study is grounded together with the study's theoretical framework are then explained. This chapter ends with a summary of the related literature.

2.2 Leadership

According to Yukl (2006), leadership refers to the process of influencing others to comprehend and agree towards what is required to be done and the way to do it, and it is the process of driving individual and collective efforts towards achieving common

objectives (p. 8). The concept of leadership has gained importance within the field of management. In this respect, Fiedler (1996) argued that an effective leader can result in success or failure of a group, organization, or even an entire country. The idea of leadership originated with the theory of “Great Man”. Great Man theorists believed that leaders are born and have inborn qualities; in other words, leaders cannot be made. The word “Man” was intentionally used to imply the role of males only. As such, in the beginning, leaders were those who were successful in their military exercises and they were generally men (Bolden, 2004). Despite its fundamental flaws in associating great leaders with men, some contemporary management scholars and organizational psychologists still favour the great man idea (Organ, 1997). Consistent with the great man theory, scholars have attempted to delineate the prominent attributes that distinguish leaders from followers. People who are adaptive, responsive, motivated, achievement-orientated, assertive, decisive, energetic, determined, and self-confident, are considered to be good leaders or have the potential to be one (McCall, 1983; Stogdill, 1974).

Next, leadership theory moved from attributes to defining behavioural styles that a leader demonstrates. The behavioural model was developed to postulate the behavioural features of a leader so that people could be trained to be one (Robbins & Coulter, 2009). Then, situational theory of leadership came into the picture. This particular school of thought argues that a suitable leader’s behaviour differ according to situations. The best course of action or leadership behaviour is related to the situational variable (Griffin, 1999). Almost similar to situational theory, contingency theory focuses on specific environmental variables that influence the effectiveness of a leader in a particular situation. According to this theory, there is no universal

leadership style that can produce good results. Some variables such as qualities of followers and aspects of the situation intertwine to impact leadership effectiveness and hence the overall success of an organization (Griffin, 1999; Hicks & Gullett, 1987).

“Are leaders born or made?” is a question that has been debated for decades if not centuries and is still being asked. Is it a question of genes or environment? Almost, all of this seems irrelevant; whatever portion of leadership originated from either genes or environmental factors is not susceptible to training is beyond our control. Blagg and Young (2001) quoted John Kotter, who said that “some people may have some qualities that make it more likely they will be leaders but many people have the potential for leadership, (but) they haven’t developed it”.

In the phenomenon of leadership in managerial practices, Northouse (2010) and Yukl (2010) argued that leadership is a way of interaction between leaders and followers where the leader tries to influence followers to reach a common goal. In this context, leadership is a process of influence where a leader aims to control the behavior of subordinates to achieve the organizational goals. Northouse (2010) and Yukl (2010) went on to say that organizational success in realizing its goals and objectives affect the leaders of the organization and their leadership styles, which subsequently influence employee job satisfaction, commitment and productivity. In the literature on leadership in management, a number of leadership styles are identified. The following section deals with them.

2.3 Leadership styles

Researchers in management seem to agree on the importance of leadership and their critical roles in the survival and success of any organization. Studies on leadership signify a developing process, which begins from considering the attributes and characteristics of a leader, the behaviour and finally the contextualized character of leadership. Contemporary studies on leadership mainly focus on the two fundamental dimensions of leadership i.e. transactional and transformational leadership.

2.3.1 Transactional leadership

Transactional leadership style is centred on leader-follower exchanges where the leader administers rewards and sanctions. One way or another, the leader and follower agree, explicitly or implicitly, that desired follower behaviours will be rewarded, while undesirable behaviours will draw out punishment. Potential rewards include a raise in salary, promotions, and extra benefits. On the other hand, penalties may consist of pay cuts, demotions, and terminations. Since it is based on exchange, transactional leadership does not encourage followers beyond a certain level that is necessary to avoid punishment or gain extrinsic rewards. Overall, full dependence on this leadership style may cause performance and satisfaction to decline (Bass, 1985; Bryman, 1992; Burns; 1978; Peters & Austin, 1985).

Bass and Avolio (1995) proposed that transactional leadership consists of three dimensions, namely, contingent rewards, management by exception (active) and management by exception (passive). Contingent reward refers to leaders clarifying the work that must be achieved and use rewards in exchange for good performance. Management by exception (passive) refers to leaders intervening only when problem

arise whereas management by exception (active) refers to leaders actively monitoring the work of followers and make sure that standards are met (Antonakis *et al.*, 2003).

According to Bryman (1992), transactional leadership behaviours do not even fall for a "true" leadership label. This is because it is based on exchange which means that this type of leadership does not seek to create motivation among followers beyond the level that is required to avoid punishment or gain extrinsic rewards. Thus, one could argue that complete dependence on this particular type of leadership could cause problems in the performance and satisfaction of the subordinates (Bass, 1985; Bryman, 1992; Awamleh, Evans & Mahate, 2005).

2.3.2 Transformational leadership

Other centre of attention for most researchers and experts is transformational leadership which shows the other extreme of leadership style. Transformational leaders change the beliefs and attitudes of followers and inspire them to work in their own interests parallel with the betterment of the organization (Burns, 1978). Transformational leaders facilitate new understandings by increasing or altering awareness of issues. As a result, they cultivate encouragement and excitement to perform their duties in a better way to realise common goals.

Burns (1978) proposed four dimensions of transformational leadership; charisma, communication, intellectual stimulation, and individualized consideration. Some researchers interchangeably use transformational leadership as charismatic leadership due to the charisma dimension. However, McLaurin and Al-Amri (2008) argued that there are many differences between these two terms. They maintained that charisma is one quality among the many qualities of a transformational leader rather than the sole

element. Besides, some scholars argued on the effect of situational preference or uncertainty on both approaches, transformational behaviour de-emphasizing charisma, the charismatic leader's possible self-centeredness and the probable negative effects of charismatic leadership (McLaurin & Al-Amri, 2008), to contrast the two concepts.

Avolio, Bass, and Jung (1997) highlighted four dimensions of transformational leadership; they are idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. Idealized influence involves the formulation and articulation of vision and challenging goals and motivating followers to work beyond their self-interest to realize common goals (Dionne, Yammarino, Atwater, & Spangler, 2004). Leaders with this quality are idealised and highly appreciated, respected and trusted by their followers (Bass & Riggio, 2006). In Bass and Riggio's (2006) views, leaders with superior idealised influence are willing to take risks and are consistent rather than arbitrary by demonstrating high standards of ethical and moral conduct.

Inspirational motivation is the way leaders motivate and inspire their followers to commit to the vision of the organization. Leaders with inspirational motivation infuse greater team spirit that helps lead team members towards achieving desired goals (Antonakis, Avolio, & Sivasubramaniam, 2003; Bass & Riggio, 2006). Intellectual stimulation is related to the role of leaders in stimulating innovation and creativity in their followers by questioning assumptions and approaching old situations in new ways (Bass & Riggio, 2006; Nicholason, 2007). With this quality, leaders always promote their followers to try new approaches to solve their problems. Finally, individualized consideration is when leaders pay special attention to each individual follower's need for achievement and growth by acting as a coach or mentor (Bass &

Riggio, 2006; Nicholason, 2007). It is worthy of note that transformational leadership prevails at upper levels of management than at lower levels (Tichy & Ulich, 1984; Okwu *et al.*, 2011).

2.4 Transactional versus transformational leadership styles

Transactional and transformational leadership has been of great interest to many researchers during the past few decades. Demonstrating transformational or transactional leadership behaviour in an organization leads to success of the organization (Laohavichien *et al.*, 2009). Hence, researchers in the past have examined transactional and transformational leadership as predictor variables of some criterion variables. For instance, both transformational leadership and transactional leadership help predict subordinates' satisfaction with their leaders (Bennett, 2009), although in many situations the predictive power of each style is different. Chen *et al.* (2005) found that followers were satisfied with the contingent reward dimension of transactional leaders and individualized consideration of transformational leaders. Similarly, Jansen *et al.* (2009) concluded that transformational leadership behaviours were associated with exploitative innovation.

Transactional and transformational leadership behaviours showed varying results in different scenarios. At times, transformational leadership behaviour was found as a significant predictor and in some cases it was transactional leadership behaviour. Some scholars found that transactional leadership style led to high satisfaction and organizational identification (Epitropaki & Martin, 2005; Wu, 2009), but in different research studies, transformational leadership was found to have a significant effect on followers' performance and innovation rather than transactional leaders (Boerner *et*

al., 2007). Transformational leadership was also observed to be significantly related to team cohesiveness, work unit effectiveness and organizational learning, in contrast to transactional leadership (Lowe *et al.*, 1996; Stashevsky & Koslowsky, 2006; Zagorsek *et al.*, 2009).

Transformational leaders can be a change agent or help followers to accept organizational change (Bommer *et al.*, 2004) mainly when it comes to the introduction technology or new inventions (Nemanich & Keller, 2007; Schepers *et al.*, 2005). With the help of effective communication skills, transformational leaders are able to influence the followers to agree on the strategic goals of the organization (Berson & Avolio, 2004). They voluntarily help their employees and try to minimize work-related problems (Berson & Avolio, 2004), which eventually improve job satisfaction among employees (Nemanich & Keller, 2007; Scandura & Williams 2004), increase their commitment level and result in lower turnover intentions (Rafferty & Griffin, 2004; Scandura & Williams, 2004).

In contrast to transactional leaders, transformational leaders are generally given extensive support in many organizational settings. This is because, as shown by MacKenzie *et al.* (2001), transformational leadership behaviours rather than transactional leadership behaviours were significantly linked with sales performance and organizational citizenship behaviour. Additionally, transformational leadership was shown to be associated with creativity at individual as well as organizational levels (Gumusluoglu & Ilsev, 2009). These findings suggest that managers at upper level exercising transformational leadership may yield a competitive advantage for the organization (Zhu *et al.*, 2005).

Despite the significant findings of transformational and transactional leadership on organizational effectiveness, research study in a different context such as Saudi Arabia is yet to be considered. Hence, this study aims to evaluate the effect of transformational and transactional leadership style on job satisfaction.

Burns (1978) and Bass (1985) had opposite points of views about the relationship between transactional and transformational leadership. Burns (1978) argued that the two concepts are at the opposite ends of a continuum, whereas Bass (1985) believed that they are closely related. According to Bass, an effective leader will exhibit aspects of both transactional and transformational leadership. He further contended that transformational leadership is related to making followers work to their best potential (Bass & Avolio, 1989), whereas the focus of transactional leadership is to satisfy the basic follower needs.

Empirical evidence seems to back Bass's perspective; leaders should display both transformational and transactional behaviours (Avolio, Waldman, & Einstein, 1988; Waldman, Bass, & Yammarino, 1989). Specially, transformational leaders should have the ability to engage in transactional behaviour. Therefore, transformational leadership cannot be an alternative to transactional leadership; to a certain extent, it builds upon and augments transactional leadership in accomplishing set goals (Bass & Avolio, 1989).

Bass (1985) developed the Multifactor Leadership Questionnaire (MLQ) to measure the components of transformational and transactional leadership. Since its development, the MLQ has received extensive evidence of reliability and validity, and is commonly used in leadership research (Bryman, 1992).

Researchers seem to accept the association of leadership styles and organizational performance (Bass & Avolio, 2006; Boerner, Eisenbeiss, & Griesser, 2007; Jong & Hartog, 2007; Okwu *et al.*, 2011; Rubin, 2009). Sarwat *et al.* (2011) carried out a study to observe the effect of leadership style on organizational performance through the mediating factors of job satisfaction and organizational commitment. Data were gathered through questionnaires distributed to 250 employees working in educational institutions in Pakistan. They found a significant relation between leadership style and organizational performance. They recommended that further research should consider other variables. One variable they recommended was organizational culture as a determinant of organizational performance.

To examine the influence of transformational leadership style on organizational performance, Hancott (2005) conducted a study on some Canadian largest organizations. The primary hypothesis of the study was that there is a significant positive relation among transformational leadership style and organizational performance. The findings supported the hypothesis where transformational leadership style was significantly related to performance of the organizations. Furthermore, the findings revealed that poorer performing organizations tended to adopt lower levels of transformational leadership styles.

Okwu *et al.* (2011) conducted a study to investigate the effects of leadership style on organizational performance in small scale enterprises. Multifactor Leadership Questionnaire (MLQ) was administrated on the respondents. They reported a strong link between leadership style and organizational performance. Furthermore, the results showed that while transactional leadership style had a significant positive

effect on performance, transformational leadership style had positive but insignificant effect on performance.

Ogbonna and Harris (2000) explored the relationship between leadership styles, organizational culture and company performance in 1000 registered British companies. Customer satisfaction, sales growth, market share, competitive advantage and sales volume were the variables used to measure performance. They showed that organizational culture had a direct effect on organizational performance. In addition, the study found that leadership styles have a significant effect on organizational performance.

Muterera (2008) argued that leadership style is one of the most important contributors to organizational performance within the public sector. For example, a number of researchers (e.g., Brewer, 2005; Chun & Rainey, 2005; Felfe & Schyns, 2004; Muterera, 2008) examined the correlation between leadership and organizational performance. Brewer (2005) revealed a positive relationship between leadership and organizational performance; however, this relationship may contribute indirectly to organizational performance. This study is aimed at examining the indirect effect of leadership styles on organizational performance in the Saudi public sector.

In addition, Rainey and Steinbauer (1999) proposed a theory of effective government organization and urged that this theory be tested. In their study, the scholars identified organizational level and individual level factors involved in the theory of effective government organizations. Among the organizational level factors, leadership was identified as one of the factors contributing to effective government organizations. The following section addresses leadership in Saudi Arabia.

2.5 Leadership in Saudi Arabia

Culture constitutes the successful effort to adapt to the external environment; it presents a social group's shared strategy for survival (Triandis, 1995). Hofstede (2001) addressed the influence of culture on managerial practices including leadership practices. Hofstede introduced five dimensions of culture: the first dimension is called power distance (PDI), termed as the degree of inequality among the people which a group of people considers as normal. The second dimension, individualism (IND), is the degree to which people prefer to act as individuals rather than as members of groups. The third dimension, masculinity (MAS), is the extent to which such 'masculine' values of assertiveness, competition, and success are emphasized as opposed to such values as quality of life, warm personal affairs, and service. Uncertainty avoidance (UAI) is the degree to which people belong to a country prefer structured over unstructured situations. Finally, the fifth dimension, long-term orientation (LTO), was intended to account for specific traits of many Asian cultures, which were not covered by the first four dimensions (Hofstede, 1993). Long-term orientation is termed as the degree to which people's action are driven by long-term goals and results, rather than the short-term results and the need for immediate gratification.

Saudi managerial culture is characterized by high power distance and a strong collective mentality (Idris, 2007). Hence Saudi employees anticipate an autocratic leadership style, which is balanced by the support given to subordinates' families (Ibid, 2007). In addition, Elenkov (1998) claimed that the American concepts of leadership that advocate participation in managers' decisions by their subordinates (small power distance) and assume the confidence and ability to negotiate with one's

boss (high individualism) are incompatible with the large power distance/low individualism of Saudi managerial culture. However, this does not mean that transformational leadership is not suitable or even cannot be practiced in Saudi Arabia taking into account that leadership can be taught and learned. In this context, Bass (1985) argued that “gone are the days in which leadership was considered an innate trait that is unachievable for others”. Moreover, leadership does not favour certain genders, cultures, classes, races, or environments. Willingness and dedication of the human spirit are where leadership is born and grows.

Saudi Arabia has vast cultural differences from the Western counterparts. Saudi Arabian culture is even different from many of its neighbouring countries in the Middle East region particularly in the dimension of gender. For example, Saudi Arabia is the only country in the Middle East where women are still not allowed to drive cars and have driving licenses. Another example is that Saudi Arabia is among the very few countries in the Middle East where there is a complete segregation between the sexes whether in educational contexts or even in the workplaces. The concept of culture and cultural differences between nations is widely used in international management, organizational behaviour, and human resource development literature to measure effects that can discriminate between countries and ethnic or occupational groups (Kuchinke, 1999).

2.6 Islamic perspectives on leadership

Leaders, just like any other humans, are affected by the environment around them. Culture is regarded as an important factor in the environment. Generally, in the Middle East, particularly in Saudi Arabia, religion plays an important role in shaping

up the personalities of people, among whom leaders are part of. This section addresses the idea of leadership in the religion of Islam.

In the Islamic religion and philosophy, the subject of leadership is given considerable attention. This is because, in Islam, leadership is perceived to be the most significant instrument for the realization of an ideal society. The ideal society is based on justice and compassion. Both qualities are an integral part of leadership. In Islamic thinking, neither creativity nor order can be sustained without justice and compassion. That is, justice “is the mainstay of a nation” (Imam Ali, died 661 AD). Leaders are held responsible for promoting and enforcing justice. The Quran (4:58) instructs its believers: “When ye judge between people that ye judge with justice.” Indeed, the thriving of justice is closely linked to the subject of leadership and leaders.

It should be noted that Muslims hold the early period of Islam (about 622-661 AD) as the most just, compassionate, and ideal in Islamic history. Muslim scholars argue that, during these early years, an Islamic society most closely resembled the ideal state. Probably, this state did not take place again except during the era of Caliph Omer Ben Abdul Aziz (717-720 AD) and for a short period during the Abbasid Empire (750-1258). Muslim scholars claim that justice was then fairly meted out and leaders were morally guided and responsible. Therefore, a sense of idealism has evolved in the psyche of most Muslims, resulting in an infatuation with what is termed a Prophetic leader, as opposed to the Caliph model of leadership. Both concepts will be discussed later.

In this paper, leadership is defined as a process of influence, shared in nature, whereby a leader and followers engage in certain activities to achieve mutual goals.

The paper provides an insight on the nature of leadership in Islam and the evolution of the concept and its practice. The paper highlights too that the nature and view of leadership, in the Muslim World, have changed over centuries. At the outset, it should be mentioned that the traditional view of leadership in Islam is that leadership is a shared influence process. Leaders are not expected to lead or to maintain their roles without the agreement of those who are led, and at the same time, decisions made by these leaders were expected to be influenced by input from their followers. The process is dynamic and open ended and the ultimate aim is to sustain cohesiveness and effectiveness.

The Quran clearly calls for a leader to be flexible and receptive to followers and states, (88:21-22) “So thou reminding; thou art only a reminder. Thou art not, over them a compeller.” The basis for understanding and leading has to be fundamentally based on wisdom and spirited debate, otherwise followers becomes resentful and dissatisfied. The role of a receptive leader is captured in the Quranic instructions which state, (16:125) “Argue with them in manners that are best and most gracious” as (3:159) “Were thou severe or harsh-hearted, they would [break] away.” The leader is obliged to exemplify openness, willingness to listen and compassion in dealing with subordinates or followers. For example, during the course of a public meeting, an individual criticized the second Caliph, Omer. Some in the audience thought the criticism was harsh. Omer’s answer was that it was the duty of the leader and followers to listen to each other and to voice concerns. He was quoted saying, “When followers do not participate and provide input, they are not contributing something useful. And we are not useful if we do not consent to their contributions.” Omer thought that public participation is fundamental and, as the Prophet Mohamed (Peace

Be upon Him) insisted, that it is a policy choice. Omer, however, pursued the matter further when he informed the followers, “When you see me engage in a wrong doing, straighten me out.” In this context, the shared influence is not only built on “two way influence” through dialogue and debate, but also on the right of subordinates to take a proactive role in confronting and correcting the leader. This foresighted model was possibly founded on Prophet Mohamed’s instruction, which made it mandatory that followers not blindly follow leaders: “Obedience is due only in that which is good.”

Before discussing the changing view of leader and leadership in Islamic thought, it should be pointed out that in the history of Muslims, after the era of the Rightly Guided Caliphs (632-661), the subject of leadership has been fiercely debated, but there has been no agreement on what makes up either the qualities of a leader or traits that predict who will emerge as a leader. In fact, the concept of leaders and leadership has evolved across centuries and has been largely influenced by the nature of power structure and sectarian allegiances. To be sure, however, the evolution of the thinking on leadership has been shaped by powerful events, dynasties, rulers and individuals. These forces have had a considerable stake in reshaping the image and religious conceptualization of what leaders should be. In traditional Muslim societies, proper religious justifications and assertions are essential for sustaining and validating power and authority.

The perceptions and realities of leadership have evolved dramatically in the Muslim World. The dramatic change in the concept of what constitutes a leader and leadership has been most likely influenced by the rise and fall of ideology (faith) and openness in the society. As the following discussion shows, the Islamic view of leaders and leadership has been in a state of alternation. While the degree of strength of faith and

openness primarily influences this trend, outside forces and instability have accelerated the trend. Historical evidence and current research suggest, in general, the changing nature of leader and leadership went through seven stages: the Prophet era, Rightly Guided Caliphs, the Ommeyade dynasty, the early Abbasid era, the late Abbasid era, the era of stagnation, and the era of instability (Ali, 2005).

Mohamed (Peace Be upon Him) viewed leadership as a process of shared influence. In his general conduct of affairs, whether religious or otherwise, Mohamed (Peace Be upon Him) utilized a public open forum where members of the community had immediate input and contributed on the spot to civic and administrative matters. He instructed his representatives by saying, “God blesses those who benefit others.” That is, leadership is valid only when it results in a benefit to a society, regardless of the setting. He was reported to have said:

“Every one of you is a leader and every one of you shall be questioned about those under his supervision; the Imam is a leader and shall be questioned about his subjects; and the man is a leader in his family and he shall be questioned about those under his care; and the woman is a leader in the house of her husband, and shall be questioned about those under her care; and the servant is a leader in taking care of the property of his master, and shall be questioned about those under his care.” (Sahih Al-Bukhari, 893).

2.7 Organizational culture

Organizational culture is conceptualized as shared beliefs and values within the organization that helps to shape the behavioural patterns of employees (Kotter & Heskett, 1992). Wallach (1983) defined organizational culture as “the shared

understanding of employees as to how things are done” (p. 28). Robbins (1986) defined organizational culture as a relatively uniform perception held of the organization, which has common characteristics, is descriptive, can distinguish one organization from another, and integrates individuals, groups and organization systems variables. Schein (2011) defined organizational cultures as shared philosophies, ideologies, beliefs, assumptions, expectations, attitudes, norms and values. Gordon and Cummins (1979) defined organization culture as the drive that recognizes the efforts and contributions of the organizational members and provides holistic understanding of what and how is to be achieved, how goals are interrelated, and how each employee could attain goals. Hofstede (1980) summarized organization culture as collective process of the mind that differentiates the members of one group from the other.

Public sector managers and academic researchers have a growing interest in organizational culture (Denhardt, 1991; Jreisat, 1997; Zamanou & Glaser, 1994) primarily because it plays an important role in the effectiveness and performance of public sector organizations (Cameron & Ettington, 1988; Denison, 1990; Kotter & Heskett, 1992; Sorensen, 2002). Despite its relevance, there is widespread disagreement on the definition and scope of the concept (Ogbonna & Harris, 1998). But, it is pertinent to note three main issues. First, many researchers note that treating culture as a unitary concept reduces its value as an analytic tool (Martin, 1992; Ogbonna & Harris, 1998a; Pettigrew, 1979). Second, culture cannot be equated to power and politics or climate (Denison, 1996; Riley, 1983; Schein, 1986), and, third, there is difference of opinion on whether organizational culture can be easily changed (Legge, 1994; Ogbonna, 1993).

Another reason for the widely acceptance of organizational culture stems from the basis (or assumption) that certain organizational cultures are superior to organizational financial performance. Many academics and practitioners debate that the performance of an organization is dependent on the extent to which the values of the culture are extensively shared, that is, are 'strong' (see Deal & Kennedy, 1982; Denison, 1996; Kotter & Heskett, 1992; Ouchi, 1981; Pascale & Athos, 1981; Peters & Waterman, 1982). They argued that the relevance of organizational culture to performance is established on the perceived role that culture can play in generating competitive advantage (see Scholz, 1987). Krefting and Frost (1985) described that the way in which organizational culture may develop competitive advantage is by defining the boundaries of the organization in a manner that facilitates individual interaction and/or by limiting the scope of information processing to appropriate levels. Likewise, it is affirmed that extensively shared and strongly held values allow management to predict employee reactions to certain strategic options, thus, minimizing the scope for undesired consequences (Ogbonna, 1993).

Theorists also claim that sustainable competitive advantage arises from the creation of organizational competencies which are both superior and imperfectly imitable by competitors (Reed & DeFillippi, 1990). Conclusively, it is predicted that the 'uniqueness quality' of organizational culture is a potentially powerful foundation for creating opportunities and advantages. In fact, many commentators have advised organizations and researchers to exploit the multiple advantages that could be offered by culture rather than focusing on the more tangible side of the organization (Johnson, 1992; Prahalad & Bettis, 1986).

Researchers in the past who attempted to connect culture to organizational performance are unequivocal in their claims. A picture of this comes from the conclusion made by 'excellence writers' who believe that successful organizations are distinguished by their ability to support cultural values which are consistent with their chosen strategies (Deal & Kennedy, 1982; Ouchi, 1981; Pascale & Athos, 1981; Peters & Waterman, 1982). Though this analysis was initially popular, the principal tenets of the argument have been subjected to extensive criticism (Legge, 1994; Ogbonna, 1993; Willmott, 1993).

In 1990s, researchers assessing the association of culture and performance were more cautious. For instance, both Gordon and DiTomaso (1992) and Denison (1990) proposed a link between certain organizational culture characteristics and performance but each adds a number of conditions. Particularly, they believed that culture will remain linked with superior performance only if the culture is able to adapt changes to environmental conditions. Moreover, the culture must not only be strong (widely shared), but it must also possess unique characteristics that cannot be reproduced. Nevertheless, some believed that the relationship between culture and performance is tenuous (Ogbonna, 1993, Willmott, 1993). Certainly, the growing acceptance of the resource-based view of competitive advantage suggests that the degree to which a culture can be theorized to develop a sustainable advantage is dependent upon the value, imitability, and sustainability of the culture concerned (Legge, 1994).

On the whole, different models of organizational culture exist in literature. Famous among these models are Schein (1992), Kotter and Heskett (1992), Hofstede *et al* (1990), Cameron and Quinn (1999), Denison (1990), and Wallach (1983). Schein (1992) argued that culture exists at three successive levels. The most visible level of culture is its artefacts and creations, consisting of its constructed physical and social environment. At the next level down are the values that drive behaviours. The third level consists of basic underlying assumptions that evolve as a solution to a problem. As it is repeated over and over again, it is taken for granted. What was once a hypothesis, supported only by a hunch or a value, is gradually treated as real. Kotter and Heskett (1992) described culture as having two levels which differ in terms of their visibility and their resistance to change. At the deeper level, culture refers to values that are shared by the people in a group and that persist over time even when the group membership changes. At the more visible level, culture embodies the behavioural patterns or style of an organization that new employees are automatically encouraged to follow. Hofstede *et al.* (1990) classified the manifestation of culture into four categories, namely, symbols, heroes, rituals and values. Symbols are words, gestures, pictures or objects that carry a particular meaning within a culture. Heroes are persons, alive or dead, real or imaginary, who possess characteristics highly prized in the culture and who thus serve as models for behaviour (Wilkins, 1984). Rituals are collective activities that are technically superfluous but are socially essential within a culture, and can be considered to be carried out for their own sake. Hofstede (1980) described these layers as being similar to the successive skins of an onion: from shallow superficial symbols to deeper rituals. Symbols, heroes and rituals can be subsumed under the term practices because they are visible to an observer, although their cultural meaning lies in the way they are perceived by insiders. The core of

culture is formed by values, in the sense of broad, non-specific feelings of good and evil, beautiful and ugly, normal and abnormal, rational and irrational, that are often unconscious and rarely discussable. These values cannot be observed as such but are manifested in alternatives of behaviour (Hofstede *et al.*, 1990).

Cameron and Quinn (1999) developed an organizational culture framework based on a theoretical model called the "Competing Values Framework." This framework refers to whether an organization has a predominant internal or external focus and whether it strives for flexibility and individuality or stability and control. The framework is also based on six organizational culture dimensions and four dominant culture types (i.e., clan, adhocracy, market, and hierarchy).

The Denison's Model of Culture and Effectiveness (Denison, 1990) presents the interrelations of an organization's culture, management practices, performance and effectiveness. It highlights the importance of linking management practices with the underlying assumptions and beliefs when studying organizational culture and effectiveness. The Denison's Model posits that there are four key cultural traits: involvement, consistency, adaptability, and mission.

Wallach (1983) conceptualized three cultural dimensions: bureaucratic, innovative, and supportive. These dimensions provide a useful and measurable typology (Choi, 2009; Koberg & Chusmir, 1987). According to Wallach (1983), bureaucratic cultures display a strict hierarchy and compartmentalization, clear lines of authority, and organized and systematic work. They are based on control and power and are often found in organizations that are stable, careful and mature. This type of organization is power-oriented, cautious, established, solid, regulated, ordered, structured and

procedural. This culture works best in an organization with a large market share in a stable market. Creative or ambitious people usually do not thrive in this environment but a well-trained staff that follows procedures will. Bureaucratic culture is identical to a mechanistic culture as defined by Burns and Stalker (1961).

Innovative cultures are stimulating and as a result, entrepreneurial and ambitious people thrive in this environment. Innovative organizations are risk taking, focus on the future market, ask why something is done a certain way and then develop a better way to do it if needed, and understand that innovation is a culture, not a one-time event (Greenway 2008). They are creative places to work filled with challenge, risk, and stimulation. However, burn-out and stress are common due to the pressure to achieve. Since innovation is not about coming up with an idea but more about applying an idea to obtain value, an innovative culture can best be described as “the act of changing the established way of doing things, (and) the ability to turn knowledge into value and link emerging technologies with emerging markets...bringing creative new ideas to life” (Greenway 2008, p. 1).

A supportive culture is a culture that allows a new business unit to develop yet remain parallel to the organization's other existing operations without major disruptions to its existing operation, line of business or operating procedures. “The new business, to be successful, requires end-to-end management, has to be free from bureaucratic barriers, has to have discretionary spending power, requires rapid, intuitive decision making, and has many other requirements that make it distinct and separate from the requirements of an ongoing, operational line of business” (Nadim 2004, p. 227). Essentially, a supportive culture allows the new business unit to be different from the ongoing business and at the same time be the same as a part of the ongoing business.

Supportive cultures provide comfort to the workplace. People are friendly and helpful creating an open, harmonious environment like an extended family. The organizations that fit this mould are usually trusting, safe, sociable, encouraging, open, relationships-oriented and collaborative.

David McClelland's (1961) theory of motivational needs proposes that an individual's specific needs (achievement, affiliation, or power) are acquired over time and are shaped by one's life experiences. He contended that a person's motivation and effectiveness in certain job functions are influenced by the three needs. Wallach (1983) found that McClelland's theory mapped directly to the culture types she described and that employees can be more effective on the job and have a greater chance for promotion when a motivation/culture match exists. If the culture is appropriate, both the individual and the organization will more likely realize their potential. According to Wallach (1983), achievement needs map directly to an Innovative Culture since employees with a high need for achievement seek to excel. These individuals tend to avoid both low-risk and high-risk situations. Achievers avoid low-risk situations because the easily attained success is not a genuine achievement. In high-risk projects, achievers see the outcome as one of chance rather than coming as a result of one's own effort. Affiliation needs map to a Supportive Culture where those with a high need for affiliation seek harmonious relationships with others and need to feel accepted. They tend to conform to the norms of their work group. Highly affiliated individuals prefer work that provides significant personal interaction. They perform well in customer service and client interaction situations. Power needs map to a Bureaucratic Culture where an individual's need for power can be one of two types - personal and institutional. Those who need personal

power want to direct others. Persons who need institutional power want to organize the efforts of others to further the goals of the organization. Managers with a high need for institutional power tend to be more effective than those with a high need for personal power. According to Wallach (1983), although a motivating culture will be pervasive throughout an organization, in reality many cultures exist. Norms will vary somewhat across division, location and functional area.

2.8 Organizational culture in Saudi Arabia

There are few studies on organizational performance and the effects of culture on business in Saudi Arabia. Leadership and management are influenced principally by tribal traditions inherited over the years. Management books and literatures have only gained interest in the mid-90s in Saudi companies. Most Arabic leadership books and literature are based on the acts of historical leaders revered by the Arab world. To date, almost all of the modern management books and literature are direct translations of foreign materials. Attempts to customize the modern management theories and concepts as detailed in the literature of the Western world have been shallow and does not bridge the gap between the business culture and work practices of Arabia and those of the West.

Culture is important to many features of business life, especially when a business must interface with people whether customers, employees, suppliers or stakeholders. In October 2005, Saudi Arabia successfully joined the World Trade Organization (WTO) after 12 years of negotiation. This has a dramatic effect as it opens the Kingdom's long protected economy (Evans, 2005). As foreign investments bring in the necessary funds for giant projects and businesses, the country's laws and

regulations begin to conform to international standards. Not only the effect is felt on the economy, but also on the culture as well.

The need to restrict imports of certain things like pork and pornography that are prohibited by both cultural mandates and Islamic teachings must be addressed. Joining the WTO means that the Kingdom's culture will need to be immersed in the melting pot of Western culture and the ability to implement regulatory decisions based on social, religious, or cultural issues will be restricted. In addition, small businesses that are currently providing a wealth of employment opportunities for the Saudis may suffer from competition from more experienced international companies (Idris, 2007).

While the economy of the country is generally very good, the gross domestic product (GDP) per capita is considered to be low in the region. One of the main concerns of the Kingdom is create jobs to lessen the dependence on foreign workers and reduce unemployment rate. The main focus of the development plans is to deal with the issues of foreign labour and unemployment. This sounds contradictory, but reflects the country's strong dependence on foreign workers to support all technical and menial jobs. The Kingdom is a net importer of technology and depends heavily on foreign labour to support technical needs. The dependence has hindered the country's ability to develop the required skilled workforce and made it difficult for the private sector to offer attractive salaries to the national workforce (Al-Kibsi *et al.*, 2007).

Business executives and managers in Saudi Arabia face great challenges in their endeavour to improve the performance of their organizations. The greatest challenges of all are cultural issues and work practices that limit employee performance levels

compared with those in Western international companies. Keeping and raising a wide base of Saudi technical and skilled labour staff is a challenge because Saudis are more motivated by status and position. "Many young Saudis have grown up in luxury, seeing their parents getting well-paid, high-status positions" (Bell, 2005). A 1986 study of Third World labour forces ranked Saudi labour the lowest in terms of productivity for reasons that included the abundance of job opportunities. Accordingly, the Saudi workers in different enterprises, particularly state-owned enterprises, are not motivated to stay in lower-rank jobs. A more recent report shows that one fourth of Saudi employees in the private sector do not regularly show up, causing a high turnover rate (Al-Kibis *et al.*, 2007).

Though recent situation is different from the 1980s and job opportunities are lesser, the effect on the culture of the accumulated wealth in the 1970s persists. Almost all Saudis prefer to work in the managerial positions. Labour jobs are considered unattractive and dishonourable. This is deeply rooted to the extent that families and the government protect and support those who pass up the socially unacceptable jobs (Yadav, 2005). Technical Saudi professionals are compelled to seek managerial positions as most companies' systems are not structured to support interesting and rewarding technical and labour career paths. The Kingdom has become heavily dependent on foreign labour and this has hindered the development of a skilled workforce to the extent that the private sector is not able to absorb the new Saudi entrants and unable to provide attractive salaries (Al-Kibsi *et al.*, 2007).

Beer *et al.* (1985) suggested that supervisors in many organizations do not give honest and sincere performance reviews because they might damage the self-esteem of the employees. In Saudi Arabia, candid feedback on performance might be viewed by the

employees as unfriendly and hostile. In the Arab culture, it is customary to give feedback through an intermediary to avoid conflict and sending the wrong message (Gopalakrishnan, 2002). This is aggravated when the performance of the Saudi employees is compared with their expatriate counterparts, comparisons that are immediately understood as favouring the foreigners and not promoting Saudization, the term coined for nationalizing the jobs.

Since Saudi Arabia's collective culture values group work, the pay-for-performance system that recognizes individuals is undermined when management tries to downplay it by writing comforting statements on the appraisal forms to compensate for low salary increases for poor performers (Hall, 2003). The prevailing culture is in favour of life employment, so managers are restrained from purging poor performers and replacing them with high performers. Unless the difference in compensation of the high performers and low performers is great, companies risk demotivating the high performers while encouraging the low performers to remain unproductive (Beer *et al.*, 1985).

2.9 Organizational performance

In profit-oriented companies, organizational performance is the ability of an enterprise to reach objectives like high profit, quality product, large market share, good financial results, and survival at pre-determined time using relevant strategy for action (Koontz & Donnell, 1993). Organizational performance can also be used to view how an enterprise is doing in terms of level of profit, market share and product quality in relation to other enterprises in the same industry. Consequently, it is a reflection of productivity of members of an enterprise measured in terms of revenue,

profit, growth, development and expansion of the organization (Okwu, 2011). However, in public organizations, organizational performance is not related to financial returns as it refers to an ability of organizations to meet organizational goals and demands from their environments (Selden & Sowa, 2004).

Schoorman *et al.* (2007) indicated that the determination of organizational performance, for many organizations, is by the organization's ability to use its resources to predict its future. Today, more organizations are seeing their employees as their most valuable resources. Bolman and Deal (2003) explained that measurement of organizational success today is based on the organization's ability to set up a structure that is a close to a family arrangement. The structure of the organization has proven to be an essential factor when examining success in maintaining employees and customers (Wilson *et al.*, 2008). The practice of reviewing structures has become a good example for upcoming organizations dictating that employees are important to the performance of organizations and should be valued when making every day decisions.

Approximately, there are 30 different criteria to evaluate organizational performance, ranges from organizational stability to employee turnover rate, from productivity to profit and revenue, and from organization's growth to stock values (Cohen & Bradford, 2005). To the rational system theorists, the number of outputs and economic conditions are the indicators. On the other hand, to the natural system theorists, the survival and viability of the organization are the most important indicators. To the open system theorists, the adaptability, the flexibility, and the ability of the organization to take advantage of its environment in the acquisition of internal and external resources are the performance indicators (Scott & Davis, 2007).

In addition to the performance criteria above, both Scott and Davis (2007) and Siggelkow and Rivkin (2006) suggested three different types of indicators: outcomes, processes, and structure. Outcomes are not a good indication of the process, accuracy, and care with which people perform work activities (Robinson, 2007). As process measures place emphasis on assessment of energy, performers prefer them to outcome measures (Robinson, 2007). The drawback is that the correlation between outcomes and process measures is not very strong (Robinson, 2007). Structure can be a good indicator of organizational performance, but when process measures and outcomes are separated as mentioned previously, structure becomes more remote because it does not measure the true performance of the organization (Scott & Davis, 2007). In the past two decades, many organizations have considered shareholder value as a primary criterion for evaluating performance. In their analysis of American businesses, Scott and Davis reported that shareholder value as measured by the stock market is the key metric to measuring organizational performance (Kieu, 2010).

2.9.1 Measurements of Organizational Performance

Literatures indicate issues in the definition of organizational performance. Not only does performance lack clear definition, problems in measuring organizational performance have emerged in the literature. In this context, Stannack (1996) argued that an inadequate definition or in this case, many similar yet different definitions, often led to problems in measurement.

Companies that are driven by profit motive should also be driven from a customer satisfaction perspective. If clients are happy, they buy more, recommend products and services to others resulting in profit growth. Although this emphasis on profit is due

mostly to demanding shareholders, it does put much emphasis on hard (financial) benefits that are usually quantified in monetary terms (Hancott, 2005). However, keeping in mind that the current study attempts to examine the performance of public organizations which refer to organizations that exist for the purpose of providing public services to the people in Saudi Arabia, monetary terms and criteria are not suitable as these organizations are not concerned about profit since profit is not among their objectives and policies.

In addressing performance of public organizations, Brewer and Selden (2000) and Boyne *et al.* (2005) stated that organizational performance in the public sector tends to be subjective, complex, multifaceted, and that no indicator or set of indicators will never be able to give a perfect estimate of the actual performance, which suggests that it is hard to measure performance by objective indicators. In addition, Chun and Rainey (2005b) argued that common, relatively objective or quantifiable measures of performance in the public sector rarely exist, making it difficult to assess organizational performance. Therefore, many studies have relied on perceptual measures of organizational performance (Brewer & Selden, 2000; Chun & Rainey, 2005b; Moynihan & Pandey, 2005; Seldon & Sowa, 2004).

Similarly, Brewer and Selden (2000) and Kim (2005) proposed a measure of organizational performance based on the perceptions of the organization's members. Objective data have been usually chosen for evaluating performance as they have been assumed to be comparatively fair but are not always accessible, particularly in the public sector. When objective performance data are not accessible, subjective (i.e., perceptual) performance measures can be a practical alternative (Allen & Helms 2002; Delaney & Huselid 1996; Dollinger & Golden 1992; Kim 2005; McCracken,

McIlwain, and Fottler 2001; Schmid 2002). Though there is always an uncertainty with self-reported and perceptual measures of performance, there is proof of a high correlation between perceptual and objective measures at the organizational level. Dess and Robinson (1984) found a strong positive correlation between perceptual data and financial performance measures. Previous literatures have established that measures of perceived organizational performance correlated positively to objective measures of organizational performance as well (Delaney & Huselid, 1996; Dollinger & Golden 1992; McCracken, McIlwain, & Fottler 2001; Powell, 1992; Seldon & Sowa, 2004).

External stakeholders such as citizens, audits or users are seen as having a more independent view when assessing performance. However, they are also more likely to wrongly estimate the organization's performance as they only have a partial view of the organization and often base their view on a single encounter with the service while some performance parts such as equity or accountability are 'hidden' (Andrews *et al.*, 2010; Boyne *et al.*, 2005; Shingler *et al.*, 2008). On the other hand, internal measures are seen as more likely to "have a better all-round understanding of the challenges facing their organization" and their perceptions "provide more insight in performance measures on which organizational decisions are based" (Andrews *et al.*, 2010, p. 109; Brewer, 2006). Thus, this study peruses the perceptions of internal measures, namely, the employees of public organizations as an indicator of organizational performance.

One of most common measures of organizational performance from the perspective of employees working in the organization is the Balance Score Card (BSC) developed by Kaplan and Norton in the first half of the 1990s. The scale is a 33-item measure measuring four dimensions, namely, financial perspective, the customer/stakeholder

perspective, the internal processes perspective, and the learning and growth perspective. All these are measured from the perspective of employees working in the public organizations. This measure was used by a number of research studies that attempted to measure organizational performance from the subjective perspective of the employees (Ellingson & Wambsgans 2001; Kaplan 2001; Niven 2003; Wisniewski & Dickson 2001; Wisniewski & Olafsson 2004; Zelman, Pink, & Matthias 2003). For instance, Mafini (2013) examined the performance of South African government social services departments using the BSC. Pienaar and Penzhorn (2000) used the BSC to facilitate strategic management in an academic information service centre at a South African government university. Sydney (2004) also successfully used the BSC to measure laboratory performance in a South African government laboratory. More recently, Julyan (2011) investigated the suitability of the BSC as a performance measurement tool for the South African government's upgrading of the Informal Settlements Programme.

Table 2.1
BSC perspectives for different types of public services

Type of public service	BSC perspective	Source
All public services	<ul style="list-style-type: none"> • Value/benefit of service • Cost of providing service 	Kaplan and Norton (2001)
All public services	<ul style="list-style-type: none"> • Customers • Financial • Internal processes • Employee learning and growth 	Chan (2004)
Local government in Scotland	<ul style="list-style-type: none"> • Community outcomes • Services management • Resources management (people, financial, etc.) • Improvement (staff training, etc.) 	Wisniewski and Olafsson (2004)

As far as organizational performance is concerned, researchers seem to agree that job satisfaction and organizational commitment are the major factors that are strongly

linked with organizational performance (Lok & Crawford, 2004; Kim, 2005). The following section deals with job satisfaction and organizational commitment.

2.10 Job satisfaction

Locke (1976) viewed job satisfaction as a positive state of emotion obtained from a positive job experience. This view proposes that employees form their attitude towards their jobs by considering their feelings, beliefs and behaviours (Akehurst, Comeche, & Galindo, 2009; Robbins, 2005). Whittington and Evans (2005) stated that job satisfaction is a subjective belief an employee has regarding the employment conditions with regard to the relation among the employee and the employer. Whittington and Evans also noted that the emotion is built on the employee's individual beliefs and values.

But it is difficult to measure the overall degree of satisfaction that employees feel about their jobs (Favara, 2009). Experts disagree to some extent, and satisfaction varies among different groups of employees (Collins, 2007; Lawler III, & Porter, 2008). Defining job satisfaction from a career enhancement perspective, Hwang and Kuo (2006) stated that when employees are satisfied, they would not seek alternative employment opportunities. Herzberg's (2002) two-factor theory describes job satisfaction by simply considering motivation factors with regard to the job. Some scholars believe that job satisfaction is about people and their jobs, and when organizations promote job satisfaction, they will gain the benefits of increased employee commitment, performance, and retention as well as reduced absenteeism and attrition (Helland & Winston, 2005).

According to Ndambakuwa and Mufunda (2006), job satisfaction, commitment, and organizational performance are critically important in an organization. Schein (2004) provided a list of factors in which employees might be satisfied with their job: managerial competence, technical competence, autonomy, job security, innovation and creativity, challenging tasks, sense of dedicated service, and lifestyle. Although Kinnie *et al.* (2005) established a strong correlation between employee job satisfaction and organizational commitment, Locke and Latham (2004) documented a number of factors contributing to job satisfaction: job assignment, recognition, salary, benefits, promotions, working condition, coworkers, supervisor, and management. Yousef (2000) assumed that theories developed and implemented in western organizations are valid for non-western countries. Thus, the notable effect of leadership style on job satisfaction does not discriminate west or east and can be regarded as an influential aspect in the success or failure of any organization (Lok & Crawford, 2004).

According to Kim (2005), employee satisfaction and happiness in organizations would lead to increased organizational performance. Chen, Beck, and Amos (2005) asserted that an employee would perform up to potential, produce outstanding results, and give his or her services to the organization wholeheartedly when he or she feels satisfied and positive toward leaders, managers and fellow workers. Many people believe that increased satisfaction leads to increased individual performance (Lawler III & Porter, 2008). On the surface, this certainly seems logical. But some studies showed the barest evidence of a link between employee satisfaction and performance (Schultz & Edington, 2007; Watson, 2008). For example, Watson found that in

hospitals with high ratios of patient-to-nurse, surgical staff and nurses were more likely to experience burnout and job dissatisfaction.

In public organizations, Rainey and Steinbauer (1999) suggests that individual attitudes and behaviour of public employees may impact government performance. Rainey and Steinbauer (1999) reviewed extensive literature on public organizations to develop some broad hypotheses about what factors are associated with effective public organizations. Their findings suggest that agencies with high individual attitudes and behaviour, and effective leadership will tend to perform better than agencies without.

In addition, Kim (2005) identified four individual-level factors that positively impact organizational performance: job satisfaction, organizational commitment, Public Service Motivation (PSM) and Organizational Citizenship Behavior (OCB). Kim's (2005) findings revealed that among the four variables, organizational commitment and job satisfaction, compared to PSM and OCB, showed more significant relationship with organizational performance.

Moreover, Yousef (1998) conducted a study using a sample from public and private workers in the United Arab Emirates and found that the more satisfied the employees are with the security of their jobs, the better their performance in their jobs. Thus, it is possible to assume that organizational performance will be improved by increasing public employees' job satisfaction. This is why in this study; organizational commitment and job satisfaction are treated as direct predictors of organizational performance in the Saudi public sector.

2.11 Organizational commitment

Many researchers are in consensus that organizational commitment is a strong determinant of organizational performance. Organizational commitment refers to the participation and classification of a person with institute; this is the constructive societal association linking an individual and institute. Persons who contain far above the ground intensity of organizational commitment, they engage in extra role behaviour as well. Organizational obligation is an aspect that controls extra role behaviour. The most significant and accepted definition of organizational commitment is provided by Meyer and Allen (1984). According to Meyer and Allen, there are three dimensions of organizational commitment; (1) affective commitment, (2) normative commitment, and (3) continuance commitment. The affective commitment refers to employees' emotional attachment to the organization, including beliefs and desire, regarding organizational goal achievements. Much of the research undertaken on organizational commitment focused on affective commitment (Farr-Wharton & Brunetto, 2003; Mayer *et al.*, 2002). The normative component, on the other hand, refers to the employee's feeling of obligation to remain with the organization. However, normative involvement has received less research attention (Yiing & Kamarul, 2009). Finally, the continuance component refers to commitment based on the costs that the employee associates with leaving the organization.

There are many factors which affect organizational commitment. Yiing and Kamarul (2008) found that professional commitment was the main predictor of organizational commitment. Empowerment was found to have a strong effect on organizational commitment (Avolio, Zhu & Bhatia, 2004). Hence, to increase employee commitment towards the organization, higher level management should increase the psychological

empowerment among their employees. When the employees are empowered, they will have a clarified vision which will motivate them and make them more committed with their work and workplace. Khatibi, Asadi, and Hamidi (2009) found a negative relationship between stress and organizational commitment. Bhatti and Qureshi (2007) found that employee participation in decision making had an impact on job satisfaction, employee commitment and employee productivity. Relationship between the employee and their supervisor is important in measuring organizational commitment because some organizations are relationship oriented and some are task oriented, so their employees commitment are different (Brown, 2003).

As far as public organizations are concerned, a number of researchers argued that organizational commitment and job satisfaction are related to organizational performance. Kim (2005) identified four individual-level factors that positively impact organizational performance: job satisfaction, organizational commitment, Public Service Motivation (PSM) and organizational citizenship behaviour (OCB). According to Kim (2005), public employees with high levels in these factors will be willing to work towards organizational goals and objectives and give their services wholeheartedly to the organization and to the public hence, promoting organizational performance. In addition, Kim's (2005) findings revealed that among the four variables, organizational commitment and job satisfaction showed more significant relationship with organizational performance than PSM and OCB.

In addition, Brewer and Selden (2000) conducted an empirical study with data from the 1996 Merit Principles Survey among public organizations, Federal Agencies in the USA. The findings of their study confirmed most of the hypothesized relationships in the theoretical model of organizational performance. Specifically, Brewer and

Selden's (2000) findings revealed that organizational commitment and job satisfaction showed significant relationship with organizational performance.

2.12 The relationship between variables

2.12.1 The link between leadership style and job satisfaction, organizational commitment

Leadership and job satisfaction play an important role in creating and maintaining the effectiveness of an organization. The relationship between leadership style and job satisfaction has received considerable attention in the literature. For example, Altrasi (2014) conducted a study to examine the relationship between leadership styles and employee job satisfaction in the Ministry of Civil Services and Ministry of Education in Saudi Arabia. In the study, 385 questionnaires were self-administered. The results revealed that both transactional and transformational leadership styles had an effect on job satisfaction. Similar finding was also reported by Sakiru *et al.* (2013) in his study on the relationship between leadership styles and job satisfaction among 200 employees in small and medium enterprises in Nigeria.

In a different study in Pakistan, Riaz and Haider, (2010) showed that transformational leadership style was positively related to job success and career satisfaction. They also found that transformational leaders had more positive impact on job and overall satisfaction than transactional leaders. Bushra *et al.* (2011) reported that 42% of participants in Pakistan felt that transformational leadership had a positive impact on general job satisfaction, suggesting that employees indicating their preference for this particular leadership style. The study was conducted among 133 bank employees in Pakistan. Still in Pakistan, Rizi *et al.* (2013) examined the relationship between

leadership styles and job satisfaction in the public education sector. They concluded that leadership is one of the most important determinants of employee job satisfaction as it extensively influenced employees' motivation and dedication. They also found that employees' reaction to their leaders depend on the characteristics of the employees as well as on the characteristics of their leaders.

Lee, Cheng, Yeung and Lai (2011) studied the relationships between transformational leadership, team performance and service quality in retail banks. They showed that of the dimensions of transformational leadership, only intellectual stimulation was significantly related to team leader job satisfaction. In a different study, Voon *et al.* (2011) investigated the influence of leadership styles on employee job satisfaction among 200 Malaysian executives working in public sector organizations in Malaysia. Findings revealed that transactional and transformational leadership styles had direct relationships with job satisfaction. However, transformational leadership style was found to have a stronger relationship with job satisfaction, which implies that transformational leadership is more suitable for managing government organizations. In Tehran, Iran, Omidifar (2013) demonstrated that principals' leadership style affected significantly organizational commitment and job satisfaction of high school teachers.

In addition to job satisfaction, leadership style has also been consistently found to affect employee commitment to the organization (Yiing, Zaman, & Ahmad, 2009). For instance, Mahdi, Mohd and Almsafir (2014) conducted a study on the effect of leadership behavior on organizational commitment among 300 supervisors and employees in plantation companies in Malaysia. Specifically, they intended to

examine the relationship between employees' perceptions of their immediate supervisors' supportive and directive leadership behavior and different dimensions of organizational commitment. They revealed a significant relationship between leadership behavior and organizational commitment. While Yeh and Hong (2012) demonstrated that transformational leadership and transactional leadership had a positive and significant effect on organizational commitment, Riaz *et al.* (2011) found the effect of transformational leadership on employees' job commitment in a banking institution in Islamabad in Pakistan. Yiing, Zaman, and Ahmad (2009) revealed that leadership style affected organizational commitment, which then led to enhanced performance. The effect of organizational commitment on job performance has also been shown elsewhere (Chi, *et al.*, 2007; Chi, *et al.*, 2008; Luthans, McCaul & Dodd, 1985).

Closer to home, Almutairi (2013) conducted a study that examined the relationship between transformational and transactional leadership styles and organizational commitment among employees of an airline company in Saudi Arabia. In this study, three airports and 83 employees were randomly selected. He found a significant positive relationship between transformational leadership style and affective commitment. However, no relationship between transactional leadership style and affective commitment was found.

From the empirical evidence presented above, it can be concluded that leadership styles are important antecedents of job satisfaction and organizational commitment.

2.12.2 The link between organizational culture and job satisfaction, organizational commitment

Organizational culture is postulated to have a profound influence on individual attitudes and behaviors (Lund, 2003; Schein, 1992) such as job satisfaction (MacIntosh & Doherty, 2010). Organizational culture enhances job satisfaction because it provides clear job guidance for the employees to conduct their job. Indeed, recent literatures revealed a positive relationship between organizational culture and job satisfaction (Arnold & Spell, 2006; McKinnon *et al.*, 2003; Navaie- Waliser *et al.*, 2004; Rad *et al.*, 2006; Jiang & Klen, 2000; Chang & Lee, 2007; Mansoor & Tayib, 2010; Shurbagi & Zahari, 2012; Bellou, 2010; Park & Kim, 2009; Yiing & Ahmad, 2009; Lok & Crawford, 2004). For instance, Sunadji *et al.* (2013) determined the influence of organizational culture, leadership, and communication on job satisfaction of 158 employees of JasaTirta I and JasaTirta II Public Enterprises of water resources in Indonesia. They showed that organizational culture influenced job satisfaction but not employee performance. However, job satisfaction was found to play a significant role in mediating organizational culture and communication and employee performance.

In a different study, Chang and Lee (2007) investigated the relationship between leadership style, organizational culture and job satisfaction among 134 private sector employees. The results demonstrated a positive effect of leadership style and organizational culture on job satisfaction positively, especially when the employees shared their transformational leaders' vision. In Pakistan, Gull and Azam (2012) found similar result in that organizational culture influenced job satisfaction of 220 employees. In sum, the above literatures provided evidence that organizational culture

has an important role to play in enhancing job satisfaction of employees towards the accomplishment of organizational success through matching of managerial values, attitudes and behaviors.

Organizational culture is also postulated to affect employee commitment to the organization (Peters & Waterman, 1982; Lund, 2003; Schein, 1992). Evidence suggests a positive influence of organizational culture on commitment across various cultural contexts. For instance, Handoko *et al.* (2012), in their study that examined the effect of organizational culture, job satisfaction, and organizational commitment on individual performance of 325 lecturers of private university colleges in East Java province, Indonesia, found that organizational culture and job satisfaction did not directly improve the individual performance of the lecturers. However, organizational culture was found to improve performance directly or indirectly through increased commitment. In Libya, Shurbagi (2014) investigated the relationship between organizational culture and organizational commitment in the National Oil Corporation of Libya on a sample of 227 employees. A significant positive relationship between organizational culture and organizational commitment was found.

Habib *et al.* (2014) examined the impact of organizational culture on job satisfaction, employee commitment and employee retention on 235 employees working in different organizations within the territory of Multan region, Punjab, Pakistan. Results indicated that the nature of the organization significantly affected job satisfaction and turnover intentions. Similar finding on the effect of organizational culture and organizational commitment was also reported by Manetje and Martins's (2009) study on 371 employees of a South African motor manufacturing organization; by Acar's

(2012) study on 344 employees of 37 logistics firms operating in the Marmara region of Turkey; and by Momeniand and Marjani's (2012) study in Tehran who showed a significant relationship between all the components of organizational culture of Denison's model and dimensions of organizational commitment of Allen and Meyer's model.

In a different study, Silverthorne (2004) explored the impact of organizational culture on job satisfaction and organizational commitment in Taiwan. Three types of organizational culture were considered, namely supportive, innovative and bureaucratic. The results indicated that a bureaucratic culture resulted in the lowest levels of job satisfaction and commitment, while a supportive culture resulted in the highest levels of job satisfaction and commitment followed by an innovative culture as the next highest. Somewhat different finding was reported by Lok and Crawford (2001). They found that organizational commitment was negatively and significantly influenced by a bureaucratic organizational culture characterized by an autocratic working environment, hierarchical decision making and lack of employee empowerment. However, no significant effect was found of innovative and supportive cultures on organizational commitment. Lok and Crawford (2004) re-examined the relationship between organizational culture and organizational commitment among Australian and Hong Kong managers. Their findings this time were relatively different from those obtained in their previous study. Innovative and supportive cultures were positive and significantly correlated with organizational commitment. The impact of organizational culture was greater among Australian managers than their Hong Kong counterparts.

2.12.3 The link between organizational commitment, job satisfaction and organizational performance

Organizational commitment and job satisfaction are widely studied factors in the management literatures (Suki, 2011; Bodla & Danish, 2009; Bodla & Naeem, 2009a, 2009b; Parker *et al.*, 2005; Allen & Meyer, 1990). These job attitudes have been shown to be positively related to performance (Benkhoff, 1997; Klein & Ritti, 1984; Kinnie, Hutchinson, Purcell, & Rayton, 2005). According to Ndambakuwa and Mufunda (2006), job satisfaction, commitment, and organizational performance are critically important to the organization, and these characteristics were found to have a significant relationship with leadership style especially transformational leadership.

Literature indicates that creating a positive work environment for employees affects productivity as well as happiness of the workers (Kuzey, 2012). “A satisfied worker is a productive worker” is a statement commonly used to draw the relationship between job satisfaction and performance. If employees are satisfied, pleasant atmosphere within the organization is created which enables them to perform more efficiently. Hunter (2004) and Kim (2005) argued that employee satisfaction and happiness in organizations would lead to increased organizational performance. This theoretical perspective has led to increased attention in scholarly research. Kim (2005) identified four individual level factors that positively affect organizational performance: job satisfaction, organizational commitment, public service motivation (PSM) and organizational citizenship behavior (OCB). Kim surveyed 1,739 public employees working in nine central government agencies, five provincial government agencies, and 26 lower-level local government agencies in the Republic of Korea. His finding revealed that among the four variables, organizational commitment and job

satisfaction showed a stronger significant relationship with organizational performance than PSM and OCB. Latif *et al.* (2013) investigated the relationship between job satisfaction and organizational performance in five profit/non-profit sector organizations. They found a significant positive relationship between job satisfaction and organizational performance.

There is also considerable evidence on the role of organizational commitment on performance. For instance, Clarke (2006) studied the commitment and network performance in UK based health care units and found that both affective and normative forms of commitment had a statistically significant impact on performance. While affective commitment was positively related to network performance, continuance commitment showed a negative relationship. He concluded that the relationship between commitment and performance within networks is not straightforward. In a different study, Rashid, Sambasvani, and Joari (2003) studied 202 managers in Malaysian companies and the results demonstrated that corporate culture and organizational commitment were interrelated with far reaching impacts on performance.

In sum, previous studies have shown that that job satisfaction and organizational commitment are important antecedents of organizational performance.

2.12.4 The mediating effect of job satisfaction and organizational commitment on the relationship between leadership styles, organizational culture and organizational performance

In measuring and assessing organizational performance of public organizations, researchers have looked at various factors hypothesized to influence organizational

performance. One of these factors was leadership styles (Agle *et al.*, 2006; Al-Tameemi & Alshawi, 2014; Chun & Rainey, 2005; Peterson *et al.*, 2003; Yukl, 2009). Yukl (2009) asserted that leadership style is one of the most important factors that impact the performance of a given organization and researchers who wish to examine organizational performance should look into this construct. Another important factor hypothesized to influence organizational performance in public organizations is organizational culture as it influences employees' behavior and consequently their achievement (MacIntosh & Doherty, 2010; Manetje & Martins, 2009).

Shahzad *et al.* (2012) meta-analyzed more than 60 studies published between 1990 and 2007 on organizational culture and organizational performance covering 7619 companies and small business units in 26 countries. This positive correlation was identified by more than 35 performance measures, including return on investment, revenue growth, customer retention, market share. The meta-analysis provides an empirical basis for developing a strong organizational culture as a means of creating a competitive advantage for the organization and superior business performance (Gallagher *et al.*, 2008). The importance of culture and leadership is further buttressed by a study conducted in a public organization in Iraq by Al-Tameemi and Alshawi (2014). They showed how poor leadership and people practices led to a weak overall organizational performance.

Although there seems to be a huge literature on leadership styles, organizational culture, and organizational performance, many researchers argue that the effects of leadership styles and culture on organizational performance is not direct but mediated by other factors. In this context, Hu (2001) found that job satisfaction mediated the

effect of organizational culture and types of leadership on organizational performance. Lisbijanto and Budiy (2014) examined the influence of servant leadership on organizational performance through job satisfaction in employees' cooperatives in Surabaya, Indonesia. They showed that servant leadership impacted organizational performance indirectly through job satisfaction. The mediating effect of job satisfaction between organizational culture and organizational performance, and between leadership style and organizational performance was also found by Ubud Salim *et al.* (2013) in police organizations in Bandung, Cimahi and Garut, Indonesia. Similar finding was reported by Kieu (2010) who conducted a study on 151 IT knowledge workers from a major communications company in the United States, and by Chi, Yeh and Yu (2008) who found that job satisfaction mediated between organizational culture and organizational performance in the public sector in Taiwan. In addition to job satisfaction, the mediating role of organizational commitment has also been considered. In general, empirical evidence indicates that organizational commitment mediates significantly between leadership style and organizational performance. For example, Khan *et al.* (2012) examined the relationship of leadership styles, organization commitment and organization performance in a telecom sector in Pakistan on a sample of 280 employees. The results revealed that organizational commitment mediated the impact of leadership style on organization performance. Kieu's (2010) result also revealed that employee affective commitment mediated the relationship between leadership styles and organizational performance. The findings by Sarwat *et al.* (2011) also revealed that job satisfaction and organizational commitment mediated the relationship between leadership styles and organizational performance. Other studies have also reported the mediation of organizational

commitment on the relationship between leadership type and performance (Yeh & Hong, 2012; Yiing *et al.*, 2009).

Other studies demonstrated that a relationship existed between different types of organizational culture (bureaucratic, innovative, and supportive) and performance and that these relationships are mediated by job satisfaction and organizational commitment (Kwantes, 2009; Curry *et al.*, 1986; Muhadi, 2007; Sulman, 2002).

Even though studies have provided empirical support on the separate mediating role of job satisfaction and organizational commitment between leadership styles and organizational performance, only a few have considered both mediating variables in a single study particularly in an emerging country. The current study attempts to fill this gap by examining the mediating effect of job satisfaction and organizational commitment on the relationship between leadership styles and organizational performance in the Saudi public sector.

2.13 Public and private sector

Public sector refers to the sector that includes public organizations, which refer to the organizations that exist for the purpose of providing public services. In Saudi Arabia, these organizations are managed, supported and financed by the Saudi government (Rainey, 1976). On the other hand, private organizations are referred to as organizations that are established for the purpose of certain objectives, specifically, for earning profits. Therefore, they are owned and managed privately and are geared towards making profit from sales of their products and services.

Comparing public and private organizations is a worth exploring topic in public administration and organizational theory. The three criteria most commonly used for defining public and private organizations are ownership, source of financial resources, and model of social control (private organizations are controlled by market forces, while public organizations are politically control) (Perry & Rainey 1988). Scholars have used these criteria as a basis for study when comparing public and private organizations on a range of perceptions of public and private performance (Rainey, 2009). Table 2.2 shows some of the differences between public and private organizations.

Table 2.2
Differences between public and private organizations

Public organizations	Private organizations
<ul style="list-style-type: none"> • Serve the citizens 	<ul style="list-style-type: none"> • Maximize the investment's profit
<ul style="list-style-type: none"> • Are usually monopolies 	<ul style="list-style-type: none"> • Operating on competitive markets
<ul style="list-style-type: none"> • Are driven directly or indirectly by politicians, which should reflect the interests of the citizens 	<ul style="list-style-type: none"> • Leaders of companies are responsible to shareholders, to the boards; they seek profit maximization
<ul style="list-style-type: none"> • State organizations are more rigid due to the process of decision making and implementation 	<ul style="list-style-type: none"> • Are more flexible, easier to manage because the decision is taken by a single leader
<ul style="list-style-type: none"> • Distribute, redistribute and regulate resources 	<ul style="list-style-type: none"> • Produce and distribute resources
<ul style="list-style-type: none"> • Are sometimes poorly funded, more or less 	<ul style="list-style-type: none"> • Are financed under its productivity or if investment the decision is feasible

Table 2.2 (Continued)

Public organizations	Private organizations
<ul style="list-style-type: none"> • Citizens are often poorly informed and suspicious of government 	<ul style="list-style-type: none"> • Investors and shareholders are well informed and the ongoing activities of the company and the market evolve

Source: Kotler & Lee (2008, p. 18)

2.14 Underpinning theories

Based on the analysis of the literature on sources and causes of public sector organization performance, many theories emerged in the literature. For the purpose of this study, two dominant perspectives were selected as they suit the objectives and the framework of this study. These theories are the transformational leadership theory and the resource-based view (RBV). The following sections address these theories together with the arguments for their selection.

2.14.1 Transformational leadership theory

Transformational leadership theory is regarded as one of the important representatives of the 21st century's theories of leadership that have gained importance from many scholars (Barbuto, 2005; Bass & Riggio, 2006; Brymer & Gray, 2006). In this theory, Northouse (2006) argues that transformational leaders focus on the subordinates concerning their personal and development needs. For the sake of motivating and helping subordinates succeed in an environment characterised as being competitive, transformational leaders influence the subordinates to perform in a way that is beyond expectations. In addition, transformational leaders inspire the subordinates to put the organizational interest above their own personal interest (Bass & Riggio, 2006).

In addressing the theory, Bass and Riggio (2006) suggested transformational leadership theory for the purpose of achieving exceptional performance whether it is individual or organizational and this performance is contributed by followers. Transformational leadership theory engages followers with self-actualization appealing to their ideals and higher level needs for increased commitment, satisfaction, and performance (Bass and Riggio, 2006; Walumbwa, Lawler, Avolio, Wang, & Shi, 2005). Transformational leadership theory is selected to form the theoretical ground of the current research as it suits its objectives taking into account the direct and significant link between leadership styles and job satisfaction and commitment which themselves are regarded as important determinants for organizational performance.

2.14.2 Resource-based View (RBV)

Resource-based view is a rising and dominant area in the strategy literature which addresses the question of an organization's identity. It is principally concerned with the source and nature of strategic capabilities. The resource-based perspective has an intra-organizational focus and argues that performance is a result of firm-specific resources and capabilities (Barney, 1991; Wernerfelt, 1984). The basis of the resource-based view is that successful firms will find their future competitiveness on the development of distinctive and unique capabilities, which may often be implicit or intangible in nature (Teece *et al.*, 1991). Thus, the essence of strategy is or should be defined by the firms' unique resources and capabilities (Rumelt, 1984). Furthermore, the value creating potential of strategy, that is the firm's ability to establish and sustain a profitable market position, critically depends on the rent generating capacity of its underlying resources and capabilities (Conner, 1991).

For Barney (1991), if all firms were equal in terms of resources, there would be no profitability differences among them because any strategy could be implemented by any firm in the same industry. The underlying logic holds that the sustainability of effects of a competitive position rests primarily on the cost of resources and capabilities utilized for implementing the strategy pursued. This cost can be analysed with reference to strategic factor markets (Barney, 1986a), that is, markets where necessary resources are acquired. It is argued that strategic factor markets are imperfectly competitive, because of different expectations, information asymmetries and even luck, regarding the future value of a strategic resource.

The resource-based view (RBV) suggests that competitive advantage and performance results are a consequence of firm-specific resources and capabilities that are costly to be copied by other competitors (Barney, 1986a, 1986b, 1991; Rumelt 1987; Wernerfelt, 1984). These resources and capabilities can be important factors of sustainable competitive advantage and superior firm performance if firms possess certain special characteristics. These resources should be valuable, increasingly efficient and effective, rare, imperfectly imitable and non-substitutable (VRIN) (Barney, 1991). In this way, a given firm might be able to sustain its competitive advantage in the market through its ability to identify, develop, deploy, and preserve particular resources and distinguish these from its rivals so as to facilitate its success in a competitive market (Amit & Schoemaker, 1993; Carmeli & Tishler, 2004; Collis & Montgomery, 1998; Dierickx & Cool, 1989).

Resource has generally been defined as those assets owned or controlled by a firm (Amit & Schoemaker, 1993). According to Wernerfelt (1984) “a firm’s resources are those tangible and intangible assets tied semi-permanently to the firm” (Wernerfelt,

1984, p.172). Tangible resources are those physical items or assets within an organization, such as equipment, facilities, raw materials, and equipment (Carmeli & Tishler, 2004). Intangible resources on the other hand, are those assets identified as know-how, skills, knowledge, perceptions, product reputation, culture of the organization (Peteraf, 1993).

Within the context of resources, organizational culture and leadership style can be considered as unique intangible assets the organization have and they influence the performance of the organization (Lo, 2012). As culture and leadership styles constitute the independent variables of this study and their effect on organizational performance is the primary goal of the study, the RBV theory fits in this study. Another justification for using the RBV theory to constitute the theoretical ground of the research is because in many studies, it has been highlighted that adopting a particular organizational culture (bureaucratic, supportive, innovative) and also adopting a particular leadership style (transactional, transformational) are regarded as unique resources for organizations that would give them a better competitive advantage that would in turn lead to better organizational performance (Lok & Crawford, 2004; Ogbonna & Harris, 2000). In addition, increasing employee job satisfaction and stimulating employee affective commitment can provide both tangible and intangible benefits to the organization (LaRue *et al.*, 2004). Furthermore, this theory has been used in a similar study conducted by Sarwat (2011) who investigated the mediating effect of job satisfaction and organizational commitment on the relationship between leadership styles and organizational performance. The theory was also used by Obradovich (2009) who conducted a study on the influence of leadership and culture on financial performance among troubled firms in the US.

A review of the literature on the empirical application of the RBV in public organizations is summarised in Table 2.3.

Table 2.3
Empirical studies of public organizational performance from the Resource-Based View perspective.

Reference	Method	Dependent variable	Independent variable	Finding	Implied Perspective
(Al- Yahya 2008)	Survey of 540 employees from 7 central government public sector organizations in Oman and 10 in Saudi Arabia	Employee satisfaction, effectiveness of decision making, information and knowledge sharing and employee empowerment	Competency (human resource) utilisation	Competency utilisation positively influences work-related and organizational outcomes	RBV
(Al- Yahya 2009)	Survey (390 responses from 14 central government public sector organizations in Saudi Arabia)	Employee satisfaction, effectiveness of decision making, information and knowledge sharing and employee empowerment	Competency and human capital utilisation, organizational culture and participation in decision making	Competency utilisation and organization culture have a positive influence on organizational outcomes	RBV

Source: Kassahun, A (2012, p. 33)

2.15 Summary of the chapter

The primary goal of the present study is to investigate the effect of leadership style and organizational culture on organizational performance through the mediating factors of job satisfaction and organizational commitment. Toward this end, the present chapter has provided a review of relevant literatures on the main variables of the study. The chapter first introduced the constructs, their definitions, foundations and measurements. The chapter then reviewed the literature on the multiple relationships between the variables. Finally the chapter concluded with the theoretical

underpinnings. Chapter Three deals with the theoretical framework and methodology of the study.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

To recap, this study aims to examine the effect of leadership styles and organizational culture on the performance of Saudi public organizations through the mediating factors of job satisfaction and organizational commitment. This chapter talks about how the study was practically carried out to achieve the objective. It is organized as follows. This chapter begins with a discussion on the theoretical framework followed by research variables and hypothesis development. Then, it proceeds with an explanation of research design, population and sampling followed by data collection procedures. The chapter concludes with a detailed explanation about techniques of analysis and some ethical considerations.

3.2 Theoretical framework of the study

The main objective of the study is to examine the effect of leadership styles and organizational culture on the performance of Saudi public organizations through the mediating factors of job satisfaction and organizational commitment. In the current research, the two constructs of leadership styles and organizational culture constitute the independent variables of the study, while the construct of organizational performance constitutes the dependent variable. Finally, the two constructs of job satisfaction and organizational commitment are mediating links between the independent and dependent variables. The relationships among the variables are illustrated in Figure 2.1, which represents the theoretical framework of the study.

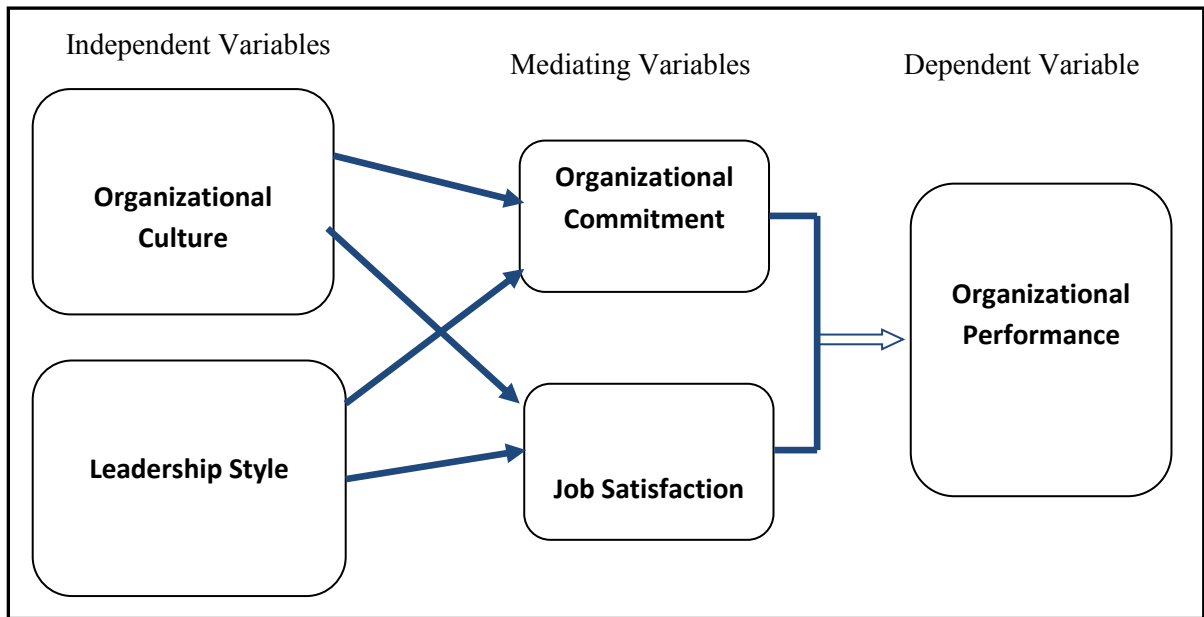


Figure 3.1
Research framework of the study

3.3 Research variables

As indicated earlier, the independent variables in this study are leadership styles and organizational culture, the dependent variable is organizational performance and the mediating variables are job satisfaction and organizational commitment. The following section addresses the operational definitions of these variables.

3.3.1 Leadership styles

Northouse (2007) described that leadership is a process whereby an individual influences a group of individuals to achieve a common goal. According to Fertman and Liden (1999), leadership style is the manner and approach of providing direction, motivating people and achieving objectives. In this study, the construct of leadership styles refers to whether the Saudi leaders of the public organizations adopt a transformational leadership style or a transactional leadership style. The construct was

measured using the MLQ scale developed by Bass and Avolio (1995). Specifically, 32 items were used to measure leadership styles.

3.3.2 Organizational culture

Organizational culture is defined as “the shared understanding of employees as to how things are done” (Wallach, 1983, p. 28). Wallach (1983) classified organizational culture profiles as bureaucratic organizational culture, innovative organizational culture, and supportive organizational culture. In this study, organizational culture refers to the culture of organization adopted by the Saudi public organizations. Wallach’s (1983) classification of organizational culture (OCI) with 24 items was used to measure organizational culture.

3.3.3 Organizational performance

Organizational performance could be defined as an ability of organizations to meet organizational goals and demands from their environments (Selden & Sowa, 2004). In this study, organizational performance refers to the ability of the Saudi public organizations in meeting the objectives and goals set and in providing satisfactory services to the Saudi people. The balanced score card (BSC) designed by Kaplan and Norton (1992), and later used by a recent study to measure performance in public organizations (Mafini, 2013) was employed to measure the construct of organizational performance in this study. The scale consists of 33 items.

3.3.4 Job satisfaction

Job satisfaction is defined as a positive emotional response from the assessment of a job or specific aspects of a job (Locke 1976). In this study, job satisfaction refers to

how satisfied Saudi employees in the Saudi public organizations are in their job. Job satisfaction was measured using a 10-item scale developed by Macdonald and MacIntyre (1997).

3.3.5 Organizational commitment

Organizational commitment refers to employees' emotional attachment to the organization including beliefs and desire regarding organizational goal achievements (Meyer and Allen, 1991). In this study, organizational commitment refers to how committed are the Saudi employees to work in the Saudi public organizations. Meyer and Allen's (1997) OC scale were adopted to measure organizational commitment. The scale has 8 items measuring affective organizational commitment.

3.4 Hypotheses development

As mentioned earlier, there are two independent variables, namely, leadership styles and organizational culture. The effect of these independent variables on the dependent variable of organizational performance is examined. However, this effect is investigated through the two mediating variables of job satisfaction and organizational commitment. Specifically, there are ten links to be examined in this study. The following section addresses these links and their arguments from the literature.

3.4.1 Leadership styles – job satisfaction link

Many researchers have looked into the relationship between leadership styles and job satisfaction. However, the findings of these research studies are inconsistent. Some studies revealed a positive relationship between the two variables (House *et al.*, 1974; Savery, 1994; Skinner, 1969; Yousef, 2000; Yunker & Hunt, 1976) while others

reported a negative relationship (Pool, 1997). Yet, others found no relation (Hampton *et al.*, 1986; O'Reilly & Roberts, 1978). The inconsistent results suggest the need to study the link further.

Closer to home, Altrasi (2014) conducted a study that attempted to examine the relationship between leadership styles and employees' job satisfaction in the Ministry of Civil Services and Ministry of Education in Saudi Arabia. In the study, 385 questionnaires were distributed using a self-administration method. The findings of the study revealed that both transactional and transformational leadership styles have a significant effect on job satisfaction.

In a different study, Rizi *et al.* (2013) conducted a study that attempted to examine the relationship between leadership styles and employees' job satisfaction in the context of higher education. Their findings led them to argue that leadership is considered one of the most important determinants of employee job satisfaction as it extensively influences employees' motivation and dedication. Rizi *et al.* (2013) further elaborated that the reactions of employees to their leaders will usually depend on the characteristics of the employees as well as on the characteristics of their leaders.

Another study that was conducted by Voon *et al.* (2011) aimed at investigating the influence of leadership styles on employees' job satisfaction in public sector organizations in Malaysia. In this study, 200 Malaysian executives working in public sectors voluntarily participated. The findings of the study revealed that two types of leadership styles, namely, transactional and transformational were found to have direct relationships with employees' job satisfaction. The findings also showed that transformational leadership style has a stronger relationship with job satisfaction

which implies that transformational leadership is suitable for managing government organizations.

Fernandes and Awamleh (2006) conducted a study on the effect of transformational and transactional leadership styles on employee's satisfaction and performance in the international companies in the United Arab Emirates (UAE). In the study, 315 questionnaires were distributed using a self-administration method. In addition, the number of questionnaires for each company was determined by the size of its workforce. The findings of the study revealed that both transactional and transformational leadership styles have effect on job satisfaction and performance. However, the findings showed that transformational leadership styles have a more significant effect on job satisfaction and performance. Thus, based on the given arguments, the following hypothesis is designed.

Hypothesis 1: There is a significant effect of leadership styles on job satisfaction in the Saudi public sector.

3.4.2 Leadership styles – organizational commitment link

Previous research has paid a great deal of attention to the relationship between leadership styles and organizational commitment. Findings are however inconsistent. Several research studies, for example, showed a positive relationship between the two variables (Gilsson & Durick, 1988; Kraut, 1970; Lee, 2010; Savery, 1994; Wilson, 1995) while others showed a negative relationship (Awan, Mahmood & Idrees, 2014; Hunt & Liesbscher, 1973). Some other studies showed no relationship (Hampton *et al.*, 1986; O'Reilly & Roberts, 1978; Savery, 1994). The inconsistent results suggest the need to study the link further.

Wu, Fey, and Wu (2006) conducted a study to analyse the cognition and the relationship between managers' leadership styles and employees' organizational commitment in the operation unit of international tourist hotels in Taiwan. They revealed that the two constructs of leadership styles and organizational commitment were related. In a different study, Cemaloğlu, Sezgin and Kiliç (2012) conducted a study to examine the relationships between school principals' transformational and transactional leadership styles (leadership styles) and teachers' organizational commitment in Ankara, Turkey. The Multi-Factor Leadership Questionnaire developed by Bass and Avolio (1995) and Organizational Commitment Questionnaire developed by Allen and Meyer (1990) were used to gather data. Results indicated that school principals were more likely to perform transformational leadership style than transactional leadership styles. Teachers' commitment scores were the highest in continuance commitment. They further showed significant relationships between transformational and transactional leadership styles of principals and organizational commitment of teachers, meaning that there was a significant relationship between leadership styles and organizational commitment.

In addition, Mahdi, Mohd and Almsafir (2014) conducted a study that aimed to determine the effect of leadership behaviour on organizational commitment in plantation companies in Malaysia. Specifically, they intended to examine the effect of employees' perceptions of their immediate supervisors' supportive and directive leadership behaviour on different types of organizational commitment in plantation companies in Malaysia. The study used a survey strategy "self-administered questionnaire", to collect the primary data. The targeted sample consists of 300 supervisors and employees from various plantation companies in Malaysia by using

the non-random sampling technique. The statistical results found that there are significant strong relationship between leadership behaviour and organizational commitment. More importantly, there are significant effects of leadership behaviour on organizational commitment. In addition, supportive and directive leadership behaviours do play important roles in determining the levels of employee's commitment.

Closer to home, Almutairi (2013) conducted a study that aimed to examine the relationship between transformational and transactional leadership styles and employees organizational commitment among the employees in an airline company in Saudi Arabia. In this study, three airports and 83 employees were randomly selected as samples. The findings of the study indicated that there is a significant positive relationship between transformational leadership style and employees affective commitment. The findings also reveal that there is no relationship between transactional leadership style and employees affective commitment. Regardless of which type of leadership styles has a more significant influence on organizational commitment, the findings of the study did reveal a relationship between leadership styles and commitment. Thus, based on the given arguments, the following hypothesis is generated.

Hypothesis 2: There is a significant effect of leadership styles on organizational commitment in the Saudi public organizations.

3.4.3 Organizational culture – job satisfaction link

As for the relationship between organizational culture and job satisfaction, literature suggests that bureaucratic culture has a negative effect on job satisfaction (Brewer, 1993; Lok & Crawford, 2000; Rashid *et al*, 2003; Kratina, 1990; Wallach, 1983) while the other two culture of innovative and supportive are positively related to job satisfaction. Lok and Crawford (2004) examined the influence of organizational culture on job satisfaction among Hong Kong and Australian managers. They revealed that innovative and supportive cultures had positive effects on job satisfaction but bureaucratic culture had no significant relationship with job satisfaction.

Sempane, Rieger and Roodt (2002) examined whether a relationship exists between organizational culture and job satisfaction. The Culture and Minnesota Job Satisfaction Questionnaires was administered to the sample of 160 employees and 121 usable responses were received. They revealed that high coefficient alphas were obtained on both the Organizational Culture Questionnaire (OCQ) (0.99) and the Minnesota Job Satisfaction Questionnaire (MJSQ) (0.92). The findings of the study revealed that relationship exists between the two variables of organizational culture and job satisfaction.

In a different study, Handoko *et al*. (2012) conducted a study that aimed at examining the effect of Organizational Culture, Job Satisfaction, and Organizational Commitment on Lecturer Performance at Merged Private Colleges at East Java province, Indonesia. The study population was 1715 lecturers of private university colleges. A sample of 325 lecturers was selected using the proportional random

sampling technique. Data were collected using a questionnaire with a Likert Scale of 1 to 5, documentation, and interview. Data were analysed using Partial Least Square (PLS) and Sobel Test to examine the role of mediation hypothesis. The findings of the study revealed that a strong organizational culture and higher job satisfaction perceived by lecturers are not able to directly improve performance. However, the strong role of organizational culture effects to increase commitment, either directly or indirectly, have effect in improving lecturer's performance. Thus, based on the given argument, the following hypothesis is offered.

Hypothesis 3: There is a significant effect of organizational culture on job satisfaction in the Saudi public organizations.

3.4.4 Organizational culture – organizational commitment link

Manetje and Martins (2009) argued that the role of organizational culture is crucial in understanding organizational behaviour. According to Wagner (1995), organizational culture has a strong influence on employees' behaviour and attitudes. Organizational culture involves standards and norms that prescribe how employees should behave in any given organization (Martins & Martins, 2003). Managers and employees do not therefore behave in a value-free vacuum; they are governed, directed and tempered by the organization's culture (Brown 1998). Employees' behaviour includes their commitment to their respective organizations.

Manetje and Martins (2009) investigated the relationship between organizational culture and organizational commitment in a South African motor manufacturing organization. The study involved the participation of 371 participants. They found that organizational culture had a significant effect on organizational commitment.

Shurbagi (2014) investigated the relationship between organizational culture and organizational commitment in National Oil Corporation of Libya. Quantitative survey method was applied and a sample of 227 employees of National Oil Corporation of Libya was selected to answer the instrument. The findings of the study indicated that there is a significant positive relationship between organizational culture and organizational commitment.

Drenth, Thierry and Wolff (1998) found a positive relationship between high level of organizational commitment and the two dimensions of organizational culture, namely, support-oriented culture and innovation-oriented culture. Findings by O'Reilly, Chatman, and Caldwell (1991) suggest that individuals who fit the organizational culture were those who were committed at a normative or value-based commitment dimension. In a similar manner, Nystrom (1993) found that people who worked in a strong culture felt more committed. Thus, based on the given argument, the following hypothesis is designed.

Hypothesis 4: There is a significant effect of organizational culture on organizational commitment.

3.4.5 Job satisfaction – organizational performance link

As for the relationship between job satisfaction and organizational performance, Kim (2005) and Hunter (2004) argued that employee satisfaction and happiness in organizations will lead to increased organizational performance. Chen, Beck, and Amos (2005) asserted that employees would perform to deliver their best services wholeheartedly when they think positively toward their job, co-workers, and leaders. Also, some research studies reported a relationship between job satisfaction and

organizational commitment, which is a strong determinant of organizational performance (Kinnie, Hutchinson, Purcell & Rayton, 2005). Other researchers found that when employees were satisfied, they exhibited positive attitudes and behaviorus, performed well and committed to the organization (Ndambakuwa & Mufunda, 2006; Schultz & Edington, 2007).

Harter, Schmidt, and Hayes' (2002) search yielded 7,855 articles published between 1976 and 2000. The number of articles suggests that studies on workplace attitudes (e.g., job satisfaction) which might be positively connected with performance outcomes continue to intrigue academic scholars as well as practicing managers. The majority of the research examining the employee satisfaction-performance relationship has been analysed at the micro-level, otherwise known as the individual employee level. For example, Iaffaldano and Muchinsky (1985) reported a positive correlation between individuals' job attitudes and their performance. In addition, Ostroff (1992), studying a sample of 364 schools, found that aggregated teacher attitudes such as job satisfaction and organizational commitment were concurrently related to school performance as measured by several performance outcomes such as student academic achievement and teacher turnover rates. Thus, based on the given argument, the following hypothesis is generated.

Hypothesis 5: There is a significant effect of job satisfaction on organizational performance in the Saudi public organizations.

3.4.6 Organizational commitment - organizational performance link

Morris and Sherman (1981) proposed that organizational commitment is able to effectively predict the employee's performance and turnover and that it is important for managers and leaders to pay more attention to their employee's organizational commitment. Meyer, Paunonen, Gellatly, Goffin, and Jackson (1989) found that organizational commitment was a significant indicator of work performance. In addition, Somers and Birnbaum (2000) found that affective organizational commitment had a positive relationship with organizational performance. Similar finding was reported by Kim (2005) who revealed that employees' commitment, most significantly affective commitment, was one of the most important contributing factors in increasing organizational performance.

According to Mowday *et al.* (1982), commitment is a relative level of employee's loyalty to a specific organization and his involvement and participation in it. This definition includes three factors: strong belief in organization's objectives and values, having tendency to make considerable effort for organization, and having a strong desire to continue membership in organization. For Allen and Meyer (1993), organizational commitment is a mental relationship between an employee and organization that decreases the possibility of his voluntary departure from organization. In a similar vein, Robins (1998) asserted that organizational commitment is a state in which an individual considers organization as his identity and has a desire to remain in its membership. In other word, commitment is an attitude of employees' loyalty to the organization and it is a continuous process that brings success and welfare to the organization by participation of individuals in the organizational decision, and their attention to it. Kashefi *et al.* (2013) believe that it is

necessary for organizations to have committed employees to enable the organization compete with other organizations, which would in turn lead to better organizational performance. Thus, based on the given argument, the following hypothesis is generated.

Hypothesis 6: There is a significant effect of organizational commitment on organizational performance in the Saudi public organizations.

3.4.7 Leadership styles – job satisfaction & organizational commitment - organizational performance link

The relationship between leadership styles and organizational performance has also been investigated by many researchers. Findings are once again mixed. While some researchers reported a positive relationship between the two variables (Dawson *et al.*, 2002; Swanson & Johnson, 1975; Swanson & Euske *et al.*, 2002) others showed a negative relationship (Hampton *et al.*, 1986; Pritchard & Karasick, 1973; Sheridan & Vredenburg, 1984). Yet other researchers revealed no relationship (O'Reilly & Roberts, 1978). Several researchers explored the immediate effect of leadership on the performance of organizations but found insignificant result (Chun & Rainey, 2005; Peterson *et al.*, 2003). Omer Faruk Unal (2012) found that ethical climate has no significant effect on job satisfaction with work itself and job satisfaction with pay. Renata Simoes and Guimaraes Borges (2012) found the relationships between task significance and organizational commitment, and between the wellness HR practice and organizational commitment, are not mediated by job satisfaction since the results indicate that there are no significant relationships between the human resource practices (leadership) and the mediator.

Although many scholars agree that leadership is as an attempt to influence the thinking or behaviour of another person or group to accomplish certain results (Gehring, 2007; Kouzes & Posner, 2007; Northouse, 2006; Yukl, 2009), they did not provide empirical evidence to show how leaders act to influence their followers. This is why some researchers suggested that leadership styles influence organizational performance through the mediation of some variables such as job satisfaction and organizational commitment.

The mediating effect of job satisfaction and organizational commitment on the relationship between leadership styles and organizational performance has been addressed in the literature. In this context, Kieu (2010) conducted a study to examine these links. Multiple regression analyses techniques were used to test these mediating links. Kieu (2010) revealed a high degree of significance that employee job satisfaction mediated the relationship between leadership styles and organizational performance. Kieu also revealed a high degree of significance that employee affective commitment mediated the relationship between leadership styles and organizational performance. In addition, Sarwat *et al.* (2011) examined the effect of leadership styles on organizational performance through the mediating effect of job satisfaction and organizational commitment. Their results revealed that job satisfaction and organizational commitment mediated the relationship between leadership styles and organizational performance. In addition, Chi, Chien and Yu (2008) revealed that job satisfaction is a mediating variable between transformational leadership and organizational performance in the public sector.

However, there seems to be a lack of study on the mediating effect of job satisfaction and organizational commitment on the relationship between leadership styles and

organizational performance, particularly in the emerging countries context. The current study attempts to fill the gap by examining the effect of job satisfaction and organizational commitment on the relationship between leadership styles and organizational performance in the Saudi public sector. Thus, based on the argument given by Kieu (2010) and Sarwat *et al.* (2011), the following two hypotheses are formulated.

Hypothesis 7: Job satisfaction mediates the relationship between leadership styles and organizational performance.

Hypothesis 8: Organizational commitment mediates the relationship between leadership style and organizational performance.

3.4.8 Organizational culture – job satisfaction & organizational commitment – organizational performance link

An earlier section addressed the mediating effect of job satisfaction and organizational commitment on the relationship between leadership styles and organizational performance. However, the literature on the mediating effect of job satisfaction and organizational commitment on the relationship between organizational culture and organizational performance is limited. For instance, Chi, Chien and Yu (2008) found that job satisfaction is a mediating variable connecting the two variables of organizational culture and organizational performance in the public sector. In addition, previous research studies of Kwantes (2009), Curry *et al.* (1986), Muhadi (2007), Sulman (2002) showed that a relationship exists between the different types of organizational culture (bureaucratic, innovative, supportive) and performance and that this relationship is mediated by the two variables of job satisfaction and organizational commitment.

Hu (2001) found that organizational culture and types of leadership will influence job satisfaction of employees, and job satisfaction acts as a mediator of leadership and organizational culture to influence organizational performance.

MacIntosh and Doherty (2010) revealed that job satisfaction mediated the relationship between organizational culture and intention to leave. Intention to leave is a reflection of organizational commitment; if an employee intends to leave, this means that he/she is not committed to work, which would in turn impact organizational performance. Because this relationship is not thoroughly investigated, the present study intends to fill the gap. Hence, investigating the links is one of the main contributions of this study. Thus, based on MacIntosh and Doherty's (2010) argument, the following two hypotheses are generated.

Hypothesis 9: Job satisfaction mediates the relationship between organizational culture and organizational performance.

Hypothesis 10: Organizational commitment mediates the relationship between organizational culture and organizational performance.

3.5 Research design

A research design is the structure of research which shows the major parts of the research such as measures, samples, technique of data collection and analysis work together in addressing the central research questions. The present study is grounded on a research design that is quantitative in nature as quantitative data were collected

on the variables of study, namely, organizational culture, leadership style, organizational commitment, job satisfaction, and organizational performance.

Quantitative approach refers to the systematic empirical investigation of quantitative properties and phenomena and their relationship. It deals with numerical measurements and is preferred in an empirical study which aims to test hypotheses. The objective of quantitative research is to develop and employ mathematical models, theories and hypotheses pertaining to a phenomenon. The process of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of quantitative relationships. Most of the previous studies related to the research variables have used the quantitative methods (Kaplan & Norton, 2006, Mafini, 2013; Van Loon, 2013). Thus, the present study used the same approach.

3.6 Population of the study

As far as social research is concerned, it is not always ideal to include the entire population to take part in the study. A very important reason for this is that sometimes it is impossible to do so due to time and funding resources constraints (Cohen *et al.*, 2000). Consequently, Cohen *et al.* argued that researchers should decide upon the sample size and also the sampling technique that will be used prior to conducting the research.

The target population of this study includes all Saudi employees working in Saudi public organizations, represented by 16 Saudi ministries. Public organizations in this study refer to organizations that exist for the purpose of providing public services to the people in Saudi Arabia and they are managed, supported and financed by the

Saudi government. These organizations include the Saudi ministries (16 ministries) in which their employees are included under the ranking system (Ministry of Civil Service, 2013). The representation of the Saudi ministries as the public organizations appeared in a number of previous studies such as Albishi (1999) and Alkhamis (2001). In addition, this classification of public organizations in Saudi Arabia was also used in Al-knaan (2002) study.

All the 16 organizations (Saudi ministries) and their subsidiary organizations are located in Riyadh, which is the capital city of Saudi Arabia. Saudi Arabia is one of the countries in which the system is highly centralized, which means that people have to go to the capital city of Riyadh in order to do their government procedures and transactions (Federal Research Division, 2002). In addition, the subsidiary organizations of the Saudi ministries that are located in other cities such as Damman or Jeddah are under the regulations and policies of the headquarters in Riyadh and the workers who are working in these subsidiary organizations are subject to the policies and regulations of the main headquarters in Riyadh (Alnaqabi, 2011). Thus, the population of the study includes the public organizations that are only located in the capital city of Riyadh.

In addition, since this study considered 384 participants who are employees working in the Saudi public sector, the unit of analysis in this study is individual because the employees can assess the performance of the Saudi public organizations. Moullin (2004) argued that in order to measure organizational performance, both the perceptions of performance and performance indicators can be studied. Kim (2005) and Brewer and Selden (2000) studied the performance of public organizations by examining the perceptions of the employees working in these organizations regarding

how well the organizations perform. In Kim's (2005) study, the unit of analysis used was individual in which the participants included were 1,739 out of the total population of 275,037 public employees working in nine central government agencies, five provincial government agencies, and 26 lower-level local government agencies in the Republic of Korea. Kieu (2010) also used an individual unit of analysis in which 1200 employees took part in the study. In addition, Mafini (2013) conducted a study in which the unit of analysis that was used is the individual.

3.7 Sample of the study

Sampling is the process of selecting units such as people or organizations from a population. Sampling enables researchers to fairly generalize the results to the population. In the previously mentioned 16 public organizations, the total number of employees is nearly 316,000 employees (Ministry of Civil Service, 2014). As the number of employees working in the selected organizations exceeds 100,000 employees, the appropriate sample size should be 384, as suggested by Sekaran (2003). Hence, the sample size constituted a total number of 384 employees who were randomly selected from the 16 public organizations (i.e. Saudi ministries).

Only full-time employees were included in the survey because the nature of their duties differs significantly from the duties of part-time employees or volunteers within the organization.

3.8 Sampling technique

Zikmund *et al.* (2010) argued that the sample chosen for any research should be representative of the whole population and that this representativeness of samples

depends on two major issues, namely, sampling design and sample size. By using an appropriate sample design and size, researchers can ensure that the sample subjects are not chosen from the extremes, but are truly representative of the characteristics of the population (Creswell, 2009).

To ensure that the sample is representative of the whole population of the study, the sampling technique used in this research is the probability simple random technique. Simple random techniques are regarded as the most common techniques in sampling processes in which each member of the population has “an equal and independent chance of being selected” (Fraenkel & Wallen, 2000, p. 106). In this context, the researcher met the Human Resources managers of each of the selected ministries and requested a list of the employees’ working sequence numbers from which the simple random sampling was performed with the help of the Human Resources managers.

3.9 Data collection procedure

The researcher visited employees of various organizations and administrative offices at their place of employment to complete a questionnaire. Heads of Human Resources in each ministry were contacted after contacting the directors of public relations department and their assistance in distributing the questionnaires was sought. Together with the help of the heads of Human Resources, questionnaires were distributed to the respondents. Some of the respondents filled in the questionnaires immediately and these filled questionnaires were collected. Other respondents requested that they are given time to fill in as they were busy during that time. The researcher informed the later respondents that they could fill in the questionnaires and hand them back to the heads of Human Resources in their ministries within a week’s

time. Heads of Human Resources were contacted after a week and the rest of the questionnaires were collected. The completed instruments were then placed in a sealed envelope to maintain the integrity of the responses until the data analysis began.

The process of data collection took three months to complete. After collecting data from the targeted sample of 384 participants, the quantitative data were later entered into the Partial Least Square (PLS) for data analysis.

3.10 Research instrument

This study employed a survey research technique where questionnaire was used as a major instrument. There are several techniques of survey which include mail survey and self-administered survey. The mail survey was not appropriate to be conducted in Saudi Arabia. Although it is less costly, home addresses were not available for mail delivery to be conducted. Hence, this study utilized a self-administered survey where questionnaire was given out personally to the participants to answer. The following section elaborates the instrument used in this study.

3.10.1 Measurements

Measurement is one of the most important processes in research. It is a process of observing and recording the observations that are collected in the research (Kawulich, 2005). A number of measurements were employed to measure the variables of the study as shown in Table 3.1.

Table 3.1
Measurement components

Construct	No. of items	Type of variable	Source
Leadership style	32	Independent	Bass and Avolio (1995)
Organizational culture	24	Independent	Wallach (1983)
Job satisfaction	10	Mediating	Macdonald and MacIntyre (1997)
Organizational commitment	8	Mediating	Allen and Meyer (1990)
Organizational performance	33	Dependent	Mafini (2013)

3.10.1.1 Organizational culture (OC)

Although a number of typologies, categorizations and instruments for measuring organizational culture exist, there is little agreement on which ones are more appropriate or superior to the others. But, the popular 24-item OCI by Wallach (1983) was used for the purpose of this study. Wallach (1983) classified organizational culture profiles as bureaucratic, innovative, and supportive, and each profile had eight items. The OCI has also been used by other researchers (Koberg & Chusmir, 1987; Lok & Crawford, 2004; Li, 2004; Rasool *et al.*, 2012). In the present study, participants were asked about how they perceived their organization's culture, on five-point scale ranging from '1' "not at all" to '5' "frequently if not always". Scores were aggregated for each profile. Table 3.2 shows the items to measure organizational culture.

Table 3.2

Measurement items of organizational culture

No.	Items
1.	The culture in my organization can be described as risk taking .
2.	The culture in my organization can be described as results-oriented
3.	The culture in my organization can be described as creative
4.	The culture in my organization can be described as pressurized
5.	The culture in my organization can be described as stimulating
6.	The culture in my organization can be described as challenging
7.	The culture in my organization can be described as enterprising
8.	The culture in this organization can be described as driving
9.	The culture in my organization can be described as collaborative
10.	The culture in my organization can be described as trusting
11.	The culture in my organization can be described as safe
12.	The culture in my organization can be described as equitable
13.	The culture in my organization can be described as personal freedom
14.	The culture in my organization can be described as relationships-oriented
15.	The culture in my organization can be described as encouraging
16.	The culture in my organization can be described as sociable
17.	The culture in my organization can be described as structured
18.	The culture in my organization can be described as ordered
19.	The culture in my organization can be described as procedural
20.	The culture in my organization can be described as hierarchical
21.	The culture in my organization can be described as regulated
22.	The culture in my organization can be described as established, solid
23.	The culture in my organization can be described as cautious
24.	The culture in my organization can be described as power-oriented

3.10.1.2 Leadership style (LS)

According to Antonakis *et al.* (2003), the MLQ has high validity and reliability in the measurement of transformational and transactional dimensions. The MLQ is also one of the most useful instruments commonly used to examine the correlations of leadership style, organizational performance, and employee job satisfaction (Avolio & Bass, 1997, 2004). In articulating for the worldwide acceptance of MLQ, Hirt (2004, p. 14) wrote, “The Multi-factor Leadership Questionnaire (MLQ), originally originated by Bernard Bass in 1985 and later developed by Bass and Avolio (1995), has been used internationally to assess leadership styles, with an emphasis on factors associated with James MacGregor Burns’s concept of transforming leadership”.

Not only has the MLQ been used in many research studies conducted in the United States, the MLQ has also been translated into other languages and becomes the primary tool for researchers in other countries (Bass & Avolio, 2006). According to Bass and Avolio, the current version of the MLQ, Form 5X, has been used in 200 research studies, in many doctoral dissertations, and in master's theses around the world in the past several years. In addition, this instrument has been used in a number of local Saudi studies (Almutairi, 2013; Alharbi & Yusoff, 2012). Table 3.3 shows the items used to measure leadership style.

Table 3.3
Measurement items of leadership style

No.	Items
1.	Provides me with assistance in exchange for my efforts
2.	Re-examines critical assumptions to question whether they are appropriate
3.	Fails to interfere until problems become serious
4.	Focuses attention on irregularities, mistakes, exceptions, and deviations from standards
5.	Talks about their most important values and belief
6.	Seeks differing perspectives when solving problems
7.	Talks optimistically about future
8.	Instils pride in me for being associated with him/her
9.	Discusses in specific terms who is responsible for achieving performance targets
10.	Waits for things to go wrong before taking action
11.	Talks enthusiastically about what needs to be accomplished
12.	Specifies the importance of having a strong sense of purpose
13.	Spends time teaching and coaching
14.	Makes clear what one can expect to receive when performance goals are achieved
15.	Shows that he is a firm believer in "if it isn't broke, don't fix it"
16.	Goes beyond self-interest for the good of the group
17.	Treats me as an individual rather than just as a member of a group
18.	Demonstrates that problems must become chronic before taking action
19.	Acts in ways that builds my respect
20.	Concentrates his full attention on dealing with mistakes, complaints, and failures
21.	Considers the moral and ethical consequences of decisions
22.	Keeps track of all mistakes
23.	Displays a sense of power and confidence
24.	Articulates a compelling vision of the future
25.	Directs my attention toward failures to meet standards
26.	Considers me as having different needs, abilities, and aspirations from others
27.	Gets me to look at problems from many different angles
28.	Helps me to develop my strengths
29.	Suggests new ways of looking at how to complete assignments
30.	Emphasizes the importance of having a collective sense of mission
31.	Expresses satisfaction when I meet expectations
32.	Expresses confidence that goals will be achieved

3.10.1.3 Organizational commitment (OCOM)

In order to measure affective organizational commitment, the instrument developed by Meyer, Allen, and Smith (1993) and Meyer and Allen (1997) was adopted in this study. The instrument consists of 24 items measuring three components of organizational commitment (eight items for each dimension/component). However, since this study focused on affective organizational commitment, only eight items related to this dimension were used. Participants were asked to answer this dimension on a five-point Likert Scale, ranging from '1' "strongly disagree" to '5' "strongly agree". This study only considered affective commitment because Kim (2005) indicated that employees' commitment, most significantly affective commitment, was one of the most important contributing factors to increased organizational performance. In addition, affective commitment was used to measure organizational commitment by some researchers in the local Saudi context (Almutairi, 2013).

Most investigations on organizational commitment have been conducted using self-reporting measures; however, the veracity of self-reports is often questioned. Goffin and Gellatly (2001) assessed affective commitment among public sector administrative staff by using rating from different sources to test the explanations of the factors influencing self-report measures. They found that self-reporting commitment measures were affected mainly by observations or experiences of the self-reporter rather than by systematic bias related to defensive responding. The finding increases confidence that scores from self-reported measures of affective commitment are valid. Table 3.4 shows the items used to measure organizational commitment.

Table 3.4

Measurement items of organizational commitment

No.	Items
1.	I would be very happy to spend the rest of my career with this organization.
2.	I enjoy discussing about my organization with people outside it.
3.	I really feel as if this organization's problems are my own.
4.	I think that I could easily become as attached to another organization as I am to this one.
5.	I do not feel like 'part of the family' at my organization.
6.	I do not feel 'emotionally attached' to this organization.
7.	This organization has a great deal of personal meaning for me.
8.	I do not feel a 'strong' sense of belonging to my organization.

3.10.1.4 Job satisfaction

In a study that attempted to introduce a scale of job satisfaction relevant to a wide range of occupational groups, Macdonald and MacIntyre (1997) use a sample that was obtained from a wide variety of employees from different occupations whether industrial or service related firms. They revealed no significant differences in scale averages among the occupational groups or between males and females, which indicates that the scale has relevance in a variety of employment settings without separate norms for each group. Apart from that, the overall scale means were consistent for employees between the age of 20 and 60, which means that scale is also applicable across age groups. The outcome of Macdonald and MacIntyre's (1997) study was a 10-item scale to measure job satisfaction and this scale was used to measure the construct of job satisfaction in this present study. The instrument is not only generic but also concise. A five-point Likert Scale, ranging from '1' "strongly disagree" to '5' "strongly agree" was used. Table 3.5 shows the items used to measure job satisfaction.

Table 3.5
Measurement items of job satisfaction

No.	Items
1	I get along with my supervisors
2	All my talents and skills are used
3	I feel good about my job
4	I receive recognition for a job well done.
5	I feel good about working in this company
6	I feel close to the people at work
7	I feel secure about my job
8	I believe management are concerned about me
9	On the whole, I believe my job is good for my health
10	My salary is good

3.10.1.5 Organizational performance (OP)

To measure the performance of the Saudi public organizations, a 33-item questionnaire was adapted from Kaplan and Norton (2006). The questionnaire sought information on the performance of the organization from the perspective of employees working in different departments within the organization. The 33 items are based on the four perspectives, namely, financial, customer/stakeholder, internal processes, and learning and growth. All the 33 items were scored on a five-point Likert Scale, ranging from ‘1’ “strongly disagree” to ‘5’ “strongly agree”. The Scale was used because it is relatively easy to construct, makes data easy to collect and analyse, thereby making them suitable for surveys (Kothari, 2008). This measure was also used in similar studies such as Mafini (2013) who attempted to measure the performance of some public organizations in South Africa. Thus, the 33-item questionnaire will be used to elicit information on four dimensions (four performance indicators), namely:

- Customer satisfaction- (Items B1, B2, B3, B4, B6, B7, B8, B25, B31)
- Financial performance- (Items B19, B20, B21, B17, B18)

- Internal business processes- (Items B5, B9, B10, B14, B15, B16, B22, B23, B24, B26, B27, B28, B32, B33)
- Innovation and learning – (Items B11, B12, B13, B29, B30) .

The following table (3.6) presents the list of the 33 items that will be used to measure organizational performance of the Saudi public organizations in the present study.

Table 3.6
Measurement of organizational performance

No.	Item
1.	The department is able to meet our client demands
2.	Most our clients are satisfied
3.	Most our clients are loyal to the department
4.	The time taken to deliver services is quite acceptable
5.	The number of staff assigned to service client requirements is sufficient
6.	Feedback from our clients is taken seriously
7.	My department offers quality service
8.	Delivery performance to our clients is good
9.	Quality skills and expertise are available in my department
10.	The number of staff leaving my department is small
11.	I have the chance to participate in training and development programs
12.	My department adopts new technology regularly
13.	Innovation is encouraged in my department
14.	Communication flows easily throughout my department
15.	Programs are implemented speedily
16.	Divisions are not overloaded with activities
17.	Resources are managed efficiently
18.	The funds that are allocated to my department are sufficient
19.	Effective financial control measures are in place
20.	The overall financial performance of my department is good
21.	my department is always able to meet its financial goals
22.	The level of corruption in my department is low
23.	My department has programs that support the community
24.	My department relates well with other departments
25.	I am motivated on my job
26.	My department implements effective strategies
27.	The policies and procedures in my department are good
28.	The level of wastage in my department is low
29.	There is good teamwork in my department
30.	I have ample opportunities to make independent decisions
31.	My department promotes good corporate values
32.	The culture in my department is effective
33.	My department promotes good corporate ethics

3.11 Data analysis

For the purpose of analysing the data of the present study, Partial Least Squares (PLS) will be used to constitute the analysis technique of the collected data.

3.11.1 Partial Least Squares (PLS) technique

PLS-SEM technique is termed a second generation structural equation modelling (Wold, 1982). The comparatively newly used technique works well with structural equation models that contain latent variables and a series of cause-and-effect connection (Gustafsson & Johnson, 2004). The PLS SEM analysis technique is a good and flexible tool for statistical model building as well as prediction (Ringle, Wende, & Will, 2005). Specifically, the PLS technique was applied in this research work because of the following reasons. Firstly, PLS analysis can evaluate a theoretical structural model and a measurement model simultaneously (Chin WW, Marcolin BL, Newsted PR, 2003). Secondly, PLS analysis is a component-based approach and thus does not have strict requirements for the sample size and residual distribution (Lohmoller J-B,1988).Thirdly, PLS accounts for measurement error and should provide more accurate estimates of interaction effects such as mediation (chin 1998). Fourthly, structural equation models have been shown to be superior that perform estimations better than regressions for assessing mediation (Brown, 1997; Iacobucci, Saldanha, & Deng, 2007; Mattanah, Hancock, & Brand 2004; Preacher & Hayes, 2004). It has also been reported that PLS SEM accounts for measurement error and can provide more accurate estimates of mediating effects (Chin, 1998a). Fifthly, According to Statistical Innovation (2012), the Partial Least Square Path Modelling technique is a more effective approach when used in complex models that have lower

loadings than other techniques such as regression and LISREL. This model has also been found to be more effective when using data sets that have significantly higher loadings than many other statistical techniques (Vinzi, 2010). In this regard, when path estimates derived using other techniques such as LISREL and regression were compared to those derived from the PLS-PM technique, the latter was found to be more statistically effective than the former. Similar results were obtained when a simulation run was conducted using power results.

Sixthly, data in social sciences are known to have normality problem (Osborne, 2010) and PLS path modelling does not require data to be normal (Chin, 1998a). Particularly, PLS takes non-normal data and handles in a better way. In general, PLS path modelling was selected for this study to help avoid any normality problem that might arise in the course of data analysis for the study. Lastly, PLS SEM offers more meaningful and valid results, while other methods of analysis often result in less clear conclusions and would require several separate analyses (Bollen, 1989). Hair *et al.* (2010) stated that partial least squares (PLS) is now a famous alternative to SEM method such as LISREL. The PLS path modelling is appropriate for complex models such as those with hierarchical constructs (with a complete disaggregation method), mediating and moderating effects (Chin, Marcolin, & Newsted, 2003).

The PLS modelling has to be employed in the initial stage of theoretical development to assess and validate exploratory models. Additionally, one of its powerful features is its suitability in prediction-oriented research where the methodology helps researchers to concentrate on the explanation of endogenous constructs. Lastly, the PLS path modelling can be utilized in reflective as well as formative measurement models.

3.11.2 Convergent validity of the measurements

Convergent validity is exhibited when all the measures of a certain construct correlate and ‘stick’ together in terms of the concept they reflect (Hair *et al.*, 2006). To establish convergent validity, many criteria like factor loadings, composite reliability (CR) and average variance extracted (AVE) were used simultaneously, as proposed by Hair *et al.* (2010). In items’ loading, individual item loadings greater than 0.7 are considered appropriate (Fornell & Larcker, 1981). Items that have loadings more than 0.5 are also acceptable for multivariate analysis (Hair *et al.*, 2010). The second aspect of convergent validity is the composite reliability which indicates the degree to which a set of items consistently indicate the latent construct (Hair *et al.*, 2010). In this context, the recommended value of 0.7 was suggested (Fornell & Larcker, 1981; Hair *et al.*, 2010).

To confirm the convergent validity of the outer model, the values of the average variance extracted (AVE) were examined. The average variance extracted (AVE) reflects the average of the variance extracted among a set of items relatively to the variance shared with the measurement errors. More specifically, AVE measures the variance captured by the indicators in relation to the variance assignable to the measurement errors. If the AVE values are at least 0.5, this suggests these set of items has an adequate convergence in measuring the concern construct (Barclay *et al.*, 1995).

3.11.3 Discriminant validity of the measures

To verify the construct validity of the outer model, it is important to establish discriminant validity. This step is mandatory prior to testing the hypotheses through

path analysis. The discriminant validity of the measures shows the degree to which items differentiate among constructs. Basically, it depicts that the items used different constructs do not overlap. Compeau, Higgins, and Huff (1999) concluded that if the discriminant validity of the measures is established, it means that the shared variance between each construct and its measures should be greater than the variance shared among distinct constructs.

In this study, the discriminant validity of the measures was verified by employing the method of Fornell and Larcker (1981). The square root of average variance extracted (AVE) for all the constructs were placed at the diagonal elements of the correlation matrix. The diagonal elements were higher than the other element of the row and column in which they were located; this verifies the discriminant validity of the outer model.

3.11.4 Goodness of fit of the model

Unlike the Covariance-based Structural Equation Modelling (CBSEM) approach, PLS Structural Equation Modelling has only one measure of goodness of fit. Tenenhaus *et al.* (2005) explained that a global fit measure (GoF) for PLS path modelling is the geometric mean of the average communality and average R^2 for the endogenous constructs. Thus, the goodness of fit measure accounts for the variance extracted by both outer and inner models. In order to support the validity of the PLS model, GoF value was estimated according to the guidelines set up by Wetzels, Odekerken-Schroder, and Van Oppen (2009), as given in the following formula.

$$\text{GoF} = \sqrt{(\overline{R^2}) \times (\overline{\text{AVE}})}$$

3.11.5 The prediction relevance of the model

It is well known that R^2 of the endogenous variable accounts for the variance of a specific variable that is described with the help of predictor variables. The magnitude of the R^2 of the endogenous variables was considered as an indicator of predictive power of the model. Moreover, the sample reuse technique was implemented as developed by Stone (1975) and Geisser (1975) to verify the predictive validity of the model. Wold (1982) discussed that the sample's reuse technique to fit just fine using the PLS modeling approach (Götz, Liehr-Gobbers, & Krafft, 2011).

Particularly, the predictive relevance of the model can be determined by the Stone–Geisser non-parametric test (Chin, 1998; Fornell & Cha, 1994; Geisser, 1975; Stone, 1975). This can be done with the help of blindfolding techniques embedded in Smart-PLS 2.0 package. Blindfolding procedure is designed to remove some of the data and to handle them as missing values to estimate the parameters. The estimated parameters are then used to reconstruct the raw data that are previously assume missing. Accordingly, the blindfolding procedure produces general cross-validating metrics Q^2 . Generally, there are different forms of Q^2 that can be acquired based on the form of desired prediction. A cross-validated communality Q^2 is obtained when the data points are predicted using the underlying latent variable scores, whereas, if the prediction of the data points is obtained by the latent variables that predict the block in question, then a cross-validated redundancy Q^2 is the output.

Fornell and Cha (1994) indicated that the cross-validated redundancy measure can be an indicator of reliability of the predictive relevance of the examined model. If the test criterion, redundant communality is larger than 0 for all the endogenous variables, the

model is considered to have predictive validity, or else the predictive relevance of the model cannot be obtained (Fornell & Cha, 1994).

3.11.6 The assessment of the inner model and hypotheses testing

3.11.6.1 Path coefficient estimation

The PLS path modelling method is often used to estimate causal relation in the field of path models using latent constructs that are measured indirectly by some indicators. Wold (1982), Lohmöller (1989), Chin (1998), Tenenhaus, Vinzi, Chatelin, and Lauro (2005) drew light on the methodological basis and methods for outcome evaluation and presented few examples of this methodology. A PLS path model's description is presented by two models: a measurement model that relates the manifest variables (MVs) to their latent variables (LVs), and a structural model that links endogenous LVs to other LVs. The measurement model is called the outer model whereas the structural model is called the inner model.

The inner model explains the link of unobserved or latent variables while the outer model explains the association that lies among a latent variable and its manifest variable, for instance, PLS path model in Figure 4.2. The general design of a PLS provides a recursive inner model that is exposed to predictor specifications. Thus, the inner model carries a causal chain system and two changing outer models: the reflective and the formative measurement models are represented by Mode A & B respectively. The selection of a specific outer mode is described by theoretical rationale (Diamantopoulos & Winklhofer, 2001).

3.11.6.2 Structural path significance in bootstrapping

Smart PLS can develop t-test for significance testing of inner as well as outer model, applying a procedure called bootstrapping. In bootstrapping, a large number of subsamples (e.g., 500) are extracted from the original sample with replacement to give bootstrap standard errors, which sequentially approximate T-values for significance testing of the structural path. The bootstrap findings approximate the normality of data.

In order to conclude whether the path coefficients were statistically significant or not, current research engaged the bootstrapping techniques embedded with Smart PLS 2.0. Five hundred samples with a number of cases equal to the observations out of 217 cases were utilized to run the bootstrapping. Particularly, the t values carries path coefficient that was created using the bootstrapping technique and subsequently the p values were generated as reported in Chapter Five.

3.12 Reliability and validity of the instrument

Reliability and validity of the instrument used for data collection are important. Findings can only be considered reliable if the study used a valid instrument. Reliability means that repetitive studies would produce similar findings and results. This study employed a Cronbach's alpha as an indicator of reliability of the research instrument. It is a commonly used indicator to measure the internal consistency of items (Onwuegbuzie & Daniel, 2002). A Cronbach's alpha value of 0.6 is regarded as an acceptable value. If the value of alpha is closer to one, it shows higher reliability of the instrument and indicates higher inter-item consistency.

The validity of the instrument refers to what the instrument actually measures. If the instrument actually measures what it intends to measure, then it is said to be a valid instrument. The majority of the questions were adopted and modified from the past studies. As the questions were taken from past studies, face validity was ascertained. Face validity means that the questions appear to measure the concept that are developed to measure (Sekaran, 2005). Furthermore, the instrument should also ensure content validity. It should ensure that the measures are suitable and representative of the concept to be measured (Babbie, 1990; Sekaran, 2005). The instrument was sent to a panel of experts (two lecturers in the institute of public administration; whose purpose is to provide training and education program for the workforce working public/government sector of Saudi Arabia) to get their feedback regarding content validity. On the basis of the recommendations of the academic experts, the survey instrument was redrafted where unclear terms were rephrased and ambiguous questions were dropped.

3.13 Pilot study

In order to establish the internal consistency reliability of the instrument, a pilot study was conducted before conducting the actual study. The pilot study was conducted not to get data per se, but to learn about the research process, questionnaire, and to test the language and substance of questions and statements. Sekaran and Bougie (2010) stated that the pilot study is designed to avoid any problem in the research questionnaire due to participants' misunderstanding the questions which may accrue during the actual research survey execution. It is also intended to find out if there is ambiguity in any of the design questions or if the questions are biased. To pre-test the

items used, a small sample is chosen to ensure that it would obtain responses in the same way when applied to a large scale sample (Hair *et al.*, 2006).

The pilot study normally consists of the following steps: test the questionnaire's wording; examine the questions' sequencing; test questionnaire layout; familiarize the researcher with participants; set the required field work arrangements and train field workers if needed; estimate the time required to complete the questionnaire or interview; estimate the response rate; and test the integrity of the analysis procedure.

The pilot study was carried out in one organization from each classification, which means that two ministries were involved. Thirty-eight participants were involved (i.e. 10% of the minimum sample size). A number of researchers suggested that 10% of the final study size should be appropriate and enough to conduct a pilot study, particularly in social sciences studies (Lackey & Wingate, 1998). Others in the field of marketing also had the same view (Hulley *et al.*, 2001). In addition, Zikmund (2003) suggested that the size of the pre-testing group could be 20 to 50 subjects.

3.13.1 Pilot study

Result of Cronbach's alpha coefficient of all the variables is shown in Table 3.7. It indicates that the values of the variables ranging from "acceptable" to "good".

Table 3.7
Cronbach's alpha coefficient of the variables (pilot study)

Dimension	Total no. of items	Cronbach's alpha coefficient
Customer satisfaction	9	.848
Financial performance	5	.631
Innovation and learning	5	.814
Internal processes	14	.564
Job satisfaction	10	.874
Bureaucratic	8	.869
Innovative	8	.864
Supportive	8	.770
Organizational commitment	8	.573
Transactional	12	.860
Transformational	20	.897

3.14 Ethical considerations

Each participant of this study was informed prior to completing the questionnaire that his or her participation is voluntary. Each participant was given the opportunity to review and sign the informed consent form (see Appendix A) prior to participating in the study. Individuals who did not wish to participate in the study were asked to return the questionnaire and did not have further obligations to the study.

To encourage honesty in responding to the questionnaire, this study guaranteed confidentiality of responses to the participants. They were informed of the confidentiality agreement prior to their voluntary participation in the study. A portion of the statement of informed consent covers issues dealing with confidentiality of responses can be seen in Appendix A. Each participant had the opportunity to review and sign this consent form prior to participating in the study. This statement informs

the subjects that they were free to decide whether to participate or not, to withdraw from participation at any time during the administration, that their anonymity would be guaranteed, and that their individual responses would in no way be reflected in the final dissertation or returned to the administration of the organization at any time.

3.15 Summary of the chapter

Chapter Three has detailed the methodology used in conducting the study. This chapter discussed the theoretical framework, hypotheses and research design, which included the population, sampling technique, data collection and analysis. This chapter also discussed establishing the validity and reliability of the proposed model. The following chapter will present the study findings.

CHAPTER FOUR

DATA ANALYSES AND FINDINGS

4.1 Introduction

This chapter discusses the findings from the data analysis. The chapter outlines data preparation and data screening. It also provides a description of the participants. This chapter also provides descriptive statistics of all the variables under study. Then, Partial Least Squares Structural Equation Modelling (PLS-SEM) results are applied in assessing the outer measurement model and the inner structure model. The goodness of the outer model related to the constructs of this study namely organizational culture, job satisfaction, organizational commitment, leadership styles and organizational performance, was also established. Finally, results of the hypothesis testing are offered. To start with, the response rate is presented.

4.2 Response rate

Six hundred questionnaires were distributed to employees in 16 organizations (Saudi ministries) and their subsidiary organizations located in the capital city of Riyadh. The survey was carried out over the period of three months that started from mid-November 2013 to mid-February 2014.

Out of the 600 questionnaires distributed, 420 responses were returned, as shown in Table 4.1. Out of these, 20 questionnaires were discarded from analysis because they were incomplete, making the final number of usable questionnaires 400 and yielding a valid response rate of 66.7%.

Table 4.1
Sample study response rate

Questionnaire response	Frequency	Rate
Number of questionnaires distributed	600	100.00
Returned questionnaires	420	70.0
Usable questionnaire	400	66.7

4.3 Data Preparation and screening

Before data analysis was conducted, the accuracy of the data entered into the data file was ascertained so that the findings would be accurate (Tabachnick, Fidell, & Osterlind, 2001). This section discuss the data screening procedures prior to data analysis to detect the possibility of missing data, as these invalid values may threaten the validity of the researcher’s findings and therefore must be identified and dealt with (Hair, Black, Babin, & Anderson, 2010). Validity and reliability of the research construct and other assumptions were later tested to check the goodness of measure and the data.

4.3.1 Detection of missing data

Hair *et al.* (2010) defined missing data as information not available for a case about whom other information is available. There is no acceptable percentage of missing values in a data set for making a valid statistical inference, but researchers generally agree that a missing rate of 5 percent or less is insignificant (Tabachnick & Fidrall, 2007; Schafer, 1999). Moreover, researchers suggest that the variables containing missing data of 5 percent or fewer cases can be handled using mean substitution in which the missing data is replaced by the average of the data from the cases where complete data is available (Meyers, Gamst & Guarino, 2006). In this study, 20

missing survey questionnaires were discarded as large sections inside these questionnaires were incomplete.

4.3.2 Testing for normality

Normality is the most fundamental assumption in multivariate analysis (Hair *et al.*, 2010). It measures the differences revealed between the obtained and predicted scores of dependent variables (Stewart, 1981). Because the study sample was taken from the population, it is crucial to compare the sample normal distribution to one of the basic social science measurements, namely, the normal distribution of the population. According to Bhisham *et al.* (2005), normal distribution is the most commonly utilized probability in social science. The normal density function is described as a bell-shaped distribution that is symmetric to the values surrounding the mean. Although PLS-SEM does not require that data has to be normally distributed (Cassel. *et al.*, 1999; Reinartz, Haenlein, & Henseler, 2009), normality test was still conducted for good science.

To check for normality, two measures were used in this study to measure and assess the spread of data distribution: skewness and kurtosis.

Skewness and kurtosis are two statistical measures that can be used to describe the shape and symmetry of the sample distribution. Skewness, according to Tabachnick and Fidell (2007), can be described as the distribution symmetry and a variable whose mean is not in the middle of the distribution is considered as a skewed variable. A distribution is considered normal when the skewness value is zero (Tabachnick & Fidell, 2007). A positive skewness sample distribution should have a right tail (scores leaning to the left at low values) while a distribution characterized by a

negative skewness value should have a left tail (to the right of the graph) (Myers & Well, 2003).

Kurtosis, on the other hand, relates to the distribution peakedness (Johansson, 2000). It is defined as the measure that shows the extent to which the study observations are clustered around the mean. A normal distribution is said to exist when the kurtosis value is zero (Tabachnick & Fidell, 2007). In addition, kurtosis is said to be positive if the distribution is peaked in the centre with long thin tails and it is negative when the observations cluster is low and have shorter tail (too many cases in the extremes). “Kurtosis may lead to the underestimation of variance but the risk is reduced when the samples are large i.e.in the case of more than 200” (Tabachnick & Fidell, 2007, p. 80).

Several authors stated that absolute values of univariate skewness higher than 3.0 indicate extremely skewed data sets (Chou & Bentler, 1995; Hu *et al.*, 1992; West *et al.*, 1995). As for kurtosis, absolute values of index higher than 10.0 are deemed to be problematic and those higher than 20.0 to be serious (Hoyle, 1995; Kassim, 2001; Kline, 1998). Hair *et al.* (1998) contended that a critical value of less than -2.58 or greater than +2.58 indicates the rejection on assumption of normality at the 0.01 level of probability. In contrast, a value less than -1.96 or greater than +1.96 indicates the rejection on assumption of normality at the probability level of 0.05.

Figure 4.1 present the histogram and normal probability plots. As shown, all bars were closed to normal curve, meaning that normality assumptions were not violated (Field, 2009).

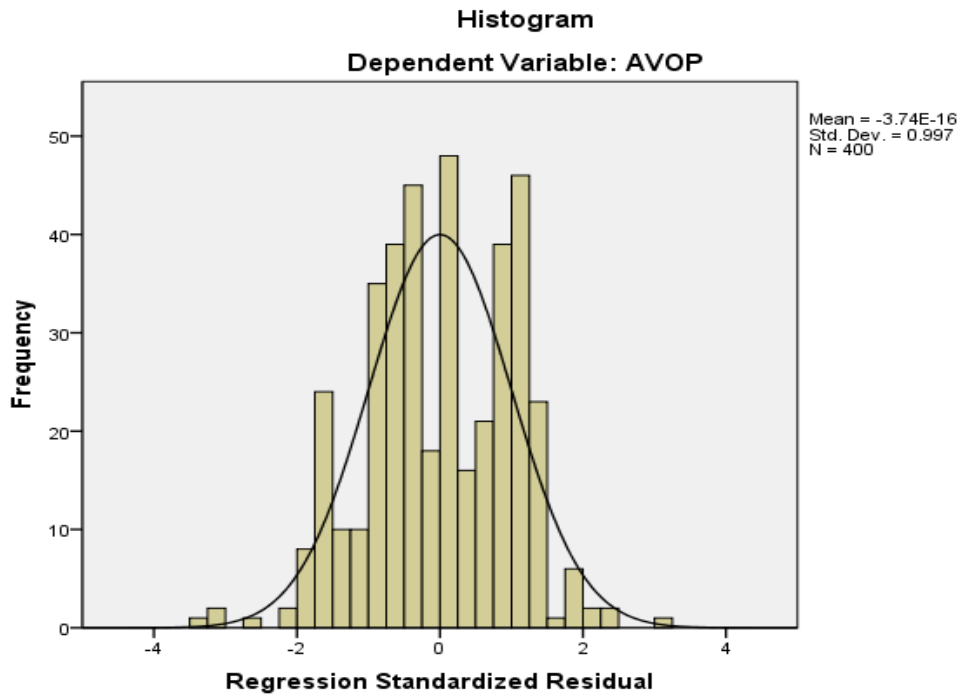


Figure 4.1
Histogram and normal probability

In this study, the researcher set the maximum acceptable limit of observation values up to ± 1.96 for the skewness and up to ± 1.96 for the kurtosis. As shown in Table 4.2, skewness and kurtosis were checked and results were within the acceptable range.

Table 4.2
Result of skewness and kurtosis for normality test

	Skewness		Kurtosis	
	Statistic	Std. error	Statistic	Std. error
Job satisfaction	-.152	.122	-.153	.243
Organizational commitment	-.091	.122	.268	.243
Customer satisfaction	-.402	.122	-.857	.243
Financial performance	-.464	.122	-.745	.243
Innovation and learning	-.257	.122	-.918	.243
Internal processes	-.140	.122	-.957	.243
Bureaucratic	-.420	.122	-.714	.243
Innovative	.431	.122	-.952	.243
Supportive	.195	.122	-.765	.243
Transactional	.133	.122	-1.055	.243
Transformational	.054	.122	-1.126	.243

4.3.3 Testing for multicollinearity

Multicollinearity occurs when the independent variable is highly and significantly correlated with another independent variable (Hair *et al.*, 2010), with a correlation value more than 0.90 (Hair *et al.*, 2010). In addition, multicollinearity can be investigated by looking at variance influence factor (VIF) and tolerance value. VIF is the amount of variability of the selected independent variable that is explained by other independent variables while tolerance is the inverse of VIF (Hair *et al.*, 2010). The VIF and tolerance values cut-off points are 10 and 0.10, respectively, which shows that VIF closer to 1.00 represents little or no multicollinearity.

Table 4.3 shows the collinearity statistics for all independent variables. The correlation values between variables were below 0.90, which means no problem in multicollinearity. VIF values also ranges between 1.001 and 1.127 and tolerance values ranges between 0.887 and 0.999. Hence, the data did not suffer from multicollinearity issue.

Table 4.3
Multicollinearity test

Model		Collinearity statistics	
		Tolerance	VIF
Organizational performance	Job satisfaction	.887	1.127
	Organizational commitment	.887	1.127
Organizational commitment	Organizational culture	.999	1.001
	Leadership styles	.999	1.001
Job satisfaction	Organizational culture	.999	1.001
	Leadership styles	.999	1.001

4.3.4 Testing for linearity

Linearity testing locates the relationship of independent variables with dependent variable which predicts the hypotheses' right direction; therefore, a positive value indicates that the association is considered positive. Hair *et al.* (2006) suggested partial regression plot to be used for each variable when there is more than one independent variable to guarantee the best representation in the equation. In order to obtain this point, the normal P-P plot of regression standardized residual plot was established for independent variables on dependent variable. The findings confirm the linearity test.

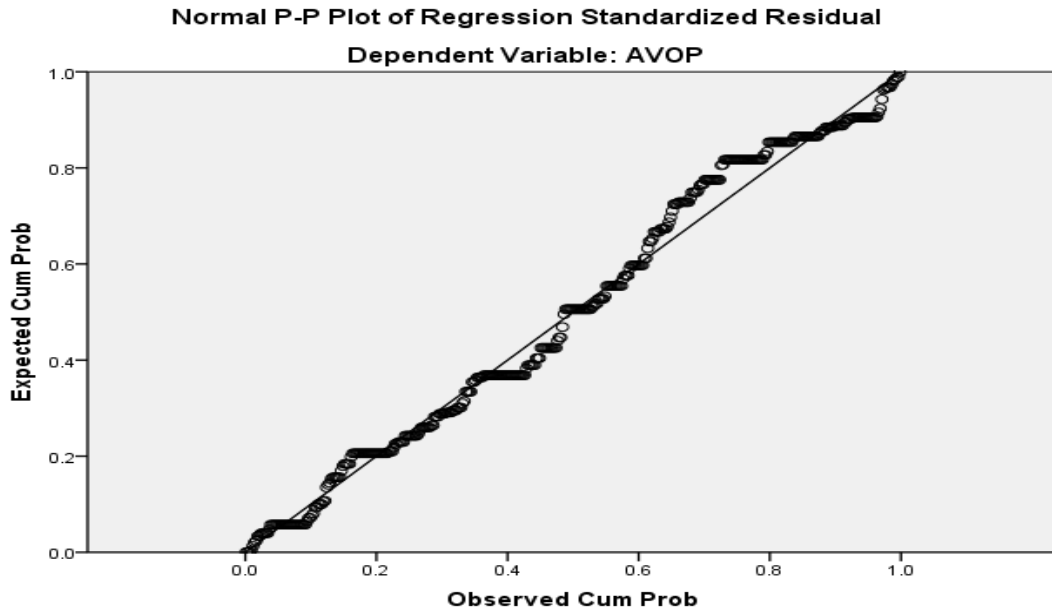


Figure 4.2
Linearity test

4.3.5 Testing for non-response bias

As indicated earlier, this study employed a survey questionnaire for data collection. The questionnaires were self-administered in all locations. However, it is necessary to test for non-response bias for the following two reasons. First, many participants responded only after many reminders and repeated visits. Second, the data collection was carried out over the period of three months started from mid-November 2013 to mid-February 2014. In order to assess the non-response bias, t-test was conducted to compare the responses of the early and late responses on the variables of the study. Following the suggestions of Armstrong and Overton (1977) and Kannan, Tan, Handfield, and Ghosh (1999), if the differences between late and early responses are found to be significant, they may indicate the underlying differences between participants and non-participants.

In this study, 77 responses were classified as late participants. The late responses were compared to the early responses (i.e., 323) on all dimensions of the main study variables. Table 4.4 shows the differences in mean values between the late and early responses, while Table 4.4 provides the result of the independent sample t-test.

Table 4.4
Group statistics of independent sample t-test

Variables	Type of response	Mean	Std. deviation	Std. error mean
Job satisfaction	Early	3.339	.827	.046
	Late	2.844	.745	.085
Organizational commitment	Early	2.664	.718	.040
	Late	2.519	.582	.066
Customer satisfaction	Early	3.123	.836	.047
	Late	2.948	1.035	.118
Financial performance	Early	3.127	.900	.050
	Late	3.279	1.053	.120
Innovation and learning	Early	3.186	.888	.049
	Late	2.867	1.245	.142
Internal processes	Early	3.124	.867	.048
	Late	3.125	1.138	.130
Bureaucratic	Early	2.954	.734	.041
	Late	2.672	.805	.092
Innovative	Early	2.054	.846	.047
	Late	1.740	.905	.103
Supportive	Early	2.359	.679	.038
Transactional	Early	2.946	.961	.053
	Late	2.790	.970	.111
Transformational	Early	2.892	.928	.052
	Late	2.676	.921	.105

Table 4.4 shows small differences of the mean score between the two groups (early and late response) on each dimension. Table 4.5 shows the result of the independent

t-test. The table shows that, in general, non-response bias was not a significant threat since insignificant differences in group means were found on the majority of the variables.

Table 4.5

Independent sample t-test results for non-response bias (n=400)

Variables	Type of responses	Levene's test for equality of variances		t-test for equality of means		
		F value	Sig.	t value	df	Sig. (2-tailed)
Job satisfaction	Early	.392	.532	4.807	398	.000
	Late			5.127	124.711	.000
Organizational commitment	Early	3.493	.062	1.644	398	.101
	Late			1.869	136.879	.064
Customer satisfaction	Early	28.037	.000	1.576	398	.116
	Late			1.383	100.887	.170
Financial performance	Early	7.161	.008	-1.290	398	.198
	Late			-1.171	104.036	.244
Innovation and learning	Early	52.057	.000	2.602	398	.010
	Late			2.122	95.203	.036
Internal processes	Early	39.931	.000	-.007	398	.995
	Late			-.006	98.015	.996
Bureaucratic	Early	9.816	.002	2.974	398	.003
	Late			2.810	108.117	.006
Innovative	Early	.400	.528	2.887	398	.004
	Late			2.768	109.779	.007
Supportive	Early	.655	.419	-.405	398	.686
	Late			-.459	136.558	.647
Transactional	Early	2.903	.089	1.277	398	.202
	Late			1.269	114.211	.207
Transformational	Early	1.211	.272	1.831	398	.068
	Late			1.839	115.636	.068

4.4 Demographic distribution of the participants

Five demographic characteristics were identified in this study, namely, marital status, age, educational level, income level and work experience. Table 4.6 shows the profile of the participants on these variables.

Table 4.6 shows that the majority of participants were married (78.3%) while the remaining participants were single. As for age, 41.8% were between 26 and 35 years old, 41.5% were between 36 and 45 years old, 14.3% were 45 years old and above, and only 2.0% were 25 years old and below. In terms of the level of education, most of the participants held a bachelor's degree (74.8%), 12% had a diploma, 4.8% has a secondary degree, and 8.5% had a master's and doctoral degree.

In relation to income, most of the participants had an income of SR10,001-15,000 (54.0%), 29% had an income of SR50,01-10,000, 12.3% had an income of SR15,001-20,000, and 4.3% had an income of SR20,000 and above. In terms of work experience, 30% of the participants had been working between 10 and 15 years, 26.5% between 6 and 10 years, 20% had been working for more than 15 years, 12.3% between 3 and 6 years, and 6.3% less than 3 years.

Table 4.6
Demographic profile of participants (n =400)

Items	Frequency	Percentage
Marital status:		
• Married	313	78.3
• Single	87	21.8
Age		
• Less than 25 years	8	2.0
• 26 to 35 years	167	41.8
• 36 to 45 years	166	41.5
• More than 45 years	59	14.8
Education level		
• Secondary	19	4.8
• Certificate/Diploma	48	12.0
• Degree (Bachelor)	299	74.8
• Master/PhD	34	8.5
Work experiences		
• Below 3 years	25	6.3
• 3 to 6 years	49	12.3
• 6 to 10 years	106	26.5
• 10 to 15 years	132	33.0
• Above 15 years	88	22.0
Income level		
• Below SR5000	2	.5
• SR 5001 to SR 10000	116	29.0
• SR 10001 to SR 15000	216	54.0
• SR 15001 SR 20000	49	12.3
• Above SR20000.	17	4.3

4.5 Descriptive statistics analysis

Descriptive analysis was conducted to describe the general situation of all constructs. Table 4.7 shows the mean, standard deviation, maximum and minimum values of the constructs.

Table 4.7
Descriptive statistics of the constructs (n = 400)

Variables	Minimum	Maximum	Mean	Std. deviation
Job satisfaction	1	5	3.244	.834
Organizational commitment	1	5	2.636	.695
Customer satisfaction	1	5	3.090	.879
Financial performance	1	5	3.156	.932
Innovation and learning	1	5	3.124	.973
Internal processes	1	5	3.124	.924
Bureaucratic	1	4	2.900	.756
Innovative	1	4	1.994	.865
Supportive	1	4	2.365	.656
Transactional	1	5	2.916	.963
Transformational	1	5	2.850	.930

Descriptive analysis of the means and standard deviations of constructs are shown in Table 4.7. Among the constructs, job satisfaction had the highest mean ($M = 3.244$, $SD = 0.834$), followed by financial performance ($M = 3.156$, $SD = 0.932$), internal processes & innovation and learning ($M = 3.124$, $SD = 0.924$, 0.973), customer satisfaction ($M = 3.090$, $SD = 0.879$), transactional ($M = 2.216$, $SD = 0.963$) and bureaucratic ($M = 2.900$, $SD = 0.756$). Innovative had the lowest mean ($M = 1.994$, $SD = 0.865$) among the constructs. However, innovation and learning has the highest

standard deviation (SD = 0.973) among the constructs. All items were measured on a five-point scale.

4.6 Data analysis

Partial Least Squares Structural Equation Modeling (PLS-SEM) analysis was performed to test the research model for many reasons. Firstly, Partial Least Squares analysis can evaluate a theoretical structural model and a measurement model simultaneously (Chin WW, Marcolin BL, Newsted PR, 2003). Secondly, Partial Least Squares analysis is a component-based approach and thus does not have strict requirements for the sample size and residual distribution (Lohmoller J-B, 1988). Lastly, Partial Least Squares accounts for measurement error and should provide more accurate estimates of interaction effects such as mediation (Chin 1998).

4.7 Testing the measurement model using PLS approach

Prior to any model examination or hypotheses testing, the validity of the measurement model needs to be ascertained. This involved establishing whether the instruments actually measure what they are intended to measure. One of the important validities that need to be established is construct validity. This section will discuss in detail the techniques used to validate this study using established procedures, as described by several scholars (Anderson & Gerbing, 1988; Churchill, 1999; DeVellis, 1991; Hair *et al.*, 2011; Peter & Churchill, 1993; Spector, 1992).

The major aspect of construct validity that needs to be established is the assessment of whether the measured variables behave in a way that is consistent with the way they were theoretically expected to behave. This aspect of construct validity is usually

established by testing for convergent and discriminant validities by ensuring “that, once cross-loading items are dropped, items load cleanly and exclusively on the constructs (factors) upon which they are posited to load” (Straub *et al.*, 2004, p. 393). The following sections discuss and assess both convergent validity and discriminant validity of the research model.

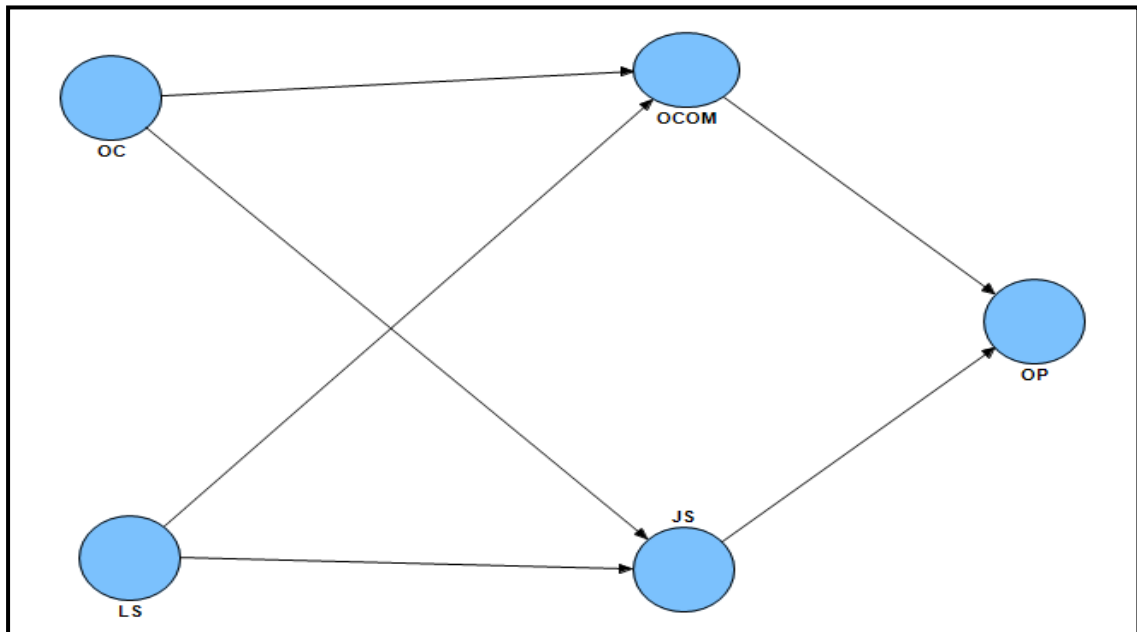


Figure 4.3
Research model

As suggested by Hair *et al.* (2010) and Chin (1998), factor loading of the items could be used to confirm the construct validity of the measurement model. More specifically, all the items meant to measure a particular construct should load highly on the construct they were designed to measure. If some items load on some other factors higher than their respective construct, these items will be candidate for deletion. Further, all the measures of the construct should be significantly loaded on their respective construct. As illustrated in Table 4.8 and Table 4.9, all the items load highly and significantly on the constructs they were designed to measure. Thus, the construct validity of the measurement outer model was confirmed.

Table 4.8
Factor analysis and cross loading

Constructs	Items	CSOP	FPOP	ILOP	IPOP	JS	OCB	OCI	OCOM	OCS	TALS	TFLS
Customer Satisfaction	OP1	0.727	0.425	0.388	0.401	0.180	-0.019	0.194	0.120	0.165	0.210	0.197
	OP2	0.716	0.435	0.406	0.426	0.187	-0.107	0.162	0.169	0.151	0.188	0.166
	OP3	0.716	0.422	0.489	0.468	0.103	-0.155	0.141	0.148	0.111	0.174	0.146
	OP4	0.812	0.579	0.625	0.627	0.169	-0.254	0.176	0.200	0.059	0.156	0.160
	OP6	0.828	0.722	0.587	0.681	-0.032	-0.254	0.033	0.001	0.037	0.090	0.064
	OP7	0.858	0.674	0.593	0.654	-0.039	-0.232	0.057	0.011	-0.075	-0.004	0.015
	OP31	0.833	0.627	0.627	0.602	0.070	-0.285	0.030	0.056	-0.002	0.061	0.031
Financial Performance	OP17	0.434	0.669	0.488	0.652	-0.216	-0.169	-0.099	-0.210	0.009	-0.077	-0.043
	OP18	0.426	0.675	0.418	0.426	-0.164	0.280	0.038	-0.169	-0.100	-0.161	-0.149
	OP19	0.637	0.849	0.593	0.641	0.086	-0.250	0.066	0.001	0.030	0.034	0.058
	OP20	0.608	0.853	0.606	0.629	-0.063	0.365	0.015	-0.045	-0.092	0.004	0.021
	OP21	0.772	0.818	0.657	0.713	0.097	-0.209	0.122	0.110	0.063	0.100	0.141
	OP11	0.432	0.367	0.654	0.477	0.323	-0.080	0.343	0.302	0.169	0.309	0.323
Innovation And Learning	OP12	0.609	0.608	0.731	0.555	-0.039	-0.192	0.039	0.024	-0.033	-0.012	-0.028
	OP29	0.647	0.608	0.866	0.771	-0.007	-0.238	0.084	0.039	0.045	0.090	0.079
	OP30	0.613	0.634	0.855	0.779	0.139	-0.337	0.149	0.104	0.098	0.151	0.112
Internal Processes	OP9	0.724	0.717	0.795	0.857	0.260	-0.230	0.262	0.219	0.268	0.248	0.241
	OP15	0.696	0.722	0.706	0.818	0.138	-0.169	0.102	0.114	0.192	0.140	0.158
	OP23	0.594	0.618	0.653	0.797	0.264	-0.315	0.221	0.221	0.156	0.172	0.195
	OP26	0.632	0.708	0.695	0.835	-0.092	-0.232	0.007	-0.054	0.025	0.030	0.026
	OP27	0.707	0.753	0.721	0.872	-0.010	-0.258	0.066	-0.003	0.053	0.062	0.056
	OP28	0.552	0.560	0.630	0.736	0.089	-0.198	0.188	0.103	0.122	0.175	0.208
	OP32	0.670	0.619	0.752	0.854	0.111	-0.256	0.126	0.144	0.082	0.120	0.112
	OP33	0.607	0.568	0.659	0.809	0.215	-0.157	0.168	0.224	0.168	0.184	0.178
Job Satisfaction	JS1	0.259	0.080	0.192	0.194	0.795	0.131	0.457	0.575	0.450	0.530	0.535
	JS2	0.010	-0.123	0.075	0.019	0.808	0.218	0.556	0.640	0.433	0.521	0.558
	JS3	0.244	0.020	0.218	0.191	0.880	0.142	0.606	0.669	0.544	0.613	0.597
	JS4	0.029	-0.101	0.031	0.055	0.877	0.239	0.661	0.667	0.576	0.712	0.721
	JS5	0.051	-0.080	0.046	0.068	0.861	0.260	0.657	0.781	0.500	0.658	0.690
	JS7	0.151	-0.009	0.047	0.047	0.712	0.205	0.433	0.640	0.357	0.450	0.476
	JS8	0.066	-0.022	0.067	0.107	0.793	0.171	0.482	0.563	0.511	0.571	0.566
	JS9	0.117	-0.032	0.050	0.101	0.707	0.285	0.445	0.585	0.520	0.455	0.436
	Bureaucratic	OC17	-0.288	-0.271	-0.206	-0.235	0.112	0.799	0.317	0.111	0.392	0.152
OC18		-0.272	-0.351	-0.279	-0.293	0.223	0.829	0.251	0.183	0.388	0.253	0.343
OC20		-0.205	-0.288	-0.301	-0.260	0.245	0.729	0.137	0.163	0.324	0.153	0.234
OC21		-0.042	-0.111	-0.123	-0.087	0.230	0.750	0.276	0.141	0.401	0.273	0.350

Table 4.8 (Continued)

Constructs	Items	CSOP	FPOP	ILOP	IPOP	JS	OCB	OCI	OCOM	OCS	TALS	TFLS
Innovative	OC1	0.236	0.248	0.358	0.297	0.415	0.018	0.741	0.497	0.415	0.456	0.492
	OC2	0.091	-0.007	0.113	0.094	0.454	0.361	0.773	0.504	0.579	0.548	0.585
	OC3	0.189	0.088	0.224	0.214	0.506	0.280	0.785	0.511	0.614	0.454	0.529
	OC4	-0.005	-0.002	-0.008	0.022	0.235	0.307	0.565	0.256	0.449	0.303	0.350
	OC5	0.138	0.021	0.098	0.138	0.627	0.172	0.819	0.579	0.619	0.556	0.604
	OC6	0.138	-0.015	0.145	0.111	0.628	0.222	0.840	0.636	0.566	0.538	0.568
	OC7	-0.033	-0.120	-0.031	-0.061	0.467	0.229	0.634	0.418	0.482	0.388	0.388
	OC8	0.097	-0.062	0.152	0.072	0.657	0.340	0.829	0.676	0.647	0.587	0.628
Organizational Commitment	OCOM1	0.123	-0.063	0.060	0.090	0.780	0.209	0.703	0.887	0.558	0.607	0.623
	OCOM2	-0.071	-0.226	-0.043	-0.033	0.722	0.287	0.639	0.881	0.454	0.626	0.619
	OCOM3	0.282	0.153	0.341	0.293	0.392	0.013	0.379	0.706	0.250	0.343	0.316
	OCOM7	0.242	0.045	0.191	0.160	0.622	0.026	0.451	0.780	0.323	0.443	0.419
Supportive	OC10	0.012	-0.041	-0.017	0.055	0.383	0.454	0.518	0.325	0.786	0.385	0.403
	OC12	0.026	-0.043	0.009	0.052	0.479	0.488	0.597	0.420	0.825	0.442	0.528
	OC13	0.255	0.095	0.141	0.174	0.509	0.284	0.519	0.388	0.742	0.385	0.396
	OC15	0.113	0.021	0.065	0.120	0.464	0.337	0.592	0.437	0.783	0.384	0.416
	OC9	0.040	-0.080	0.127	0.141	0.528	0.322	0.620	0.407	0.753	0.526	0.521
Transactional	LS21	0.228	0.152	0.242	0.260	0.378	0.236	0.362	0.309	0.374	0.610	0.596
	LS24	-0.103	-0.152	-0.084	-0.044	0.343	0.330	0.323	0.350	0.307	0.676	0.598
	LS25	-0.010	-0.105	-0.008	-0.008	0.400	0.270	0.330	0.431	0.313	0.676	0.609
	LS26	0.128	0.054	0.152	0.107	0.441	0.111	0.400	0.412	0.237	0.720	0.590
	LS27	0.098	0.024	0.110	0.110	0.533	0.269	0.587	0.498	0.448	0.843	0.759
	LS28	0.259	0.052	0.217	0.205	0.625	0.205	0.580	0.507	0.537	0.865	0.776
	LS29	0.314	0.113	0.275	0.237	0.548	0.112	0.561	0.520	0.437	0.833	0.737
	LS30	0.186	0.001	0.204	0.211	0.718	0.135	0.609	0.671	0.526	0.853	0.758
	LS31	0.106	-0.119	0.025	0.014	0.688	0.276	0.580	0.528	0.536	0.802	0.727
	LS32	0.078	-0.098	0.031	0.037	0.689	0.168	0.536	0.624	0.420	0.769	0.675
Transformational	LS1	0.182	0.067	0.157	0.165	0.551	0.359	0.580	0.491	0.433	0.639	0.775
	LS11	-0.038	0.034	0.004	0.057	0.472	0.265	0.434	0.412	0.376	0.599	0.678
	LS12	0.031	-0.044	0.076	0.090	0.576	0.322	0.511	0.489	0.450	0.738	0.780
	LS13	0.175	0.012	0.073	0.117	0.503	0.217	0.493	0.480	0.392	0.636	0.719
	LS14	0.172	-0.042	0.153	0.113	0.507	0.287	0.450	0.462	0.371	0.653	0.706
	LS16	0.224	0.045	0.130	0.136	0.635	0.193	0.521	0.589	0.440	0.681	0.748
	LS19	0.256	0.142	0.206	0.218	0.601	0.296	0.586	0.491	0.528	0.734	0.814
	LS2	0.159	0.002	0.207	0.114	0.568	0.344	0.539	0.414	0.479	0.561	0.685
	LS20	-0.125	-0.037	-0.075	0.061	0.395	0.360	0.459	0.349	0.417	0.623	0.671
	LS7	-0.055	-0.021	-0.036	0.030	0.371	0.346	0.384	0.271	0.395	0.575	0.690
LS8	0.205	0.007	0.149	0.117	0.597	0.221	0.574	0.561	0.432	0.742	0.781	
LS9	0.155	0.044	0.121	0.153	0.517	0.242	0.581	0.495	0.418	0.634	0.731	

Table 4.9
Significance of the Factor Loadings

Constructs	Items	Loading	Satnard Error	T Value	P Value
Customer Satisfaction	OP1	0.727	0.030	24.340	0.000
	OP2	0.716	0.032	22.116	0.000
	OP3	0.716	0.027	26.311	0.000
	OP4	0.812	0.022	36.715	0.000
	OP6	0.828	0.015	54.577	0.000
	OP7	0.858	0.016	53.470	0.000
	OP31	0.833	0.019	43.072	0.000
Financial Performance	OP17	0.669	0.040	16.754	0.000
	OP18	0.675	0.036	18.978	0.000
	OP19	0.849	0.014	58.820	0.000
	OP20	0.853	0.014	60.316	0.000
	OP21	0.818	0.018	46.388	0.000
Innovation And Learning	OP11	0.654	0.036	17.931	0.000
	OP12	0.731	0.028	25.771	0.000
	OP29	0.866	0.018	46.898	0.000
	OP30	0.855	0.013	64.133	0.000
Internal Processes	OP9	0.857	0.027	26.937	0.000
	OP15	0.818	0.019	42.702	0.000
	OP23	0.797	0.020	39.749	0.000
	OP26	0.835	0.014	58.397	0.000
	OP27	0.872	0.013	69.136	0.000
	OP28	0.736	0.029	24.964	0.000
	OP32	0.854	0.019	45.499	0.000
	OP33	0.809	0.023	35.914	0.000
Job Satisfaction	JS1	0.795	0.019	41.522	0.000
	JS2	0.808	0.021	38.739	0.000
	JS3	0.880	0.014	62.575	0.000
	JS4	0.877	0.010	83.903	0.000
	JS5	0.861	0.018	46.835	0.000
	JS7	0.712	0.031	23.192	0.000
	JS8	0.793	0.018	45.163	0.000
	JS9	0.707	0.025	28.084	0.000
	Bureaucratic	OC17	0.799	0.020	39.151
OC18		0.829	0.022	38.334	0.000
OC20		0.729	0.032	22.648	0.000
OC21		0.750	0.031	24.485	0.000

Table 4.9 (Continued)

Constructs	Items	Loading	Satnard Error	T Value	P Value	
Innovative	OC1	0.741	0.026	28.585	0.000	
	OC2	0.773	0.019	41.444	0.000	
	OC3	0.785	0.021	37.048	0.000	
	OC4	0.565	0.040	13.964	0.000	
	OC5	0.819	0.018	44.379	0.000	
	OC6	0.840	0.015	55.683	0.000	
	OC7	0.634	0.033	19.052	0.000	
	OC8	0.829	0.018	47.371	0.000	
Organizational Commitment	OCOM1	0.887	0.012	71.850	0.000	
	OCOM2	0.881	0.011	79.021	0.000	
	OCOM3	0.706	0.036	19.622	0.000	
	OCOM7	0.780	0.029	27.277	0.000	
Supportive	OC10	0.753	0.020	40.234	0.000	
	OC12	0.786	0.018	47.146	0.000	
	OC13	0.825	0.027	27.141	0.000	
	OC15	0.742	0.025	30.978	0.000	
	OC9	0.783	0.029	25.554	0.000	
Transactional	LS21	0.610	0.037	16.653	0.000	
	LS24	0.676	0.033	20.665	0.000	
	LS25	0.676	0.033	20.530	0.000	
	LS26	0.720	0.036	20.094	0.000	
	LS27	0.843	0.015	54.716	0.000	
	LS28	0.865	0.014	61.979	0.000	
	LS29	0.833	0.015	54.346	0.000	
	LS30	0.853	0.017	50.733	0.000	
	LS31	0.802	0.020	40.426	0.000	
	LS32	0.769	0.021	36.039	0.000	
	Transformational	LS1	0.775	0.027	28.816	0.000
		LS11	0.678	0.039	17.571	0.000
LS12		0.780	0.027	28.431	0.000	
LS13		0.719	0.024	30.091	0.000	
LS14		0.706	0.027	25.791	0.000	
LS16		0.748	0.025	29.617	0.000	
LS19		0.814	0.019	41.951	0.000	
LS2		0.685	0.027	25.842	0.000	
LS20		0.671	0.038	17.603	0.000	
LS7		0.690	0.032	21.601	0.000	
LS8		0.781	0.022	35.105	0.000	
LS9	0.731	0.028	25.719	0.000		

4.7.1 Convergent validity of the measurements

Convergent validity refers to the extent to which items truly represent the intended latent construct and indeed correlate with other measures of the same latent construct (Hair *et al.*, 2006). It is therefore confirmed using the items reliability, composite reliability and average variance extracted. This means that if all the items are significantly important in measuring their constructs, whereby the composite reliability values are at least 0.7 and the average variance extracted (AVE) are at least 0.5, then the convergent validity can be confidently confirmed (Bagozzi & Yi, 1988; Hair *et al.*, 2010).

Referring to Table 4.10, the composite reliability value of all the constructs exceeded the cut-off value of 0.7 and all the values of AVEs are more than 0.5. Thus, one can confirm that the measurement outer model possess an adequate level of convergent validity.

4.7.1.1 Reliabilities of items scale

One way to demonstrate convergent validity in a construct is by examining the reliability of each measurement item in the scale that is used to measure the construct. In Table 4.10 the individual item reliability presents the factor loading of each measurement item on its respective construct. As displayed, all items used are highly and significantly loaded on their corresponding construct and they exceeded the 0.50 recommended values in exploratory research (Hair *et al.*, 1998). Cronbach's alpha coefficient is the most commonly used to examine the internal reliability (McCrae, Kurtz, Yamagata, & Terracciano, 2011; Peterson & Kim, 2013). Table 4.10 shows

that the constructs had alpha values above 0.7, which indicates a high level of internal consistency.

4.7.1.2 Composite reliability of constructs

One of the measures to support the existence of convergent validity is the composite reliability of each construct in the research model. The composite reliability of each construct assesses its internal consistency (McCrae, Kurtz, Yamagata, & Terracciano, 2011). This means that the construct is internally consistent due to the consistency (the measuring of the same concept) among the construct measures. Therefore, as compared to the individual item reliability scores reported above, composite reliability is a measure of the ‘overall’ reliability of the collection of all measures under a certain construct (Hair *et al.*, 2011; Hulland, 1999). As a rule of thumb, 0.70 is suggested as a minimum benchmark for acceptable construct reliability (Hair *et al.*, 1998; Segars, 1997). Table 4.10 shows that the composite reliability of every construct was well above the suggested 0.70 threshold.

4.7.1.3 Average Variance Extracted (AVE)

Average Variance Extracted (AVE) assesses the magnitude of variance that a variable captures from its indicators compared to the amount that results from measurement error (Chin, 1998a). A high construct AVE indicates that the indicators (or measure) under it are capturing the same underlying construct, which leads to the exhibition of convergent validity of the construct. In order to support a satisfactory convergent validity, it is recommended that the AVE of each construct in the model exceeds 0.50 (Fornell & Bookstein, 1982; Fornell & Larcker, 1981). Table 4.10 shows, all constructs exceeded this threshold.

In total, as suggested by the findings, the measurement model used in this study met and exceeded the requirements for establishing convergent validity. The following sections assess discriminant validity, which is the second criterion for establishing the adequacy of measurement model in this study.

Table 4.10
Convergent validity analysis

Constructs	Items	Loading	Cronbach's alpha	Composite reliability	AVE
Customer satisfaction	OP1	0.727	0.907	0.925	0.607
	OP2	0.716			
	OP3	0.716			
	OP4	0.812			
	OP6	0.828			
	OP7	0.858			
	OP31	0.833			
Financial performance	OP17	0.669	0.833	0.883	0.604
	OP18	0.675			
	OP19	0.849			
	OP20	0.853			
	OP21	0.818			
Innovation and learning	OP11	0.654	0.784	0.861	0.611
	OP12	0.731			
	OP29	0.866			
	OP30	0.855			
Internal processes	OP9	0.857	0.917	0.934	0.670
	OP15	0.818			
	OP23	0.797			
	OP26	0.835			
	OP27	0.872			
	OP28	0.736			
	OP32	0.854			
	OP33	0.809			
Job satisfaction	JS1	0.795	0.922	0.937	0.651
	JS2	0.808			
	JS3	0.880			
	JS4	0.877			
	JS5	0.861			
	JS7	0.712			
	JS8	0.793			
	JS9	0.707			

Table 4.10 (Continued)

Constructs	Items	Loading	Cronbach's alpha	Composite reliability	AVE				
Bureaucratic	OC17	0.799	0.783	0.859	0.605				
	OC18	0.829							
	OC20	0.729							
	OC21	0.750							
Innovative	OC1	0.741	0.888	0.912	0.569				
	OC2	0.773							
	OC3	0.785							
	OC4	0.565							
	OC5	0.819							
	OC6	0.840							
	OC7	0.634							
	OC8	0.829							
Organizational commitment	OCOM1	0.887	0.836	0.889	0.668				
	OCOM2	0.881							
	OCOM3	0.706							
	OCOM7	0.780							
Supportive	OC9	0.753	0.837	0.885	0.606				
	OC10	0.786							
	OC12	0.825							
	OC13	0.742							
	OC15	0.783							
Transactional	LS21	0.610	0.921	0.935	0.592				
	LS24	0.676							
	LS25	0.676							
	LS26	0.720							
	LS27	0.843							
	LS28	0.865							
	LS29	0.833							
	LS30	0.853							
	LS31	0.802							
	LS32	0.769							
	Transformational	LS1				0.775	0.921	0.933	0.537
		LS11				0.678			
LS12		0.780							
LS13		0.719							
LS14		0.706							
LS16		0.748							
LS19		0.814							
LS2		0.685							
LS20		0.671							
LS7		0.690							
LS8	0.781								
LS9	0.731								

Note: Composite Reliability (CR) = $(\sum \text{factor loading})^2 / \{(\sum \text{factor loading})^2 + \sum (\text{variance of error})\}$;
Average Variance Extracted (AVE) = $\sum (\text{factor loading})^2 / (\sum (\text{factor loading})^2 + \sum (\text{variance of error}))$.

4.7.2 Discriminant validity of the measures

Discrimination validity refers to the extent to which a particular latent construct is different from other latent constructs (Duarte & Raposo, 2010). There are many ways to establish discriminant validity. In this research, discriminant validity was assessed by using two evaluation criteria: (1) item cross-loadings on various constructs, and (2) interrelations between first order constructs and square roots of AVEs. Each of these analyses is described in the following sections.

4.7.2.1 Cross-loadings

Discriminant validity can be ascertained comparing the indicator loadings with cross-loadings (Chin, 1998). To achieve satisfactory discriminant validity, Chin (1998) suggests that all the indicator loadings should be higher than cross-loadings. Table 4.8 compares the indicator loadings with other reflective indicators. All indicator loadings were greater than the cross-loadings, suggesting adequate discriminant validity for further analysis.

4.7.2.2. Interrelations between first order constructs and square roots of AVEs

A second criterion for establishing discriminant validity is when the square root of the average variance extracted (AVE) of each construct is higher than its correlation score with all other constructs (Fornell and Larcker, 1981). This was achieved by comparing the correlations among the latent constructs with square roots of average variance extracted (Fornell and Larcker, 1981). Additionally, discriminant validity was determined following Chin's (1998) criterion by comparing the indicator loadings with other reflective indicators in the cross-loadings table. First, as a rule of thumb for evaluating discriminant validity, Fornell and Larcker (1981) suggest the use of AVE

with a score of 0.50 or more. In order to achieve adequate discriminant validity, Fornell and Larcker (1981) further suggest that the square root of AVE should be greater than the correlations among latent constructs. Table 4.8 shows the values of the average variance extracted ranges between 0.537 and 0.668, suggesting acceptable values. Table 4.11 shows that the square root of the AVE (shown diagonally) was greater than its correlation with other constructs (the off-diagonal numbers), which verify the test discriminant validity.

Table 4.11
Discriminant validity analysis

Constructs	1	2	3	4	5	6	7	8	9	10	11
1) Customer satisfaction	0.779										
2) Financial performance	0.759	0.777									
3) Innovation and learning	0.744	0.722	0.781								
4) Internal processes	0.781	0.798	0.842	0.818							
5) Job satisfaction	0.139	0.045	0.112	0.120	0.807						
6) Bureaucratic	0.260	0.325	0.285	0.277	0.254	0.778					
7) Innovative	0.145	0.021	0.177	0.149	0.676	0.324	0.754				
8) Organizational commitment	0.145	0.059	0.131	0.127	0.795	0.190	0.689	0.817			
9) Supportive	0.110	0.015	0.081	0.137	0.607	0.487	0.733	0.508	0.779		
10) Transactional	0.174	0.008	0.156	0.151	0.709	0.270	0.644	0.639	0.546	0.769	
11) Transformational	0.159	0.026	0.137	0.159	0.719	0.389	0.697	0.630	0.584	0.892	0.733

4.8 Goodness of fit of the model (GoF)

Unlike CBSEM methods (e.g. LISREL, AMOS), PLS lacks in optimising global scalar function (e.g. chi-square X^2 in CBSEM) and, consequently, it lacks in

calculating the index which measures the overall validity/fitting of the model globally (Chin, 2010; Tenenhaus *et al.*, 2005). To overcome this problem, Tenenhaus *et al.*, (2005) and Amato *et al.*, (2004) proposed a global criterion of goodness-of-fit (GoF) index, which is the geometric mean of the average communality (i.e. outer-model or measurement model) and the average of R^2 (i.e. variance explained into dependent variable). The GoF is normalised to values between 0 and 1, where a higher value represents better path model estimation (Heneseler *et al.*, 2009, p.310). The goodness-of-fit (GoF) (Tenanhaus *et al.* 2005) index for the model was 0.475, which indicated an acceptable data-model fit.

Table 4.12
Goodness of fit of the model

Constructs	R Square	AVE
Job satisfaction	0.598	0.651
Bureaucratic		0.532
Innovative		0.422
Organizational commitment	0.484	0.605
Supportive		0.569
Organizational performance	0.143	
Transactional		0.606
Transformational		0.429
Average	0.408	0.545
Goodness of Fit		0.472

4.9 The prediction relevance of the model

The predictive power of the model was measured by analyzing the two aspects below.

4.9.1 Variance explained (R^2)

The quality of the structural model can be assessed by R^2 which shows the variance in the endogenous variable that is explained by the exogenous variables. Falk and Miller (1992) propose an R-squared value of 0.10 as a minimum acceptable level. Based on the results reported in Table 4.13, the R^2 was found to be 0.143. This value indicates that job satisfaction and organizational commitment contributed 14.3 percent of the variance in organizational performance. The remaining 85.7% was explained by other factors beyond the scope of this study. In line with the assessment criterion suggested by Cohen (1988), 0.26 is substantial, 0.13 is moderate and 0.02 is weak. Therefore, in this study, the value of R^2 indicates that the power of job satisfaction and organizational commitment in explaining the organizational performance is moderate.

4.9.2 Cross-validated communality (Q^2)

Another criterion to assess the quality of the model is using the Blindfolding procedure to generate the cross-validate communality. Blindfolding procedures is designed to remove amount of the data and handle them as missing values to estimate the model parameters. These parameters are used later to reconstruct the assumed missing data. Based on that, the comparison will be held to assess how close the real values from the implied results and the Q^2 values will be calculated. A cross-validated communality Q^2 is obtained when the data points are predicted using the underlying latent variable scores. In line with recommendations by Fornell and Cha (1994), the

model will have predictive quality if the cross-communality value was found to be more than zero; otherwise the predictive relevance of the model cannot be concluded. Table 4.13 shows the cross-validated communalities of job satisfaction, organizational performance and organizational commitment were 0.651, 0.431 and 0.670, respectively. These values are more than zero indicating adequate predictive validity of the model based on the criteria suggested by Fornell and Cha (1994).

Table 4.13
Predictive quality of the model

Variable	Variable type	R square	Cross-validated communality
Job satisfaction	Endogenous	0.598	0.651
Organizational performance	Endogenous	0.143	0.431
Organizational commitment	Endogenous	0.484	0.670

4.10 The first-order and second-order constructs

Before moving to examining the theoretical and conceptual aspects of the second order constructs in the model, the differences between the first and the second order measurement models are first discussed.

Table 4.14
Second-order constructs analysis

Constructs	Dimensions	Path coefficient	Std. error (STERR)	T value	R ²
Leadership Styles	TALS	0.970	0.004	264.905	0.941
	TFLS	0.975	0.003	294.379	0.950
Organizational culture	OCB	0.564	0.045	12.405	0.318
	OCI	0.930	0.008	120.032	0.865
	OCS	0.906	0.012	75.449	0.820
Organizational performance	CSOP	0.917	0.008	117.875	0.861
	FPOP	0.888	0.012	74.794	0.788
	ILOP	0.888	0.013	69.016	0.785
	IPOP	0.945	0.006	154.864	0.938

Table 4.14 shows that the leadership styles (LS) construct was measured by two first-order constructs, namely, transactional leadership style (TALS) and transformational leadership style (TFLS). These constructs explained well the leadership styles (LS) construct, as shown by the R² value that ranges from 0.941 and 0.950, respectively. The organizational culture (OC) construct was measured by three first-order constructs, namely, bureaucratic (OCB), innovative (OCI), and supportive (OCS) culture. These constructs explained well the organizational culture (OC) construct, as shown by R² value that ranges from 0.318 to 0.865. Finally, the organizational performance (OP) construct was measured by the four first-order constructs, namely, customer satisfaction (CSOP), financial performance (FPOP), innovation and learning (ILOP), and internal processes (IPOP). These constructs explained well the organizational performance (OP) construct, as shown by R² value that ranges from 0.785 to 0.938.

4.11 Assessment of the inner model and hypotheses testing procedures

After the goodness of the outer model had been confirmed, the next step was to test the hypothesized relationships among the constructs. Using the Smart PLS 2.0, the hypothesized model was tested by running the PLS algorithm. The path coefficients were then generated as illustrated in Figure 4.2 and Figure 4.3.

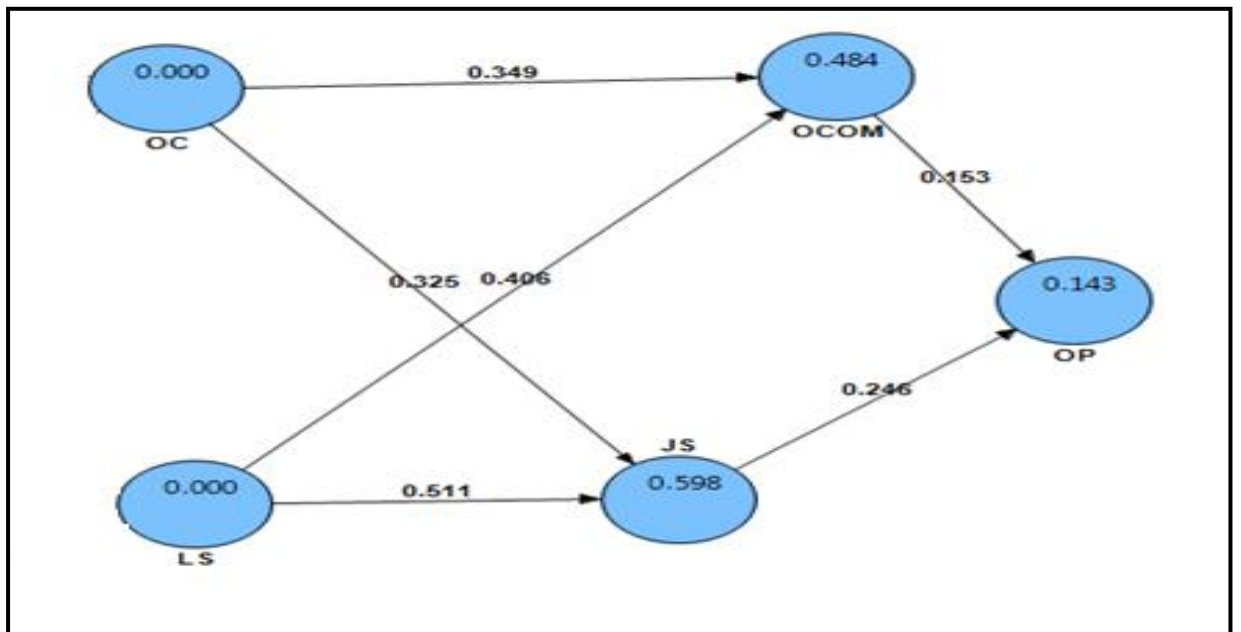


Figure 4.4
Path model results

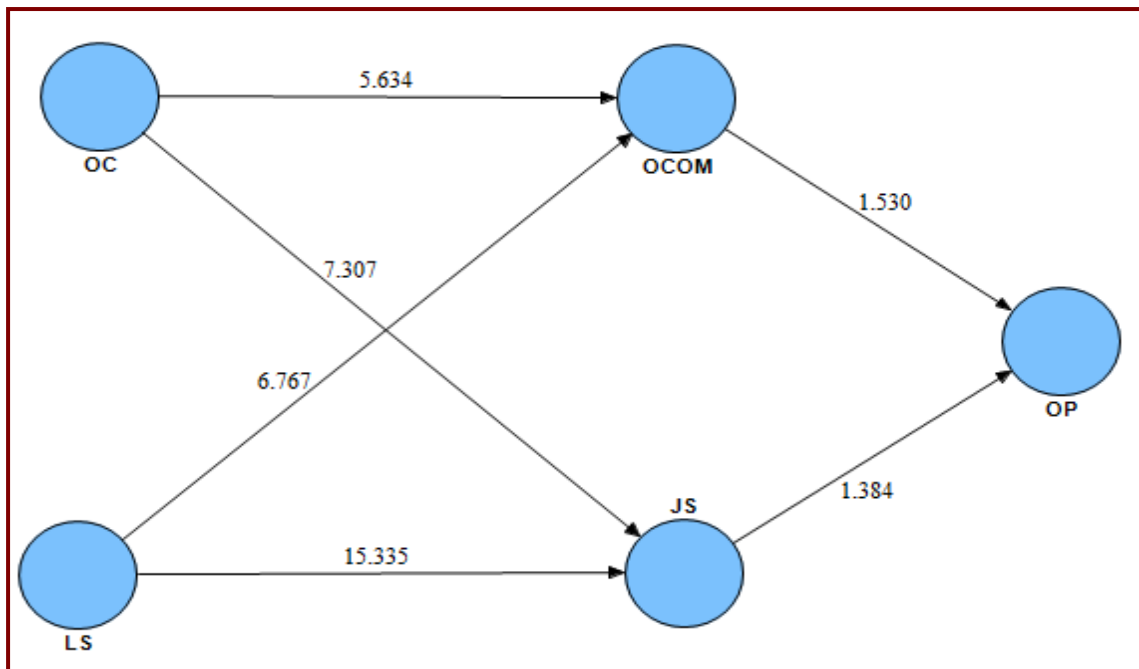


Figure 4.5
Path model t-value results

To be able to conclude whether the path coefficients were statistically significant or not, this study employed the bootstrapping techniques embedded with Smart PLS 2.0. To run bootstrapping, the researcher applied 500 samples (resampling) with the number of cases equal to the observations out of 400 cases. More specifically, the t values accompanying each path coefficient was generated using the bootstrapping technique and subsequently the p values were generated, as indicated in Table 4.15.

Results of this study showed that leadership styles had a positive and significant effect on job satisfaction in the Saudi public sector at the .01 level of significance ($\beta = 0.511$, $t = 15.335$, $p < .01$). Moreover, there was a positive and significant effect between leadership styles and organizational commitment at the .01 level of significance ($\beta = 0.406$, $t = 6.767$, $p < .01$). The result also indicates that the influence of organizational culture on job satisfaction was positive and significant at the 0.1

level of significance ($\beta = 0.325$, $t = 7.307$, $p < .01$). Furthermore, the relationship between organizational culture and organizational commitment was positive and significant at the .01 level of significance ($\beta = .349$, $t = 5.634$, $p < .01$). In addition, the effect of job satisfaction on organizational performance was positive and significant at the .01 level of significance ($\beta = 0.246$, $t = 1.384$, $p < .10$). Finally, organizational commitment had a positive and significant effect on organizational performance at the 0.01 level of significance ($\beta = .153$, $t = 1.530$, $p < .10$).

Table 4.15
Result of the inner structural model

Hypotheses	Relations	Path coefficient	Std. error (STERR)	T value	P value	Decision
H ₁	LS → JS	0.511***	0.033	15.335	.000	Supported
H ₂	LS → OCOM	0.406***	0.060	6.767	.000	Supported
H ₃	OC → JS	0.325***	0.045	7.307	.000	Supported
H ₄	OC → OCOM	0.349***	0.062	5.634	.000	Supported
H ₅	JS → OP	0.246*	0.178	1.384	.083	Supported
H ₆	OCOM → OP	0.153*	0.100	1.530	.061	Supported

Note: *P < .10; **P < .05; *** P < .01

4.12 Mediation effect analysis

A mediating variable is the variable that mediates the effect from an independent variable to its dependent variable. If the direct effect from variable X, such as organizational culture (OC) to variable Y, such as, organizational performance (OP) does not exist, instead the effect exist indirectly through another variable M such as organizational commitment (OC), then in this case M is a mediating variable (Hair *et al.*, 2010). The position of the mediation variable in the model is illustrated in Figure 4.4.

Baron and Kenny (1986) observed that a mediator variable is a generative mechanism wherein the focal independent variable affects the dependent variable of interest. Mediation conveniently carries out when a significant link among predictor and criterion variables is seen. A mediator variable is considered as so if it develops an indirect effect through which the focal independent variable influences the criterion variable under study (Baron & Kenny, 1986). Furthermore, Kenny, D.A. (2011) described that the mediator variable can transmit causal effects of previous variables on to the next one.

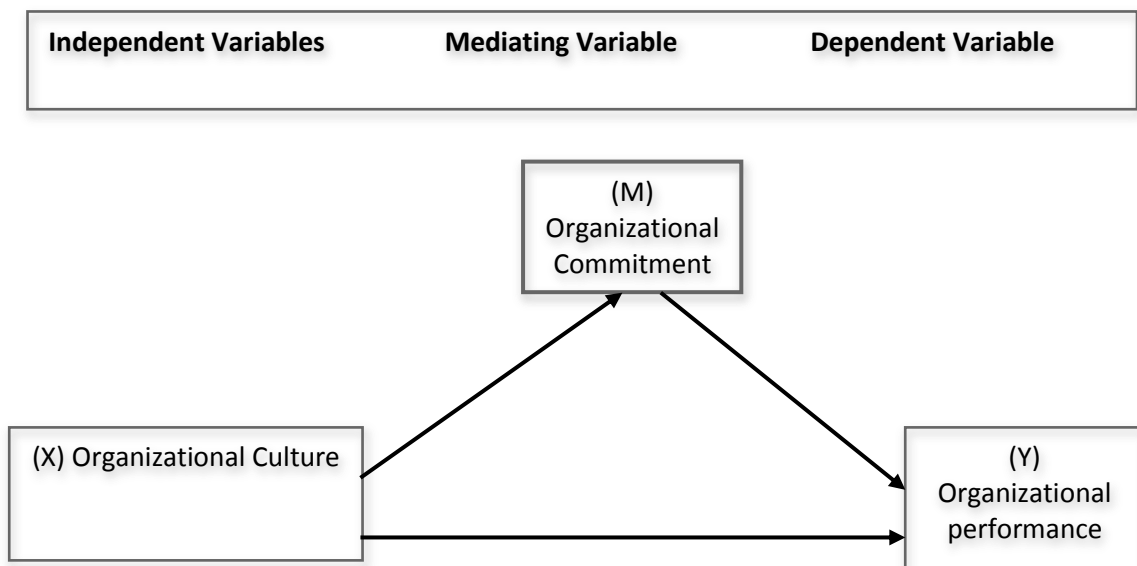


Figure 4.6
Theoretical position of a mediating variable

When M is tested as a mediator, there are four essential conditions for M to meet (see Figure 4.4): (a) X (predictor) is significantly associated with Y; (b) X (predictor) is significantly associated with M; (c) M is significantly associated with Y (after controlling for X); and (d) the effect of X on Y is significantly less after controlling for M.

Mediating variables have an important part in psychological theory and research. Such variable allows the transmission of the antecedent variable's effect to the dependent variable and later clarify relationships among the variables. This method has been used to observe mediation in numerous researches. A mediation analysis offers the identification of basic processes that can be developed as attention can be placed on the variables in the process of mediation. Consequently, in the determination of an actual mediating process, more efficient and effective interventions of mediation-analysis with the inclusion of statistical and experimental methods have been employed in psychology. Moreover, mediation analysis has become a significant area of substantive and methodological research. The extant and potential mediation analysis developments support in getting reliable answers as to the manner and the reason behind the association lies among two variables (MacKinnon & Fairchild, 2010).

4.12.1 Testing the mediation effect of organizational commitment

Result in Table 4.16 shows a full mediation effect of organizational commitment on the relationship between organizational culture and organizational performance according to Baron and Kenny's (1986) method. This method suggests that if the indirect effect is found to be significant and C' becomes insignificant, the mediator is called a full or complete mediator and if C' is still significant but with less effect, it is called a partial mediator. In the case of this study, the result shows a partial mediation effect of organizational commitment on the relationship between leadership styles and organizational performance according to Baron and Kenny's (1986) method. The relationship between leadership styles and organizational commitment was significant at the .01 level of significance ($\beta = 0.223$, $t = 3.766$, $p < .05$) which called (a), and the

relationship between organizational commitment and organizational performance was significant at the .01 level of significance ($\beta = 0.162$, $t = 1.941$, $p < .01$) which called (b). Lastly, the relationship between leadership styles and organizational performance was significant at the .01 level of significance ($\beta = 0.161$, $t = 2.189$, $p < .01$) which called (c').

Additionally, the result shows a full mediation effect of organizational commitment on the relationship between organizational culture and organizational performance according to Baron and Kenny's (1986) method. The relationship between organizational culture and organizational commitment was significant at the .01 level of significance ($\beta = 0.195$, $t = 3.349$, $p < .05$) which called (a), and the relationship between organizational commitment and organizational performance was significant at the .01 level of significance ($\beta = 0.162$, $t = 1.941$, $p < .01$) which called (b) Finally, the relationship between organizational culture and organizational performance was insignificant at the .01 level of significance ($\beta = -0.052$, $t = 0.666$, $p > .01$) which called (c').

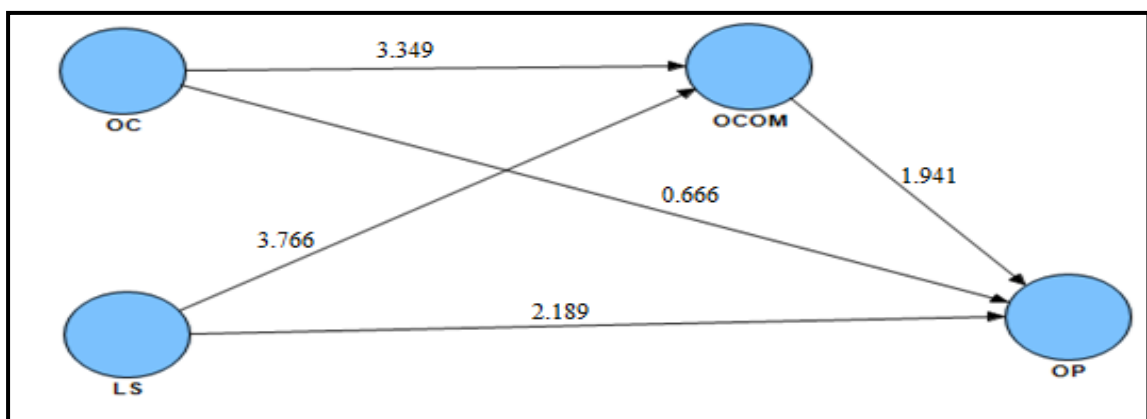


Figure 4.7
Mediation effect of organizational commitment

4.12.2 Testing the mediation effect of job satisfaction

Result in Table 4.16 shows no mediation effect of job satisfaction on the relationship between leadership styles and organizational performance according to Baron and Kenny's (1986) method. The relationship between leadership styles and job satisfaction was significant at the .01 level of significance ($\beta = 0.515$, $t = 13.139$, $p < 0.05$) which called (a), and the relationship between job satisfaction and organizational performance was insignificant at the .01 level of significance ($\beta = -0.003$, $t = 0.029$, $p > 0.10$) which called (b). Lastly, the relationship between leadership styles and organizational performance was significant at the .01 level of significance ($\beta = 0.161$, $t = 2.189$, $p < 0.05$) which called (c'). Furthermore, the result indicates no mediation effect of job satisfaction on the relationship between organizational culture and organizational performance according to Baron and Kenny's (1986) method the relationship between organizational culture and job satisfaction was significant at the .01 level of significance ($\beta = 0.312$, $t = 6.093$, $p < 0.05$) which called (a), and the relationship between job satisfaction and organizational performance was insignificant at the 0.01 level of significance ($\beta = -0.003$, $t = 0.029$, $p > 0.10$) which called (b). Lastly, the relationship between organizational culture and organizational performance was insignificant at the .01 level of significance ($\beta = -0.052$, $t = 0.666$, $p > 0.10$) which called (c').

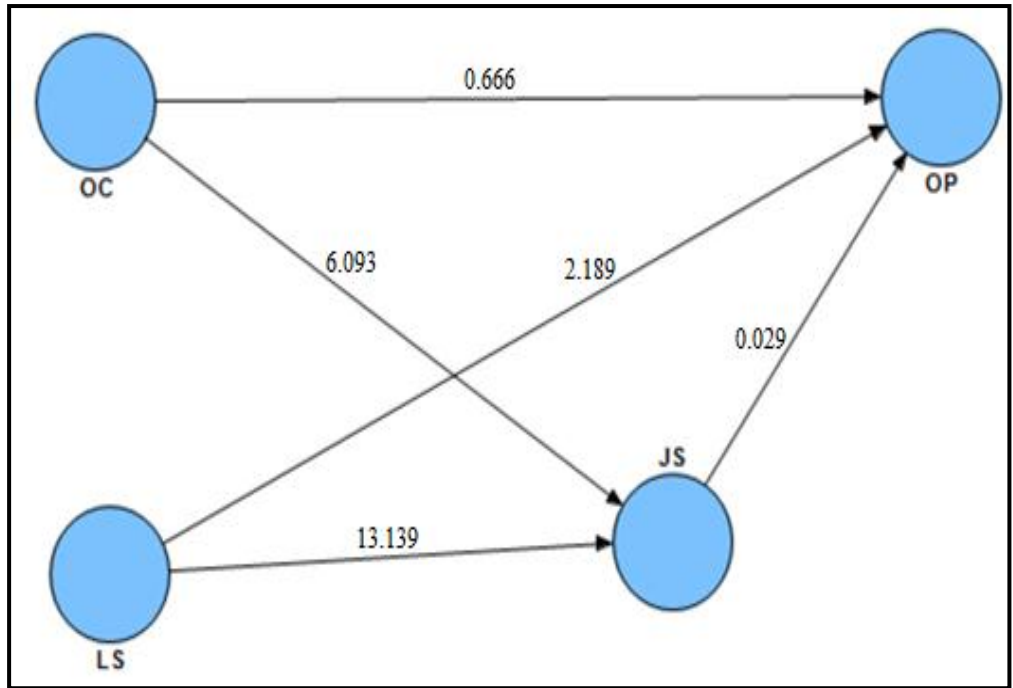


Figure 4.8
Mediation effect of job satisfaction

Table 4.16

Testing the mediation effect of job satisfaction and organizational commitment

Hypothesis	a		b		a*b		c		c'		Decision Baron & Kenny
	Path coefficient	T value	Path coefficient	T value	Path coefficient	T value	Path coefficient	T value	Path coefficient	T value	
H ₇ : Job satisfaction mediates the relationship between LS and OP.	0.515	13.139	-0.003	0.029	-0.001	-0.029	0.168	2.822	0.161	2.189	No mediation
H ₈ : Organizational commitment mediates the relationship between LS and OP.	0.223	3.766	0.162	1.941	0.036	1.609	0.168	2.822	0.161	2.189	Partial mediation
H ₉ : Job satisfaction mediates the relationship between OC and OP.	0.312	6.093	-0.003	0.029	-0.001	-0.028	0.102	1.687	-0.052	0.666	No mediation
H ₁₀ : Organizational commitment mediates the relationship between OC and OP.	0.195	3.349	0.162	1.941	0.032	1.584	0.102	1.687	-0.052	0.666	Full mediation

Note: * $p < .10$; ** $p < .05$; ***, $p < .01$. LS = Leadership styles; OC = Organizational commitment; OP = Organizational performance

4.13 Summary of the findings

This research used Partial Least Squares Structural Equation Modelling (PLS-SEM) as the main technique for analysis for reasons stated earlier. Before testing the model, rigorous procedures to find the validity and reliability of the outer model were followed. After ascertaining the validity and reliability of the measurement model, further tests were done to examine the hypothesized relationships. Prior to examining the hypothesized relationships, the predictive power of the model was ascertained and the goodness of the overall model verified. Then, the structural model was examined. As shown in Table 4.17, H1, H2, H3, H4, H5 and H6 were statistically supported by the findings of the study, while the mediation effect in H7, H8, H9 and H10 were decided based on Baron and Kenny's (1986) method.

Table 4.17

Summary of findings

No.	Hypotheses	Decision
H ₁	There is a significant effect of leadership styles on job satisfaction in the Saudi public sector.	Supported
H ₂	There is a significant effect of leadership styles on organizational commitment in the Saudi public organizations.	Supported
H ₃	There is a positive relationship between organizational culture and job satisfaction in the Saudi public organizations.	Supported
H ₄	There is a significant effect of organizational culture on organizational commitment.	Supported
H ₅	There is a significant effect of job satisfaction on organizational performance in the Saudi public organizations.	Supported
H ₆	There is a significant effect of organizational commitment on organizational performance in the Saudi public organizations.	Supported
H ₇	Job satisfaction mediates the relationship between leadership styles and organizational performance.	No mediation
H ₈	Organizational commitment mediates the relationship between leadership style and organizational performance.	Partial mediation
H ₉	Job satisfaction mediates the relationship between organizational culture and organizational performance.	No mediation
H ₁₀	Organizational commitment mediates the relationship between organizational culture and organizational performance.	Full mediation

Note: Results of mediation hypothesis were made based on Baron and Kenny's (1986) method.

CHAPTER FIVE

DISCUSSIONS AND CONCLUSIONS

5.1 Introduction

This chapter presents a summary of the study, detailed discussions, contributions and recommendations. It finally concludes with the limitations and suggestion for future research.

5.2 Summary of the study

The objective of this study was to explore the effect of organizational culture and leadership styles on the performance of the Saudi public organization through the mediating factors namely organizational commitment and job satisfaction. Essentially, this study was greatly motivated by the findings in the recent relevant literature concerning the relationship between organizational culture, leadership styles, organizational commitment, and job satisfaction and the performance of the Saudi public organization. Most of the studies that have been conducted on organizational performance are on Western or European firms, while emerging countries such as Middle Eastern countries were left with scarce research (Zehir *et al.*, 2011). Badhware and Mellahi (2007) found that the Middle Eastern countries had somewhat different management systems from other the developing and developed countries due to differences in local culture and norms (values, expectations, attitudes, and behaviour), restrictions on the participation in making decisions, and the influence of the Islamic ethics and principles. Hence, Badhware and Mellahi (2007) emphasize that there is a necessity to examine how leaders in other parts of the world can impact and influence the attitudes and behaviours of others (especially their subordinates) in

a different cultural environment. Thus, the present research is expected to provide a cross-cultural understanding of the different constructs and the way these constructs are interrelated and also the way they influence organizational performance.

In Saudi Arabia, public organizations have often been associated with poor management resulting in d poor achievement or performances. Little is understood about the reasons behind such poor performance. Researchers argued that the lack of understanding of the factors leading to the poor performance of the Saudi public organizations is due to the lack of studies pertaining to Saudi public organizations (Alshehri & Drew, 2010; Alqahtani, 2013, Al-Shuwairakh, 2005, Azmi, 2009, Idris, 2007, Bell, 2005, Rowings *et al.*, 1986, Al-Kibis *et al.*, 2007, Alqahtani, 2007). This study is meant to fill in the gap of knowledge that exists in this area of study that not many people have ventured in.

Kowalski and Buge (2013) argue that the public sector in countries around the world has always been an important element of many economies, including the most advanced ones. Organizational performance and its most influential factors in public organizations play a vital role in economic development and in different fields of individual's life. An extensive research work has been conducted by researchers to study the organizational performance in different type of organizations such as manufacturing, telecommunication, service industry, banking sector, etc. (Haward, 1990, Alshehri & Drew, 2010; Alqahtani, 2013, Al-Shuwairakh, 2005, Brewer and Selden, 2000; Seldon and Sowa, 2004; Moynihan and Pandey, 2005; Chun and Rainey, 2005b, Delaney and Huselid, 1996, Seldon and Sowa, 2004). The study attempts to examine organizational performance and its most influential factors in the Saudi public organizations keeping in mind that these public orrrganization provide

services to the Saudi people from every walk of life. However, researchers seem to agree that the construct of organizational performance is extremely dynamic as it is influenced by so many factors (Brewer and Selden, 2000, Andrew, Boyne & Walker, 2011). Thus, studies that attempted to examine organizational performance in public organizations are rather limited, particularly in the developing and emerging countries context (Cheong, 2010). The present study examines public organizational performance in Saudi Arabia.

One of the factors that have been hypothesized to influence organizational performance is the concept of leadership styles (Peterson *et al.*, 2003; Chun & Rainey, 2005; Yukl, 2009). Leadership styles are positively related to organizational performance (Ogbonna and Harris, 2000, Kieu, 2010 and Sarwat *et al.*, 2011). In this context, Yukl (2009) believes that leadership styles are regarded as one of the most important factors that affect the performance of a given organization and the researchers who attempt to examine organizational performance should look into the construct of leadership styles. Yukl (2009) believes that leadership styles impact the performance of a given organization and that researcher who attempt to examine organizational performance should look into the construct of leadership styles. Elenkov (1998) examines which leadership styles are related to organizational performance in Saudi Arabia since leadership in Saudi Arabia, particularly in public organizations is characterized by higher power distance between leaders and subordinates which could lead to management gap between the two parties.

Among the other important factors that have been hypothesized to influence organizational performance in the public organizations is the construct of organizational culture as it influences employees' behaviour in the organization which

would in turn influence their achievement (MacIntosh & Doherty, 2010; Manetje & Martins, 2009). According to Boddy (2002), organizational culture has important direct influence on the behaviour of the people of an organization. Brown (1998) argues that managers and employees do not behave in a value-free vacuum; they are governed, directed and tempered by the culture of the organization where they work. Manetje and Martins (2009) recommended that when measuring organizational performance in public organizations, it is crucial that researchers examine how organizational culture and organizational performance are related. Thus, the present study examined the relationship between organizational culture and organizational performance in the Saudi public sector, especially when there is very limited research that attempted to examine this relationship in the public organizations in Saudi Arabia.

Zehir *et al.*,(2011) recommend that future researchers who attempt to examine the effect of leadership styles on organizational performance should look into the mediating influence of other behavioural factors (such as job satisfaction and organizational commitment). In addition, Sarwat *et al.* (2011) supports what Kieu (2010) said, believing that the two constructs of job satisfaction and organizational commitment mediate the relationship between leadership styles and organizational performance. Sarwat *et al.* (2011) recommended that future research should attempt to examine the mediating effect of job satisfaction and organizational commitment on the relationship between organizational culture and organizational performance. Camilleri (2007) argues that the construct of leadership styles does not influence the performance of organizations directly; rather this effect is done through other mediating variables such as job satisfaction and the attitudes of employees in an

organization. Thus, this study examined the mediating effect of job satisfaction and organizational commitment to the relationship between leadership styles and organizational culture from one side and organizational performance from the other side.

In light of the problem statement and the comprehensive review of the relevant literature conducted in Chapter One to Three, the research objectives of this study are as follows:

1. To test the effect of leadership styles on job satisfaction in Saudi public organizations.
2. To test the effect of leadership style on organizational commitment in Saudi public organizations.
3. To test the effect of organizational culture on job satisfaction in Saudi public organizations.
4. To test the effect of organizational culture on organizational commitment in Saudi public organizations.
5. To test the effect of job satisfaction on organizational performance in Saudi public organizations.
6. To test the effect of organizational commitment on organizational performance in Saudi public organizations.
7. To determine whether job satisfaction mediates the relationship between leadership styles and organizational performance in Saudi public organizations.
8. To determine whether organizational commitment mediates the relationship between leadership styles and organizational performance in Saudi public organizations.

9. To determine whether job satisfaction mediates the relationship between organizational culture and organizational performance in Saudi public organizations.
10. To determine whether organizational commitment mediates the relationship between organizational culture and organizational performance in Saudi public organizations.

5.3 Discussions

This section provides descriptive analyses, characteristics of respondents and empirical findings. However, the details are given below.

Regarding the characteristics of respondents, age of most of the respondents in this study was from 26-35 years. The majority of the respondents hold a bachelor`s degree (74.8%), only a few respondents hold master's and doctoral degree. In relation to the respondents' income level, income of most of the respondents (216 respondents representing 54% of the total respondents) ranges from 10,001-15,000 SR.. Working experience showed that most of the respondents served for 10 to 15 years while 25 respondents (6.3%) served less than 3 years. The detail profile of respondents is given in Table 4.2.

In order to get a summary of the data, descriptive statistics analysis were conducted to describe the general situation of all constructs, job satisfaction, organizational commitment, customer satisfaction, financial performance, innovation and learning, internal processes, bureaucratic, innovative, supportive. As can be seen in Table 4.5, the results reflected in the level of all the investigated constructs. All the constructs have mean ranges from 1.994 to 3.244 and the standard deviation ranges from 0.656

to 0.973. The minimum and maximum responses on the constructs are also reported in Table 4.5.

This study used Partial Least Squares Structural Equation Modelling (PLS-SEM) as the main techniques for data analysis. Before testing the model, rigorous procedures were used to examine the validity and reliability followed by hypothesized relationships. The predictive power of the model was also examined. The results showed that the model goodness of fit measure was large, indicating an adequate level of global PLS model validity. Hypotheses H1, H2, H3, H4, H5 and H6 were statistically supported by the findings of the study, and hypotheses about mediation effect, H7, H8, H9 and H10 were tested according to Baron and Kenny (1986) method. The result reveals that job satisfaction has no mediation effect on the relationship between organizational culture and organizational performance.

Transactional and transformational leadership has been of great interest to many studies because implementing transformational or transactional leadership behaviour in an organization leads to the success of the organization. Hypothesis H1 that the effect of leadership styles on job satisfaction is supported. The results also support the hypothesis that there is effect of leadership styles on organizational commitment (H2) in Saudi public organizations. These results suggest that the leader and employees are in close contacts with each other and therefore, the job satisfaction and commitment of an employee largely depends on the way leadership is given by him. In addition, leadership styles played a vital role in contributing to job satisfaction and organizational commitment as both are closely related. It is the job satisfaction which motivates leadership styles that results in organizational commitment. Several research studies showed a positive relationship between leadership styles and job

satisfaction as well as leadership styles and organizational commitment (Almutairi,2013; Altrasi, 2014;Cemaloğlu, Sezgin and Kiliñç ,2012; Kraut, 1970; Gilsson and Durick, 1988; Savery, 1994; Wilson, 1995; Lee, 2010, Wu, Fey and Wu, 2000; Cemaloğlu, Sezgin and Kiliñç, 2012, Bono & Judge, 2003; Dumdum *et al.*, 2002; Koh, Steers, & Terborg, 1995; Lowe *et al.*, 1996; Walumbwa & Lawler, 2003 Voon *et al.*, 2011; Skinner, 1969; House *et al.*,1974; Yunker and Hunt, 1976; Savery, 1994; Yousef, 2000).

Moreover, the effect of job satisfaction on organizational performance was also positive and significant, indicating that when employees are satisfied, they perform well to achieve organizational goals and objectives. The result lends further support to the claim that job satisfaction is a significant determinant of organizational performance. Hence, relationship between job satisfaction and organizational commitment which constitutes a strong determinant of organizational performance. As for the relationship between job satisfaction and organizational performance, Kim (2005) and Hunter (2004) argue that employee satisfaction and happiness in organizations will lead to increased organizational performance. The results of the study are similar to Chen, Beck, and Amos (2005), Kinnie, Hutchinson, Purcell & Rayton, (2005), Kinnie, Hutchinson, Purcell, and Rayton (2005), Ndambakuwa & Mufunda, (2006), Schultz & Edington, (2007), Harter, Schmidt, and Hayes, (2002), Iaffaldano & Muchinsky, (1985) and Ostroff (1992).

Finally, organizational commitment has a positive and significant effect on organizational performance. The employee's commitment will certainly lead to enhancing organizational performance. In addition, the results also indicate that organizational commitment is a state in which an individual desires to remain in the

organization. In other words, commitment is an attitude towards employees' loyalty to the organization and it is a continuous process that brings success and welfare for organization by the participation of individuals in organizational decision, and their attention to it. So, it is necessary for organizations to have committed employees in order to be able to trust them and compete with other organizations which would in turn leads to better competitive advantage hence, leads to better organizational performance. There is strong relation between high levels of organizational commitment and desirable job performance. Commitment is a relative level of employee's loyalty to a specific organization and his involvement and participation in it. This definition includes three factors: strong belief in organization's objectives and values, having a tendency to make considerable effort for the organization, having a strong desire to continue membership in the organization. Based on Allen and Meyer opinion, organizational commitment is a mental relationship between an employee and the organization that decreases the possibility of his voluntary departure from the organization (Allen and Meyer, 1993). The results of the study are similar to Kashefi *et al.* (2013), Birnbaum (2000), Kim (2005), Morris & Sherman (1981), Meyer, Paunonen, Gellatly, Goffin, & Jackson (1989).

Transactional and transformational leadership styles constructs were explained well by leadership with the high R^2 of 0.941 and 0.950, respectively. Organizational culture and job satisfaction have a positive and significant relationship with the performance of Saudi public organizations. The result also shows that innovation and supportive cultures had positive effects on job satisfaction. A positive and significant relationship was also found between organizational culture and job satisfaction. In particular, the result revealed that innovative and supportive cultures had positive

effects on job satisfaction. As for the relationship between organizational culture and job satisfaction, literatures (Sempane, Rieger and Roodt 2002; Rashid *et al*, 2003; Lok & Crawford, 2000, Brewer, 1993; Kratina, 1990; Wallach, 1983) suggests that innovative and supportive culture aspects are positively related to job satisfaction.

Harris & Mossholder (1996) asserted that organizational culture is the core of human resource management and will influence job satisfaction. Moreover, Lok and Crawford (2004) examined the influence of organizational culture on job satisfaction among Hong Kong and Australian managers. They revealed that innovative and supportive cultures had positive effects on job satisfaction but bureaucratic culture had no significant relationship with job satisfaction.

Furthermore, the effect of organizational culture on organizational commitment was positive and significant, indicating that people who work in a strong culture feel more committed. In addition, this significant relationship indicates that people who work in a strong culture feel more committed. It appears from the research that there is a link between organizational culture and organizational commitment. The above results have been supported by several previous studies such as Wagner (1995), Martins & Martins (2003), Brown (1998), Manetje and Martins (2009), Black (1999), Drenth, Thierry and Wolff (1998), Chatman & Caldwell (1991) and Nystrom (1993).

A full mediation effect of organizational commitment to the relationship between organizational culture and organizational performance was found. The findings of Kwantes (2009), Curry *et al.*, (1986), Muhadi (2007), Suliman (2002), Renyowijoyo (2003) that there is relationship between organizational culture (especially those

formed by sub-variables of bureaucracy, innovation and supportive culture) and lecturer performance that mediated organizational commitment.

A partial mediating effect of organizational commitment to the relationship between leadership styles and organizational performance was observed following the Baron and Kenny's (1986) method. Some studies reported a positive relationship among these variables (Dawson *et al.*, 2002; Swanson and Johnson, 1975; Euske *et al.*, 2002). The results of this study are similar with some previous studies since many scholars agreed that leadership was an attempt to influence the thinking or behaviour of another person or group to accomplish certain results (Gehring, 2007; Kouzes & Posner, 2007; Northouse, 2006; Yukl, 2009). These scholars provided no empirical evidence to show how leaders act to influence their followers. This is why some researchers suggested that leadership style positively influence organizational performance through the mediating effect of other variables such as organizational commitment. The findings of Kieu's (2010) also revealed there is a high degree of significance that employee affective commitment mediates the relationship between leadership style and organizational performance. The findings of Sarwat *et al.* (2011) revealed that the two variables of job satisfaction and organizational commitment mediate the relationship between leadership styles and organizational performance.

Contrary to expectation, there is no mediation effect of job satisfaction on the relationship between leadership styles and organizational performance. Job satisfaction does not mediate the relationship between organizational culture and organizational performance. In the previous studies, Renata Simoes and Guimaraes Borges (2012) found the relationships between human resource practice and organizational commitment are not mediated by job satisfaction since the results

indicate that there are no significant relationships between the human resource practices (leadership) and the mediator. Hence, the results of the above studies indicate that it is not necessary that job satisfaction mediates with human resource practices (leadership). In addition, several reasons could be offered. First, because of an inherent flaw in the method, job satisfaction has no mediation effect on the relationship between leadership styles and organizational performance. Second, leadership styles and organizational performance are influenced by a host of other factors, for example the non-competitiveness of the organization. The employees working in the organization might be satisfied but the leaders working in the organization are not competitive as they should. Hence, the organizational performance does not improve. According to Hofstede (1984), Saudi Arabia tends to be high on power distance. High power distance tends to be common for highly centralized organizations with a strong separation between manager and employees and with little vertical mobility which results in bad organizational performance.

In addition, according to the findings of this study, job satisfaction does not mediate the relationship between organizational culture and organizational performance. This finding can be explained as follows. It might be that the employee working in the organization are satisfied but the culture of the Saudi public organization is not supportive which can cause the poor performance of the organization. So, due to this, job satisfaction does not mediate the relationship between organizational culture and organizational performance. In the previous studies, Idris (2007) states that executives and managers in Saudi Arabia face great challenges in their endeavour to improve the performance of their organizations; among the greatest challenges of all are cultural issues and work practices that is a cause of poor employee performance levels

compared with western international companies or even in the companies operating in the private sector in the country. He argues that organizational culture which supports a cordial and cohesive environment results in higher levels of trust which can ensure enthusiasm and willingness of the employees to work together to meet the organization's goals. Hofstede's (1984) in his analysis supports the view that the culture of Saudi Arabia encourages organizations that are highly centralised, strictly hierarchical and fully bureaucratic. However, the results of mediation of job satisfaction are similar to the ones reported by the study of Handoko *et al.* (2013).

Handoko *et al.* (2013) found that job satisfaction has no mediation role between organizational culture and lecturer performance. He justifies the finding by arguing that mediation variables do not necessarily have a role in mediation. Absence of mediation role of job satisfaction and organizational commitment on organization culture showed that lecturers performance improvement in private universities cannot be achieved based on organization's culture through lecturers perceived job satisfaction and organizational commitment. So, the study's finding shows that a strong organizational culture and higher job satisfaction perceived by lecturers are not able to directly improve performance.

Thus, the results of the study showed that hypotheses of H1, H2, H3, H4, H5 and H6 were true as expected in the hypotheses. The mediation effect of hypothesis H8 and H10 were statistically supported by the findings of the study while the mediation effect of hypothesis H7 and H9 was found contrary to expectation. However, organizational culture and leadership styles have significant and positive effects on job satisfaction and organizational commitments and organizational performance. Furthermore, full mediation effect of organizational commitment to the relationship

between organizational culture and organizational performance was found. Likewise, the study confirmed the partial mediation effect of organizational commitment on the relationship between leadership styles and organizational performance. Contrary to expectation, the result indicates no mediation effect of job satisfaction on the relationship between leadership styles and organizational performance. No mediation effect was also observed of job satisfaction in the relationship between organizational culture and organizational performance.

5.4 Contributions of the study

This study has provided a number of contributions to the body of research in the field of organizational behaviour and the factors that would lead to better organizational performance, particularly the performance of public organizations of Saudi Arabia. At the same time, the study is also expected to contribute to the Saudi public organizations and generate some recommendations that can be taken into consideration by these organizations which would in turn contribute to a better organizational performance and eventually to improve the services provided by these organizations to the Saudi people. The following sections address the contribution to literature and to practical performance of public organizations.

5.4.1 Theoretical contribution

Public sector organizations interested in implementing change must be concerned with leadership style and organizational culture as well as committed to organizational change (Gelaidan; 2013). This research has contributed to the literatures on public sector organizations in general and leadership style, organizational culture and organizational behavior in particular. In an organization,

leaders play an important role in ensuring the success of the organizations. Gelaidan (2013) argued that the best way to successfully manage reform is to create it by focusing on leadership and organizational culture. But the finding of this study showed that leadership was more important in enhancing employee satisfaction and commitment than organizational culture. This finding seems to resonate well with Selznick (1957) who contended that effective public sector management has always depended to some degree on leadership behavior.

Al-Tameemi and Alshawi (2014) noted that most of the literature on culture, people, leadership and organizational performance are from the western context. There is a need to expand the literature by conducting more studies in the developing world. In this way, the present research has advanced the body of knowledge on the effect of leadership style, organizational culture on organizational performance in a public sector in the developing world such as Saudi Arabia. In addition, the model of this study adds further to the theoretical understanding of the effect of leadership style, culture and performance by expanding the model used in the studies of Zehir *et al.* (2011), Kieu (2010) and Sarwat *et al.* (2011) with the inclusion of job satisfaction and organizational commitment as mediators in line with the recommendation by Zehir *et al.* (2011) and Sarwat *et al.* (2011).

5.4.2 Contribution of the study for the Saudi Government

With the passage of time, Saudi Arabia has achieved considerable economic development as a result of a number of national plans designed to improve the delivery of public services to its people. In the Saudi Tenth Five-Year Development Plan (2015-2019), the government has decided to allocate 372 billion Riyals on

infrastructure, which is about 76% more than what was allocated in the ninth plan. An allocation of 2.4 trillion Riyals is projected to finance development projects of the major sectors, including human resources, economic resources, social and health, and infrastructure. This will be accompanied by new measures for the rationalization of government spending (G20 Australia, 2014).

The current research contributes to the Saudi development plan by stressing on the need to establish good organizational culture and appointment of qualified leaders to ensure that the performance of public sector organizations in the Kingdom improves. Through appropriate culture and leadership, employee commitment can be raised towards the accomplishment of organizational goals and objectives. In addition, the management in public organizations in Saudi Arabia can utilize the research findings to develop appropriate interventions to increase organizational performance. Scholars have argued that effective leadership styles could motivate employees to succeed in today's globally competitive environment (Barbuto & Bruback, 2006; Bass & Riggio, 2006; Dionne *et al.*, 2004; Luftman, 2004). As the findings of this study showed that organizational commitment mediated the relationship between leadership and organizational performance, the Saudi public organization leaders and managers need to make changes to the way they lead in order to enhance employee commitment, and realize that the success of their endeavors is dependent on the shared values and norms within the organization (Yiing & Ahmed, 2008). That is, to be effective, leaders need to consider aligning their leadership style with the organization's culture, or initiate changes to the culture itself.

5.4.3 Contribution to cross cultural research

As mentioned earlier, there is a positive and significant effect of leadership styles on organizational commitment and of organizational culture on organizational commitment in the Saudi public organizations. However, these effects have been studied separately and very limited research investigated the said variables. In other words, there is a lack of understanding of how these variables influence organizational performance. Thus, the current research offers a better understanding of the whole interplay process. Moreover, there is limited literature in a cross-cultural context because most of the research in the area was conducted in the western contexts. Thus, emerging countries desperately need the related knowledge in order to catch up with the developed countries (Dedoussis, 2004). Mellahi (2007) found that Arab countries have somewhat different management systems from those of the developing countries due to local culture and norms (values, expectations, attitudes, and behavior), restrictions of participation in making decisions, and the influence of Islamic ethics and principles. The present research on Saudi Arabia contributes to a cross-cultural understanding of the different constructs, the way these constructs are interrelated and also the way they influence organizational performance.

5.4.4 Contribution to organizational development

Hofstede's (1984) analysis is in support of the view that the culture of Saudi Arabia encourages organizations that are highly centralized, strictly hierarchical and fully bureaucratic. The bureaucratic leadership style has different impacts on organizational performance. Saudi Arabian public organizations have their own cultural identity; thus, it is important to understand the Saudi Arabian context and its implications to

management behavior. For instance, most of the Saudi leaders are reported to be reserved in their behavior (Alshareef, 2005). In general, since the culture and behavior of Saudi managers is bureaucratic, they can impact the performance of Saudi public organization. Thus, this research was set out to investigate the effect of behavioral factors and culture on organizational performance. The findings showed that organizational commitment mediated the relationship between organizational culture and organizational performance. Idris (2007) stated that executives and managers in Saudi Arabia face great challenges in their endeavor to improve the performance of their organizations; among the greatest challenges of all are cultural issues and work practices which cause poor employee performance levels when compared with western international companies or even in companies in the private sector in the country. Idris (2007) argued that organizational culture which supports a cordial and cohesive environment results in higher levels of trust which can ensure enthusiasm and willingness of the employees to work together to meet the organization's goals. Positive changes in the organizational culture and organizational commitment can increase the performance of the public organizations in Saudi Arabia. This study contributes to the organizational development literature by recommending that management focuses on enhancing organizational commitment and improving organizational culture. Furthermore, the findings of this research showed that job satisfaction had an effect on organizational performance. According to Kim (2005), employee satisfaction and happiness in organizations are so important that the management of public organizations in Saudi Arabia should take necessary measures to promote a friendly organizational culture and increase job satisfaction of employees for better organizational performance. This study further recommends that

innovative culture and a supportive culture has to be adopted in order to improve the performance of public organization.

5.5 Limitations

Despite several important findings, the results obtained in this study should be interpreted by considering its limitations. The main limitations of this study are related to generalizability, causality and methodology, which are discussed below.

5.5.1 Generalizability

Because the data were collected from 384 employees in 16 ministries, the findings and consequently, the conclusions drawn, may not be generalizable to private organizations, which tend to be profit-oriented, have different organizational cultures, and leadership styles.

5.5.2 Causality

Even though a comprehensive review of organizational culture, leadership styles, organizational commitment, and job satisfaction revealed that they play an important role in organizational performance, inferring causality from the findings is problematic as the present study is cross-sectional in nature and follow-up data were not collected. The conclusions of the study could have been different if the research design was longitudinal rather than cross-sectional in nature.

5.5.3 Methodology

Another limitation is pertaining to the use of a five-point Likert Scale, in which the respondents were asked to indicate their degree of agreement or disagreement towards

a number of statements related to organizational culture, leadership styles, organizational commitment, job satisfaction and organizational performance. Using such measures may cause a patterned response, meaning the respondents tend to answer the questions automatically without paying careful attention to the statements asked. In addition, different individuals might have different interpretations of the numbers/points used to measure their perceptions. Hence, it was difficult to assume that all questions were understood in a similar manner. In addition, the answers provided by the respondents might be influenced by their biased perception of the situation (Macinati, 2008). This study recommends that future research should consider a mixed research design. In such design, quantitative as well as qualitative research design can be employed to complement each other.

Employing perceptual measures to measure organizational culture and organizational performance constructs was another limitation. Although this measure was validated in the pilot study stage, which indicated that the Cronbach's alpha coefficients ranged from "acceptable" to "good" before the actual study took place, such measures are still questionable compared to the objective measures. Future research work could benefit from using both perceptual and objective measures to be able to draw reliable conclusions about organizational performance.

Lastly, the lack of public data in developing countries like Saudi Arabia was also a limitation, which prevents meaningful comparisons with other sources. Moreover, because no study has examined the effect of the constructs considered in this study, the findings obtained could not be benchmarked and compared with previous works.

5.6 Recommendations

Since organizational commitment was found to mediate the relationship between leadership styles and organizational performance, the present study recommends appointing a manager/leader who has transactional and transformational qualities to achieve better organizational performance. Therefore, leaders and the management of the organization should understand their employees' attitude and behaviour (i.e. organizational commitment). In addition, people with such leadership qualities should be appointed to lead the public organization of Saudi Arabia. To improve the performance of public organization, the Government of Saudi Arabia should amend the policies to more utilize employees' skills and talent and should award recognition to them.

The findings of this research also showed that organizational commitment mediated the relationship between organizational culture and organizational performance. When the culture and organizational commitments are improved, the performance of public organizations in Saudi Arabia could improve. Thus, this study recommends that the Government of Saudi Arabia should implement necessary measures to improve organizational commitment and organizational culture toward achieving the said purpose.

Furthermore, it was shown that job satisfaction had an effect on organizational performance. According to Kim (2005), employee satisfaction and happiness in organizations would lead to improved organizational performance. Hence, this study recommends that public organizations in Saudi Arabia take the necessary steps to

increase the level of employee job satisfaction so that they will contribute towards accomplishing better organizational performance.

5.7 Suggestions for future research

Future research is recommended to consider using a case study approach to observe and examine the dynamic nature of the relationship between organizational culture, leadership styles, organizational commitment, and job satisfaction. The case study approach will enable researchers to understand the complex relations over time. Andrew, Boyne, and Walker (2011) and Selden (2000) argued that organizational performance is a socially constructed phenomenon that is subjective, complex, and particularly hard to measure in the public sector. The complexity of organizational performance should be understood from the sophisticated and intricate government management systems and components that collectively make up performance of the public sector organizations. By using a case study, detailed and meaningful insights could be obtained into the potential success factors. Apart from a case study approach, a longitudinal research design can also be employed to detect changes over time as a result of the interactions between organizational culture, leadership styles, organizational commitment, and job satisfaction practices on organizational performance.

Furthermore, to be able to draw conclusions that are generalizable across Saudi Arabia context as well as other developing countries with similar cultural practices, replicating the present study is encouraged. In addition, the model of the present study can be validated to other countries that have unique and strong cultural practices.

This study had considered job satisfaction and organizational commitment only as mediating variables. Kieu (2010) recommended that future researchers who attempt to examine the effect of leadership styles on organizational performance should look into the mediating influence of other behavioral and psychological factors that may contribute to organizational performance but which were not taken into account by the present study.

5.8 Closing remarks

This study examined the effect of leadership styles and organizational culture on the performance of public organizations in Saudi Arabia through the mediating factors of job satisfaction and organizational commitment as the antecedents of organizational performance. This study concludes that leadership is more important in enhancing employee satisfaction and commitment than organizational culture. Leadership styles play a critical role in improving organizational performance in public organizations through the mediation of organizational commitment. Organizational culture also plays a role in enhancing organizational performance in public organizations through the mediation of organizational commitment. The western theories are applicable to explain the role of Saudi Arabian culture in public organization sector, despite the differences in research setting.

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