LEADERSHIP STYLES, ORGANISATIONAL CULTURE AND MANAGERIAL EFFECTIVENESS: THE MODERATING EFFECT OF ISLAMIC WORK ETHICS IN SAUDI ARABIA PUBLIC SECTOR

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ABSTRACT

The present study investigated the relationship between leadership styles and managerial effectiveness in the context of the public sector of Saudi Arabia. It also examined the relationship between organizational culture and managerial effectiveness and the moderating effect of Islamic work ethics on the leadership styles, organizational culture, and managerial effectiveness relationship. The study was motivated by the inconsistent findings in the literature on the relationship between leadership styles, in particular transformational and transactional leadership styles, and organizational culture, Islamic work ethics, and managerial effectiveness. These inconsistencies led to a new stream of research that indicates the importance of examining the effect of potential moderating variables that could clarify such relationship. For this purpose, the study took different theories into consideration including the contingency theory and the role-motivation theory of managerial effectiveness in order to map and position the potential relationships between the variables within the conceptual framework. The questionnaire was randomly distributed to 357 middle managers in the Saudi public sector firms for data collection, and of the 321 which were returned, 295 were deemed usable for actual data analysis using PLS-SEM. The direct and indirect relationships between the variables were analyzed by using correlation and hierarchical regression analyses. The findings showed that transformational leadership, transactional leadership and organizational culture positively and significantly predicted managerial effectiveness. Furthermore, the findings supported the moderating effect of Islamic work ethics on the relationship between transactional leadership, organizational culture, and managerial effectiveness, but not with transformational leadership. The study offers managerial, policy and theoretical implications and recommendations for future study.

Keywords: leadership styles, organisational culture, managerial effectiveness, Islamic work ethics, Saudi Arabia

ABSTRAK

Kajian ini mengkaji hubungan antara gaya kepemimpinan dan keberkesanan pengurusan dalam konteks sektor awam di Arab Saudi. Kajian ini turut meneliti hubungan antara budaya organisasi dan keberkesanan pengurusan serta kesan penyederhana etika kerja Islam dalam gaya kepemimpinan, budaya organisasi, dan keberkesanan hubungan pengurusan. Kajian ini didorong oleh hasil yang tidak konsisten dalam kajian lepas mengenai hubungan antara gaya kepemimpinan, terutamanya gaya kepemimpinan transformasi dan transaksi, budaya organisasi, etika kerja Islam, dan keberkesanan pengurusan. Ketidaktekalan dapatan ini mencetuskan aliran penyelidikan baru yang menunjukkan kepentingan untuk mengkaji kesan pemboleh ubah yang berpotensi untuk menjelaskan sesuatu hubungan. Untuk tujuan berkenaan, kajian ini mengambil teori yang berbeza termasuk teori kontingensi dan teori peranan motivasi keberkesanan pengurusan untuk memetakan dan memposisikan hubungan antara pemboleh ubah di dalam kerangka konsep. Borang soal selidik telah diedarkan secara rawak kepada 357 pengurus pertengahan di firma sektor awam Arab Saudi untuk tujuan pengumpulan data. Daripada 321 soal selidik yang dikembalikan, 295 telah digunakan untuk analisis data sebenar dengan menggunakan PLS-SEM. Hubungan langsung dan tidak langsung antara pemboleh ubah dianalisis dengan menggunakan analisis korelasi dan analisis regresi berhierarki. Dapatan kajian menunjukkan bahawa kepemimpinan transformasi, kepemimpinan transaksi dan budaya organisasi meramalkan secara positif dan signifikan keberkesanan pengurusan. Tambahan pula, hasil kajian menyokong kesan penyederhana etika kerja Islam terhadap hubungan antara kepemimpinan transaksi, budaya organisasi, dan keberkesanan pengurusan. Kajian ini turut menawarkan implikasi pengurusan, polisi dan teori dan cadangan untuk kajian masa hadapan.

Kata kunci: gaya kepemimpinan, budaya organisasi, keberkesanan pengurusan, etika kerja Islam, Arab Saudi

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LIST OF ABBREVIATIONS

AVE	Average Variance Extracted
CMV	Common method variance
PhD	Doctor of Philosophy
GDP	Gross Domestic Products
IND	Individualism
IGFW	Inviting for Good and Forbidding From Wrong
IWE	Islamic Work Ethics
LPC	Least Preferred Co-worker
LTO	Long-Term Orientation
MEF	Managerial Effectiveness
MAS	Masculinity
MLQ	Multifactor Leadership Questionnaire
OCL	Organisational Culture
OCI	Organizational Culture Inventory
PLS	Partial Least Square
PWE	Protestant Work Ethic
ROA	Return on Assets
ROE	Return on Earnings
SPSS	Statistical Package for the Social Sciences
SEM	Structural Equation Modeling
TSL	Transactional Leadership
TRL	Transformational Leadership
UAI	Uncertainty Avoidance
R2	Variance Explained
VIF	Variance Inflated Factor
WTO	World Trade Organisation

CHAPTER ONE

INTRODUCTION

1.1 Introduction

In the new edge, the pursuit of nation survival and sustainable competitive advantage has been a big concern that is at the heart of the globalization phenomenon. To survive and to compete in the future, a public sector plays vital role as engine of the nation, largely depends on good management practices and governance. The public sector plays a significant contribution in economic growth. The basic principles of good management and governance of public sector are dependent on how far the organization has been effectively managed by managers, organizational culture and Islamic work ethics engaged. The challenges of globalization have greatly increased the pressure for better public sector service for competitive advantages as noted by Lodge (1995) of the Harvard Business School, is forcing convergence around the most competitive practices ensuring global competitiveness and attracting investments, and therefore Saudi Arabia's public sector has to be world class and fulfil international benchmarks of performance.

In global challenge, a nation must be ready to compete and survive with other nations from around the world regardless socio-geographic located. In the same vein, the public sector must play significant role to be vibrant in global environment. A public sector rely on to the what extent the public managers are able to effectively manage the resource in a dynamic and turbulent economic scenario. Among the fundamental issues are the principle managerial factors which effect managerial effectiveness of manager (Farhad, Abdulla & Nada, 2009; Wang, 2010). On the other hand, Sharma

and Gupta (2011) argue that managerial effectiveness is well functioning derived from culmination of synergy of three factors called the manager, the organization and the environment. Therefore the subject of managerial effectiveness has been predominantly for the growth and survival organization.

In the searching of managerial effectiveness, it also showed that there is drastically increased trend and widespread discussion of managerial effectiveness in literatures. For example, electronic search for subject managerial effectiveness in Proquest Database (accessed years 2010-2015) found that from 1980 – 1989, there were 1742 scholarly journal recorded, 1990 -1999 were 13283 recorded, followed by 2000 – 2009 were 26212 recorded and then 2010 – now, the database showed 21211 articles on managerial effectiveness. Therefore managerial effectiveness is a subject that is widely focused and discussed in the context of knowledge.

1.2 Background of Study

Managerial effectiveness is increasingly being considered as competitive advantage for organizations, and its core conceptualization revolves around the capability of management to manage self, subordinates and relationships (to enhance subordinate's ability), and to manage change and decision making (which calls for the understanding of the environment where the organisation operates in (Srivastava & Sinha, 2007). The managerial effectiveness construct is frequently described with the help of output/management's achievement. Consequently, this outcome oriented definition urges for the determination of factors contributing towards 'outcome'. Three factors are highlighted in literature for being responsible for management achievement of results. They are 1) managers' efforts and ability 2) the environment

where in management and organisation is operating in and finally 3) the subordinates' efforts and ability. Hence, the ability of management plays a key role in achieving the required outcome (Mehta, 2008).

In the field of organizational behaviour, researchers and practitioners seem to agree that a strong link exists between managerial effectiveness and organisational performance (Inghilleri, 1999; Srivastava & Sinha, 2007; Amogah, 2009). However, before applying the principles of managerial effectiveness, many researchers argue that differences between cultures and countries should be taken into consideration. In this context, Sharma (2001) argues that managerial effectiveness is predominately culture specific which means that each country and community needs to develop their own system of developing managerial effectiveness. Thus, this research responds to such recommendation by examining the construct of managerial effectives and the factors that influence its provision in an emerging country context, namely Saudi Arabia.

A number of factors have been hypothesised to influence managerial effectiveness. One of these factors is the construct of leadership which was hypothesised by a number of researchers to influence the provision of managerial effectiveness (Nguyen, 2009; Horak, 2001). In this context, Ribiere and Sitar (2003) argue that leaders are important in acting as role models to exemplify the desired behaviour for their subordinates and that in many cases they are the owners who oversee every aspect of their operation and business. The researchers go on to say that decision-making is generally centralized and the ultimate power of control lies in their hands which in turn directly influences the effectiveness of management practices.

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Apart from leadership styles and its influence on managerial effectives, the culture of organisation plays a critical role in influencing managerial effectiveness keeping in mind that organisations are a collection of people who share information and knowledge as part of their daily routine (Nonaka, 2005). Simultaneously, organisational culture and leadership styles are interrelated as the culture in an organisation is strongly shaped and affected by the personality and outlook of the owner-managers (leaders) since they have a strong dominance in the firm (Wong & Aspinwall, 2005). Thus, there seems to be some interrelated nature of relationships between the constructs of leadership, organisational culture and managerial effectiveness.

In the literature on managerial effectiveness, an important concept has emerged and has been hypothesised to have a moderating impact on the relationship between leadership styles and organisational culture from one side and managerial effectiveness of organisational performance from the other; this concept is referred to as work ethics. Generally, ethics is the study of what we understand to be good and correct behaviour and how people make those judgments. Ethics concerns doing what is right, good and fair beyond the demands of laws and regulations (Sullivan, 2009). Ethics is concerned with what is good or right in human interaction and it revolves around three central concepts: 'self', 'good' and 'other'. Ethical behaviour results when one does not merely consider what is good for oneself, but also considers what is good for others (Rossouw & Vuuren, 2010). As far as organisation is concerned, organisational ethics defined as identifying and implementing standards of conduct in and for the organisation that will ensure that the interests of all its stakeholders are respected. Organisational ethics thus refers to the values and

standards that determine the interaction between business and its stakeholders (Rossouw & Vuuren, 2010).

Veijeren (2011) argues that in organisations with comprehensive ethics and compliance programmes, twice as many respondents felt motivated and empowered to do the right thing than respondents in companies lacking such programmes. Work ethics is related to leadership styles as leaders have influential roles in constructing the philosophy upon which companies are grounded (Ferrell, Linda & Ferrell, 2009). In addition, work ethics is also related to organisational culture as it is part of the ideologies and beliefs that govern and organise the relationship between leaders and subordinates. In this context, Veijeren (2011) argues that in order to create a culture of integrity and manage ethics effectively, an organisation has to implement an ethics-management programme. Thus, work ethics has been hypothesised to have a moderating influence on the relationship between leadership styles and organisational culture from one side and managerial effectiveness from the other. The current research attempts to examine such relations among the four variables of between leadership styles, organisational culture, managerial effectiveness and work ethics.

From the construct of work ethics emerged a sub-division construct, namely Islamic Work Ethics (IWE) especially in the countries where the official religion is Islam such as Saudi Arabia and Pakistan (Abbasi, Mir & Hussain, 2012). IWE within the concept of "Civilization of Islam" stresses cooperation in work, and consultation is perceived as a technique of conquering hindrances and evading blunders to meet one's needs and establish equilibrium in one's individual and social life. In addition, IWE stresses creative and innovative work as a source of pleasure and achievement

(Ali & Al-Owaihan, 2008; Kumar & Rose, 2010). IWE signifies that carrying out business in a determined atmosphere will result in higher performance and extensive success (Ali & Al-Owaihan, 2008).

1.3 Problem Statement

The primary goal of this research is to address some gaps in the literatures. This study attempts to investigate the impact of leadership styles and organisational culture on managerial effectiveness through the moderating influence of Islamic work ethics in the Saudi public sector agencies. Although volumes of research have been conducted into the nature of management and leadership over the past 50 years or so, there have been major shortcomings in terms of little attention having been given to the issue of managerial effectiveness, lack of generalizability of findings, and lack of relevance and utility (Hamlin & Serventi, 2008).They explained that although much is known about what is management, little is known about managerial effectiveness. In addition, assessing managerial effectiveness is extremely important in all organizations (Metts, 2007). Managerial effectiveness is universally accepted major goal for modern organizations (Singh, 2013).

From a research context, in addressing the operating and market performance of the Saudi public sector as compared to those operating in the private sector, Al-Matari, Al-Swidi and Fadzil (2012) found that Saudi public sector are experiencing tremendous challenges as compared to those operating in the private sector. The study reported that in 2010, 20% of the listed public companies experienced negative performance as measured by Return on Assets (ROA) and 25% negative performance as measured by Return on Earnings (ROE). Likewise, Mahmoud (1992)

addressed this problem earlier stating that one of the most important factors to explain the poor performance of Saudi public organisations is the lack of competent managers which would in turn negatively influence the managerial effectiveness in these companies.

Another issue, from the literature reviews, most of the research studies that have been conducted on the variables of leadership styles, organisational culture, and managerial effectiveness have been conducted on developed countries context mainly on Western countries or some developed countries in Asian such as Japan and Singapore while emerging countries were left with limited research (Bell, 2005). In addition, limited research has been conducted on the construct of Islamic work ethics as most of the previous research examined work ethics in general but not from an Islamic perspective. Consequently, our understanding of how the constructs operate and interplay depends largely on the theories and revelations of Western scholars and research studies. While such theories might definitely be useful in the Saudi context, they might not provide a clear and deep understanding of how such constructs interplay in an emerging country like Saudi Arabia. This is because Saudi Arabia is different from its Western counterparts taking into account the cultural differences between nations and countries. Saudi Arabia is even different from many neighbouring countries in the Middle East region particularly in masculinity for example and the practice of religiosity which would in turn influence their construct of work ethics programmes (Bendl *et al*., 2009). The concept of culture and cultural differences between nations is used to a large extent in a number of fields in the literature such as in international management, human resource development and organisation behavior to measure effects that can differentiate between countries or

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occupational groups (Kuchinke, 1999). Triandis (1995) believes that the concept of culture represents the successful attempts to cope with the outside environment. In other words, culture is regarded as a social group's shared strategies and techniques needed for their survival. As far as managerial effectiveness is concerned, Sharma (2001) states that managerial effectiveness is "predominately culture specific" which means that each country and community need to develop their own system of developing managerial effectiveness. Thus, this study is regarded as an attempt to provide a cross-cultural understanding of how the three constructs of leadership styles, managerial effectiveness and organisational culture interplay in an emerging country context, namely Saudi Arabia.

Apart from that, a fair understanding of the characteristics of leadership styles and its relationship with managerial effectiveness seems essential to choose the leadership style appropriate for Saudi listed firms that would be able to guide and motivate their employees, as well as to reconcile the vision of the individual employee and the mission with the vision and mission of these organisations. Also, there is a real need to investigate and analyse the methods of the current leadership and its relationship to assess the performance of the organisation, before making a decision on any particular leadership style to adopt.

The improvement of worker's performance in the organization is one of the major concerns highlighted by managers owing to its importance as a measure of job performance (Borman, 2004). According to the studies in literature, research dedicated to task performance has primarily focused on the identification of variables that predict the job performance improvement (e.g. Borman, 2004; Viswesvaran & Ones, 2000). Added to this, several studies have also examined performance from

varying facets including through the sole predictors of contextual performance (e.g. Chiu & Tsai, 2006; Haworth & Levy, 2001; Manrique de Lara & Rodriguez, 2007; Raub, 2008; Sesen, Cetin & Basim, 2011; Torlak & Koc, 2007; Zellars, Tepper & Duffy, 2002). Despite these studies, more research is called for in light of the significant perspective of Islamic Work Ethics (IWE) as Ali (1992) stressed that work ethics affect economic development and commitment among organizations and that Islamic work ethics significantly affect Muslim workers and organizations in Muslim countries. Islamic work ethics advocate hard work, work dedication, creativity, motivation and the employment of ethical means for productive outcomes. The reviewed literature revealed that only a few studies in literature with the inclusion of Haroon, Fakhar and Rehman (2012), examined Islamic work ethics in terms of its direct impact on some organizational aspects (job performance, job satisfaction and organizational culture, among others).

More importantly, most of the previous research studies attempted to investigate the relationships between the variables of leadership styles and organisational culture and managerial effectiveness separately. Limited research, however, attempted to investigate the multiple relationships between the three constructs, particularly in emerging country context and even no study has thus far attempted to do so in the Saudi context (Alharbi, 2012). This study takes a step further by examining the multiple relationships between the three variables as the goal of this research is to investigate the impact of leadership styles and organisational cultureon managerial effectiveness. The study takes a step further by examining the moderating influence of Islamic work ethics. In this regards, this study is designed to examine the

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leadership styles, organizational culture and managerial effectiveness with the moderating effect of Islamic work ethics in Saudi Arabia public organisations.

1.4 Research Objectives

This research attempts to achieve the following objectives:

1. To investigate the relationship between transformational leadership styles and managerial effectiveness.

2. To investigate the relationship between transactional leadership styles and managerial effectiveness.

3. To examine the relationship between organisational culture and managerial effectiveness.

4. To examine the moderating effect of Islamic work ethics on the relationship between transformational leadership styles and managerial effectiveness.

5. To examine the moderating effect of Islamic work ethics on the relationship between transactional leadership styles and managerial effectiveness.

6. To examine the moderating effect of Islamic work ethics on the relationship between organisational culture and managerial effectiveness.

1.5 Research Questions

This research attempts to answer the following questions:

1. Do transformational leadership styles have any positive relationship with managerial effectiveness?

2. Do transactional leadership styles have any positive relationship with managerial effectiveness?

3. Does organizational culture have any positive relationship with managerial effectiveness?

4. Does Islamic work ethics moderate the relationship between transformational leadership styles and managerial effectiveness?

5. Does Islamic work ethics moderate the relationship between transactional leadership styles and managerial effectiveness?

6. Does Islamic work ethics moderate the relationship between organisational culture and managerial effectiveness?

1.6 Significance of the Study

This study is believed to have both theoretical and practical significance. In other words, the study is expected to have contribution to the whole body of research on the field of managerial effectiveness and the factors affecting its provision. Simultaneously, the study is also expected to contribute to the Saudi public sector as the study is expected to generate some recommendations that can be taken into consideration by these sectors, which would in turn contribute to a better organisational performance and higher levels of market share and competitive advantages. For the theoretical significance, **i**t has been stated above that most of the research studies that have been conducted on managerial effectiveness and the factors that influence its provision have been conducted in Western countries context while emerging and developing countries were left with little research (Bell, 2005). More importantly, very scarce research has been conducted in a Middle Eastern context, and the researcher did not find any study that has been conducted in Saudi Arabia where this research was conducted. This means that our understanding of the construct of managerial effectiveness and also our understanding of the factors that

influence its provision seem not clear and need further investigation and more studies (Sarwat *et al*., 2011). This is because our understanding of the construct of the factors that influence its provision is grounded on western theories and scholars.

It should be kept in mind though that such theories might definitely be of a great value and can also be beneficial in the Saudi context but they might not provide a deep and rich understanding about how the construct of managerial effectiveness works and what are the factors that should be taken into consideration by the organisations operating in the public Saudi sector. Otherwise, the lack of deep understanding of these factors might lead to the adoption of inaccurate practices that would not achieve the hoped objectives of these companies. Consequently, a contextualized research is needed in Saudi Arabia as to understand the case there. Thus, this research is expected to contribute to the whole body of research on managerial effectiveness and the factors influencing its provision by expanding the sample group to include emerging countries that are characterized by different culture from those in the West and even from those in the Eastern countries. In other words, this research is expected to contribute to the body of research by providing anorganizational cultural understanding of managerial effectiveness and the factors that influence its provision by conducting a study in an emerging country context, namely Saudi Arabia.

In terms of practical significance, this study will provide empirical evidence from Saudi public sector of different organizational culture and Islamic work ethics. The results will contribute to the scholarly cross-discipline study in the field of managerial effectiveness in public environment by providing a basis for

understanding the extent to which study conducted in business and western environment may be applied in the public environment and Saudi context as well.

This study will also provide a basis for discussion among practices whose causal relationship has not been investigated especially by Saudi empirical evidence. For instance, the study will reveal leadership factors that might be significant and most easily influenced for mounting an effective managerial effectiveness.

1.7 Scope of the Study

This study attempts to look into the impact of leadership styles and organisational culture on managerial effectiveness through the moderating influence of Islamic work ethics in the Saudi public sector. The respondents in the study are the middle managers working in the public sector.

1.8 Definitions of Key Terms

- *Managerial Effectiveness*

Gupta (1996) defined managerial effectiveness as the "ability of a manager to carry out the activities required of his position while achieving the results both current and in terms of developing further potential".

- *Leadership Styles*

Leadership, according to Yukl (2006), 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. In the literature on leadership, two main styles emerged namely

transformational leadership style and transactional leadership style (Bass & Avolio, 1990, 1994).

- ***Organisational Culture***

Wallach (1983) defines organisational culture as the pattern of basic assumptions that a given group has invented, discovered, or developed in learning, and that has worked well enough to be considered valid and therefore to be taught to new members.

- ***Islamic Work Ethics***

Islamic Work Ethics (IWE) refers to a set of beliefs and morals, a social doctrine, and a call to righteousness among all members of organization (Asad, 2007).

1.9 Organisation of the Thesis

This research is planned to include five main chapters, namely: introduction, review of literature, methodology, analysis, findings and discussion, and finally conclusions and recommendation. The following section provides an overview about each chapter:

Chapter one begins with introduction section in which an overview about the definitions and foundations of managerial effectiveness and the factors that influence its provision were provided. The chapter then presents the background of the study in which some issues related to the Saudi context and the organisations operating in its public sector are provided. Statement of the problem, which addresses the gaps in research whether internationally worldwide or locally in the country of Saudi Arabia

was then presented. The chapter then moves to stating the research objectives and the research questions the current study attempts to answer. The part on the significance of the study was divided into a number of sections; the first section addresses the theoretical significance in which the way this research is expected to contribute to the body of research on managerial effectiveness and the factors that influence its provision were presented. The second section represents the practical significance in which the way this study is expected to contribute to industrial organisations in the Saudi public sector. The chapter concludes with some operational definitions of related terms and finally a summary of the chapter is presented.

Chapter Two is constructed on a way that would respond to the objectives of the research. The chapter represents the review of literature on the variables that will be investigated in the current research. The chapter begins with introducing the dependent variable of the study namely managerial effectiveness where the constructs' definitions, foundations and measurements are explained. The chapter proceeds with the independent variables of leadership and organisational culture and the way they are related to the dependent variables of managerial effectiveness. The moderating variable of Islamic work ethics is then viewed and likewise its definitions, foundation and measurements are explained. Some related research studies on each of these variables are presented in the chapter. Theoretical underpinnings are then introduced in which the theories upon which the study is grounded are viewed and discussed. The chapter concludes with the theoretical framework upon which the study is grounded followed by the summary section.

Chapter Three starts with the research design that will be employed in the study. The chapter then discusses and the instrumentation and the measurements that will be

used to measure each of the variables of the study (Independent, Dependent and Moderating). Measurements of these variables that are grounded on well-established work from the literature on the variables are then detailed. The chapter proceeds with an explanation of the population and sampling followed by the data collection procedures. The chapter concludes with a detailed explanation about the analysis techniques and some ethical considerations that will be followed before, during and after the process of conducting the current research.

Later, Chapter four presents complete results and analyses of the study that the analysis of the collected data and findings of the research are described in this chapter. Finally, Chapter five whereby key findings are summarized according to the research objectives. The significance of the findings and theoretical, practical, implications recommendation for future research is focused in this chapter.

1.10 Summary of the Chapter

This study aims at investigating the impact of leadership styles and organisational culture on managerial effectiveness through the moderating influence of Islamic work ethics in the Saudi public sector. This chapter was constructed in a way that would respond to achieving the primary goal of the current research. Specifically, the chapter provided an introduction in which the construct of managerial effectiveness together with an overview about the factors influencing its provision, namely leadership styles and organisational culture, were presented. The chapter then presented the background of the study in which some issues related to the Saudi context and the organisations in its public sector were provided. Statement of the problem, which addressed the gaps in literature whether internationally or locally in

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the country of Saudi Arabia, was then provided. The chapter then moved to stating the research objectives and the research questions of this study. Significance of the study was then introduced in which it was divided into theoretical significance and practical significance. The chapter concluded with some operational definitions of related terms that would give an idea about the philosophy upon which the current research is grounded. The following chapter (Chapter 2) presents the review of literature on the variables of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter introduces the review of literature on the main variables that are examined in this study. The chapter begins with a general view about managerial effectiveness followed by the two independent variables of leadership styles and organisational culture. Here, the constructs' definitions, foundations and measurements are explained. The chapter then proceeds to introduce the moderating variable of Islamic work ethics in which the construct's definitions and foundations are presented. The following section addresses the construct of managerial effectiveness that constitutes the dependent variable in this study.

2.2 Managerial Effectiveness

Throughout the previous decades, researchers have defined managerial effectiveness from various viewpoints and attempts have been made to reach a consensus of this construct's definition. In the viewpoint of employee's specific role in the organisation, managerial effectiveness is considered as a product of the effective/ineffective work related behaviors of the individual (Drucker, 2001; Page, Wilson, Meyer, & Inkson, 2003). In other words, managerial effectiveness is assessed based on the individual's role-specific skills and the level to which he/she is able to achieve the organisational goals. The construct is also stressed on the organisational and environment contexts wherein the manager is employed (Page *et al.*, 2003).

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With regards to the determination of factors which are the top influencing factors on manager's duty to effectively achieve organisational goals, Wood *et al*., (2004) and Drucker (2001) concentrated on what a manager does and the way he does it. On the other hand, Deming (1982) contended that prior to judging a manager in terms of effectiveness, the whole organisation has to be transformed into an effective one, following which effectiveness will be the outcome. Despite the difference in views concerning the path to effectiveness, researchers are of the consensus that managerial effectiveness arises when a managers' effort leads to the continuous satisfaction of organisational goals. The term 'satisfying' here indicates that goals are satisfied in a way that a sustainable repeatability within the organisation and its environment is realized (Page *et al*., 2003).

A number of factors have been hypothesized to influence the provision of managerial effectiveness. Among the famous and influential factors are the leadership styles that are being practiced by the leaders in the organisation and also the organisational culture adopted in the organisation. In the phenomenon of leadership in managerial practices, Northouse (2010) and Yukl (2005) view leadership as a process of interaction between leaders and followers in which the leader attempts to influence followers so as to achieve a common objective beneficial for the organisation. In this context, the construct of leadership is seen as a process between leaders and followers whereby a leader attempts to influence the behaviour of followers so that organisational goals are achieved. Northouse (2010) and Yukl (2005) added that the success of the organisation in goal achievement hinges on the leaders and their adopted leadership styles. Through a suitable leadership style, leaders are able to bring about employee job satisfaction, commitment and productivity. There is

enough evidence to reinforce the relationship between leadership styles and managerial effectiveness. Accordingly Raja and Palanichamy (2011) claimed that leadership is the core of effective management. The intentional or unintentional attitudes and actions of leaders influence those of their subordinates.

Another factor that has been hypothesized to influence managerial effectiveness is the culture of the organisation or what is normally referred to as organisational culture in the field of organisational behaviour research. The claim that organisational culture is linked to managerial effectiveness and in turn the performance of organisations is found on the perceived role played by culture in generating organisational competitive advantage (Scholz, 1987). Additionally, Krefting and Frost (1985) recommended the way in which organisational culture could develop competitive advantage through outlining organisation's boundaries in a way that facilitates individual interaction and/or by confining the information processing scope to suitable degrees. Since organisational culture is a reflection of the national culture of the community and as cultural differences between countries may influence the organisational culture of the ministry (Lok & Crawford, 2004; Westwood & Posner, 1997). It would be highly beneficial to investigate organisational culture in different cultures and countries and this is what this study attempts to do. Thus, this research attempts to investigate the impact of leadership styles and organisational culture on managerial effectiveness the Saudi public sector.

The manager of a ministry is mainly responsible for the success of organisation. Depending on the kind of organisation, a manager has to have different skills to leadership. Because of the various changes in organisations in terms of distribution,

size and decentralization, the managers need to be familiar and professionally educated to be able to handle the competition and the newly emerging situations.

The manager responds to the demands and expectations of others related to the managerial job (Katz & Kahn, 1978). Salancik, Calder, Rowland, Leblebici and Conway (1975) show that individuals in supervisory or middle management positions develop behavioural style and responses in accordance with the mutually constraining pressures and demands of their subordinates, peers, and superiors. In this sense, managerial effectiveness can be simply defined as the extent to which the manager is meeting the expectations for specific role behaviour by the role senders. Since expectations among role senders may differ, effectiveness must also be defined from the unique perspective of each role set member. This view was composed in detail by Tsui (1982b) who believes that a manager who is affective with one constituency may not be the same with others (Tsui, 1982b; Tsui and McGregor, 1982). Thus the concept of managerial effectiveness is meaningful in case it is defined from the perspective of each relevant role sender. Effectiveness results from engaging in role behavior, which corresponds to the aspirations and demands of other role set members.

Likert (1961) stressed on a manager's adaptive skill to any situation and followers' demands as this would result in a high level of effectiveness in satisfying personal and organisational goals. On the other hand, Reddin (1970) argued that managerial effectiveness is only the output that is dependent upon one's position in the organisation. He concentrated on the output with the exclusion of the morale and satisfaction of the group members. Another description comes from (Campbell, Dunnette, Lawler, & Weick, 1970) who stated that an effective manager similar to an

optimizer in situations characterized as complex and ambiguous, for superior functioning of the organisation. Drucker (1977), on the other hand, did not stress on the importance of managerial effectiveness but instead focused on the manager's habit of problem solving. When this habit develops, the manager can optimally perform in any situation. Contrastingly, Langford (1979) claimed that effectiveness primarily depends on the situation, and situation is comprised of the manager himself, his status, his tasks, the organisation and the socio-economic environment.

Black and Edward (1979) believe that a very good method of measuring effectiveness could be achieved by examining the difference between the quantity being produced and the one being planned. Hill (1979) also supported what Black and Edward (1979) believed claiming that an effective manager exhibited high concern for the people as well as the productivity. Hence, effective management is about doing the right thing in a timely manner. In situations of downsizing, mergers, and other organisational changes, organisations require managers who are both efficient and effective. The managers' responsibilities and the competitive pressures present in the environment demand their effectiveness. While efficient individuals do things right, effective ones do the right things. Stated differently, effective managers have to be effective as well as efficient. The primary responsibility of managers is to manage subordinates and an effective manager is good at self-management. Although effectiveness can be taught and mastered with practice, some managers are convinced that it is something a person is born with and not something to be acquired.

Goldberg (1992) provided five primary elements that characterize effective managers. Effective managers basically prepare plans after taking knowledge and

information from various reports and experiences into consideration. They create activities according to their plans and objectives. They concentrate on how to contribute to the organisation. They often focus on the probable outcome instead of the methods or approaches used and finally, they value team dynamics and how understanding others' goals, values, needs and wants, comfort and stretch areas, can assist in motivation, delegation, resolution of conflicts and overall team performance. Researchers in the field of managerial effectiveness (e.g., Barrick, Mount, & Strauss, 1993; Hogan & Kaiser, 2005; Ibrar, Muhammad, Barkatullah, Jahan, & Ashraf, 2012; Kaiser & Craig, 2011; Kaiser, Hogan, & Craig, 2008; Rastogi & Dave, 2004) also adopted these five characteristics.

Campbell *et al*. (1970) contended that managerial effectiveness should also manifest organisational effectiveness but if it fails to do so, individuals' effectiveness should be a matter that should be considered as good performance is pre-requisite to positive organisational dynamics. Moreover, Srivastava and Sinha (2007) claimed that the concept of effectiveness is addressed in various ways by theorists and actual practitioners. It is evidently difficult to achieve a conclusive outcome on the construct so this research attempts to extend the area of research by examining managerial effectiveness in the context of an emerging country, Saudi Arabia.

The importance of managerial effectiveness lies in the fact that the performance of managers strongly affects the organisational outcome (Bass, 1985; Bono & Judge, 2003; Burns, 1978; Burns, 1982; Fuller, Patterson, Hester, & Stringer, 1996). Described in simple, administrative efficiency can be formulated in a series of events such as the creation of a vision to achieve the objectives of the organisation, and then achieved through the implementation and effective management of the mission while

using the minimum possible resources. Usually this is what is expected of managers to achieve the desired organisational outcome.

Currently, organisations must critically and continuously evaluate and adapt to the environmental changes in order to be successful. Owing to new issues, the implementation and management of these changes are quite risky. Organisational effectiveness is deemed to be the unifying factor for over a century of research in organisational design and management, but no distinct theory about it has been proposed (Lewin & Minton, 1986). This is owed to the fact that organisational effectiveness is rife with complexity, controversy and difficulty in conceptualization (Chelladurai, 1987). This complexity stems from its involvement with multiple dimensions of goals, resources and processes (Haggerty, 1991). Until recently, the multiple constituency models, judging from its synthesis of earlier goal approach, process approach and system resource approach, seems to the optimum representation of the multiplicity of organisational effectiveness. Nevertheless, among the most critical attributes reported to measure this construct is based on leadership studies (Ashraf & Khan, 2012; Srivastava & Sinha, 2007). Efforts have been expended to examine the relationship between leadership and organisational effectiveness.

Weese (1996) indicated that a lot of researchers who studied the leadership have discovered "convincing evidence" for leadership's importance to the "success and survival" of the organisations. But a controversy exists as to whether or not leadership positively impacts organisational effectiveness. For instance, Weese (1996) study of the linkage between the constructs of transformational leadership, organisational culture and organisational effectiveness revealed that no significant

relationship existed between the two constructs of transformational leadership and organisational effectiveness. Along the same line of contention, Lim and Cromartie (2001) proposed that leadership does not relate to organisational effectiveness but instead employees play a key role in such effectiveness. The next section discusses the measurement of managerial effectiveness.

2.3 Measuring Managerial Effectiveness

The assumptions revolving around managerial effectiveness include facets to what management does, and what they should do to succeed. These views focus on activities managers perform instead of the activities that are traditionally prescribed for successful management (Pomsuwan, 2006). In other words, measuring management's behaviors and knowledge forms an appropriate basis to measure managerial effectiveness (management competence), where several models have been provided in literature for their assessment. Scholars possess various views concerning managerial effectiveness with some relating to the level to which the manager is able to achieve goals through subordinates, which is critical to the organization (Herbert, 1976). Accordingly, Pomsuwan (2006) provided a description of seven critical competencies of employees, professionals, and managers/leaders for future effectiveness. According to Mintzberg (1973), effective managers generally conduct many duties at the same time. Other scholars (e.g., Luthans & Lockwood, 1984; Quinn, Bright, Faerman, Thompson, & McGrath, 2014) defined management roles while others (Yukl, 1998) evaluated managerial behavior in several ways.

Gupta (1996) recognized 19 items of managerial effectiveness depending on belief in people and their empowerment, interpersonal relationship, inspiration and

innovation, achievement of personal and organisational goals, motivating subordinates, planning and coordinating, relationship with stakeholders, management of discipline and conflict, and influencing market environment. The scale has been further factors analysed giving 3 factors named as 'Activities of His Position', 'Achieving the Results' and 'Developing Further Potential'. In the current study, to measure managerial effectiveness, items were developed to tap each of the three factors identified by Gupta (1996). This measure was also adopted by other researchers who conducted studies on measuring managerial effectiveness in emerging countries context such as Ashraf and Khan (2012) who attempted to study the influence of emotional intelligence on managerial effectiveness in the public sector in Pakistan. Another study that used the managerial effectiveness scale developed by Gupta (1996) was a study conducted Banerjee (2012) that aimed at measuring managerial effectiveness and targeted a sample of 100 managers (Middle and lower management) in private industrial organisations in India.

2.4 Leadership Styles

Literature is rife with studies that examined the concept of leadership, and leadership researchers claimed that leadership is really significant (Bass, 1995; Bass & Avolio, 2000; Hallinger, 2003; Judge & Piccolo, 2004; Jung & Avolio, 2000; Piccolo & Colquitt, 2006; Shin & Zhou, 2003; Wang, Law, Hackett, Wang, & Chen, 2005). The term 'leadership' has been defined in various ways. For example, Lohmann (1992) defined it as the development of a vision, and a climate of trust in the organisation and empowering others (p.59). It has also been defined as process by which individuals influence and drive groups in achieving a common goal or outcome (Northouse, 1997). In this background, Rost's(1991) conducted an analysis of 587

works related to leadership, 366 of which failed to define the term leadership. He explained that most leadership studies concentrated on the traits/behaviors and abilities of the leader.

Organisations that achieve a strategic position and competitiveness have leaders at every level (Lercel & Field, 1998). In the current global marketplace, satisfying customers and obtaining profits entails quick thinking and immediate action. Lercel and Field (1998) claimed that leaders have to be prepared to make smart and crucial decisions and employ them efficiently in all levels in order to enhance quality and speed. The leadership concept has many connotations and these are frequently viewed as synonyms that are equally complex. These include power, authority, management, administration and supervision. Leadership was defined by (Northouse, 2001) as the process by which an individual influences a group to reach a shared goal. Employing this definition in the field of management enables its use in the principals of vocational technical institutions. These leaders have the ability to impact the groups' activities, such as staff, students, policy makers and employers which would in turn lead to insuring that goals of success and economic viability, within the distinct environment of academia is are achieved. Many leadership scholars revealed that ineffective leadership in an organisation is the core reason for the destruction of its productivity Yuk (1994) while effective leadership is an asset to an organisation if it is desirous of achieving productivity.

Management and organisations are faced with the challenge posed by the future rapid and complex change. This notion of future oriented uncertainty along with individual demands for active interaction at the entire organisational levels, impact the leadership views, particularly in light of respective roles of leader and followers. The

leadership theory hinges on the relative significance of the leader versus the follower in the achievement of the mission. However, the influence of this notion on employee attitude and behavior is ambiguous. Despite the presence of several factors that affect such attitudes and behavior, until recently studies claimed that leadership style is the primary factor. In their attempt to conduct an evaluation of leadership effectiveness, researchers examined two major lines of theories.

Transformation leadership stood out as a dominant approach that has been often contrasted by researchers to transactional leadership. Both types of leadership entail leaders who are active, problem solvers and problem preventers. Majority of studies have also conducted a comparison between the two types along with the laissez faire leadership style – style that describes an inactive leader (Avolio, Bass, & Jung, 1999; Ayman, Korabik, & Morris, 2009; Burton & Peachey, 2009; Deluga, 1990; Eagly, Johannesen-Schmidt, & van Engen, 2003; Goodnight, 2004; Horwitz *et al.*, 2008; Rowold, 2006; Spinelli, 2006; Xirasagar, 2008).

Leadership theory presents a positive relationship between transformational/transactional leadership and other constructs including organisational commitment, job involvement, job satisfaction and organisational effectiveness. But according to the overall evidence, one could expect that transformational leadership manifests a more significant and positive relationship with the constructs. According to Judge and Bono (2000) stated "the MLQ ratings exclude some potentially significant outcomes like organisational commitment, and overall job satisfaction" (p.754). Despite the expectations that the subordinates of transformational leaders experience more job satisfaction, and are more committed, little evidence exists to back this claim.

Various studies contended that transformational leadership, contrary to transactional leadership, results in greater degrees of satisfaction, commitment, organisational citizenship behavior, cohesion, motivation, performance, satisfaction with the leader, and finally the effectiveness of the leader (Avolio *et al.*, 1999; Connelly & Ruark, 2010; Humphrey, 2012; Kim & Lee, 2011; Koh, Steers, & Terborg, 1995; Lee, Kim, Son, & Lee, 2011; López-Zafra, Garcia-Retamero, & Landa, 2008; Lyons & Schneider, 2009; Nguni, Sleegers, & Denessen, 2006; Suliman & Obaidli, 2013; Tai, Chang, Hong, & Chen, 2012). Despite the fact that attitudes of job satisfaction, job involvement and organisational commitment are considered as distinct concepts (Brooke, Russell, & Price, 1988; Nystedt, Sjöberg, & Hägglund, 1999), they are likely outcomes of each other (Brown, 1996). Job satisfaction, referred to as a positive emotional state that reflects an effective reaction to the job situation, and job involvement, referred to as the cognitive belief state that reflects an individual's psychological identification with the organisation, have been reported by scholars to be different from each other in a specific job and distinct form organisational commitment (an element that describes the identification of the employees with the organisation(Brooke *et al.*, 1988; Brown, 1996).

Studies by Trott and Windsor (1998) revealed that staff nurses experience more job satisfaction with transformational leaders where their level of satisfaction is impacted by the leader's participative style. Transformational leadership was also reported to be positively related to the way effective followers perceive leaders, the level of effort they expend for the leader, how satisfied they are with the leader, and how well their performance rate is according to the leader (Hater & Bass, 1988).

2.5 Leadership Theories

The chaos regarding the definition of leadership includes the theories of leadership. One such shortcoming has been the narrow attention of most researchers and the absence of broad theories that integrate findings from the different approaches. Previously, leadership has been approached in different ways depending on the researcher's understanding of leadership and their methodological tendencies (Avolio & Bass, 1995; Avolio & Gardner, 2005; Avolio & Yammarino, 1990; Bryman, 2004; Bryman, Stephens, & Campo, 1996; Russell & Stone, 2002; Stordeur, D'Hoore, & Vandenberghe, 2001). Most leadership research has concentrated only on the leader's past personality and actions. New leadership research has differently approached the orientation of leadership styles. A leader can make a difference in measures of organisation effectiveness. Therefore, the leadership style is one of the most important factors that impact the group or ministry. The following discussion addresses a number of leadership theories.

2.5.1 Traits Theories

The trait approach is one of the first systematic endeavors to comprehend leadership. By suggesting that a number of individual traits of effective leaders could be found, the traits theory tries to figure out specific characteristics (physical, mental, personality) related to leadership success; depending on research that various traits lead to certain success criteria (Aronson, Reilly, & Lynn, 2006; Hetland & Sandal, 2003; Judge, Piccolo, & Kosalka, 2009; Northouse, 2001; Strang, 2007; Walumbwa & Schaubroeck, 2009; Zaccaro, 2007). Therefore, leaders were almost assumed to be men and thought to have acquired combinations of characteristics that distinguished

them from their followers. The idea was that those supposed to be leaders were born with special qualities which qualified them to lead others rather than to be led (Hitt, Black, Porter, & Hanson, 2007). Moreover, away from studying personnel testing, the traits of leaders have been analyzed through observation of their behaviour in group situations, by choice of associates, by nomination or rating by observers, and by analysis of biographical data (Gibson, Donnelly, & Ivancevich, 2003).

However, the attempt to find a list of character traits that would promise effective leadership was not successful (Gibson *et al*., 2003; Robbins, Judge, Millett, & Boyle, 2013). Upon consideration of the many qualities of several influential leaders show that a set of common characteristic, these were challenged as another leader come to the attention of the researchers who displayed none of the shared traits, but a wholly different set. Many forms of characteristics were analyzed, such as physical appearance, social background, intelligence and ability, personality, task-related skills, and social qualities. Taking a deep literature review, it seems that no consistent set of characteristics distinguished the leaders from the non-leaders vs. a variety of situations. In addition, a clear and precise set of characteristics which depicted or guaranteed leadership effectiveness could never be finalized (Robbins *et al*., 2013)

Another obstacle of the trait approach is that most of the studies on personal traits of the effectiveness of leaders have not considered the impact of the selective situation. Northouse (2001) claims that a person qualified with leadership traits who one was a good leader in one situation might not be similarly a leader in another situation because it is believed that there are no definite traits that expect leadership in all situations. Similarly, Robbins *et al* (2001) said that in "…highly formalized

organisations and those with strong cultures. The power of traits to predict leadership in many organisations is probably limited" (p. 315). As a result, instead of the quantity that individuals owned, leadership was reevaluated as a relationship among people in a social situation (Stogdill, 1974). Personal factors associated with leadership remained to be important, however, it is contended that these factors should be perceived as relative to the requirement of the situation.

Despite of all obstacles, the trait approach is valid and dynamic. There has been recently a growing interest in the trait approach in the field of explaining how traits influence leadership (Bryman, 1992). Kirkpatick and Locke (1991) suggest that effective leaders are actually distinct types of people in many key aspects. They say that "it is unequivocally clear that leaders are not like other people" (p. 59). The idea, then, is that specific traits do not decide upon leadership effectiveness, rather, they can expand its likelihood. It is clear that very few people enjoy every critical trait at an exceptionally high level. In case a person has more than one of these relatively continuous characteristics, the possibilities for successful leadership become better. Such traits foster potential; however, other factors such as skills, attitudes, experience, and opportunity decide whether the potential will be realised or not.

It is clear that traits alone are not enough to explain leadership (Gibson *et al.*, 2003; Hogan, Curphy, & Hogan, 1994; Hogan & Kaiser, 2005; Northouse, 2001; Robbins, 2001; Yukl, 2006). Peter Drucker(as cited in DuBrin, 1998) assumed that a leader cannot be classified by a certain personality type, style, or set of traits. Rather, a leader should be approached by his or her constituents, results, example setting, and responsibilities. Therefore, what was interesting to researchers was the fact that they considered not only leader traits, whether real or attributed, but also the ways in

which leaders behave in relation to their followers. This approach encouraged more search in the field of social psychology and organizational behaviour. Recognizing idiosyncrasy in human behaviour is an integral part of contemporary theorizing of leadership since it gives rise to concepts of personal association between individuals and groups and personalizing the process of successful leadership.

2.5.2 Behavioural Theories

Behaviour theorists try hard to enhance a better understanding of the leaders' actual duties in their positions and how such behaviours lead to leadership effectiveness. The influence of theory and the majority of research stemmed out from the idea that the leaders must adapt with two separate but interrelated aspects of their situations: they must accomplish the task, and they must do so through collaboration with those they lead (Gibson, *et al*., 2003). Leadership behaviours can be analyzed in terms of looking at what leaders do in relation to accomplishing the task and maintaining the efforts of people doing the tasks. The difference between trait and behavioural theories is the fact that if the trait theories were valid, then leadership is basically inborn. Moreover, if behavioural studies turned up critical determinants of leadership, people could be trained to be leaders (Gibson, *et al*., 2003; Robbins, 2001, 2006).

The most viable behavioral theories were concocted at the Ohio State University in the late 1940s which focused on the effect of leadership styles on group performance. The study presented the presence of two main streams of leadership behavior namely initiating structure and consideration. The former refers to the level to which a leader has the tendency to define and structure roles in an attempt to achieve goals

(Robbins, 2001, p.316) while the latter refers to task behaviors such as organising work, giving structure to the work context, defining role responsibilities, and scheduling activities. It is leadership behavior that provides a description to the level to which a leader is sensitive to his/her subordinates, respect their beliefs and feelings and develops mutual trust (Hersey, Blanchard, & Johnson, 2001, p. 93). Consideration covers behaviors that assist in, respect, and maintain a good leader-follower relationship.

Most studies emphasized that "initiating structure" is normally related to efficiency and effectiveness in task performance, while consideration is normally associated with job satisfaction and lower turnover (Robbins, 2001). Furthermore, the results of these studies indicate that some balance is requested between consideration and initiating structure to achieve both individual needs and organisational goals. Thus, a leader who achieved high in both initiating structure and consideration did not always give positive result (Gibson, *et al*., 2003; Northouse, 2001; Robbins, 2001, 2006). As a result, deciding how a leader optimally combines between task and relationship behaviours has been the focus of researchers from the style approach's vantage.

Another behavioural approach to leadership suggested by Blake and Mouton (1985) used the famous Managerial Grid, which includes two aspects that measure the manager's level: *concern for people* and *concern for production*. Such dimensions are similar to the aspects of consideration and initiating structure as done by Ohio State leadership studies, or the Michigan dimensions of task-oriented and relationship-oriented behaviour (Robbins, 2001).

To summarize, scholars of the behaviour approach have agreed that leadership consisted essentially of two general types of behaviour: task behaviour and relationship behaviour. The central focus of the behaviour approach is to explain how leaders combine these two kinds of behaviours to impact upon employees in an endeavor to reach a goal (Northouse, 2001). However, the behavioural approach unlike the trait approach has some advantages: behaviour can be taught, behaviour can be more precisely and accurately measured, and behaviour can be more objectively observed (Nahavandi, 2006). However, the research which is prepared on the style approach has not properly shown the way a leaders' style is related to the performance outcomes (Bryman, 1992; Gibson, *et al*., 2003; Robbins, 2001, 2006; Yukl, 2006). Because of the absence of the consideration of the situational factors which impact upon the success or failure, researchers faced difficulty to make a consistent relationship between task and relationship behaviours and outcomes such as morale, job satisfaction, and productivity. As a result, from knowledge management perspective, the literature review indicates the difficulty of understanding the evolution of those behaviours that result in successful knowledge management initiatives.

2.5.3 Situational and Contingency Theories

The notion that leadership style or behaviour should change in accordance with specific demands of particular situations has participated in the rush of *situational* or *contingency* theories. The basic suggestion of such approaches is that we cannot own one best method. Differences in the leaders' personalities, followers' personalities, the assigned task, the urgency and/or importance of the task, the degree of the task structure, ability and expertise of the followers, and many other factors, decide what

would be the most proper and effective in certain situations. The major contingency models of leadership are Fiedler's leadership effectiveness model, House's path-goal theory, Hersey and Blanchard's situational leadership model, and Vroom and Yetton's decision-making model.

Fiedler's contingency theory is considered as the most famous contingency theory. Fiedler (1964) leadership effectiveness model focuses on the organisational variables that impact leadership effectiveness. It assumes that the "best" style of leadership will be determined by the variable factors in the leadership situation such as position power, task structure, and leader-member relations. The theory suggests that the leader's personal style is fixed that some modifications are required in some contexts to transform that particular leader to be truly effective (Gibson *et al*., 2003; Robbins, 2006). The most proper situation for leaders to impact upon their followers is to be well liked by the members of the group (good leader-member relations), to have a powerful position (strong position of power) and to monitor a well-defined job (high task structure). Such potentials can be obtained together in different situations to decide the leader's level of control over a certain situation.

Such theory is controversial because of its ambiguity in the situational variables; lack of clarity in the meaning of Least Preferred Co-worker (LPC) score, and inconsistent validations (Chemers, 1984; Northouse, 2001; Robbins, 2006; Yukl, 1989; Yukl & Van Fleet, 1992). Another disadvantage of the theory is its failure to clarify the proper way which organisations should adopt in case there is a dispute between the leader and the situation in the workplace (Northouse, 2001). Instead of asking leaders to adapt their style to different situations to improve leadership in an organisation, this approach suggests that leaders engage in *situational engineering*: changing

situations to fit the leader (Yukl, 2006). However, situations related to organisational culture cannot be easily changed to suit the leader's style. Leadership contains situations or organisational contexts which combines both leaders and members. As a result, leaders sometimes should adapt their style when they cannot perform the organisational goals. Moreover, it is often difficult to objectively decide whether the leader/member relations are good or not, whether the task is structured, and how much power the leader has (Robbins, 2001).

House's House (1971) path-goal theory is another contingency model of leadership. The path-goal leadership model, just similar to Fiedler's contingency theory, tries to foretell leadership effectiveness in various situations. House House (1971) claims that leaders are effective when they show positive impact on the motivation of their followers, ability to perform, and ability to enhance job satisfaction. Furthermore, it is the leaders' role to support his or her followers in achieving their goals to ensure that their goals are compatible with the overall objectives of the group or organisation (Gibson *et al.*, 2003; Northouse, 2001; Robbins, 2001). The path-goal theory depends on the notion that the individual's motivation is fostered by the expectations to achieve an improved level to become instrumental in getting positive rewards and avoiding negative results.

Contrary to Fiedler's suggestion of the leader's impossibility to change his or her behaviour, the path-goal theory claims that leaders should be flexible. The path-goal theory suggests four main types of leadership behaviour: directive leadership, supportive leadership, participative leadership, and achievement-oriented leadership. Choosing the proper style, a leader can expand subordinates' perceptions and motivation, and pass the path to their goals (House, 1971; Indvik, 1986; Schriesheim

& Glinow, 1977; Stinson & Johnson, 1975). The path-goal theory, nevertheless, does not exhibit clearly the way the leader's behaviour affects subordinates' motivation levels. Moreover, many scholars claim that path-goal theory, a leader-oriented approach, fails to recognize the transactional nature of leadership (Northouse, 2001; Robbins, 2001, 2006; Yukl, 2006) since it does not encourage subordinates' participation in either the leadership process or the knowledge creation process.

Another contingency model of leadership is provided by the leader-participation approach proposed by Vroom and Yetton (1973). This model provides a sequential set of rules to determine the appropriate form and amount of participation in decision-making depending on different types of situations (Robbins, 2001; Yukl, 2006); it emphasizes the need for a leader to modify his or her leadership style to suit the situation. This is a basic deviation from Fiedler's contention that suggests modifying a situation to suit the leader. The model is debatably the most optimum situational theory as it concentrates on certain aspects of behavior as opposed to general behaviors and it includes meaningful variables, and determines moderator variables (Yukl, 1989). Nevertheless, the leader participation approach addresses only a slight portion of leadership and has various conceptual weaknesses including lack of parsimony, oversimplified decision making process, and implicit assumption that managers are skillful in using each decision procedure (Yukl, 1989; 2006).

In conclusion, the principle concern with contingency and situational theories in contributing to the current research is the failure to isolate critical situational factors that affect leadership effectiveness (Northouse, 2001; Robbins, 2001; Yukl, 2006). While some contingency theories have generated strong empirical support (Jago, 1982; Robbins, 2001; Yukl, 2006; Yukl & Van Fleet, 1992) and are still utilized in

contemporary leadership study, they have been criticized for some substantial drawbacks; each of these theories is but a piece of the leadership puzzle. As the purpose of this research is to study the influence of leadership on knowledge management, a major limitation of the contingency theories is the lack of sufficient attention to the leadership process that transform the ways followers view themselves and their works (Yukl, 1989, 2006). Such leadership can influence followers by creating knowledge, as well as transforming their individual knowledge to organisational knowledge that is valuable to the ministry.

2.6 Transactional vs. Transformational Leadership Styles

Several researchers have dedicated their works to exploring transactional and transformational leadership styles in the past few decades. According to Laohavichien *et al*. (2009), demonstrating either of the two types of leadership styles (transformational and transactional) in an organization results in a successful operation. Therefore, prior studies have examined both leadership styles as predicting variables of particular criterion variables. For example, both leadership styles are predictors of the satisfaction of subordinates with their leaders (Bennett, 2009) despite the fact that in several circumstances, the predictive power of each style varies. In this regard, Chen *et al*. (2005) revealed that followers were satisfied with the transactional leaders' contingent rewards, and they are satisfied with the transformational leaders' individualized consideration. Along a similar line of contention, Jansen *et al*. (2009) reached to the conclusion that the behaviors of transformational leaders were related with exploitative innovation.

Moreover, the behaviors of transactional and transformational leaders generated different results in different circumstances. In some instances, transformational leadership behaviors were significant predictors, while in other instances, transactional leadership behaviors were. In regards to this, some studies revealed that transactional leadership style resulted in high satisfaction and organizational identification (e.g. Epitropaki & Martin, 2005; Wu, 2009). In other studies, transformational leadership was reported to significantly impact the performance of followers and innovation as opposed to the former leadership style (Boerner *et al*. 2007). Added to this, transformational leadership was also found to significantly link to team cohesiveness, work unit effectiveness as well as organizational learning as opposed to transactional leadership (Lowe *et al*., 1996; Stashevsky & Koslowsky, 2006; Zagorsek *et al*., 2009).

Along the same line of discussion, transformational leaders can function as a change agent to assist followers in accepting organizational change (Bommer *et al*., 2004) particularly when technology or new inventions are involved (Nemanich & Keller, 2007; Schepers *et al*., 2005). Transformational leaders equipped with their effective communication skills, are capable of influencing their followers to concede and follow the strategic organizational goals (Berson & Avolio, 2004). In this case, they volunteer their assistance to their employees in an attempt to decrease issues that are related to work (Berson & Avolio, 2004) and this ultimately enhances employees' job satisfaction (Nemanich & Keller, 2007; Scandura & Williams, 2004), maximize employees' commitment level and lowers their turnover intentions (Rafferty & Griffin, 2004; Scandura & Williams, 2004).

Contrastingly, transformational leaders are primarily provided with extensive support in several organizational scenarios as exemplified by MacKenzi *et al.* (2001). According to them, transformational leadership behaviors as opposed to transactional leadership behaviors are related with sales performance and organizational citizenship behavior. Moreover, in another study (Gumusluoglu & Ilsev, 2009), transformational leadership was revealed to be related to individual and organizational creativity. Such findings highlight that upper level management exercising transformational leadership my produce competitive advantage for their firms (Zhu *et al.*, 2005).

2.7 Transformational and Transactional Leadership Theory

Current leadership theories have participated in forming a clear conceptualization of leadership and a fresh copy of an influential leadership style-transformational and transactional leadership theory. In previous leadership theories, leadership is understood in terms of management with reference to the perception of the leader and learning in the organisation. However, modern theories center on motivation, inspiration, organisational commitment, and stimulating extra effort from followers. Therefore, this section introduces an overview of transformational and transactional leadership theory.

2.7.1 Transformational Leadership

It is believed that transformational leaders are responsible for encouraging employees to achieve extraordinary expectations (Hater & Bass, 1988). It is also suggested that a transformation leader satisfies his followers' order needs and moral values, and inculcates both passion and commitment of followers for the

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organisation's vision and mission while at the same time developing pride and faith in followers, communicating personal respect, intellectually stimulating them and urging them to employ creative thinking and promote challenging goals (Carless, Wearing, & Mann, 2000; Hetland & Sandal, 2003; Humphrey, 2012; Judge & Piccolo, 2004; Piccolo & Colquitt, 2006). In this background, the leader is responsible for the future of the organisation and encourages followers as opposed to forcing them (Trott & Windsor, 1998, p. 128), urging them to commit and work towards the organisation's success (Barbuto, 1997).

According to transformational leadership theory, the notion that the transformational leader's behaviour lies in the emotional attachment to the leader and followers is suspected. Considering the leader as transformational lies in the extent to which he or she affects the follower, who sense trust and respect towards leaders, and are motivated to perform extraordinary behaviours (Barbuto, 1997). Currently, it was reported that transformational leadership behaviors are not limited to executives and world-class leaders but is widely available to managerial aspects in various settings (Hater and Bass, 1988). In a related study, Judge and Bono (2000) evaluated the association between leader personality and transformational leadership behavior, and they stated that transformational leadership behavior results in leadership satisfaction, organisational commitment, work motivation and leadership effectiveness. However, no linkage was revealed between this type of leadership and subordinate's overall job satisfaction.

Literature provides four dimensions that summarises the transformation leadership construct (Alimo-Metcalfe & Alban-Metcalfe, 2001; Avolio & Bass, 1995; Bass, 1995, 1997; Brown & Keeping, 2005; Bycio, Hackett, & Allen, 1995; Carless, 1998;

Dubinsky, Yammarino, & Jolson, 1995; Judge & Piccolo, 2004; Rafferty & Griffin, 2004).

1.   Charismatic leadership/idealized influence: the leader provides followers with pride, faith, vision and sense of mission while at the same time, obtaining their respect, trust, and setting high standards for emulation;

2.   Inspirational leadership: the leader encourages followers to employ challenging goals, engage in shared goals and brings about team spirit through enthusiasm and optimism;

3.   Individualised consideration: the leader acknowledges individual distinctiveness, relates the current needs of individuals to the needs of the organisation, facilitates coaching, mentoring and growth opportunities; and

4.   Intellectual stimulation: the leader urges followers to handle problem solving in novel approaches and to come up with new ways for responsibilities performance.

2.7.2 Transactional Leadership

There are differences between transformational and transactional leaders. While transformational leaders stimulate subordinates to go beyond expectations, transactional leadership depends on the traditional and bureaucratic authority of the followers' performance of the leader's desires. The nature of the relationship between leader and follower depends on a series of exchanges or implicit bargains, clarifying role expectations, assignments and task-oriented goals. However, transactional leaders concentrate their energies on completing missions and adopt the policy of organisational rewards and punishments to impact upon employee

performance (Deluga, 1990; Honari, Goudarzi, Heidari, & Emami, 2010; Humphrey, 2012; Judge & Piccolo, 2004; Kim & Lee, 2011; Koh *et al*., 1995; Nguni *et al*., 2006; Tai *et al*., 2012).

Hater and Bass (1988, p. 695) stated that the dynamics of a quid pro quo dominates the transactional exchange, in which the leader clarifies task requirements and rewards for compliance. Transactional leadership theory claims that in case the environment and the job do not stimulate, guide and satisfy the follower, the transactional leader utilizes his or her behaviours as compensation for the deficiency. The leader enables followers to comprehend acceptable standards of performance and their reward (Hater & Bass, 1988). This is where the distinction between transformational and transactional leadership lies (in light of the process by which leaders motivate their followers and the kinds of goals set) (Hater and Bass, 1988).

Transactional leadership has three dimensions (Bass & Avolio, 1997; Bass & Steidlmeier, 1998; Den Hartog, Van Muijen, & Koopman, 1997; Hater & Bass, 1988; Tepper & Percy, 1994).

1. Contingent rewards or reinforcement: the leader makes use of rewards, promises and praise to drive followers to perform at performance levels expected by both parties;

2. Active management-by-exception: the leader supervises the performance of the follower while at the same time employing corrective action for expected issues and regularities and;

3.   Passive management-by-exception: the leader passively waits for the follower to commit mistakes or for an erroneous outcome prior to taking action with negative feedback or penalty.

Hater and Bass (1988) pointed out that transformational and transactional leadership models are interrelated since a leader may play the role of both transactional and transformational. It is assumed that transformational leadership is based upon transactional leadership and not the other way around. In this sense, transformational leadership is analyzed in terms of being an extension of the transactional leadership style (Avolio *et al*., 1999; Bass & Steidlmeier, 1999; Den Hartog *et al*., 1997). Bass and Avolio (1997) adopted the opinion that the transactional process of clarifying certain expectancies for a reward is an essential component of the full range of effective leadership.

2.8 Difference between Leadership Behavior and Leadership Styles

Several researchers have delved into the topic of leadership styles and behaviors of management throughout organizational hierarchical levels. In particular, Stordeur *et al*. (2000) conducted an examination of the permeating effect of leadership styles throughout hierarchical levels in a sample comprised of Belgian nursing departments, among eight hospitals, in 41 wards. They specifically focused on the impact of hierarchical level on the linkage between leadership styles and different outcomes of work. Their findings showed no support for a cascading effect of leadership throughout hierarchical levels. The difference of leadership scores was primarily brought about by the organizational context and they reached to the conclusion that

the hospitals' structure and culture are main determinants of the styles of leadership adopted by management.

On the other hand, McDaniel and Wolf (1992) empirically examined transformational leadership throughout hierarchical levels in nursing departments and revealed a cascading effect of leadership style. Their findings showed that leadership patterns have a tendency to replicate from upper to lower organizational levels but only a single institution was concentrated upon. Meanwhile, Bass *et al*. (1987) made use of 11 middle level nursing administrators and 56 first-level supervisors from a government agency as their study sample. They also showed a cascading effect of leadership styles.

In other studies, Tichy and Ulrich (1984) and Avolio and Bass (1988) reported that transformational leadership was highly evident and significant at the top echelons of management and they suggested that high-level leaders are more capable of changing organizations via their strategic decision-making. Contrastingly, middle and first-level leaders are more inclined towards adopting a more transactional style in their leadership activities. This was supported by Graen and Cashman (1975) who stated that transactional leaders are involved in the daily activities and their changes and not with strategic decision making. On the other hand, transformational leaders are referred to as change agents that encourage followers to do more than what they thought they are capable of doing.

Moreover, transformational leaders relay a sense of mission and are more focused on achieving long-term objectives (Dunham & Klafehn, 1990) and they are often related with the four "I"s that constitute a description of their activities and roles within an

organization. More specifically, they treat workers as individuals (individual consideration), relay their values and ethical principles (idealized influence), offer challenging goals and they relay a vision of the future (inspirational motivation) and they stress on innovative methods to solve problems (intellectual stimulation). According to Bass *et al*. (1987), transformational leadership was adopted more by second-level managers compared to their first-level counterparts in the context of New Zealand organizations. They revealed that individualized consideration and intellectual stimulation interlink throughout hierarchical sample levels.

Literature also suggests that the effectiveness of a supervisory leadership style depends on the influence of the supervisor in the hierarchical system. In this regard, Wagner (1965) examined this notion and revealed that hierarchical influence is not as powerful compared to the supportive style of leadership when their contribution to achieving a supervisory role obligation is compared. The author argued that hierarchical influence brings about the relationship of the leadership style in different facets of role obligations.

After about 3 decades later, Wang and Satow (1994) studied leadership styles and behavior of managers among Chinese-Japanese joint ventures and reported no significant differences between senior and middle-level managers. They also found that senior level managers obtained higher scores compared to their middle-level counterparts when it came to the entire functional leadership dimensions included in their study, although the differences recorded showed no statistical significance.

Literature shows that the views of several authors on the differences underlying leadership styles and behavior throughout hierarchical levels in organizations were

compiled and summarized by Edwards (2000). He conducted a review of Peters' (1992) and Zuboff's (1995) contentions that organizational hierarchies are outdated and compared it to of Jacques's (1990) contrasting view. Specifically, Jacques (1990, p.127) praised hierarchy and contended that properly structured hierarchy can generate energy and creativity, stabilize productivity and enhance morale. Edwards (2000) also examined the notion suggested by Brosnahan (1999) that hierarchy smothers leadership against the views of other current scholars who believe that hierarchy can be employed as an effective organizational leadership framework (e.g. Tichy, 1997). Meanwhile, on hierarchy and success, Khaleelee and Woolf (1996) and Nicholls (1994) suggested that leadership should be explained at different hierarchical levels of the organization and that effective leadership is a must for organizational success. Two case studies were presented by Khaleelee and Woolf (1996) in their paper to build on their convictions of the hierarchical structure's benefits in organizations.

In a study in the same field, Bass *et al*. (1987) revealed a relationship within the theory of transactional and transformational leadership, which they referred to as 'falling dominoes effect', a term that is described as the level to which transformational leadership behavior noted at one level of management has a tendency to be present in the next level. The authors enumerated reasons for this relationship occurrence and suggested that followers have a tendency to exemplify their leaders' behavior – specifically lower-level supervisors who possess similar styles of behaviors as themselves. They also argued that specific leadership behaviors may be supported by the norms and culture of the sub-units of the

organizations and that the cascading effects may be partially explained by the culture, values and beliefs within the organizations.

Meanwhile, Coad (2002) presented a counter-study to the falling dominoes effect where transformational leadership at high levels of the hierarchy of management seemed to cascade down to the lower levels. He illustrated this phenomenon through a case study that showed the effect to be potentially prevented by the delegation of powers, by self-serving group member's self-serving behavior, and by lack of suitable training and development of middle managers. He cautions against assuming the automatic effect of the falling dominoes phenomenon.

In another related study, Nealey and Blood (1968) based their hypothesis on the differing effective leadership style and behavioral patterns throughout supervisory levels. Their findings confirmed the proposed hypothesis. More specifically, task-oriented leaders obtain higher performance scores at the first level of supervision whereas relationship-oriented leaders showed better performance at their second level of supervision. This indicates that satisfaction with a leadership style at a certain level is not necessarily shifted to the organizational level or to the level below. In another study, Lowe *et al*. (1996) conducted a meta-analysis and revealed that transactional leadership at higher organizational levels and transformational leadership at lower levels. Their findings are contradictory to those of Bass *et al*.'s (1987), and Avolio and Bass's (1988) findings.

In a study aligned with the above studies, Kabacoff (1999) highlighted the differences in the leadership styles and practices of individuals that represent seven management levels and nine job functions among North American organizations.

Such differences were examined through Leadership Effectiveness Analysis Questionnaire, where clear and interpretable differences among leadership styles were acquired among groups on the basis of level and function.

Moreover, Hunt (1996) provided his comments on a significant number of studies that investigated leadership aspects by hierarchical level. He claimed that studies failing to considerably contribute to knowledge have little conceptual justification, and that studies reveal the intuitive feeling by researchers that organizational level should be a significant leadership contingent. Owing to the level of authority at greater levels, the management concept of a scalar chain of command has a tendency to be shifted and applied to leadership scenarios in organizations. This argument was put forward by Simon (1977) and by Osborn *et al*. (1980), one of the organizational theorists. Additionally, Katz and Kahn (1978) proposed a system's model as an embodiment of their study. Furthermore, Mintzberg (1980) discussed several propositions regarding variations in managerial work and role content at the organizational level. Along a similar line of contention, Yukl (2002) revealed the differences in job requirements and discretion throughout organizational levels and that hierarchy is among the leadership style determinants.

Considering the above studies reviewed, a number of specific findings can be identified. More specifically, Bass *et al*. (1987) found that management-by-exception in transactional leadership was clearer at lower levels of the organization as opposed to the higher levels. Bass (1998) further clarified that management-by-exception is more likely to be found at lower management levels in New Zealand and the U.S. Bass (1987) also revealed that contingent reward was more prevalent at higher levels of organizations. With regards to intellectual stimulation, Lowe *et al*. (1996) found

that it is one of the transformational leadership factors that are equivalent in its relationship with effectiveness for low and high-level leaders. This finding is inconsistent with those reported by Tichy and Devanna (1986) who stated that intellectual simulation of subordinates is prominent at higher organizational levels.

In Colvin's (2001) work entitled, "Leading from the Middle: A Challenge for Middle Managers", at the Festschrift for Bernard Bass, he explained the context of the middle manager and discussed issues concerning middle managers and followers. He also discussed the role of middle managers that were not concerned with leadership styles and group behavior. However, his paper is a reflective one and was not backed by empirical evidence – in effect, it would be interesting to empirically test his contentions regarding the aspects of leadership styles and leadership behavior dimensions where middle-level leaders are assumed to differ significantly from senior and lower-level managers.

Furthermore, literature shows that leadership styles and behavior shows lack of consensus as to the relationship of transformational leadership to the level in the organizational hierarchy, with some authors reporting that transformational leadership are more present at higher organizational levels. On the other hand, other authors suggested little evidence of differences among hierarchical levels - the same holds for transactional leadership. Therefore, an inconsistency exists in the studies' findings regarding transformational and transactional leadership. In this study, the researcher aims to design to test whether there are differences in leadership styles and behavior throughout hierarchical levels in Saudi organizations, where studies of this caliber are few and far between.

2.9 Islamic Perspective on Leadership

Similar to other humans, leaders are influenced by the environment that surrounds them and in this context culture is deemed to be a significant environmental factor. In the Middle East, particularly in Saudi Arabia, religion has a key role in forming individual's personalities, and leaders are no different. In this section, the notion of leadership in Islam is discussed.

In the religion and philosophy of Islam, the leadership subject is provided significant attention because within it, leadership is deemed to be the top instrument that could bring about an ideal society. Such society is formed on the basis of justice and compassion – two qualities that are important to being a leader. More importantly, in the context of Islam, the sustenance of both creativity and order can only be possible with justice and compassion. In the words of Imam Ali (died 661 AD), "justice is the mainstay of a nation", where leaders are held accountable for its promotion and enforcement. According to the teachings enumerated in the Quran, "When ye judge between people that ye judge with justice (The Quran, 4:58). It is without a doubt that justice is closely related with the leadership and leader subject.

In fact, the early period of Islam (622-661 AD) is known to Muslims as the most just, compassionate and ideal in the history of Islam. According to the Muslim scholars, in this era, Islamic society is the closes to the exemplification of an ideal state, and that such a state were not replicated until the era of Caliph Omer Ben Abdul Aziz (717-720 AD) and for a few years during the Abbasid Empire (750-1258), when justice was meted out and leaders were characterized as morally guided and responsible.

Hence, a sense of idealism has been formed in the majority of Muslims psyche in that a Prophetic leader rather than a Caliph model of leadership is more feasible.

In the present study, leadership is considered as process of influence, shared in nature, where the leader and followers carry out specific activities to realize the same mutual goals. The study delves into the nature of leadership in Islam and its evolution and practice, and it provides an overview of the nature and view of leadership in the Muslim World over the past centuries. It should be kept in mind that the traditional view of leadership in Islam is that leadership is a process of shared influence and that leaders are not expected to lead or to conduct their roles without the consensus of followers and at the same time, followers are expected to have a say in the leader's decisions. In other words, leadership in Islam is a dynamic and open-ended phenomenon whose ultimate objective is the maintenance of a cohesive and effective state.

It is explicitly stated that in the Quran, that a leader has to be flexible and receptive to the followers, where it says, "So thou reminding; thou art only a reminder. Thou art not, over them, a compeller." The primary basis of understanding and leading is wisdom and spirited debate, an important criterion which would otherwise lead to resentful and dissatisfied followers. A receptive leader's role is enumerated in the Quranic instructions that states, "Argue with them in manners that are best and most gracious" (16:125), and "Were thou severe or harsh-hearted, they would [break] away". Accordingly, the leader has to be the exemplification of openness, a good listener, and a compassionate dealer with followers. For instance, at the time of the second Caliph, Omar, while they were having a public meeting, an individual criticized him and some of the other people in the audience thought the criticism as

harsh but Omar clarified that it was his duty as a leader to listen to his followers and their concerns. He stated, "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". In other words, Omar was convinced that public participation is the basis of leadership while the Prophet Mohamed (Peace Be upon Him) stressed that it is a policy of choice. However, the former pursued the matter further when he emphasized to his followers, "When you see me engage in a wrongdoing, straighten me out". In this case, the shared influence is based on 'two way influence' via dialogue and discussions as well as the right of the subordinates to participate in confronting and righting the leader. This model stems from the instruction left by Prophet Mohamed, where he mandated that followers follow their leaders but not in a blind way as "Obedience is due only in that which is good".

Prior to delving into the changing view of leaders and leadership in Islam, it should be clarified that in Islamic history, following the era of the Rightly Guided Caliphs (632-661), the leadership subject has been amply discussed but there is no consensus as to what makes up leadership qualities or traits that predict who will become the next leader. On the contrary, the leader and leadership concept has transformed throughout centuries and has been primarily affected by the nature of power structure and the allegiances to sects. However, it is without a doubt that the evolution of the thinking on leadership has been influenced by significant events, dynasties and individuals – forces that have had a considerable influence on transforming the image and religious take on what leaders should be. In the context of traditional Muslim societies, religious justifications and assertions are important for the sustenance and validation of power and authority.

Consequently, the leadership perceptions and realities have also evolved in the Muslim World, where the significant changes that occurred in the concept of leader and leadership have been potentially affected by the fluctuating ideology (faith) and societal openness. As evident from the coming discussion, the Islamic view of leaders and leadership has been in a continuous state of change, with the level of strength of faith and openness being the two influencing trends, and external forces and instability contributing to the trend's acceleration. On the basis of historical evidence and current literature, the changing nature of leaders and leadership experienced seven phases namely, the Prophet's era, Rightly Guided Caliphs, the Ommeyad Dynasty, the early Abbasid era, the lat Abbasid era, the era of stagnation and the era of instability (Ali, 2005).

Leadership, according to Prophet Mohamed (Peace Be upon Him) is a process of shared influence, and in his general carrying out of religious and other affairs, he employed a public open forum where individuals had a chance to voice their inputs and contributions to civic and administrative matters. He left instructions to his representatives that "God blesses those who benefit others". In other words, leadership's validity is only upheld when the outcome of such leadership is beneficial to society, no matter what the setting. He also stated that everyone is a leader is everyone is accountable to his followers, and that the Imam is a leader and hence, he will be questioned about his subjects, and the man will be questioned about his family, and the woman will be questioned for those under her care. Similarly, he also added that the servant is a leader of his master's property and shall be questioned for it (Sahih Al-Bukhari, 893).

2.10 Leadership in Saudi Arabia

Saudi managerial environment enjoys high power distance and an influential collective mentality. Thus, Saudi employees meet autocratic leadership style, which is offset by the support given to followers' families. Moreover, Elenkov (1998) explained that American concepts of leadership encourage the followers' participation in managers' decisions (small power distance) and urge the individual ability to negotiate with boss (high individualism). Such figuration is similar to the large power distance/low individualism of Saudi managerial culture. Nevertheless, such analysis does not indicate that transformational leadership is not a proper method to be practiced in Saudi Arabia because leadership can be taught and learned. In this context, Bass and Bass (1985) claim that "gone are the days in which leadership was considered an inherent quality, one which could not be obtained". Furthermore, leadership does not discriminate against genders, cultures, classes, races, or environments. Rather, willingness and dedication is the true core of leadership.

Not only Saudi Arabia is different from Western countries in terms of the cultural differences, but also it is different from many adjoining neighbours in the Middle East mainly in terms of masculinity as one aspect. Handling the concept of cultural differences among nations is commonly referred to in international management, organisationbehaviour, and human resource development literature to measure the extent to which discrimination is against countries and ethnic or occupational groups (Kuchinke, 1999).

Culture relates to the social group's successful adjustment to the external environment (Triandis, 1995). (Hofstede (1984), 1993)) addressed the issue of the effect of culture on managerial practices which encapsulates the leaders' practices. Hofstede presented five culture dimensions. First, power distance (PDI), which refers to the perception of inequality among group members; second, individualism (IND), which refers to the people's preference to work as individuals as opposed to in groups; third, masculinity (MAS), which refers to the level to which masculine values of assertiveness, competition and success are reflected over feminine values of quality of life, warm personal relationships and service; and fourth, uncertainty avoidance (UAI), which refers to the level to which individuals in a country opt for structured over unstructured scenarios. The final culture dimension is long-term orientation (LTO), which expounds on certain characteristics of many Asian countries that the first four dimensions failed to cover (Hofstede, 1993). This dimension explains the level to which people's actions are controlled by long-term goals as opposed to short-term ones.

Thus, it could be seen from the discussion above that the construct of leadership and the leadership styles adopted by the leaders in organisational have an impact on managerial effectiveness which in turn influences organisational performance. It has also been mentioned earlier that another variable that influences managerial effectiveness is the culture of organisation or what is referred to in management as organisational culture. The following section addresses the construct of organisational culture and the way it influences managerial effectiveness.

2.11 Organisational Culture

The concepts of culture has been illustrated and researched for several years. Organisational culture is argued to have its roots in the study of culture in the fields of anthropology and organisational sociology, and the concept could be traced back to the late nineteenth century (2001; Cameron & Ettington, 1985; Deshpandé, Farley, & Webster Jr, 1993; Deshpande & Webster Jr, 1989; Fairholm, 1994). In their research of the literature, anthropologist Kroeber and Kluckhohn (1952) identified 164 different definitions of culture. The concept of culture has been defined as the values and beliefs shared by members of a society including the patterns of behavior, feeling, and reacting shared by society as well as the unstated premises underlying that behavior in addition to the usual and traditional ways of thinking, feeling, and reacting which are features that a particular group of people solve their problems.

Within anthropology, two forked perspectives on culture have emerged: the functionalist tradition and the semiotic tradition (Cameron & Ettington, 1985). The functionalist tradition concentrated on the group, the organisation, or the society as a whole and considers how the practices, beliefs, and values are integral part in the unit function to keep social control. As for the semiotic tradition, a person's point of view is discerned through their use of language, symbols, and rituals.

Once again, in the field of sociology, two divergent perspectives on culture have appeared (Cameron & Ettington, 1985). One tradition shows culture as comprised of the individual's cognitive frameworks – similar to the semiotic tradition in anthropology. The other tradition analyses culture as a part of social (not individual) activity and behavior – similar to the functionalist tradition in anthropology.

Although there are similarities between the anthropological and sociological perspectives, there are still important differences (Cameron & Ettington, 1985). In sociology, culture is used as an independent variable for illustrating organisational structure, performance, or activity. On the other hand, anthropological tradition treats organisational culture as a dependent variable, the object of prediction or explanation. Another difference between the two disciplines is that anthropological literature tends to show culture as something an organisation *is*, while sociological literature tends to show culture as something an organization has (Cameron and Ettington, 1985; Fairholm, 1994).

It is noted that the literature review posits that the current study which examines the concept of organisational culture and sheds light on organisational culture as a social construct is a mere continuation of the main line of organisational sociology (Berthon *et al*., 2001; Cameron & Ettington, 1985; Deshpandé *et al*., 1993; Ouchi & Wilkins, 1985). The societal value systems, values, beliefs, and assumptions of an organisation can be merged with the socialisation process of an organisation. Fairholm (1994) assumes that cultures are the basic contributor for an orderly interaction among group members. It classifies the group at the deeper level of foundation values, rather than in formal organisational ways.

Many attempts to define, characterize or describe organisational culture appeared in the literature (Denison, 1996; Denison & Mishra, 1995; Lunenburg, 2011; Tharp, 2009). Deshpande and Webster (1989) define organisational culture as "the patterns of shared values and beliefs that help individuals understand organisational functioning and thus provide them norms for behaviour in the organisation" (p. 4). Grieves (2000) asserts that organisational culture as "the sum total of the learned

behaviour traits, beliefs and characteristics of the members of a particular organisation" (p. 367). The key in Grieves's (2000) definition is the word "learned", which is what makes culture distinguished from biologically inherited behaviours. Schein's (1990) proposed definition of organisational culture is extensive utilized in literature and is adopted for the purpose of this study. Organisational culture according to Schein (2004) is a pattern of common shared basic assumptions learned by a group for problem solving of external adaptation and internal integration. He added that it has worked quite well to be considered valid and hence, taught to new members as the appropriate way to think, and feel in relation to the problems (p.17). Organisational culture is deemed as a commonly shared mental model influencing the individuals' behavior and the manner in which they interpret it (Schein, 2004).

Owing to the largely anecdotal evidence of leadership-managerial effectiveness relationship, research has empirically investigated the relationship between organisational culture and performance. A thorough literature review is likely to identify that organisational culture is among the well-discussed concepts in the field of management and organisational theory. This is evidenced by the increasing number of proposed theoretical perspectives (see Martin, 1992) and organisational disciplines that utilized the concept (e.g., Harris & Ogbonna, 1999).

It is suggested that in case we did not suspect the academic acceptance of culture, it reflects upon the importance of the concept (Alvesson, 1990). However, it is erroneous to assume that there is consensus on the meaning and relevance of the concept. Rather, there is still controversy on the precise nature and scope of the organisational culture concept (see Ogbonna & Harris, 1998). As a result, it is important to observe three main issues. Firstly, many scholars indicate that looking at

culture as a unitary concept eliminates its value as an analytic tool (for example, Martin, 1992; Ogbonna & Harris, 1998; Pettigrew, 1979). Secondly, we cannot merge between culture, on the hand, and power or politics or climate on the other hand (Denison, 1996; Riley, 1983). Finally, there is intellectual controversy on whether organisational culture can be easily changed or not (Legge, 1994; Ogbonna, 1992).

Among the primary factors contributing to the extensive popularity of organisational culture stems from the assumption that specific organisational culture results in superior financial performance. Most academics and practitioners is of the opinion that the organisation's performance hinges to some extent to the strong values of culture shared among the employees (e.g., Deal & Kennedy, 1982; Denison, 1990; Kotter & Heskett, 1992; Ouchi, 1981; Pascale & Athos, 1981; Peters & Waterman, 1982).

As far as organisational culture is concerned, three major classifications for the construct have been proposed in the literature. Wallach (1983) has classified organisational culture profiles as bureaucratic, innovative and supportive organisational culture. The following section shows these three classifications in details.

1. Bureaucratic Culture: The bureaucratic organisational culture tends to assert that the hierarchal and compartmental structure, this kind of culture has clear responsibility and authority, and an organized systematic work. Moreover, this type of culture is based on control and power, thus bureaucratic organisations are power-oriented. Bureaucratic organisations are also

characterized to be in nature cautious, established, solid, regulated, structured

and hierarchal.

2.   Innovative Culture: The innovative organisational culture is the culture

characterized as dynamic since it is filled with creativeness, challenge and

risk. As for Innovative organisations, they are driving, enterprising,

stimulating, creative, result-oriented and risk-taking in nature.

3.   Supportive Culture: Supportive organisational it is a culture that provides

workers with a friendly, fair, warm, helpful, open and harmonious

environment. Moreover, Supportive organisations are likely to be trusting,

safe, sociable, encouraging, open and relationships-oriented in nature.

Each of the previous three classifications of organisational culture is characterized by

some traits and features. The following table (Table 2.1) shows a summary of the

features of each of Wallach's (1983) classification of organisational culture.

Table 2.1
Wallach's Classification of Organisational Culture

Element	Bureaucratic	Innovative	Supportive
Workplace	Hierarchical and Compartmentalized	Exciting and dynamic	Warm and "fuzzy"
Type of Employees	Unimaginative	Ambitious and Entrepreneurial	Friendly and people Focused
Orientation	Power orientated	Results orientated	Relationship Orientated
Type of ministry	Large market share in a stable market; efficient systems and procedures	Creative	Highly supportive environment

Source: Wallach (1983)

2.12 Organisational Culture in Saudi Arabia

Studies dedicated to examining organisational performance and the impact of culture in the context of Saudi Arabian firms are few and far between. Additionally, both leadership and management are mainly impacted by tribal traditions transmitted over decades. In Saudi Arabia, management books and literature have only gained traction in the mid-90s. In fact, majority of these books and literature are based on the actions of historical leaders held in great esteem by the Arab world. Modern management books and literature to date are translated from foreign materials and attempts to customize the modern management theories and concepts as detailed in Western literature have so far been shallow and they failed to fill the gap between business culture and Arabian work practices with those of its Western counterpart.

Culture is significant in various aspects of business life particularly business requiring interface with customers, employees, suppliers or stakeholders. Following 12 years of negotiation, in October 2005, Saudi Arabia successfully joined the World Trade Organisation (WTO) that considerably influenced the Kingdom's long preserved economy (Evans, 2005). Furthermore, foreign investments will contribute to bring in the required funds for huge projects and businesses as the laws and regulations of Saudi Arabia begin adhering to international standards. Nevertheless, this will impact the economy as well as the culture of the country.

Preventing imports of specific things that are forbidden such as pork and pornography to cultural mandates and Islamic teachings require addressing. Being a member of the WTO translates to the merging of the Kingdom's culture into the melting pot of the Western culture, which leads to the restriction of the government's

ability to impose regulatory decisions based on social, religious or cultural issues. Moreover, small businesses currently providing job opportunities for Saudis may end up suffering from competition with highly experienced international companies.

Despite the country's very good economy, the GDP per capita is deemed to be low in the region in general. Hence, among the major concerns that the Kingdom is trying to adapt to is to create job opportunities in the hopes of minimizing the rate of foreign workers' employment and maximizing local employment. The primary focus of the development plans is to tackle issues that concern foreign labor and unemployment. While contradictory, this reflects the huge rate of foreign workers in the entire technical and menial professions. In addition, Saudi Arabia is a min importer of technology that depends on foreign workers to achieve technical needs. This has prevented the country's ability to develop its own workforce and has made it challenging for the private sector to offer superior salaries to the local workforce (Al-Kibsi *et al*., 2007).

The cultural impacts on business executives and managers in Saudi Arabia have led to difficulties in improving organisational performance. The top challenges of every organisation include cultural issues and work practices that constrict the degree of employee performance when compared to their Western counterparts. Developing and maintaining an extensive range of skilful workforce in Saudi Arabia is a great challenge as Saudis are more driven by status and position. According to Bell (2005), many Saudi youth were raised in luxury, and their parents with well-paying jobs and high status are their role models. Based on a 1986 study, Third World labor forces ranked Saudi labor among the lowest in light of productivity and this stems from the job opportunities that are in abundance. This is brought about by the fact that Saudi

workers in various positions of state-owned enterprises are not encouraged to stay in lower-rank jobs (Rowings *et al*., 1986). Another report claimed that one fourth of Saudi employees working in the private sector are major absentees at work which causes a high rate of (Al-Kibis *et al*., 2007).

Although the current situation is different from that of the situation in the 1980s where job opportunities are few, the effect on culture of the accumulated wealth in the 1970s is still present, and majority of Saudis prefer to work in management positions and deem labor-type jobs unattractive and disrespectful. This perception is deeply ingrained in Saudis and the government plays it part in protecting and supporting those who work in these types of jobs (Yadav, 2005). Moreover, technical Saudi professionals are given the recourse to seek managerial positions as majority of the companies' systems are not catered to support rewarding technical and labor professions. Consequently, Saudi Arabia depends heavily on foreign labor which negatively impacts the development of its skilled workforce, minimizes the ability of the private sector to realize new Saudi entrants, and prevents the provision of attractive salaries (Al-Kibsi *et al*., 2007).

Furthermore, in majority of organisations, supervisors fail to provide honest and clear performance reviews to prevent damaging the employees' self-esteem (Beer, Spector, Lawrence, Mills, & Walton, 1985). In other words, in Saudi Arabia, clear feedback on employee performance is considered to be an unfriendly and aggressive act. In fact, in the Arab culture, feedback is often given through an intermediary to avoid dispute or erroneous messages (Gopalakrishnan, 2002). This mostly occurs when Saudi employees' performance is compared to their expatriate counterparts with the benefit going to foreign workers not the Saudi ones.

Because the collective culture in Saudi Arabia appreciates group work, the pay-for-performance systems which acknowledges individuals is overlooked when management attempts to disregard it through posting writing statements in estimating forms to justify low salary increases for poor performing workers (Hall, 2003). Additionally, the common norm advocates life employment, and hence managers are not requested to replace poor performers with high ones until and unless the compensation difference is significantly greater. Companies therefore end up demotivating high performers and encouraging low performers to keep unproductive employees (Beer *et al*., 1985).

Organisational culture reflects a common and shared perception of the members. Nevertheless, this does not translate to the fact that no subcultures can exist within a specific culture (Tsosa, 2004) as organisations may consist of several sub-cultures as opposed to just one unified culture (Bagraim, 2001). Lund (2003) added to this view by contending that it is probable that in a department, several attributes of cultures may exist, some of which may be characterized by opposing values. Contrasting interests between departments, consumers and top management may lead to various beliefs of the notion of good, important and appropriate (Bagraim, 2001). For the purpose of this research, the dominant culture expressing the core values shared by the target respondents within the organisation are determined.

2.13 Islamic Work Ethics

There is a continuous search for new paradigms, new approaches, and new techniques in management that could create the much needed competitive edge or niche in order to excel in this rapidly changing business environment without

damaging the reputation. Human resource constitutes the focal point of these new paradigms. Ironically, the greater the significance of this constituent; the less is its recognition. HR gurus observe that managing people is hard because there's no manual to tell you how to deal with human beings effectively. If those who are sincerely concerned with the wellbeing of corporate management look into the Islamic work ethics (IWE) disinterestedly they will find solutions to most contemporary management dilemmas.

Islamic perspective in management studies is an emerging field in academia (Kazmi, 2003). Islamic values are compatible with men's need for prosperity and happiness. Islamic values have established their strength in the history; they do not depend on norms and practices of the societies which tend to be situational specific and changing over time, depending on societal standards and their acceptance. Islamic values are indeed universal and hence applicable in all spheres of life. Islamic values comprise sincerity, proficiency, truthfulness, patience, continuous self-evaluation, promise keeping and moderation. There is clearly no place for arrogance, injustice, dishonesty, greed, pomp and grandeur in Islamic value system (Alhabshi & Ghazali, 1994).

Religions in many countries, whether with secular or religious constitutions have a certain degree of influence on the cultural characteristics of people and institutions (Tayeb, 1997). Islamic work ethics has roots in Al-Quran and Al-Hadith. Al-Quran often speaks about honesty and justice in trade, fair distribution of wealth in society. Al-Quran encourages acquiring skills and technology and discourages laziness. Islamic work ethics views dedication to work as a virtue and emphasizes cooperation and consultation at work (Derwish, 2000). Islamic work ethics views hard work and

creativity as the elements of personal accomplishment and happiness. The value of in Islamic work ethics is derived from the accompanying intentions (Ali, 1988) and results, rather than just results. The universal truth of divine knowledge and its crystallization in real world systems has left an abiding legacy for all generations to reveal fresh and new answers and directions to the problems of human life (Choudhury, 2004). Most intriguing aspect of Islamic work ethics is the culture of inviting for good and forbidding from wrong (IGFW). Thus, each member of a group starts facilitating others to follow and practice values and ethics, which ensures prosperity for both the individual and the organization.

Islamic work ethics (IWE) within the concept of "Civilization of Islam" stresses cooperation in work, and consultation is perceived as a technique of conquering hindrances and evading blunders to meet one's needs and establish equilibrium in one's individual and social life. IWE stresses creative and innovative work as a source of pleasure and achievement (Ali, 1992; Ali & Al-Owaihan, 2008; Kumar & Rose, 2010). IWE signifies that carrying out business in a determined atmosphere will result in higher performance and extensive success (Ali & Al-Owaihan, 2008). According to IWE, there should be fairness and honesty in trade and at workplace (Yousef, 2000). IWE promotes innovative and productive work in each and every position held by employees for better performance of an overall organization and individual satisfaction and pleasure (Ali, 1988). Organizational learning and performance have strong positive linkage between themselves (Brockman & Morgan, 2003; Dodgson, 1993; Fiol& Lyles, 1985; Garvin, 1985; Gnyawali, Stewart & Grant, 1997; Nevis, DiBella& Gould, 1995; Stata& Almond, 1989).

In this study, the construct of IWE is adopted to be the moderating variable in the study's framework as the country where the study is conducted, Saudi Arabia, adopts Islam teaching and Shariah Law as their constitution and thus Islamic teachings are rooted in the establishment of organisations in the country.

2.14 Theoretical Underpinnings

2.14.1 Contingency Theory

Literature dedicated to contingency theory highlights the dependence of effectiveness on the relationship or the alignment of the organisation with external factors stemming from the environment (Duncan, 1972; Fredericks, 2005; Gresov, 1989). The contingency theory has a tendency to dominate research in various fields focusing on the relationships among the environment, leadership, organisational structure and effectiveness. Generally, the contingency theory focuses on the requirement of flexible reactions at a strategic level. In addition, two basic assumptions form the basis of this perspective; 1) there is no best strategy/structure and 2) a specific strategy/structure will not be equally effective under various environmental or firm-specific conditions facilitated by the environment or culture (Galbraith, 1973). In the context of this research, the relationship between leadership styles and managerial practices, which identify managerial effectiveness, is influenced by a number of external environmental circumstances and in this study the moderating influence of IWE is regarded as the external environmental factors that influences the relationship between leadership styles and organizational culture from one side and managerial effectiveness from the other.

2.14.2 Role-Motivation Theory of Managerial Effectiveness

Motivation has been seen as an influential factor in boosting individuals' work and efforts (Gardner, 1985). As far as organisations are concerned, managers are constantly challenged to motivate a workforce to achieve two goals. The first challenge managers normally encounter is to motivate subordinates to work toward assisting the organisation in achieving its goals. The second challenge managers normally deal with is to motivate employees to work toward achieving their own personal and private goals (Shanks, 2011). The researcher goes on to state that meeting the needs and achieving the goals of both the employer and the employee is often difficult for managers in all types of organisations.

The role-motivation theory of managerial effectiveness fits in the framework and objectives of this research keeping in mind that one essential construct upon which the theory is grounded is the construct of reward. In this context, Shanks (2011) argues that employees in an organisation work because they seek some form of reward. These rewards might be intrinsic meaning that they are derived from within the individual like feeling proud of what they have achieved or fulfilling intrinsic values like honesty and self-content which are basic values in IWE. Other rewards might be extrinsic pertaining to rewards that are given by another person, such as their managers or even their customers depending on the nature of work being achieved. Researchers and practitioners seem to agree that intrinsic rewards or motivation is stronger and more influential than extrinsic rewards. Although forcing a person to act the way he/she has to is out of manager's control, he does have an influence over his employees. Managers can provide different types of incentives in order to influence employees such as changing job descriptions, rearranging work

schedules, enhancing work conditions, reconfiguring teams and among other incentives (Buckingham, 2005).

2.15 Hypotheses Development

In this study, a number of hypotheses are designed and these hypotheses represent the relationships between the study's independent, dependent and moderating variables. Specifically, the study attempts to examine the impact of the two variables of leadership styles and organisational culture on the dependent variable of managerial effectiveness. This impact is also examined through the moderating variable of Islamic work ethics. Consequently, the hypotheses that are designed and examined in this study are constructed based on these relationships. The following sections address the arguments that support these relationships, followed by the hypotheses designed for this study.

2.15.1 Leadership Styles and Managerial Effectiveness

In 1978, Burns contributed in presenting the concepts of transformational and transactional leadership. Transformational leadership unlike transactional model was viewed as more complex model (Avolio & Gardner, 2005; Avolio & Yammarino, 1990; Bass, 1997; Bass & Avolio, 2000; Bass & Avolio, 1997; Bass & Steidlmeier, 1998; Burns, 1978). Such suggestion stemmed from the idea that transformational model raises leaders and followers to higher levels of motivation and values (Barbuto, 2005; Bass & Avolio, 1997; Shamir, House, & Arthur, 1993); and it transformed followers to leaders ((Bennis, 2001; Fairholm, 1994). Moreover, the transformational leader was perceived as a contributor of change (Avolio *et al*., 1999; Bass, 1985). This assumption was adopted by Bass and Avolio (1994) who

viewed transformational leadership as a process that transforms the organisation through the transformation of its followers. A transformational leader possesses a clear vision of the way an organisation should be (Bass, 1985; Leithwood, 1994). (Kouzes & Posner, 1989) conducted a study to reach to a conclusion of how leaders get things done extraordinarily. They identified five exemplary leadership practices namely, challenging the process, inspiring a shared vision, allowing others to act, modeling the way, and urging the heart.

According to Bass (1985), there are four characteristics of transformational leadership. Firstly, charisma which includes the subordinate's respect and trust of the visionary leader. Secondly, inspirational motivation which intends to use symbols or emotional support for the vision. Thirdly, intellectual stimulation which considers the encouragement of followers to use old ways to handles old problems. Finally, personal concern shown by the leader for the follower.

The foundation of the theory of the transactional leadership of leader- follower relations depended on negotiation, exchange and contractual dimensions (Bass, 1985; Bass & Steidlmeier, 1998). Thus, transactional leadership satisfied, generally, only the followers" lower level or extrinsic needs (Sergiovanni, 1990). Also, in the organisation, leaders and followers did not share common objectives (Bass, 1985; Bennis and Nanus, 1985; Burns, 1978; Deluga, 1988). For the transactional leaders, the reward and penalty were compulsory aspects of contractual leadership. Bass and Avolio (2000) contributed in defining such factors as contingent reward, management-by-exception-active, and management-by-exception-passive. Contingent reward leaders used the compensation principle in the case when subordinates met their performance expectations. Management-by-exception-active

leaders attended to the mistakes and failures of their followers to meet standards while on the other hand, management-by-exception-passive leadership did not interfere till problems became complex (Bass and Avolio, 1994).

Both transactional leadership and managing are deemed to share strategies (Bennis, 1990; Bennis and Nanus, 1985). Managers choose the most optimum method of performing tasks and consider quantitative measurement and controlling activities (Fairholm, 1994). However, management and leadership are often assumed as two different concepts (Fairholm, 1994) regardless of the fact that majority of studies emphasised that leadership and management are both necessary (Bass, 1985; Fairholm, 1994; Kotter, 1990) and that leaders make use of a combination of transactional and transformational leadership behaviors (Bass, 1985; Bass and Avolio, 1994).

Lewin, Lippitt, and White (1939) was the pioneering study that presented a positive relationship between leadership styles and quantity of output, turnover, and decision making quality. Additionally, other studies (e.g., Chatterjee, 1961; Eagly *et al*., 2003; Honari *et al*., 2010; Katz, Maccoby, & Morse, 1950) demonstrated a clear relationship between productivity and leadership styles. Nevertheless, other studies (e.g., Howell & Avolio, 1993; Walumbwa, Wang, Lawler, & Shi, 2004; Yammarino, Spangler, & Bass, 1993) demonstrated a significant negative relationship between leadership styles and productivity. However, some studies indicated a positive relationship between leadership styles and productivity and performance (Lyons & Schneider, 2009; MacKenzie, Podsakoff, & Rich, 2001; Walumbwa *et al*., 2004).

Additionally, research suggests that two leadership styles (i.e., transformational/transactional leadership) that can influence managerial effectiveness (Balaraman, 1989; Duncan, 1972; Erkutlu, 2008; Gresov, 1989; Lowe, Kroeck, & Sivasubramaniam, 1996; Rukmani *et al.*, 2010). According to Erkutlu (2008) as well as Lowe *et al.* (1996), leadership styles foster work outcomes, including managerial effectiveness.

Additionally, in a more recent study, Fernandes and Awamleh (2011) examined the effect of transformational and transactional leadership styles on employee's performance by including 141 functional levels managers working in an internationally based companies in the United Arab Emirate across various industries and sectors. The results revealed that transformational leadership style was significantly and positively related to performance and satisfaction. However, the relationship between transactional leadership and performance/satisfaction was not found to be significant. Thus and based on the previous arguments about the relationship between leadership styles and managerial effectiveness, the following main hypothesis is generated.

Hypothesis 1: Transformational leadership is positively related to managerial effectiveness.

Hypothesis 2: Transactional leadership is positively related to managerial effectiveness.

2.15.2 Organisational Culture and Managerial Effectiveness

Organisational culture encapsulates values and norms common to the members of the society. These values and norms reflect the appropriate way to deal with others (Schein, 1990) and are manifested in actual patterns of behavior. In this context, culture is believed to lighten the relationship between leadership styles taking into consideration that they originate from their cultural beliefs, attitudes, and effective managerial practices.

The impact of organisational culture on managerial effectiveness stems from two reasons; first, culture has been defined as schemata (Bartunek & Moch, 1987), which stresses that the subjective theories relating to the world operates as culture and guides the search and information explanation (Harris, 1994), and that organisational members are concerned about the existence or non-existence of behaviors that are at the core of its culture. Second, culture acts as a mechanism of social control (O'Reilly, *et al*., 1991) with deviations from cultural norms (Sorenson, 2002). Hence, if culture concentrates the development of correlation, individuals refrain from violating their cultural norms and beliefs in order so that their practices are not criticized/questioned by their followers.

Moreover, organisational culture is deemed to be relative to the performance of the perceived role that culture can play in producing competitive advantage (Scholz, 1987). According to Krefting and Frost (1985), organisational culture may develop competitive advantage by outlining the organisational boundaries in way that it facilitates individual interaction or by limiting the information processing scope to appropriate degrees. It is also argued that the values widely shared allow

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management to predict the reactions of their employees to specific strategic options and hence limiting the scope for adverse outcome (Ogbonna, 1993).

Researchers argue that sustainable competitive advantage stems from the creation of organisational competencies which are both superior and imperfectly imitable by competitors (Reed & DeFillippi, 1990). Thus, it is stated that the 'uniqueness quality' of organisational culture makes it a potentially powerful source of generating advantage over competitors. Indeed, many commentators gave an advice to organisations and researchers to exploit the multiple advantages that could be offered by culture rather than focusing on the more noticeable side of the organisation (for example, Johnson, 1992; Prahalad & Bettis, 1986).

Pioneering studies that linked managerial effectiveness to culture are clear in their contentions. This is evidenced by the works of the so called excellent writers who contended that successful organisations stand out by their ability to promote values that are aligned with their selected strategies (e.g. Deal and Kennedy, 1982; Ouchi, 1981; Pascale &Athos, 1981; Peters & Waterman, 1982). Despite the view's initial popularity and acknowledgement, it has since weathered many criticisms from Legge (1994), Ogbonna (1993) and Willmot (1993) among others.

Researchers in the 1990s began evaluating the relationship between culture and effectiveness but with caution. Specifically, Gordon and DiTomaso (1992) and Denison (1990) highlighted the relationship between specific organisational culture properties and effectiveness with each one adding a number of provisos. They noted that culture is related to superior effectiveness when it adapts to environmental changes. Culture, they argued, must also be strong, be widely shared, and have

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distinct properties that are inimitable. Nevertheless, some authors (Hop *et al*., 1992; Lewis, 1994; Lim, 1995; Ray, 1986; and Willmott, 1993) stated that a weak correlation exists between culture and effectiveness. Also, the increasing popularity of the resource-based theory of competitive advantage advocates that the level to which culture can be theorized to identify a sustainable advantage depends on the culture's value, rarity, limitability and sustainability (Barney, 1986; 1991).

Literature concerning organisational culture is extensive and diverse. Much of the diversity is based on the claim by researchers that culture is related to managerial effectiveness which in turn, is related with the performance of the organisation. Some theorists have questioned the universality of culture-effectiveness relationship, but enough evidence points to the fact that organisational culture does relate to managerial effectiveness (Lewis, 1994).

As an attempt to rectify this literature imbalance, Kieu's (2010) findings were analyzed and empirical evidence was revealed to support the claim of the existence of correlation between leadership style and managerial effectiveness and also between organisational culture and managerial effectiveness (Lok and Crawford, 2003; Kieu, 2010). More so, extant literature supports the positive relationship between organisational culture and managerial effectiveness at work (Ali & Patnaik, 2014; Peter & John, 2004; Singh, 2010). Accordingly, the following main hypothesis is generated:

Hypothesis 3: Organisational culture is positively related to managerial effectiveness.

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2.15.3 Moderating effects of Islamic Work Ethics on Leadership Styles and Organisational Culture

Previous research indicated that individual with highly committed to Islamic work ethics has positive attitudes and it might benefit the individual as well as the firms. The positive attitudes confines in Islamic work ethic are hardworking, commitment, dedication to work, increasing work creativity, cooperation, and fair competitiveness at work place (Yousef, 2001; Ali, 1992). The study also demonstrated that Islamic work ethics directly effects both organizational commitment and job satisfaction and that it moderates the relationship between these two constructs (Yousef, 2001; Saks, Mudrack & Ashforth, 1996).

Considering that leaders in organisations have the responsibility to influence their subordinates in a way that enhances their job satisfaction and commitment which are regarded as strong determinants for organizational performance and in turn the profitability of the ministry and securing a competitive advantage in the market which helps in the long survival of the ministry, it could be argued that Islamic work ethics helps in creating job satisfaction and organisational commitment among the employees in the ministry (Shamsudin *et al*., 2010). Thus and based on this argument, the following hypothesis is generated.

Hypothesis 4: Islamic Work Ethics (IWE) moderates the relationship between transformational leadership and managerial effectiveness.

Hypothesis 5: Islamic Work Ethics (IWE) moderates the relationship between transactional leadership and managerial effectiveness.

In addition, organisations in general should adopt organizational culture practices that would ensure employees are satisfied and committed to the work (Ajmal&Irfan, 2014; Zaman *et al*., 2013). It has been mentioned earlier that job satisfaction and organizational commitment are regarded as strong determinants for organisational performance which itself is related to managerial effectiveness. Islamic work ethic was found to have direct and positive influences on various dimensions of both attitudes toward organizational change and organizational commitment (Shamsudin *et al*., 2010; Yousef, 2000a, 2000b). Thus and based on this argument, the following hypothesis is generated.

Hypothesis 6: Islamic Work Ethics (IWE) moderates the relationship between organisational culture and managerial effectiveness.

2.16 Theoretical Framework of the Study

This study is grounded on a framework in which leadership styles and organisational culture form the independent variables in this study. The dependent variable in this study is managerial effectiveness in which the 19-item Gupta's (1996) Scale is used to measure the variable. Finally, IWE constitutes the moderating variable that is hypothesized to moderate the relationship between the two independent variables (leadership styles and organisational culture) and the dependent variable (managerial effectiveness). The following figure (Figure 3.1) represents the framework upon which this study is grounded.

```
┌─────────────────┐
│ Transformational│ ─────────────────────┐
│   Leadership    │                      │
└─────────────────┘                      ▼
                              ┌─────────────────┐
┌─────────────────┐           │                 │
│  Transactional  │ ─────────▶│   Managerial    │
│   Leadership    │           │  Effectiveness  │
└─────────────────┘           │                 │
                              └─────────────────┘
┌─────────────────┐                      ▲
│  Organisational │ ─────────────────────┘
│     Culture     │
└─────────────────┘

              ┌─────────────────────┐
              │ Islamic Work Ethics │
              └─────────────────────┘
```
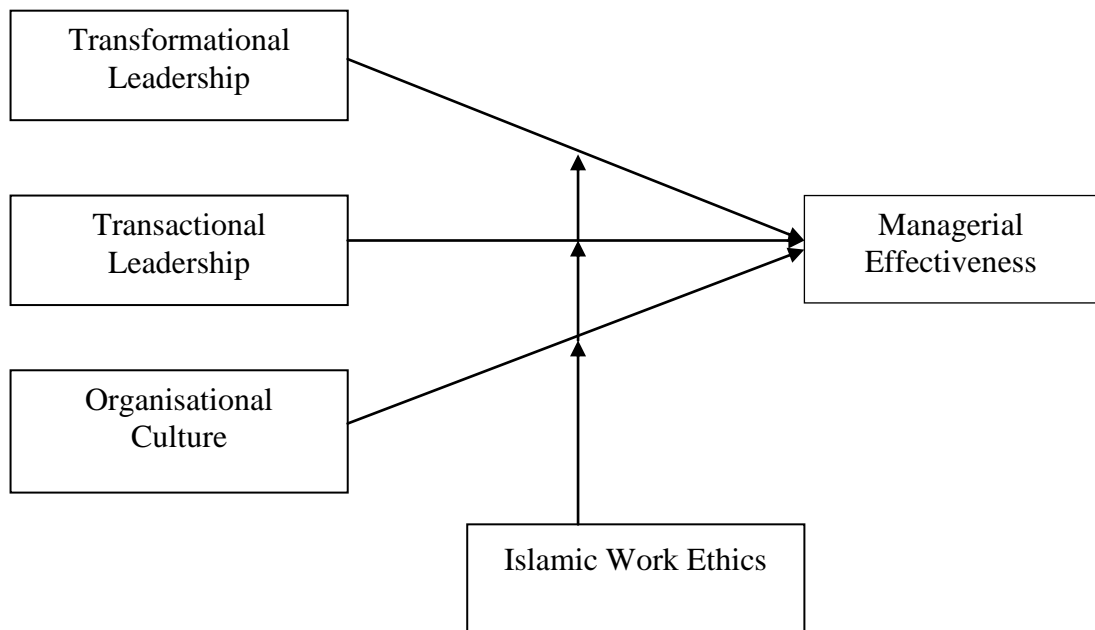
Figure 2.1
The Theoretical Framework of the Study

2.17 Summary of the Chapter

The primary goal of this research is to investigate the impact of leadership styles and organizational culture on the managerial effectiveness of the public sector in Saudi Arabia. This impact is moderated by the influence of Islamic work ethics (IWE) in these companies. The chapter introduced the review of literature in which it began with a general view about the dependent variable of managerial effectiveness including its definitions, foundations and measurements. The chapter then introduced the independent variables of the study namely leadership styles and organisational culture. The chapter proceeded to introduce the moderating variable in the study namely IWE. The following chapter (Chapter 3) constitutes the theoretical framework and hypotheses development employed in this study.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

The current chapter addresses the research design and the methodology that will be employed in achieving the objectives of the current research. This chapter is constructed in a way as to achieve the objectives set in this research; the chapter begins with the research design that will be employed in the study. The chapter then discusses the measurements and instrumentation that will be used to measure the variables of the study. The chapter proceeds with an explanation of the population and sampling followed by the data collection procedures. The chapter concludes with a detailed explanation about the analysis techniques and some ethical considerations that will be followed before, during and after the process of conducting the current research.

3.2 Research Design

A research design establishes the route to answering the research questions. Therefore, the research design is the primary plan for the research, including all steps in the study that are accomplished by the researcher (Creswell, 2009). The most important step in any research project is the choice of a design appropriate for the subject of the research. In this context, (Marczyk, DeMatteo, & Festinger, 2005) argue that the subject matter of the research itself and the objectives the research attempts to achieve lead to the choice of the design, and not the other way around. In this study, the quantitative approach will be employed through the use of a survey

questionnaire. This will enable appropriate information to be collected and allow units of data to be created for statistical comparison. In relation to literature review, most of the studies that have been conducted on the field leadership styles and managerial effectiveness utilized quantitative research designs for the purpose of collecting related data (Bass, 1997; Bass & Steidlmeier, 1999; Brown & Keeping, 2005; Connelly & Ruark, 2010).

In general, there are a number of types of research design: experimental, historical, descriptive and correlational. In this study, the researcher is concerned with the descriptive and correlational research in which it is a statistical research describing the data and characteristics of what is being studied, which is a highly accurate type of research. In this context, Sekaran and Bougie (2010) stated that descriptive designs are the most commonly used in the fields of humanities and social sciences. Furthermore, correlational investigation is normally used to examine the nature of the relationship between variables (Creswell, 2009). It should also be kept in mind that this research is grounded on investigating the nature of relationships between a number of variables, namely the leadership styles and organisational culture being the independent variables, managerial effectiveness being the dependent variable, and finally and IWE being the moderating variable. Furthermore, this study also adopts cross-sectional research design in which data were collected once during the whole study. The data were then analysed and interpreted statistically, while drawing conclusions or making inferences about the population of the study at one point in time. Cross-sectional research design was adopted over longitudinal research design due of the resource constraints of the researchers in terms of time and money (Punch,

2005; Saunders, Lewis, & Thornhill, 2009; Sekaran & Bougie, 2010; Zikmund, Babin, Carr, & Griffin, 2009).

3.3 Population of the Study and Sample size

As far as research is concerned, a sample refers to a group of people, objects, or items that are taken from a larger population for measurement purposes. To ensure that the findings from the research sample can be generalized to the population as a whole, the sample should be representative of the population. Two main sampling techniques emerged in the literature on research methodology, probability sampling technique and non-probability sampling technique. Probability sampling technique is used in a way as to represent the whole population and such technique normally delivers the most accurate and credible results as they reflect the characteristics of the population from where they are chosen (Sekaran, 2003; Sekaran & Bougie, 2010). However, in some cases, it is not always feasible or possible to include all the individuals in the pollution of the research and in this way, a non-probability sampling technique is advised especially when the population of the study is too large to be included in the survey method (Sekaran, 2003; Sekaran & Bougie, 2010).

In this research, a probability sampling technique known as the stratified random sampling technique is employed in the study. The population involved with this study includes the middle managers who work in Government Ministries in Saudi Arabia. The total number of Middle Managers (section head) working in 13 government ministries in Saudi Arabia was 5061 (Saudi statistics Department, 2014). It is also important to note that there are 23 government ministries in the Kingdom of Saudi Arabia, however due to policy regarding security and confidentiality only 13

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ministries voluntaries to participate in the survey. Other ministries (10 in numbers) that did not volunteered to participate in the survey were: Ministry of Defense, Ministry of Education, Ministry of Finance, Ministry of Foreign Affairs, Ministry of Health, Ministry of Higher Education, Ministry of Interior, Ministry of Justice, Ministry of the National Guard, and Ministry of Housing. The following table (Table 3.1) shows the distribution of Middle Managers (section head) working in 13 government ministries in Saudi Arabia.

Table 3.1
A Distribution of Middle Managers in 13 Government Ministries in Saudi Arabia

S/No.	Name of Ministry	Number of Middle Managers
1	Ministry of Agriculture	283
2	Ministry of Civil Service	309
3	Ministry of Commerce and Industry	269
4	Ministry of Communications and Information Technology	358
5	Ministry of Culture and Information	239
6	Ministry of Hajj	161
7	Ministry of Islamic Affairs, Endowments, Call and Guidance	489
8	Ministry of Labour and Social Affairs	509
9	Ministry of Municipal and Rural Affairs	1194
10	Ministry of Petroleum and Mineral Resources	224
11	Ministry of Planning and National Economy	178
12	Ministry of Transport	327
13	Ministry of Water and Electricity	521
	Total	**5061**

Source: Saudi Statistics Department (2014)

On the basis of the above population of the study, Krejcie and Morgan's (1970) sample size determination criteria was used to determine the representative sample size for this study because it has taken into account the level of confidence and precision, ensuring that sampling error is minimized. As mentioned earlier, there were 5,061 Middle Managers working in 13 government ministries in Saudi Arabia.

By referring to the sample size table generated by Krejcie and Morgan (1970), for a given population of 5,061, a sample size of 357 would be required to represent the population of this study.

3.4 Sampling Technique

In this study, to ensure an equal distribution of the 13 ministries located Saudi Arabia, ,a stratified sampling technique was used to select 357 determined sample size. According to Sekaran and Bougie (2010) stratified sampling is the one "in which a predetermined proportion of people are sampled from different groups, but on a convenience basis" . Stratified sampling technique was used in the present study for the following reasons. Firstly, because sampling frame was made available to the researcher. (Cooper & Schindler, 2009; Saunders *et al*., 2009). Secondly, given the large population of 5061 middle managers (section head) in Ministry, stratified sampling technique ensures that sampling error is minimized (Cooper & Schindler, 2009; Wilson, 2010). Thirdly, stratified sampling technique ensures homogeneity within a group (i.e. ministries distributed in Saudi Arabia) and heterogeneity across groups (i.e. different ministries providing different essential services) (Cooper & Schindler, 2009; Hair, Money, Samouel, & Page, 2007; Punch, 2005). Fourthly, stratified sampling technique was also be used due to resource constraints of the researchers in terms of time and money (Hair *et al*., 2007; Punch, 2005; Saunders *et al*., 2009; Sekaran & Bougie, 2010; Zikmund *et al*., 2009) as well as unavailability of a practical sampling frame (Cooper & Schindler, 2009).

Adoption of stratified sampling technique involves a series of steps. The first step is to define the population. As noted earlier, the population is 5061middle managers

(see Table 3.1). The second step is to define the stratum. The logical stratum in this study is the ministries in Saudi Arabia. Next is to determine an average number of population elements per strata by dividing the population size (i.e.,5061) by number of strata (13 ministries). This yielded 389 elements per strata. Next is to determine the percentage of participants to be drawn from each stratum by dividing the determined sample size by the population of the study (i.e. 357 divided by 5061, and then multiply by 100 = 7.05%). The final step is to determine the number of subjects in a sample by multiplying the total number of each element in the population by determined percentage (i.e. 7.05 %.) For example, the total number of middle managers (section head) in Ministry of Agriculture was283 and this number is multiplied by 7.05% to arrive at the number of subjects in sample (i.e. 283 x 7.05% = 20) …and so on as shown in Table 3.1. This study adopts disproportionate stratified random sampling to ensure an equal distribution of the participants representing each section head in Saudi Arabia.

Table 3.2
Disproportionate Stratified Sampling of Respondents

S/No.	Name of Ministry	Number of Elements in Stratum	Number of Subjects in Sample
1	Ministry of Agriculture	283	20
2	Ministry of Civil Service	309	22
3	Ministry of Commerce and Industry	269	19
4	Ministry of Communications and Information Technology	358	25
5	Ministry of Culture and Information	239	17
6	Ministry of Hajj	161	11
7	Ministry of Islamic Affairs, Endowments, Call and Guidance	489	34
8	Ministry of Labour and Social Affairs	509	36
9	Ministry of Municipal and Rural Affairs	1194	84
10	Ministry of Petroleum and Mineral Resources	224	16
11	Ministry of Planning and National Economy	178	13
12	Ministry of Transport	327	23
13	Ministry of Water and Electricity	521	37
	Total	**5061**	**357**

Source: Saudi Statistics Department (2014)

Having identified the sample size in each stratum; next was to select number of subjects in sample from number of elements in strata. For example, how to select a sample 20 from 283 elements in Ministry of Agriculture or 22 from 309 for Ministry of Civil Service. Given that the sampling frame is available, a probability sampling technique was used to select number of subjects in sample from number of elements in strata.

3.5 Research Instrument

De Vaus (2002) describes a research questionnaire as a research instrument or tool where "all techniques of data collection in which each person is asked to respond to the same set of questions in a predetermined order". This study employed a survey research technique where a set of questionnaires is used as the major research

instrument. As far as administering the questionnaire is concerned, a number of administration techniques have been identified in the literature; self-administered questionnaires in which the researcher himself or the numerators who are the researcher's assistants give out the questionnaire to respondents. Another way of administering questionnaires is through sending the questionnaire through post or email (Simmons, 2003).

Both ways (self-administered and emailed) have their advantages and disadvantages in which for example postal or emailed questionnaires are less costly as compared to self-administered questionnaires. However, the response rate of self-administered questionnaire is normally higher and the researcher gets to collect the questionnaires on the spot which is in turn more efficient. Abu Bakar *et al*. (2013) conducted a study on service quality in the Saudi context and used a self-administered questionnaire. Their justification for favouring self-administered questionnaires over mail surveys was that they argued that the Saudi culture is well-known for procrastination and putting matters off intending to do them later. Keeping this in mind, the researcher of this study believes that self-administration of the questionnaire would generate better and more efficient findings and more importantly it would generate higher response rate. The items that will be used in the questionnaire are adapted from well-established measures in the literature on the four main variables of the study, namely the leadership styles and organisational culture being the independent variables, managerial effectiveness being the dependent variable, and finally IWE being the moderating variable. The following section presents the measures of each of these variables together with the researchers from whom the measures were adopted or adapted.

3.6 Measurements

There are five main variables in this research, namely: transformational leadership, transactional leadership, organisational culture, Islamic Work Ethics, and managerial effectiveness. The following section presents a detailed description about the measurement of each of these variables.

3.6.1 Transformational Leadership

Conventionally, transformational Leadership is usually measured by using the transformational leadership scales of the Multifactor Leadership Questionnaire (MLQ) developed by Bass and Avolio (2000). Prior research shows that MLQ has been effective in a variety of research contexts, including banks, community action agencies, oil and gas platforms, Military, and publicly owned enterprises, among others (e.g., Brown & Keeping, 2005; Connelly & Ruark, 2010; Hoffman, 2002). "In the Volume 51, No. 3 issue of the Academy of Management Journal, the article, 'Ling, Simsek, Lubatkin, and Veiga (2008). Transformational leadership's role in promoting corporate entrepreneurship: Examining the CEO-TMT interface. Academy of Management Journal, 51: 557-576.' contained copyrighted material for which permission to reprint had not been obtained from the publisher, Mind Garden, Inc. (*www.mindgarden.com)*". Following that, in July 2008, the Academy of Management serves circular to all its members stating that "although providing actual items from a given publication is most often desirable, copyright permission is necessary to do so. It is important to note, that any of the MLQ items listed in the Appendix of the printed edition of this article should not be used without receiving written permission to do so from the publisher".

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In the light of the above development, alternative measures of leadership styles were adapted in the present study that is freely available by the researchers, provided that they would acknowledge the authors of the instruments. Specifically, transformational Leadership was measured by using a short measure of transformational leadership 7 items (Carless *et al*., 2000). This measure *of* transformational *l*eadership reflects seven dimensions of transformational leadership, namely: vision, staff development, supportive leadership, empowerment, innovative thinking, led by example, and charisma. As such this measure equally, covered the four dimensions of transformational leaderships suggested by Bass and Avolio (2000). Sample items are *"communicates a clear and positive vision of the future",* "treats staff as individuals, supports and encourages their development*", and "*gives encouragement and recognition to staff*".* Responses to the items were m*easured with a 5-point scale (1 = strongly disagree to 2 = strongly agree).* The reliability of the scale was .93. In addition to the present study, this scale was adopted and modified in several studies (e.g., Nielsen & Munir, 2009; Nielsen, Yarker, Randall, & Munir, 2009; Tucker, Turner, Barling, & McEvoy, 2010). Table 4.1 presents the items used to measure transformational leadership.

Table 3.3
Distribution of Items Used to Measure Transformational Leadership

Construct	Item Code	Survey Items	Source
	TRL01	Communicates a clear and positive vision of the future	
	TRL02	Treats staff as individuals, supports and encourages their development	
	TRL03	Gives encouragement and recognition to staff	
Transformational Leadership Scale	TRL04	Fosters trust, involvement and cooperation among team members	Carless, Wearing, and Mann, (2000).
	TRL05	Encourages thinking about problems in new ways and questions assumptions	
	TRL06	Clear about the values and practises what I preaches	
	MEF07	Instills pride and respect in others and inspires me by being highly competent	

3.6.2 Transactional Leadership

To measured transactional leadership, twelve items were adapted from Leadership Practices Inventory, developed by Kouzes and Pozner (1988). Sample items are "Takes the time to celebrate accomplishments when milestones are reached", "Gives members of the team lots of appreciation and support for their contributions", and "Involves others in planning the actions that will be taken". Responses to the items were measured with a 5-point scale (1 = *strongly disagree* to 2 = *strongly agree*). The reliability of the scale was .92. In addition to the present study, this scale was adopted and modified in several studies (e.g., Elenkov & Manev, 2009; Fields & Herold, 1997). Hence, this justified the rationale for adapting this scale in the present study. Table 4.2 presents the items used to measure transactional leadership.

Table 3.4

Distribution of Items Used to Measure Transactional Leadership

Construct	Item Code	Survey Items	Source
Transactional Leadership Scale	TSL01	Takes the time to celebrate accomplishments when milestones are reached	Fields and Herold (1997).
	TSL02	Makes sure that people are recognized for their contributions to die success of our projects.	
	TSL03	Praises people for a job well done	
	TSL04	Gives members of the team lots of appreciation and support for their contributions	
	TSL05	Finds ways to celebrate accomplishments	
	TSL06	Makes it a point to tell rest of the organization about the good work done by his/her group.	
	TSL07	Gets others to feel a sense of ownership for the projects they work on.	
	TSL08	Develops cooperative relationships with the people he/she works with.	
	TSL09	Gives people a lot of discretion to make their own decisions	
	TSL10	Let's others know his/her beliefs on how to best run the organization he/she leads.	
	TSL11	Appeals to others to share his/her dream of the future.	
	TSL12	Involves others in planning the actions that will be taken.	

3.6.3 Organisational Culture

Several measurement scales have been developed to assess the organisational culture dimensions. Some of the well-established and widely used instruments of measuring organisational culture are 120 items Organizational Culture Inventory (OCI; Cooke & Lafferty, 1989; Cooke & Szumal, 2000), 76 items Culture Questionnaire (Mackenzie, 1995), 55 items Survey of Organizational Culture (Tucker, McCoy, & Evans, 1990), and Wallach's (1983) 24 items Organizational Culture Index, among others. Although the aforementioned instruments are comprehensive enough to measure organisational culture and its specific facets within each dimension, however, it can be estimated that at least 35 minutes would be taken to complete any

of the aforementioned instruments. Hence, taking about 35 minutes to complete, the measures of organizational culture is time consuming for many research purposes and this suggest the need for a shorter instruments. According to Robins *et al*. (2001a) noted that short-item measures "eliminate item redundancy and therefore reduce the fatigue, frustration, and boredom associated with answering highly similar questions repeatedly'' (Robins, Hendin, & Trzesniewski, 2001, p. 152).

It is against this background, organisational culture was measured by using a short version of the Wallach's (1983) Organizational Culture Index with 9 items. The organisational culture index developed by Wallach (1983) provides a description of organisational culture in light of three dimensions namely, bureaucratic organisational culture, innovative organisational culture and supportive organisational culture. Additionally, organisational culture index consists of 24 items, eight of which is appropriated to each three dimensions of organisational culture. Therefore, in the present study, 3 items were included to measures each dimensions of organisational culture. Sample items were "the culture organisation can be described as structured ", "the culture in this organisation can be described as risk taking", and "The culture in this organisation can be described as relationships-oriented". Responses to the items were measured with a 5-point Likert scale (1= *This does not describe my organisation* to 5 = *This describes my organisation most of the time*). The reliability of the scale was 0.795. For a detailed list of items used in the assessment of organisational culture in Saudi Arabia ministries, refer to Table 4.1 and Appendix A.

Table 3.5
Survey Items Related to Organizational Culture

Construct	Item Code	Survey Items	Source
	OCL01	The culture in this section head can be described as hierarchical.	
	OCL02	The culture in this section head can be described as structured.	
	OCL03	The culture in this section head can be described as procedural.	
	OCL04	The culture in this section head can be described as risk taking.	
Organizational Culture	OCL05	The culture in this section head can be described as creative	Wallach (1983)
	OCL06	The culture in this section head can be described as results-oriented	
	IDB07	The culture in this section head can be described as encouraging.	
	OCL08	The culture in this section head can be described as relationships-oriented.	
	OCL09	The culture in this section head can be described as collaborative.	

3.6.4 Managerial Effectiveness

While a number of measures have been developed in order to study managerial effectiveness, in the present study eight items were adapted from the work of Hamlin, Ruiz, and Wang's (2011) to assess managerial effectiveness. The participants were asked to rate the extent to they agree or disagree with each statements reflecting managerial effectiveness using a 5-point scale ranged from 1 (*strongly disagree*) to 4 (*strongly agree*). Examples of adapted items are: "Handle situations in which an employee has a personal problem or concern with understanding and flexibility", ". Give feedback to staff on their performance, and provide them with support, advice, guidance, training, and development" and "Protect staff from becoming overloaded by delegating work fairly, or by lending a hand when the pressure of work on the unit is excessive". The Cronbach's alpha for

managerial effectiveness scale was .88. Besides the present study, this scale was adapted and modified in several studies (e.g., Hamlin & Patel, 2012; Ruiz, Hamlin, & Esparza Martinez, 2014). Table 3.6 presents the items used to measure Managerial Effectiveness.

Table 3.6
Survey Items Related to Managerial Effectiveness Scale

Construct	Item Code	Survey Items	Source
	MEF01	Protect staff from becoming overloaded by delegating work fairly, or by lending a hand when the pressure of work on the unit is excessive	
	MEF02	Give feedback to staff on their performance, and provide them with support, advice, guidance, training, and development.	
	MEF03	Recognize and reward employees for doing well.	
Managerial Effectiveness Scale	MEF04	Involve staff in decision making.	Hamlin, Ruiz, and Wang, (2011)
	MEF05	Maintain high professional standards in their unit.	
	MEF06	Proactively resolve problems in a timely manner.	
	MEF07	Make myself available to staff and listen to their ideas or concerns.	
	MEF08	Handle situations in which an employee has a personal problem or concern with understanding and flexibility.	

3.6.5 Islamic Work Ethics

The present study adapts a short version of Islamic Work Ethics Scale developed by Ali (1992) to measure Islamic Work Ethics. This scale consists of seventeen items and participants rated their perception of Islamic Work Ethics in their organisationusing 5-point scale ranged from 1 (*strongly disapprove*) to 5 (*strongly*

approve). Examples of adapted items are: "Laziness is a vice", "Dedication to work is a virtue", and "Good work benefits both one's self and others". The Cronbach's alpha for Islamic Work Ethics was 0.89. Besides the present study, prior studies have also adapted and modified this scale, and found it successful and reliable (Rokhman, 2010; Yousef, 2000; Yousef, 2001b). Table 3.7 presents the items used to measure Islamic Work Ethics. See also Appendix (A) for the detailed list of items that are used to assess Islamic Work Ethics in the Saudi public sector organizations context.

Table 3.7
Distribution of Items Used to Measure Islamic Work Ethics

Construct	Item Code	Survey Items	Source
	IWE01	Laziness is a vice	
	IWE02	Dedication to work is a virtue.	
	IWE03	Good work benefits both one's self and others.	
	IWE04	Justice and generosity in the workplace are necessary conditions for society's welfare.	
	IWE05	Producing more than enough to meet one's personal needs contributes to the prosperity of society as a whole.	
	IWE06	One should carry work out to the best of one's ability.	
	IWE07	Work is not an end in itself but a means to foster personal growth and social relations.	
	IWE08	Life has no meaning with out work.	
Islamic Work Ethics	IWE09	More leisure time is good for society.	Ali (1992)
	IWE10	Human relations in organizations should be emphasized and encouraged.	
	IWE11	Work enables man to control nature.	
	IWE12	Creative work is a source of happiness and accomplishment.	
	IWE13	Any man who works is more likely to get ahead in life.	
	IWE14	Work gives one the chance to be independent.	
	IWE15	A successful man is the one who meets deadlines at work.	
	IWE16	One should constantly work hard to meet responsibilities.	
	IWE17	The value of work is derived from the accompanying intention rather than its results.	

3.6.6 Demographic Variables

Demographic variables such as gender, age, marital status, educational qualifications, and income were also incorporated into the questionnaire. Gender was measured as a nominal variable, while age and income were treated as continuous variables. Gender was coded using dummy variables with value "1" for male and "2" for female. The participants were asked to indicate their educational qualification. As such, educational qualification was also was coded using dummy variables with "1" = Bachelor Degree, "2" = Master's Degree, and "3" = Others. Age was also denoted using dummy variables with "1" = < 30 years, "2" = 30-39 years, "3" = 40-49 years, and "4" = >50 years. A similar coding system was applied to income with "1" = <SR 5,000, "2" = SR 5,000-10,000, "3" = SR 11,000-15,000, "4" = SR 16,000-20,000, and "5" = >SR 20,000. Marital status was coded using dummy variables with "1" = Married, and "2" = Single.

3.7 Data Collection Procedures

Prior to conducting this research, a permission letter is sought from the university where the researcher is doing his PhD programme. The letter urges those involved in the taking part in the research to facilitate and provide whatever assistance the researcher might need to fulfill the objectives of the research and in turn complete the task of data collection phase. The researcher of this study attempts to go the selected ministries in person with the help of other enumerators to conduct the data collection. In other words, the study makes use of self-administered survey where questionnaires are personally distributed to the respondents and once the questionnaires are filled, it is immediately returned. This helps steer clear of

procrastination in replying to the questionnaire as the local norm, known as polychromic, accepts the deferment of doing some things to a later time (Abu Bakar, Othman and Al Ruwais, 2013).

3.8 Pilot Study

Before conducting the main field work of the study and distributing the questionnaires to the target respondents who represent the Saudi middle managers who are currently working in public sector in the Kingdom of Saudi Arabia, the researcher has carried out a pilot study on a sample of 35 managers from 3 randomly selected organizations from the total number of the 5061. The 35 middle managers constitute 10% of the targeted sample of 357 middle managers. A number of researchers suggested that having 10% of the final study size should be appropriate and enough to conduct the pilot study, particularly in social sciences studies (Lackey and Wingate, 1998). The 10% sample size for the pilot study was also supported by other researchers in the field of marketing and management such as Hulley *et al*. (2001).

It should be kept in mind, however, that the aim of the pilot is to ensure the clarity of the questions and instructions, to determine whether or not the questions yield relevant information and to measure the time respondents take to complete the questionnaire. So, for the sake of establishing the internal consistency reliability of the instrument, a pilot study is planned to be conducted a month before conducting the main study. It should be kept in mind here that the pilot study will be conducted not to get data per se, but to learn about the research process, questionnaire, to test the language and substance of questions and statements. The pilot study would also

inform the researcher about the research topic itself (Glesne, 1999: 38). Finally, the 35 selected managers for the pilot testing were excluded from the sampling that has been done to choose the ministries for the main study. This is to ensure that no managers were selected twice; once for the pilot study and another for the main study. The results of reliability statistics for pilot study are presented in Table 3.8.

Table 3.8
The results of Reliability Statistics for Pilot Study

S/No.	Variable	N of Items	Cronbach's Alpha
1	Managerial Effectiveness	8	.847
2	Islamic Work Ethics	17	.932
3	Transformational Leadership	7	.752
4	Transactional Leadership	12	.924
5	Organisational Culture	9	.868

As shown in Table 3.8, the Cronbach's Alpha coefficients of the latent variables ranged from .752 to .932, each exceeding the minimum acceptable level of .70, which suggests adequate internal consistency reliability of the measures used in the pilot study (Bagozzi & Yi, 1988; Hair, Ringle, & Sarstedt, 2011).

3.9 Data Analysis

Data analysis in majority of social research entails three main steps namely cleaning and organizing data for analysis (data preparation), describing the data (descriptive statistics), and hypotheses and models testing (inferential statistics). Data preparation entails data checking or logging in data and developing and documenting a database structure that includes several measures. Descriptive statistics are utilized to provide a description of the basic data features and provide simple summaries concerning the sample and measures. Descriptive statistics with simple graphics analysis form the

basis of every quantitative data analysis.

In this research, descriptive and inferential statistics were used to analyze the variables and make the exploratory factor analysis through the use of SPSS version 16.0. Apart from that Partial Least Square (PLS) is used to determine the interactions between the various constructs for ascertaining the various structured equation models. The data then presented in tables and figures and interpreted in a narrative style.

3.10 Ethical Considerations

For the purpose of ensuring that all ethical considerations is taken into account, prior consent is sought from the participants and their personal freedom is highly respected in the course of the research. Furthermore, each of the respondents is reminded of their rights and freedom to withdraw from the process of taking part in the research anytime they want. Participants were also be assured that personal information is kept highly confidential. Apart from that, contact details of the researcher and the enumerators were provided to the respondents and any issues about the project raised by the respondents are embraced.

Before conducting the current study, a permission letter from each of the ministries in Saudi Arabia to conduct this study is sought. In this letter, managers of the ministries are encouraged to give whatever assistance needed for facilitating conducting the current study. Furthermore, prior to the commencement of the research each participant is required to sign a Prescribed Consent Form (Attached together with the questionnaire) stating that they are willing to take part in the study. Therefore it is believed that each of the respondents is well informed about the nature

of the research and that confidentiality is retained when presenting the information collected in the process of the research.

As for the dissemination of research results, the respondents were informed that the results gained from the analysis of the data would become part of the researcher's PhD work such findings may be presented at conferences or even published in related journals. Finally, for the purpose of ensuring confidentiality, each of the respondents was assured that their identities were excluded in the final work, presentation and publications.

3.11 Summary of the Chapter

This chapter addressed the research design and the methodology that is employed in achieving the objectives of this study. Specifically, the chapter began with the research design that is employed in the study. The chapter then discussed the measurements and instrumentation used to measure the three main variables of the study, namely leadership styles being the independent variable, managerial effectiveness being the dependent variable and finally and organisational culture being the moderating variable. The chapter proceeded with an explanation of the population and sampling followed by the data collection procedures followed to collect the data of the research. The chapter concluded with a detailed explanation about the analysis techniques that used to analyse the data collected. Finally, some ethical considerations followed before, during and after the process of conducting the current research were presented. The following chapter (Chapter 4) presents the results of the data analysis accompanied with some related discussion from the literature on the variables.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter presents the results of data analysed using PLS path modeling. The chapter begins by reporting the data screening and preliminary analysis. Results of the descriptive statistics for all the latent variables are then reported. Next, the main results of the present study are presented in two main sections. In section one; the measurement model was assessed to determine the individual item reliability, internal consistency reliability, convergent validity and discriminant validity. Results of structural model are reported in section two (i.e., significance of the path coefficients, level of the R-squared values, effect size, and predictive relevance of the model). Finally, results of complementary PLS-SEM analysis, which examines the moderating effects of Islamic Work Ethics on the relationships between transformational leadership, transactional leadership, organisational culture, and managerial effectiveness, are presented.

4.2 Response Rate

In this study, a total of 357 questionnaires were distributed to the middle managers in the public sector. In order to obtain reasonable response rates, a month after, several phone call reminders were sent to respondents who were yet to complete their questionnaires (Sekaran & Bougie, 2010; Traina, MacLean, Park, & Kahn, 2005). Accordingly, the outcomes of these efforts yielded 321 returned questionnaires, out of 357 questionnaires that were distributed to the target respondents. This gives a response rate of 89% based on Jobber's (1989) definition of response rate. Of these

321 questionnaires, 26 were unusable because a significant part of those questionnaires were not completed by the participants; and the remaining 295 useable questionnaires were used for further analysis. This accounted for 83% valid response rate. Therefore, a response rate of 83% as indicated Table 4.1 is considered adequate for the analysis in this study because it suggested that even a response rate of 30% is sufficient for surveys (Sekaran, 2003; Sekaran & Bougie, 2010).

Table 4.1
Response Rate of the Questionnaires

Response	Frequency/Rate
No. of distributed questionnaires	357
Returned questionnaires	321
Returned and usable questionnaires.	295
Returned and excluded questionnaires.	26
Questionnaires not returned	36
Response rate	89%
Valid response rate	83%

4.3 Data Screening and Preliminary Analysis

Initial data screening is very crucial in any multivariate analysis because it helps researchers identify any possible violations of the key assumptions regarding the application of multivariate techniques of data analysis (Hair, Black, Babin, & Anderson, 2010; Hair *et al*., 2007; Tabachnick & Fidell, 2007). Additionally, initial data screening helps researchers to better understand the data collected for further analysis. Before the initial data screening, all the 321 returned and usable questionnaires were coded and entered into the SPSS. Subsequently, the following preliminary data analyses were performed: (1) missing value analysis, (2) assessment

of outliers, (3) normality test, and (4) multicollinearity test (Hair *et al*., 2010; Hair *et al*., 2007; Tabachnick & Fidell, 2007).

4.3.1 Missing Value Analysis

SmartPLS software has a facility called "Missing Value Setting", which allow user to detect and handle any missing value. Because of the user-friendliness nature of SmartPLS, this facility was used to identify any possible missing data. After using "Missing Value Setting", it was discovered that no any data point was left blank by the respondents in this study. Therefore, the initial data screening in this study started with the assessment of outliers.

4.3.2 Assessment of Outliers

Outliers have been defined as extreme data points that appear to be inconsistent with other points in the data, and have the potential to distort the statistical analyses, leading to unreliable results (Barnett & Lewis, 1994; Evans, 1999; Lu, Chen, & Kou, 2003). To detect any observation which appears to be outside the SPSS value labels as a result of wrong data entry, first, frequency tables were tabulated for all variables using minimum and maximum statistics. Based on this initial analysis of frequency statistics, there was no any value found to be outside the expected range.

Furthermore, the data were examined for univariate outliers using standardized values with a cut-off of ± 3.29 ($p < .001$) as recommended by Tabachnick and Fidell (2007). Following Tabachnick and Fidell's(2007) criterium for detecting outliers, none of the case was identified using standardized values as potential univariate

outliers. This study gone beyond detecting univariate outliers using standardized values by checking multivariate outliers based on Mahalanobis distance (D2). Mahalanobis distance (D2) has been defined as "the distance of a case from the centroid of the remaining cases where the centroid is the point created at the intersection of the means of all the variables" (Tabachnick & Fidell, 2007, p. 74). In connection with (53-df) observed variables in this study, the recommended threshold of chi-square is 89.27 (p = 0.001). Mahalanobis values that exceeded this benchmark were deleted. Following this criterion, five multivariate outliers (i.e., 11 = 91.47394, 41 = 88.05338, 52 = 92.91217, 77 = 88.11279, and 221 = 92.183) were detected and subsequently deleted from the dataset because they could affect the accuracy of the data analysis technique. Thus, after removing five multivariate outliers, the final dataset in this study was 295.

4.3.3 Descriptive Analysis of the Variables

Descriptive analysis was used to examine the study variables to obtain their minimum, maximum, mean and standard deviation values. The questionnaire employed the 5-point Likert scale to measure the study variables, with 1 depicting the minimum value while 5 depicts the maximum value (See Table 4.2. for detailed results).

Table 4.2
Mean and Standard Deviation of the Variables

Variable	Minimum	Maximum	Mean	Std. Deviation
Transformational Leadership	1.29	5.00	3.65	0.71
Transactional Leadership	2.25	4.67	3.91	0.45
Organisational Culture	3.00	4.67	4.06	0.30
Islamic Work Ethics	1.88	4.65	3.87	0.37
Managerial Effectiveness	1.88	4.88	3.90	0.54

The obtained mean of the constructs are as follows; Organisational Culture (OCL) had the highest mean (M=4.06, SD=0.30), followed close by Transactional Leadership (TSL) (M=3.91, SD=0.45), Managerial Effectiveness (MEF) (M=3.90, SD =0.54), Islamic Work Ethics (IWE) (M=3.87, SD=0.37), Transformational Leadership (TRL) (M=3.65, SD=0.71). The entire items, as mentioned, were measured on a 5-point Likert scale.

4.3.4 Normality Test

Hair, Sarstedt, Ringle, and Mena (2012b) strongly recommended that researchers should perform a normality test on the dataset, before the actual PLS analysis; because highly skewed or kurtotic data can inflate the bootstrapped standard error estimates (Chernick, 2008), which in turn underestimate the statistical significance of the path coefficients (Dijkstra, 1983; Hair, Sarstedt, Pieper, & Ringle, 2012a; Hair *et al*., 2012b). In the current study both statistical and graphical method were employed to check for the normality of data collected (Tabachnick & Fidell, 2007). For the statistical method, the value of the skewness and kurtosis statistics were used to

conclude whether the assumption of normality has been violated. As a benchmark, Kline (2011) argued that an absolute values of 3 and 10 for skewness and kurtosis, respectively suggest that the assumption of normality has been violated. The results of normality test using statistical method are presented in Table 4.3. As presented in Table 4.3, all the skewness and kurtosis statistics were below 3 and 10, respectively, as such it can be concluded that the assumption of normality has been violated in the present study.

Table 4.3
Results of the Normality Test

Item	N	Mean	SD	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	SE	Statistic	SE
IWE01	295	3.92	1.087	-1.477	.142	1.857	.283
IWE02	295	3.47	1.277	-.722	.142	-.506	.283
IWE03	295	3.54	1.269	-.712	.142	-.491	.283
IWE04	295	3.64	1.195	-.902	.142	-.054	.283
IWE05	295	3.61	1.201	-.774	.142	-.279	.283
IWE06	295	3.63	1.174	-.830	.142	-.114	.283
IWE07	295	3.66	1.163	-.873	.142	.048	.283
IWE08	295	4.02	1.017	-1.507	.142	2.327	.283
IWE09	295	3.71	1.157	-1.079	.142	.407	.283
IWE10	295	4.14	.785	-1.608	.142	4.457	.283
IWE11	295	4.18	.853	-1.716	.142	4.278	.283
IWE12	295	4.14	.774	-1.582	.142	4.585	.283
IWE13	295	4.24	.622	-1.240	.142	5.445	.283
IWE14	295	3.73	1.181	-.978	.142	.230	.283
IWE15	295	4.09	.790	-1.447	.142	3.789	.283
IWE16	295	4.07	.854	-1.398	.142	2.903	.283
IWE17	295	4.05	.843	-1.781	.142	4.694	.283
TRL01	295	3.65	1.174	-.974	.142	.260	.283
TRL02	295	3.56	1.252	-.733	.142	-.455	.283
TRL03	295	3.61	1.226	-.769	.142	-.313	.283
TRL04	295	3.76	1.136	-1.009	.142	.473	.283

Table 4.3 (Continued)

Item	N	Mean	SD	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	SE	Statistic	SE
TRL05	295	3.88	1.085	-1.426	.142	1.702	.283
TRL06	295	3.51	1.256	-.764	.142	-.393	.283
TRL07	295	3.55	1.239	-.716	.142	-.415	.283
TSL01	295	3.63	1.193	-.883	.142	-.065	.283
TSL02	295	3.61	1.199	-.755	.142	-.287	.283
TSL03	295	3.63	1.168	-.839	.142	-.075	.283
TSL04	295	3.69	1.110	-.905	.142	.274	.283
TSL05	295	4.02	.998	-1.495	.142	2.418	.283
TSL06	295	3.70	1.163	-1.097	.142	.413	.283
TSL07	295	4.11	.812	-1.693	.142	4.606	.283
TSL08	295	4.19	.833	-1.691	.142	4.364	.283
TSL09	295	4.13	.769	-1.586	.142	4.674	.283
TSL10	295	4.24	.589	-.918	.142	4.343	.283
TSL11	295	3.79	1.133	-1.041	.142	.517	.283
TSL12	295	4.12	.768	-1.389	.142	3.782	.283
OCL01	295	4.08	.835	-1.346	.142	2.833	.283
OCL02	295	4.07	.844	-1.775	.142	4.718	.283
OCL03	295	4.23	.614	-1.073	.142	4.919	.283
OCL04	295	3.81	1.092	-1.138	.142	.863	.283
OCL05	295	4.08	.844	-1.655	.142	4.249	.283
OCL06	295	4.02	.829	-1.374	.142	3.095	.283
OCL07	295	4.03	.775	-1.199	.142	2.771	.283
OCL08	295	4.15	.662	-1.870	.142	8.172	.283
OCL09	295	4.07	.777	-1.351	.142	3.467	.283
MEF01	295	4.09	.947	-1.556	.142	2.845	.283
MEF02	295	4.13	.858	-1.513	.142	3.382	.283
MEF03	295	3.60	1.313	-.799	.142	-.479	.283
MEF04	295	4.14	.833	-1.588	.142	3.988	.283
MEF05	295	3.69	1.222	-1.039	.142	.231	.283
MEF06	295	3.98	1.032	-1.431	.142	1.950	.283
MEF07	295	4.11	.906	-1.743	.142	3.896	.283
MEF08	295	3.45	1.292	-.712	.142	-.594	.283

Regarding the graphical method, in the present study, Figure 4.1 depicts the histogram and normal probability plots. As depicted in Figure 4.1, the graph suggests that data collected for the present study follow normal pattern since all the bars on

the histogram were closed to a normal curve. Hence, normality assumptions were not violated in the present study.
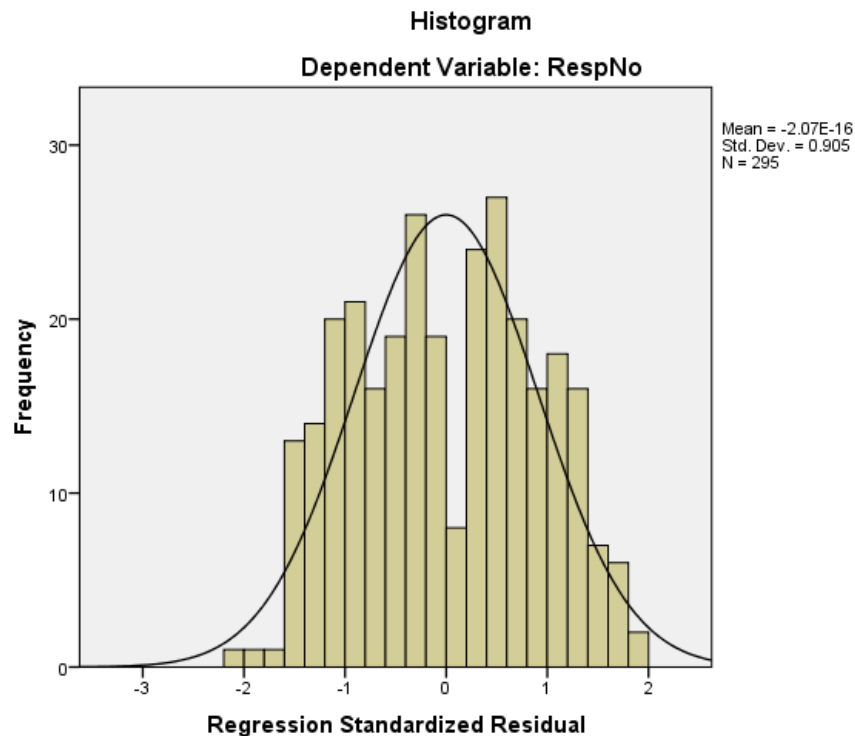
Figure 4.1
Normality Curve

4.3.5 Multicollinearity Test

Multicollinearity has been defined as "the situation in which the independent/predictor variables are highly correlated. When independent variables are multicollinear, there is 'overlap' or sharing of predictive power" (Ho, 2006, p. 248). This may substantially distort the estimates of regression coefficients, which can give rise to spurious results (Chatterjee & Yilmaz, 1992; Tu, Kellett, Clerehugh, & Gilthorpe, 2005). In the same vein, multicollinearity can inflate the standard errors of the coefficients, which in turn render the coefficients statistically non-significant (Tabachnick & Fidell, 2007). In order to detect multicollinearity in the present study, the variance inflated factor (VIF) and tolerance value were examined.

According to Hair, Ringle, and Sarstedt (2011), multicollinearity is a major concern if VIF value is higher than 5 and tolerance value is less than 0.20. Table 4.3 presents the VIF values and tolerance values for the exogenous latent constructs.

Table 4.4
Tolerance and Variance Inflation Factors (VIF)

Latent Constructs	Collinearity Statistics	
	Tolerance	VIF
Transformational Leadership	.996	1.004
Transactional Leadership	.986	1.014
Organisational Culture	.990	1.010
Islamic Work Ethics	.996	1.004

As shown in Table 4.4, the results of the multicollinearity test suggest that multicollinearity is not a major concern, because all VIF values were less than 5 and those of the tolerance values were greater than 0.20. Hence, following to Hair *et al*. (2011), it can be concluded that multicollinearity is not a major concern in this study.

4.4 Non-Response Bias

Non-response bias has been defined as "the differences in the answers between non-respondents and respondents" (Lambert & Harrington, 1990, p. 5). To estimate the possibility of non- response bias, Armstrong and Overton (1977) suggested a time-trend extrapolation approach, which entails comparing the early and late respondents (i.e., non-respondents). They argued that late respondents share similar characteristics with non-respondents. Meanwhile, to further minimize the issue of non-response bias, Lindner and Wingenbach (2002) recommended that a minimum response rate of 50% should be achieved. Consistent with Armstrong and Overton's

(1977) approach, the present study divided the respondents into two main groups: those who responded within 30 days (i.e., early respondents) and those who responded after 30 days (i.e., late respondents) (Vink & Boomsma, 2008). Majority of the respondents in the sample; that is 176 (60%) responded to the questionnaire within 30 days, while the remaining 119, representing 40% responded after 30 days (Table 4.5). In particular, an independent samples t-test was conducted to detect any possible non-response bias on the main study variables including age, marital Status, education, and income. Table 5.4 presents the results of independent samples t-test obtained.

Table 4.5

Results of Independent-Samples T-test for Non-Response Bias

Variable	Group	N	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Age	Early Response	176	.640	293	.523	.047	.074	-.098	.193
	Late Response	119	.636	248.597	.525	.047	.075	-.099	.194
Marital Status	Early Response	176	-1.423	293	.156	-.082	.058	-.195	.031
	Late Response	119	-1.412	246.429	.159	-.082	.058	-.196	.032
Education	Early Response	176	-.290	293	.772	-.020	.070	-.159	.118
	Late Response	119	-.293	260.270	.770	-.020	.070	-.158	.117
Income	Early Response	176	.087	293	.931	.011	.124	-.232	.254
	Late Response	119	.088	259.895	.930	.011	.123	-.231	.252

As shown in Table 4.5, the results of independent-samples t-test revealed that the equal variance significance values for each of the four demographic variables were greater than the 0.05 significance level of the t-test for Equality of Means as suggested by Pallant (2010) and none of the Confidence Interval contained zero. Hence, this suggests that the assumption of equal the variances between early and late respondents has not been violated. As such, it can be concluded that non-response bias was not a major issue in the present study. Furthermore, consistent with Lindner and Wingenbach's(2002) recommendation, since this study achieved 54% response rate, it can be added that the issue of non-response bias does not appear to be a major concern.

4.5 Common Method Variance Test

Common method variance (CMV), also known to as monomethod bias has been defined by Podsakoff, MacKenzie, Lee, and Podsakoff (2003) as the "variance that is attributable to the measurement method rather than to the construct of interest" (p. 879). Researchers have generally agreed that CMV is a major concern in self-report surveys (Lindell & Whitney, 2001; Podsakoff *et al*., 2003; Podsakoff, MacKenzie, & Podsakoff, 2012; Podsakoff & Organ, 1986). For example, Conway and Lance (2010) stated that "common method bias inflates relationships between variables measured by self-reports" (p. 325). Similarly, according to Organ and Ryan (1995) self-report surveys are associated with spuriously high correlations due to common method variance. The present study adopted several procedural remedies to minimize the effects of CMV (Baumgartner & Weijters, 2012; Podsakoff *et al*., 2012; Viswanathan & Kayande, 2012). Firstly, to reduce evaluation apprehension, the participants were informed that there is no right or wrong answer to the items in the

questionnaire and they were also given an assurance that their answers were confidential throughout the research process. Secondly, improving scale items was also used to reduce method biases in the present study. This was achieved by avoiding vague concepts in the questionnaire and when such concepts were used, simple examples were provided. In addition to the procedural remedies described above, the present study also adopted Harman's single factor test proposed by Podsakoff and Organ (1986) to examine common method variance. Traditionally, in this procedure all variables of interest are subjected to an exploratory factor analysis and the results of the unrotated factor solution are then examined to ascertain the number of factors that are necessary to account for the variance in the variables (Podsakoff & Organ, 1986). The main assumption of Harman's (1967) single factor test is that if a substantial amount of common method variance is present, either a single factor may emerge, or one general factor would account for most of the covariance in the predictor and criterion variables (Podsakoff & Organ, 1986).

Following Podsakoff and Organ (1986), all items in this study were subjected to a principal components factor analysis. The results of the analysis yielded eighteen factors, explaining a cumulative of 65.89% of the variance; with the first (largest) factor explaining 8.13% of the total variance, which is less than 50% (Kumar, 2012). Additionally, the results indicate that no single factor accounted for the majority of covariance in the predictor and criterion variables (Podsakoff *et al*., 2012). Hence, this suggests that common method bias is not a major concern and is unlikely to inflate relationships between variables measured in the present study.

4.6 Demographic Profile of the Respondents

This section describes the demographic profile of the respondents in the sample. The demographic characteristics examined in this study include age, gender, age, marital status, level of education, and income (see Table 4.6).

Table 4.6
Demographic Characteristics of the Respondents

	Frequency	Percentage
Gender		
Male	295	100.0
Age		
< 30 years	8	2.7
30-39 years	125	42.4
40-49 years	149	50.5
>50 years	13	4.4
Marital Status		
Married	183	62.0
Single	112	38.0
Education		
Bachelor Degree	121	41.0
Masters	156	52.9
Others	18	6.1
Income		
<SR 5,000	4	1.4
SR 5,000-10,000	37	12.5
SR 11,000-15,000	67	22.7
SR 16,000-20,000	104	35.3
>SR 20,000	83	28.1

As shown in Table 4.6, all the respondents in the sample that is 295 (100%) were males. Regarding the age group, 2.7% of the participants were less than 30 years old. This is followed by 4.4% (13) who were above 50 years. In the age group of 30-39 years, there were 125 respondents, representing 42.4% of the sample, while the

largest age group ranged between 40 and 49 years, which accounted for 50.5% or 149 respondents. Table 4.5 also shows that most of the respondents were married (62.0%), while the remaining 38.0% or 38 respondents were single. Additionally, Table 4.5 also shows a high proportion of the respondents were master's degree holders, which accounted for 52.9% or 156 respondents. This is followed by 41.0% with Bachelor degree, while the remaining, representing 6.1% hold other qualifications. Finally, in terms of income, Table 4.5 shows that 35.3% of the participants had between SR16,000 and SR20,000, followed by those whose income was above SR20,000 (28.1%); SR11,000-15,000 (22.7%); next 12.5% (37) for income between SR5,000 and 10,000. Finally, 1.4% were participants whose income was less than SR5,000.

4.7 Results of PLS Analyses

Having provided the underlying reasons and justifications for employing PLS path modeling in the present study, next is to present results of PLS analyses (Chin, 2010b). Just like in covariance based SEM analyses, the results of PLS analyses are conventionally presented using a two-step approach (Anderson & Gerbing, 1988; Henseler, Ringle, & Sinkovics, 2009). Firstly, the measurement model is evaluated based on the reliability and validity of the measures used. The logic behind evaluation of the measurement model is to give researchers confident that the item measures used in a particular study are really representing the constructs of interest. Secondly, once the measurement model is evaluated and found to be reliable and valid, results of the structural model (i.e., theoretical model) are then presented (Chin, 1998, 2010b). Taken together, the two step approach for reporting the results

of PLS analyses as summarized by Henseler *et al*. (2009) is graphically displayed in

Figure 4.2.
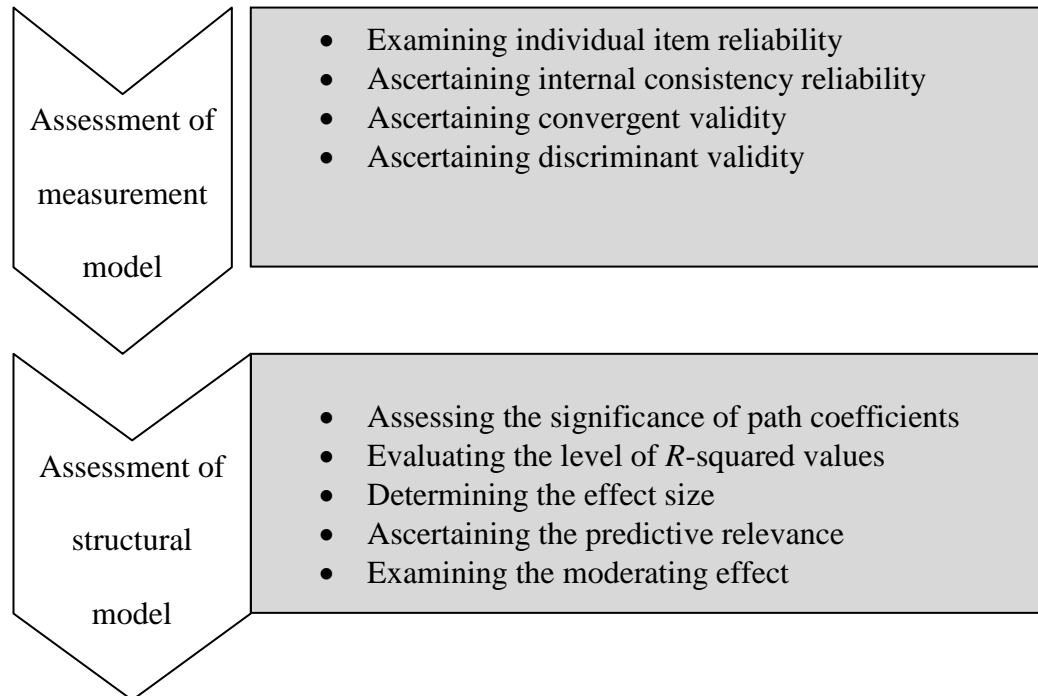
Figure 4.2
A twostep approach for reporting the results of PLS analyses
Source: Henseler *et al*. (2009)

4.8 Evaluation of Measurement Model

Essentially, an important aspect in PLS model evaluation is the presentation of

measurement model results, which focuses on ascertaining of individual item

reliability, internal consistency reliability, convergent validity and discriminant

validity of the measures used to represent each construct (Chin, 2010b; Hair, Hult,

Ringle, & Sarstedt, 2014; Hair *et al*., 2011; Henseler *et al*., 2009).
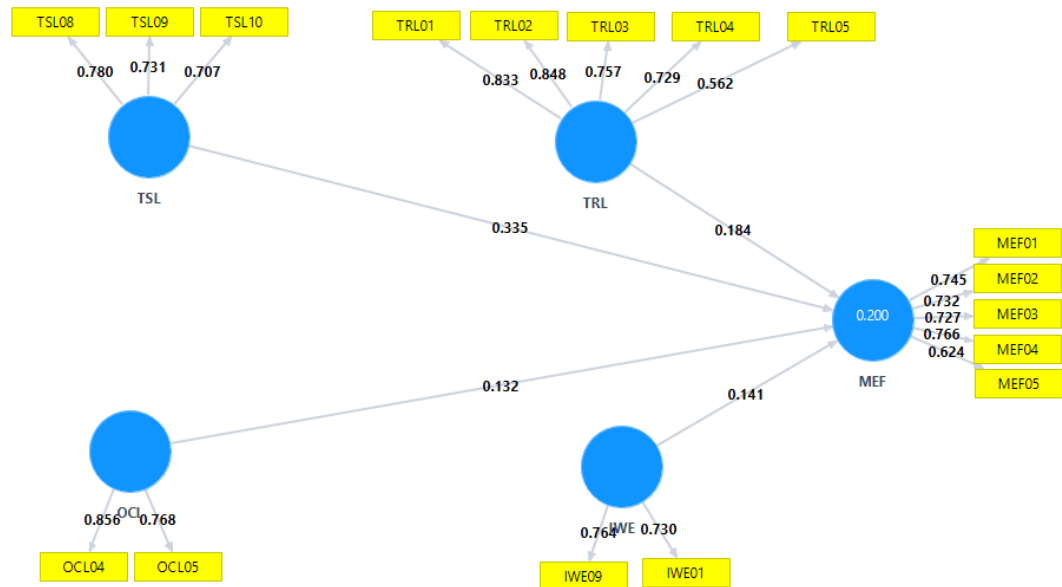
Figure 4.3
Measurement Model Results

4.8.1 Assessment of Individual Item Reliability

Individual In the present study, individual item reliability was assessed by examining the indicator loadings of each construct's measure. In line with (Hair *et al*., 2014) benchmark for retaining items with loadings between 0.40 and 0.70, it was found that 36 items were deleted as they demonstrated loadings below the benchmark of 0.40. Deleting item with loading below 0.40 in the PLS model improved the composite reliability and average variance extracted, which are further used subsequent evaluation of the measurement model. Accordingly, in the whole measurement model, only 17 items were retained since they had loadings between 0.562 and 0.856 as shown Table 4.7 and Figure 4.3

Table 4.7
Measurement Properties of Reflective Constructs

Construct	Indicator	Indicator Loading	Composite Reliability (ρc)	Average Variance Extracted (AVE
Transformational Leadership	TRL01	0.833	0.865	0.567
	TRL02	0.848		
	TRL03	0.757		
	TRL04	0.729		
	TRL05	0.562		
Transactional Leadership	TSL08	0.780	0.784	0.548
	TSL09	0.731		
	TSL10	0.707		
Organisational Culture	OCL04	0.856	0.795	0.661
	OCL05	0.768		
Islamic Work Ethics	IWE01	0.730	0.717	0.558
	IWE09	0.764		
Managerial Effectiveness	MEF01	0.745	0.843	0.519
	MEF02	0.732		
	MEF03	0.727		
	MEF04	0.766		
	MEF05	0.624		

4.8.2 Assessment of Internal Consistency Reliability

Internal consistency reliability refers to the "the extent to which measurements are repeatable when different persons perform the measurements, on different occasions, under different conditions, with supposedly alternative instruments which measure the same thing" (Drost, 2011, p. 106). Cronbach's alpha coefficient and composite reliability coefficient are the most commonly used estimators of the internal consistency reliability of an instrument by organizational researchers (e.g., Chin, Lo, & Ramayah, 2013; Enegbuma, Ologbo, Aliagha, & Ali, 2014; Rezania & Gurney,

2014; Siponen & Vance, 2010). In this study, composite reliability coefficient was chosen to ascertain the internal consistency reliability of measures for the following reasons.

Firstly, composite reliability coefficient provides a much less biased estimate of reliability than Cronbach's alpha coefficient because the later assumes all items contribute equally to its construct without considering the actual contribution of individual loadings (Barclay, Higgins, & Thompson, 1995; Gotz, Liehr-Gobbers, & Krafft, 2010). Secondly, Cronbach's alpha may over or under-estimate the scale reliability. The composite reliability takes into account that indicators have different loadings and can be interpreted in the same way as Cronbach's α (that is, no matter which particular reliability coefficient is used, an internal consistency reliability value above .70 is regarded as satisfactory for an adequate model, whereas a value below .60 indicates a lack of reliability).

Accordingly, the interpretation of internal consistency reliability using composite reliability coefficient was based on benchmark provided by researchers, such as Bagozzi and Yi (1988), Henseler *et al*. (2009), as well as Hair *et al*. (2014), who recommended that the composite reliability coefficient should be greater or equal to .70. Table 4.6 presents the composite reliability coefficient of each latent construct. As presented in Table 4.6, the composite reliability coefficient of each latent constructs ranged from .717 to .865, with each exceeding the minimum acceptable level of .70, suggesting the composite reliability coefficient of each latent construct has exceeded the benchmark, as such it demonstrated adequate internal consistency reliability of the measures used in this study (Bagozzi & Yi, 1988; Chin, 2010b; Hair *et al*., 2014; Wong, 2013).

4.8.3 Convergent Validity

According to Churchill (1979), "a fundamental principle in science is that any particular construct or trait should be measurable by at least two, and preferably more, different methods" (p.70). For example, comprehensive review of literature on transformational leadership suggests that, besides Multifactor Leadership Questionnaire (MLQ; Bass & Avolio, 2000), transformational leadership construct can also be measured using other alternative measures, such as Carless, Wearing, and Mann's Carless *et al*. (2000) "Short Measure of Transformational Leadership" and Fields and Herold's(1997) Leadership Practices Inventory, among others. Since there are other alternative measures of transformational leadership construct, it is pertinent to ascertain the extent to measure used to assess transformational leadership in this study correlates highly with other alternative measures (e.g., Carless *et al*., 2000; Fields & Herold, 1997). Hence, this is the idea behind establishing a convergent validity. Convergent validity therefore, refers to the extent to which a measure correlates highly with other alternative measures of the same construct in terms of performance (Churchill 1979).

To establish convergent validity in the present study, the Average Variance Extracted (AVE) of each latent construct was examined using criterium recommended by Fornell and Larcker (1981). Methodologically, convergent validity is demonstrated if the AVE of each latent construct is .50 or more (Chin, 1998). Following Chin's (1998) benchmark for establishing, convergent validity, it can be seen in Table 4.6 that the AVE value for each latent construct exhibited high loadings (> .50), suggesting that adequate convergent validity.

4.8.4 Discriminant Validity

Next, evidence of the discriminant validity of measures used in this study is provided. Discriminant validity refers to the extent to which different measures of different constructs are distinct from each other's (Portney & Watkins, 2009). In the present study, discriminant validity was established by comparing the items loadings with cross-loadings as presented in Table 4.7 (Chin, 1998). To actualize this, experts on path modelling (e.g., Chin, 1998, 2010a; Fornell & Larcker, 1981; Hair *et al.*, 2014; Henseler *et al.*, 2009) have suggested that all the items loadings should exceed the cross-loadings. Table 4.8 revealed that all indicator loadings indeed exceeded the cross-loadings, suggesting adequate discriminant validity.

Table 4.8
Cross Loadings

	TRL	TSL	OCL	IWE	MEF
TRL01	**0.833**	0.110	0.064	-0.065	0.170
TRL02	**0.848**	0.067	-0.001	-0.014	0.213
TRL03	**0.757**	0.170	0.074	-0.081	0.200
TRL04	**0.729**	0.126	0.047	0.021	0.173
TRL05	**0.562**	0.168	-0.011	0.113	0.153
TSL08	0.132	**0.780**	-0.094	-0.036	0.273
TSL09	0.098	**0.731**	-0.044	-0.014	0.264
TSL10	0.141	**0.707**	-0.031	0.071	0.255
OCL04	0.000	-0.037	**0.856**	0.004	0.105
OCL05	0.086	-0.094	**0.768**	0.023	0.085
IWE01	0.017	0.055	-0.112	**0.730**	0.104
IWE09	-0.036	-0.040	0.128	**0.764**	0.110
MEF01	0.151	0.242	0.121	0.139	**0.745**
MEF02	0.171	0.223	0.109	0.059	**0.732**
MEF03	0.171	0.186	0.052	0.167	**0.727**
MEF04	0.220	0.407	0.061	0.080	**0.766**
MEF05	0.150	0.127	0.095	0.082	**0.624**

To further establish discriminant validity in this study, Fornell and Larcker's (1981) criterium was implemented by comparing the correlations among the latent constructs with square roots of average variance extracted as presented in Table 4.9. Furthermore, as a rule of thumb for establishing discriminant validity, Fornell and Larcker (1981) suggested that the square root of the AVE should exceed the correlations among latent constructs.

Table 4.9
Discriminant Validity (Fornell-LarckerCriterium)

	Latent Variable	1	2	3	4	5
1	Islamic Work Ethics	**0.747**				
2	Managerial Effectiveness	0.143	**0.721**			
3	Organisational Culture	0.015	0.117	**0.813**		
4	Transformational Leadership	-0.013	0.244	0.047	**0.753**	
5	Transactional Leadership	0.008	0.356	-0.077	0.167	**0.740**

As presented in Table 4.8, the correlations among the latent constructs were compared with the square root of the average variances extracted (Chin, 1998, 2010a; Fornell & Larcker, 1981; Hair *et al*., 2014; Henseler *et al*., 2009). Table 4.8 further indicated that each of the square root of the average variances extracted has exceeded the correlations among latent constructs. Hence, this suggests that adequate discriminant validity has been achieved.

4.8.5 Assessment of Significance of the Structural Model

After establishing the reliability and validity of the measurement model, the results of the structural model are then presented. In the current study, a bootstrap resampling method has been applied based on 5000 replicates and 295 cases to assess

significance of the path coefficients (Hair *et al*., 2014; Hair *et al*., 2011; Hair *et al*., 2012b; Henseler *et al*., 2009; Preacher & Hayes, 2008). Figure 4.5 and Table 4.9 showed the estimates for the full structural model, which incorporated a moderator variable (i.e., Islamic Work Ethics).
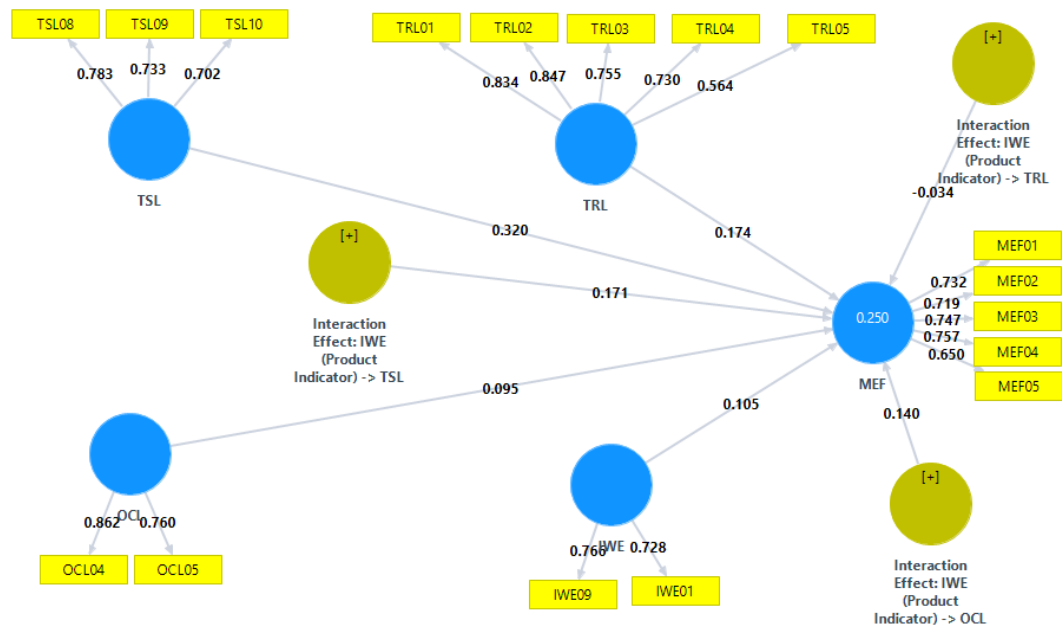

Figure 4.5
Structural Model with Moderator (Full Model)

In chapter 2 of this thesis report, it was predicted that transformational leadership would have a positive effect on managerial effectiveness (Hypothesis 1). As shown in Table 4.9 and Figure 4.5, there was a significant positive relationship between transformational leadership and managerial effectiveness ($\beta = 0.174$, SE = 0.053, t = 3.289, p< 0.01). This result provides a strong support for hypothesis 1.

Table 4.10
Structural Model Assessment with Moderator (Full Model)

Hypotheses	Relations	Beta	Standard Error	*t*-value	*p*-value	Findings
H1	TRL -> MEF	0.174	0.053	3.289	0.001	Supported***
H2	TSL -> MEF	0.320	0.065	4.923	0.000	Supported***
H3	OCL -> MEF	0.095	0.065	1.458	0.073	Supported*
H4	Interaction Effect: IWE (Product Indicator) -> TRL -> MEF	-0.034	0.111	0.308	0.379	Not Supported
H5	Interaction Effect: IWE (Product Indicator) -> TSL -> MEF	0.171	0.063	2.702	0.004	Supported***
H6	Interaction Effect: IWE (Product Indicator) -> OCL -> MEF	0.140	0.113	1.234	0.104	Supported*

Note: TRL = Transformational Leadership; TSL = Transactional Leadership; OCL = Organisational Culture; IWE = Islamic Work Ethics; MEF=ManagerialEffectiveness.
***Significant at 0.01 (1-tailed), **significant at 0.05 (1-tailed), *significant at 0.1 (1-tailed).

Hypothesis 2 predicted that transactional leadership is positively related to managerial effectiveness. As indicated in Table 4.10 and Figure 4.5, transactional leadership had a significant positive relationship with managerial effectiveness (β = 0.320, *SE* = 0.065, *t* = 4.923, p< 0.01). Hence, this hypothesis was supported. In the same vein, Hypothesis 3 postulated that organisational culture would have a positive relationship with managerial effectiveness. As expected, Table 4.9 and Figure 4.5, showed a significant positive relationship between organisational culture and managerial effectiveness (β = 0.095, *SE* = 0.065, *t* = 1.458, p< 0.10).

4.8.6 Assessment of Variance Explained in the Endogenous Latent Variables

Another important method of evaluating the predictive power of structural model in PLS-SEM is to estimate the coefficient of determination, which is also known as the R-squared value (Chin, 2010b; Hair *et al*., 2014; Hair *et al*., 2012b; Peng & Lai, 2012; Wong, 2013). The coefficient of determination represents the amount of variance explained in the endogenous latent variable accounted for by a linear combination of the exogenous latent variables (Elliott & Woodward, 2007; Hair *et al*., 2010; Palmer & O'Connell, 2009; Wong, 2013). Although researchers (e.g., Hair *et al*., 2014; Hair *et al*., 2011; Hair *et al*., 2012b) suggest that the acceptable level of R2 value depends on the context of research, however, Falk and Miller (1992) propose an R-squared value of 10% to be acceptable in PLS path modeling. Table 4.11 showed the R-squared values of the endogenous latent variable (i.e. managerial effectiveness).

Table 4.11
Variance Explained in the Endogenous Latent Variable

Latent Variable	Variance Explained (R^2)	
	Base Model	**Full Model**
Managerial Effectiveness	20%	25%

As shown in Table 4.11, the research model explains 20% and 25% of the total variances in managerial effectiveness for the base and full model, respectively. This suggests that by a linear combination of the exogenous latent variables (i.e., transformational leadership, transactional leadership, organisational culture, and Islamic Work Ethics) explained 20% and 25% of the total variances in endogenous latent variable (i.e., managerial effectiveness) for the base and full model, respectively. Hence, consistent with Falk and Miller's (1992) benchmark for a minimum acceptable value of coefficient of determination, the endogenous latent variable has met this criteria proposed by Falk and Miller (1992).

4.8.7 Assessment of Effect Size (f^2)

Effect size represents "a quantitative estimate of the strength or magnitude of the relation in the population" (Rutledge & Loh, 2004, p. 138). According to Chin (1998), effect size is computed to explore whether a change in R-square values resulting from excluding a particular exogenous latent variable could have any

substantive impact on the endogenous latent variable. Specifically, the effect size f^2 can be calculated using the following formula:

$$\text{Effect size: } f^2 = \frac{R^2_{Included} - R^2_{Excluded}}{1 - R^2_{Included}} \qquad (5.1)$$

Cohen (1988) describes f^2 values of 0.02, 0.15 and 0.35 as small, medium, and large, respectively. Table 4.11 presents the respective effect sizes of the latent variables of the structural model.

Table 4.12
Effect Sizes of the Latent Variables on Cohen's (1988) Recommendation

Latent Variable	Effect Sizes	
	Base Model	**Moderating Effect Size**
Transformational Leadership	0.135	
Transactional Leadership	0.041	0.07
Organisational Culture	0.022	
Islamic Work Ethics	0.025	

As reported in Table 4.12, the effect sizes for the transformational leadership, transactional leadership, organisational culture and Islamic Work Ethics were 0.135, 0.041, 0.022, and 0.025, respectively. Accordingly, in line with Cohen's (1988) benchmarks, the effects sizes of these four exogenous latent variables on endogenous latent variables can be termed as medium for transformational leadership, and small for the transactional leadership, organisational culture and Islamic Work Ethics.

4.8.8 Assessment of Predictive Relevance

In the current study, Stone-Geisser test of predictive relevance was also applied using blindfolding procedures to ascertain the predictive relevance of the PLS model (Geisser, 1974; Stone, 1974). The Stone-Geisser test of predictive relevance is usually used as a supplementary assessment of goodness-of-fit in PLS path modelling (Duarte & Raposo, 2010). Furthermore, Chin (2010b) argues that "the prediction of observables or potential observables is of much greater relevance than the estimator of what are often artificial construct-parameters" (p.320). Reflective measurement model "specifies that a latent or unobservable concept causes variation in a set of observable indicators (Lee, Franke, & Chang, 2015, p. 1). Hence, because all endogenous latent variables in present study were reflective in nature, a blindfolding procedure was applied mainly to these endogenous latent variables.

Meanwhile, a cross-validated redundancy measure (Q^2) was applied to assess the predictive relevance of the PLS model (Chin, 2010b; Geisser, 1974; Hair *et al*., 2014; Palmer & O'Connell, 2009; Peng & Lai, 2012; Ringle, Sarstedt, & Straub, 2012; Stone, 1974). The Q^2 is a criterion to a measure how well a model predicts the data of omitted cases (Chin, 1998; Hair *et al*., 2014; Palmer & O'Connell, 2009; Ringle *et al*., 2012). A PLS model with Q^2 statistic (s) greater than zero has been described by Henseler *et al*. (2009) as the one having predictive relevance. Additionally, a research model with higher positive Q^2 values suggests more predictive relevance.

The results of the cross-validated redundancy Q^2 test are presented in Table 4.13 and Figure 4.6.

Table 4.13
Construct Cross-Validated Redundancy in the Endogenous Latent Variable

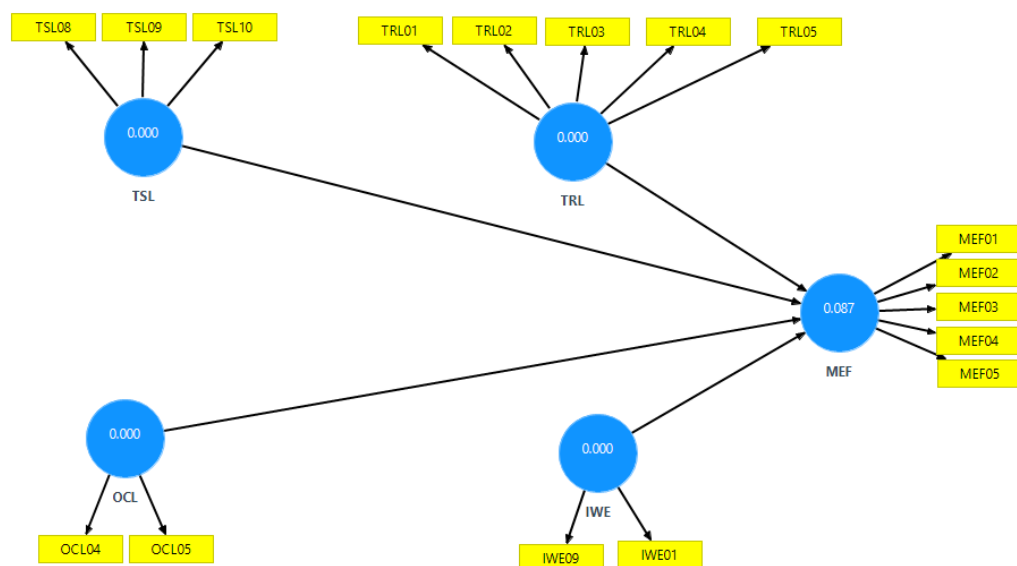| Latent Variable	Predictive RelevanceQ2
Managerial Effectiveness	0.087

Figure 4.6
Construct Cross-Validated Redundancy in the Endogenous Latent Variable

As presented in Table 4.12 and Figure 4.6, the cross-validation redundancy measure Q^2 for the endogenous latent variable (managerial Effectiveness) has exceeded zero, suggesting that the PLS model has predictive relevance (Chin, 2010b; Geisser, 1974;

Hair *et al*., 2014; Hair *et al*., 2011; Palmer & O'Connell, 2009; Peng & Lai, 2012; Ringle *et al*., 2012; Stone, 1974).

4.8.9 Testing Moderating Effect Islamic Work Ethics

The present study applied a product indicator approach using PLS path modeling to determine and estimate the strength of the moderating effect of Islamic Work Ethics on the relationships between transformational leadership, transactional leadership, organisational culture, and managerial effectiveness (for review, see Chin, Marcolin, & Newsted, 2003; Hair *et al*., 2014; Helm, Eggert, & Garnefeld, 2010; Henseler & Chin, 2010; Henseler & Fassott, 2010). The product term approach is deemed appropriate in present study given that the moderating variable (i.e., Islamic Work Ethics) is continuous (Hair *et al*., 2014; Henseler & Fassott, 2010). Henseler and Fassott (2010) argued that "given that the results of the product term approach are usually equal or superior to those of the group comparison approach; we recommend always using the product term approach" (p. 721).

In order to apply the product indicator approach in testing the moderating effects of Islamic Work Ethics on the relationships between transformational leadership, transactional leadership, organisational culture, and managerial effectiveness; the product terms between the indicators of the exogenous latent variables and the indicators of the moderator variable need to be created. Hence, these product terms would be used as indicators of the interaction term in the structural model (Kenny &

Judd, 1984; Little, Card, Bovaird, Preacher, & Crandall, 2007). Additionally, to ascertain the strength of the moderating effects, the present study applied Cohen's (1988) guidelines for determining the effect size. Table 4.9 and Figure 4.5 showed the estimates after applying the applied a product indicator approach to examine the moderating effect of Islamic Work Ethics the relationships between exogenous and endogenous latent variables.

It could be recalled that Hypothesis 4 stated that Islamic Work Ethics moderates the relationship between transformational leadership and managerial effectiveness. Specifically, this relationship is stronger (i.e. more positive) when Islamic Work Ethics high than when it is low. Unexpectedly, the results presented in Table 4.9 and Figure 4.5 did established significant interaction terms representing transformational leadership x Islamic Work Ethics (β = -0.034, SE = 0.111, t = 0.308, p> 0.10). Therefore, Hypothesis 4 was not supported. Power analysis was conducted and proved that the sample size is appropriate and thus there is no issue of sampling error that lead to the non-significant result. As the questionnaires were adopted from established studies and all necessary steps were taken to ensure their validity and reliability, measurement errors that can lead to the non-significant relationship can also be ruled out.

Hypothesis 5 predicted that Islamic Work Ethics moderates the relationship between transactional leadership and managerial effectiveness. Specifically, this relationship is stronger (i.e. more positive) when Islamic Work Ethics high than when it is low.

As expectedly, the results presented in Table 4.9 and Figure 4.5 established a significant interaction terms representing transactional leadership x Islamic Work Ethics (β = 0.171, SE = 0.063, t = 2.702, p< 0.01). Therefore, Hypothesis 5 was fully supported. In addition, the information from the path coefficients was used to plot the moderating effect of Islamic Work Ethics on the relationship between transformational leadership and managerial effectiveness, using the procedures recommended by Aiken and West (1993), Dawson and Richter (2002) and Dawson (Marcus *et al*., 2002). Figure 4.7 depicted that the relationship between transformational leadership and managerial effectiveness is stronger (i.e. more positive) when Islamic Work Ethics high than when it is low.
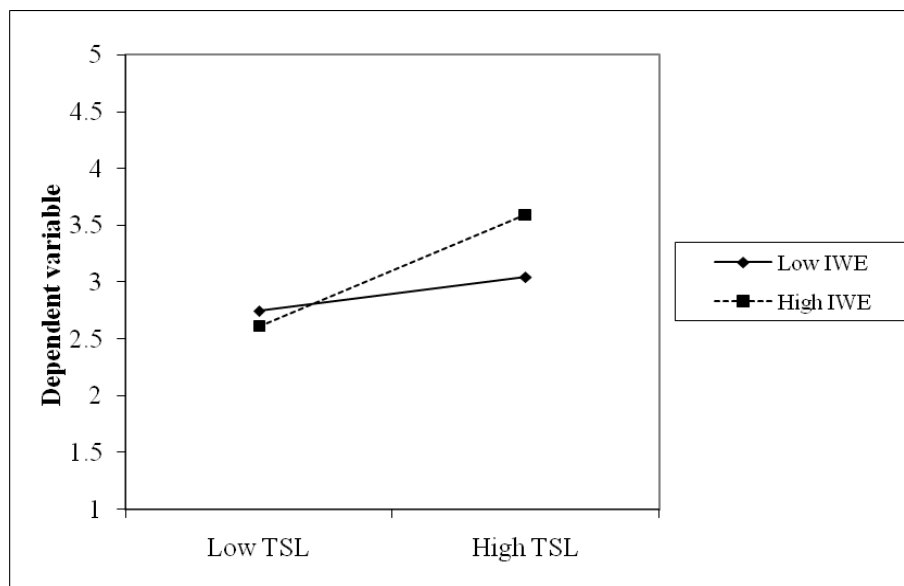

Figure 4.7
Interaction Effect of Transactional Leadership and Islamic Work Ethics on Managerial Effectiveness

Finally, Hypothesis 6 posited that Islamic Work Ethics moderates the relationship between organisational culture and managerial effectiveness. Specifically, this relationship is stronger (i.e. more positive) when Islamic Work Ethics high than when it is low. This hypothesis was also supported because the interaction between organisational culture and Islamic Work Ethics in predicting managerial effectiveness was significant ($\beta = 0.140$, SE = 0.113, t = 1.234, p< 0.10).As depicted in Figure 4.8 the relationship between organisational culture and managerial effectiveness is stronger (i.e. more positive) when Islamic Work Ethics high than when it is low.
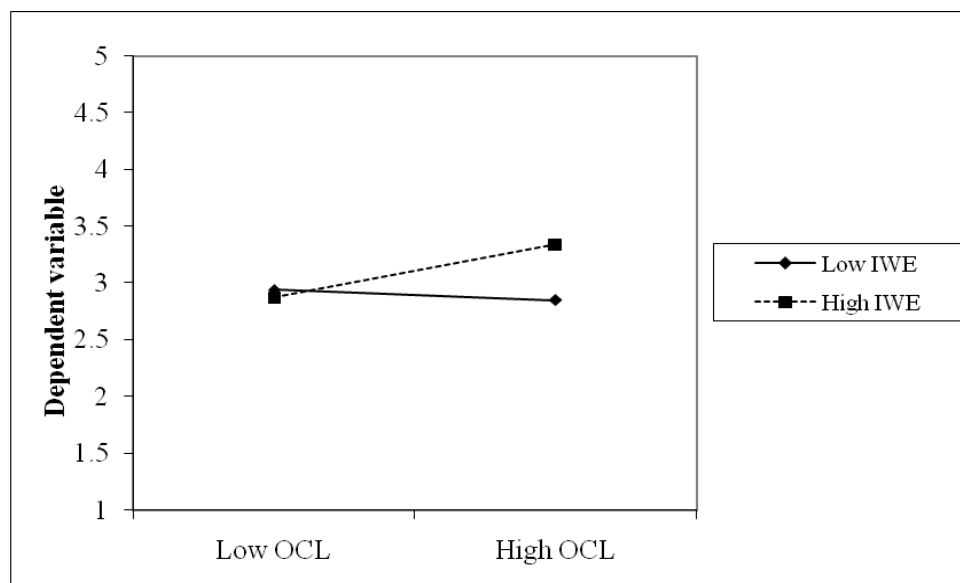

Figure 4.8
Interaction Effect of Organisational Culture and Islamic Work Ethics on Managerial Effectiveness

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4.8.10 Summary of Findings

Having presented all the results including main and moderating effects in the preceding sections, next, the summary of the results of all hypotheses tested are presented as shown in Table 4.14.

Table 4.14
Summary of Hypotheses Testing

Hypotheses	Statement	Findings
H1	Transformational leadership positively relates to managerial effectiveness	Supported
H2	Transactional leadership positively relates to managerial effectiveness	Supported
H3	Organisational culture positively relates to managerial effectiveness	Supported
H4	Islamic Work Ethics moderates the relationship between transformational leadership and managerial effectiveness.	Not Supported
H5	Islamic Work Ethics moderates the relationship between transactional leadership and managerial effectiveness.	Supported
H6	Islamic Work Ethics moderates the relationship between organisational culture and managerial effectiveness.	Supported

4.9 Summary of the Chapter

In this chapter, the underlying reasons and justifications for employing PLS path modeling in the present study has been provided. Following the assessment of significance of the path coefficients, the key findings of the study were also presented. Generally, self-report techniques has provided considerable support for the moderating effects of Islamic Work Ethics on the relationships between

transformational leadership, transactional leadership, organisational culture, and managerial effectiveness. Accordingly, the path coefficients revealed a significant positive relationship between: (1) transformational leadership and managerial effectiveness; (2) transactional leadership and managerial effectiveness, and (3) organisational culture and managerial effectiveness.

Importantly, concerning the moderating effects of Islamic Work Ethics on the relationship between the three exogenous latent variables and the endogenous latent variable, PLS path coefficients revealed that of three formulated hypotheses, two were significant. In particular, Islamic Work Ethics moderates the relationship between: (1) transactional leadership and managerial effectiveness, and (2) organisational culture and managerial effectiveness. The next chapter (Chapter 5) will discuss further the findings, followed by implications, limitations, suggestions for future research directions and conclusion.

CHAPTER FIVE

DISCUSSIONS, RECOMMENDATIONS AND CONCLUSIONS

5.1 Introduction

This chapter discusses the main research findings presented in the preceding chapter by relating them to the theoretical perspectives and previous studies related to workplace deviance. Specifically, the rest of the chapter is organized as follows. Section 2 recapitulates the findings of the study. Section 3 discusses the findings of the study in the light of underpinning theories and previous studies. Theoretical, methodological and practical implications of the study are discussed in Section 4. In Section 5, limitations of the study are noted and based of these limitations suggestions for future research directions are made. In the final section, conclusion is drawn.

5.2 Recapitulation of the Study's Findings

The purpose of this study was to provide insight into the relationships between transformational leadership, transactional leadership, organisational culture, Islamic work ethics, and managerial effectiveness in Saudi Arabia public sector. This was consistent with calls for a closer integration between the literatures on Islamic work ethics, leadership styles, organisational culture and managerial effectiveness (Rokhman, 2010). It was also based on comprehensive review of literature that not much is known about the potential moderating role of Islamic work ethics on the

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links between leadership styles, organisational culture and managerial effectiveness (Abbas & Ali, 2007; Erkutlu, 2008; Lowe *et al*., 1996; Rokhman, 2010; Rukmani *et al*., 2010). Both contingency perspective (Duncan, 1972; Fiedler, 1964; Gresov, 1989; Lawrence & Lorsch, 1967) and role-motivation perspective of managerial effectiveness (Miner, 1978; Miner, Rizzo, Harlow, & Hill, 1974) provided the main theoretical backdrop to the investigation.

Overall, this study has succeeded in advancing the current understanding of the key determinants of managerial effectiveness by providing answers to the following research questions:

1.   Do transformational leadership styles have any positive relationship with managerial effectiveness?

2.   Do transactional leadership styles have any positive relationship with managerial effectiveness?

3.   Does organizational culture have any positive relationship with managerial effectiveness?

4.   Does Islamic work ethics moderate the relationship between transformational leadership styles and managerial effectiveness?

5.   Does Islamic work ethics moderate the relationship between transactional leadership styles and managerial effectiveness?

6.   Does Islamic work ethics moderate the relationship between organisational culture and managerial effectiveness?

Regarding the direct relationship between exogenous latent variable and endogenous latent variables, the findings of this study indicated that all the three hypotheses were supported. The results of the PLS path model showed that Transformational leadership positively relates to managerial effectiveness. Transactional leadership significantly relates to managerial effectiveness in the right direction. Organisational culture was also found to be significantly and positively related to managerial effectiveness.

With respect to Islamic Work Ethics as a moderator on the relationship between exogenous latent variable and endogenous latent variables, results provided empirical support for two (2) hypotheses. Specifically, Islamic Work Ethics was found to moderate the relationship between transactional leadership and managerial effectiveness. The results also revealed that Islamic Work Ethics moderates the relationship between organisational culture and managerial effectiveness. But the results also revealed that Islamic Work Ethics does not moderate the relationship between transformational leadership and managerial effectiveness.

5.3 Discussion

This section discusses all the study's findings that showed significant relationships. The discussions will be made in the light of relevant theories and findings of previous research. The subheadings of discussion section are structured according to the research questions. The first research question was whether the dimensions of leadership styles explain managerial effectiveness. In line with this research

question, the first objective of this study was to examine the relationship between leadership styles and managerial effectiveness.

5.3.1 Leadership Styles and Managerial Effectiveness

The concept of leadership refers to the process by which an individual influences a group to reach a shared goal (Northouse, 2001). Both theory and research suggests that two dimensions of leadership styles (i.e., transformational/transactional leadership) that can influence managerial effectiveness (Balaraman, 1989; Duncan, 1972; Erkutlu, 2008; Gresov, 1989; Lowe *et al*., 1996; Rukmani *et al*., 2010). According to Erkutlu (2008) as well as Lowe *et al*. (1996), leadership styles foster work outcomes, including managerial effectiveness. Hence, this study hypothesized that leadership styles relate positively to managerial effectiveness. To attain this end, two research hypotheses were formulated and tested using the PLS path modeling.

Firstly, the present study also hypothesized that transformational leadership positively relates to managerial effectiveness (Hypothesis 1). As expected, the findings revealed a significant positive relationship between transformational leadership and managerial effectiveness. This finding seems to suggest that transformational leadership behaviour fosters managerial effectiveness, such as achieving expected result, communicating well with employees and developing further potential (Erkutlu, 2008; Fernandes & Awamleh,2011; Lowe *et al*., 1996; Rukmani *et al*., 2010). Additionally, this finding is also consistent with contingency theory (Duncan, 1972; Fiedler, 1964; Gresov, 1989; Lawrence & Lorsch, 1967),

which suggests positive link between transformational leadership and managerial effectiveness.

Secondly, with regard to hypothesis 2, as predicted, the PLS path modelling results indicated that transactional leadership relates positively to managerial effectiveness. This finding indicates that leadership style, which is characterized by contingent rewards, active management by exception (active), and passive management by exception (Avolio *et al*., 1999; Judge & Piccolo, 2004; MacKenzie *et al*., 2001) enhances managerial effectiveness. This particular result is consistent with existing research on leadership style and managerial effectiveness (e.g., Balaraman, 1989; Lowe *et al*., 1996; Rukmani *et al*., 2010). More specifically, these previous studies demonstrated that transactional leadership is considered to play a significant role in facilitating managerial effectiveness. Furthermore, in the context of Saudi Arabia, the results is indicative of the fact that top managements in the Government ministries are highly concerned about "communicating a clear and positive vision of the future, treating staff as individuals, supports and encouraging their development, giving encouragement and recognition to staff, fostering trust, involvement and cooperation among team encouraging thinking about problems in new ways and questions assumptions, instilling pride and respect among organisational members" (Carless *et al*., 2000, p. 396). All these would go a long way in letting organizational members execute their managerial functions effectively.

5.3.2 Organisational Culture and Managerial Effectiveness

Thirdly, regarding hypothesis 3, results of the study also supported that organisational culture positively relates to managerial effectiveness. The linkage between organisational culture and managerial effectiveness validates the theoretical proposition that values, assumptions and norms common to the members of an organization foster managerial effectiveness (Denison & Mishra, 1995). This finding is consistent with the extant literature which supports the positive relationship between organisational culture and managerial effectiveness at work (Ali & Patnaik, 2014; Peter & John, 2004; Singh, 2010).

Additionally, the significant relationship between organisational culture and managerial effectiveness is not suppressing because researchers (e.g., Denison , 1990; Gordon & DiTomaso, 1992) and have also noted that culture is related to superior effectiveness when it adapts to environmental changes.

Researchers further argued that organisational culture that is strong, widely shared, and having distinct properties that are inimitable play a significant role in fostering managerial effectiveness (Hop *et al*., 1992; Lewis, 1994; Lim, 1995; Ray, 1986; and Willmott, 1993) . Also, from resource-based perspective, Barney, (1986); (1991) theorized that level of sustainable advantage in an organisation is largely depends culture's value, rarity, limitability and sustainability.

5.3.3 Moderating Effect of Islamic Work Ethics

The present study conjectured that Islamic Work Ethics moderates the relationship between transactional leadership and managerial effectiveness. Specifically, this relationship is stronger (i.e. more positive) when Islamic Work Ethics high than when it is low (Hypothesis 6). As expected, the findings revealed a significant interaction effect between Islamic Work Ethics and transactional leadership in explaining managerial effectiveness. This finding suggests that managers who perceive high transactional leadership are motivated by leaders to enhance their effectiveness at work (Balaraman, 1989; Duncan, 1972; Erkutlu, 2008; Gresov, 1989; Lowe *et al*., 1996; Rukmani *et al*., 2010). The result is also consistent with contingency perspective (Duncan, 1972; Fiedler, 1964; Gresov, 1989; Lawrence & Lorsch, 1967) and role-motivation perspective of managerial effectiveness (Miner, 1978; Miner *et al*., 1974), suggesting that the more leadership styles interacted with Islamic Work Ethics greater the level of managerial effectiveness.

In the same vein, the present study also predicted that Islamic Work Ethics moderates the relationship between organisational culture and managerial effectiveness. Specifically, this relationship is stronger (i.e. more positive) when Islamic Work Ethics high than when it is low (Hypothesis 7). The findings revealed a significant interaction effect between lower-level variables (e.g., Islamic work ethics) and a higher level variable (i.e., organisational culture) in understanding managerial effectiveness. The result is also consistent with contingency theory (Duncan, 1972;

Fiedler, 1964; Gresov, 1989; Lawrence & Lorsch, 1967) and role-motivation perspective of managerial effectiveness (Miner, 1978; Miner *et al*., 1974), suggesting that as organisational culture interacted with Islamic work Ethics; the level of managerial effectiveness would be enhanced.

5.4 Implications of the Study

5.4.1 Theoretical Implications

The conceptual framework of this study was based on the prior empirical evidences and theoretical gaps identified in the literature. It was also supported and explained from two theoretical perspectives, namely contingency theory (Duncan, 1972; Fiedler, 1964; Gresov, 1989; Lawrence & Lorsch, 1967) and role-motivation theory of managerial effectiveness (Miner, 1978; Miner *et al*., 1974). The present study incorporated Islamic Work Ethics as a moderating variable to better explain and understand the relationships between leadership styles organisational culture and managerial effectiveness. Based on the research findings and discussions, the current study has several theoretical contributions in   the   research   on the links between transformational leadership, transactional leadership, organisational culture, Islamic work Ethics, and managerial effectiveness.

This study has provided a theoretical implication by giving additional empirical evidence in the domain of organizational contingency theory. The theory posits that there is no best strategy/structure and a specific strategy/structure will not be equally

effective under various environmental or firm-specific conditions facilitated by the environment or culture (Galbraith, 1973). Instead of focusing on mainly the relationship between exogenous latent variables and the endogenous latent variables, this study has also tested the moderating role of Islamic Work Ethics on the relationship between leadership styles organisational culture and managerial effectiveness.

Extant empirical studies regarding the relationship between leadership styles and managerial effectiveness (e.g., Erkutlu, 2008; Honari *et al.*, 2010; Lowe *et al.*, 1996; Rafiei, Mousavi, & Mohammadi, 2011; Rukmani *et al.*, 2010), as well as the direction of organisational culture-managerial effectiveness relationship (e.g., Ali & Patnaik, 2014; Mehr, Emadi, Cheraghian, Roshani, & Behzadi, 2012; Singh, 2010) reported inconsistent findings. Hence, this strongly suggested the need for incorporating a moderating variable on these relationships. "Moderator variables are typically introduced when there is an unexpectedly weak or inconsistent relation between a predictor and a criterion variable" (Baron & Kenny, 1986, p. 1178).

This study has attended to the gap by incorporating Islamic Work Ethics as a moderating variable to enhance the understanding on the influence of leadership styles and organisational culture on managerial effectiveness in the context of Saudi Arabia public sector. In testing contingency theory and the role-motivation theory of managerial effectiveness, research results reported that the two dimensions of leadership styles (i.e. transformational leadership and transactional leadership) had

significant influence on managerial effectiveness, lending empirical evidence in support of the said theories. Based on the results, it can be concluded that leadership styles played a significant role in explaining managerial effectiveness.

Taken together, it is evident that the two dimensions of leadership styles, i.e. transformational leadership and transactional leadership are important consideration in explaining managerial effectiveness among managers, particularly in the public sector specifically ministries in Saudi Arabia.

The present study has also provided empirical evidence on the significant role of Islamic work Ethics as a moderator on the relationships between transformational leadership, transactional leadership, organisational culture, Islamic work ethics, and managerial effectiveness. While most previous studies (e.g., Erkutlu, 2008; Lowe *et al.*, 1996; Rukmani *et al.*, 2010) have mainly focused on investigating the direct linkages between transformational leadership, transactional leadership and managerial effectiveness, as well as the direct relationship between organisational culture and managerial effectiveness (e.g., Ali & Patnaik, 2014; Peter & John, 2004; Singh, 2010), this study incorporated Islamic work ethics as a moderator on these relationships for the following reasons.

Firstly, Islamic work ethics such as the one being practice in Saudi Arabia is able to foster managerial effectiveness because it "is an orientation towards work and approaches work as a virtue in human's lives. Islamic Work Ethics is originally based on the Qur'an, the teachings of the Prophet who denoted that hard work caused

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sins to be absolved and the legacy of the four Caliphs of Islam" (Rokhman, 2010, p. 22). Secondly, Islamic Work Ethics "views work as a means to further self-interest economically, socially and psychologically, to sustain social prestige, to advance societal welfare and reaffirm faith" (Ali & Al-Owaihan, 2008, p. 10). Taken as a whole, this study has added empirical evidence to the body of knowledge in the area of managerial effectiveness and the research results could be a strong basis for future researches on the links between leadership factors as well as organisational culture and managerial effectiveness.

5.4.2 Practical Implications

Based on the research findings, the present study has contributed several practical implications in terms of human resource management practices in the context of Saudi Arabia. Firstly, the results suggest that leadership styles are important consideration in enhancing managerial effectiveness. Human resource managers can make considerable efforts to foster managerial effectiveness by understanding managers' competencies. One approach to understanding managers' competencies is by adopting a selection perspective, focusing on the identification of individual manger knowledge, skills, and abilities thought to underlie managerial effectives (Kozlowski & Ilgen, 2006). That is, the focusing on those knowledge, skills, and abilities would enable managers to work effectively. The presumption is that managers who are higher on knowledge, skills, and abilities will be more effective than those with lower knowledge, skills, and abilities. Again, to identify those

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managers with higher on knowledge, skills, and abilities, personality inventory test need to be conducted during selection and recruitment to identify those managers whose knowledge, skills, and abilities accord to that of their potential organizations.

Secondly, the findings suggest that organisational culture was positively related to managerial effectiveness. Thus, top management could further enhance the effectiveness of managers at both middle and lower level by encouraging an organisational culture that promotes creativity and innovation, at the same time enable employees to think in a creative and experiment way (Shattow, 1996). To encourage an organisational culture that promotes creativity and innovation, managers for example, should be allowed to generate new ideas and working on their favourite projects without being harmed, provided that new ideas generated are productivity-oriented (Martins & Terblanche, 2003).

Finally, the findings also suggest that Islamic Work Ethics was positively related to managerial effectiveness, and it moderated the the relationship between organisational culture and managerial effectiveness. This implies that integrating Islamic Work Ethics values into the organization could foster managerial effectiveness through positive work outcomes, including work satisfaction, intrinsic motivation, organizational commitment and job performance (Hayati & Caniago, 2012; Komari & Djafar, 2013; Rokhman, 2010; Yousef, 2001a). Thus, "internalization of Islamic ethical practices strengthens certain qualities; such as honesty, trust, solidarity, loyalty and flexibility" (Jalil, Azam, & Rahman, 2010, p.

147). Similarly, implementation of Islamic Work Ethics would enable enhance managers positive attitudes, including hard work, commitment, dedication to work, work creativity, cooperation and fair compositeness at work, which will go a long way in further achieving their effectiveness (Kumar & Rose, 2010). Taken together, all the aforementioned values have the potential to foster managers' effectiveness at work.

5.4.3 Methodological Implications

The present study has a number of methodological implications. One of the methodological contributions lies in assessing the relationship between two lower-level variables (e.g., leadership styles and Islamic work ethics) a higher level variable (i.e., organisational culture). In particular, this study tested the hypotheses that the effect of leadership styles and Islamic work ethics on managerial effectiveness was moderated by Islamic work ethics. As such, integrating both lower-level variables and a higher level variable in the present study, has provided opportunities for cross-fertilization of theories" (Andersson, Cuervo-Cazurra, & Nielsen, 2014).

Another methodological contribution of this study is related to using PLS path modeling to assess the psychometric properties of each latent variable. Specifically, the present study has succeeded in assessing psychometric properties of each latent variable in terms of convergent validity, as well as discriminant validity. Psychometric properties examined were individual item reliability, average variance explained (AVE) and composite reliability of each latent variable. Convergent

validity was assessed by examining the value of AVE for each latent variable. Furthermore, the discriminant validity was determined by comparing the correlations among the latent variables with the square roots of AVE. The results of the cross loadings matrix were also examined to find support for discriminant validity in the conceptual model. Thus, this study has managed to use one of the more robust approaches (PLS path modeling) to assess the psychometric properties of each latent variable illustrated in the conceptual model of this study.

5.5 Limitations and Future Research Directions

Although this study has provided support for a number of the hypothesized relationships between the transformational leadership, transactional leadership, organisational culture, and managerial effectiveness, the findings have to be interpreted in the light of the study's limitations. Firstly, the present study adopts a cross-sectional design which does not allow causal inferences to be made from the population. Therefore, a longitudinal design in future needs to be considered to measure the theoretical constructs at different points in time to confirm the findings of the present study.

Secondly, the present study adopts a non-probability sampling (i.e., quota sampling) in which all elements of the target population were not captured, as such the extent to which sample size represents the entire population cannot be known (Lohr, 2009). The use of quota sampling has limited the extent to which the findings of the study can be generalized to the population. Therefore, future research needs to go beyond

using quota sampling if sample frame can be obtained so that probability sampling technique could be employed. Hence, one sample frame is obtained the findings of the study can be generalized to the entire managers in Saudi Arabia.

Thirdly, all the constructs in the present study were assessed using self-report measures. The use of self-reports is associated with common method variance (Donaldson & Grant-Vallone, 2002; Podsakoff & Organ, 1986) and social desirability bias (Moorman & Podsakoff, 1992; Zerbe & Paulhus, 1987). While this study attempts to reduce these problems by ensuring anonymity and improving scale items (Podsakoff *et al.*, 2012; Podsakoff & Organ, 1986), it is possible that the participants in this study might have under-reported their responses on the survey questionnaires. Therefore, in the future, researchers may wish to employ other strategies to assess the study constructs. More specifically, dyad approach should be used to control for the common method variance and social desirability bias.

Fourthly, it is also important to note that the managerial effectiveness data reported in this study was subjective. Research demonstrates that subjective data is valid and reliable for assessing managerial effectiveness at work (see, for example, Gupta, 1996; Nair & Yuvaraj, 2000; Sharma, Rastogi, & Garg, 2013). Nevertheless, subjective measure might be susceptible to many types of judgmental biases. Although it was not easy to obtain objective data, the use of objective measure would have clearly strengthened the results. Therefore, future research is needed to replicate the findings of the current study using objective measure of managerial effectiveness.

Fifthly, the present study offers quite limited generalizability as it focused mainly on managers from Government ministries in Saudi Arabia. Consequently, additional work is needed to include non-managerial employees from Government ministries, as well as managerial and non-managerial employees from Saudi private sector in order to generalize the findings. Sixthly, the research model was able to explain 25% of the total variance in managerial effectiveness for the full model, which means there are other latent variables that could significantly explain the variance in managerial effectiveness. In other words, the remaining 75% of the variance in managerial effectiveness could be explained by other factors. Therefore, future research is needed to consider other possible factors that could explain managerial effectiveness. In particular, future research might examine how public service motivation could further buffer the relationships between transformational leadership, transactional leadership, organisational culture, and managerial effectiveness.

Research has demonstrated that public service motivation [defined as the "'an individual's predisposition to respond to motives grounded primarily or uniquely in public institutions and organizations" (Perry & Wise, 1990, p. 368)] plays an important role in understanding work outcomes (Gould-Williams, Mostafa, & Bottomley, 2013; Taylor, 2008). Therefore, it is expected that public service motivation might strengthen the relationships between transformational leadership, transactional leadership, organisational culture, and managerial effectiveness.

Finally, as no significant moderating effect Islamic Work Ethics moderates the relationship between transformational leadership and managerial effectiveness, it possible that Islamic Work Ethics in this relationship might have a mediating effect. According to (Sharma, Durand, and Gur-Arie (1981)), a variable can be a moderator and also serve as a mediator. Therefore, examining Islamic work ethics as a mediator on this relationship could be an avenue for future research because literature indicates that less attention has been paid to the fundamental reason why transformational leadership explains managerial effectiveness.

5.6 Conclusion

On the whole, this study contributes to the body of knowledge regarding the moderating role of Islamic Work Ethics on the relationships between transformational leadership, transactional leadership, organizational culture, and managerial effectiveness. The study results support the major theoretical propositions, answered the entire research questions and objectives despite the presence of some limitations. There have been several studies that investigated the underlying determinants of managerial effectiveness, but this study managed to address the theoretical gap by considering Islamic Work Ethics as a moderating variable. In particular, the study finding provides theoretical and empirical support for the Islamic Work Ethics moderating role on the relationship between the study variables (transformational leadership, transactional leadership, organizational culture, and managerial effectiveness).

The study evaluated the way Islamic Work Ethics theoretically moderates the linkage between the exogenous and endogenous variables. The study framework contributed to the domain of contingency theory and role-motivation theory of managerial effectiveness by investigating the effect of leadership styles on managerial effectiveness, and the effect of organizational culture on managerial effectiveness. Added to the above theoretical contributions, the study also has practical implications to both organizations and managers. With regards to limitations, the current study provided directions for future directions. To conclude, this study provides theoretical, practical, and methodological contributions to the literature dedicated to the field of organizational psychology, with a special focus on human resource management.

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