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

OMAR DIAJ BIN OMIRA

DOCTOR OF PHILOSOPHY
UNIVERSITI UTARA MALAYSIA
June 2015
THE EFFECT OF LEADERSHIP STYLES AND ORGANIZATIONAL CULTURE ON ORGANIZATIONAL PERFORMANCE OF THE PUBLIC SECTOR IN SAUDI ARABIA

By
OMAR DIAJ BIN OMIRA

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

In presenting this thesis in fulfilment of the requirements for a Post Graduate degree from the University Utara Malaysia (UUM), I agree that the Library of this university may make it freely available for inspection. I further agree that permission for copying this thesis in any manner, in whole or in part, for scholarly purposes may be granted by my supervisor(s) or in their absence, by the Dean of Othman Yeop Abdullah Graduate School of Business where I did my thesis. It is understood that any copying or publication or use of this thesis or parts of it for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to the UUM in any scholarly use which may be made of any material in my thesis.

Request for permission to copy or to make other use of materials in this thesis in whole or in part should be addressed to:

Dean of Othman Yeop Abdullah Graduate School of Business
Universiti Utara Malaysia
06010 UUM Sintok
Kedah Darul Aman
Abstract

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

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


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

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

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

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

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

<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>TITLE PAGE</td>
<td>i</td>
</tr>
<tr>
<td>CERTIFICATION OF THESIS WORK</td>
<td>ii</td>
</tr>
<tr>
<td>PERMISSION TO USE</td>
<td>iv</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>v</td>
</tr>
<tr>
<td>ABSTRAK</td>
<td>vi</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENT</td>
<td>vii</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td>viii</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>xiii</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>xiv</td>
</tr>
<tr>
<td>LIST OF ABBREVIATIONS</td>
<td>xv</td>
</tr>
<tr>
<td>LIST OF APPENDICES</td>
<td>xvi</td>
</tr>
</tbody>
</table>

## CHAPTER ONE: INTRODUCTION 1
1.1 Background of study 1
1.2 Public sector in Saudi Arabia 5
1.3 Problem statement 8
1.4 Research questions 14
1.5 Research objectives 16
1.6 Significance of the study 17
   1.6.1 Theoretical significance 17
   1.6.2 Practical significance 19
1.7 Definitions of related terms 19
   1.7.1 Organizational performance 19
   1.7.2 Leadership styles 20
   1.7.3 Organizational culture 20
   1.7.4 Organizational commitment 21
   1.7.5 Job satisfaction 21
   1.7.6 Saudi public organizations 21
1.8 Summary of the chapter 22

## CHAPTER TWO: LITERATURE REVIEW 23
2.1 Introduction 23
2.2 Leadership 23
2.3 Leadership styles 26
3.7 Sample of the study
3.8 Sampling technique
3.9 Data collection procedure
3.10 Research instrument
3.10.1 Measurements
  3.10.1.1 Organizational culture (OC)
  3.10.1.2 Leadership style (LS)
  3.10.1.3 Organizational commitment (OCOM)
  3.10.1.4 Job satisfaction
  3.10.1.5 Organizational performance (OP)
3.11 Data analysis
  3.11.1 Partial Least Squares (PLS) technique
3.11.2 Convergent validity of the measurements
3.11.3 Discriminant validity of the measures
3.11.4 Goodness of fit of the model
3.11.5 The prediction relevance of the model
3.11.6 The assessment of the inner model and hypotheses testing
  3.11.6.1 Path coefficient estimation
  3.11.6.2 Structural path significance in bootstrapping
3.12 Reliability and validity of the instrument
3.13 Pilot study
  3.13.1 Pilot study
3.14 Ethical considerations
3.15 Summary of the chapter

CHAPTER FOUR: DATA ANALYSES AND FINDINGS
4.1 Introduction
4.2 Response rate
4.3 Data Preparation and screening
  4.3.1 Detection of missing data
  4.3.2 Testing for normality
  4.3.3 Testing for multicollinearity
  4.3.4 Testing for linearity
  4.3.5 Testing for non-response bias
4.4 Demographic distribution of the participants
4.5 Descriptive statistics analysis
4.6 Data analysis
4.7 Testing the measurement model using PLS approach
  4.7.1 Convergent validity of the measurements
    4.7.1.1 Reliabilities of items scale
    4.7.1.2 Composite reliability of constructs
    4.7.1.3 Average Variance Extracted (AVE)
  4.7.2 Discriminant validity of the measures
    4.7.2.1 Cross-loadings
    4.7.2.2 Interrelations between first order constructs and square roots of AVEs
4.8 Goodness of fit of the model (GoF)
4.9 The prediction relevance of the model
  4.9.1 Variance explained (R²)
4.9.2 Cross-validated communality ($Q^2$)  
4.10 The first-order and second-order constructs  
4.11 Assessment of the inner model and hypotheses testing procedures  
4.12 Mediation effect analysis  
   4.12.1 Testing the mediation effect of organizational commitment  
   4.12.2 Testing the mediation effect of job satisfaction  
4.13 Summary of the findings  

CHAPTER FIVE: DISCUSSIONS AND CONCLUSIONS  

5.1 Introduction  
5.2 Summary of the study  
5.3 Discussions  
5.4 Contributions of the study  
   5.4.1 Theoretical contribution  
   5.4.2 Contribution of the study for the Saudi Government  
   5.4.3 Contribution to cross cultural research  
   5.4.4 Contribution to organizational development  
5.5 Limitations  
   5.5.1 Generalizability  
   5.5.2 Causality  
   5.5.3 Methodology  
5.6 Recommendations  
5.7 Suggestions for future research  
5.8 Closing remarks  

REFERENCES  

APPENDICES
List of Tables

<table>
<thead>
<tr>
<th>Table</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>BSC perspectives for different types of public services</td>
</tr>
<tr>
<td>2.2</td>
<td>Differences between public and private organizations</td>
</tr>
<tr>
<td>2.3</td>
<td>Empirical studies of public organizational performance from the Resource-Based View perspective</td>
</tr>
<tr>
<td>3.1</td>
<td>Measurement components</td>
</tr>
<tr>
<td>3.2</td>
<td>Measurement items of organizational culture</td>
</tr>
<tr>
<td>3.3</td>
<td>Measurement items of leadership style</td>
</tr>
<tr>
<td>3.4</td>
<td>Measurement items of organizational commitment</td>
</tr>
<tr>
<td>3.5</td>
<td>Measurement items of job satisfaction</td>
</tr>
<tr>
<td>3.6</td>
<td>Measurement of organizational performance</td>
</tr>
<tr>
<td>3.7</td>
<td>Cronbach’s alpha of the variables (pilot study)</td>
</tr>
<tr>
<td>4.1</td>
<td>Sample study response rate</td>
</tr>
<tr>
<td>4.2</td>
<td>Result of skewness and kurtosis for normality test</td>
</tr>
<tr>
<td>4.3</td>
<td>Multicollinearity test</td>
</tr>
<tr>
<td>4.4</td>
<td>Group statistics of independent sample t-test</td>
</tr>
<tr>
<td>4.5</td>
<td>Independent sample t-test results for non-response bias (n=400)</td>
</tr>
<tr>
<td>4.6</td>
<td>Demographic profile of participants (n =400)</td>
</tr>
<tr>
<td>4.7</td>
<td>Descriptive statistics of the constructs (n = 400)</td>
</tr>
<tr>
<td>4.8</td>
<td>Factor analysis and cross loading</td>
</tr>
<tr>
<td>4.9</td>
<td>Significance of the factor loadings</td>
</tr>
<tr>
<td>4.10</td>
<td>Convergent validity analysis</td>
</tr>
<tr>
<td>Section</td>
<td>Title</td>
</tr>
<tr>
<td>---------</td>
<td>-----------------------------------------------------------------------</td>
</tr>
<tr>
<td>4.11</td>
<td>Discriminant validity analysis</td>
</tr>
<tr>
<td>4.12</td>
<td>Goodness of fit of the model</td>
</tr>
<tr>
<td>4.13</td>
<td>Predictive quality of the model</td>
</tr>
<tr>
<td>4.14</td>
<td>Second-order constructs analysis</td>
</tr>
<tr>
<td>4.15</td>
<td>Result of the inner structural model</td>
</tr>
<tr>
<td>4.16</td>
<td>Testing the mediation effect of job satisfaction and organizational commitment</td>
</tr>
<tr>
<td>4.17</td>
<td>Summary of findings</td>
</tr>
</tbody>
</table>
# List of Figures

<table>
<thead>
<tr>
<th>Figure</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Research framework of the study</td>
</tr>
<tr>
<td>4.1</td>
<td>Histogram and normal probability</td>
</tr>
<tr>
<td>4.2</td>
<td>Linearity test</td>
</tr>
<tr>
<td>4.3</td>
<td>Research model</td>
</tr>
<tr>
<td>4.4</td>
<td>Path model results</td>
</tr>
<tr>
<td>4.5</td>
<td>Path model t-value results</td>
</tr>
<tr>
<td>4.6</td>
<td>Theoretical position of a mediating variable</td>
</tr>
<tr>
<td>4.7</td>
<td>Mediation effect of organizational commitment</td>
</tr>
<tr>
<td>4.8</td>
<td>Mediation effect of job satisfaction</td>
</tr>
</tbody>
</table>
### List of Abbreviations

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

<table>
<thead>
<tr>
<th>Appendix</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appendix A</td>
<td>English research questionnaire</td>
<td>255</td>
</tr>
<tr>
<td>Appendix B</td>
<td>Arabic research questionnaire</td>
<td>265</td>
</tr>
<tr>
<td>Appendix C</td>
<td>Official letter from UUM for data collection</td>
<td>276</td>
</tr>
<tr>
<td>Appendix D</td>
<td>Official letter from Saudi Cultural Mission</td>
<td>277</td>
</tr>
</tbody>
</table>
CHAPTER ONE
INTRODUCTION

1.1 Background of study

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


Avolio, B. J., Zhu, W., Koh, W., & Bhatia, P. (2004). Transformational leadership and organizational commitment: Mediating role of psychological empowerment and
moderating role of structural distance. *Journal of organizational behavior*, 25(8), 951-968.


192


Bennett, T., (2009). The relationship between the subordinate’s perception of the leadership style of it managers and the subordinate’s perceptions of manager’s ability to inspire extra effort, to be effective, and to enhance satisfaction with management. *Proceedings of the Academy of Strategic Management, 8*(1).


Bhatti, KK & Qureshi, TM (2007), Impact of Employee Participation on Job Satisfaction, Employee Commitment and Employee Productivity. *International Review of Business Research Papers, 3*(2), 54-68.


Chin, W. W., Marcolin, B. L., & Newsted, P. R. (2003). A partial least squares latent variable modeling approach for measuring interaction effects: Results from a Monte Carlo simulation study and an electronic-mail emotion/adoptions study. *Information systems research, 14*(2), 189-217.


Reactions to Computing Technology - A Longitudinal-Study. *MIS quarterly*, 23(2):
145-158.

insider's perspective on these developing streams of research. *Leadership Quarterly*
10(2): 145-179.

leadership in organizational settings. *Academy of management review*, 12(4), 637-
647.

of thought within industrial organization economics: do we have a new theory of the
firm?. *Journal of management*, 17(1), 121-154.


the Kingdom of Saudi Arabia: Major projects and emerging investment

to the “Cell A” bias. Manuscript submitted for publication.


the 21st Annual Society for Industrial and Organizational Psychologists Conference, Dallas, TX.


Thompson, R. S. (2003). The perception of servant leadership characteristics and job satisfaction in a church-related college. Unpublished dissertation, Indiana State University, Terre Haute, IN.


