



**EXTERNAL ENVIRONMENT MEDIATION EFFECT ON THE
RELATIONSHIP BETWEEN LEADERSHIP STYLES AND
ORGANISATIONAL PERFORMANCE OF ADNOC**



DOCTOR OF PHILOSOPHY

2024



Institute of Technology Management and Entrepreneurship

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Hamad Ali Alshehhi

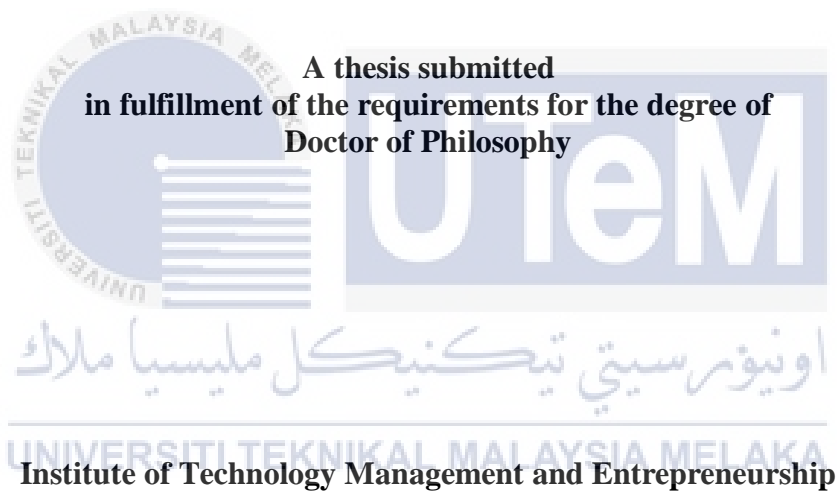
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UNIVERSITI TEKNIKAL MALAYSIA MELAKA

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OF ADNOC**

HAMAD ALI ALSHEHHI



Institute of Technology Management and Entrepreneurship

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

2024

DECLARATION

I declare that this thesis entitled “External Environment Mediation Effect on the Relationship between Leadership Styles and Organisational Performance of Adnoc“ is the result of my own research except as cited in the references. The thesis has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.

Signature : 

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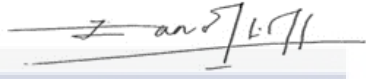
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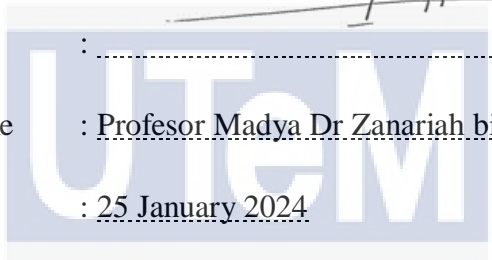


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APPROVAL

I hereby declare that I have read this thesis and in my opinion this thesis is sufficient in terms of scope and quality for the award of Doctor of Philosophy.

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Date : 25 January 2024


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DEDICATION

This thesis is dedicated to my family.



ABSTRACT

Leadership style is important to enhance the organisational performance, and inappropriate style of leadership has negative influence on employees as well as the overall performance of any organisation. Unethical practices, a high turnover rate, and the commitment of employees most likely due to a lack of good leadership. Indeed, many issues facing the organization are often attributed to the administrators who may have inadequate capabilities, or their properties may not match the nature of their work organization. Furthermore, they may use an inappropriate style of leadership when dealing with project subordinates. Effective performance of the subordinates is always desirable, but they do not always occur. To date, there is lack of studies that investigate the relationship between leadership styles and organisational performance, especially in oil and gas-oriented organizations. Hence, this research aims to investigate the effect of leadership styles on organisational performance of the UAE ADNOC Gas and Oil Company. The objectives are fourfold: to identify the leadership styles related to the organisational performance; to investigate the effect of leadership styles on organisational performance; to investigate the mediating effect of external environment on the relationship between leadership styles and organisational performance, and to propose an adaptable leadership style model deemed suitable to improve organisational performance in the industry. The current research is guided by four theories namely transformational theory, transactional theory, trait theory, and behavioural theory. In terms of research design, this research employed the quantitative method through questionnaire survey. The result of the first objective showed that all the factors had mean values that ranged between moderate to very high. For research objective two, the results of the analysis showed that transactional leadership style and democratic leadership style had a significant direct relationship with organisational performance, whereas transformational leadership style and charismatic leadership styles were not significant. For research objective three, the analysis showed that external environment had an indirect positive mediation effect on the relationship between two leadership styles (charismatic leadership style and democratic leadership style), while it did not mediate the relationship between transformational leadership and transactional leadership styles and organisational performance. The process and data analysis in the first three objectives led to the adaptable proposed model of leadership styles to enhance organisational performance. This research contributes to literature in terms of knowledge of leadership styles affecting organisational performance in the UAE, which is also important for policy and decision makers to improve organisational performance through effective implementation of leadership styles.

KESAN PENGANTARAAN PERSEKITARAN LUARAN TERHADAP HUBUNGAN ANTARA GAYA KEPIMPINAN DAN PRESTASI ORGANISASI DI ADNOC

ABSTRAK

Gaya kepemimpinan adalah penting untuk meningkatkan prestasi organisasi, dan gaya kepemimpinan yang tidak sesuai mempunyai pengaruh negatif terhadap pekerja serta prestasi keseluruhan mana-mana organisasi. Amalan tidak beretika, kadar pusing ganti yang tinggi, dan tidak komited dari pekerja berkemungkinan besar disebabkan oleh kekurangan kepemimpinan yang baik. Malah, banyak isu yang dihadapi organisasi sering dikaitkan dengan pentadbir yang mungkin mempunyai keupayaan yang tidak mencukupi, atau harta mereka mungkin tidak sepadan dengan sifat organisasi kerja mereka. Tambahan pula, mereka mungkin menggunakan gaya kepemimpinan yang tidak sesuai apabila berurusan dengan orang bawahan projek. Prestasi yang berkesan bagi orang bawahan adalah sentiasa diingini, tetapi ia tidak selalu berlaku. Sehingga kini, terdapat kekurangan kajian yang menyiasat hubungan antara gaya kepemimpinan dan prestasi organisasi, terutamanya dalam organisasi berorientasikan minyak dan gas. Oleh itu, penyelidikan ini bertujuan untuk menyiasat kesan gaya kepemimpinan terhadap prestasi organisasi Syarikat Gas dan Minyak UAE ADNOC. Objektifnya adalah: untuk mengenal pasti gaya kepemimpinan yang berkaitan dengan prestasi organisasi; untuk menyiasat kesan gaya kepemimpinan terhadap prestasi organisasi; untuk menyiasat kesan pengantaraan persekitaran luaran ke atas hubungan antara gaya kepemimpinan dan prestasi organisasi, dan untuk mencadangkan model gaya kepemimpinan boleh suai yang difikirkan sesuai untuk meningkatkan prestasi organisasi dalam industri. Penyelidikan semasa berpandukan kepada empat teori iaitu teori transformasi, teori transaksi, teori sifat, dan teori tingkah laku. Dari segi reka bentuk kajian, kajian ini menggunakan kaedah kuantitatif melalui tinjauan soal selidik. Keputusan objektif pertama menunjukkan kesemua faktor mempunyai nilai min yang berada di antara sederhana hingga sangat tinggi. Bagi objektif kajian dua, hasil analisis menunjukkan bahawa gaya kepemimpinan transaksi dan gaya kepemimpinan demokratik mempunyai hubungan langsung yang signifikan dengan prestasi organisasi, manakala gaya kepemimpinan transformasi dan gaya kepemimpinan karismatik adalah tidak signifikan. Bagi objektif kajian tiga, analisis menunjukkan bahawa persekitaran luaran mempunyai kesan pengantaraan positif tidak langsung ke atas hubungan antara dua gaya kepemimpinan (gaya kepemimpinan karismatik dan gaya kepemimpinan demokratik), manakala ia tidak menjadi pengantara hubungan antara kepemimpinan transformasi dan gaya kepemimpinan transaksi dan organisasi prestasi. Proses dan analisis data dalam tiga objektif pertama membawa kepada model gaya kepemimpinan yang dicadangkan yang boleh disesuaikan untuk meningkatkan prestasi organisasi. Penyelidikan ini menyumbang kepada literatur dari segi pengetahuan tentang gaya kepemimpinan yang mempengaruhi prestasi organisasi di UAE, yang juga penting bagi pembuat dasar dan keputusan untuk meningkatkan prestasi organisasi melalui pelaksanaan gaya kepemimpinan yang berkesan.

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TABLE OF CONTENTS

	PAGES
DECLARATION	
APPROVAL	
DEDICATION	
ABSTRACT	i
ABSTRAK	ii
ACKNOWLEDGEMENT	iii
TABLE OF CONTENTS	iv
LIST OF TABLES	vii
LIST OF FIGURES	ix
LIST OF ABBREVIATIONS	x
LIST OF SYMBOLS	xii
LIST OF APPENDICES	xiii
LIST OF PUBLICATIONS	xiv
CHAPTER	
1. INTRODUCTION	1
1.1 Background	1
1.2 Research Background	3
1.3 Problem Statement	5
1.4 Research Question	12
1.5 Research Objectives	13
1.6 Significance of The Research	13
1.7 Scope of The Research	16
1.8 Definition of Terms	16
1.9 Chapter Summary	17
2. LITERATURE REVIEW	19
2.1 Introduction	19
2.2 Background About Leadership	19
2.2.1 Concept of Leadership	19
2.2.2 Definition of Leadership and Organisational Performance	21
2.2.3 Levels of Leadership	24
2.2.4 Leadership Skills	27
2.2.5 Leadership Ability	30
2.2.6 Leadership Process	33
2.2.7 Importance of Leadership	34
2.2.8 Leadership and Organisational Performance	36
2.2.9 Leadership Styles	38
2.3 Organisational Performance	44
2.3.1 Theories Related to Organisational Performance	49
2.3.2 Performance Assesment Models	51
2.4 Previous Studies in Leadership and Organisational Performance	58
2.5 Leadership in UAE	62
2.6 Development of Abu Dhabi's Oil Industry	64

2.7	Research Gap	70
2.8	Theories Related to Leadership	72
2.8.1	Great man Theory	73
2.8.2	Trait Theory	74
2.8.3	Behavioral Theory	77
2.8.4	Likert Leadership Theory	81
2.8.5	Transactional Theory	83
2.8.6	Transformational Theory	83
2.9	Conceptional Model of The Study	85
2.10	Hypothesis Development	87
2.11	Summary	97
3.	METHODOLOGY	98
3.1	Introduction	98
3.2	Research Design	98
3.2.1	Research Philosophy	100
3.2.2	Research Approach	101
3.2.3	Research Paradigm	103
3.2.4	Quantitative Research	104
3.2.5	Justification of Quantitative Research Design	105
3.3	Population and Sample	106
3.3.1	Population of The Study	106
3.3.2	Sample Size	107
3.4	Data-collection Instrument	108
3.5	Data Analysis Method	112
3.5.1	Preliminary Data Analysis	113
3.5.2	Pilot Study	113
3.5.3	Structural Equation Modelling (SEM)	114
3.5.4	Measurement Model Assessment	117
3.5.5	Structural Model Assessment	118
3.6	Summary	121
4.	RESULT AND DISCUSSION	123
4.1	Introduction	123
4.2	Data Management	123
4.3	Respondent's Background Information	124
4.4	Data Screening	125
4.4.1	Normality Test	126
4.4.2	Multicollinearity	129
4.4.3	Reliability Assessment	131
4.5	Research Objective 1: To Identify The Leadership Styles Related to The Organisational Performance	131
4.5.1	Leadership Styles	132
4.5.2	External Environment	137
4.5.3	Organisational Performance	138
4.6	Model Development Through PLS-SEM for RO2 and RO3	138
4.6.1	Evaluation of Measurement Model (Outer Model)	138

4.6.2	Evaluation of Structural Model (Inner Model)	145
4.6.3	Hypothesis Testing	147
4.7	Research Objective 4: To propose an adaptable leadership style model that can be used to improve organisational performance	159
4.8	Summary	159
5.	CONCLUSION AND RECOMMENDATIONS FOR FUTURE RESEARCH	161
5.1	Introduction	161
5.2	Discussion of findings	161
5.2.1	Identifying Leadership Styles Related to Organization Performance	161
5.2.2	Effect of Leadership Styles on Organisational Performance	163
5.2.3	Mediating effect of external environment on the relationship between leadership styles and organisational performance	165
5.2.4	Proposing an Adaptable Leadership Style Model That Can Be Used to Improve Organisational Performance	167
5.3	Research Contribution	169
5.3.1	Theoretical Contribution	169
5.3.2	Practical Contribution	169
5.3.3	Other Contributions	170
5.4	Limitations and Directions for Future Research	172
5.5	Conclusion	173
	REFERENCES	175
	APPENDICES	219



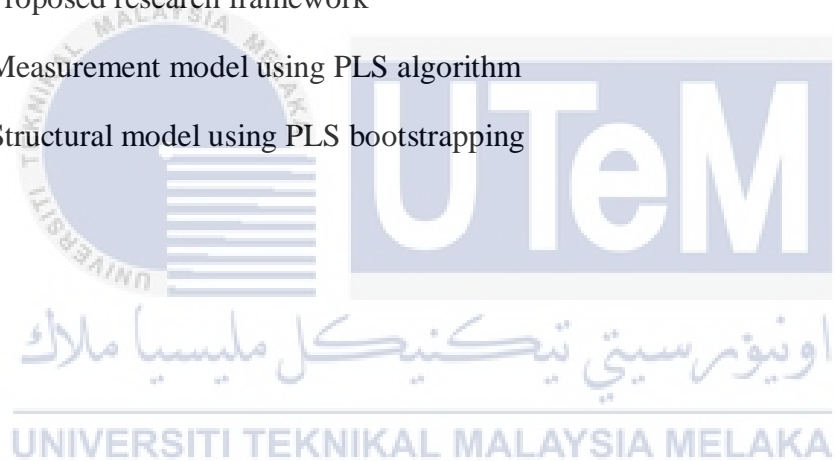
LIST OF TABLES

TABLE	TITLE	PAGE
Table 2.1	Summary of leadership denifitions	23
Table 2.2	Studies on leadership and organisational performance	61
Table 3.1	Table of sample size determination (Krejcie and Morgan, 1970)	107
Table 3.2	Questionnaire sections and its description	109
Table 4.1	Data administration	123
Table 4.2	Participant's background information	124
Table 4.3	Normal distribution of the data	126
Table 4.4	VIF values	129
Table 4.5	Reliability test	131
Table 4.6	Response evaluation criteria	132
Table 4.7	Mean values of independent variables	133
Table 4.8	Mean values of the artificial intelligence	137
Table 4.9	Mean values of organization performance	138
Table 4.10	Constructs' outer loading	141
Table 4.11	Constructs' validity and reliability	142
Table 4.12	Discriminant validity results based on Fornell–Larcker criterion	143
Table 4.13	Cross-loading assessment	143
Table 4.14	Result of the direct relationship among variables	147
Table 4.15	Result of the indirect relationship with the mediator	150
Table 4.16	Path Coefficients	153
Table 4.17	R^2 evaluation	155
Table 4.18	Effect size (f^2)	156



LIST OF FIGURES

FIGURE	TITLE	PAGE
Figure 2.1	The EFQM excellence model (EFQM,1996)	53
Figure 2.2	Business improvement performance feedback (Lascelles and Peacock, 1996)	54
Figure 2.3	BSC model (Kaplan and Norton, 1992)	55
Figure 2.4	Value chain model (Moore, 1997)	56
Figure 2.5	Framework for performance assesment in the public sector (Worthington and Dollery, 2000; Ancarani, 2009)	58
Figure 2.6	Proposed research framework	86
Figure 4.1	Measurement model using PLS algorithm	140
Figure 4.2	Structural model using PLS bootstrapping	146



LIST OF ABBREVIATIONS

ADCO	-	Abu Dhabi Company for Onshore Oil Operations
ADMA	-	Abu Dhabi Marine Areas
ADMA-OPCO	-	Abu Dhabi Marine Operating Company
ADNOC	-	Abu Dhabi National Oil Company
ADOC	-	Abu Dhabi Oil Corporation
ADPC	-	Abu Dhabi Petroleum Company
AVE	-	Average Variance Extracted
BP	-	British Petroleum
BSC	-	Balanced Score Card
CFA	-	Confirmatory Factor Analysis
CFP	-	Company Française des Petroleum
CR	-	Composite Reliability
EFQM	-	European Foundation for Quality Management
GFI	-	Goodness-Of-Fit Index
IPC	-	Iraq Petroleum Company
JADOC	-	Joint Air Defense Operations Center
JNOC	-	Japan National Oil Corporation
JODCO	-	Japan Oil Development Company
MANOVA	-	Multivariate ANOVA
SEM	-	Structural Equation Modelling
SPSS	-	Statistical Package for Social Sciences
UAE	-	United Arab Emirates

VIF	-	Variance of Inflation
ZADCO	-	Zakum Development Company



LIST OF SYMBOLS

R^2	-	Coefficients of Determination
f^2	-	Effect Sizes
Q^2	-	Cross-Validated Redundancy



LIST OF APPENDICES

APPENDIX

TITLE

PAGE



LIST OF PUBLICATIONS

The followings are the list of publications related to the work on this thesis:

Hamad Ali Alshehhi, Jano, Z. and Norliah Kudus, 2023. Exploring Leadership Styles Adopted in Organizational Performance of ADNOC Company. *International Journal of Sustainable Construction Engineering and Technology*, 14(2).

Hamad Ali Alshehhi, Jano, Z. and Norliah Kudus, 2023a. Mediating Effect of External Factors to the Relationship Between Leadership Styles and Organizational Performance. *International Journal of Sustainable Construction Engineering and Technology*, 14(2).



CHAPTER 1

INTRODUCTION

1.1 Background

This study focuses on examining the effect of leadership styles on organisational performance. Appropriate leadership style is essential for organisational success and profitability, acting as the fuel that move the organization. Thus, the role of leadership to gear toward organisational performance is pertinent. Leadership is essential for organizations. It is one of the world's oldest preoccupations Bass and Avolio (1994), which is currently accepted by all organisations, and this reflects the strong need for effective leadership in organisations. In addition, significant research has been done on leaders' competencies, ambitions, and shortcomings, and their rights and privileges, as well as their responsibilities and obligations (Bolman and Deal, 2017). Leaders can also be thought of as prophets, chiefs, and monarchs who symbolize their people in various organisations (Brueggemann and Blenkinsopp, 1996; Ramadhan, 2018). In any company, the impact of excellent leadership dictates the structure of the organisation, whereas the failure of strong leadership causes the organisational structures to crumble (Bolman and Deal, 2017).

The perception of leadership, on the other hand, is simple to comprehend since for a variety of reasons, there is no specific definition of leadership. More than 90 variables influence leadership phenomenon (Winston and Patterson, 2006). Furthermore, the findings of their study plainly demonstrate that adhering to a single concept of leadership is extremely challenging. The leader chooses, equips, and trains one or more people according to his or

her description. According to Holten and Brenner (2016), leadership is defined as the ability to completely propose to individuals how to attain or exceed corporate goals, as well as to commit positively and spontaneously. However, every leader perceives leadership differently (Neal et al., 2013). For example, army officers may view leaders as a motivating art of achieving desirable results from soldiers. According to Chiou and Chang (2009), emphasised the importance of leadership in the oil and gas industry, claiming that it is a critical component in regulating organisational well-being, setting its vision, and increasing profitability, which is the definition adopted in this research. However, the investigation of this research might reveal and consider alternate ideas of leadership styles, which will aid in the construction of a conceptual framework for leadership style development.

The typical concept of employee administration has gradually been substituted by human resource management due to the various emerging leadership styles. Hence, an integration of new leadership styles and effective management is deemed appropriate to improve the employee productivity performance Iqbal et al. 2015 in organizations particularly, the oil and gas industry in the UAE. Jenkins (1988) reveals that the leaders must serve as a good diagnostician and adopt style deemed fit to meet the demands of the organization of which they control. Nowadays, different leadership styles are used to cater the empowerment, and decision-making power in organizations in such a way that the administrative phenomenon can reflect on the leadership style contingency. Hence, employee performance can be affected due to lack of proper direction and application of strategic style in managing the daily duties. The study seeks to investigate and shed light on the specific elements of perceived leadership styles and its impact on the organisational performance in the oil and gas industry in United Arab Emirates (UAE).

1.2 Research Background

Leadership studies are becoming more common among organisations in different contexts (Schneider and Somers, 2006; Uhl-Bien and Marion, 2009; Hawkins, 2017; de Araujo et al., 2021). This perspective, according to researchers, is critical for dealing with team motivation in the context of an increasingly chaotic and fast changing services market (Lichtenstein and Plowman, 2009; Hanson and Ford, 2010). Furthermore, team motivations in knowledge-intensive businesses are rarely examined due to the complications that exist between leadership-focused attitudes and the organisational culture of the medical industry (Greenfield, 2007). According to Hanson and Ford (2010), a complex network of bureaucratic organisational structure and leadership arrangements facilitates the interactive and mutual acceleration of organisational performance. In management practise, good leadership boosts team motivation and has a major impact on organisational culture dynamics (Zhang et al., 2020).

The history of leadership on how it affected staff performance dated back to the 17th century. The cause included treating humans as machines and as human capital to carry out various tasks (Alzahrani et al., 2017). Nevertheless, to change the global geopolitical situation in the 21st century, companies must create a new organisational paradigm to respond to changing conditions, technologies, and globalization. Leaders also play an important role in communicating organisational change, but less so than in private business organizations (Bingham and Wise 1996; Borins, 2000; Buseti and Vecchi, 2018).

In terms of international culture, the United Arab Emirates is an area where many ventures need successful management of international culture. The leaders come from

different cultures, but their foresights save the organizations from major losses. They also report what they learn from mistakes and wrong policies, indicating that they influence through examples to inspire and motivate their men. According to Mukhtar et al. (2020), open communication has created difficulties for some leaders, especially those in dispute resolution. In addition, some of the employees talk with each other and spread the negative within the environment (Lee and Chon, 2020). It is then the leader's duty to resolve these conflicts (Lee and Chon, 2020). Hence, that international culture management is important for organisations, especially when employees are from different cultural backgrounds.

Over the past few decades, UAE growth has focused on global business. The country is experiencing tremendous growth, demand, and sales booms in many companies, especially in the real estate industry. GDP has been excellent for many years, with an annual growth of 3.09% in 2021 even though COVID-19 crisis has affected all the economies worldwide (Statista, 2024). Still, the UAE has political, social, and environmental challenges. For example, UAE is facing constant pressure to achieve objectives, and the mounting importance of time management (Yaser Alraei et al., 2020). Negotiating complex relationships between different cultures that affect both society and the economy is of the utmost importance and challenging for business leaders. People from all over the world come to the UAE to secure a promising future, hence, creating labor diversity as a major issue. Diversity is particularly noticeable in the United Arab Emirates as people in Pakistan, Iran, and Philippines are all focus on the growth opportunities of their careers; however, the leadership style still needs further investigation in ADNOC Oil and Gas company since leaders and employees have different cultural backgrounds.