



LEADERSHIP STYLE, CORRESPONDING POLICIES
AND STAFF PERFORMANCE: A STUDY OF THE
AGRICULTURAL DEVELOPMENT FUND (ADF)
IN RIYADH

BY

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ABSTRACT

The main objective of this study is to examine the relationship between leadership style and staff performance in the Agricultural Development Fund (ADF) in Saudi Arabia. The data for the study is obtained from both secondary and primary sources. The secondary sources are text books, journals and other published materials related to the study, while primary sources include questionnaires and interviews. Two methods of data collection are used, that are questionnaire and interview. The researcher distributed questionnaires to all (373) ADF staff, of which 305 were completed. A total of 23 were filled by managers at different levels while 282 were completed by subordinate staff. Subordinate staff rated their leaders' leadership style and also leaders rated themselves on their leadership style in the same questionnaire. Additionally, subordinates rated themselves on their performance. Also, interviews were conducted with leaders and subordinates to supplement the data that were collected by questionnaires. The survey was administered between May and August, 2011. The data collected through questionnaires were analyzed with the assistance of the Statistical Package for Social Sciences (SPSS) Pearson Product Moment and linear regression to establish the relationship between independent and dependent variables. However, the results show that there are significant relationships among staff performance and leadership attributes, namely, skills, nature of communication, contingent reward, behavior, trust, delegation and work habit. The study findings also reveal that some leaders in ADF exhibited a mixed attributes of transactional and transformational leadership styles and leadership in the ADF shows inability in coaching and teaching their subordinates. It is also found that leaders in the ADF treat their subordinates as a group rather than as individuals and the habit of the delegation of authority is not so much practised by leaders in ADF. The study also finds that leaders at ADF play a big role in engaging in personnel practices and managerial policies. Their managerial policies aim at ensuring suitable staff are recruited and pay their dues accordingly. It is further found that leaders provide programmes and incentives to encourage staff commitment and avoid staff alienation. The results of the study show that leaders at ADF use different means such as paying a good salary, incentive for better performance etc. to motivate staff. Also the research reveals that existing personnel and managerial practices at ADF have a positive influence on staff performance in ADF. It is further found that there is a negative relationship between some leadership attributes and variables of staff performance. The correlation analysis reveals that there is a negative relationship between skill and extra effort; nature of communication and extra effort and job satisfaction; contingent reward and extra effort; behavior and extra effort and job satisfaction; trust and extra effort; delegation and job satisfaction; work habit and job satisfaction. Also this study demonstrates that leadership styles are very important affecting staff performance at ADF. The study concludes that a mix of transactional and transformational leadership styles used by leaders at the ADF have influence on staff performance, also it is clear that styles of leadership affect staff performance positively and leadership attributes are good predictors of staff performance.

ملخص البحث

الهدف الرئيسي من هذه الدراسة هو دراسة العلاقة بين سمات أسلوب القيادة وأداء الموظفين في صناديق التنمية الزراعية في المملكة العربية السعودية فقد تم الحصول على البيانات لهذه الدراسة من كل من المصادر الثانوية والمصادر الأولية. كانت المصادر الثانوية عبارة عن الكتب والمجلات وغيرها من المواد المنشورة ذات الصلة بالدراسة، بينما المصادر الأولية شملت على الاستبيانات والمقابلات واستخدمت طريقتين لجمع البيانات، هما الاستبيان والمقابلة قام الباحث بتوزيع الاستبيانات لجميع الموظفين وعددهم 373 ، وتم جمع عدد 305 استبانة، منها 23 استبانة جمعت من قبل المديرين بمختلف المستويات في المنظمة في حين تم جمع عدد 282 استبانة من الموظفين التابعين أو المرؤوسين تشتمل الاستبانة على جزئيين يتضمن الأول تقدير الموظفين التابعين لأسلوب مدراءهم في القيادة بينما الجزء الثاني يتضمن تقدير المدراء لأنفسهم في أسلوب قيادتهم وكذلك تقدير المرؤوسين لأنفسهم في أدائهم وذلك من خلال عملهم في الصندوق هذا بالإضافة للمقابلات التي تم إجرائها مع القادة والموظفين لاستكمال البيانات الناقصة أو لإضافة تفاصيل أكثر للبيانات التي تم جمعها عن طريق الاستبيانات تم جمع البيانات من موظفي صندوق التنمية الزراعية -المركز الرئيسي في الرياض ما بين شهر مايو وشهر أغسطس لعام 2011 ميلادي. وقد تم تحليل البيانات التي تم جمعها من خلال الاستبيانات بمساعدة برنامج الحزمة الإحصائية للعلوم الاجتماعي ومعامل ارتباط بيرسون والانحدار الخطي لتحديد العلاقة بين المتغيرات المستقلة والتابعة فقد بينت النتائج على أهمية العلاقة بين أداء الموظفين و سمات القيادة كالمهارات، طبيعة الاتصالات، مكافأة الوحدات السلوك، الثقة، التفويض، وعادات العمل. نتائج الدراسة أظهرت أيضا أن بعض القادة في صندوق التنمية الزراعية يظهر عليهم مزيج من سمات القادة التحويلية والتبادلية من أساليب القيادة، أيضا اتضح أن هناك نقص في تأهيل وتدريب الموظفين في المنظمة من قبل القادة وكان تعامل القادة مع مرؤوسيهم تعامل كجموعه وليس تعامل كأفراد فضلا عن أن تفويض السلطة للموظفين لا يمارس من قبل القادة كثيرا. الدراسة أظهرت أيضا أن القادة في صندوق التنمية الزراعية يلعبون دورا كبيرا في سياسة شعور الموظفين والسياسة الإدارية من حيث ضمان توظيف الموظفين في المكان المناسب ودفع مستحقاته وفقا لذلك، كذلك أظهرت الدراسة أن القادة يقدمون البرامج والحوافز من اجل تشجيع التلم الموظفين وتجنب ما يؤثر عليهم أيضا الدراسة أظهرت أن القادة في المنظمة يستخدمون عدة طرق لأجل الحصول على أداء جيد من قبل الموظفين وذلك بتحفيزهم سواء عن طريق المكافآت أو الحوافز... الخ. كما أظهر البحث أن نظام شعور الموظفين والممارسات الإدارية الحالية في صندوق التنمية الزراعية هلتيا إيجابيا على أداء الموظفين كذلك وجد أن هناك علاقة سلبية بين بعض سمات القيادة ومتغيرات أداء الموظفين تحليل الارتباط كشف أن هناك علاقة سلبية بين المهارة والجهد الإضافي؛ وكذلك بين طبيعة الاتصالات والجهد الإضافي وبينها وبين الرضا الوظيفي، كذلك بين مكافأة الوحدات والجهد الإضافي، أيضا بين السلوك والجهد الإضافي وبينها وبين الرضا الوظيفي، إضافة إلى الثقة والجهد الإضافي، وبين تفويض السلطة والرضا الوظيفي، وعادات العمل والرضا الوظيفي كما أوضحت هذه الدراسة أن أساليب القيادة مهمة جدا في التأثير على أداء الموظفين في صندوق التنمية الزراعية. وتلخص الدراسة إلى أن مزيجا من أساليب القيادة التحويلية والتبادلية المستخدمة من قبل القادة لها تأثير على أداء الموظفين، وأن أساليب القيادة على أداء الموظفين بشكل إيجابي، إضافة إلى أن سمات القيادة هي مؤشر جيد للتنبؤ عن أداء الموظفين

APPROVAL PAGE

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DECLARATION

I hereby declare that this thesis is a result of my personal investigation, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degree at IIUM or other institutions.

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**LEADERSHIP, CORRESPONDING POLICIES AND STAFF
PERFORMANCE: A STUDY OF THE AGRICULTURAL
DEVELOPMENT FUND (ADF) IN RIYADH, SAUDI ARABIA**

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CHAPTER ONE

INTRODUCTION

Leadership styles in organizations are concerned with the way and manners in which authority works with subordinate staff for the purposes of achieving the desired stated goals and objectives set by an organization. The success of public policy implementation and the achievements of any organization depend on the leaders' characteristic attributes and the commitment of followers.¹ Therefore, leadership style plays an important role in providing a working environment which may directly or indirectly influence staff performance. In the light of this, administration and management analysts usually look at the problems of human resources administration. These involve motivation, job satisfaction, recruitment and training, among others. In this perspective, the achievement in implementing decisions to realize organizational goals depends more on leadership style and staff performance.² It is suggested that a good supportive leadership style helps employees to enjoy their work and if employees like their work they may pay more attention to it and perform to the expectations of the organization.

In the light of this assumption it would make sense for leadership to ensure that their followers are satisfied with their jobs. Job satisfaction is “a pleasurable or positive emotional state resulting from the appraisal of one’s job or experience.”³ In other words, it is the positive feelings, attitudes and preferences one has in response to rating the value importance of one’s job. In this regard, job satisfaction is an important

¹Ambali, Abdul Raufu, Suleiman, E. Garoot, Bakar, Naqiyudin Ahmad, Hashim, Rozali and Tariq Zahrah. “Servant Leadership’s Values and Staff Commitment: Policy Implementation Focus”. *American Journal of Scientific Research*. Issue 13, (2011), 18-40.

²Mills, D. Quinn. *Leadership: How to Lead, How to Live*(Waltham Mass: MindEdge Press, 2005), 10.

³Luthans, F. *Organisational Behaviour*. (New York: McGraw-Hill. 2007), 141.

factor in the management of organizations because it influences staff commitment to the organization. This way, leaders' behaviour is considered to have an influence on their attitudes and motivation, which makes them to do better in their organizational duties as leadership behavior shapes their leadership style.⁴

1.1 JUSTIFICATION OF THE STUDY AND STATEMENT OF RESEARCH PROBLEM

Many studies have supported the view that styles of leadership play a significant role in determining staff performance.⁵ Therefore, understanding the style of leadership and staff performance in an organization is important because it is believed that these two aspects are the foundation for improving the success of any organization.⁶ Leadership styles influence the thoughts and behaviours of subordinates because they either encourage and motivate them or discourage and de-motivate them. Also, considering that a number of studies on styles of leadership seem to be based on subordinates' ratings of their leader, understanding the factors which influence these rating is important. According to Al-Sulimani many organizations in Saudi Arabia are still implementing conventional management and leadership approaches and practices.⁷ Therefore, carrying out this research is necessary and important to identify desired attributes among leaders in Saudi administrative organizations and also

⁴ Piece, L. Jon. and Newstrom, W. Duluth John. *Leaders and the Leadership Process: Readings, Self-assessments and Application*. (Singapore: McGraw-Hill, 2011).

⁵ See, Bass, M. Bernard and Avolio, J. Bruce. *Full Range Leadership Development: Manual for the Multifactor Leadership Questionnaire*. (Redwood City: Mind Garden Inc. 1997); Bass M. Bernard and Bass, Ruth. *The Bass Handbook of Leadership: Theory, Research and Managerial Application Fourth Edition*. (New York: Free Press. 2008); Zhu, Weichun, Chew, K.H. Irene and Spangler, D. William. "CEO Transformational Leadership and Organisation Outcomes: The Mediating Role of Human-Capital-Enhancing Human Resource Management." *The Leadership Quarterly* Vol. 16, No. 1. (2005), pp.39-52.

⁶ Ibid.

⁷ Al-Sulimani, T. Transforming Saudi Organizations to Achieve Excellence through Human Resources: Are we ready? <http://www.sma.org.sa>. Accessed on 20/3/11

examine whether there is a relationship between leadership styles and staff performance in an important organization like the Agricultural Development Fund (ADF). Since this study is among the few empirical studies of Saudi Arabia looking into the relationship between leadership styles and staff performance these the need for such a study can be justified.

Moreover, leadership styles was found to be positively related to staff performance and economic growth in other countries such as Taiwan.⁸ Different leaders possess different styles of leadership. Saudi Agricultural Development Fund (ADF) is among the biggest contributors to the economic growth of Saudi Arabia. Therefore, it is very important to explore the existing relationship between the leadership style and staff performance in this organisation. This is so because, little is known about style of leadership practices in this organization and its staff performance. Thus, this study will be the first of its kind about this organization. By identifying the perceived leadership styles at ADF and their relation to staff performance, the research will contribute to and extend the growing body of knowledge on leadership styles and staff performance in administrative organisations in Saudi Arabia. In addition, this study is extremely important for leaders in public organisations in Saudi Arabia while their supervisory roles are guided by commercial management technique. Thus this study may be a relevant guide for understanding the best leadership style for them to adopt in order to realise the best performance from their subordinates.

⁸ Wang, Fu-Jin, Chieh-Jen, Shieh and Mei-Ling, Tang. "Effect of Leadership Style on Organisational Performance as viewed from Human Resource Management Strategy." *African Journal of Business Management*, Vol. 4 No 18. 2010, 3924(3924-3936).

1.2 OBJECTIVES OF THE STUDY

The main objective of this study is to examine the relationship between style of leadership and staff performance in ADF. The following specific objectives are pursued:

- (i) To identify the attributes of existing leadership in ADF.
- (ii) To investigate the policy pursued by the existing leadership in ADF.
- (iii) To investigate the influence of leadership style on staff performance in ADF.

1.3 RESEARCH QUESTIONS

This study has explored the following research questions to achieve the above stated objectives:

- (i) What are the attributes of existing leadership style in ADF?
- (ii) What are the organizational, personnel and management policies pursued by the existing leadership in ADF?
- (iii) How does leadership style influence organizational management policies and how do these policies affect staff performance at ADF?
- (iv) To what extent does leadership style influence staff performance?

1.4 HYPOTHESES OF THE STUDY:

- H₁ Skill has a significant relationship with staff performance.
- H₂ Nature of communication has a significant relationship with staff performance.
- H₃ Contingent reward has a significant relationship with staff performance.
- H₄ Behaviour has a significant relationship with staff performance.

- H₅ Trust has a significant relationship with staff performance.
- H₆ Delegation has a significant relationship with staff performance.
- H₇ Work habit has a significant relationship with staff performance.
- H₈ There is a significant relationship between leadership style attributes and staff Performance.

1.5 THEORETICAL FRAMEWORK USED IN THE STUDAY

The literature review discussed in chapter two is the foundation to develop the theoretical framework for this study. Based on the evidence from previous studies, it is sufficient to assume that leadership style influences employee performance in organisations. The transformational and transactional leadership theories as suggested by Gadot have been adopted in this study as theoretical guide line. In the application of these theories, Gadot advances the view that there are two levels of influence in the interaction of leaders with subordinates. The theory postulates that a leader creates a situation through which the workers carry out their responsibilities in accordance with the leader's wishes. This theory further shows the relationship between leaders and subordinates and portrays that a leader understands the transformational aspects in the process of pursuing the organization's goals and objectives. On the other hand, transactional aspects are contingent rewards, management by objective (active) and management by Objective (passive). Therefore leaders protect and influence the expectations of their workers. Gadot points out that transformational leadership style pushes staff to contribute to the achievement of organizational goals and objectives out of personal motivation. However, leadership style, which is the independent variable, is defined by seven attributes i.e. skills, communication, contingent reward, work habit, delegation, trust and behaviour. On the other hand, staff performance

which is dependent variable and it is measured by loyalty to leader, job satisfaction, extra effort, effectiveness and normative commitment is the dependent variable.(the basic concept and ideas of the leadership theories used in this study are further elaborated and operationalized in the chapter two).

1.6 EXPECTED BENEFITS OF THE STUDY RESULTS

This study is expected to provide essential benefits among which are the following:

- (i) It is hoped that the findings of the study will help the leadership at ADF to reformulate and improve on the recruitment process to enhance the performance of both leaders and their subordinates.
- (ii) The study is of great importance to top managers in both public and private organizations as well as to workers and policy makers. It is useful to the public organizations because it establishes the leadership style attributes exhibited by top management and their effects on staff performance. This may help policy makers and managers to understand and adopt an appropriate style of leadership to enhance employees' performance.
- (iii) The study leads to better understanding of the relationship between managers and subordinates in public organizations. Hence, it provides lessons on inspirational actions of some leaders in organizations that motivate their subordinates to secure their expected performance to face the challenges of modern competition among organizations.
- (iv) This study further provides information that give the opportunity for initiating new or improved development policies as well as improving style of leadership.

1.7 METHODOLOGY

This subsection discusses the research design, study population information, data collection instruments, procedure of data collection and data analysis of this study. In this study I have a survey research design to examine the leadership styles exhibited by top management at Saudi Agricultural Development Fund (ADF) with corresponding policies as moderator of staff performance in this organization. One reason for using survey research design is that many variables of interest in social science and public administration in particular cannot be manipulated because they are attribute variables. The study specifically focuses on the association between styles of leadership and staff performance at ADF.

1.7.1 Research Design and Data Collection Strategies

“Research is a procedure by which a social scientist systematically attempts, with the support of demonstrable facts, to find solutions to a social problem or resolve some other problems.”⁹ Based on this strength, this study was carried out at the Saudi Agricultural Development Fund (ADF) Head office at Riyadh to establish the association between staff performance and style of leadership. The primary and secondary source of data were mainly top officials at the ADF and their followers. Questionnaires were given to these respondents to fill and were collected thereafter. Interviews were also carried with the respondents. Meanwhile, textbooks, journals and published and unpublished materials were the secondary sources. Thus, data were collected from different publicly available sources. Data also were collected on

⁹Quddus, S.M. Abdul. *The Feasibility of Professionalisation of Primary-School Teachers in Bangladesh: A Critical Analysis of actors and Factors, 1971-2001* (Dhaka: A H development Publishing House. 2008), 8-9.

characteristics of leadership currently possessed by top managers at ADF. Moten suggests a triangulation method, combining both quantitative and qualitative approaches.¹⁰ A survey and interviews design was adopted to collect both quantitative and qualitative data about leadership style and staff performance.

1.7.2 Study Population

Saudi Agricultural Development Fund has a total of 2417 staff in 15 branches located in different parts of the country including the main branch. This study only focused on the main branch based in Riyadh. It has a total of 373 staff. The study population constituted all these employees. This was supplemented by closed ended interviews with ADF staff as revealed in Table 1.1.

Table 1.1
Categories of study population

Category	Number	Percentage
General Manager	1	0.3
Assistant General Manager	5	1.3
Heads of Departments	23	6.2
Support staff	344	92.2
Total	373	100

¹⁰Abdul Rashid Moten. *Writing Research Proposals and Theses: Substance, Structure and Style*(Kuala Lumpur: Prentice Hall, 2009).