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The Relationship Between Transformational Leadership and Human Capital Development: The Mediating Effect of Knowledge Management and Organizational Culture

Mona Majed Mohamed Al Mansoori

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United Arab Emirates University

College of Business and Economics

THE RELATIONSHIP BETWEEN TRANSFORMATIONAL LEADERSHIP
AND HUMAN CAPITAL DEVELOPMENT: THE MEDIATING EFFECT
OF KNOWLEDGE MANAGEMENT AND ORGANIZATIONAL CULTURE

Mona Majed Mohamed Al Mansoori

This dissertation is submitted in partial fulfilment of the requirements for the degree
of Doctorate of Business Administration

Under the Supervision of Dr Mohamed Al Waqfi

November 2016

Declaration of Original Work

I, Mona Majed Mohamed Al Mansoori, the undersigned, a graduate student at the United Arab Emirates University (UAEU), and the author of this dissertation entitled "*The Relationship between Transformational Leadership and Human Capital Development: The Mediating Effect of Knowledge Management and Organizational Culture*", hereby, solemnly declare that this dissertation is my own original research work that has been done and prepared by me under the supervision of Dr. Mohamed Al Waqfi, in the College of Business and Economics at the UAEU. This work has not previously been presented or published or formed the basis for the award of any academic degree, diploma or a similar title at this or any other university. Any materials borrowed from other sources (whether published or unpublished) and relied upon or included in my dissertation have been properly cited and acknowledged in accordance with appropriate academic conventions. I further declare that there is no potential conflict of interest with respect to the research, data collection, authorship, presentation and/or publication of this dissertation.

Student's Signature: 

Date: 22.12.2016

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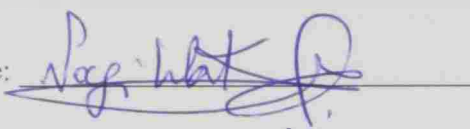
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Abstract

Human capital development is one of the most important enablers for any organisation to achieving a sustainable competitive advantage. Thus, organisations are interested in adopting various initiatives and mechanisms to support the development of human capital, such as transformational leadership style, knowledge management practices and building organisational culture. This study intends to examine the mediating effect of knowledge management and organisational culture on the relationships between transformational leadership and human capital development in the Abu Dhabi emirate. This study used a structured questionnaire to collect data from a large sample of employees drawn from government and semi-government entities in the Abu Dhabi Emirate. The questionnaire consists of two parts. The inquiries of the first part based on Bass and Avolio's (1995) MLQ Form 5x-Short to measure and identify the leadership factors incorporated in their model. The inquiries of the second part investigated the various aspects of knowledge management and organisational culture, which might have significant effects on human capital development in an organisation. The human capital development as perceived by respondents is also measured using a separate scale. The quantitative analysis of the questionnaire data was conducted to examine the factor structure of the variables measured, whereas the structural equation model (SEM) estimation tested the hypotheses of the study. The generated results of this study revealed that transformational leadership as perceived by respondents has positive effects on the human capital development of subordinates. The findings also indicated knowledge management and organisational culture partially mediated the relationship between transformational leadership and the human capital development. The implications of the study findings on theory, practices, and policymaking are providing a roadmap to organisations to put much concern on developing leadership and boosting human capital development in the UAE and similar contexts.

Keywords: Government organisations, transformational leadership, human capital development, knowledge management, organisational culture, Abu Dhabi Emirate, UAE.

Title and Abstract (in Arabic)

العلاقة بين القيادة التحويلية وتنمية رأس المال البشري: تأثير التوسط لإدارة المعرفة وثقافة المنظمة

الملخص

الهدف من هذه الأطروحة هو دراسة العلاقة بين القيادة التحويلية وتنمية رأس المال البشري مع تأثير التوسط لإدارة المعرفة والثقافة التنظيمية. يعتبر تطوير رأس المال البشري احدى الركائز الهامة لأيّة مؤسسة لتحقيق ميزة تنافسية مستدامة. لذلك، تهتم المؤسسات في تبني العديد من المبادرات والآليات لدعم تنمية رأس المال البشري مثل أسلوب القيادة التحويلية، وممارسات إدارة المعرفة وبناء ثقافة تنظيمية في المؤسسة. وبالتالي فإن هذا البحث يهدف إلى دراسة تأثير التوسط لإدارة المعرفة والثقافة التنظيمية على العلاقة بين القيادة التحويلية وتنمية رأس المال البشري في إمارة أبو ظبي. بعد استعراض البحوث النظرية والتجريبية السابقة ذات الصلة، قامت منهجية هذه الدراسة على استبيان لجمع البيانات من عينة كبيرة من الموظفين من الجهات الحكومية وشبه الحكومية في أبو ظبي. تم تصميم الجزء الأول من الاستبيان لتشمل الأسئلة من نموذج X5 MLQ (Bass & Avolio, 1995) والهدف هو قياس العوامل المحددة في نموذج قيادة (Avolio & Bass, 1994) كما يتضمن الجزء الثاني من الاستبيان عامل إدارة المعرفة وعامل الثقافة التنظيمية والمتوقع أن يكون لهما آثار كبيرة على تنمية رأس المال البشري في المؤسسة. كما تم قياس تنمية رأس المال البشري من وجهة نظر أفراد العينة أيضا باستخدام مقياس منفصل. كما تم تأكيد السرية للمشاركين في رد هم على الاستبيان. اشتملت خطة تحليل البيانات لهذه الدراسة استخدام أسلوب التحليل العاملي لفحص كل عامل من المتغيرات المقاسة وكذلك تقدير نموذج المعادلة الهيكلية (SEM) لاختبار فرضيات راسة. إن نتائج هذه الدراسة تشير إلى أن القيادة التحويلية من وجهة نظر أفراد العينة لها آثار بية على تنمية رأس المال البشري لدى المرووسين. كما تشير النتائج أيضا إلى أن إدارة المعرفة والثقافة التنظيمية لديهما توسط جزئيا في العلاقة بين القيادة التحويلية وتنمية رأس المال البشري. وتخلص الدراسة بمناقشة النتائج والآثار الرئيسية في مجال النظرية والممارسة، ووضع السياسات المتعلقة بتطوير القيادة وتنمية رأس المال البشري في دولة الإمارات العربية المتحدة.

مفاهيم البحث الرئيسية: القيادة التحويلية، تنمية رأس المال البشري، إدارة المعرفة، الثقافة التنظيمية، الجهات الحكومية، إمارة أبو ظبي، دولة الإمارات العربية المتحدة.

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Special thanks go to my parents, brothers, and sisters who helped me along the way. I am sure they suspected it was endless.

Dedication

To my beloved country, the UAE I proud to serve and belong to it

*To my family, my mother, my brothers and sisters for supporting me spiritually
throughout writing this thesis and my life in general.*

*To my husband for providing a peaceful environment that allowed me to get my dream
into reality*

*To my beloved children who never complained about the time that I spent for studying
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*To my newcomer, Mubarak whose innocent soul and bright smiles relieved the stress
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Table of Contents

Title	i
Declaration of Original Work	ii
Copyright	iii
Advisory Committee	iv
Approval of the Doctorate Dissertation	v
AbSTRACT	vii
Title and Abstract (in Arabic)	viii
Acknowledgements	ix
Dedication	x
Table of Contents	xi
List of Tables	xiv
List of Figures	xv
List of Abbreviations	xvi
Chapter 1: Introduction	1
1.1 Overview	1
1.2 Statement of the Problem	2
1.3 Research Objectives	5
Chapter 2: Literature Review	7
2.1 An Overview	7
2.2 The UAE Economic Conditions.....	7
2.3 The Concept of Human Capital Development	10
2.3.1 Background	10
2.3.2 Leadership Theory	15
2.3.3 Full Range Model of Leadership	16
2.3.4 Transformational Leadership Model.....	17
2.3.5 Transformational Leadership Dimensions	17
2.3.6 Idealized Influence	17
2.3.7 Inspirational Motivation.....	18
2.3.8 Intellectual Stimulation.....	19
2.3.9 Individualised Considerations.....	20
2.4 Transformational Leadership in Human Capital Development	22
2.4.1 Potential Roles	22
2.4.2 Knowledge Availability	24
2.5 Knowledge Management Process and Infrastructure.....	25
2.5.1 Knowledge Management Process.....	26
2.5.2 Knowledge Management Infrastructure.....	28
2.6 Mediating role of the Knowledge Availability	28

2.7 Organisational Culture	33
2.7.1 Support of Innovation	34
2.7.2 Role of Employee Trust	35
2.7.3 The Mediating Roles	36
2.8 Human Capital Development Opportunities Measurement	40
2.8.1 Investment in Employee Learning	45
2.8.2 Empowerment of the Employees	48
2.8.3 Promotion and Career Progression	48
2.9 Summary	49
Chapter 3: Methodology	51
3.1 Research Method	51
3.2 Research Questions	52
3.2 Research Hypotheses	54
3.3 Research Framework	56
3.4 Questionnaire Development and Design	58
3.4.1 Demographic Information Constructs	58
3.4.2 Human Capital Development Opportunities Constructs	63
3.4.3 Population Sample and Data Collection	63
Chapter 4: Results	65
4.1 Introduction	65
4.2. Data Analysis	65
4.2.1 Sample and Demographic Data	65
4.2.2 Research Sample Leadership Style	69
4.2.3 Descriptive Statistics for the Study Variables	71
4.2.4 Exploratory Factor Analysis for MLQ	72
4.2.5 Exploratory Factor Analysis for KM, OC and HCD Opportunities ..	76
4.2.6 Confirmatory Factor Analysis and Model Estimation	79
4.2.7 Testing for Normality and Common Method Variance (CMV)	79
4.3 Confirmatory Factor Analysis	84
4.3.1 Active Leadership Constructs	84
4.3.2 Confirmatory Factor Analysis for KM, IN, TR & HCD	88
4.3.3 SEM Estimation and Analysis	91
4.3.4 Relationship between Passive/Reactive Leadership and HCD	96
4.4 Summary of Hypotheses Testing	97
Chapter 5: Discussion, Implications, and Conclusion	98
5.1 Introduction	98
5.2 Leadership in the UAE Context	98
5.3 Leadership Effect on Human Capital Development	99
5.4 Research Implications	101
5.5 The Limitations	105
5.6 The Conclusion	106

References.....	111
Appendices.....	122
A. Letter to Survey Participants	122
B. English Questionnaire	124
C. MLQ-5X– License Purchase	134

List of Tables

Table 1: Transformational leadership style dimensions	22
Table 2: MLQ Scoring Key	60
Table 3: MLQ (5X) Short Form Items	61
Table 4: Gender of participants	69
Table 5: The percentiles of the research sample	71
Table 6: The correlations between the sub-constructs	72
Table 7: MLQ factor analysis for total variance	72
Table 8: The MLQ factor analysis results	73
Table 9: MLQ factor analysis for total variance of leadership styles	74
Table 10: The MLQ factor analysis results of leadership styles	75
Table 11: Factor analysis of total variance of KM, OC, HCD	76
Table 12: Factor analysis results for KM, OC, HCD opportunity	76
Table 13: Factor analysis of total variance of HCD	78
Table 14: Factor analysis results for HCD opportunity	78
Table 15: Values of Skewness & Kurtosis for the AL variables	80
Table 16: Values of Skewness & Kurtosis for KM, TR, IN & HCD variables	81
Table 17: Values of Mahalanobis d-squared for the AL variables	82
Table 18: Values of Mahalanobis d-squared for the KM, TR, IN & HCD variables ..	82
Table 19: Explained a single factor variance for the AL variables	83
Table 20: Explained a single factor variance for the KM, TR, IN & HCD variables ..	83
Table 21: The fit indices	87
Table 22: : MLQ confirmatory factor analysis of results	87
Table 23: The fit indices	90
Table 24: HCD confirmatory factor analysis	90
Table 25: The fit indices	91
Table 26: Direct/indirect effects of active leadership to HCD opportunity	95

List of Figures

Figure 1: Conceptual research framework	57
Figure 2: Monthly income of participants.....	66
Figure 3: Years of Work Experiences of participants.....	66
Figure 4: Number of years served under the current supervisor of participants.....	67
Figure 5: Educational level of participants	68
Figure 6: Job category of participants.....	68
Figure 7: The main and sub-constructs of MLQ.....	84
Figure 8: The main and sub-constructs of MLQ with the two items deleted.....	85
Figure 9: The main and sub-constructs of KM, TR, IN, HCD and ED, EE, PP	89
Figure 10: Main and KM, TR, IN, HCD & ED, EE, PP sub-constructs + 3 items deleted from KM.	89
Figure 11: Structured conceptual framework of the research model	92
Figure 12: Standardized regression weights of the structural model	92
Figure 13: Direct effect of active leadership to HCD	93
Figure 14: Mediating effect of knowledge managment	94
Figure 15: Mediating effect of OC characterized by support in innovative	94
Figure 16: Mediating effect of OC characterized by employee trust.....	95
Figure 17: The main and sub-constructs of passive/reactive leadership.....	96
Figure 18: Main/sub-constructs of passive/reactive leadership + two items deleted...	97
Figure 19: Relationship between passive/reactive leadership and HCD	97

List of Abbreviations

AL	Active Leadership
CFA	Confirmatory Factor Analysis
CMV	Common Method Variance
CR	Contingent Reward
EDI	Employee Development Investment
EE	Employee Empowerment
ET	Employee Trust
HCD	Human Capital Development
IC	Individualized Consideration
IIA	Idealized Influence Attributed
IIB	Idealized Influence Behaviour
IM	Inspirational Motivation
IS	Intellectual Stimulation
KM	Knowledge Management
MBEA	Management-by-Exception Active
MLQ	Multifactor Leadership Questionnaire
OC	Organisational Culture
SEM	Structural Equation Modelling
UAE	United Arab Emirates

Chapter 1: Introduction

1.1 Overview

In the past, human capital development was assumed to be the responsibility of individual workers and therefore was not considered a key aspect of the organisation. Today, the concept has been changed and there is wide research support the needs of human capital development considered one of the most critical concerns in any organisation. Ndinguri, Prieto (2012) report that human capital development considered as an important factor in an organisation's performance. Many researchers studied the role of leadership style and its impact on organisational overall performance but there is a lack of academic research on its impact on human capital development and especially in government organisations. Therefore, the purpose of this study is to examine the mediating impact of knowledge availability and organisational culture on the relationship between transformational leadership and human capital development. This study will focus on the impact of transformational leadership as a key factor in determining the level of human capital development in the organisation.

The diversification of the Abu Dhabi Emirate's economy and the transition to a knowledge-based economy requires intensive investment in human capital development to meet the needs of organisations for a sustainable organisational performance and competitiveness of the local economy. Leadership research has taken different perspectives; leader traits, behaviours, and the influence of situational characteristics on leader effectiveness (Jong and Hartog 2007). However, I will focus in this study on transformational leadership behaviour as one of the most promising and well-established perspectives on leadership recently. In 2009, the Abu Dhabi government

published the Abu Dhabi economic vision 2030 which proposed the transformation of the Emirate's economy from reliance on the oil sector as the main source of economic growth to a knowledge-based economy (Abu Dhabi, 2030).

The Abu Dhabi Economic Vision 2030 was designed to provide a comprehensive plan for the diversification of the Abu Dhabi Emirate's economy and represents a roadmap for the future development of the Emirate's economy (Abu Dhabi, 2030). The plan also aims to create significant opportunities for the UAE Nationals providing employment opportunities. On the other hand, the government also considers the investment in human capital as the most important investment. Leadership has a significant impact on employees' performance.

Bass and Steidlmeier (1999) argue that transformational leadership style provides followers with challenges and meaning for engaging in organisation's shared goals and undertakings to ensure their followers support and engage in translating the vision into tangible performance outcomes. Transformational leaders are also expected to create organisational systems and processes that enhance employees' competence. It is argued, therefore, that investment in formal human resources development and work-based learning strategies should be considered as essential - if not more - as the investment in physical capital (Garavan, Morley 2001). Therefore, there is a lack of empirical studies on transformational leadership impact, particularly in the UAE context.

1.2 Statement of the Problem

Most of the previous research examined the impact of leadership on organization performance, however, there is a lack of research on the role of transformational leadership in human capital development. Nowadays human capital development is one of the most important pillars for organizations to achieve a sustainable competitive

advantage. Organizations are therefore interested in developing transformational leaders who can utilize knowledge availability and organizational culture to develop human capital.

There are many studies provides a solid foundation for intensive exploration of the theme, however, this study, the aim is to evaluate the relationship from the perspective of employees, or in other words, to analyse these relationships on the bases of the perceptions of employees. In order to achieve the intended relationship, the employees' perception towards the leadership style employed is explored, in the context of transformational leadership and how this perception positively impacts human capital benefits.

Transformational leaders create an alignment between the organizational and followers' goals. According to Cooley and Cooley (1979), transformational leadership create an environment where "leaders and followers enable each other to advance to a higher level of morality and motivation." In most of the previous studies, the emphasis is on the leaders' perspective while the role of the followers is simply considered only implicitly, however, the importance of followers' perspective cannot be overlooked.

In simple words, no matter how carefully you design or how proficiently you execute any human capital development plan, if the followers do not perceive it to be mutually productive even if they do not perceive its importance for their work, let alone for themselves, the essence of such human capital development plan will be unachievable.

Another important aspect of the use of employees' perception and perspective, to assess the leadership and its effectiveness is that employees' perspective of leadership

is more suitable to measure the aspects directly related to transformational leadership rather than hard or organizational measures, as described by Lowe, (1996).

This study aims to not only add to the existing knowledge on leadership but also to analyse its impact on the followers' perception of human capital development programs, in the context of the United Arab Emirates (UAE). In fact, I will focus on the government sector of Abu Dhabi, to be precise. The human capital development of the Abu Dhabi Government is counted as an organic part of its success, which collectively drives its various initiatives and objectives.

Transformational leadership has a profound impact on the knowledge availability practices in the organization, as many studies have confirmed. In turn, this impact of transformational leadership on knowledge availability is also translated into the human capital development through the influence of knowledge availability on the human capital development. Having said that, there is a lack of studies explicitly discussing this mediation of knowledge availability on the relationship between transformational leadership and human capital development, especially in the context of the UAE.

As emphasised by Davenport and Prusak, (1998), among many other studies, the process involved in knowledge management, must be integrated with transformational leadership. The additional factor of organizational culture also incorporated into this relationship and their importance in the success and effectiveness of transformational leadership is discussed. Davenport (1998) have identified that knowledge-friendly culture and introduction of knowledge transfer channels are the two most important factors of knowledge management success. The idea is advanced by Lindsey (2002), where she has emphasized on the dependence of effectiveness or success of knowledge management on the knowledge infrastructure capability of an

organization, which includes both the supportive organizational culture channels of knowledge transfer.

There is a theoretical basis for the mediation of knowledge availability and organizational culture on the relationship between transformational leadership and human capital development. Human capital development is an essential element in the Abu Dhabi government's success, which drives the objectives and initiatives of the Emirate. Even though there is an agreement on the important role of leadership in generating human capital development, a few existing research studies emphasise on the relationship between leadership behaviour and human capital development and how this impact operates actually.

1.3 Research Objectives

This study aims to contribute to the limited existing knowledge base on transformational leadership's impact on human capital development. It will also highlight the potential of transformational leadership style and its important role in the success of *Human Capital Development* (HCD) in the Abu Dhabi Government sector. Many studies have in fact highlighted that the dominant style of leadership that prevails in the UAE, in general, is transactional leadership. Such studies include Al-Ali (2008) among many others. So, this study can also potentially serve as a guide to the much-needed shift from transactional leadership style to transformational leadership, to retain successful human capital resources in the government sector of the UAE. These human capital resources are the key ingredient for organizational development and the sustainable growth of the economy.

As mentioned above, this study aims to determine the impacts of transformational leadership on human capital development, while incorporating the mediatory role of

knowledge availability and organizational culture in the context of the UAE. Findings of this study, added to the existing body of transformational leadership and human capital development literature, but also to serve as a potential guide to a much-needed change from transactional leadership style to transformational leadership in the Abu Dhabi government sector.

Many studies highlighted the transformational leadership style's impact on the employees' development. As Bass (1990) has argued that a transformational leader can enable his or her followers to look beyond their personal interests to achieve an overall benefit for the team, by inspiring and motivating them and by raising their interests. This study will examine the transformational leadership style on human capital development from employees' prospective.

Chapter 2: Literature Review

2.1 An Overview

In this chapter, the researcher provides a critical review of the existing knowledge and identifies the knowledge gap, which this study aims to bridge in the field of human capital development with special emphasis on the pattern of the potential effect of the transformational leadership, knowledge availability, and organizational culture. The researcher shall present this review in a systematic way outlining the major sections as follows: The context of study; the concept of human capital development; leadership theory; the full range model of leadership; the transformational leadership model; role of transformational leadership in human capital development; knowledge availability; organizational culture; finally, measurements of the human capital development opportunities.

2.2 The UAE Economic Conditions

The UAE is a federation of seven emirates (states): Abu Dhabi, the capital of the federation as well as the largest emirate of all. Dubai also considered as the most famous emirate of all because of its diverse range of attractions and being able to develop into a multinational city and the most important trade hub in the region. Sharjah, another financial and trade pillar of the federation and the rest of emirates include Ras Al Khaimah, Ajman, Fujairah and Umm Al Qaiwain.

Economic and strategic development of the country over the past couple of decades is exceptional and is backed historically mainly by the natural resources of the country combined with the envisioned transformation from a regional alliance of seven emirates to a country that is strategically integrated with the international community, mutually

as well as being an internationally supportive and diverse economy. Recent unprecedented economic growth in the UAE is the result of huge investments in the country's ever-evolving infrastructure, especially over the last couple of decades and has enabled it to evolve into one of the most developed economies in the region.

As indicated by Bealer and Bhanugopan (2013), UAE has experienced unprecedented growth and has undergone a profound transformation over the past 15 years. Connell, Burgess (2008) suggested that dramatic economic and social development achieved in the UAE enabled the country to play a significant role within the global community of nations. According to Sheikh (2013), the UAE is one of the most economically advanced Middle Eastern states over the last two decades. It has effectively utilized its oil production revenues to build a modern infrastructure. As reported by Al-Khateeb (2007), in contrast to many other countries in the region, the UAE has taken many effective initiatives to bring diversification to its historically oil-based economy and has been able to develop many other sources of national income. These sources include (but is not limited to) foreign trade, tourism and financial services.

Randeree (2009) asserted that a knowledge-based economy necessarily involves sustained growth. With the capacity to accommodate any type of investment, the next big step is to develop its self-sufficient human capital, to not only achieve growth but also sustain it over the long-term. UAE labour consists of a large pool of expatriate resources employed in the country. This large presence of expatriates in the region creates many critical problems regarding expansion, development, and appreciation of Emirati human capital to causing not only an imbalance in the labour market between UAE nationals and expatriates, particularly in the private sector, as investigated by many scholarly studies, such as of Randeree (2009). However, drains of the national

economy in terms of huge remittances and many transfers of expatriates to their home countries.

Al-Ali (2008), indicated that because of an open economic policy and historically laissez-faire employment practices of UAE, many MNCs and has been attracted to the region. It resulted in a huge concentration of expatriates, reaching 91% of the total labour force in the private sector of the country. The UAE leadership has recognized that in the long-run, a growing national work force should be able to drive the growth of the economy. The UAE vision aims to diversify UAE economy through capital investments in all the sectors that not only ensures a sustainably growing economy but also creates a diverse range of job opportunities. As part of the vision, the government has established several programs to empower the local workforce to take over important positions in the country's labour market. The workforce localization policy (Emiratization) has been pursued by the UAE government over the past two decades to reduce reliance on foreign workers in the labour market.

With the rapid growth in all sectors of the economy and the need to increase reliance on local workers, along came the realization of the significance of human capital development, especially for UAE nationals (Al-Waqfi & Forstenlechner, 2014). To achieve a sustainable growth and development that should ensure a successful future for the local and international businesses operating in the country and for the entire economy in general, the UAE has developed a clear goal of maximizing Emiratization, which would be dependent on effective human capital development. The UAE government has taken many initiatives towards the achievement of this goal.

As part of this Emiratization program, one of the most successful initiatives is Emiratization of the public sector (Al-Ali, 2008). Still, the task is not very simple. As

identified by Toledo (2013), one of the biggest challenges faced by UAE is developing its own (national) human capital. Appreciation of human capital, as the most important asset of an organization, has been repeatedly emphasized by many studies. For example, Garavan, Morley (2001) in their critical literature review, identify human competencies as one of the key resources available to an organization.

2.3 The Concept of Human Capital Development

2.3.1 Background

Although an organization cannot own human capital, it is by far the most important asset an organization can have, even it cannot be owned as a typical asset. Maksymenko and Rabbani (2011) argue that economic theory has established that human capital is one of the most significant sources of economic growth. Human capital plays a significant role not only for the achievement but also sustainment of an organizational competitive advantage. The human capital available to any organization is expected to have important implications on its performance (Takeuchi, Lepak, Wang, & Takeuchi, 2007). A recent meta-analytic study has found strong quantitative evidence on the positive impact of human capital on organizational performance (Crook, Todd, Combs, Woehr, & Ketchen, 2011). The study concludes that firms need to acquire and nurture the best human capital available and to continuously invest in developing and retaining these unique human capital resources.

Like many other areas in the field of business management, the concept of human capital and its definitions have evolved over the course of time and it has become a lot more inclusive in nature when compared to the initial concepts of individualism. One Snell presents such definition and Dean (1992), as they defined human capital of a firm as the knowledge and skills of its professionals that can be used to produce professional

services. Snell and Dean (1992) Argue that skills and knowledge represent capital because they enhance productivity. Many researchers have emphasized the importance of human capital. Another such definition includes Lee, Witteeloostuijn (1998), where they had defined human capital as the following: the concept of human capital is that people possess skills, experience, and knowledge that have economic value to firms.

Blundell, Dearden (1999) extended the idea by categorizing it into its sub components and have reported that there are three main components of 'human capital' early ability (whether acquired or innate); qualifications and knowledge acquired through formal education; and skills, competencies and expertise acquired through training on the job. Blundell and Dearden (1999) have also argued that employer-provided training has the largest impact on earnings and is also the most long-lasting. Lepak and Snell (1999), have also contributed to the theme indicating that firms may internalize employment and build the employee skill base through training and development initiatives. Many organizations are keen on investing in employees' learning and training in order to enhance their organizational performance and productivity.

Blundell, Dearden (1999) at the same time have argued that employers fully or partially fund the training of workers in the hope of gaining a return on this investment in terms of being a more productive, more competitive and consequently more profitable firm in the future. Career development is considered as the main concern for the employees. Lepak and Snell (1999), also reported that to compliment training, organizations might sponsor career development and mentoring programs to encourage employees to build idiosyncratic knowledge that is more valuable to the firm than to competitors. Such

employee development may lead to a human capital development on one end and sustainable competitive advantage, on the other hand.

The concept is advanced further by Bontis (2001), as he defined human capital in terms of the shared knowledge, skill, innovativeness, and ability of the organization's individual employees to achieve the task, however, it also includes the organization's values, culture, and philosophy. So per this definition, another dimension is incorporated in the theme, as an organizational theme has a profound impact on the development of this human capital. Based on this theme Garavan and Morley (2001), have asserted that human capital development serves the dual purpose of both building and maintaining resources for the future. Investment in human capital leads to enhancing the skills and knowledge of workers and in turn, helps the organization to retain its valued employees.

Organizations that invest in human capital achieve better performance than an organization that do not. Yet an alternate aspect highlighted in many studies including Garavan and Morley (2001), stressed that human capital development is a necessary, but not a sufficient input to ensure that organizational individuals have the potential to create knowledge and innovation. To address the causes of the issue McGregor, Tweed (2004), have highlighted the lack of attention paid to human capital and its role in the competitive advantage of business in discussions about the knowledge economy.

Moreover, they have recommended that organizations should apply human capital development as one of its main strategies to enhance the organization's sustainable competitive advantage. They have also emphasized and conceptualized human capital enhancement practices such as training, teamwork and employee participation for individuals to enhance employee involvement and commitment to the organization.

Bukowitz (2004), has argued that employee satisfaction, employee turnover, and investment in training provide a picture of how well the organization is managing its human capital. These measurements and some others can be regarded as a way of analysing and interpreting data that already exists for example if a measure of organizational capability is a desirable outcome then performance management data, training data or skills data may be used to achieve this (Baron & Armstrong, 2007).

They have reviewed several types of human capital measurement that developed and used by a variety of organizations. They have argued that one of the reasons for human capital measurement being difficult is because human capital is not owned by the organization but secured through the employment relationship. Researchers have identified several human capital measurements to evaluate the human capital development. Some of these measurements are organization oriented while the others are people oriented: human capital return on investment, training return on investment, cost of absence, cost of leavers, employee engagement, annual pay audits, employee share, diversity, and inclusion, added value, employee turnover, reward, succession plan, performance and productivity are some of those measures.

Bassi and McMurrer (2008) have reported that measuring the impact of human capital and investments made in it has been an ongoing challenge for the field of human resource development. Brown and Bradley (2009) have furthered the issue by highlighting that human capital variable, such as work experience, and level and quality of training and education, have also been shown to influence career success. The concept is further advanced by Birasnav (2010), who have highlighted another dimension of the issue and revealed that while managing the turbulent economic environment, organizations realize the importance of developing transformational

leaders since these leaders immensely contribute to human capital creation process for managing and implementing changes and consequently, improve organizational performance. They have therefore highlighted the role of transformational leadership in human capital development.

As per statement of Maksymenko and Rabbani (2011), it has been established in economic theory that human capital is one of the most significant sources of economic growth. Ndinguri and Prieto (2012), have reported that maintaining and developing human capital is crucial for organizations to stay in a leading position. Human capital plays a major role in an organization's sustainable competitive advantage. The enhancement of the human capital development is made possible by learning from others inside the organization or outside of it. Many studies including Ndinguri and Prieto (2012) have argued that human capital learning always happens (all the time) and is influenced by the environment and interaction with others.

Organizations may take different techniques to promote human capital development within the organization. As per Liu, van Jaarsveld (2014), research in strategic human resource management has focused extensively on examining the relationship between investments in human resource systems and their impact on organizational performance. Organizations should invest in human capital development to ensure that they retain good people. Strategic human capital research has emphasized the importance of human capital as a resource for sustained competitive advantage, but firm investments in this intangible asset vary considerably (Liu, 2014).

Human capital has recently attracted growing attention from both strategy and human resources scholars as highlighted by (Liu, 2014). Moreover, there are many issues related to human capital development practices and approaches implementation. As

described by (Brymer, 2014), human capital is subject to moral hazards because individuals control the amount of effort and commitment they apply toward the firm's objectives.

2.3.2 Leadership Theory

Leadership has been researched both historically and in this modern age. Whether it is the voluntary followership of prophets in all the religions of the world or the exceptionally highest levels of performance of Apple under the patronage of Steve Jobs, during exceptionally worst financial and economic conditions globally, all these exceptional achievements can be attributed to the leadership of very few people.

Most of the research on leadership theory has been undertaken the belief of the relationship between leadership and organization performance. As identified in many studies including Bealer and Bhanugopan (2013), a UAE-based cross-cultural, comparative study of leadership styles, which defines leadership style in terms of approach to achieve desired results, by directing strategies and motivating people. Oke (2009), in an exploratory critical review of leadership literature and practices in relation to innovation, identified leadership as a social phenomenon. Moreover, they have also asserted that it is bound to groups, in terms of leader's influence on followers' behaviour that result in achievement of desired organizational goals. Similar ideas are also identified in many other studies.

Bealer and Bhanugopan (2013) have described leadership as the ability of leaders or managers not only to influence but also motivate and enable their followers to synchronize their efforts with the organization's goals. Because leadership involves personal influence over others which might not necessarily be entirely dependent on the position of authority. Another important aspect explored by Zhu (2005), in an intensive

quantitative study, is that in the modern work environment with its global competition, there is a need for a more advanced leadership style that goes beyond the basic transactional styles, ranging from contingent reinforcement to management-by-exception to more intellectually stimulating, inspirational and charismatic styles, as also supported by Bass (1985), among many other studies.

2.3.3 Full Range Model of Leadership

Bass and Avolio's (1995) Full Range Leadership (FRL) model incorporates nine leadership factors including idealized influence (attributed), idealized influence (behaviour), inspirational motivation, intellectual stimulation, individualized consideration, contingent reward, management-by-exception active, management-by-exception passive, and laissez-faire. Conceptually, these factors describe three broader leadership typologies: transformational leadership, which incorporates idealized influence (attributed) idealized influence (behaviour) inspirational motivation, intellectual stimulation, and individualized consideration; transactional leadership incorporates contingent reward, management-by-exception active and management-by-exception passive; and finally the laissez-faire leadership dimension.

Bass (1990) asserted that managers who behave like transformational leaders are more likely to be seen by their colleagues and employees as satisfying and effective leaders than are those who behave like transactional leaders. He also reported that transformational leaders may be charismatic to their followers and thus inspire them; they may meet the emotional needs of each employee, and/or they may intellectually stimulate employees. This study will not consider the transactional leadership behaviour as it is believed that it does not give much consideration to individual employee's human (Birasnav & Rangnekar, 2011) .

2.3.4 Transformational Leadership Model

Many studies have tried to define transformational leadership. A simple way to define transformational leadership as a leader being a role model to inspire the followers to do their best, to enhance their motivation. Bycio and Hackett (1995) have described this in their comparative study of transactional and transformational leadership styles to extending the work of Bass (1985). In addition to their charisma, such leaders are believed to have a conscience and have selfless motives, based on their inspiration to excel in their work, as discussed by (Bealer & Bhanugopan 2013).

2.3.5 Transformational Leadership Dimensions

Scholarly efforts also were made to describe different dimensions of transformational leadership. Bass (1985) took on the early initiative in this area. Oke (2009) also extended this concept by identifying four dimensions of transformational leadership, namely: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. So transformational leadership can also be defined as a leadership style which involves a combination of charisma, individual consideration, intellectual stimulation, and inspirational motivation, as defined by Schepers et al. (2005), in their single firm-based empirical study aimed at bridging the knowledge gap in the field of leadership.

2.3.6 Idealized Influence

Idealized influence means an implicit use of ideology to exercise an influence, while also considering the desires of the followers to share responsibility. As per the study of Islam and Yang (2012) on their regional empirical study on impacts of transformational leadership, a transformational leader is a person with a clear vision and passion for achieving a goal and will inspire people, one who by introducing energy and

enthusiasm get the thing done in a more effective way. Bass (2003) indicated that transformational leaders are admired, respected, and trusted. Under this type of leadership, followers tend to identify with and want to emulate their leaders.

2.3.7 Inspirational Motivation

Using introduction of new opportunities and challenges, while reassuring a clear vision of the future for the followers; at the same time, is described as an inspirational motivation. A major benefit of transformational leadership such leaders can excite the followers and improve their job involvement, using elevated objectives and coordinated (socially) job-traits assessment (Sheikh, 2013). As per Nielsen, Yarker (2008), because transformational leaders serve as a role model to their subordinates, their involvement, motivation, and enthusiasm for their work will automatically inspire their followers to be involved and give their best to perform their tasks and challenges that are at hand.

Not only that but through inspirational motivation exercised by transformational leaders, they can involve their followers to such an extent that they go beyond the call of duty and encourage their followers to take charge of their own development at work. Their inspirational motivation leads their followers to optimize their performance. Such leaders satisfy their higher order needs through motivating their followers beyond normal expectations, by leading their followers to a clear and well-coordinated mission and vision, as reported by Islam and Yang (2012).

Walumbwa and Lawler (2003) presented also a similar theme, as they attributed the creation of a shared vision to the transformational leader who uses the exposure of the followers to new opportunities to not only create a shared vision but also obtain the commitment of the followers to the shared vision of the leader, using the inspiration. This is also utilized to incorporate innovation to match the challenges. Bass (2003)

asserted that leaders behave in ways that motivate those around them by providing meaning and challenge to their followers' work. Individual and team spirit is aroused. Enthusiasm and optimism are displayed. The leader encourages followers to envision attractive future states, which they can envision for themselves.

2.3.8 Intellectual Stimulation

The ability of a leader to challenge the followers by encouraging innovation and appreciating creativity indicates the use of intellectual stimulation for increasing productivity, to reach the goal(s). Birasnav and Rangnekar (2011) also emphasized the theme in their systematic critical review of the past theoretical and empirical literature. Also, the engagement and encouragement of employees in the creation as well as implementation of innovative ideas in order to transform them into new products and process development can be attributed to transformational leaders.

Lowe and Kroeck (1996), in their meta-analytical review of MLQ literature, have also emphasized, as they have attributed the introduction and encouragement of innovation to the followers, as well as envision them to challenge the problem, incorporating delegation, as part of problem solving, while leading from the front and inspiring the followers as a role model. Rafferty and Griffin (2004) highlighted the importance of developing effective communication channels and their use as a tool by transformational leaders, to promote innovation, in order to lead their followers towards the achievement of organizational goals. By using these channels, they build confidence in the followers to proactively evolve the tasks beyond minimum requirements in a more productive manner.

Schepers et al. (2005) described in their study the style of transformational leadership by four characteristics, namely: charisma, individual consideration, intellectual

stimulation, and inspirational motivation. Bass, Bass (2003) reported that leaders behave in ways that stimulate their followers' effort to be innovative and creative by questioning assumptions, reframing problems, and approaching old situations in new ways. There is no ridicule or public criticism of individual members' mistakes. New ideas and creative solutions to problems are solicited from followers, who included in the process of addressing problems and finding solutions.

2.3.9 Individualised Considerations

Another aspect of transformational leaders, as identified by Bass (1990) is that such leaders are able to act as a mentor to their followers because of individual consideration which enables such a leader to identify and respond to their followers' differences while aiming to achieve their growth and development. This helps to develop the perception of being more effective than transactional leaders. Also, a focus on followers' individual needs of personal development and growth would reflect individualized consideration emphasized by the leader, for the followers.

As reported by Nielsen, Yarker (2008), the perception of the employees about their work environment is linked with transformational leadership. Reassurance of positive rewards for the followers might lead to positive results, in term of learning. As they get a sense of being special among the rest, which promoted through individualized consideration. They will be motivated to put in the extra effort. As they feel that their efforts are not only noticed by also appreciated.

Islam and Yang (2012), also supported the theme of inspirations and intellectual challenge as important aspects of transformational leaders. As they use individual consideration and innovation to inspire and motivate to maximize utilization of the potential of the followers, resulting in stimulating the creativity of the followers. Bass

(1990) in a fundamental piece of work aimed to extend the knowledge in the field, added to the theme by highlighting the effective coordination of transformational leaders, as they first communicate high expectancies to the followers, use signs to focus their efforts and can communicate important purposes in very simple ways.

A transformational leader often puts a high emphasis on intelligence, rationality and careful problem solving, through intellectual stimulation which can automatically lead to human capital development on the part of his/her followers. Bass, Bass (2003) reported that leaders pay attention to everyone's need for achievement and growth by acting as a coach or mentor. Followers are developed to successively higher levels of potential. New learning opportunities are created along with a supportive climate in which to grow. Individual differences in terms of needs and desires are recognised.

In all the above discussion, one aspect of transformational leaders that seems to be implicit, yet worth discussing explicitly is that all the dimensions of this style of leadership, not only lead towards the achievement of shared or more precisely leader's or organization's goal but also result in the human capital development of the followers. At the same time, as described by Nielsen, Yarker (2008), such leader encourages their followers to take charge of their personal development after aligning their objectives with organizational goals. So, in a way, by maximizing personal development, followers tend to maximize efforts towards the achievement of 'shared' organizational vision and strategic goals. Therefore, there is a great impact of transformational leadership on effective human capital development in an organization. Table 1 provides a summary description of transformational leadership style dimensions.

Table 1: Transformational leadership style dimensions

Dimensions	Description
Inspirational motivation	lead followers to optimize their performance
Idealized influence	Considering the desires of the followers
Intellectual stimulation	Increasing the productivity to reach the goal(s)
Individualized consideration	Identify and respond to followers' differences to achieve their growth and development

2.4 Transformational Leadership in Human Capital Development

2.4.1 Potential Roles

As indicated in the above discussion, a positive relationship between transformational leadership and human capital development is well established in the literature. In the following sections, I will present a critical analysis of the literature that directly deals with the processes and mediating factors involved in this relationship. A direct impact of transformational leadership on human capital development is emphasized in many research studies.

Nielsen, Yarker (2008), supported the theme and indicated that the most important aspect of transformational leadership is to enhance the performance of the followers, which is implicitly dependent on their personal development. Such a leader promotes a clear vision, and then uses inspiration and role modelling, to not only incorporate clear values but also encourage the followers to take charge and responsibility of their personal development and performance. They incorporate innovation in problem solving by delegating work-related decision making, which results in fostering an environment where the followers experience empowerment.

Rafferty and Griffin (2004) in an empirical study on dimensions of transformational leadership, also supported the theme from the followers perspective. Kivett (1990) indicated that transformational leaders tend to be more successful in inspiring followers to work harder than they originally expected which reflected by their followers reporting higher levels of effectiveness and satisfaction in their organization. Birasnav, Rangnekar (2011), also identified the need for organizations to train their management to adopt transformational leadership behaviour. Such training can serve as a reassurance of not only human capital development but also the utilization of potential to direct the developed capital towards the achievement as well as sustainment of competitive advantage.

Jong and Hartog (2007) asserted that there is a positive impact of inspirational motivation and intellectual stimulation of transformational leader on business performance. Capitalizing on the innovation of their employees and incorporate it, not only into the evolution of work processes but also into the development of evolved or even new products, is one way for the organizations to embrace innovation. Birasnav and Rangnekar (2011) promoted a similar theme is also promoted as an organization takes human capital development initiatives not only enhance its employees' capabilities but also reflects on their perception of human capital development benefits.

According to Kivett (1990), transformational leaders can raise followers to new levels of awareness and cause them to rise above narrow self-interest, resulting in higher levels of effort and effectiveness. Investing in employee development is one way to help them becomes more competent in their interactions with the work environment (Lee and Bruvold 2003). Singh (2013) reported that traditional manager thinks for his/her staff

on what to accomplish in the organization whereas a collegial leader thinks with them. It is common to find that a traditional manager does the planning for his/her employees.

Transformational leaders encourage their subordinates to apply new thinking to old problems and even to question the leader's ideas (Kivett, 1990). Schepers et al. (2005) argue that transformational leadership style applies another mechanism by challenging people to be more creative and exploratory. This implicit nature of human capital development in transformational leadership style, serves as a foundation to one of the major themes of this study and leads to the following hypothesis:

- **H1:** *There is a positive relationship between the human capital development of employees and the adoption of transformational leadership style by their direct management.*

2.4.2 Knowledge Availability

Knowledge availability is one of the most important aspects of the modern and globalized business organizations today (Ndinguri & Prieto, 2012). In such a fast-paced and globally competitive environment, a business cannot survive without effectively managing the available and potential knowledge. Over the past few decades, many efforts were devoted to developing and enhance the understanding of the phenomenon, in order to exploit its potentials. Many studies have contributed to the cause and examined the knowledge availability practices of various organizations. In the following section, the researcher presents a critical review of these past studies.

Birasnav and Rangnekar (2010) reported that in any organization, knowledge management practices are designed purposefully to create organizational knowledge through leveraging employees' knowledge. Grant (1996) has advanced the

idea by characterizing knowledge by transferability, aggregation, appropriation, and specialization. So, he has concluded that it can be utilised throughout the organization.

Gloet (2006) described Knowledge Management as the systematic processes by which an organization identifies, creates, captures, acquires, shares and leverages knowledge. Jennex, Smolnik (2014) reported that the American Productivity and Quality Centre (AQPC) defines Knowledge Management as a conscious strategy of getting the right knowledge to the right people at the right time and helping people share and put information into action in ways that will improve organizational performance. Birasnav and Rangnekar (2010) reported that acquired knowledge replaces employees' old knowledge of concepts on production processes or methods, and consequently it has a greater impact on their human capital enhancement. In their study, they also argue that this is a kind of knowledge transfer which augments the value of the knowledge or accumulates knowledge possessed by an employee.

Thus, the degree of knowledge transfer from other employees would decide the amount of human capital an employee enhances. Birasnav and Rangnekar (2010) stated in their study that documenting knowledge enhances problem-solving skills of employees, it adds a certain value to the employee's human capital components. Soliman and Spooner (2000) argue that intellectual assets and resources can be utilized much more effectively if organization apply knowledge management techniques for leveraging their human resources and enhancing their personal management.

2.5 Knowledge Management Process and Infrastructure

Although Darroch (2003) has highlighted the lack of literature regarding the evaluation of knowledge management. However, many knowledge management studies including Perez and Pablos (2003) have established a direct relationship between a firm's

sustainable competitive advantage and their ability to not only innovate but also productively utilize the innovations, in terms of intellectual resources.

Muhammad-Siddique (2012) indicated that the importance of knowledge management process and infrastructure are gradually being recognized in the UAE and several organizations have initiated a number of knowledge management related programs. Birasnav and Rangnekar (2010) identified two broader classes of knowledge and described them as individual knowledge and organizational knowledge and based the classification in terms of their contribution to competitive advantage. The former wholly resides in the individual employee's mind, whereas the later one exists in two forms in any organisations.

2.5.1 Knowledge Management Process

Garavan, Morley (2001) among many other studies consider knowledge as a form of capital and has emphasized the importance of knowledge management process, in terms of maximizing the productivity of this capital when knowledge generators take part throughout the process. Muhammad-Siddique (2012) reported that knowledge management process covered several areas such as documentation of knowledge management related resources, identification of internal skills, use of information and communication technology, knowledge sharing, training opportunities and identification of best practices for benchmarking.

Yahya and Goh (2002) described the first dimension as more tangible in a sense that it is structured, documented, and shared through information technologies and identified it as explicit knowledge. Nguyen and Mohamed (2011) emphasized the structured and codified nature of the explicit knowledge. They described explicit knowledge as a tool exploited by the management in order to manipulate the organizational knowledge.

Yahya and Goh (2002) described the second type as entirely intangible is only prevalent in employees' minds and is delivered through their behaviors and perceptions; this type is identified as tacit knowledge. Perez and Pablos (2003) identified that tacit knowledge is generated through the experience of daily work.

Nguyen and Mohamed (2011) extended the theme by identifying that tacit knowledge is highly personal, hard to formalize, and difficult to communicate or share with others. Perez and Pablos (2003) identified the significance of the interaction of both the types of knowledge, in the containing firm and serve as a competitive advantage over other firms. They also described knowledge management as a key element in the achievement and sustainability of a competitive advantage. Birasnav and Rangnekar (2010) emphasized the interdependency of both the types of organizational knowledge, in order to lead the organization to the path of success. The tacit knowledge management process, according to Filius and Jong (2000), it consists of knowledge acquisition, knowledge documentation, knowledge transfer, knowledge creation, and knowledge application.

Muhammad-Siddique (2012) asserted that knowledge sharing covered the meeting, discussion forums, workshops and seminars, project groups and teams, and company's internal documents and manuals, reports and policy papers, training and development programs, mentoring and coaching, internet/intranet and company web sites. Garavan, Morley (2001) highlighted the productivity of human resources development interventions and focused on enhancing the tacit knowledge of employees. Such interventions enhance the performance of an organization in terms of human capital. The authors also emphasized the strategic significance of tacit knowledge in larger learning groups (teams or firms). Where participants are free to innovate and

utilize the innovation, in terms of developing a solution for challenges, in their daily work.

2.5.2 Knowledge Management Infrastructure

Muhammad-Siddique (2012) reported that knowledge management infrastructure covered the internet, electronic mail facilities and websites to provide information on the company, in-house database and management information systems Soliman and Spooner (2000) asserted that emerging internet- and intranet-oriented technologies speed up the explicit knowledge sharing the process in large organizations. Filius, Jong (2000) asserted that firms constantly encourage employees to participate in knowledge management processes and establish communication facilities and organizational culture required to facilitate this process.

Lai and Lee (2007) argue that organizations must, preserve their knowledge base and take steps to utilize effectively both the internal and external knowledge which is of relevance to their operations and make it explicitly available to their employees. In the following section, we will discuss the impact of the of knowledge availability structure dimensions, such as knowledge process and infrastructure on the human capital development.

2.6 Mediating role of the Knowledge Availability

Knowledge availability includes tools that can be utilized by the organizations, in order to achieve a competitive advantage. An innovative and productive team is a key capital of any market leader and competitive organization in today's modern economy as ideas that can create positive differentiation are the most productive tools a company can have. Such ideas are not only born under the leadership capable of transforming the

thinking of the employees but also through the genius of innovative minds. In the whole process, knowledge availability plays a vital role of mediation between the two major sources of excellence for an organization, namely leaders and human capital. The leadership of an organization has a direct impact on an organization's knowledge availability process and practices. This, in turn, affects the development of human capital in an organization. So, it follows that knowledge availability can mediate the impact of transformational leadership on human capital development in an organisation.

Traditionally knowledge availability was associated with the development of knowledge processing and maintaining systems. This has evolved into a more dynamic and integrated model. Which also incorporates, people and actions in the process aimed at coordination and integration, in terms of knowledge, as described by Al-Alawi, Al-Marzooqi (2007). The similar shift is also reported by Lai and Lee (2007), who state that the sharing of explicit knowledge enables the sharing of tacit knowledge as well, resulting in the development of a significant entrepreneurial culture, in an organization. Ndinguri and Prieto (2012) identified the need for evolved skills set in the individuals to be able to utilize both explicit and tacit type of knowledge, learned in an organization, while considering this human involvement.

One of the major characteristics of transformational leadership is the ability to inspire and motivate their followers with a clear ideology and the ability of such leaders to encourage and facilitate their followers to put extra efforts, in order to innovate their way out of current challenges on hand, as identified by Bass (1990). Singh (2008) emphasizes the role of the leaders in the knowledge management process as well as practices in an organization, in terms of their direct impact on it, highlighting the inspirational aspect of leaders on the employees.

Another important aspect of transformational leadership is their ability to stimulate the intellect of their followers, in order to incorporate innovation in the problem-solving practices of their followers. According to Nguyen and Mohamed (2011), due to the role leaders play, they have an enormous impact on knowledge management practices within their organizations. This results in the development of an organization's human capital to its full potential for enhanced creativity and productivity, as described by Jong and Hartog (2007). As a result, transformational leadership not only transforms tacit knowledge and align it with the goals of an organization, but also enhance the ability of their followers to advance explicit knowledge in the organization, as described by Garavan, Morley (2001). This is not only possible through effective knowledge availability but also enables transformational leaders to exercise their influence on knowledge availability process and practices in an organization.

As highlighted by Birasnav, Rangnekar (2010), management of human resources knowledge is a process of human capital development. This brings us to the other part of the mediatory role that knowledge availability plays, in terms of the impact of knowledge availability practices on the human capital development in an organization. Many studies, including Birasnav, Rangnekar (2011), provide an insight into this mediating effect of knowledge availability in the relationship between transformational leadership and human capital development. They establish that knowledge availability serves as a key factor in the process of creating and improving, both tacit and explicit types of employees' knowledge, resulting in an impact on human capital development.

This is also a purpose of an organizational knowledge availability strategy, as human capital is considered the most important asset of the organization. The theme is also asserted by Birasnav and Rangnekar (2010), where they acknowledge that measures

taken for the success of knowledge availability will impact the human capital development. As such measures will facilitate an infrastructure for a supportive culture and effective communication that resulted in enabling enhancement of acquisition and knowledge sharing.

Garavan, Morley (2001), has highlighted that most of the assets that enter the organization along with employees are intangible tacit knowledge rather than formal and explicit in nature. As reported by Birasnav and Rangnekar (2010), organizations aiming for an organizational knowledge creation, in order to achieve a competitive advantage, are constantly striving not only to develop but also enhance the knowledge of employees who involve in strategic business processes.

So, the importance of this mediation of knowledge availability in the relationship of transformational leadership and human capital development is addressed in the previous literature. It also has an even stronger impact in the context of the United Arab Emirates. As highlighted by Muhammad-Siddique (2012), the UAE being a rapidly growing economy with a severe shortage of local human resources, it requires the organizations in the country to assess their knowledge availability initiatives. They should align their strategies in order to minimize barriers and avoid or overcome challenges, in terms of adoption and implementation of knowledge Availability.

This will enable them to align themselves with the explicit interest of the country in the development of intellectual and human capital. Organizations in the UAE can do that by actively involving themselves in the development and implementation of knowledge availability process and practices. In order to achieve that, firms in the UAE should strive to acquire, develop and share knowledge, in order to create and refine their intellectual resources and competencies, as described by (Muhammad-Siddique 2012).

Another way to achieve effective knowledge availability is to incorporate on-job training because it is an easier way to update and align the skills set of employees to modern and rapidly changing technology oriented organizations. Though many organizations, knowledge availability activities are purposefully designed to establish an organizational knowledge-base, by exploiting and leveraging the employees' knowledge (Birasnav and Rangnekar 2010). While achieving such an appropriate skills set through general education system is not only out of the control of individual business (though in the longer run it will automatically be incorporated into the general education system of any society, under the laws of economics), but also can be challenging and costly for organizations, if they try to hire employees with the exact skill-set, as highlighted by (O'Mahony 2012).

In the United Arab Emirates, especially in the public sector and to some extent, in private sector as well, initiatives to update and align employees' skills to the dynamic requirements of the organization and to evolve organizations' knowledge-base, through on-job or company sponsored training is a common practice (though the effectiveness of these training sessions remain an issue). This enables them to not only align and update the skill sets of the employees but also align themselves as an organization to the overall country's goal of development of intellectual human capital through effective management of knowledge. Although, as argued by Siddique (2012), most of the United Arab Emirates organizations have been involved in the development of explicit knowledge, especially in terms of information technology. These knowledge availability initiatives suggest a slight negligence towards the development of tacit or implicit knowledge.

The above findings from previous literature emphasize the mediating role of knowledge availability in the relationship between transformational leadership and human capital development. The incorporation of these findings from the past literature into the theme of this study leads to the development of the second major hypothesis that the researcher aims to test through this study. These findings are that knowledge availability is not only a major factor influencing human capital development Opportunities but also plays a mediatory role between transformational leadership and human capital development, which is also in line with the finding of Birasnav, Rangnekar (2011).

- **H2:** *Knowledge availability mediates the relationship between human capital development and transformational leadership.*

2.7 Organisational Culture

In an organization, just like in the larger society, with the passage of time employees learn to behave in a specific manner, especially in response to certain triggers. A collection of these learned behaviours of employees that establish norms and values in an organization is termed an organizational culture. In this part of the literature review, the researcher will critically analyse these norms and values in an organization, in terms of their role in the relationship between transformational leadership and human capital development.

Perhaps one of the simplest ways to define organizational culture is presented by Park, Ribière (2004), who have described organizational culture as simply the character or personality of an organization, which is often described as “the ways things are done in an organization.” They have also indicated that organizational culture includes the organization’s values, beliefs and norms. A similar theme can be found in the definition of organizational culture presented by Shahin and Wright (2004), where they defined

organizational culture as a set of assumptions or beliefs that are shared by members of an organization. Miron and Erez (2004) reported that the strength of an organization's culture depends on the similarities or homogeneity of the beliefs and perceptions of members of an organization. Conversely, the strength of an organizational culture can also be described in terms of variation in the perception of employees, regarding values and endorsed practices in an organization.

Park, Ribière (2004) in their study, described organizational culture as the shared, basic beliefs and assumptions learned by an organization while coping with the challenges of the environment. This includes not only solving problems of external adaptation but also the problems relating to internal integration. These beliefs are taught to new members as the correct way to solve those problems. Ashforth and Mael (1989) contributed to the idea and has identified in their research that the importance of values in organizational culture prevails and they have fundamentally linked it to the psychological process of identity formation, in which individuals appear to seek a social identity that provides meaning and connectedness. As identified by McDermott and O'Dell (2001), this identity is reflected in two dimensions: visible and invisible. They further describe these dimensions as the visible dimension being reflected in the values, theology and mission of the organization. However, the invisible dimension is the set of unspoken values that govern the actions and perceptions of the employees in an organization.

2.7.1 Support of Innovation

Scott and Bruce (1994) argue that transformational leaders are believed to provide vision, motivate employees, help to install an organizational culture which encourages creativity, risk taking, and nurtures innovation. Tipu, Ryan (2012) asserted that

intellectual stimulation pertains to leaders' ability to create a climate which encourages creativity and innovation and empowers employees to take the initiative in solving challenging tasks. According to Jassawalla and Sashittal (2002) researchers explained various kinds of cultures, such as innovation-specific culture fosters expectations and guidelines for employee's creativity, willingness to experiment, and risk-taking skills. Tipu and Ryan (2012) argue that the role of top management becomes even more crucial in cultivating a strong organizational culture which encourages innovation.

Birasnav and Rangnekar (2011) asserted that the chances are more for promoting organizational innovation through developing human capital by means of improving employees' creative or innovative performance. Tipu and Ryan (2012) reported that leaders use inspirational motivation through their articulation of a well-defined vision which acts as a source of inspiration, enhancing followers' self-efficacy beliefs and improving motivation. (Gellis, 2001) in a transformational leadership environment, teams are more open to innovation and risk-taking when leaders delineate a vision and help team members maximize performance.

2.7.2 Role of Employee Trust

Politis (2002) defined interpersonal trust or trust between co-workers as an essential attribute in organizational culture, which is believed to have a strong influence over knowledge sharing. He also defined interpersonal trust as the expectancy of a group in the reliability of the promises and / or actions of other groups or individuals in the organization. Bititci and Mendibil (2004) reported that supportive culture encourages employees to get involved in the decision making process with mutual respect and trust.

Scott and Bruce (1994) argue leaders create trust by providing employees with autonomy and decision making to perform their tasks and thereby they promote employees' innovative behaviours and self-efficacy. Lari and Shekari (2012) reported that social capital is based on the relationship between individuals and their organizations, which can be accumulated through organizational culture. Smircich (1983) identified two approaches to the study of the cultural phenomenon in organizations. These approaches include considering culture as an organizational variable, then culture seen as something which can be manipulated. This leads us to the conclusion that nature, direction, and impact of such manipulation are dependent on the skills and abilities of the leader.

Birasnav and Rangnekar (2011) defined an explaining on the link between transformational leadership and organizational culture, leaders establish employee supportive culture and trusting culture in the organization through their charismatic and individualized consideration characteristics. Gruenfeld and Mannix (1996) reported that team members require the existence of trust to respond openly and sharing knowledge.

2.7.3 The Mediating Roles

However, many studies emphasized that organizational culture is a determinant of people's behaviours in an organization, transformational leadership also has a great impact on the practices of the followers in an organization, as well as their perceptions about human capital development. Thus, transformational leadership is expected to have an impact on the organizational culture in general, since leaders are the ones who basically define the culture of an organization, as indicated by Bass (1985).

In this section, we will critically review the literature in terms of the mediating role that organizational culture plays in the relationship between transformational leadership and

human capital development. As transformational leadership has an impact on the organizational culture that in turn has implications for the development of human capital.

Many studies reported the impact of transformational leadership on organizational culture. In contrast, if culture is considered as a part of the organization, then the impact of leaders is moulded by the culture, as described by Bass and Avolio, (1993). Hogan and Coote (2014) reported the leaders play an important role in creating and maintaining specific types of culture in an organization, in terms of many aspects. Hennessey (1998) suggested that it is vital and prerequisite to the effectiveness of a leadership to be able to understand and work within a culture, in an organization. Most of the initial work in the field of relating leadership and organizational culture, both implicitly and explicitly, was theoretical in nature.

Some of the studies have highlighted the significance of empirical analysis of this relationship between organizational culture and transformational leadership and its impact on the performance of an organization. Such studies include (Ogbonna and Harris 2000). However, the relationship between organizational culture and performance of an organization has received strong empirical support. As highlighted by Lee and Bruvold (2003), investment in the development of employees allows them to see the extent that the organization value them. Based on their perceptions, employees offer higher levels of commitment and job satisfaction. This keeps them not only contributing to the organizational benefits but also from exercising their liberty to leave the organization.

The study of leadership is deeply attached to culture. The forms of behaviour which are regarded as legitimate and appropriate, as highlighted by (Shahin and Wright 2004),

have a two-way impact, as these behaviours are affected by the actions and responses of both leaders and the followers. Schneider (1987) has previously described that not only organizations seek to hire the people who are likely to share their values but also the individuals as well get attracted to the organizations that they perceive to be having similar values to their own. Organizations that promote a “norm of efficiency and achievement” motivate employees by setting difficult, but attainable goals, and providing feedback on employees’ performance. This, in turn, promotes perceived competence and feelings of self and collective efficacy, as described by (Xenikou & Simosi, 2006), which can also be achieved through transformational leadership.

Brown (1992) shared a similar theme of the actual needs of the skilled leaders for influencing the organization in such way that it should result in the improvement of organizational performance. Patnaik (2011) conducted a critical analysis of organizational culture and its relationship to work motivation. This may include even altering the aspects of the organizational culture which might prove counter-productive for an organization. More recent studies like Ergeneli and Gohar (2007) suggest that transformational leadership has a potential to not only impact the followers emotionally and exercise a great inspirational influence but also intellectually stimulate them, to the level where they can deal with the challenges in their own innovative ways, resulting in an improved organizational performance, while at the same time contributes to the development of human capital for the organization. Lai and Lee (2007) has asserted that the factors in organizational culture and structure including learning orientation, communication, coordination, knowledge sharing intention, and flexibility, are infrastructures to establish an explicit quality control.

Previously Bass and Avolio (1993) argued that effective organizations require both tactical and strategic thinking as well as culture building by its leaders. The following proposed hypotheses illustrate this.

- **H3:** An organizational culture characterized by support for innovation mediates the relationship between transformational leadership and human capital development.
- **H3-a:** There is a positive relationship between transformational leadership and the level of support for innovation within the organizational culture.
- **H3-b:** There is a positive relationship between the level of support for innovation in the organizational culture and human capital development Opportunities of employees.
- **H4:** An organizational culture characterized by trust mediates the relationship between transformational leadership and human capital development.
- **H4-a:** There is a positive relationship between transformational leadership and the level of trust within the organizational culture.

H4-b: There is a positive relationship between the level of trust in the organizational culture and human capital development Opportunities of employees.

As highlighted by Ergeneli and Gohar (2007) transformational leadership can not only contribute directly to the human capital development, opportunities for an organization but also through the mediation of organizational culture. They promote a culture support for innovation and coordination that not only results in the enhancement of organizational performance but also in human capital development. Incorporation of the above findings from the past literature into the theme of this study leads to the development of the third major hypothesis that the researcher aims to test through this

study. These findings are that organizational culture is not only a major factor influencing human capital development Opportunities but also plays a mediatory role between transformational leadership and human capital development, which is also in line with the finding of Birasnav and Rangnekar (2011).

2.8 Human Capital Development Opportunities Measurement

A part of the description of the human capital development, it is also important to be able to measure the impact of these efforts towards human capital development Opportunities so that organizations should be able to assess the productivity of these efforts. This study examines human capital development Opportunities as perceived by employees, and so the extent at which they gain the development will be related to the amount of employees' perceived human capital development. As reported by Birasnav and Rangnekar (2011) employees perceive their human capital benefits when they have the potential to deliver more return in terms of contributing to intellectual capital creation over the investment made in them.

Following is the review of studies suggesting different measures assess the productivity of human capital development. Many efforts have been made to formulate the assessment of human capital development. These efforts have resulted in measures that have a very diverse range. Strategic human capital scholars are increasingly recognizing the importance of human capital scarcity for explaining individual and firm outcomes (Mackey and Molloy, 2014). According to Khanna and Jones (2014) research on human capital as a source of competitive advantage has focused largely on firm employees. Some of these measures provide a financial assessment of the human capital development Opportunities efforts, while others provide a non-financial assessment of these efforts.

Some of these indicators have pre-existed and others have been especially designed for the purpose of human capital development Opportunities assessment. May be one of the earliest and more elaborative indicator is on-job training, as described by Becker (1962), on-the-job training is dealt with so elaborately not because it is more important than other kinds of investment in human capital-although its importance is often underrated-but because it illustrates the effect of human capital on earnings, employment, and other economic variables.

More recently, studies like Wasmer (2001), have asserted that the human capital of individuals is usually thought of as having two main components, education, and experience in the labour market. Many recent studies including Moore and Ron (2007) , have highlighted another important aspect of the way organizations treat their employees and mentioned that fixed assets in the organization are treated as assets that depreciate over time but employees are treated as expenses yet they appreciate over time with additional training and experience. Murphy and Murphy (2007), at the same time in their study, have argued that human capital is the ability of employees to generate economic output through the application of their education, knowledge, and skills; it refers to employees' knowledge, capabilities, skills, and expertise.

In recent studies these training and development expenditures per employee are recommended and proved to be an important leading indicator (Bassi and McMurrer 2008). While others have supported the theme by arguing that earlier, it has been common to use formal education as the measure of human capital but in reality in most cases skills also acquired through on-job-training. Such studies include Leping (2009), among many others. Various studies have established the importance of training and

development, employee empowerment and promotion in the employee retention for the companies to achieve an edge over competitors, as reported by (Gul, Akbar 2012).

They have also highlighted that capacity development and employee empowerment have gained wider employee preference so managers should consider training and development and employee empowerment in retaining reliable work force. Many studies including Yeh and Chin-Chen (2013), have described employee rewards, sales revenue, education, and the number of professional personnel as best indicators of human capital of a firm. Moreover, education and prior job experience, which represent the core drivers behind corporate growth considered as the non-financial indicators of human capital.

As part of the above-mentioned issues Yeh, Chin-Chen (2013), have also asserted that although many organizations have recognized the importance of human capital, there are many who remain unwilling to release related indicators or data in order to avoid the release of information. The lack of an appropriate means of measurement and the limited availability of data related to human capital poses considerable challenges in the field. At the firm level, HRM practices, such as training and development, are aimed at increasing employee's individual human capital (Wright, Coff 2014). Also, Liu (2014) report that human capital has received much attention as the micro foundation for a firm to achieve competitive advantage.

Although previous studies have reported several measurements of human capital development, however, most of those studies have focused on measuring the human capital development opportunities at the organization level and a few of them have studied it at the employee level. As the purpose of this study is to examine the impact of the knowledge availability in terms of its mediating relationship between the

transformational leadership and the human capital development Opportunities form the employees' prospective. Therefore, we discuss below the most common measurements found in the previous studies from employees prospective. These measures include training, empowerment, and promotion and career progression.

Baron and Armstrong (2007) reviewed several human capital measures that have been developed and used by a variety of organizations. According to Bassi and McMurrer (2008) measuring the impact of human capital has been an ongoing challenge in the field of human resource development. One of the reasons, why measurement of human capital development Opportunities is difficult, is that human capital is not owned by the organization but secured through the employment relationship. (Baron and Armstrong (2007). Also Baron and Armstrong (2007) in their empirical study argued that researchers identified several human capital measurements and some of that measurement are from an organization's prospective while the others are from people's prospective: human capital return on investment, training return on investment, cost of absence, cost of leavers, employee engagement, annual pay audits, diversity and inclusion, added value, employee turnover, reward, succession plan, performance and productivity.

Yeh and Chin-Chen (2013) state that employee rewards, education, and the number of professional personnel are considered as best indicators of the human capital of an organization. Education and prior job experience, which represent the core drivers behind corporate growth considered as the non-financial indicators of human capital. Bukowitz (2004) believes that employee satisfaction, employee turnover, and investment in training provide a picture of how well the organization is managing it is human capital. Yeh, Chin-Chen (2013) asserted that although many organization have

recognized the importance of human capital, there are many who remain unwilling to release related indicators or data. Moore and Ron (2007) report that fixed assets in the organisation are treated as assets that depreciate over time but employees are treated as expenses yet they appreciate over time with additional training and experience.

Wasmer (2001) assert that human capital of individuals is usually thought of as having two main components, education, and experience of the labour market. Murphy and Murphy (2007) believes that human capital is the ability of employees to generate economic output through the application of their education, knowledge and skills; it is referred to as employees' know-how, capabilities, skills and expertise. Training and development expenditures per employee proved to be an important leading indicator of human capital at the organizational level (Bassi & McMurrer, 2008).

At the firm level, HRM practices, such as training and development, are aimed at increasing employee's individual human capital (Wright, Coff 2014). Also, Liu (2014) report that human capital has received much attention as the micro foundation for a firm to achieve competitive advantage. Strategic human capital scholars are increasingly recognizing the importance of human capital scarcity for explaining individual and firm outcomes (Mackey & Molloy 2014). According to Khanna and Jones (2014), recent research has focused on human capital as a source of competitive advantage has focused on firm employees. Many studies have established the importance of training and development, employee empowerment and promotion in the employee retention for the companies to achieve an edge over competitors (Gul & Akbar 2012).

Although previous studies reported several measurements of human capital development, most of those studies focused on measuring human capital development Opportunities in the organization and a few of them who studied it at the employee

level. The purpose of this study is to examine the impact of knowledge availability in the relationship between the transformational leadership and human capital development Opportunities from the employees' prospective. Therefore, we discuss below measurements of human capital at the employee level that has been reported in previous studies. The main dimensions of human capital development Opportunities at this level revolved around key elements including opportunities available for employee training, empowerment, promotion, and career progression.

2.8.1 Investment in Employee Learning

The grooming and polishing of employees' skill sets are often attributed to training. But there is more to it than just grooming of employees' skills set. It also has an impact on the perception of the employees. As highlighted earlier by Lee and Bruvold (2003) in their analytical study, they have identified that having employee development programmes available in the organization improves employees' perceptions about their employer and increases employees' overall positive feeling towards the employer, which in turn may impact on job satisfaction.

Lee and Bruvold (2003) have also established that investment in employee development gives employees a greater sense of control over their career due to the opportunities to update old skills and gain new ones (Lee & Bruvold, 2003). Given the strategic impact of employees on organizational performance, one would expect that most executives move to maximize their investment in human capital (Schiemann, 2005). Investing in human capital is one major aspect of human capital development as highlighted by (Cook, 2006) who stressed that organizations cannot afford to rely on current skill levels, but should look at ways to improve performance by building effectiveness in

current roles while helping retention by providing the desired development opportunities.

For more than a decade ago, organization dynamics have been the focus of human resources practitioners, providing the strong genesis to research on the importance of training and development, people empowerment and management (Gul & Akbar 2012). Gul (2012) also described training as the grooming and polishing of employees' abilities, talents and knowledge with the help of human capital development programs for the combined organization welfare (Gul & Akbar, 2012). They have highlighted another important aspect of training in terms of Individuals ability to keep on developing their capabilities with frequent exposure to a variety of situations and added experience. This enhancement in the professional capabilities drives individuals to secure more challenging jobs carrying higher professional and financial values.

The literature also reveals that training not only improves employee performance but is also a fundamental for his/her career success. Gul and Akbar (2012) indicate that the grooming and polishing of employees' abilities, talents, and knowledge with the help of training and development programs contribute to the combined organizational welfare. Liu and van Jaarsveld (2014) report that three dimensions are particularly important as points of leverage. *Firstly*, firms may invest directly in skills and training to create firm-specific human capital. *Secondly*, they may structure incentives to motivate employees to make long-term commitments to the firm and to use their human capital in the best interests of the organization. *Thirdly*, they may design work in ways that create opportunities for employees to use their human capital effectively. Therefore, individuals keep on developing their capabilities with frequent exposure to a variety of situations and added experience.

Empirical findings of previous research indicated that providing training opportunities to employees increase organization performance and productivity. Lee and Bruvold (2003) report that having employee development programmes available in the organization improves employees' perceptions about their employer and increases employees' overall positive feeling towards the employer. A review of the past literature provides insight with regards to the importance of providing development programs by leaders to their subordinates. Lee and Bruvold (2003) indicated that investment in employee development gives employees a greater sense of control over their career due to the opportunities to update old skills and gain new ones.

Employee capacity building exercises and programmes are introduced to increase the knowledge, skills and abilities of employees. Gul and Akbar (2012) suggested that those things add to the efficiency of employees and enable them to perform to the best of their abilities. Many researchers have indicated that transformational leaders encourage learning and development among followers. Schiemann (2005) suggested that given the strategic impact of employees, you would expect that most executives move to maximize their investment in human capital.

Cook (2006) argue that organizations cannot afford to rely on current skill levels, but should look at ways to improve performance by building effectiveness in current roles while helping retention by providing the desired development opportunities. Gul and Akbar (2012) have indicated that training and job rotation, that is moving an employee from one job to another, enhances creativity and motivation of employees. They have also emphasized that training and development not only enhances employees' capabilities but also improve organizational performance.

2.8.2 Empowerment of the Employees

A review of the past literature provided a wider definition of empowerment. According to Kim and George (2005), the researchers described empowerment as an increased intrinsic task motivation manifested in a set of four cognitions (impact, competence, meaningfulness, and choice) reflecting an individual's orientation to his or her role. Gul, Akbar (2012) supported the theme and indicated that employee's empowerment involves allowing them to participate in the organization matters, more importantly in decision-making processes.

Moreover, Al-Husseini (2006) argued that empowerment is a leadership and management-based process designed to create a highly motivated and involved workforce. Also in the same study Al-Husseini (2006) indicated that empowerment involves people from all levels of responsibility in decision-making. The theme is also emphasized by Gul and Akbar (2012) that to engage and involve employees in the decision making process related to their organizational role and jobs and allowing them to use innovative and creative ideas to perform well and bring value to the business. Prior researchers also indicated the importance of empowerment. According to Khan and Khan (2013), empowerment is one of the important factors in the organisational growth through which employees feel more strengthened in their decisions and can achieve the organizational goals with more meaningful ways. Empowerment gives the feeling of respect, ownership and most significantly a sense of responsibility and these factors reinforce the role of an employee.

2.8.3 Promotion and Career Progression

According to Gul and, Akbar (2012), promotion is an employee development strategy which is also considered as a reward for good performance and realization of an

employee's capabilities. It carries a high value in employee retention as a clear succession plan, which keeps the employee motivated for good performance and long term commitment to the organization. Birasnav and Merbati (2013) supported the theme by arguing that employees involved in self-exploration develop skills and competencies needed to enhance performance; thus, they have more chances to get promoted and at the same moment, they get satisfied with their career.

Brown and Bradley (2009) suggested that employees need the training to provide the skills for undertaking the responsibilities of the next classification level to ensure employees remain competitive for advancement. Gul and Akbar (2012) suggested that supervisors should promote employees on the basis of education, expertise and knowledge for justified promotions. Previous performance and a person's capabilities should account for a large amount of the variance in career success. In the same study, Gul, Akbar (2012) report that employers should carefully design employees promotion strategies.

2.9 Summary

Chapter 2 has provided a review of the literature concerning the relationship between the transformational leadership and the human capital development Opportunities with the mediating effect of knowledge availability and organization culture. In the relationship between the transformational leadership and the human capital development. Recent studies have expressed considerable interest in knowledge availability practices and organizational culture (Lai & Lee, 2007). Park and Ribi re (2004), have also reported that many scholars claim that supportive organizational culture can enable the successful implementation of knowledge management initiatives.

Organizations with successful transformational leadership have an impact on both their culture as well as their knowledge availability practices.

Chapter 3: Methodology

3.1 Research Method

Models or frameworks that are derived from a world view or belief system about the nature of knowledge and existence are termed as a paradigm, as described by Cohen and Crabtree (2006). In this study, the researcher has intended to utilize Positivism as the research paradigm, where the researcher will employ a quantitative approach to test a predefined theoretical model using empirical analysis of data collected using a questionnaire. As described by Bunniss and Kelly (2010), positivism tends to use quantitative methods, often including statistical testing of hypotheses, randomized controlled trials and questionnaires.

So, by incorporating the positivism paradigm, the study has based all the inferences, entirely on the empirically analysed evidence or information. Bunniss and Kelly (2010), has also established that positivism tends to determine what exists through estimate and control theory, which is established deductively and uses the scientific method to develop abstract laws, describe, predict patterns, and looks for connections and essential laws. It is also intended to validate the hypotheses, which are to be tested in this study, by utilizing only the data collected through the employed data - collection tools and then analysing the collected data, using statistical tools and techniques.

All the inferences made in this study and conclusive remarks has empirical bases on the results retrieved from the employed statistical tools and techniques. The purpose of the quantitative study is to determine if there is any statistical relationship between transformational leadership style and human capital development Opportunities of employees as it leads to improved employee productivity and performance and

examines the mediating effect of knowledge availability and organizational culture. As asserted by Kieu (2010) quantitative studies involve deductive reasoning or developing specific predictions from the literature or other sources and involve testing hypotheses while qualitative studies utilize inductive reasoning or developing conclusions from specific observations or narratives to look for patterns to develop new ideas. This research employed quantitative (deductive) approach involving a test of the research hypotheses.

3.2 Research Questions

Research questions will be addressed within the context of the United Arab Emirates. As described earlier, the rapidly growing economy of the United Arab Emirates has a severe problem of local human resources shortage. This shortage of local human resources coupled with the transactional style of leadership, the most prevailing leadership style in the country, as described by Al-Ali (2008), is not helping to resolve the issue. Despite all the efforts of the government, the problem is worsening. Moreover, the public sector of Abu Dhabi has also reached saturation and will not be able to absorb national human resources and at the same time, the private sector is far from being effective in this regard of absorbing local human resources (Al-Waqfi & Forstenlechner 2014).

So, this research also indirectly contributes to addressing the problem of shortage of local workforce through the evaluation of a potential solution for it, in the form of transformational leadership and how it impacts the most desirable task of human capital development, in terms of local or national workforce in the United Arab Emirates, in general, and in the government sector of Abu Dhabi, in particular. So a precise narration questions, under consideration in this study will be as follows to

examine the factor structure of Bass and Avolio's *Full-Range Leadership Theory* (FRLT) in the UAE context.

- Q1- *Is there a relationship between the transformational leadership and human capital development?*
- Q2- *Does knowledge availability play a mediating role in the relationship between transformational leadership and human capital development?*

Question 2 can be divided into two sub-questions, based on the mediating relationship it addresses. So, *Firstly*, sub-question is intended to address the first part of the mediation of knowledge availability between the transformational leadership and human capital development opportunities relationship, in the context of Abu Dhabi government sector. So, its inquiries about the relationship between transformational leadership and knowledge Availability. *Secondly*, sub-question, however, is intended to address the later part of the mediation of knowledge availability between the transformational leadership and human capital development Opportunities relationship, in the context of Abu Dhabi government sector. It inquiries about the relationship between knowledge availability and human capital development, as follows:

- Q2.1- *Is there a relationship between transformational leadership and knowledge Availability?*
- Q2.2- *Is there a relationship between knowledge availability and human capital development?*
- Q3- *Does organizational culture play a mediating role in the relationship between transformational leadership and human capital development?*

Similarly, Question 3 can also be divided into two sub-questions, based on the mediating relationship it addresses. So, the first sub-question is intended to address the initial part of the mediation of organizational culture, between the transformational leadership and human capital development Opportunities relationship, in the context of Abu Dhabi government sector. So, its inquiries about the relationship between transformational leadership and organizational culture, Moreover, second sub-question, is intended to address the later part of the mediation of organizational culture between the transformational leadership and human capital development Opportunities relationship, in the context of Abu Dhabi government sector. It inquiries about the relationship between organizational culture and human capital development, as follows:

- **Q3.1-** *Is there a relationship between transformational leadership and organizational culture?*
- **Q3.2-** *Is there a relationship between organizational culture and human capital development?*

3.2 Research Hypotheses

The implicit nature of human capital development Opportunities in transformational leadership style serves as a foundation for one of the major factors of this study.

To answer the first research question, the following hypothesis to test the relationship between transformational leadership styles and human capital development opportunities are proposed.

- **H1:** *There is a positive relationship between human capital development Opportunities of employees and the adoption of transformational leadership style by their direct management.*

This study suggests that knowledge availability is not only a major factor influencing human capital development Opportunities but also plays a mediatory role between transformational leadership and human capital development, which also was proposed in a conceptual study by Birasnav and Rangnekar (2011).

To answer the second research question, the following hypothesis is proposed to test the mediating effect of knowledge Availability.

- **H2:** *knowledge availability mediates the relationship between and human capital development and transformational leadership.*

To answer the third research question, proposed were the following hypothesis and sub-hypotheses to test the mediating effect of organizational culture.

- **H3:** *An organizational culture characterized by support for innovation mediates the relationship between transformational leadership and human capital development.*

This hypothesis leads to two sub-hypotheses. To test the mediatory relationship of an organisational culture characterized by support for innovation on the relationship of transformational leadership and human capital development, the researcher will test the relationship between transformational leadership and organizational culture, first and then the relationship between organizational culture and human capital development. Following are the sub-hypotheses, the researcher will utilize them to test the major hypothesis H 4:

- **H3-a-** *There is a positive relationship between transformational leadership and the level of support for innovation within the organisational culture.*

- **H3-b-** *There is a positive relationship between the level of support for innovation in the organizational culture and human capital development Opportunities of employees.*
- **H4:** *An organizational culture characterized by employee trust mediates the relationship between human capital development and transformational leadership.*

This hypothesis leads to two sub-hypotheses. To test the mediatory relationship of an organisational culture characterized by employee trust on the relationship between transformational leadership and human capital development, the researcher tested the relationship between transformational leadership and organizational culture, first and then the relationship between organizational culture and human capital development. Following are the sub-hypotheses, the researcher will utilize them to test the major hypothesis H5:

- **H4-a-** *There is a positive relationship between transformational leadership and the level of employee trust within the organizational culture.*
- **H4-b-** *There is a positive relationship between the level of employee trust in the organizational culture and human capital development opportunities of employees.*

3.3 Research Framework

In this study, the theoretical framework was inspired by the one proposed by Birasnav and Rangnekar (2011) in their critical literature review study regarding the relationship between transformational leadership and human capital development. I propose a positive relationship between transformational leadership and human capital development while incorporating the mediatory role of knowledge availability and

organizational culture. The framework examines the relationships between transformational leadership and human capital development Opportunities and the mediatory relationships of the remaining three factors which are knowledge availability and organizational culture.

As a mediatory relationship indicates the influence of a factor on the original relationship, so the theoretical framework will also include mediatory relationship pairs. These relationship pairs include; *Firstly*, a relationship between transformational leadership and knowledge availability paired with the relationship between knowledge availability and human capital development. *Secondly*, a relationship between transformational leadership and organizational culture paired with the relationship between organizational culture and human capital development, completing the whole model based on the proposed theoretical framework. So the final model will incorporate all the mediatory factors of the knowledge availability and organizational culture, as shown in Figure 1.

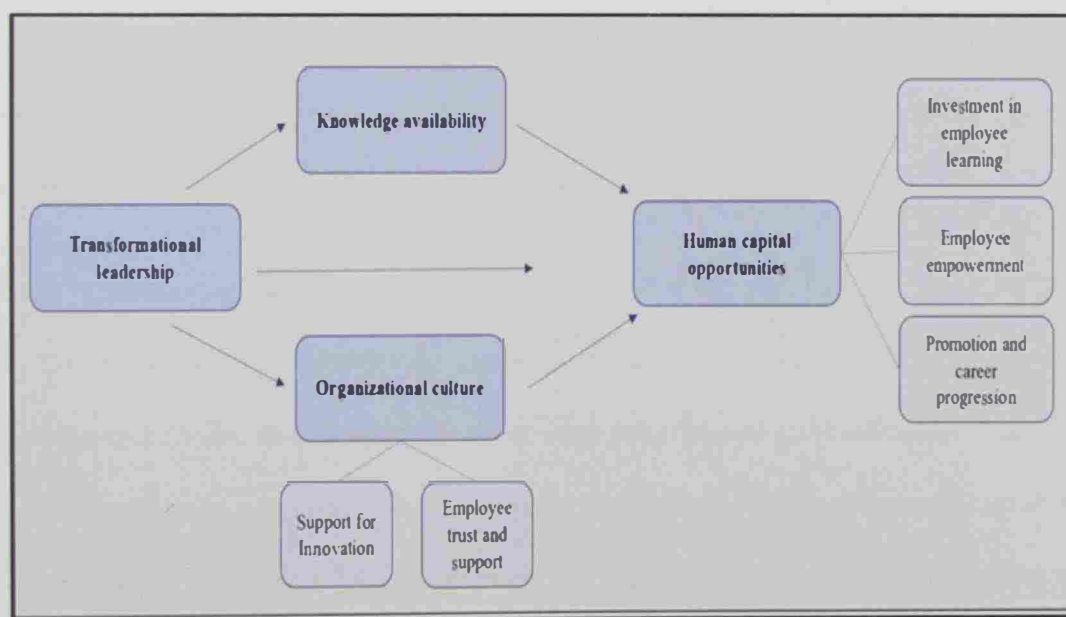


Figure 1: Conceptual research framework

3.4 Questionnaire Development and Design

The study questionnaire will include scales to measure each of the study constructs relying on measures that used in previous research. This section explains the constructs and instruments used in the previous literature which will be used in the questionnaire. The questionnaire instrument designed very carefully to ensure the minimization of bias. The questionnaire involved two major parts. The first part used the MLQ to measure leadership using a 5- point scale as per the questionnaire design (0 = Not at all, 1 = Once in a while, 2 = Sometimes, 3 = Fairly often, 4 = Frequently, if not always) and the second part included measures of the other constructs using a Likert-type scale with 5 (1 = strongly disagree, 2 = somewhat disagree, 3 = neither agree nor Disagree, 4 = somewhat agree and 5 = strongly agree). Also, the questionnaire included measures of control variables such as gender, experience, education, the income level of the employees.

3.4.1 Demographic Information Constructs

Demographic information categorized in the Questionnaire in part A were the questions included respondents' data such as current job title, years of service do you have in your current company, job category, years served under current manager/supervisor, gender, income level, years of work experience and education level.

1) Leadership behaviour

The researcher used *Multifactor Leadership Questionnaire* (MLQ) 5x developed by Bass and Avolio in this study for measuring transformational leadership. The MLQ has been used in studies as the primary quantitative instrument to measure the transformational leadership constructs (Lowe & Kroeck 1996). The MLQ has widely been used over the past years in research studies which published in journals,

dissertations, book chapters, conference papers, and technical reports. The instrument used to study leadership in a variety of organizational settings (Lowe, Kroeck 1996).

The questions are intended to measure the eight factors (four aspects of transformational leadership, three aspects of transactional leadership, and laissez-faire identified in Bass and Avolio's (1994) leadership model. Further questions will be included concerning knowledge Availability, organizational culture, and human capital development Opportunities aspects. The participants will be given an assurance of confidentiality.

Bass's theory posits three transformational leadership behaviours: attributed charisma, individual consideration and intellectual stimulation (Politis 2002). The responses to the questionnaire instruments will be analysed and will measure the four factors that impact human capital development. In quantitative research, using a questionnaire helps in measuring the important factors for large populations. Judge and Judge (2000) argue that in addition to containing items that assess transformational leadership behaviours, the MLQ also has items that assess subordinate outcomes, such as subordinate satisfaction with the leader. He also reports that furthermore, the MLQ ratings do not include some potentially relevant outcomes, such as organizational commitment or overall job satisfaction (Judge & Judge, 2000).

Kieu (2010) asserted that many researchers who used Multifactor Leadership Questionnaire in their studies agreed that the MLQ is one of the most useful instruments to measure transformational and transactional leader behaviours in the organizations. The MLQ questionnaire license was purchased in English and Arabic

so that respondents could participate and fully understand and answer the questions. The MLQ contains 45 questions used to collect information on leadership behaviour: transformational leadership behaviour, transactional leadership behaviour and laissez-faire leadership behaviour.

Leadership behaviour categorized in the Questionnaire in part B were the questions consisted 45 items: Transformational leadership which consisted five dimensions with four items per dimension. Transactional leadership which consisted three dimensions with four items per dimension. Laissez-faire leadership which consisted one dimension with four items.

Table 2: MLQ Scoring Key

Leadership Dimensions	Survey Questions
Transformational Leadership	
Idealized Influence Attributed (IIA)	10, 18, 21, 25
Idealized Influence Behaviour (IIB)	6, 14, 23, 34
Inspirational Motivation (IM)	9, 13, 26, 36
Intellectual Stimulation (IS)	2, 8, 30, 32
Individualized Consideration (IC)	15, 19, 29, 31
Transactional Leadership	
Contingent Reward (CR)	1, 11, 16, 35
Management-by-Exception Active (MEBA)	4, 22, 24, 27
Management-by-Exception Passive (MEBP)	3, 12, 17, 20
Laissez-faire / Hands-off Leadership (LF)	5, 7, 28, 33

Table 3: MLQ (5X) Short Form Items

leadership Dimensions	MLQ Statements
Idealized Influence (Attributed):	<p>My leader instills pride in me for being associated with him/her</p> <p>My leader goes beyond self-interest for the good of the group</p> <p>My leader acts in ways that build my respect</p> <p>My leader displays a sense of power and confidence</p>
Idealized Influence (Behaviors):	<p>My leader talks about their most important values and beliefs</p> <p>My leader specifies the importance of having a strong sense of purpose</p> <p>My leader considers the moral and ethical consequences of decisions</p> <p>My leader emphasizes the importance of having a collective sense of mission</p>
Inspirational Motivation:	<p>My leader talks optimistically about the future</p> <p>My leader talks enthusiastically about what needs to be accomplished</p> <p>My leader articulates a compelling vision of the future</p> <p>My leader expresses confidence that goals will be achieved</p>
Intellectual Stimulation:	<p>My leader re-examines critical assumptions to question whether they are appropriate</p> <p>My leader seeks differing perspectives when solving problems</p> <p>My leader gets me to look at problems from many different angles</p> <p>My leader suggests new ways of looking at how to complete assignments</p>
Individualized Consideration:	<p>My leader spends time teaching and coaching</p> <p>My leader treats me as an individual rather than just as a member of a group</p> <p>My leader considers me as having different needs, abilities, and aspirations from others</p> <p>My leader helps me to develop my strengths</p>
Contingent Reward:	<p>My leader provides me with assistance in exchange for my efforts</p>

	My leader discusses in specific terms who is responsible for achieving performance targets
	My leader makes clear what one can expect to receive when performance goals are achieved
	My leader expresses satisfaction when I meet expectations
Management-by-Exception (Active):	My leader focuses attention on irregularities, mistakes, exceptions, and deviations from standards
	My leader concentrates his/her full attention on dealing with mistakes, complaints, and failures
	My leader keeps track of all mistakes
	My leader directs my attention toward failures to meet standards
Management-by-Exception (Passive):	My leader fails to interfere until problems become serious
	My leader waits for things to go wrong before acting
	My leader shows that he/she is a firm believer in "If it isn't broke, don't fix it."
	My leader demonstrates that problems must become chronic before acting
Laissez-faire / Hands-off:	My leader avoids getting involved when important issues arise
	My leader is absent when needed
	My leader avoids making decisions
	My leader delays responding to urgent questions

2) Knowledge availability

The focus of this study is on knowledge availability effectiveness as perceived by employees rather than objective measures of knowledge availability effectiveness. Therefore, this study measured perceived knowledge availability effectiveness in the questionnaire in part C were the questions using a scale consisting of 11 items developed by Beccera-Fernandez and Sabherwal (2001).

3) Organisational culture (OC)

Support for innovation was measured in the questionnaire in part D using 9 items. One item from Dobin (2008) and five items from Bassi and McMurrer (2008) and three items from Scott and Bruce (1994).

4) Employee's trust (ET)

Employee trust and support was measured using 6 items. The first three items from Glaser (1987) and second three items from O'Reily (2014).

3.4.2 Human Capital Development Opportunities Constructs

1) Investment in employee learning

Investment in employee development was measured in the questionnaire in part E with 6 items from Lee and Bruvold (2003) and two more item developed by the researcher.

2) Employee Empowerment (EE)

Employee empowerment appearing in the questionnaire in part F was measured using eight items taken from Niehoff (2001) with one item developed by the researcher.

3) Promotion and career progression

Promotion and career progress was measured in part G with 3 items from Lee and Bruvold (2003) and two items from Gul and Akbar (2012).

3.4.3 Population Sample and Data Collection

The study sample consisted of employees in 38 organizations in the government and semi-government sector in the Emirate of Abu Dhabi. The entities representing different sectors such as Administrative and Support Services, Transportation and Logistics, Technology and Telecom, Oil, Gas and Energy, Manufacturing and Industrial, Healthcare and Science, Banking and Finance, Sales and Marketing, Media and

Creative, Construction and Property, Social Services and Hospitality. The employees randomly selected from different government and semi government organizations.

The questionnaire distributed to human resources departments at the organizations for distribution to the employee. The completed questionnaires collected from each organisation by the human resources departments and returned to the researcher. Out of 500 questionnaires distributed, 394 questionnaires returned, of which 306 (144 males and 162 females) were useable which produced a response rate of 61%. The researcher used a paper survey questionnaire to gather data from the employees in the government entities. Permission has been granted from human resources departments in those entities and the researcher personally delivered and collected back the questionnaires from each research site.

Chapter 4: Results

4.1 Introduction

The purpose of this chapter is to reiterate what we found and discuss the generated findings in relation to the theoretical body of knowledge on the topic. The chapter aims at establishing the relationship between the analysed data and the proposed theoretical framework. The chapter also addressed the practical implications of this dissertation.

4.2. Data Analysis

4.2.1 Sample and Demographic Data

The study sample consisted of employees from 38 organizations in the government and semi-government sector in the Abu Dhabi Emirate. The entities representing different sectors such as administrative and support services, transportation and logistics, technology and telecom, oil, gas and energy, manufacturing and industrial, healthcare and science, banking and finance, sales and marketing, media and creative, construction and property, social services and hospitality. As mentioned in Chapter 3, demographic information about the respondents was collected including current job title, years of service in the current company, job category, years served under current manager/supervisor, gender, income, years of work experience and education level.

- **Monthly income of participants**

Many survey participants receiving a monthly income greater than AED 40,000.

The graph in Figure 2 shows that 10 participants (3%) receive monthly less than AED 10,000; 26 participants (8.5%) receive monthly between AED 11,000 and 20,000, 46 participants (15%) receive monthly between 21,000 and 30,000 AED, 52 participants (17%) receive monthly between 31,000 and 40,000 AED, and 172 participants (56%) receive a monthly more than AED 40,000.

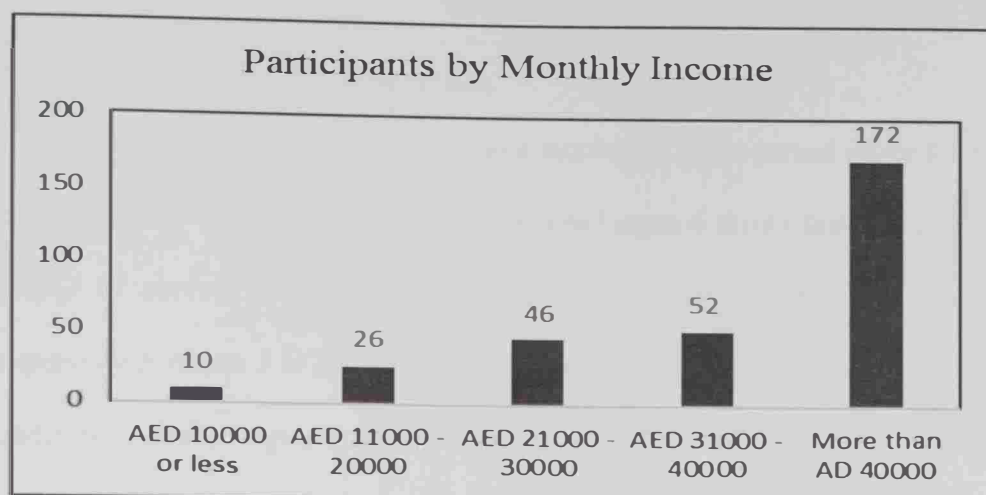


Figure 2: Monthly income of participants

▪ Years of work experience of participants

Many survey participants had earned Years of Work Experience between 0 to 5 years. The graph in Figure 3 shows that 161 participants (53%) of survey participants had earned Years of Work Experience between 0 to 5 years, 104 participants (34%) of survey participants had earned Years of Work Experiences between 6 to 10 years, 19 participants (6%) of survey participants had earned Years of Work Experiences between 11 to 15 years, and 22 participants (7%) of survey participants had earned Years of Work Experiences more than 16 years.

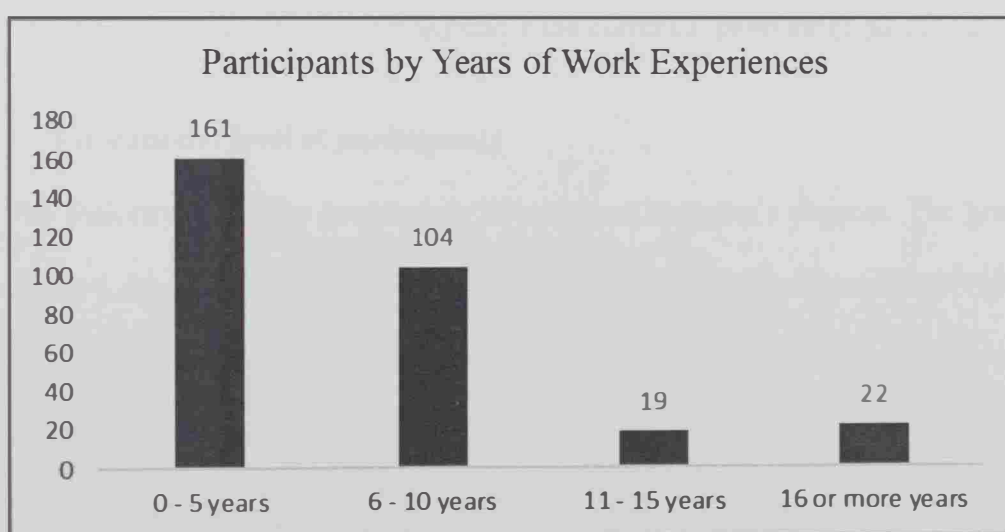


Figure 3: Years of Work Experiences of participants

- **Years under current supervision**

The majority of survey participants had a number of years served under the current supervisor between 1 to 3 years. The graph in Figure 4 shows that 173 participants (56%) of survey participants had number of years served under the current supervisor between 1 to 3 years, 90 participants (29%) had number of years served under the current supervisor between 3-6 years, and 43 participants (15%) had number of years served under the current supervisor more than 6 years.

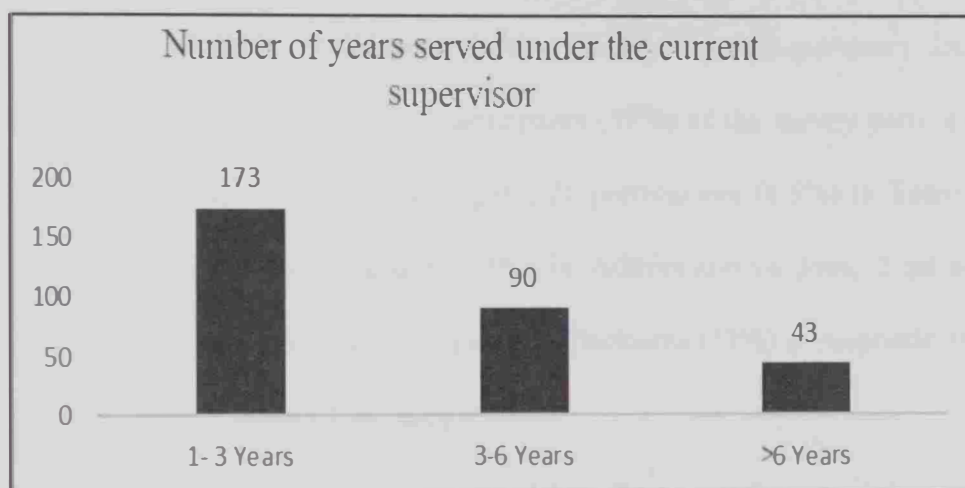


Figure 4: Number of years served under the current supervisor of participants

- **Educational level of participants**

The majority of survey participants have earned bachelor's degrees. The graph in Figure 5 shows that 32 participants (10.5%) of the survey participants received high School Diploma degrees, 175 participants (57%) received bachelor's degrees, 88 participants (28.8%) received master's degrees, and 11 participants (3.6%) received doctorate degrees.

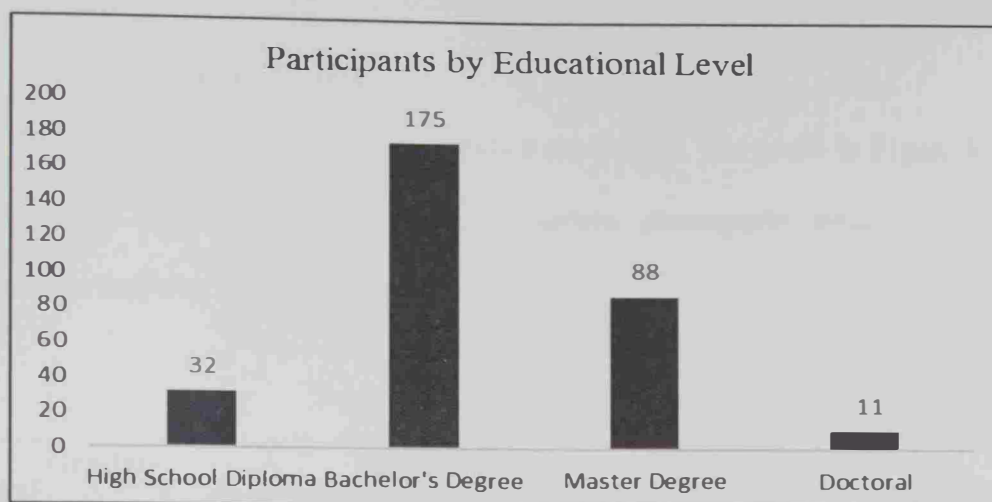


Figure 5: Educational level of participants

▪ **Job category of participants**

The majority of survey participants held a Managerial or Supervisory Jobs. The graph in Figure 6 shows that 120 participants (39%) of the survey participants in Managerial or Supervisory Job Category, 26 participants (8.5%) in Technical or Engineering Jobs, 87 participants (28%) in Administrative Jobs, 2 participants (0.7%) in Sales or Marketing Jobs, and 71 participants (23%) of respondents held a Specialist or Professional Job Category.

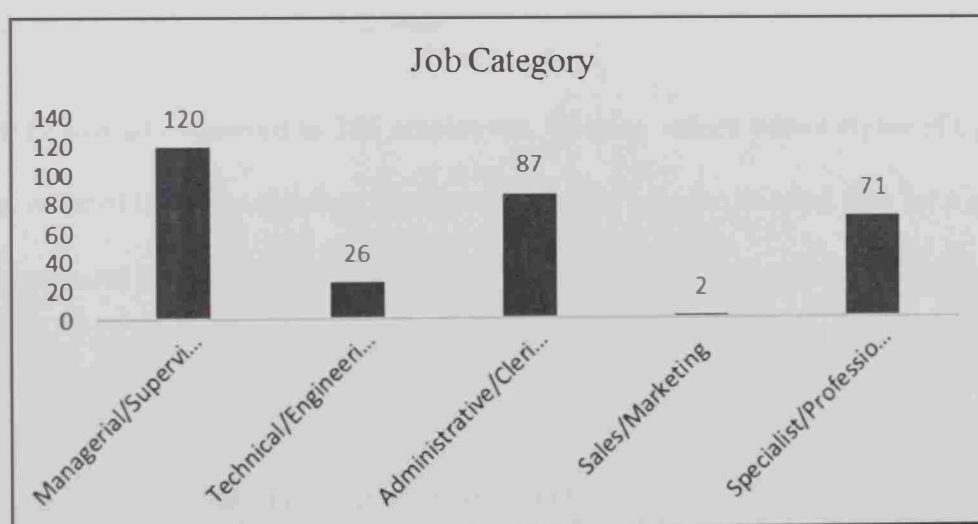


Figure 6: Job category of participants

▪ Gender of participants

The majority of the survey participants were female. The graph in Figure 4 shows that 162 participants (53%) of the survey participants were females and 144 participants (47%) were males.

Table 4: Gender of participants

Gender	Participants	Percentage
Male	144	47.1%
Female	162	52.9%
Total	306	100.0%

4.2.2 Research Sample Leadership Style

The structure of Bass and Avolio's *Full-Range Leadership Theory* (FRLT) in the UAE context: This study used the MLQ's 36 items to measure transformational, transactional, and laissez-faire/hands-off leadership styles (Bass 1995). The MLQ uses a 5-point Likert scale. The responses to the items in the MLQ 5X Short Form was that higher scores indicate the response is favourable or positive. A high score means the perception of the specific leadership behaviour is strong and a low score means the perception of the specific leadership behaviour is weak.

The MLQ was administered to 306 employees. Missing values were replaced by the median value of that item (Melissa McDermeit). In this case the missing data for a given item is replaced by the median of all known values of that attribute in the class where the instance with the missing feature belongs. This method is also a recommended choice when the distribution of the values of a given feature is skewed (Edgar Acuña 2004). All the leadership dimensions have four items. The score of a leadership dimension is the mean score of the items on that dimension.

The mean score is a numeric value computed by summing the average scores of items and dividing by the number of items that make up the dimension. To identify the leadership style of the research sample in comparison to the published MLQ norms (Bass 1995), we used the percentiles for individual score based on a total of all rating levels. The percentiles of the research sample were computed as shown in Table 1.

The 50th percentile from the MLQ norm table was also listed. Comparison between the scores obtained and the norms show that the leadership style in Abu Dhabi is less transformational than the norm but more in the laissez-faire/hands-off style than the general MLQ norms. The items measure the eight factors (four scales of transformational leadership, three scale of transactional leadership, and laissez-faire identified in Bass and Avolio's (1994) leadership model.

The five scales of transformational leadership are Idealized Influence (Attributed) (IIA) and Idealized Influence (Behaviours) (IIB), Inspirational Motivation (IM), Intellectual Stimulation (IS) and Individualized Consideration (IC). The three scale of transactional leadership is Contingent Reward (CR), Management-by-Exception (Active) (MEBA) and Management-by-Exception (Passive) (MEBP). The laissez-faire scale (LF), as shown in Table 5 as LF. The results show that the norms of Abu Dhabi leadership style are less transformational than the general MLQ norms and more in the laissez-faire/hands-off style than the general MLQ norms (Bass, 1995). The result is consistent with prior studies in non-western contexts (Bealer & Bhanugopan, 2013; Ryan & Tipu, 2013).

Table 5: The percentiles of the research sample

n	306	306	306	306	306	306	306	306	306	306
Percentile	IIA	IIB	IM	IS	IC	CR	MEBA	MEBP	LF	
5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	0.25	0.00	0.00	0.00	0.00	0.00	0.50	0.00	0.00	0.00
20	1.00	0.50	0.25	0.67	0.75	0.50	0.75	0.50	0.50	0.50
30	1.25	1.00	1.00	1.50	1.25	1.25	1.00	1.00	1.00	1.00
40	1.50	1.50	1.50	1.75	1.67	1.50	1.25	1.25	1.25	1.25
50	2.00	1.75	2.00	2.00	2.00	1.75	1.50	1.50	1.50	1.50
60	2.00	2.00	2.00	2.25	2.25	2.00	1.50	2.00	1.75	1.75
70	2.25	2.29	2.50	2.50	2.50	2.50	2.00	2.13	2.25	2.25
80	2.50	2.75	3.00	3.00	2.75	2.75	2.25	2.50	2.75	2.75
90	3.00	3.00	3.50	3.25	3.25	3.25	2.63	3.00	3.25	3.25
95	3.25	3.50	3.75	3.50	3.50	3.75	3.00	3.25	3.75	3.75
MLQ Norm Scores	50	3.00	3.00	3.00	2.75	2.75	3.00	1.67	1.00	0.50

4.2.3 Descriptive Statistics for the Study Variables

The correlations between the sub-constructs (IIA to CR), (IN and TR), (ED, EE, PP) are high. The correlations between KM, (IN & TR) and (ED, EE & PP) are highly significant. This is called multi-collinearity. There is always going to be a correlation between latent variables on the theoretical ground for considering the three collinear latent factors meaningfully distinct the purpose is to explore the overall fit or relationship of the model. The correlations between the sub-constructs of AL and KM, IN, TR, ED, EE, and PP are positive and low in magnitude but still significant. Alpha coefficients are shown in parenthesis, on the diagonals. This is the same as the Cronbach's Alpha stated in Tables 6 and 13** $p < 0.01$ * $p < 0.05$

Table 6: The correlations between the sub-constructs

	N	Mean	SD	IIA	IIB	IM	IS	IC	CR	KM	IN	TR	ED	EE	PP
IIA	306	2.79	1.17	(0.92)											
IIB	306	2.72	1.09	.90**	(0.89)										
IM	306	2.72	1.18	.92**	.92**	(0.91)									
IS	306	2.76	1.08	.88**	.87**	.88**	(0.91)								
IC	306	2.81	1.06	.84**	.79**	.80**	.85**	(0.87)							
CR	306	2.77	1.12	.92**	.88**	.92**	.89**	.84**	(0.90)						
KM	306	2.57	0.97	.15**	.12*	.10	.16**	.15*	.16**	(0.95)					
IN	306	2.52	1.03	.13*	.12*	.15**	.14*	.14*	.16**	.65**	(0.96)				
TR	306	2.33	1.12	.12*	0.10	.12*	.13*	.14*	.15**	.68**	.88**	(0.97)			
ED	306	2.64	0.99	.23**	.19**	.21**	.25**	.24**	.25**	.58**	.64**	.63**	(0.96)		
EE	306	2.67	1.04	.18**	.10	.12*	.17**	.18**	.20**	.65**	.67**	.66**	.90**	(0.97)	
PP	306	2.82	1.09	.15**	.13*	.12*	.17**	.15**	.14*	.57**	.58**	.71**	.86**	.84**	.95)

4.2.4 Exploratory Factor Analysis for MLQ

Factor analysis was carried out to explore the appropriateness of the MLQ in the context of Abu Dhabi. To conduct the analysis, the scores of the MLQ questionnaire were recoded from 0-4 to 1-5. Table 7 shows that the 3 factors accounted for 67.7% of the total variation in the observable variables. The factor analysis results, as shown below in Table 8 with factor loadings greater than 0.5 highlighted.

Table 7: MLQ factor analysis for total variance

Component	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	17.501	48.614	48.614
2	5.079	14.109	62.722
3	1.775	4.930	67.653

Table 8: The MLQ factor analysis results

Factor of MLQ	Component		
	1	2	3
IC1	.832	-.051	-.133
IC2	.566	.192	-.203
IC3	.762	-.044	-.081
IC4	.839	-.084	.010
IIA1	.838	-.121	.001
IIA2	.842	-.050	-.011
IIA3	.862	-.233	.015
IIA4	.878	-.179	.071
IIB1	.652	-.092	.320
IIB2	.842	-.212	-.033
IIB3	.818	-.095	.185
IIB4	.864	-.222	.082
IMI	.787	-.165	-.005
IM2	.823	-.252	.039
IM3	.857	-.119	.136
IM4	.854	-.253	.040
ISI	.819	-.128	.062
IS2	.750	-.149	.241
IS3	.831	-.190	.061
IS4	.877	-.121	.010
CR1	.817	-.214	-.030
CR2	.836	-.168	-.058
CR3	.843	-.106	-.133
CR4	.796	-.257	.075
MBEA1	.106	.288	.773
MBEA2	.568	.164	.407
MBEA3	.513	.190	.398
MBEA4	.772	-.029	.170
MBEP1	-.166	.575	.534
MBEP2	-.216	.808	.062
MBEP3	.091	.729	.032
MBEP4	.011	.744	-.118
LF1	-.275	.699	.352
LF2	-.382	.742	.218
LF3	-.193	.757	.134
LF4	-.175	.760	.039

The factor analysis seems to suggest there are two categories of leadership styles. The first factor consists of a blend of transformational and transactional leadership attributes and the second factor suggests laissez-faire/hands-off leadership style. However, there were some uncertainties around the item group MBEA1 and MBEP1. The exploratory analysis was performed again by specifying the number of factors to two and the results are shown in Table 4 and Table 5, respectively.

The 2 factors accounted for 64.2 % of the total variation in the observable variables. There was better clarity in MPEB1 but the misalignment of the item MBEA1 remained. This could be due to mistranslation or misunderstanding of the question in a specific cultural context. Hence it was decided to exclude the item MBEA1 from the analysis. The factor analysis indicates that the leadership style of Abu Dhabi managers perceived by their subordinates is either active or passive/reactive. The active leadership factors include Idealized influence (Attributed), Idealized Influence (Behaviour), Inspirational Motivation, Intellectual Stimulation, Individualized Consideration, Contingent Reward and three of the four Management-by-Exception (Active) items. The passive/reactive leadership style consists of Management-by-Exception (Passive) and Laissez-faire.

Table 9: MLQ factor analysis for total variance of leadership styles

Component	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	17.638	48.994	48.994
2	5.460	15.165	64.159

Table 10: The MLQ factor analysis results of leadership styles

Factor of MLQ	Component	
	1	2
IC1	.810	-.114
IC2	.530	.093
IC3	.746	-.087
IC4	.835	-.093
IIA1	.834	-.130
IIA2	.835	-.068
IIA3	.862	-.230
IIA4	.884	-.159
IIB1	.690	.016
IIB2	.837	-.228
IIB3	.837	-.039
IIB4	.873	-.195
IM1	.784	-.172
IM2	.828	-.238
IM3	.870	-.080
IM4	.859	-.240
IS1	.823	-.114
IS2	.779	-.068
IS3	.837	-.172
IS4	.874	-.128
CR1	.812	-.228
CR2	.826	-.196
CR3	.822	-.165
CR4	.805	-.229
MBEA1	.196	.547
MBEA2	.611	.288
MBEA3	.554	.310
MBEA4	.788	.018
MBEP1	-.112	.733
MBEP2	-.228	.780
MBEP3	.075	.689
MBEP4	-.024	.651
LF1	-.246	.785
LF2	-.371	.778
LF3	-.194	.758
LF4	-.189	.726

4.2.5 Exploratory Factor Analysis for KM, OC and HCD Opportunities

Table 11 shows that the 4 factors accounted for 74.6% of the total variation in the observable variables. Factor 1 represent human capital development Opportunities (HCD), factor 2 describes knowledge management (KM), factor 3 represents organizational characterized by support for innovation (IN) and factor 4 indicates the organizational culture characterized by employee trust (TR).

Table 11: Factor analysis of total variance of KM, OC, HCD

Component	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	13.386	28.481	28.481
2	8.193	17.431	45.912
3	8.123	17.284	63.196
4	5.357	11.398	74.594

In addition to the MLQ, another set of scales to measure knowledge management (KM), an organizational culture characterized by support for innovation (IN), an organizational culture characterized by employee trust (TR), and human capital development Opportunities (HCD) were also administered to the respondents in this study. The exploratory factor analysis in Table 11 shows that the items can indeed be grouped under these factors.

Table 12: Factor analysis results for KM, OC, HCD opportunity

	Component			
	1	2	3	4
KM1	.157	.759	.152	-.020
KM2	.174	.667	.351	-.108
KM3	.306	.693	.277	.231
KM4	.308	.783	.241	.235
KM5	.183	.680	.177	.369
KM6	.200	.705	.184	.270
KM7	.306	.729	.164	.379
KM8	.299	.738	.101	.330

KM9	.307	.758	.117	.290
KM10	.251	.708	.235	-.073
KM11	.345	.658	.224	.262
IN1	.319	.272	.668	.328
IN2	.408	.245	.724	.245
IN3	.378	.257	.760	.228
IN4	.366	.299	.745	.261
IN5	.340	.181	.778	.274
IN6	.395	.325	.640	.134
IN7	.346	.311	.710	.259
IN8	.310	.202	.728	.252
IN9	.425	.199	.664	.180
TR1	.405	.241	.373	.679
TR2	.409	.246	.334	.710
TR3	.438	.244	.380	.669
TR4	.370	.259	.366	.736
TR5	.410	.328	.341	.694
TR6	.368	.258	.391	.683
ED1	.689	.239	.409	.183
ED2	.757	.152	.385	.176
ED3	.699	.153	.355	.177
ED4	.752	.187	.331	.262
ED5	.731	.235	.234	.239
ED6	.740	.243	.242	.105
ED7	.714	.354	.134	.238
ED8	.827	.253	.245	.131
EE1	.638	.275	.439	.248
EE2	.638	.291	.449	.244
EE3	.708	.254	.395	.170
EE4	.647	.284	.349	.220
EE5	.683	.307	.380	.253
EE6	.618	.348	.383	.318
EE7	.620	.305	.399	.317
EE8	.647	.308	.311	.302
PP1	.717	.272	.257	.260
PP2	.721	.275	.261	.312
PP3	.771	.249	.285	.176
PP4	.724	.281	.183	.235
PP5	.719	.262	.147	.236

The factor of human capital development Opportunities (HCD) was further broken down into 3 sub-factors as confirmed by the exploratory factor analysis as illustrated in the factor analysis variance for three sub-factors of HCD accounted for about 80% of

the variation in the variables as shown in Table 13. Table 14 with factor 1 representing employee empowerment (EE), factor 2 represents employee development investment (EDI), and factor 3 represents employee promotion and career progress (PP).

Table 13: Factor analysis of total variance of HCD

Component	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	6.718	31.988	31.988
2	5.186	24.695	56.684
3	4.903	23.349	80.033

Table 14: Factor analysis results for HCD opportunity

	Component		
	1	2	3
ED1	.343	.766	.378
ED2	.376	.792	.347
ED3	.349	.814	.248
ED4	.504	.661	.351
ED5	.533	.523	.375
ED6	.440	.459	.498
ED7	.499	.489	.425
ED8	.464	.591	.494
EE1	.692	.438	.323
EE2	.713	.416	.332
EE3	.789	.308	.364
EE4	.791	.249	.336
EE5	.808	.347	.326
EE6	.747	.366	.338
EE7	.762	.374	.307
EE8	.641	.364	.426
PP1	.407	.405	.671
PP2	.408	.463	.647
PP3	.370	.489	.672
PP4	.354	.259	.832
PP5	.331	.255	.820

4.2.6 Confirmatory Factor Analysis and Model Estimation

Confirmatory factor analysis (CFA) was conducted to verify the theorized construct of the observed variables namely the main construct active leadership (AL) and its 7 sub-constructs, and the main constructs knowledge management (KM), organizational culture characterized by support for innovation (IN), organizational culture characterized by employee trust (TR) and human capital development Opportunities (HCD) with its 3 sub-constructs. SPSS AMOS is used to carry out the confirmatory factor analysis and model estimation using structural equation modelling (SEM)

4.2.7 Testing for Normality and Common Method Variance (CMV)

Most of the estimation techniques used in the SEM assume multivariate normality. Multivariate normality can be tested by examining the skewness and kurtosis values of individual variables prior to model estimation. Tables 15 and 16 shows the skewness and kurtosis values for the main constructs of active leadership, knowledge Availability, an organizational culture characterized by support for innovation, an organizational culture characterized by employee trust and human capital development Opportunities computed by SPSS AMOS. The values of skewness and kurtosis between -2 and +2 are usually considered as acceptable (George & Malley, 2010). The results show that all the skewness and kurtosis values are within the acceptable range. Besides, the maximum likelihood estimators used in structural equation modelling analysis is also considered robust to violations of normality assumptions (Bollen, 1989; Reinartz 2009).

Table 15: Values of Skewness & Kurtosis for the AL variables

Variable	Skew	c.r.	Kurtosis	c.r.
MA2	0.363	2.593	-0.848	-3.029
MA3	0.525	3.752	-0.611	-2.181
MA4	0.256	1.828	-0.801	-2.862
CR1	0.099	0.709	-1.007	-3.595
CR2	-0.003	-0.024	-0.967	-3.454
CR3	0.067	0.479	-1.031	-3.681
CR4	0.37	2.64	-1.008	-3.6
IC1	0.096	0.686	-1.083	-3.868
IC2	-0.073	-0.524	-1.014	-3.619
IC3	0.139	0.991	-1.023	-3.651
IC4	0.083	0.595	-1.165	-4.158
IS1	0.068	0.487	-1.047	-3.739
IS2	0.088	0.629	-0.862	-3.077
IS3	0.054	0.383	-0.903	-3.225
IS4	0.09	0.643	-1.014	-3.621
IM1	0.238	1.699	-1.06	-3.784
IM2	0.366	2.612	-1.037	-3.703
IM3	0.083	0.595	-1.119	-3.996
IM4	0.176	1.258	-1.035	-3.696
IIB1	0.137	0.978	-0.93	-3.32
IIB2	0.217	1.548	-1.008	-3.601
IIB3	0.093	0.665	-0.932	-3.329
IIB4	0.132	0.946	-1.096	-3.913
IIA1	0.081	0.579	-1.191	-4.253
IIA2	-0.064	-0.458	-1.034	-3.691
IIA3	0.221	1.58	-0.983	-3.51
IIA4	0.131	0.938	-1.042	-3.722

Table 16: Values of Skewness & Kurtosis for KM, TR, IN & HCD variables

Variable	Skew	c.r.	Kurtosis	c.r.	Variable	Skew	c.r.	Kurtosis	c.r.
TR1	-1	7.139	0.785	2.801	KM2	1.068	7.625	1.699	6.068
TR2	-0.807	5.766	0.307	1.097	KM1	1.037	7.406	0.77	2.751
R3	-0.728	5.197	0.04	0.143	PP5	0.329	2.35	-0.949	3.389
TR4	-0.808	5.769	0.341	1.216	PP4	0.241	1.723	-0.978	3.492
TR5	-0.697	4.976	-0.236	0.844	PP3	0.439	3.134	-0.698	2.492
TR6	-0.667	4.763	-0.082	0.291	PP2	0.397	2.833	-0.85	3.035
IN1	-0.789	5.633	0.224	0.799	PP1	0.527	3.761	-0.709	-2.53
IN2	-0.884	6.313	0.328	1.172	EE8	0.535	3.821	-0.467	1.667
IN3	-0.765	5.461	0.1	0.359	EE7	0.816	5.83	-0.022	0.077
IN4	-0.705	5.037	-0.142	0.507	EE6	0.568	4.055	-0.62	2.213
IN5	-0.922	6.584	0.236	0.843	EE5	-0.62	4.429	-0.197	0.704
IN6	-0.469	3.352	-0.486	1.735	EE4	0.546	3.896	-0.448	1.599
IN7	-0.59	4.211	-0.285	1.017	EE3	0.699	4.993	-0.108	0.384
IN8	-0.914	6.525	0.658	2.348	EE2	-0.65	4.645	-0.353	1.262
IN9	-0.738	5.271	0.122	0.434	EE1	-0.8	5.71	0.037	0.133
KM11	-0.67	4.786	-0.101	0.361	ED8	0.624	4.454	-0.371	1.324
KM10	-0.641	4.577	-0.175	0.625	ED7	0.452	3.229	-0.655	2.338
KM9	-0.438	3.126	-0.607	2.168	ED6	0.705	5.037	0.294	1.049
KM8	-0.407	2.909	-0.542	1.934	ED5	-0.61	4.359	-0.061	0.219
KM7	-0.642	4.584	-0.093	0.331	ED4	0.715	5.107	-0.14	0.499
KM6	-0.796	5.688	0.241	0.859	ED3	0.842	6.012	-0.047	0.169
KM5	-0.644	4.599	-0.415	1.483	ED2	0.742	5.297	-0.113	0.404
KM4	-0.607	4.337	-0.327	1.167	ED1	0.773	5.521	-0.167	0.598
KM3	-0.854	6.099	0.441	1.574					

Mahalanobis distance was also conducted to screen for multivariate outliers. The results of the first 10 cases, as shown in Tables 17 and 18, Kline (2011) suggests $p\text{-value} < 0.01$ as an indication of an outlier in Mahalanobis distance. There appears no obvious presence of outliers as the lowest $p\text{-value}$ is above 0.01. As for investigating the likelihood and degree of variance that is attributed to the measurement method rather than to the construct being measured, Harman's single factor test is used to identify common method variance (CMV). CMV is assumed to exist if a single factor emerges from unrotated factor solutions or a first factor analysis explains the most of the variance in the variables (Podsakoff & Organ, 1986; Malhotra, 2006). Tables 19 and 20 show the explained variance of a single factor model, i.e. less than 50%, is an acceptable level.

Table 17: Values of Mahalanobis d-squared for the AL variables

Observation number	Mahalanobis d-squared	p-value
22	44.367	0.019
119	44.139	0.02
121	44.139	0.02
31	44.072	0.02
11	43.999	0.021
104	43.814	0.022
225	43.814	0.022
58	41.891	0.034
281	41.891	0.034
242	41.726	0.035

Table 18: Values of Mahalanobis d-squared for the KM, TR, IN & HCD variables

Observation number	Mahalanobis d-squared	p-value
236	67.98	0.024
75	67.648	0.026
298	67.648	0.026
36	66.593	0.031
107	66.391	0.033
228	66.391	0.033
24	65.453	0.039

204	64.247	0.048
149	62.921	0.06
109	62.473	0.065

Table 19: Explained a single factor variance for the AL variables

Component	Extraction Sums of Squared					
	Initial Eigenvalues			Loadings		
	Total	Variance %	Cumulative %	Total	Variance %	Cumulative %
1	7.215	32.797	32.797	7.215	32.797	32.797
2	4.540	20.635	53.433			
3	2.486	11.300	64.732			
4	1.056	4.802	69.534			
5	.856	3.892	73.426			
6	.677	3.077	76.503			
7	.617	2.806	79.309			
8	.581	2.643	81.952			
9	.514	2.337	84.289			
10	.455	2.067	86.356			

Table 20: Explained a single factor variance for the KM, TR, IN & HCD variables

Component	Extraction Sums of Squared					
	Initial Eigenvalues			Loadings		
	Total	Variance %	Cumulative %	Total	Variance %	Cumulative %
1	14.176	30.162	30.162	14.176	30.162	30.162
2	12.393	26.368	56.529			
3	3.893	8.282	64.811			
4	1.453	3.093	67.904			
5	1.158	2.464	70.368			
6	1.025	2.181	72.549			
7	.921	1.959	74.508			
8	.855	1.819	76.327			

9	.813	1.730	78.057
10	.697	1.483	79.540

4.3 Confirmatory Factor Analysis

4.3.1 Active Leadership Constructs

The main construct active leadership (AL) and its seven sub-constructs are: i) Idealized influence–Attributed (IIA), ii) Idealized Influence–Behaviour (IIB), iii) Inspirational Motivation (IM), iv) Intellectual Stimulation (IS), v) Individualized Consideration (IC), vi) Contingent Reward (CR), and vii) Management-by-Exception Active (MBEA or MA), as shown in Figure 7. The 7-MLQ scale scores are the average scores for the items on the scale (Bass, 1995). A factor loading of 0.7 or greater is used to determine the significance of a latent variable.

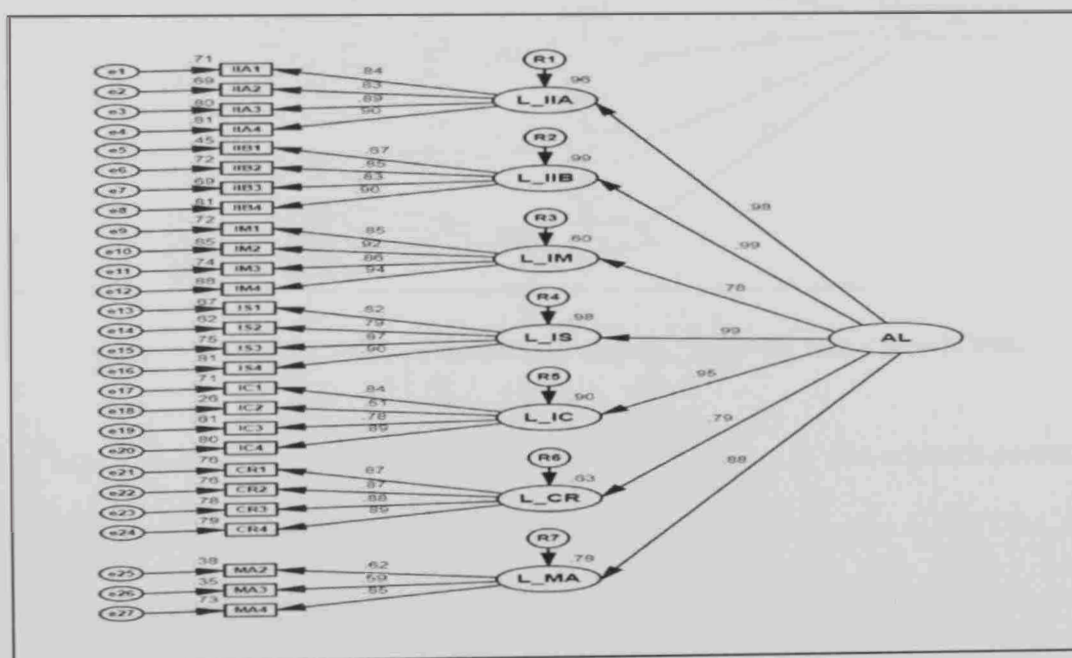


Figure 7: The main and sub-constructs of MLQ

The cut-off 0.7 is used because 0.7 squared is 0.49, and this is interpreted as roughly half of the variability exhibited in the observable variable is explained by the underlying

factor (Lee & Cronin, 2016; Doll, 1995). In general, all the factor loadings on the main and sub-constructs are high except items IIB1, IC2, MA2 and MA3. The factor loadings and the variability accounted for by their latent variables IIB, IC and MA respectively are low compared to the other items. Therefore, these four items were removed from the model, as shown in Figure 8. Since two out of three Management-by-Exception (Active) were taken out, and the scale Management-by-Exception (Active) is left with only one item, it was decided to exclude this scale from the analysis as dropping this one item from the analysis will not cause a significant loss of information.

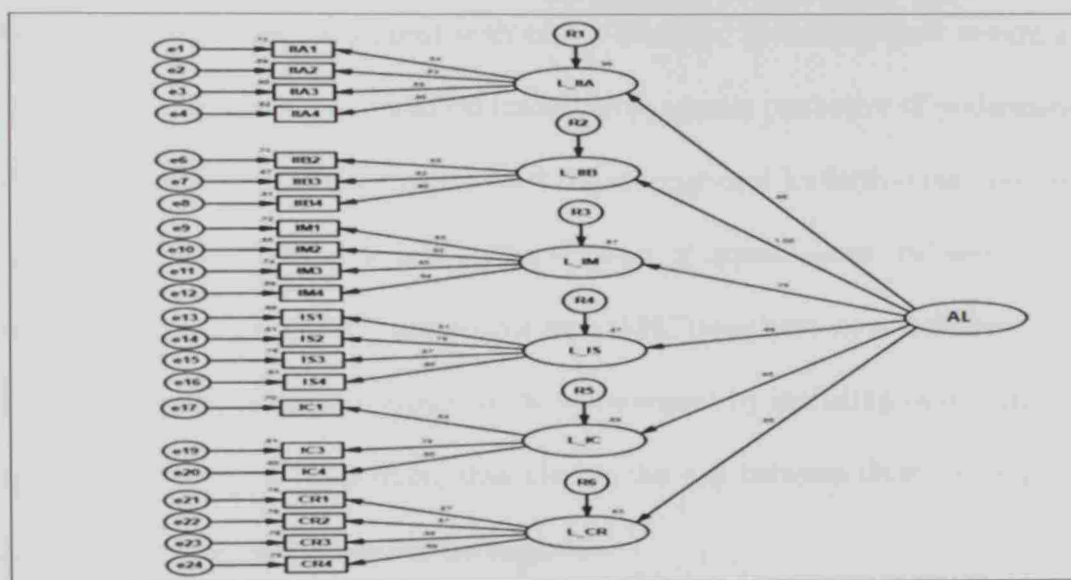


Figure 8: The main and sub-constructs of MLQ with the two items deleted

The MLQ result in this study is consistent with prior studies in non-western contexts. Bealer and Bhanugopan (2013) asserted in their study that compared to the USA, the prevailing leadership style in the UAE is slightly less transformational, while it is more on par with transactional leadership. However, there is a differentiation between the two transactional factors in non-Western contexts with CR slightly lower than the norm and MBEA, slightly higher. The biggest difference is the prevalence of passive-avoidant leadership, which was significantly higher in the UAE than elsewhere. Ryan and Tipu

(2013) asserted that the literature does not widely report on these dimensions of active leadership and passive-avoidant leadership. They also argued that an examination of the literature does not reveal extensive evidence for this combination of theoretical leadership concepts.

However, this lack of prior evidence may be a consequence of the lack of extensive examinations of the MLQ within the non-Western contexts. Bealer and Bhanugopan (2013) argued that the leadership style in the UAE context was found to be less transformational and more passive avoidant than managers in the USA and Europe. Bass (2003) found that in contrast with earlier research, both contingent reward and transformational leadership of platoon leaders were equally predictive of performance. Sheikh, Abdullah (2013) asserted also that transformational leadership may not work well in the Middle East due to a hierarchical nature of organizational cultures in these contexts. Bass and Bass (2003) argued that Bass (1985) may have elevated transactional contingent reward leadership closer to transformational by including in its definition implicit contracts and recognition, thus closing the gap between these two styles in terms of effects on motivation and performance.

The fit indices are listed in Table 21. Although Chi-square significance =0.000, the other indices show that the model has a good fit and aligned with the suggested statistic proposed by Li-tze Hu (1998) such as goodness-of-fit indices (GFI) for model show the GFI=0.972 (>0.90), the Comparative fit index (CFI) =0.984 (≥ 0.90), the CMIN/DF=2.511 (<3), Adjusted goodness-of-fit index (AGFI) =0.904 (≥ 0.90) and TLI=0.959 (>0.95). The results of the measurement model, which are the indicators of the latent variables of Figure 8 are shown in Table 22. All the factor loadings are sufficiently high and the high values of Cronbach's Alpha, Composite Reliability (CR)

and Average Variance Extracted (AVE) also reflect high internal consistency and reliability of the main construct and all the sub-constructs.

Table 21: The fit indices

Statistic	Index value Obtained	Suggested Acceptable Level
Chi-square significance	0.000	> 0.05
CMIN/DF	2.511	<3
GFI	0.972	> 0.90
AGFI	0.904	> 0.80
TLI	0.959	>0.95
CFI	0.984	>0.90
RMSEA	0.057	<0.06

Table 22: : MLQ confirmatory factor analysis of results

Construct	Scale	Factor Loading	Cronbach's Alpha	CR	AVE
AL	IIA	0.98	0.98	0.97	0.85
	IIB	1.00			
	IM	0.78			
	IS	0.99			
	IC	0.95			
	CR	0.80			
Sub-Construct					
IIA	IIA1	0.84	0.92	0.92	0.75
	IIA2	0.83			
	IIA3	0.89			
	IIA4	0.90			
IIB	IIB2	0.85	0.89	0.89	0.73
	IIB3	0.82			
	IIB4	0.90			
IM	IM1	0.85	0.91	0.94	0.80
	IM2	0.92			
	IM3	0.86			
	IM4	0.94			
IS	IS1	0.81	0.91	0.91	0.72
	IS2	0.78			
	IS3	0.87			
	IS4	0.90			
IC	IC1	0.84	0.87	0.88	0.71
	IC3	0.78			
	IC4	0.90			

CR	CR1	0.87	0.90	0.93	0.77
	CR2	0.87			
	CR3	0.88			
	CR4	0.89			

4.3.2 Confirmatory Factor Analysis for KM, IN, TR & HCD

Similarly, CFA was performed on the main constructs knowledge management (KM), organizational culture characterized by support for innovation (IN), organizational culture characterized by employee trust (TR), human capital development Opportunities (HCD) and its 3 sub-constructs i.e. investment in employee development (ED), employee empowerment (EE) and promotion and career progress (PP). The constructs are depicted in Figure 9. An item with factor loading less than 0.7 has been excluded. All the factor loadings are above 0.7 except for KM1, KM2 and KM10. Therefore, these items were removed from the model, as shown in Figure 10.

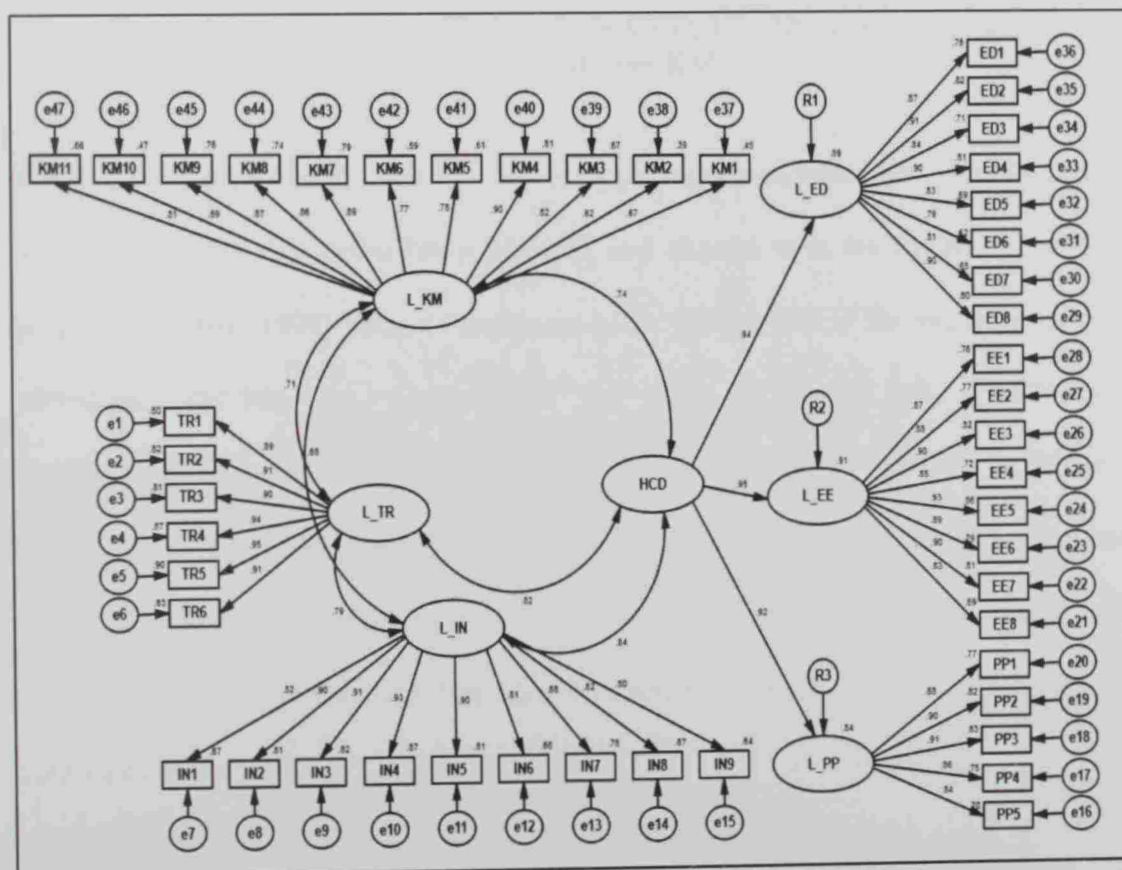


Figure 9: The main and sub-constructs of KM, TR, IN, HCD and ED, EE, PP

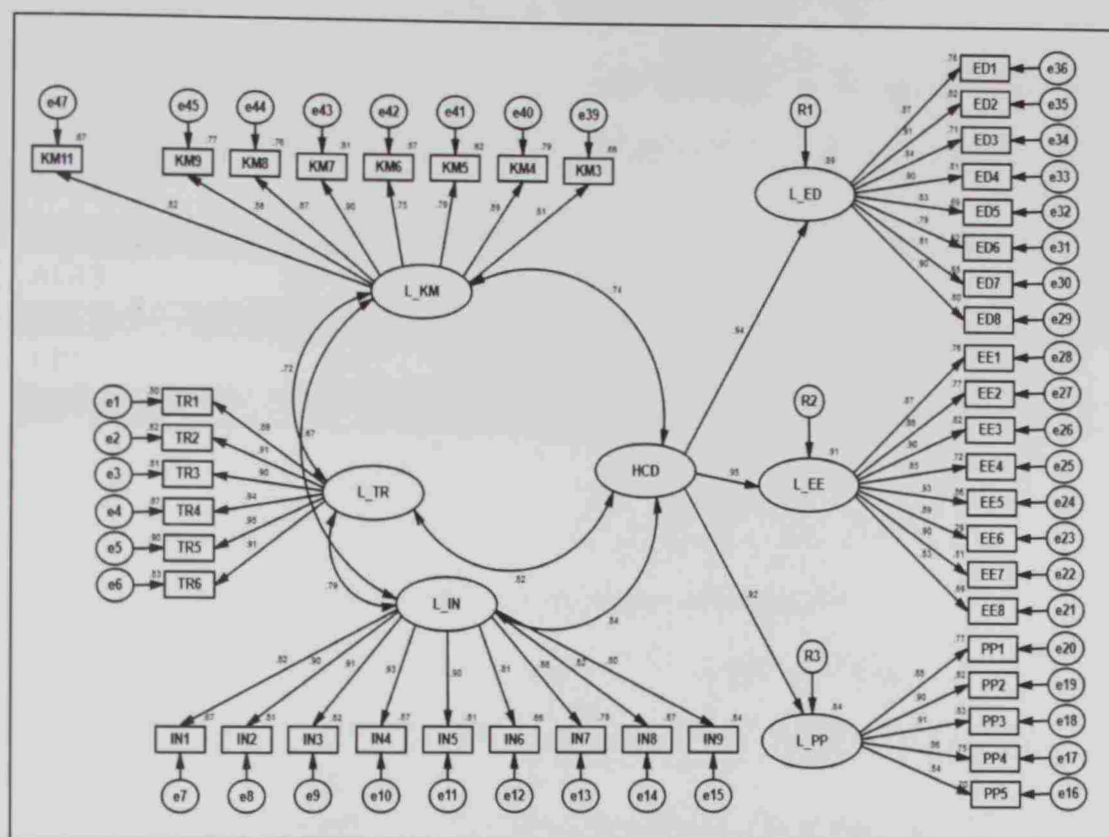


Figure 10: Main and KM, TR, IN, HCD & ED, EE, PP sub-constructs + 3 items deleted from KM.

The fit indices are listed in Table 23. Although Chi-square significance = 0.000 the other indices show that the model has a good fit and aligned with the suggested statistic proposed by Hu (1998) such as goodness-of-fit indices (GFI) for model show the GFI = 0.945 (≥ 0.90), the Comparative fit index (CFI) = 0.945 (≥ 0.90), the CMIN/DF = 2.839 (< 3), Adjusted goodness-of-fit index (AGFI) = 0.899 (≥ 0.90) and TLI = 0.937 (> 0.95). Moreover, Tables 23 and 24 show the results of the measurement model. The high factor loadings and the values of Cronbach's Alpha, Composite Reliability (CR) and Average Variance Extracted (AVE) confirmed the theorized constructs in the study.

Table 23: The fit indices

Statistic	Index value Obtained	Suggested Acceptable Level
Chi-square significance	0.000	> 0.05
CMIN/DF	2.839	<3
GFI	0.936	> 0.90
AGFI	0.899	> 0.80
TLI	0.937	>0.95
CFI	0.945	>0.90
RMSEA	0.066	<0.06

Table 24: HCD confirmatory factor analysis

Construct	Item	Factor Loading	Cronbach's Alpha	CR	AVE
KM	KM3	0.81	0.95	0.95	0.63
	KM4	0.89			
	KM5	0.79			
	KM6	0.75			
	KM7	0.90			
	KM8	0.87			
	KM9	0.88			
	KM11	0.82			
IN	IN1	0.82	0.96	0.96	0.75
	IN2	0.90			
	IN3	0.91			
	IN4	0.93			
	IN5	0.90			
	IN6	0.81			
	IN7	0.88			
	IN8	0.82			
TR	IN9	0.80	0.97	0.97	0.84
	TR1	0.89			
	TR2	0.91			
	TR3	0.90			
	TR4	0.94			
	TR5	0.95			
	TR6	0.91			

4.3.3 SEM Estimation and Analysis

Now the structural model which is the portion of the model that specifies how the latent variables are related to each other based on Figure 1 (that shows the conceptual framework of the relationship between transformational leadership, knowledge Availability, organizational culture and human capital development) is estimated and the unstandardized coefficient estimates of the model is presented in Figure 11.

The fit indices are listed in Table 25. Although Chi-square significance =0.000 the other indices show that the model has a good fit and aligned with the suggested statistic proposed by Hu (1998) such as goodness-of-fit indices (GFI) for model show the GFI=0.953 (≥ 0.90), the Comparative fit index (CFI) =0.989 (≥ 0.90), the CMIN/DF=2.144 (< 3), Adjusted goodness-of-fit index (AGFI) =0.916 (≥ 0.90) and TLI=0.984 (> 0.95).

Table 25: The fit indices

Statistic	Index value Obtained	Suggested Acceptable Level
Chi-square significance	0.000	> 0.05
CMIN/DF	2.144	< 3
GFI	0.953	> 0.90
AGFI	0.916	> 0.80
TLI	0.984	> 0.95
CFI	0.989	> 0.90
RMSEA	0.061	< 0.06

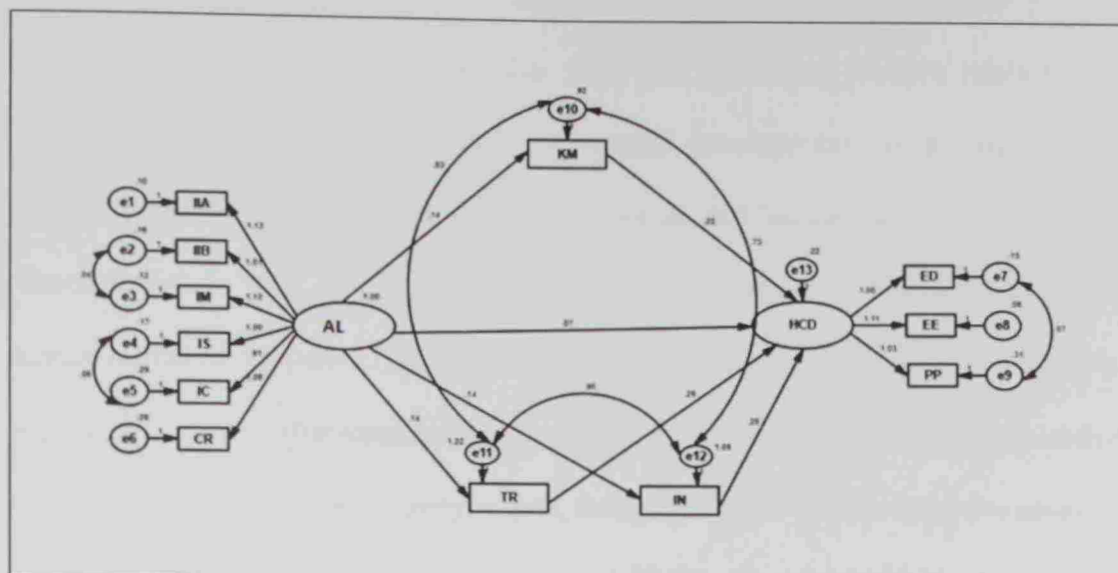


Figure 11: Structured conceptual framework of the research model

The standardized coefficients of the structural model are shown in Figure 12 and Table 22. The analysis shows that there is a significant positive relationship between human capital development Opportunities of employees and the active leadership style by their direct management. There are also significant positive relationships between active leadership and knowledge Availability, organization culture characterized by support for innovation and organization culture characterized by employee trust respectively.

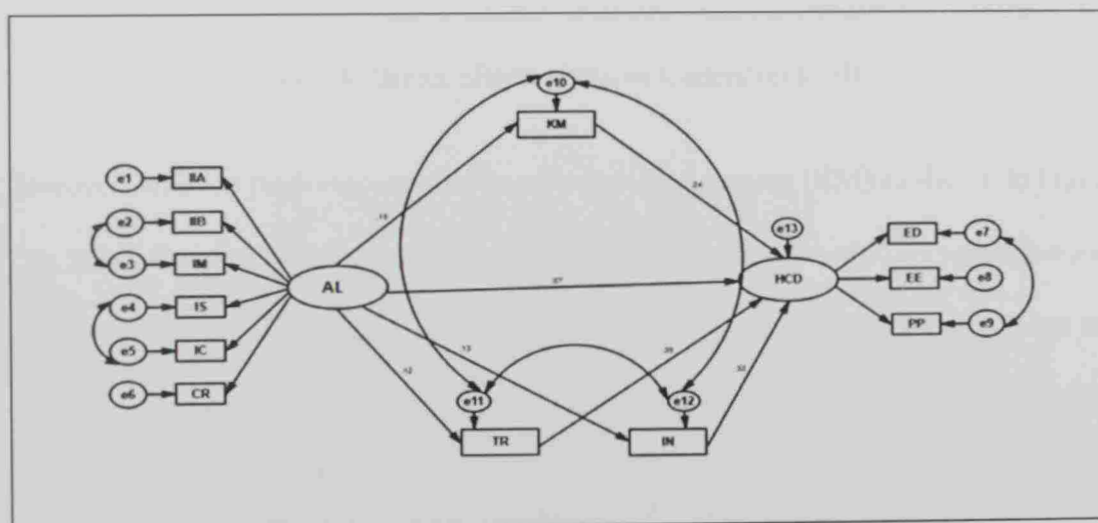


Figure 12: standardized regression weights of the structural model

In addition, the data also indicates that there are significant positive relationships between knowledge availability and human capital development, organization culture characterized by support for innovative behaviour and human capital development Opportunities as well as organization culture characterized by employee trust and human capital development. To analyse the mediating effects of knowledge availability, organization culture characterized by support of innovative behaviour and organization culture characterized by an employee trust, the standardized coefficients were obtained by executing the structural models, as shown in Figures 13, 14, 15 and 16, respectively. The direct effect of active leadership to human capital development Opportunities is significant. The standardized estimate is 0.208 with a p -value of 0.000.

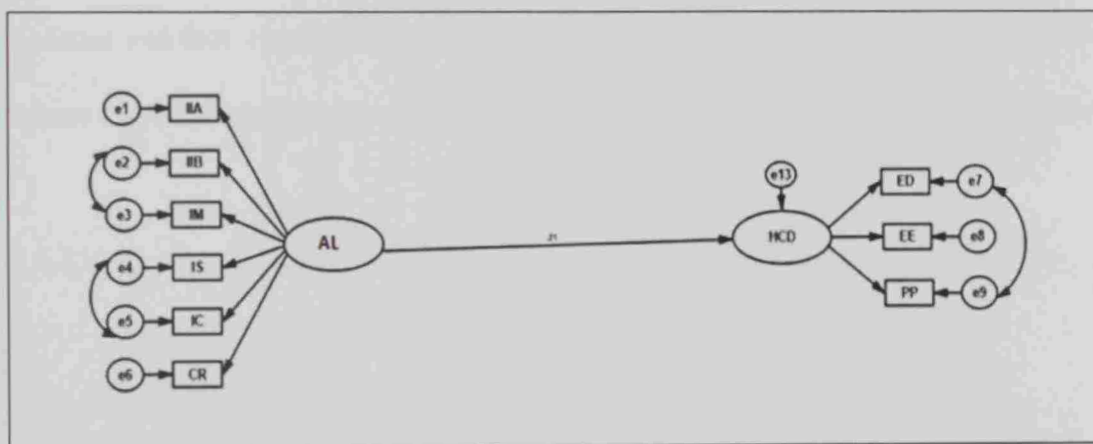


Figure 13: Direct effect of active leadership to HCD

However, with the mediator variable knowledge management (KM) as shown in Figure 13b, the direct effect has reduced giving a standardized estimate of 0.079 with a p -value of 0.043. Some of the effects have been shifted to the mediator and thus indicates the presence of the partial mediating effect of knowledge availability to human capital development.

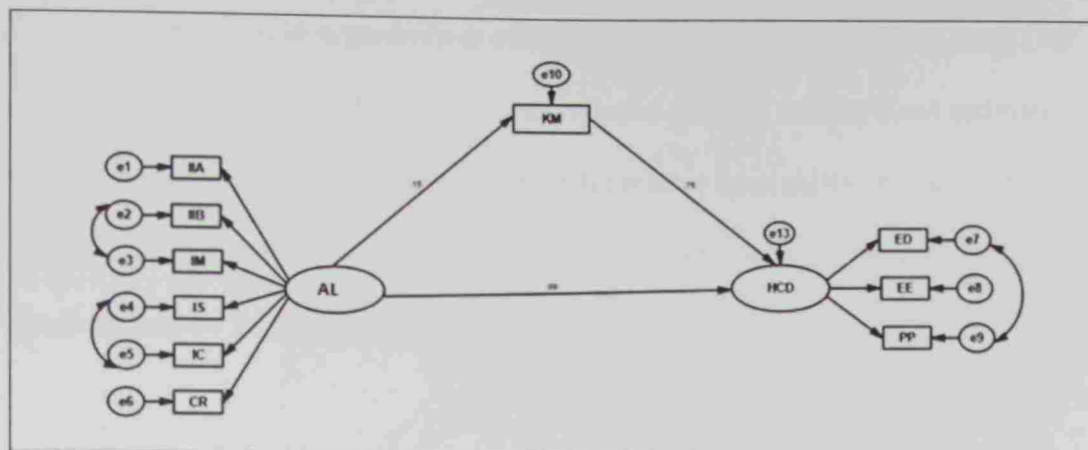


Figure 14: Mediating effect of knowledge managment

The mediator variable organization culture characterized by support of innovative behaviour as shown in Figure 13c, the direct effect has reduced giving a standardized estimate of 0.096 with a p-value of 0.010. Some of the effects have been shifted to the mediator and thus indicates the presence of the partial mediating effect of organization culture characterized by support of innovative behaviour to human capital development.

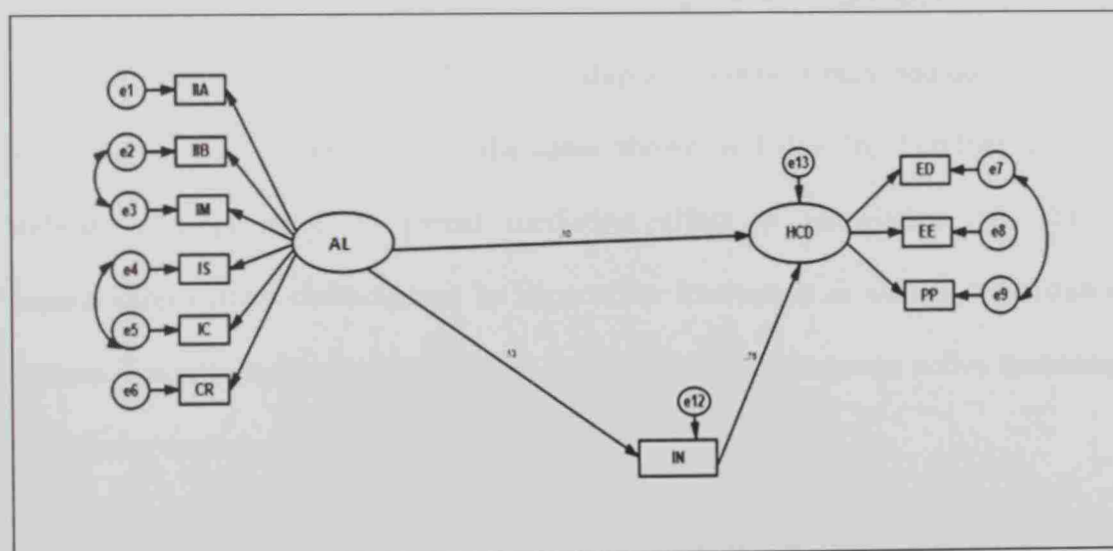


Figure 15: Mediating effect of OC characterized by support in innovative

The mediator variable organization culture characterized by employee trust (TR) as shown in Figure 13d, the direct effect has reduced giving a standardized estimate of 0.099 with a p-value of 0.006. Some of the effects have been shifted to the mediator and thus indicates the presence of the partial mediating effect of organization culture characterized by employee trust to human capital development.

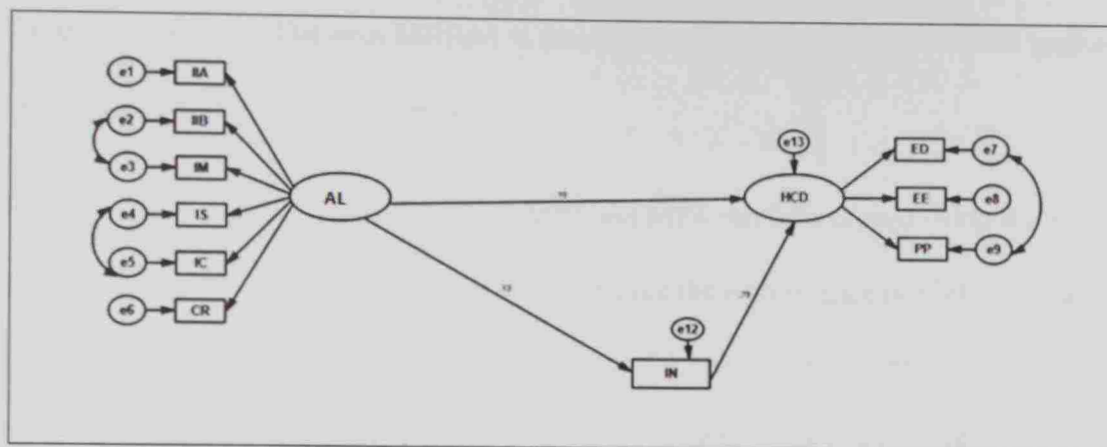


Figure 16: Mediating effect of OC characterized by employee trust

Since there is a reduced level of significance from the direct effect without mediation to direct effect with mediation in the relationship of active leadership and human capital development Opportunities for all the cases shown in Table 26, therefore the data indicates the presence of partial mediating effect of knowledge Availability, organization culture characterized by support for innovation as well as organization culture characterized by employee trust in the relationship between active leadership and human capital development.

Table 26: Direct/indirect effects of active leadership to HCD opportunity

Relationship	Direct without Mediation Estimate (p-value)	Direct with Mediation Estimate (p-value)
AL → KM → HCD	0.208 (0.000)	0.079 (0.043)
AL → IN → HCD	0.208 (0.000)	0.096 (0.010)
AL → TR → HCD	0.208 (0.000)	0.099 (0.006)

4.3.4 Relationship between Passive/Reactive Leadership and HCD

Even though passive/reactive leadership is not within the scope of this study, however, it is of interest to examine briefly the relationship between passive/reactive leadership and human capital development. The exploratory analysis in Table 2 shows that the construct of passive/reactive leadership consists of Management-by-Exception (Passive) and Laissez-faire plus one item MBEA1 from the scale Management-by-Exception (Active). The item MBEA1 is dropped from the analysis as its factor loading is low compared to the other items.

The CFA in Figure 17 shows that items MP3 and MP4 can be removed using the factor loading cut-off criteria of 0.7 or greater to determine the significance of a latent variable. The structural model in Figure 18 and Figure 19 shows that there is a significant negative relationship between passive/reactive leadership and human capital development opportunities with a standardized estimate of 0.165 and p -value 0.005.

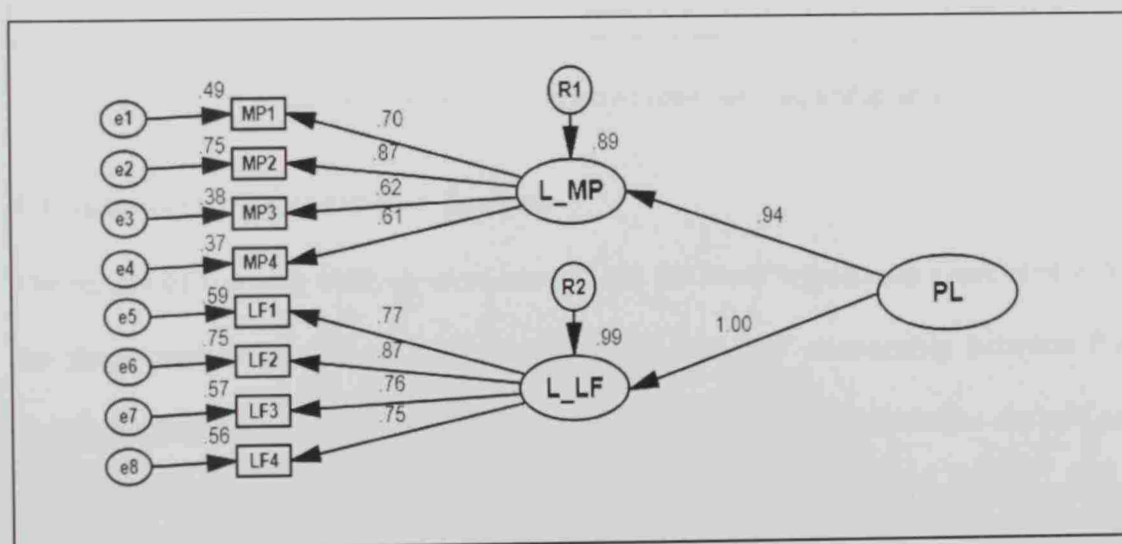


Figure 17: The main and sub-constructs of passive/reactive leadership

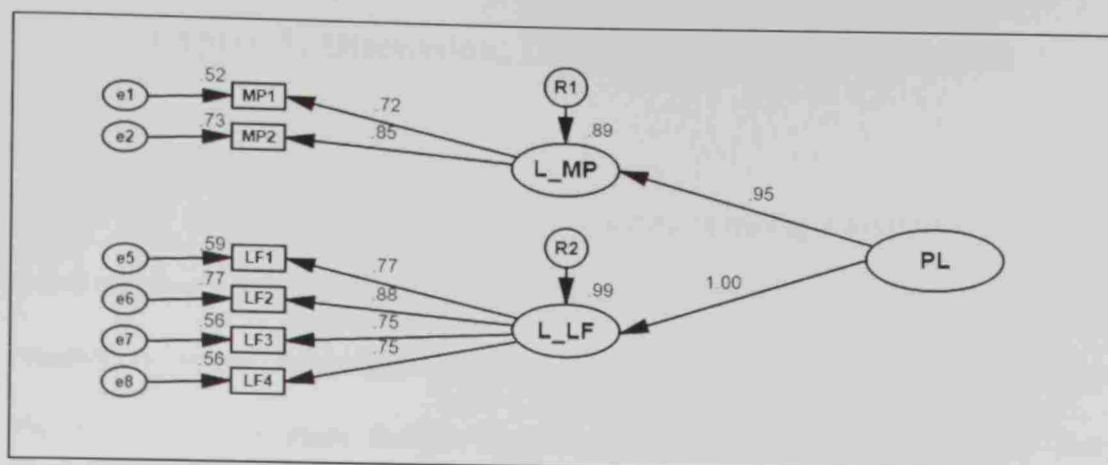


Figure 18: Main/sub-constructs of passive/reactive leadership + two items deleted

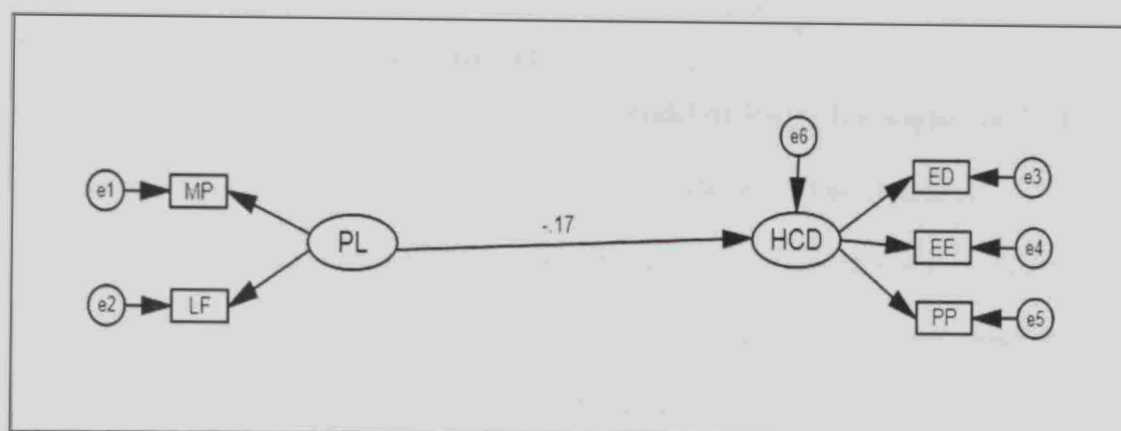


Figure 19: Relationship between passive/reactive leadership and HCD

4.4 Summary of Hypotheses Testing

The results of research analysis were used to test the study hypotheses associated with the three research questions that are concerned with the relationship between the transformational leadership and human capital development Opportunities as well as the mediating effect of knowledge availability and organizational culture. The research analysis indicated that there are two leadership styles in the context of Abu Dhabi as active and passive leadership styles. The revised transformational leadership measure is an enhanced version of the original transformational leadership construct more suited to the context of the current study.

Chapter 5: Discussion, Implications, and Conclusion

5.1 Introduction

This chapter refocuses the purpose of the research, revealing a synopsis of what was found and leads into the implications of the findings and recommendations of future researchers, as well as practitioners and policy-makers in the Abu Dhabi government. The results of this study indicate that the measurement scales used in the study satisfactorily meet the standards of validity and reliability analyses. A conclusion includes limitations of this research study and future research needs.

5.2 Leadership in the UAE Context

Results of this study suggest that a two-factor model of leadership applies in the UAE context; active leadership and passive-avoidant leadership. The dimension of active leadership includes scale items relating to the transformational leadership concepts of idealized influence, intellectual stimulation, individual consideration, and inspirational motivation, in addition to the transactional leadership concepts of contingent rewards. The dimension of passive-avoidant leadership includes scale items relating to the Laissez-faire leadership style.

The findings of this dissertation indicate that leadership might have a different meaning in the UAE context than what is found in studies on leadership using the MLQ model in the North American or Western context. However, the findings of the current study are not new as similar results were found in previous studies in non-Western contexts. Ryan and Tipu (2013) argue that few studies in the existing literature do suggest a two-factor structure instead of the full range leadership (FRL) model and the results of his study add weight to the argument that a two-factor structure of the full range leadership

model may be a conceptually valid and appropriate structure for understanding leadership in some specific contexts.

Another key result from this study is that compared to the norms obtained from the application of the MLQ model of leadership in Western contexts, the leadership styles in the UAE context tend to be significantly lower than the norms on the transformational leadership and significantly higher than the reported norms about laissez-faire style of leadership. This basically means that there are simply some shortages in leadership resources available currently within organizations in the UAE context.

This is an observation that calls for further research to explore what internal organizational factors or external socio-cultural or institutional factors might be responsible for this situation. Internal human resource management could cause this practices such as ineffective personnel recruitment and selection practices within organizations including the influence of 'Wasta' or external factors related to poor education or training or lack of effective leadership development opportunities.

5.3 Leadership Effect on Human Capital Development

The findings of this study show that there is a significant positive relationship between human capital development opportunities available for employees and the active leadership style by their direct management, also there is a significant negative relationship between passive/reactive leadership to human capital development. The study confirms the importance of active leadership style in developing the human capital of followers and confirms the negative effect of passive leadership on human capital development.

Denis, Christian, Olivier and Ahmed (2013) argue that passive leaders are potentially perceived as not providing the expected support for helping employees setting priorities among job demands. TR Crook, SY Todd, JG Combs, DJ Woehr (2011) argue that although human capital takes time and money to develop or acquire potentially offsets its positive benefits. The main contribution of this study in this regard is that it provides empirical evidence through quantitative data analysis on the mechanisms through which active leadership might enhance the human capital development opportunities of employees, which in turn would lead to improving employees' performance.

Al-Husseini (2006) asserted that transformational leaders are those who are responsible for the development of a vision, a view of the future that will excite and convert potential followers. Indeed, the findings of this study shed some light on the direct and indirect effects of active leadership on human capital development opportunities of subordinates. It shows that, in addition to the direct effect of active leadership on HCD, there is a mediating effect of knowledge availability and organizational culture in the relationship between active leadership and human capital development.

Therefore, an effective knowledge availability practices and building an organizational culture characterized by employee trust and support for innovative behaviour might serve as mechanisms by which an active leader can contribute to enhanced human capital development opportunities of his or her subordinates. Nguyen and Mohamed (2011) asserted that when knowledge management is in focus, leaders must devote time and attention to knowledge activities and issues, and they can do so through every-day behaviours that send a clear message, something that is particularly important.

The findings of this study show a significant positive relationship between active leadership and organization culture characterized by support for innovation as well as a

significant positive relationship between organization culture characterized by support for innovation and human capital development. Also, there is a significant positive relationship between active leadership and organization culture characterized by employee trust and a significant positive relationship between organization culture characterized by employee trust and human capital development.

Nguyen and Mohamed (2011) argue that transformational leadership behaviours, in contrast, allow top executives to shape the organizational culture and realign it with the desired vision when needed. Bass, Bass (2003) asserted that after 60 years of developing theoretical models and empirical research, the field of leadership can now focus on how to develop both transactional and transformational leadership. MacPhee (2006) argue that transformational leaders feed aspirations, not specifically at the conceptual level, but at the enacted level. These leaders also contribute to the adoption of career management strategies, and in doing so, they may allow the organization to tap into resources that they have at hand.

5.4 Research Implications

This study provided strong evidence that active leadership styles may be an excellent predictor of the development of the organization's employees. Also, the implication is that organization may benefit from developing programs to train key personnel in leadership positions on how to adopt a more active and transformational leadership styles that lead to enhanced leadership effectiveness in general including improving the human capital development opportunities for their subordinates. Organizations can benefit from investing money and resources to create an active leader to gain a competitive advantage in today's rapidly changing business and economic environment.

The structure of Bass and Avolio's *Full-Range Leadership Theory* (FRLT) in the UAE context used in this study show that the norms of the Abu Dhabi leadership style are less transformational than the general MLQ norms and more in the laissez-faire/hands-off style than the general MLQ norms (Bass 1995). The leadership style proposed in this study and the study implications described may serve as a starting point for a leadership development training programmes in Abu Dhabi organizations. The factor analysis indicates that the leadership style of the Abu Dhabi managers perceived by their subordinates is either active or passive/reactive.

Organizations with successful active leadership practices have an impact on both their organizational culture as well as their knowledge availability practices. Active leaders also promote a clear vision and inspiration to encourage the followers to take charge and responsibility for their personal development and aligning their objectives with organizational goals. Therefore, for an organization to achieve the human capital development Opportunities potential of its workforce, it is essential to promote the adoption of an active style by its leaders and managers not only at the top level but also throughout the organization. Those leaders can shape an organizational culture of employee trust and support for innovation which in turn leads to better human capital development opportunities potential for their subordinates.

Another important aspect associated with active leadership is the role of those leaders in establishing mechanisms for effective knowledge availability and knowledge sharing in the organization. Such knowledge availability system is deemed essential for the human capital development Opportunities of the company's workforce. The study also reports that lack of prior evidence a consequence of the lack of extensive examinations of the MLQ within the non-Western contexts. Therefore, organizations are advised to

invest heavily in leadership development initiatives aimed at developing active leaders at various levels within the organization.

The findings from this study may assist organizations in the Abu Dhabi Emirate to better understand the leadership styles currently implemented in these organizations and to help in implementing policies that embrace human development which is at the core of the Emirate policy agenda. For the Abu Dhabi Emirate organizations to be effective and competitive in the future, leadership practice and training should advance to a level that leads to more human capital development. The findings of this study can be used as guidelines in development and delivery of training programs for organizations to improve their leaders' behaviours in handling the needs and demands of employees.

The analysis shows that there is a significant positive relationship between human capital development opportunities of employees and the active leadership style by their direct management. There are also significant positive relationships between active leadership and knowledge Availability, organization culture characterized by support for innovation and organization culture characterized by employee trust respectively. Organizations can obtain significant benefits from investing in the development of such active leaders. Bealer and Bhanugopan (2013) asserted that employees in the UAE are less satisfied with their supervisors than their counterparts are in the USA and they are less effective than employees in the USA and Europe.

This study provides a useful background for further research to develop analytically and causal research designed to investigate the possible link between leadership style and various organizational and employee outcomes in the UAE and similar contexts. Future researchers and scholars may wish to examine the skills, characteristics, or competencies that might define the active leadership style in the UAE context. More

work also needs to be done to examine the passive leadership style in UAE and Abu Dhabi Emirate and factors that might lead to the adoption of such style of leadership.

However, the study results would help organizations to identify gaps and put in place organization wide strategies to enhance leadership behaviour. The relationship between passive/reactive leadership and human capital development also examined briefly in this study the results shows that there is a significant negative relationship between passive/reactive leadership and human capital development opportunities. Therefore, this study will make a contribution to academic literature regarding the leadership style in general and in non-western context particularly. An active leadership style leads to the success of human capital development opportunities in the organization through encouraging the employees' learning and development and to keep the employees motivated to achieve high levels of performance and long-term commitment to the organization.

An active leadership style also ensures that employee development programs will be available in the organization which in turn increases employees' satisfaction and overall positive feeling towards the employer. In sum, to gain and sustain competitive advantage it is essential that organizations should encourage an active leadership style. Considering the finding that active leaders tend to promote an environment in their organizations that encourages and motivates employees to do their best in their work, in doing so, organizations may need to invest in training programs to ensure that active leadership style is implemented by its managers. In this sense, the findings of this study may serve as a practical guide for organizations to encourage active leadership and help managers to understand the negative impact of passive leadership in human capital development.

5.5 The Limitations

With all its significant contribution to enhancing our understanding of the role of leadership in human capital development opportunities of employees, the current study is also subject to a number of limitations. First, the study respondents were of several nationalities because the work environment in the UAE is characterized by high diversity with a multicultural workforce. However, the nationality of the respondents and their manager were not included in the analysis.

The questionnaire used to collect data for this study did not measure the nationality of respondents and their managers due to our concern that it is possible that some people might be hesitant to answer such questions even though respondents were assured that questionnaires were completely anonymous. Therefore, we were not able to examine the influence of cultural differences between leaders and subordinates on subordinate responses to the leadership style of their managers. The second limitation of the study is that the study has been conducted only in government and semi-government organizations in Abu Dhabi while private organizations were not included.

Al-Alawi, Al-Marzooqi (2007) indicated that private sector organizations are known to be modernized and are characterized by flexible structures and advanced organizational cultures when compared to governmental sector organizations. This might affect the generalizability of our findings regarding private sector organization in the UAE. Third, the sample used in this study represented organizations with different size of organizations, therefore, organization size may affect the organization culture. It is advised that organization size might need to be considered in future research. Despite these limitations, this study provides contributions to scholars who studying the leadership behaviours in the UAE and Abu Dhabi context. This study also adds to the

current literature on constructive leadership behaviours by examining the relationship between active and passive leadership behaviours and human capital development. Thus, it addresses a gap in the current literature especially in the context of UAE and the Abu Dhabi Emirate.

5.6 The Conclusion

This study is the first to empirically examine the relationship between active leadership and human capital development opportunities in the UAE context. The study presented a theoretical model that hypothesizes that active leadership would have a positive effect on human capital development opportunities of subordinates both directly and through its effects on the shaping of the organizational culture and effective knowledge availability practices. The study proved these relationships empirically and provided evidence to show that active leadership has strong positive effects on human capital development opportunities which are partially mediated by knowledge availability and organizational culture.

Previous researchers argue that transformational leadership style is important to increase the performance of employees in organizations. This study adds an important contribution by providing insight into how this positive effect of active leadership is achieved by focusing on the role of active leadership is driving human capital development opportunities directly and through the mediated effect through its effect on knowledge availability and organizational culture. Developing active leadership style has an implication on leadership development practices in the UAE as active leaders play essential roles by driving the organization toward its vision through its employees.

The finding of the dissertation is important in the context of the rapidly changing Emirate of Abu Dhabi. The Abu Dhabi Economic Vision 2030 sets out to establish the current economic environment and identify key areas for improvement in order to achieve the goals laid out in the Policy Agenda (2030). The diversification of the Abu Dhabi Emirate economy and the transition to a knowledge-based economy requires intensive investment in human capital development opportunities to meet the needs of organizations for a sustainable organizational performance and competitiveness of the local economy.

Also, inadequate skills and competency levels of local workers are considered one of the key barriers to effective large scale workforce localization process in the private sector in the UAE (Emiratization) and across the GCC region (Al-Waqfi & Forstenlechner, 2014; Budhwar & Mellahi, 2007; Muysken & Nour, 2006). Workforce localization is on top of the public policy agenda in the UAE and other GCC countries currently given the pressing need to increase job opportunities for increasing numbers of local job seekers considering heavy reliance of these countries on foreign workers over the past few decades.

The findings of this study indicate that the adoption of active and transformational leadership styles might be an important enabler for organizations to enhance their ability to replace foreign workers by locals and therefore improve the effectiveness of their workforce localization outcomes. While foreign workers can often be recruited with sufficient levels of skill and competency (given the virtually unlimited supply of skilled workers in the open international labour market), it is the local workers who require intensive investment in training and development to bring their competency levels up to competitive standards.

The transformation of the UAE to a knowledge-based economy will be dependent on the achievement of the level of human capital development opportunities needed to support this transformation for each individual organization and the whole economy. The building of such a knowledge economy in the UAE is a key part of the UAE future vision. To ensure the implementation of the Abu Dhabi 2030 economic vision the Abu Dhabi government set up different strategies for human capital development opportunities such as the Emiratization strategy.

As emphasized earlier, the aim of this study was to not only to add to the existing knowledge in human capital development opportunities but also to analyse the impact of active leadership style in human capital development opportunities in the context of the United Arab Emirates. This study made an important contribution by providing findings that might be of interest to researchers as these findings are different from results in Western contexts. The findings of this study highlight the current leadership style in Abu Dhabi and serve as a basis of reference for future research on leadership theory in the UAE and other GCC countries.

The findings of this study showed that instead of three leadership styles as suggested by the MLQ theory of leadership, the leadership styles prevalent in the UAE context tend to be two only; transformational (active) and laissez-faire. In other words, there are mainly two types of leaders in this context, those who lead actively (transformational or active leaders) and those who do not lead and basically adopt a laissez-faire approach to leadership. Results of this study also showed that the prevailing leadership style in the UAE context tends to be less transformational and more on the laissez-faire/avoidant style of leadership. Compared with established norms of the MLQ leadership model based on the large population of respondents mainly drawn from a North American or

European context, the responses obtained from participants in this study were significantly lower on transformational leadership and significantly higher on passive leadership than the existing MLQ norms.

On the other hand, the transactional dimension of leadership seems to be absent or embedded in the transformational style in the UAE context. In other words, in this context, there are either leader who lead actively or leaders who do not lead (passive), with the latter group being much more prevalent in the UAE context than the established MLQ norms in international contexts. This indicates that more investment in leadership development is called for in the UAE context. This investment is necessary to promote the adoption of transformational (active) leadership style among leaders at all levels given the well-established benefits of this leadership style in the literature including its positive effects on human capital development opportunities as demonstrated by the results of this study.

Human capital development opportunities are an enabler to the success of any society by building a well-developed workforce who form the backbone of any modern developed society. A highly developed workforce is the key factor in economic development of any society as they support a highly productive economy with the value added generated from the high productivity translated into improved income for the workers and more effective economic performance for the whole nation.

Zhu and Akhtar (2014) indicated that it is striking to note that half of the UAE organizations are either unaware of knowledge management philosophy or has an only limited application of the knowledge management concept. The results of this study support and extend findings from leadership research previous literature in non-Western organizational contexts. Therefore, current research and practices within active

leadership models need to consider the mediating effect of knowledge availability and organization culture characterized by support for innovation and employee trust as an essential aspect in increasing followers' performance. Gul (2012) argue that the employers should provide capacity development opportunities for employees to gain new and advanced business knowledge and application for organizational development.

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Appendices

A. Letter to Survey Participants

Dear Participant,

Sub: Invitation to Participation in Questionnaire Survey

I am Mona Al Mansoori, a doctorate student, currently conducting my postgraduate study in Doctorate of Business Administration (DBA) degree programme at the UAE University. My research study entitled “*The Relationship between Transformational Leadership and Human Capital Development: The Mediating Effect of Knowledge Management and Organizational Culture*”.

I appreciate your active participation in this study by completing all the questionnaire inquiries. The intent of the study is to produce data that is relevant to helping organizations in developing the transformational leadership style that leads to human capital development which results to higher levels of organizational performance and greater profitability for any organization. The collected data are analysed and published in my dissertation.

Please note that your participation in this study is voluntary and your response does not necessarily reflect the opinion of your organisation. Also, be sure that the confidentiality of your responses is quite maintained, and neither your name nor your organisation is necessarily mentioned in the dissertation. Therefore, no foreseeable risks to you are expected.

The completion of the questionnaire may take about 20 minutes of your precious time. Should you need further information or clarification, don't hesitate to contact me via my email 201190014@uacu.ac.ae, 055-4449459 between 10-13:00 (Sunday-Wednesday)

Sincere thanks in advance for your positive response, and all the best.

Mona Al Mansoori

DBA candidate

دعوة إلى المشاركة في استبيان أكاديمي

عزيزي المشارك،

أنا طالبة ادرس حالياً لاستكمال متطلبات درجة الدكتوراه في إدارة الأعمال في جامعة الإمارات العربية المتحدة. أتولى القيام بإجراء دراسة بحثية بعنوان: "العلاقة بين القيادة التحويلية وتطوير رأس المال البشري: تأثير التوسط لإدارة المعرفة والثقافة التنظيمية"

أكون ممتنة لمشاركتكم في هذه الدراسة من خلال تعبئة هذا الاستبيان والذي لن يستغرق أكثر من 20 دقيقة من وقتكم لإكماله. ومن أجل تحقيق أهداف الاستبيان فالإجابة على كل سؤال فيه ضرورية. يرجى الاطمئنان بأن السرية الخاصة بكم سيحافظ عليها. وسيتم تجميع الردود من كل الاستبيانات المكتملة بحيث لا يمكن التعرف على أي فرد أو منظمة .

في هذه الدراسة البحثية لا توجد مخاطر متوقعة عليكم لان القصد من هذه الدراسة هو إنتاج البيانات التي لها صلة لمساعدة المؤسسات في تطوير أسلوب القيادة التحويلية الذي يؤدي إلى تطوير رأس المال البشري للوصول إلى مستويات أعلى من الأداء التنظيمي وزيادة الربحية لأية مؤسسة .

بيان السرية:

تعتبر مشاركتكم في هذه الدراسة تطوعية. قد يتم نشر نتائج هذه الدراسة البحثية ولكن بدون ذكر اسمك أو اسم مؤسستك. كما نود أن نؤكد على أن البيانات التي تم جمعها من الاستبيان سيتم الحفاظ عليها بسرية تامة. إذا كان لديك أي استفسارات بشأن الدراسة البحثية، يرجى التواصل معي عن طريق البريد الإلكتروني أدناه: 201190014@uaeu.ac.ae

وسأكون ممتنة لدعمكم باستكمال تعبئة هذا الاستبيان .

أطيب التحيات،

B. English Questionnaire

i) Demographic Information

Inquiry	Response (<i>Tick where is matching</i>)
<i>What is your current job title?</i>	
<i>How many years of service do you have in your current company?</i>	
<i>What is your job category?</i>	<ul style="list-style-type: none"> ▪ Managerial/Supervisory ▪ Technical/Engineering ▪ Administrative/Clerical ▪ Sales/Marketing ▪ Specialist/ Professional
<i>For how many years have you served under your current manager/supervisor?</i>	
<i>What is your gender?</i>	Male or Female
<i>What is your income level per month?</i>	<ul style="list-style-type: none"> ▪ AED 10000 or less. ▪ AED 11000- 20000 ▪ AED 21000-30000 ▪ AED 31000-40000 ▪ More than AED 40000
<i>How many years of work experience do you have?</i>	<ul style="list-style-type: none"> ▪ 0-5 years ▪ 6-10 years ▪ 11-15 years ▪ 16 or more years
<i>What is your current education level?</i>	<ul style="list-style-type: none"> ▪ High School Diploma ▪ Bachelor Degree ▪ Master Degree ▪ Doctorate Degree

ii) Leadership Style

This section describes the leadership style of your immediate supervisor (Leader). There are forty-five descriptive statements listed below. Please indicate how frequently each statement fits the leadership style of your leader using the scale below.

Not at all	Occasionally	Sometimes	Often	Frequently, if not always
0	1	2	3	4

	The manager, I am rating:	0	1	2	3	4
1	Provides me with assistance in exchange for my efforts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-examines critical assumptions to question whether they are appropriate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Fails to interfere until problems become serious	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Focuses attention on irregularities, mistakes, exceptions, and deviations from standards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Avoids getting involved when important issues arise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Talks about their most important values and beliefs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Is absent when needed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	Seeks differing perspectives when solving problems	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	Talks optimistically about the future	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	Instils pride in me for being associated with him/her	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	Discusses in specific terms who is responsible for achieving performance targets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12	Waits for things to go wrong before acting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

13	Talks enthusiastically about what needs to be accomplished	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	Specifies the importance of having a strong sense of purpose	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	Spends time teaching and coaching	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	Makes clear what one can expect to receive when performance goals are achieved	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17	Shows that he/she is a firm believer in "If it isn't broke, don't fix it."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18	Goes beyond self-interest for the good of the group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19	Treats me as an individual rather than just as a member of a group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20	Demonstrates that problem must become chronic before acting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21	Acts in ways that build my respect	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22	Concentrates his/her full attention on dealing with mistakes, complaints, and failures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23	Considers the moral and ethical consequences of decisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24	Keeps track of all mistakes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25	Displays a sense of power and confidence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
26	Articulates a compelling vision of the future	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
27	Directs my attention toward failures to meet standards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
28	Avoids making decisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
29	Considers me as having different needs, abilities, and aspirations from others	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

30	Gets me to look at problems from many different angles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
31	Helps me to develop my strengths	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
32	Suggests new ways of looking at how to complete assignments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
33	Delays responding to urgent questions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
34	Emphasizes the importance of having a collective sense of mission	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
35	Expresses satisfaction when I meet expectations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
36	Expresses confidence that goals will be achieved	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
37	Is effective in meeting my job-related needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
38	Uses methods of leadership that are satisfying	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
39	Gets me to do more than I expected to do	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
40	Is effective in representing me to higher authority	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
41	Works with me in a satisfactory way	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
42	Heightens my desire to succeed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
43	Is effective in meeting organizational requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
44	Increases my willingness to try harder	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
45	Leads a group that is effective	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

iii) Knowledge Management

This section assesses your satisfaction with the knowledge available to you, to your department, and to your organization at an overall level. Please indicate the extent to which you disagree or agree with each of the following statement by CIRCLING the appropriate number from 1 to 5.

Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
1	2	3	4	5

	Inquiry	1	2	3	4	5
1	I am satisfied with the availability of knowledge for my tasks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	The available knowledge improves my effectiveness in performing my work tasks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	I am satisfied with the management of knowledge that I need at my work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	I am satisfied with the knowledge available for the tasks at my department	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	I am satisfied with knowledge sharing among individuals at my department	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	The available knowledge improves the effectiveness of my department	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	I am satisfied with the management of knowledge at my department	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	I am satisfied with knowledge sharing among various departments at this organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	I am satisfied with the knowledge available for various tasks across this organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	The available knowledge improves my organization's overall performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	I am satisfied with the management of knowledge at this organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

iv) Organizational Culture – Innovation

This section measures the extent to which your organization supports and encourages innovation and creativity by its employees. Please indicate to which you agree or disagree with each statement below using the following scale:

Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
1	2	3	4	5

	Inquiry	1	2	3	4	5
1	Innovation is part of the culture in this organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	This organization ensures that new ideas are welcomed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Employees are encouraged to find better ways to do their work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Employees in this organization are encouraged to use innovation in performing their tasks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Employees are encouraged to think creatively	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Employees are encouraged to take risks to try new ideas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Employees are encouraged to champion ideas to others	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	This organization continuously searches out new technologies, processes, techniques, and/or product ideas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	The organization is willing to secure funds needed to implement new ideas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

v) Employee Trust and Support

This section measures the extent to which an atmosphere of trust and support is felt at your organization. Please indicate to which you agree or disagree with each statement below using the following scale:

Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
1	2	3	4	5

	Inquiry	1	2	3	4	5
1	This organization respects its workers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	This organization treats people in a consistent and fair manner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	There is an atmosphere of trust in this organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	This organization supports having high ethical standards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	This organization is characterized by having integrity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	This organization is characterized by being honest	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

vi) Investment in Employee Development

This section measures the extent to which your organization is willing to invest in the training and development of its employees. Please indicate to which you agree or disagree with each statement below using the following scale:

Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
1	2	3	4	5

	Inquiry	(1)	(2)	(3)	(4)	(5)
1	My organization trains employees on skills that prepare them for future jobs and career development.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	My organization allows employees to have the time to learn new skills that prepare them for future jobs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	My organization provides support when employees decide to obtain ongoing training.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	My organization provides mentoring to employees whenever needed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	My organization is receptive to employees' requests for transfers to another department.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	My organization is receptive to employees' requests to take time off work to attend training.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	My organization provides employees with information on the availability of job openings inside the organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	My organization is fully supportive of a career-management program for the employees.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

vii) Employee Empowerment

This section measures the extent to which you feel that you are allowed to participate in the organization matters and in decision-making processes. Please indicate to which you agree or disagree with each statement below using the following scale:

Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
1	2	3	4	5

		1	2	3	4	5
1	My organization encourages me to believe in myself	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	My organization gives me the freedom and flexibility to experiment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	My organization wants me to get involved when I see a need and not wait to be told or given permission	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	My organization encourages me to openly express my feelings and concerns	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	My organization encourages me to focus on what can be done rather than what has always been done	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	My organization develops a trusting relationship by sharing information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	My organization encourages me to initiate improvement through analysis of every process and action within my control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	My organization consults with me whenever a decision is taken about my work.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

viii) Promotion and Career Progress

This section measures the extent that your organization provides promotion and career progress opportunities for its employees to reward them for their capabilities, performance, and commitment. Please indicate to which you agree or disagree with each statement below using the following scale:

Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
1	2	3	4	5

		1	2	3	4	5
1	My organization provides a systematic program that regularly assesses employees' skills and interests.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	My organization provides career counselling and planning assistance to employees.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	My organization is fully supportive of a career-management program for the employees.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	My organization ensures that I feel ready for taking up higher positions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	My organization often provides me with opportunity of promotion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Thank you for your time and valuable participation

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Instrument (Leader and Rater Form)

and Scoring Guide

(Form 5X-Short)

by Bruce Avolio and Bernard Bass

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