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A Structural Model for Leadership and Employee Satisfaction in UAE Public Sector

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Abstract*: In today's work environment, employees constitute an important resource for organizations and a key determinant of corporate success, with employees' creativity, motivation and energy driving company performance. It is critical, therefore, to harness these employee potentials for the pursuit of company goals. Effective leadership has been suggested to constitute one of the most relevant success factors in this respect. This paper aimed to investigate the impact of leadership on employee satisfaction in UAE public sector. Quantitative research was employed and SPSS and AMOS software were employed to analyze the collected data in this paper.

***Keywords* : Leadership, Employee Satisfaction, Public Sector, UAE..**

I. INTRODUCTION

There are several problems of employee retention, satisfaction and performance that are challenging transportation sector in UAE and its managers. These problems are not unique problems that the organization faces as it shared by many other organizations in the UAE public sector. The rapid growth of UAE economy during the past few years has, in general led to increase in the number of international organizations and people coming from all over the world which encourage to coming and working in the UAE. As the results of this, the number of UAE population raised which led to increase the demand of huge services in the UAE transportation sector and other government organizations. Transportation sector serves UAE in general which increase the need to study the factors which lead the employees to move to other job especially among high skills employees. The more the experience professionals are, the better chances they would have to get a higher paid job in another organizations.

Furthermore, transportation sector used the hierarchical and subdivided structure and according to this the autocratic style of leadership is following by managers in transportation sector which minimize the communication between managers and employees and due to this decision making is highly centralized and the employee's engagement in organization decision is very low.

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Moreover, employees working under such leadership style and structure tend to show low level of motivation and satisfaction due to poor of promotions chances. This often encourages a weak sense of commitment and loyalty to the organization and increase employees intention to leave the organization.

Leadership styles have a great influence on employees' attitudes and behavior. Several studies have spotted the impact and influence of leadership styles on employees' job satisfaction. The changes in the economic conditions increase the need to take the effective of leadership style in account. The need of introduce and devise new approaches of leadership would enhance employees' job satisfaction and commitment which leading to improve the organization performance. Executive managers need to shift their focus from concentrate on the task to focusing on employees as the organization main assets. This thesis will examine three leadership styles (transformational, transactional and laissez-fair leadership) as a way to be taken to reduce employees' dissatisfaction and turnover.

However, this study aims to investigate the relation between transformational- transactional and laissez-fair leadership styles and how it could affect the employees' job satisfaction level in the transportation sector in UAE.

II. METHODOLOGY

The methodology employed in this research was quantitative approach which falls within the positivism paradigm. However, the collection and analysis of quantitative data that helped the research to identify emerging themes within the relationship between leadership and employee satisfaction in United Arab Emirate. The data collected through questionnaire was subject to quantitative analysis using SPSS and AMOS software (Byrne, 2016). This approach helped to bring coherence to the research while leading to an enriched understanding of perceptions and events (Kline, 2015).

A. Assessment of the overall measurement model validity

Having established the validity and model fit of the individual constructs, it is necessary to assess the validity of the entire measurement model of the research prior to evaluating the structural model. The rationale for conducting this analysis was to establish the validity of the entire constructs in unison. The validity of the entire measurement model was assessed by examining the convergent validity and discriminant validity of the constructs in the model

B. Convergent validity

Convergent validity is a measure of the degree to which the items or indicators of a construct are correlated with the construct. According to Hair et al (2010) factor loadings that are statistically significant are indicators of convergent validity while indicators with factor loading of .50 and above is regarded as sufficient enough to establish convergent validity. In CFA SEM analysis, convergent validity of construct is assessed by Bentler_Bonett coefficient (NFI). Recommended threshold for convergent validity using the NFI index is .90 (Hair, et al, 2010; Kline, 2011; Byrne, 2010).

Using the factor loading and the NFI criteria, the convergent validity of the individual final measurement models indicated that they all satisfy the acceptable threshold. Table-I present the summary statistics extracted from the final models presented in respected of each construct.

Table 1: Convergent validity measures of final measurement models

S/N	Construct	Residual items number	Factor loading		NFI Index
			Lowest FL	Highest FL	
1	Transactional Leadership	6	.732	.800	.978
2	Transformational Leadership	8	.597	.805	.956
3	Laissez_Faire Leadership	6	.698	.873	.979
4	Organisational Culture	6	.679	.789	.972
5	Job Satisfaction	9	.601	.783	.910

C. Discriminant validity

Discriminant validity measures the degree to which a construct is distinct from other constructs in the model. Hair, et al (2014), Yeap, Ramaya and Soto_Acosta (2016) posited that discriminant validity measures the degree of uniqueness of a construct in relation to other constructs. Discriminant validity is achieved when the squared inter-construct correlations associated with a particular construct is greater than the corresponding inter-construct correlation estimates with other constructs (Hair et al, 2010). The decision rule for establishing discriminant validity is ensure that the sum of squared correlations of indicators of a particular construct known as Average Variance Extracted (AVE), is greater than the correlation of the construct with any other construct in the model. The recommended threshold for AVE is .50 and above (Hair, et al. 2014). Table-II shows the AVE of each construct at the diagonal while the off-diagonal values represent the correlation coefficients between the constructs. Based on the recommended threshold, all the AVEs are greater than .50 and each AVE value is higher than any correlation with other construct, hence indicating the achievement of discriminant validity.

Table-II: Discriminant validity of the research constructs

	TSL	TFL	LFL	OC	JS
TSL	**.634**				
TFL	.007	**.543**			
LFL	.329	-.062	**.653**		
OC	.477	.004	.615	**.621**	
JS	.016	.335	-.001	.054	**.604**

D. Multicollinearity assessment

Another essential assessment that needs to be carried out before evaluating the structural model of the research is multicollinearity assessment. According to Pallant (2011) multicollinearity is the presence of a strong correlation between predictor variables. The presence of multicollinearity in a dataset is considered a threat to the validity of multiple regression analysis because of its potential to cause error in hypothesis testing (Hair, et al, 2010, Tabachnick & Fidell, 2013). It is recommended that the correlation between any two constructs should not exceed .85 (Hair et al, 2010).

To assess the presence of multicollinearity in the research model, the correlation matrix of the constructs is presented in Table 3. As shown in the table the Pearson's correlation coefficients between the constructs were all within acceptable limits. The highest correlation is .615 between LFL and OC while the lowest correlation occurred between LFL and JS. This suggests that there is no excessive multicollinearity between constructs which could affect the validity of the result. Therefore all the constructs were included in the structural model evaluation.

Table 3: Correlation matrix of research constructs

	TSL	TFL	LFL	OC	JS
TSL					
TFL	.007				
LFL	.329	-.062			
OC	.477	.004	.615		
JS	.016	.335	-.001	.054	

Similarly, the AMOS output of the overall measurement indicated that there is no problem of multicollinearity between the research constructs. As shown in Fig. 1, all the correlation coefficients between the research constructs reported values less than .85 thereby further justifying that all the constructs can be included in the structural model.

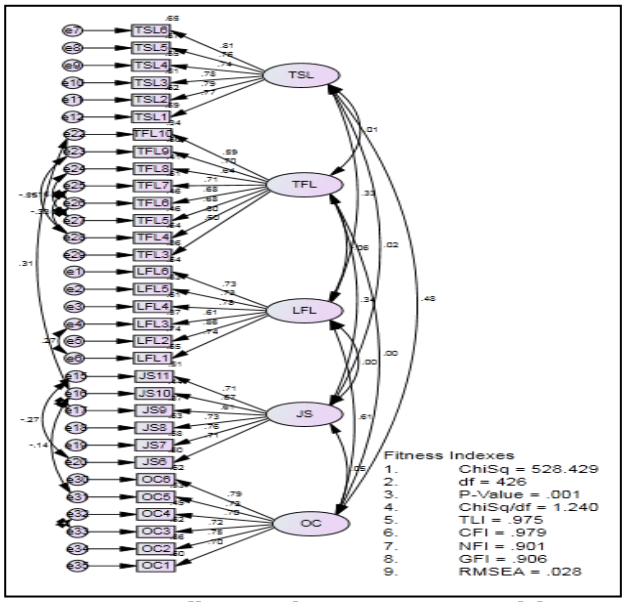

Fig. 1: Overall research measurement model

In Table-IV, the measure of validity of the final measurement model is presented. The table present information about the factor loading of the individual indicators on their respective constructs, deleted items,

and the composite reliability of the construct as well as the respective AVE of each construct.

Table-IV: Validity of the overall research measurement model

Construct	Items	Estimate	CR	AVE
Transactional Leadership	TSL1	.779	.78	.63
	TSL2	.788		
	TSL3	.779		
	TSL4	.732		
	TSL5	.771		
	TSL6	.800		
Transformational Leadership	TFL1	Item deleted because of low loading	.71	.54
	TFL2	Item deleted because of low loading		
	TFL3	.604		
	TFL4	.805		
	TFL5	.682		
	TFL6	.685		
	TFL7	.705		
	TFL8	.639		
	TFL9	.694		
	TFL10	.604		
	TFL11	Item deleted because of low loading		
	TFL12	Item deleted because of low loading		
Laissez-Faire Leadership	LFL1	.767	.79	.65
	LFL2	.873		
	LFL3	.698		
	LFL4	.758		
	LFL5	.711		
	LFL6	.700		
Organisational Culture	OC1	.679	.77	.63
	OC2	.741		
	OC3	.751		
	OC4	.739		
	OC5	.727		
	OC6	.789		
Job Satisfaction	JS1	Item deleted because of low loading	.70	.60
	JS2	Item deleted because of low loading		
	JS3	.601		
	JS4	Item deleted because of low loading		
	JS5	Item deleted because of low loading		
	JS6	.744		
	JS7	.780		
	JS8	.622		
	JS9	.638		
	JS10	.702		
	JS11	.783		
	JS12	.749		
	JS13	.696		

E. Structural model evaluation

Upon satisfying the requirement for measurement model validity, the next stage in the SEM analysis involved the evaluation of the structural equation model in order to determine the causal relationship between the exogenous and the endogenous constructs. Using the AMOS graphics the structural relationship between the constructs in the research framework was evaluated in line with the working hypotheses outlined in chapter two. Based on the nature of the research framework, the structural model is evaluated using three different models. The first structural model (Model 1) assesses the relationship between the exogenous variables (TSL, LFL and TFL) with the mediator variable (OC). The second model (Model 2) assesses the relationship between the exogenous variables (TSL, LFL and TFL) and the endogenous variable (JS) while the last model (Model 3) assesses the relationship between the exogenous variables (TSL, LFL and TFL) and the endogenous variable (JS) with the mediating role of (OC).

Fig. 2 shows the initial output of the first structural model (Model1). From the figure it is shown that while other fitness indexes were achieved, however, some indexes failed to meet the acceptable level. For example, all the observed factor loadings and their corresponding square multiple regression meet the required thresholds of .50 and .30 respectively. In respect of the fit indexes, the RMSEA, CFI, and GFI do not satisfy the criteria for acceptance while only the p-value reported values within the acceptable limit. This suggests that model re-specification was required.

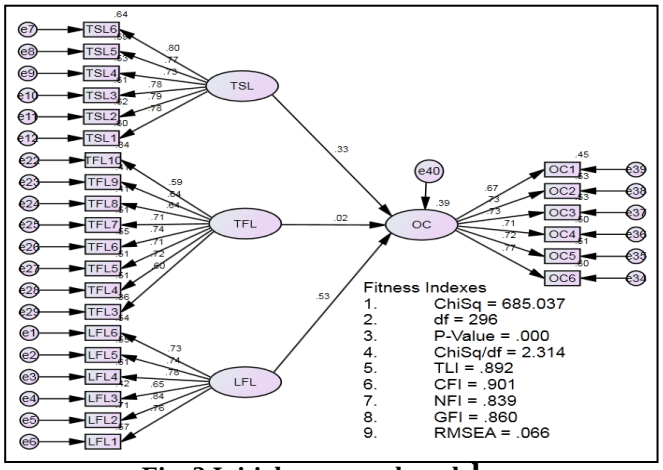

Fig. 2 Initial structural model

Fig. 3 depicts the final structural model. As shown in the figure the model satisfied all the requirements for model acceptance. The standardized regression weights, squared multiple regression, and all the goodness-of-fit indexes meet the recommended thresholds. The final structural model was arrived at after an iterative process of model re-specification. It shows the causal effect of the exogenous constructs (TSL, TFL and LFL) on the mediating construct (OC).

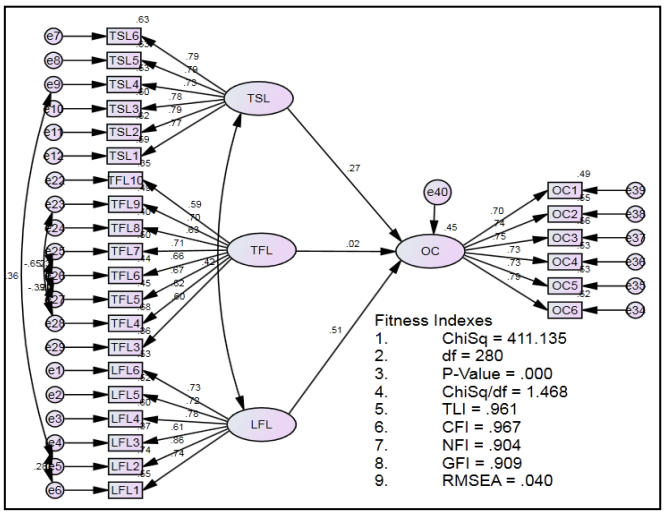

Fig. 3: Final structural model of the research constructs

Table-V shows the summary of the goodness-of-fit indexes for both the initial and final structural models. As shown in the table apart from the parsimonious fit and one of the absolute fit indexes, RMSEA, the remaining fit statistics failed to meet the desired thresholds, hence the need for model re-specification. The initial structural model was then iteratively re-specified until all the fitness indexes were within the acceptable limits. After the modifications, the final structural model was arrived at with all the fitness indexes satisfying the required thresholds.

Table-V: Goodness-of-fit Indexes for initial and final structural models of model 1

Category	Parsimonious fit	Absolute fit	Incremental fit	Incremental fit	Absolute fit	Comment
Fitness Indexes	Chisq/df	GFI	CFI	NFI	RMSEA	
Acceptance Threshold	Chisq/df ≤ 30	GFI ≥ .90	CFI ≥ .90	NFI ≥ .90	RMSEA ≤ .08	
Initial Structural Model	2.314	.860	.901	.839	.066	Fitness level not achieved, model not accepted
Final Structural Model	1.468	.909	.967	.904	.040	Fitness level achieved, model accepted

Fig. 4 shows the second structural model (Model 2). According to the goodness-of-fit statistics the model failed to meet the acceptance criteria, hence the need for model re-specification.

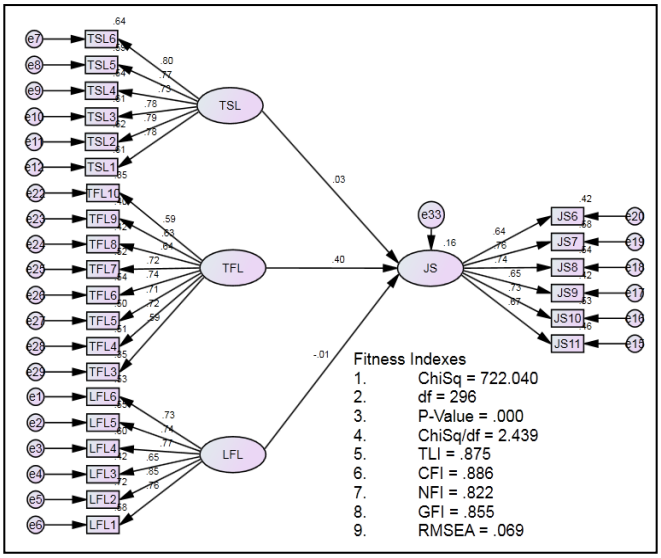

Fig. 4: Initial structural model for Model 1

Upon examining the transportation sector modification was made to the initial structural model until a final model that satisfies all the required criteria are achieved. From Fig. 5 it is shown that all the goodness-of-fit measures are achieved within the acceptable levels.

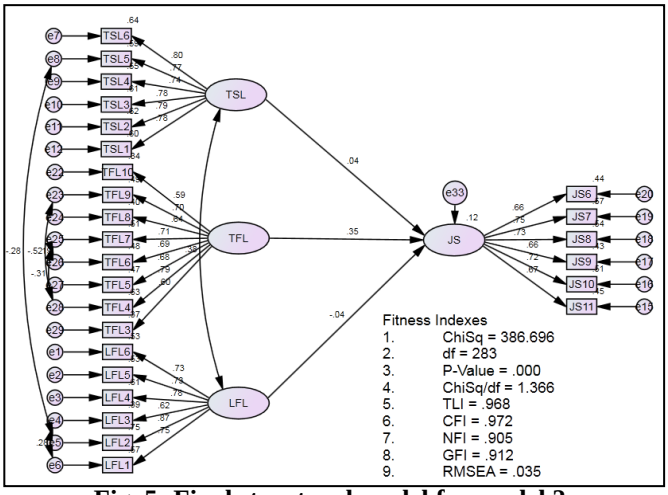

Fig. 5: Final structural model for model 2

Table-VI indicates the fitness indexes for both the initial and final structural model for model 2. In the initial model, with the exception of the RMSEA which reported a value within the acceptable limit, the remaining indexes reported values outside the acceptance limits. However, on executing some modification, a good-fit model is achieve.

Table-VI: Fitness indexes for initial and final structural model for model 2

Category	Parsimonious fit	Absolute fit	Incremental fit	Incremental fit	Absolute fit	Comment
Fitness Indexes	Chisq/df	GFI	CFI	NFI	RMSEA	
Acceptance Threshold	Chisq/df ≤ 30	GFI ≥ .90	CFI ≥ .90	NFI ≥ .90	RMSEA ≤ .08	
Initial Structural Model	2.439	.855	.886	.822	.069	Fitness level not achieved, model not accepted
Final Structural Model	1.366	.912	.972	.905	.035	Fitness level achieved, model accepted

Fig. 6 presents the initial structural model for model 3. The model combines all the constructs in the research framework. The three exogenous constructs TSL, TFL and LFL are directly linked with the endogenous construct JS and the mediator OC. Similarly, OC is linked with JS. The fitness statistics indicated that CFI and NFI are below the .90 threshold which suggest model re-specification.

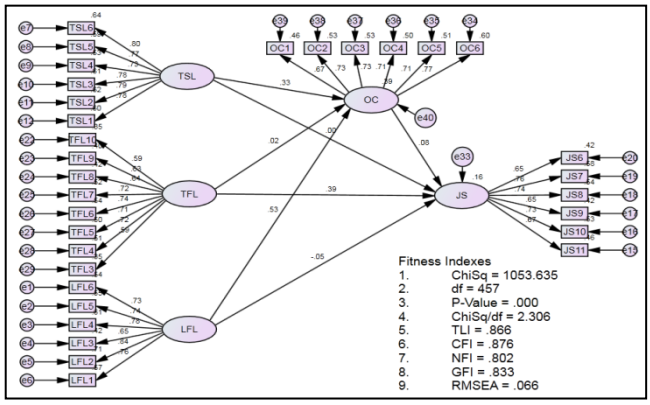

Fig. 6: Initial structural model for model 3

A re-specified model is presented in Fig. 7. The model re-specification is carried out by freeing off some parameters through co-variation. As shown in the figure, all the fitness indexes are achieved.

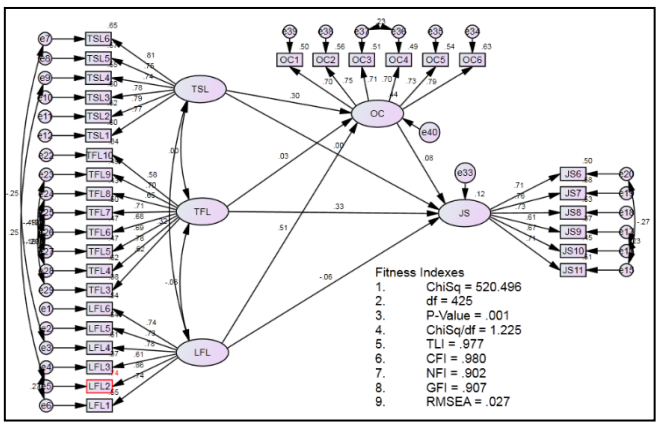

Fig. 7: Final structural model for model 3

Table-VII shows a summary of the fitness indexes obtained from the initial and final structural models for model 3. The analysis indicated that the final model satisfied all the necessary requirements for model acceptance.

Table-VII: Fitness indexes for initial and final models for model 3

Category	Parsimonious fit	Absolute fit	Incremental fit	Incremental fit	Absolute fit	Comment
Fitness Indexes	Chisq/df	GFI	CFI	NFI	RMSEA	
Acceptance Threshold	Chisq/df ≤ 30	GFI ≥ .90	CFI ≥ .90	NFI ≥ .90	RMSEA ≤ .08	
Initial Structural Model	2.306	.833	.876	.802	.066	Fitness level not achieved, model not accepted
Final Structural Model	1.225	.907	.980	.902	.027	Fitness level achieved, model accepted

Table-VIII presents the standardized regression coefficients (path weights) and their respective p-values of the three structural models; model 1, model 2 and model 3. The table also displays the R^2 explained by each of the three models. In model 1, the three exogenous variables collectively explained about 45 percent variation in the mediating variable OC. LFL is shown to have greatest significant effect (β= .509, CR= 7.353, p<.05) while TFL indicated the lowest effect that is statistically insignificant (β= .024, CR= .479, p>.05).

Similarly, according to model 2 result, the only statistically significant effect is between JS and TFL (β= .346, CR= 4.895, p<.005). While TSL and TFL indicated positive effect on JS, however, the effect of LFL on JS shows a negative non-significant effect (β= -.035, CR= -.516, p>.05). Collectively, the three constructs explains about 12 percent of JS.

Considering the third model, three path coefficients show significant effect. Specifically, LFL is shown to have a statistically significant effect on OC (β= .506, CR= 7.506, p<.05). Similarly, TFL is shown to have a positive significant effect on JS (β= .335, CR= 4.832, p<.05) while TSL indicated a positive significant effect on OC (β= .296, CR= 4.953, p<.05). Overall, the exogenous constructs together with the mediating construct explains 12 percent job satisfaction.

Table-VIII: Standardized regression coefficient of the path relationship

	Path relationship	Estimate	S.E	C.R.	P-value	R^2
Model 1	OC←TSL	.274	.069	4.473	.000	.45
	OC←TFL	.024	.115	.479	.632	
	OC←LFL	.509	.062	7.353	.000	
Model 2	JS←TSL	.041	.034	.602	.547	.12
	JS←TFL	.346	.072	4.895	.000	
	JS←LFL	-.035	.027	-.516	.606	
Model 3	OC←TSL	.296	.068	4.953	.000	.12
	OC←TFL	.033	.116	.638	.524	
	OC←LFL	.506	.060	7.506	.000	
	JS←TSL	.002	.038	.033	.974	
	JS←TFL	.335	.074	4.832	.000	
	JS←LFL	-.060	.035	-.737	.461	
	JS←OC	.082	.042	.924	.355	

Table-IX shows the result of the mediation analysis performed on model 3. In line with the research framework, OC serves as a mediating constructs in the relationship between the leadership styles dimensions and job satisfaction. From the table, the standardized indirect (mediated) effect of TSL on JS is .024. That is, due to the indirect (mediated) effect of TSL on JS, when TSL goes up by 1 standard deviation, JS goes up by 0.024 standard deviations. This is in addition to any direct (unmediated) effect that TSL may have on JS. The standardized indirect (mediated) effect of TFL on JS is significantly different from zero at the 0.001 level (p=.343 two-tailed).

Similarly, the mediated effect of TFL on JS is .003 while that of LFL on JS indicated .041. The respective p-values are p=.343 and p=.338. Thus, based on the result the null hypothesis that proposed a non-significant mediation effect of OC on the relationship between TSL, TFL and LFL on JS is not supported and the alternate hypothesis is upheld.

Table-IX: Mediation analysis

Mediation analysis				
	Estimates	Upper Bound	Lower Bound	p-value
JS←OC←TSL	.024	.080	-.027	.326
JS←OC←TFL	.003	.030	-.004	.343
JS←OC←LFL	.041	.129	-.050	.338

III. CONCLUSION

In today's work environment, employees constitute an important resource for organizations and a key determinant of corporate success, with employees' creativity, motivation and energy driving company performance. It is critical, therefore, to harness these employee potentials for the pursuit of company goals. Effective leadership has been suggested to constitute one of the most relevant success factors in this respect. This paper aimed to investigate on the moderating influences of employee motivation on the relationship between leadership style and job performance : the case of transportation sector in the UAE. Quantitative research was employed and SPSS and AMOS software were employed to analyze the collected data in this paper.

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AUTHORS PROFILE

Saleh Al Zeyoudi, born in UAE 1989, I started my studies in the simple schools in my city and had the ambition to complete my graduate studies and get my PhD. My love of reading and encouraging my father was one of the most important motivations that helped me to complete my studies. Holds a BA in Human Resources Management and a Masters in Business Administration, I have some simple articles that I have published in sports and cultural magazines, which devote my interest in sports and my love to heritage. During the study periods, I participated in some non-profit volunteer projects which are concerned with increasing the social awareness of the importance of sport and the importance of environmental protection. One of my hobbies is to practice sports and love reading for various topics such as administrative books and books that are interested in science and space.