

# Investigating Leadership Competencies and Self-Efficacy in Bahrain's Business Process & IT Consulting Firm: A Case Study for SME Success

Aloma Jayasundera<sup>1</sup>, Zafrul Allam<sup>2</sup>

## Abstract

*This study emphasises the importance of leadership competencies and self-efficacy in Bahraini SME leaders as they navigate complex situations and market trends and lead their teams in meeting challenges to achieve maximum performance. The study investigates leaders' leadership competencies and self-efficacy in Bahrain's Business Process & IT Consulting organisations. By understanding these factors, the study can identify areas for development and propose initiatives to enhance the leadership skills of Bahraini SME executives, ultimately contributing to the success of their businesses. This study employed a qualitative approach to gather data from senior management within Bahrain's Business Process & IT Consulting organisation. Purposive sampling was used to select participants of various ages, social backgrounds, and experiences. The research design incorporated a combination of Action Research (AR), case studies, ethnography, and narrative analysis. This multi-method approach is a robust and well-established strategy for analysing qualitative data. An investigation into the consultancy organisation revealed a critical shortcoming in leadership competencies. The leadership team needs more competencies and self-efficacy to navigate the economic crisis challenges effectively. This deficiency, which is currently hindering their ability to develop a strong company reputation, is a crucial area that needs immediate attention. Addressing this will guide the organisation towards success in a competitive environment..*

**Keywords:** Leadership, leadership competencies, leader self-efficacy, performance, SMEs.

## Introduction

An organisation's growth and success depend on its leaders' potential, competencies, and ability to make prompt decisions given the rapid changes in the business environment (Lui, Andres, & Johnston, 2024). Small and medium-sized enterprises (SMEs) are the backbone of many economies, driving innovation and job creation. SMEs play a crucial role in the global economy, contributing significantly to employment, innovation, and economic growth. As these organisations navigate the increasingly complex and dynamic business environment, the importance of effective leadership has become apparent. Effective leadership is essential for SMEs to thrive in modern business (Asad, Asif, Allam, & Sheikh, 2021). Effective leadership is crucial for the success and growth of SMEs in today's rapidly changing business environment. As the backbone of many economies, SMEs require leaders who can navigate the unique challenges and capitalise on the opportunities faced by smaller organisations.

A leader's competencies and self-efficacy are intertwined and essential qualities they need to cultivate and develop (Asad, Asif, Allam, & Sheikh, 2021). Leadership competency enhancement and self-efficacy enable leaders to perform well in their roles, contribute to organisational success, and inspire their team members to attain their full potential (Allam, Ali, & Sayeeduzzafar, 2024). By keeping Bahrain's oil prices high and low, we are examining the effectiveness of leadership. During our investigation, we chose a company specialising in business processes and strategic information technology (IT). The organisation commenced operations in Bahrain in 2008. While oil prices fluctuated between US\$110 and 140 per barrel (pb), the organisation secured two large government projects which guaranteed work for five to seven years, while the outlook for the organisation remains positive. Despite a positive appearance, a drop in crude oil prices in June 2014 contributed to a loss of 75% in long-term profits.

<sup>1</sup> Lecturer, Department of Management and Marketing, College of Business Administration, University of Bahrain, Kingdom of Bahrain. ORCID <https://orcid.org/my-orcid?orcid=0009-0000-2357-8508>. E-mail: [ajayasundera@uob.edu.bh](mailto:ajayasundera@uob.edu.bh)

<sup>2</sup> Assistant Professor, Department of Management and Marketing, College of Business Administration, University of Bahrain, Kingdom of Bahrain. ORCID <https://orcid.org/0000-0001-8992-0767>.

At this point, it was necessary to investigate the organisations inside operations to uncover the reasons for revenue losses. In June 2014, when oil prices dropped below US\$40, it led to severe economic hardships for Bahrain's small and medium-sized enterprises (SMEs). In this challenging environment, the government temporarily halted large, new infrastructure projects worth more than US\$350–400 million. Another cost-cutting measure was to withdraw government-sponsored utility subsidies from the community. The temporary delay of these measures had a detrimental impact on the income of organisations that relied heavily on government-sponsored projects.

The Business Process & IT Consulting organisation initially conjectured that the decline in oil prices and government-imposed austerity measures were the culprits behind the revenue losses experienced from June 2014 onwards. Another hypothesis was that the government had ceased financial and advisory support to foreign-owned organisations. The macroeconomic conditions unveiled the challenges the organisation faced in a disruptive economic setting. However, the meso-economic conditions presented challenges that influenced operating costs but did not directly impact the organisation's profit or loss. The next phase was deemed necessary to delve deeper into the internal challenges impeding the organisation's leadership's response to the economic crisis.

According to (Hamilton, 1983) and (Ederington & Guan, 2010), oil price fluctuations hurt a country's macro economy. When oil prices rise, a country's GDP decreases, and both direct and indirect dependents experience reduced earnings. Conversely, when oil prices drop, organisations experience reduced profits, leading to a decrease in the actual value of their assets and disrupting their balance sheets (Deloitte, 2019). However, except for one factor - the drop in oil prices - the other causes of this phenomenon cannot be calculated from a macro-economic standpoint. Until the economic situation improved, the Business Process & IT Consulting organisation did not seek external financial assistance to lower its operating costs.

At first, Business Process & IT Consulting organisation assumed the government would favour locally owned organisations over foreign-owned ones. The perception held by the Business Process & IT Consulting organisation hindered it from seeking financial help by approaching Tamkeen, a semi-autonomous, primary government-funding organisation. Tamkeen's objective is to provide loan and advisory support to all SMEs, regardless of ownership and size. Tamkeen's segment-based packages align with the market needs of SMEs (Tamkeen, 2018). Furthermore, Tamkeen offers coaching and mentoring services to all organisations, regardless of maturity levels. However, the payback terms hindered the Business Process & IT Consulting organisation. The lack of collateral assets prevented them from accessing the required assistance. Furthermore, the organisation neglected to benefit from Tamkeen's coaching and mentoring support, which could have guided the loan application process.

The leadership competencies and their relative importance may vary depending on the specific SME and its stage of development. For example, during the start-up phase, entrepreneurial orientation and relationship building might be particularly crucial, while financial literacy becomes more prominent as the business grows (Morris, Desai, & Covin, 2022) and (Mozammel & Jayasundera, 2023). However, the existing research available globally predominantly focused on traditional leadership competencies. There is a growing need to explore the impact of technological advancements on leadership in SMEs. Leaders must be comfortable embracing new technologies and leveraging them to improve efficiency, communication, and decision-making (Sagbas & Erdogan, 2022).

Whereas leader self-efficacy in SMEs in Bahrain plays a crucial role in this construct's ability to foster organisational performance and success. The self-efficacy and the importance attached to developing and nurturing leadership are undeniable, and the need for addressing the contextual factors that can either enable or hinder its development cannot be overstated (Alfaraj & Alshaiikh, 2024). By implementing evidence-based strategies and policies, SME leaders and policymakers in Bahrain can play a crucial role in fostering a thriving ecosystem where self-efficacious leaders can thrive and propel their organisations to

new heights. Understanding the distinct leadership competencies required within the context is essential for SME success (Asad, Asif, Allam, & Sheikh, 2021).

## Review of Literature Review

Extensive research has been conducted globally on leadership competencies and self-efficacy, highlighting their crucial role in organisational success. However, minimal studies or investigations have been conducted specifically within the Bahraini Business Process & IT Consulting organisation. Therefore, our investigation aims to explore global research to gain a deeper understanding of these variables and ensure a more robust and credible investigation.

### *Leadership Competencies*

The professional IT Architects' Framework depicted in Figure-1 maps out 14 competency characteristics that are directly linked to practical and superior performance in a job or situation (Spencer & Spencer, 1993). This framework places organisational knowledge at the forefront of its characteristics, defining it as a set of skills, knowledge, self-concept, traits, and motives. However, it highlights 14 additional competency characteristics organisations should consider when proposing solutions during an economic crisis. Organisations can make informed decisions that align with their objectives during this challenging time by evaluating long-term competitive advantages.



**Figure 1:** Expected competencies by professional IT architects

Source: Spencer and Spencer (1993, p.8)

Understanding the five competencies essential to leadership excellence in organisations is also important. Table-1 highlights the leader's brief description and expected competencies to improve the organisation and build a better reputation among competitors and employees.

**Table 1:** Competency characteristics and expected competencies

S/No	Competency Characteristic	Description	Expected Competencies
1	Skills	Skills are the application of knowledge and know-how to perform a certain physical or mental task. Knowledge and skills are fundamentally different.	<ol style="list-style-type: none"> <li>1. Critical analysis and problem solving skills</li> <li>2. Communication skills</li> <li>3. Conceptualisation and abstraction skills</li> <li>4. Skills to manage situational politics</li> </ol>
2	Knowledge	Knowledge is the body of facts, principles, practices and theories that form the basis for a given discipline. It is the acquired information in specific work domains.	<ol style="list-style-type: none"> <li>1. Technical knowledge</li> <li>2. Work experiential knowledge</li> <li>3. Comprehensive knowledge</li> <li>4. Contextual knowledge</li> </ol>
3	Self-concept	Self-concept is how an individual positions him/herself. It is related to his/her values and self-concepts.	<ol style="list-style-type: none"> <li>1. Walk the middle ground</li> <li>2. Be visionary</li> </ol>
4	Traits	Traits are an individual's dispositional characteristics, which lead to consistent responses to situations or information.	<ol style="list-style-type: none"> <li>1. Be creative</li> <li>2. Be open-minded</li> </ol>
5	Motives	Motives are psychological features that arouse a person to action toward a desired goal. These internal drives lead to the need to seek achievement, power and affiliation.	<ol style="list-style-type: none"> <li>1. Be passionate</li> <li>2. Be resilient</li> </ol>

Source: Adapted from Spencer and Spencer (1993, pp.8-9)

It is imperative to mention that (Bird, 2019) asserts that entrepreneurial competencies encompass an individual's underlying attributes that lead to new venture creation, survival, and/or growth. However, (Man, Lau, & Chan, 2002, p. 124) identify these competencies as the "total ability of the entrepreneur to perform this role successfully." Similarly, (Sarwoko, Surachman, Armanu, & Hadiwidjojo, 2013) argue that robust entrepreneurial characteristics enhance the competency of entrepreneurs and positively impact business performance. Also, (Kiggundu, 2002) emphasises the combination of the leader's beliefs, attitudes, knowledge, personality, abilities, skills, and behaviour that collectively contribute to an organisation's success. It is important to note that possessing all these characteristics does not guarantee the ability to run a business successfully. However, studies have shown that having one or more characteristics can predict an organisation's success (Markman, 2007) and (Ahmad, Ramayah, Wilson, & Kummerow, 2010).

According to (Man, 2001) and (Chandler & Jansen, 1992), the following Table-2 shows entrepreneurial competencies.

**Table 2:** Entrepreneurial competencies

S/No	Competency	Components
1	Strategy competency	Entrepreneur's ability to develop a vision and strategy, set goals, plan and sell ideas.
2	Commitment competency	Demonstrating the motivation to compete and complete a task.
3	Conceptual competency	Demonstrating cognitive ability and decision-making skills. Possess the ability to weigh risks, lateral thinking, be innovative, creative, reasoning and have the capacity to reduce risks.
4	Opportunity competency	The ability to recognise and capture an opportunity.
5	Relationship competency	Ability to demonstrate possession of interpersonal and communication skills. Ability to influence external stakeholders for support.
6	Organising competency	The ability to lead, coordinate, control, monitor and organise internal and external resources of the organisation.
7	Learning competency	Direct and utilise skills to recognise and adapt to the changing roles of the entrepreneur.
8	Personal competency	Personal qualities and abilities to build personal strength to enhance individual effectiveness to perform in a challenging situation. Ability to identify strengths and weaknesses and match them with opportunities and strengths.
9	Technical competency	The ability to use and adopt technical skills required for the business. This includes knowledge of instruments and machinery.
10	Social responsibility competency	Contribution of positive activities undertaken towards its customers, employees and the general public.
11	Familism competency	Display of affection and concern for the immediate family that plays an active role in the entrepreneur's daily life.
12	Ethical competency	The ability to understand and accept ethical problems and the capability to communicate and resolve them towards the benefit of the organisation.

Source: Adapted from Man (2001, pp.61-65); Chandler and Jansen (1992, pp.225-226)

In the business arena, leaders assume three primary roles: entrepreneurial, managerial, and functional (Chandler & Jansen, 1992). According to (Sadler-Smith, Hampson, Chaston, & Badger, 2003), small business owners must possess a diverse range of skills and competencies to succeed. Furthermore, business leaders must navigate external factors, such as a conducive environment and understanding of customer access to products or services. It is of paramount importance for business leaders to steer clear of direct competition and avoid venturing into highly competitive markets. This strategic decision-making is crucial to the long-term success of the business. Lastly, business leaders must confront fundamental challenges, such as the economic conditions in which the organisation operates, and refrain from initiating a business that stifles operating costs (Watson, Hogarth-Scott, & Wilson, 1998).

While external factors undoubtedly have a significant impact on the organisation's development, the interplay of internal factors related to planning and managerial skills significantly influences business success. According to (Gaskill, Van Auken, & Manning, 1993), it is not merely external factors that drive a company's growth and prosperity; instead, it is the internal competencies and capabilities of leaders that genuinely make a difference. Furthermore, business leaders who have experience working in uncertain and turbulent business environments tend to excel during economic downturns. As stated by (Westerberg, Singh, & Hackner, 1997), these individuals possess invaluable knowledge and deep insights into leveraging internal resources effectively. They can think outside the box and combine these resources in creative ways to propel the business forward.

Moreover, (Ahmad, Ramayah, Wilson, & Kummerow, 2010) argue that leaders must not only navigate external challenges but also overcome internal obstacles. The ability to effectively manage conflicts, motivate employees, and make strategic decisions is crucial for organisational success (Allam, 2017). By harnessing their internal resources and combining them with external knowledge, leaders can drive their businesses towards growth and resilience even in challenging economic times (Al Kahtani, Khan, & Allam, 2016) and (Allam, 2019).

A successful strategy requires the acquisition of new knowledge. As a result of developing a level of expertise within the organisation and constantly tweaking it, incremental improvements can be achieved (Weick & Quinn, 1999) and (Jayasundera, 2019). The result of this is a critical competence that contributes to the organisation's success (Crawford & Nahmias, 2010). It is, however, a challenge when managers fail to recognise the importance of organisational, interpersonal, and individual viewpoints. For an organisation to succeed, leaders must be capable of obtaining knowledge from their workforce and reorganising accordingly (Allam, 2017). To support the organisation's values and future objectives, thought leaders identify strategic visions and communicate the organisation's needs (Debowski, 2006) and (Singh, 2008). Having only a strategy and communicating it poorly will not achieve the desired results, engagement, commitment, and interest (Bertoldi, Giachino, Rossotto, & Bitbol-Saba, 2018). A well-articulated strategy aims to present a clear vision for the organisation's future and hold its employees accountable to the organisation's goals and objectives (Allam, 2019). It is impossible to drive the organisation toward a shared vision in the absence of clear objectives (Allam & Malik, 2021). Additionally, a vision alone cannot drive the organisation towards success if its leader lacks the talent to drive the required change (Allam, Sayeeduzzafar, & Ali, 2024). Once the vision has been agreed upon and communicated, its leader must possess the capability and capacity to drive that change throughout the organisation (Singh, 2008).

Furthermore, the ability to analyse the speed of change, whether it is high or low, and the direction it is progressing is crucial (Astuti, Safitri, Setrojoyo, & Wibowo, 2023). The speed at which an organisation adapts to its external environment determines its ability to be competitive. When an organisation changes rapidly to meet those requirements, it demonstrates resilience and the ability to withstand market challenges (Bertoldi, Giachino, Rossotto, & Bitbol-Saba, 2018). However, when a leader lacks the necessary knowledge and fails to implement the required changes effectively, the organisation is at risk of becoming obsolete and being banished from the market (Bertoldi, Giachino, Rossotto, & Bitbol-Saba, 2018).

However, (Dutta & Sahoo, 2021) found that strategic thinking, decision-making, and communication skills are crucial leadership competencies and avoid psychological contract breaches (Allam, George, Ben Yahia, & Salim, 2024). The findings suggested that SME leaders who possess the ability to formulate and implement strategic plans effectively, make timely and informed decisions, and communicate their vision effectively are more likely to achieve organisational success.

Similarly, (Javed, Naqvi, Khan, Arjoon, & Tayyeb, 2022) conducted a study to investigate the role of entrepreneurial leadership in promoting innovation and sustainability in Pakistani SMEs. Their research findings suggest that specific entrepreneurial leadership competencies, such as risk-taking, opportunity recognition, and resource leveraging, play significant roles in driving eco-innovation and environmental sustainability in small businesses.

Moreover, (Ucbas & Kaplan, 2023) further highlighted that SMEs operate in a fast-paced and uncertain environment. In this setting, leaders must be adaptable, make quick decisions with limited information, and effectively navigate challenges. These competencies are essential for SME leaders to excel in their roles and contribute to the overall success of the organization.

The importance of adaptive leadership competencies in SMEs has also recently been highlighted in literature. Similarly, (Bai & Lim, 2024) examined how Malaysian SME leaders dealt with the COVID-19 pandemic challenges. During the crisis, leaders who demonstrated agility, resilience, and the ability to adjust rapidly to changing circumstances were more likely to ensure the survival and growth of their organisations.

The importance of strategic thinking and the ability to articulate a clear vision for SME leaders was also highlighted by (Smith, Rigotti, Otto, & Berker, 2021) and (Watkins & Yazici, 2022). Long-term success requires SMEs to anticipate market trends, identify growth opportunities, and align their resources and capabilities. According to (Foss & Saemundsson, 2021), SMEs can set a clear, long-term vision while remaining adaptable in a dynamic environment. Such leaders promote innovation, fostering the identification and pursuit of new opportunities.

The dynamic nature of the SME landscape requires leaders to be highly adaptable (Foss & Saemundsson, 2021) and flexible in their approach to results (Nguyen, Alam, Perry, & Prajogo, 2022). Due to technological advances, changing customer needs, and changing market conditions, small and medium-sized businesses must be able to respond quickly.

Additionally, (Dutta & Sahoo, 2021), (Tawse, Patrick, & Vera, 2023) and (Xie, Wu, & Xie, 2023) emphasise the importance of solid communication skills and meaningful relationships with employees, customers, and stakeholders. In an organisation, transparent and open communication promotes trust, alignment, and collaboration. Securing resources and navigating challenges (Tawse, Patrick, & Vera, 2023) and (Xie, Wu, & Xie, 2023) show that strong relationships with stakeholders, including employees, customers, suppliers, and investors, are critical.

Further, (Lumpkin & Dess, 2021) indicate that successful SME leaders often possess an entrepreneurial mindset that enables them to identify and capitalise on new opportunities. Leadership of this type is characterised by a willingness to take calculated risks and a comfort with uncertainty. Leadership with an entrepreneurial mindset is crucial for driving growth (Asad, Asif, Allam, & Sheikh, 2021). The authors assert that they actively look for new market opportunities (Smith, Rigotti, Otto, & Berker, 2021) and (Watkins & Yazici, 2022), take calculated risks (Lumpkin & Dess, 2021), and have a strong sense of initiative.

To achieve the most significant productivity and engagement, SME leaders should invest in the growth and development of their employees and empower them (Gialuisi & Coetzer, 2021) and (Barth, Nasholm, & Thulin, 2022). Additionally, (Ghobadian, Farashahi, & Dayan, 2021) and (Asad & Ahmed, 2024) stated that motivating and engaging a small workforce is crucial to success since employee satisfaction directly impacts performance. Leadership requires strong interpersonal skills, effective communication (Dutta & Sahoo, 2021), (Tawse, Patrick, & Vera, 2023) and empowerment (Xie, Wu, & Xie, 2023). SMEs may also have limited resources. Whereas (Morris, Desai, & Covin, 2022) recommend that leaders understand finances, budgeting, and resource allocation to maximize efficiency and growth.

Bahrain's small and medium-sized enterprises, the backbone of its economy, hold immense potential for growth and success. They significantly contribute to job creation, innovation, and economic diversification, playing a crucial role in Bahrain's economic development (Al-Bahrani, Suleiman, & Khalifa, 2021).

A study among 200 SMEs in Bahrain, (Almahmood & Alhassan, 2021) found that strategic decision-making, adaptability, and emotional intelligence were among the most critical leadership skills. Based on their findings, Bahraini SME leaders can formulate and implement strategic plans effectively, adapt to changing circumstances, and manage their emotions effectively. As a result, their employees' emotions contribute to the success of their organisations.

Additionally, (Hamad & Isa, 2023) examined how servant leadership impacts Bahraini small- and medium-sized businesses. In their study, servant leaders who prioritise employee development and well-being, foster a sense of community and demonstrate humility and empathy are more effective at promoting organisational success and resilience, say (Tawse, Patrick, & Vera, 2023) and (Xie, Wu, & Xie, 2023).

The literature has emphasised the significance of digital leadership competencies in SMEs in Bahrain. (Abdulla & Khalifa, 2024) examined how SME leaders in Bahrain navigated the digital transformation during the COVID-19 pandemic. The researchers discovered that leaders who demonstrated proficiency in

digital technologies, data-driven decision-making, and digital innovation (Sagbas & Erdogan, 2022) were better equipped to ensure the survival and growth of their organisations during the crisis. However, it is important to note that these competencies must be adapted to the cultural nuances, say (Jayasundera & Babu, 2017) and (Elengewary, Al-Shami, & Wright, 2022), of Bahrain, emphasising collaboration, relationship building, and respect for hierarchy. This adaptability is critical to gaining trust and fostering employee loyalty (Allam, George, Ben Yahia, & Salim, 2024).

### *Leadership Self-Efficacy*

A leader's self-efficacy (LSE) refers to their judgment and ability to execute the necessary behaviours to fulfil their leadership role effectively. According to (Murphy & Ensher, 1999), LSE is a fundamental factor determining a leader's capability to assess and influence the organisation's progress towards its goals. Moreover, (Flammer, 2001) further suggests that LSE encompasses a leader's capacity to identify which actions lead to specific outcomes and their capability to implement these actions within their own personal capacity. The concept of LSE stems from Albert Bandura's self-efficacy theory (1977). However, (Bandura, 1977, p. 3) defined "self-efficacy as the belief in one's ability to succeed in specific situations or tasks". Similarly, LSE involves a leader's confidence in guiding the organisation towards success. By combining both concepts, LSE becomes a crucial determinant of a leader's ability to set goals and effectively lead the organisation towards achieving them. According to (Bandura, 1977), the following Table-3 provides a better understanding of leadership self-efficacy.

**Table 3:** LSE characteristics

↑ High Self-efficacy	↓ Low Self-efficacy
Self confidence	Fear of risks
Accurate self-evaluation	Fear of uncertainty
Willingness to take risks	Feelings of failure
Sense of accomplishment	

Source: Bandura (1977, p.3)

It emphasises intensity, initiation, behaviour, and persistence as a construct of social cognitive theory. According to this theory, business leaders with high self-efficacy take on challenging tasks and exert effort in completing them (Bandura, 1977) and (Gist & Mitchell, 1992). These personalities are more persistent when faced with challenges.

Using LSE as a lever of change, (Paglis, 2010) emphasises the leader's strategic and creative leadership in completing tasks and achieving challenging objectives. Based on (Machida & Schaubroeck, 2011), two key self-efficacy characteristics include (a) development experience (challenges, feedback, and support) and (b) learning orientation. Furthermore, (McCauley, Ruderman, & Velsor, 2010) describe self-efficacy as assessments, challenges, and support that contribute to a leader's development. In contrast, whereas assessment encourages business leaders to minimise gaps through feedback from their colleagues. As a result, business leaders with low self-efficacy can focus on self-doubts, and business leaders with high self-efficacy can receive a warning signal to change their style (Lindsley, Brass, & Thomas, 1995).



Leader self-efficacy, as identified by (Luthans, Youssef-Morgan, & Avolio, 2021), is positively associated with growth, profitability, and innovation in SMEs. The authors attribute this to leaders' increased willingness to take risks, ability to inspire and motivate employees, and enhanced problem-solving skills. According to (Hmieleski & Corbett, 2022), leader self-efficacy is a significant predictor of SME survival and longevity. Self-efficacious leaders are better equipped to navigate the challenges of a volatile market.

Similarly, (Hmieleski & Ensley, 2021) further emphasise that access to social support networks and a positive organisational climate are positively associated with leader self-efficacy. Conversely, (Luthans, Avey, & Patera, 2022) reported that high levels of environmental uncertainty and resource constraints are negatively related to leader self-efficacy. These factors undermine leaders' confidence effectively guiding their organisations (Aljassim & Almahmeed, 2022). However, (Liao, Wang, & Zhu, 2023) explain that high self-efficacy leads to better strategic decisions, which leads to better firm performance. Also, (Cai, Liu, & Chen, 2022) found a positive correlation between leader self-efficacy and employee motivation and engagement, ultimately increasing the productivity of SMEs.

Additionally, (Singh & Mishra, 2021) highlight that general findings have varying interpretations due to cultural and institutional specificities, with the same opinion given by (Sulphrey & Allam, 2017). This critical literature review aims to synthesise the research on leader self-efficacy in SMEs in Bahrain, focusing on critical findings and theoretical frameworks. According to (Alkhalifa & Alansari, 2021), leader self-efficacy significantly predicts SME growth and profit in Bahrain. They attribute this to increased risk-taking by leaders, problem-solving abilities, and capacity to inspire employees.

Similarly, (Albaharna & Alhasan, 2022) report that leader self-efficacy is positively associated with SME innovation (Luthans, Youssef-Morgan, & Avolio, 2021) and internalisation, highlighting the practical implications of these findings. Self-efficacious leaders are better equipped to navigate the challenges of a dynamic and resource-constrained environment (Hmieleski & Corbett, 2022). The research also delves into the factors that contribute to the development of leader self-efficacy in the SME context in Bahrain. For instance, (Aljaberi & Alqasim, 2023) found that previous entrepreneurial or managerial experience, access to mentoring and training programmes, and a supportive organisational culture (Jayasundera & Babu, 2017) are positively associated with leader self-efficacy. Conversely, (Alfaraj & Alshaikh, 2024) found that high levels of regulatory uncertainty and limited access to financial resources (Aljassim & Almahmeed, 2022) are negatively related to leader self-efficacy, as these factors undermine leaders' confidence in their ability to guide their organisations effectively (Luthans, Avey, & Patera, 2022).

This study aims to identify the factors that contribute to the effectiveness of leadership competencies and gain insights into leadership self-efficacy, which can improve organisational efficiency. As part of the leadership process, it is also essential that the leader understands the challenges the organisation's team faces and takes action to overcome these challenges. With a robust understanding of these factors and challenges, the organisation can develop strategies and measures to enhance its leadership skills and improve efficiency.

## Methodology

### *Research Design*

The qualitative research design employed in the present study serves as the foundation, shaping its framework and methodology. In this study, we aim to shed light on the factors that contribute to leadership competencies and self-efficacy from the perspective of both employees and the leader. By understanding these competencies, organisations can develop effective strategies to attract and retain top management, fostering a positive work environment and improving overall performance and competitiveness. To ensure a comprehensive understanding of the research objectives, a thorough literature review was conducted to identify key research questions that could be addressed within the study. By selecting relevant and thought-provoking questions, the study was able to gain valuable insights and uncover new information. The research design is aligned with the research goals and allows for a comprehensive analysis.

### *Research Questions*

Based on the study's objectives, literature review, and research design, the following appropriate questions were considered to identify leadership competencies and self-efficacy.

1. How did Bahrain's economic crisis impact the local culture, discouraging outsiders from the business circle?
2. How were foreign-owned organisations informed of Tamkeen's loan and advisory support without being discriminated against based on ownership?
3. How did the underlying organisational particularities impact the role of failed or stalled government projects?
4. How did the underlying organisational particularities impact the implied remedial steps towards survival and sustainability?
5. What underlying organisational particularities highlighted the Tender Board's role in allocating government tender quotas?

### *Participants' demographic profile*

A semi-structured interview was conducted with a focus group of seven junior-level employees and the leader from a Business Process and IT Consulting organisation. The sample included all married individuals, six males and two females; the leader was a male. All eight participants had varying levels of experience and different salary structures. This diversity enriched the study's findings by capturing various perspectives and experiences. During the interview, all seven employees had the opportunity to share their ideas in front of the leader. Additionally, the leader identified several challenges they face in their work in the information technology sector.

### *Data Analysis*

The methodological choice employed in this research was qualitative and employed thematic analysis, a flexible method well-suited for qualitative data analysis. This approach is based on the foundational principles of (Braun & Clarke, 2006). However, according to (Vaismoradi, Turunen, & Bondas, 2013), content analysis is a well-suited method for analysing a multi-faceted and sensitive matter, especially when delving into exploratory work where little is known about the subject matter. Content analysis primarily focuses on a micro-level, and even when employed within a qualitative analysis, it emphasises quantifying data and counting the instances of codes. On the other hand, thematic analysis offers a more thorough data account, providing a detailed depiction of the data (Boyatzis, 1998). This method is highly flexible and can be applied with other research methods. By following these steps, patterns, topics, and categories were identified that were related to the understanding of leadership competencies and self-efficacy. The refined codes were then organised into coherent themes to enhance data comprehension. While thematic analysis is widely recognised for its effectiveness in analysing diverse textual materials such as interviews and documents, it is essential to acknowledge that it does not adhere to a single, universally prescribed method.

## **Results and Discussion**

In this study, focus groups and face-to-face interviews were conducted. To maintain the integrity of the scientific investigation, the recordings were transcribed with the respondents' consent, and the data was then meticulously reviewed and reread. Indeed, the accuracy and reliability of the data was prioritised throughout this process to maintain the realm of the current investigation.

**Question #1: How did Bahrain's economic crisis impact the local culture, discouraging outsiders from the business circle?**

*The CEO said: “Bahrain, being small and with a close business circle, means the preference is always for immediate family members. People take time to develop trust with anyone outside this circle. I respect these cultural and religious bonds, but these unwelcome gestures hinder access to vital information.”*

The evidence indicates that outsiders are discouraged from becoming members of the local business community, and Bahrain is more considerate about achieving its Vision 2030. In this situation, it is difficult for any leader to demonstrate competence and efficacy in promoting their business's holistic growth.

Additionally, focus group members expressed the opinion that *“as a foreigner in Bahrain since 1995, I have been networking with employees from my previous or similar organisations. However, I did not belong to a business circle. My challenge is knowing and connecting with other business leaders.”*

Consequently, we can conclude that the CEO's lack of entrepreneurial experience hindered him from networking with business circles. However, a higher-level leader who participated in the discussion argued, *“I now see the implications of not attempting to link entrepreneurially before I became an entrepreneur.”*

After analysing the statements of the higher officials, the researchers concluded that leaders cannot analyse the benefits of networking with other business leaders from a business perspective.

### **Question #2: How were foreign-owned organisations informed of Tamkeen's loan and advisory support without being discriminated against based on ownership?**

The focus group said that *“we heard that Tamkeen’s loans are extended to buy office equipment and wage support help for Bahraini-owned organisations, but as we are 100% foreign-owned, we were not sure if we can ask for Tamkeen’s financial support.”* Similarly, one of the managers pointed out that *“we thought that Tamkeen’s coaching and mentoring were only for locally owned or big organisations.”*

Furthermore, the higher-level leader in the focus group opined on the CEO’s quote: *“if Tamkeen takes a more pro-active approach in promoting its services, more organisations will benefit. The only way we knew of its services was through its website. What about organisations that are not computer-friendly? How are they going to obtain their services?”*. Further, he said that *“in this economic crisis, we are reluctant to apply for loans, fearing payback.”* Another member of the focus group informed that *“being 100% foreign owned, we are not sure we will receive fair treatment in getting our loans approved.”* However, one of the members expressed the feelings in terms of that *“with our limited collateral assets, meeting payback prevented us from seeking external financial support.”*

Based on these opinions, the researchers have concluded that Tamkeen's coaching and mentoring program and business development program are primarily aimed at benefiting local people and organisations and are designed to contribute to the achievement of Vision 2030.

Through interviews with a limited number of people as a focus group, the researchers have found a lack of awareness regarding different opportunities from Tamkeen. This lack of awareness may hinder the fullest potential of Tamkeen's resources. Additionally, the researchers have observed that there is a lack of support given to foreign-owned organisations, i.e., Business Process and IT Consulting organisations, when it comes to benefiting from Tamkeen's coaching, mentoring, and other services.

### **Question #3: How did the underlying organisational particularities impact the role of failed or stalled government projects?**

Based on the interview question, one of the focus group members explained that *“when the projects were terminated with the reasoning that our services were non-essential, this began to disrupt our cash flow.”* However, another focus group member said, *“government projects were our main income pipeline to secure our sustainability for a lengthy period.”* Furthermore, the CEO highlighted that *“having secured government projects at an early stage gave us the confidence to look beyond Bahrain, and through this mindset, within two years, we expanded our wings to Saudi Arabia.”* Finally, the focus group pointed out that *“keeping the initial success in mind of having secured government projects in*

Bahrain, we were eager to move to Saudi Arabia.” Also, the CEO mentioned that *“we should have carried out a market survey before we moved to Saudi Arabia.”*

According to their perspective, Business Process & IT Consulting organisation’s projects fall into two distinct categories. Despite this, based on the project category (essential and non-essential), the government stalled large and new infrastructure projects worth over US\$350–400 million, adversely affecting the Business Process & IT Consulting organisation. We conclude from their opinion that failed or stalled government projects play a significant role. Therefore, Business Process & IT Consulting organisation’s inability to amend its business plan in line with the economic setting was due to its lack of knowledge about diversifying and reducing risks. Finally, the Business Process & IT Consulting organisation failed to explore the consequences of expanding beyond Bahrain at an early stage. According to all opinions, leadership competencies and self-efficacy are crucial to organisational changes.

#### **Question #4: How did the underlying organisational particularities impact the implied remedial steps towards survival and sustainability?**

This question identifies remedial steps towards survival and sustainability to adapt to the economic crisis and what the Business Process & IT Consulting organisation did better, worse, or different. The interview question was difficult for the focus group. However, the senior organisation members answered, *“having secured government projects at the early stage of our business gave us the confidence to look beyond Bahrain, and through this mindset, within two years, we expanded our wings to Saudi Arabia.”*

The findings indicate that organisations that have succeeded in their home markets often aspire to replicate that success in overseas markets. However, entering new and unfamiliar markets can be complex and requires careful planning and management. By addressing challenges such as sales and servicing functions, language barriers, regulatory requirements, disrupted supply chains, and managing a complex network, organisations can navigate the complexities of international expansion and achieve sustainable growth. The management decided to expand their business beyond Bahrain to survive and grow successfully in the long run.

#### **Question #5: What underlying organisational particularities highlighted the Tender Board's role in allocating government tender quotas?**

Based on the question, the higher-level members from the focus group supported the CEO's quote: *“I have been in business for the last few years and have never been successful even securing part of a tender, but my friends in the big business circle have been successful winning government tenders. We often see a lack of transparency in granting government tenders. We are concerned that they are secretly awarded to larger organisations.”* However, the CEO stated, *“I feel that the government tenders have hidden clauses favouring large organisations.”* Another senior member highlighted that *“securing a government tender or a sub-contract has been a significant challenge for us. A considerable challenge arose from 'inside' information before the tender was released. Tenders are awarded based on personal relationships, paying little attention to project skills or knowledge we can provide.”* Another focus group member pronounced that *“securing a government tender or a sub-contract has been a significant challenge for us. A considerable challenge arose from 'inside' information before the tender was released. Tenders are awarded based on personal relationships, paying low attention to project skills or knowledge we can provide.”*

Furthermore, higher level members said that *“we thought that visits to the Tender Board were through invitation, and never knew that every organisation had this opportunity.”* Later, the CEO mentioned that *“we do read daily newspapers for government tender openings, but we see only limited announcements from selected government offices.”* One manager highlighted that *“we never knew that government tender openings are open to the public.”* However, a senior leader in the group revealed that *“I thought by default, based on our service category and employee qualifications, we are short-listed as potential tenderers. I never knew that organisations must initially register and pre-qualify with the Tender Board or Chamber of Commerce and Industry.”*

Another focus group member shared, *“by not registering with the Chamber of Commerce and Industry, we missed numerous opportunities to study competitor tender pricing strategies and tender writing skills.”* Lastly, one member said,

*“I have heard that there is weekly ‘Majlis’ are open houses held by other business leaders. I thought that they were accessible by invitation only and were only for local or GCC nationals who speak Arabic.”*

From the different points of view, it is evident that the lack of transparency and accountability in allocating government tenders, ambiguous clauses associated with awarding these tenders, limited access to critical information, the lack of initiative to visit the Tender Board, and the inability to qualify with the government offices all pose significant challenges for leaders within the existing organisation. These limitations hinder their ability to demonstrate leadership competencies and efficacy, challenging and enhancing the organisation's significance and profitability.

## Conclusion

The current qualitative study investigated the factors affecting leadership competencies and self-efficacy within Bahrain's Business Process & IT Consulting organisation. The research employed a qualitative approach, specifically focus group interviews with a leader and seven employees. Thematic analysis was used to analyse the interview data.

Several key findings emerged from the study:

*Challenges for foreign-owned businesses:* Bahrain's close-knit business community can make it difficult for outsiders to gain access to vital information and resources. This can hinder a leader's ability to demonstrate competence and efficacy.

*Lack of awareness of government programmes:* Foreign-owned businesses may not be fully aware of the support programmes available from organisations like Tamkeen. This can limit their ability to access resources and funding for growth.

*Impact of government projects:* The Bahraini government's decision to stall or terminate certain projects had a negative impact on the cash flow and sustainability of the Business Process and IT Consulting organisation. This highlights the importance of leaders being adaptable and having a diversified business plan.

*Challenges of international expansion:* The decision to expand to Saudi Arabia without proper planning and market research ultimately proved unsuccessful. This underlines the need for careful consideration before entering new markets.

*Lack of transparency in tender allocation:* The perception of transparency in allocating government tenders creates challenges for smaller businesses. Leaders need to know the proper procedures for registering and qualifying for tenders.

*Limited access to information:* The firm was unaware of resources available to help them qualify for tenders and participate in the tendering process.

The study reveals that leadership competencies and self-efficacy are crucial to navigating the challenges businesses face in any country, including Bahrain. Leaders need to be adaptable, flexible, resourceful, and understand the internal and external business environment. Furthermore, the study emphasises the importance of clear communication and transparency from government institutions to implement drastic organisational changes.

### *Recommendations and limitations of the investigation*

The study strongly recommends immediate action by businesses, government, and other stakeholders to address their challenges. To effectively navigate the complex business environment in Bahrain, SMEs should focus on enhancing their strategic planning and decision-making abilities. Effective leadership is

crucial for SMEs to effectively adapt to changing circumstances and lead their teams. According to (Almahmood & Alhassan, 2021), SME leaders can effectively manage organisational change and lead their teams more effectively if they cultivate adaptability and emotional intelligence. However, with the accelerated digital transformation brought about by the COVID-19 pandemic, Bahrain's SMEs need to develop their digital leadership competencies further. As (Abdulla & Khalifa, 2024) emphasise, proficiency in digital technologies, data-driven decision-making, and digital innovation is essential. The ability of Bahraini SME leaders to utilise technology for communications, operations, and decision-making can significantly enhance their self-efficacy in a rapidly evolving business environment.

However, (Sagbas & Erdogan, 2022) argue that SME leaders in Bahrain should prioritise the integration of sustainable and green leadership practices into their organisations as environmental sustainability becomes increasingly important. Leadership skills, strategic planning, and decision-making workshops can further enhance self-efficacy, according to (DeRue & Wellman, 2021). Also, (Luthans, Avey, & Patera, 2022) suggest training programmes, mentorship opportunities, and exposure to successful role models as valuable tools to boost self-efficacy beliefs among SMEs.

Furthermore, peer learning groups, where SME leaders can exchange experiences, discuss challenges, and provide mutual support, can enhance self-efficacy by offering a platform for collective problem-solving and knowledge exchange (Tsang, 2022). By leveraging these approaches, SME leaders in Bahrain can confidently cultivate their self-efficacy and navigate the evolving business landscape. To enhance leadership capabilities in Bahraini SMEs, it is crucial for training programmes to take note of cultural (Jayasundera & Babu, 2017) and contextual factors unique to the local business environment (Almahmood & Alhassan, 2021). Financial aid and subsidised training opportunities should be made more accessible to SMEs through government-supported programmes (Al-Bahrani, Suleiman, & Khalifa, 2021). Policies and support systems should be developed to create a conducive environment for leadership development and enable leaders to navigate challenges effectively (Hmieleski & Corbett, 2022); (Allam, Sayeeduzzafar, & Ali, 2024) and (Alfaraj & Alshaikh, 2024). Additionally, self-reflection and setting clear, attainable goals can strengthen the self-efficacy and effectiveness of SMEs (Sun, Zhang, Gao, Yan, & Tang, 2022).

This specific research has certain limitations and presents abundant potential for further investigation. When considering the prospects for this research, it is recommended to examine similar studies from a GCC perspective to gain insights into how SMEs have adapted to the economic crisis caused by the decline in oil prices and the role of leadership competencies and self-efficacy. Additionally, considering Bahrain's status as a developing nation, it is worthwhile to conduct comparison research from a South Asian country's angle. By exploring these perspectives, additional insights can be gained into the challenges faced by SMEs in these regions and the effectiveness of their coping strategies during economic downturns to better understand the competencies and self-efficacy of leadership.

**Practical implications:** There is a lack of research on this topic within the Bahraini context. Future research should explore the moderating effects of factors like industry type and organisational culture and develop leader self-efficacy measurement tools. By filling the research gap, this study will contribute to developing leadership development programmes for the SME sector in Bahrain to improve its competitiveness and long-term sustainability.

### Data Availability Statement

Our manuscript has no associated data.

### Competing interests and funding

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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