Impact of Organisational Leadership Style on Company Culture-An analysis of SMEs from the Middle East in Bahrain and the UAE

Aloma Jayasundera¹, Pam Jackson²

Abstract

This research investigates leadership styles and organisational cultures in Small and Medium Enterprises (SMEs) in Bahrain and the United Arab Emirates (UAE). Through a pre-designed semi-structured survey questionnaire, 200 participants from various disciplines in Bahrain and the UAE (each) provided data. The questionnaire addressed six leadership and four cultural and organisational contexts, exploring two key questions – 1) leadership style and 2) organisational culture in the organisation and demographics. Data analysis tools used in this research included Excel countifs, sum and data analytics available to Microsoft 365 users. The results showed that leadership styles and organisational culture vary across Bahrain and UAE SMEs. Results also evidenced that organisational culture does not affect the performance of SMEs in Bahrain and the UAE. Additionally, results showed that the relationship between leadership style and organisational culture in SMEs in Bahrain and the UAE exists but is not consistently significant.

Keywords: leadership, organisational culture, SMEs, Bahrain, UAE.

Introduction

There are approximately 420–510 million SMEs globally, of which 80–95% are in low- or middle-income countries (ILO, 2015), forming the most significant business sector in many economies (Culkin & Smith, 2000). Across the OECD, SMEs account for 99% of all enterprises, adding 50-60% of employment and employing 1 in 3 micro-organisations (OECD, 2019). Similarly, Berrios & Pilgrim (2013) argue that SMEs play a crucial role in job creation, providing two-thirds of formal jobs in developing countries and up to 80% in low-income countries. SMEs contribute up to 45% of total employment and 33% of GDP in emerging markets and contribute to economic diversification and resilience, especially in resource-rich countries vulnerable to commodity price fluctuations (OECD, 2017). Additionally, IFC (2010) declares that, considering informal businesses’ contribution, SMEs contribute to more than half of employment and GDP in most countries, irrespective of income levels.

There is no global definition for SMEs, with every country representing its meaning, mainly explained in quantitative terms, i.e., the number of employees and the amount of capital/revenue (Buculescu, 2013). Most governments, middle- and high-income economies, the OECD, and the IMF, define an SME as an organisation employing 0-249 workers. The category is further divided into micro (1-9), small (10-49) and medium (50-249) employees, and lower-income countries see 50-100 employees as a threshold to define an SME (UNECE, 2012). An additional tool to define an SME is the range between US$ 50-70 million in high-income and US$ 1-5 million in developing economies (UNECE, 2012).

SMEs form a majority of the companies within the GCC, but research on all GCC countries has not been well-defined for SMEs. Micro-businesses and SMEs represent nearly 90% of all organisations in Bahrain, including foreign branches or around 97% of local businesses, accounting for 30% of GDP and providing jobs for 73% of private sector employees (Oxford Business Group, 2018). Small organisations in the manufacturing sector have a capital investment of BD 20,000–500,000 (US$52,700-2.7 million) for 6–50 employees, while medium-sized organisations have a capital investment of BD1-3 million (US$1.3-7.9 million) with 51–100 employees (MOIC, 2018). Organisations with over 100 employees occupy 40% of the workforce; middle-sized organisations occupy 23.6%, while small organisations occupy 9.5% of the total
paid workforce (LMRA, 2021). Even though there has been swift growth among SMEs recently, most local organisations remain very small in Bahrain. Similarly, by mid-2020 the UAE, had 350,000 SMEs making up 94% of enterprises in the country, 73% in wholesale and retail sectors, 16% in the service sector, and 11% in the industry sector (U.AE, 2022), contributing 86% to the private sector workforce and 60% of the GDP.

SMEs progress through many development stages as the economy grows. Less than 50% of SMEs survive five years of operations, and only a fraction grow into larger organisations (Knight, 2000). SMEs initially proliferate before their total industrial functions deteriorate (Harvie, Narjoko, Oum & Loke, 2016). Similarly, Atawodi & Ojeka (2012) share that 80% of SMEs in Nigeria collapse before their fifth year, hampering the job market. However, WTOargues that although SMEs, primarily exporters, have lower survival rates, they tend to grow quicker than large firms and are highly persistent in overseas markets (Lejárraga & Oberhofer, 2015). A few SMEs sustain growth throughout their lifetimes (Storey, 2011).

Research Objective

The authors undertook this research to discover the nature of SMEs' leadership styles and organisational culture in Bahrain and the UAE, knowing that these variables are critical to organisational success. Research evidenced that there needed to be more research on organisational culture or leadership-related challenges in SMEs in the Middle East. There was only one research in 2022 on a comparative analysis of country satisfaction of Bahrain and the UAE teachers (Matherly, Zhang & Ahmed, 2022). This research attempts to fill this gap. The authors expect the findings to provide insights for policymakers and organisations in Bahrain and the UAE to design effective policies and programmes to empower SMEs to identify and use different leadership styles and organisational cultures to suit their growth.

Based on the objective, the specific goals are to:

Understand the nature and type of leadership styles in Bahrain and UAE SMEs.

Understand the nature and type of organisational culture in Bahrain and UAE SMEs.

Determine if there is a relationship between leadership style and organisational culture in SMEs in Bahrain and the UAE.

This research first outlines a literature review and associated theoretical frameworks relating to leadership and organisational culture, followed by variables and develops hypotheses. It then follows the design method and a section on results and discussion. This research ends with a conclusion, limitations and implications of the research.

Literature Review and Theoretical Frameworks

Identifying six leadership styles, Goleman (2017) says coercive leaders demand immediate compliance; authoritative leaders mobilise people toward a vision; affiliative leaders create emotional bonds and harmony. Democratic leaders build consensus through participation, pacesetting leaders expect excellence and self-direction, and coaching leaders to develop people for the future. Likewise, Kraus (2017) discovered that leadership is an emotional process of leaders displaying emotion and attempting to evoke emotions in followers. Similarly, Malik et al. (2020) distinguish that the coaching leader understands the team members, their strengths, weaknesses and their motivations, and contributes to their organisational development.

| Table 1: Goleman’s six leadership styles | 1025 |
Kraus (2017), agreeing with Goleman's EI Performance Model, identifies: visionary, coaching, affiliative, and democratic leadership styles as positively impacting workplace environment, outcomes, and high performance. Drzewiecka & Roczniewska (2018), examining Goleman’s (2017) leadership typology, found a negative relationship between authoritative and coaching leadership styles and organisation constraint levels, and specific leadership traits to lower organisation restrictions and lower workplace stress, improving the culture.
In Oman, managers tend to be authoritarian and directive (Al-Lamky, 2007), and employees expect managers to be commanding (authoritative), often leading to uncomfortable decision-making (Common, 2011). Apart from religion, the most significant impact on managers is nationality, with Saudi Arabians being more conformist with high structure needs than other Gulf nationals (Welsh & Raven, 2004). Saudi Arabia tops the region with a more authoritarian management style, with Kuwaitis being tribalistic and submissive to tradition and authority with a dominant pseudo-consultative management style. Additionally, Ali (1989) says managers in this region value appearances, consensus, and consultation but often need to consider the discussion they facilitate. Interestingly, young managers in the region opt for a more participative management style regardless of nationality (Yasin & Stahl, 1990).

Drzewiecka & Roczniewska (2018) discovered that pacesetting, coercive leadership styles, and hierarchy organisational culture negatively impacted leaders building culture and trust and safety. Similarly, Sarros, Gray & Densten (2002) enlightened leaders are likelier to employ coaching, rewarding, visionary, and model leadership behaviours to empower employees to perform. They are role models supporting the organisation’s objectives and promoting employee adherence to its mission and vision. Additionally, George (2000) suggests that by concentrating on five crucial aspects of good leadership, including contributing to staff, EI helps foster effective leadership and creates and maintains a meaningful identity for the organisation. Similarly, Fullan (2011) suggests that an effective change leader coaches as much as they learn alongside the individuals; they lead in helping the organisation improve.

Pacesetting and demanding are discordant styles, creating dissonance and negatively impacting the organisational culture when utilised improperly; the individuals expect excellence from themselves and the people who follow them (Goleman, 2017). Nevertheless, this style may or may not positively impact organisational culture. The followers of this leader may feel overwhelmed and need help to meet the demands for excellence that the pacesetter expects, and their morale drops. The autocratic, or pacesetting, leadership style is more performance-based; decision-making happens without consulting employees, who are often assumed by the leader to do what the leader is doing (Malik et al., 2020). Likewise, coercive is useful when dealing with turnaround scenarios, crisis management situations, or leading less high-performing co-workers. However, in most circumstances, this style limits the organisation's flexibility and detracts from the performance of subordinates (Kraus, 2017). Coercive leadership styles may be a more effective technique to bring about necessary changes rapidly when there is an intense urgency for change and a high disapproval for change (Menkhoff & Chay, 2006). Additionally, Abdullah, Anarfo & Anyigba (2020) found that both democratic and transformational leadership styles exhibited favourable relationships with each other and with the organisational behaviour of employees. Dyczkowska & Dyczkowski (2018) unveiled that democratic leaders interact with their workforce about potential business opportunities and new or anticipated challenges. As a result of the trust placed in them, employees are more dedicated to their profession and willing to express their ideas.

Exploring leadership styles aiming to establish leadership philosophies in businesses, Mkheimer (2018) revealed that most businesses use the same leadership styles, which have negatively impacted the corporate environment and its success and said that business performance works best under a combination of leadership styles, not just one. The most successful leaders employ leadership philosophies at the right proportion and time. However, flexibility and shifting styles may sometimes be challenging to implement; but Goleman (2017) adds that leadership styling is learned, not fixed.

“Culture eats strategy for breakfast” – Peter Drucker.

Multiple writers share differing thoughts relating to organisational culture. Brown (1998) believes organisational culture is a set of beliefs, philosophies, perceptions and behaviours that contribute to an organisation’s character and personality. Similarly, Bate (1996) sees organisational culture as a system of principles and beliefs that leaders use to direct the organisation, rewarding employees for correct behaviour. Geertz (1973, p.24) finds that culture is how people “communicate, perpetuate, and develop their knowledge about attitudes towards life. Culture is the fabric of meaning in which human beings interpret their experience and guide their action.”
Additionally, Schein (1990) sees organisational culture as a pattern of basic assumptions a particular group has invented, discovered, or developed in learning to cope with challenges associated with internal integration and external adaptation. Likewise, Schein & Schein (2016) identify organisational culture as the shared philosophies, ideologies, beliefs, assumptions, expectations, attitudes, norms and values in organisations. These patterns guide new members on how to perceive, think and feel about their workplace. Similarly, Tichy (1982) considers organisational culture the normative glue that holds the organisation together. Robbins & Coulter (2017) argue that organisational culture is shared values, principles, traditions, and ways of doing things to influence organisational members' actions. McCord (2018) defines organisational culture as the stories people tell or how people behave when no one is watching, the values you hold dear. It includes the expectations of how people behave and what gets punished or rewarded. Although several consultancy-based culture assessment tools exist, they may have yet to pin culture successfully in practical measures, resulting in employees struggling to explain organisational culture (Gifford & Wietrak, 2022).

Measuring organisational culture quantitatively is not wise; a qualitative ethnography gives ample time to talk to people to observe their actions and interactions with others (Schein, 1989). However, Gifford & Wietrak (2022) see these steps as not feasible for employers who want to swiftly recognise and improve organisational behaviour. Employees feel respected in a culture of freedom and responsibility. Leaders, especially those implementing change, are effective when they help people try new things under relatively nonthreatening conditions and listen to and learn from their reactions (Fullan, 2011). As suggested by Kraus (2017), this affiliative style creates harmony among subordinates and between leaders and subordinates and is beneficial for motivating people during stressful times or strengthening connections. However, it is not beneficial when negative performance feedback is needed to improve standards and refocus objectives.

Organisational Culture Assessment Instrument (OCAI) looks into organisational culture, comparing internal versus external focus for flexibility and control with the Competing Values Framework (CVF). The basis of OCAI for organisational culture posits four culture types (Cameron & Quinn, 2006).

Clan - people strongly identify with the group, as in a family, emphasising the team and teamwork; organisational members are loyal and friendly.

Adhocracy - innovation is prized, and organisational members have much independence and autonomy - the organisation focuses on developing cutting-edge products and services and is a market leader.

Hierarchy - dominant values are tradition and formality, emphasising stability, rules and efficient processes.

Market - competitive, hardworking, productive, transactions and demanding organisational members.

Figure 2: Four organisational culture types (OCAI Model)

No organisational culture is considered superior, although some forms are more suitable in specific contexts (Cameron, 2004). The applicability of an organisation’s culture can be assessed by looking at the organisation’s well-being, function and goal attainment. Therefore, the CVF gives a clear and nonintrusive form to understanding organisational culture and has been endorsed in many organisations (Muller & Nielsen, 2013; Lee, Shiue & Chen, 2016), including the public sector in the Arab context (Lindquist & Marcy, 2016).

In the construction sector in GCC countries, Martin & Desmond (2013) revealed that clan and hierarchy cultures were prominent among construction project managers. Additionally, Kumaresar & Swarooprani (2013) identified a mixed culture type in Qatar with a moderate dominance of clan culture. Similarly, clan and adhocracy were the dominant cultures in the higher education sector in the UAE (Chidambaranathan & Regha, 2016). Dubkevics & Barbars (2010) surveyed a relationship between four HR practices and two variables in Latvia and learned that employees favoured hierarchy culture, whereas managers preferred clan culture.

In a study across SMEs in Pakistan, Zaheer, Rehman & Ahmad (2006) showed that the hierarchy culture is diminishing with a moderate increase towards other culture types, with a weak preference towards
adhocracy. Trust and clan culture reinforce tacit knowledge-sharing behaviours (Wiewiora et al., 2014). Suppiah & Sandhu (2011) also say that a clan culture in the workplace with high trust levels promotes communication and dynamic behaviour. Similarly, participative decision-making and increased employee empowerment in public sector organisations display clan culture characteristics leading to increased trust between employees and managers (Nyhan, 2000). Therefore, the values linked to trust, including trust in top management, are more often seen or associated with clan and adhocracy cultures than market or hierarchy.

Even though organisational leadership and culture may influence an organisation's competitiveness, it is viable to use the organisation-level resources to generate market flexibility to intensify the impact (Anning-Dorson, 2021). When culture and leadership boost flexibility, an organisation can coordinate, connect and synchronise other units to take advantage of market challenges. Market flexibility from organisational leadership and culture generates enough energy and resources to address challenging markets much better than organisations with less support. Joseph & Kibera (2019) also signify that organisational culture improves efficiency by increasing performance continuity efforts, supporting a positive relationship between organisational culture and performance. Sarros, Gray & Densten (2002) identified that organisational culture accounted for only a small amount of variance in any one leadership approach and that minimal amounts of leadership were caused by organisational culture; however, in contrast, leadership was a far more prominent predictor of culture than culture was of leadership.

Empirical review and hypothesis development

H0: There is no prominent leadership style in SMEs in Bahrain and the UAE.

The leader’s plans and choices impact business performance. Chang, Chang & Chen (2017) and Paudel (2019) refer to organisational leadership as how SME leaders relate to one another and their teams, behaviour, communication and decision-making styles. In a turbulent and competitive situation with superior performance and sustainability, the organisational leader is distinct from other behavioural forms of leadership. Paladan (2015) recognised the common leadership behaviours of successful entrepreneurs and affirmed that a business is influenced by its leadership style and behaviour. Similarly, Hussain & Hassan (2016) assert that, due to the advancement and overlapping of leadership studies, deciding which leadership styles are best is challenging, and identified leadership styles as performance-oriented, team-oriented, participative, humane, autonomous, self-protective, group-protective style, distributive, task-oriented, and pacesetting. Additionally, Hussain & Hassan (2016) agree with Deschamps (2005); different leadership styles are needed according to the types of tasks the business needs, and leaders must be equipped to decide the most effective leadership style.

H0: Hierarchical organisational culture is not prominent in SMEs in Bahrain and the UAE.

Cultural values and belief systems significantly influence the region’s social organisations; these macro-political and social events shape the culture within the region towards an authoritarian ideology emphasising control (Naoum, Alyousif & Atkinson, 2013). An authoritarian culture shares similar concepts to hierarchical culture (Gimenez-Espin, Jiménez-Jiménez & Martinez-Costa, 2013). Additionally, clan, hierarchy and adhocracy were less considered, and there needed to be a manageable leadership style employees preferred. Organisations prefer fewer status quo and are not significantly impacted by a change, and look forward to minimising the impact of hierarchy culture with less structured rules and policies to some extent.

H0: The relationship between leadership style and organisational culture in SMEs in Bahrain and the UAE is insignificant.
In the UAE, there is a difference between the private and public sector leadership and paternalistic leadership styles (AlMazrouei & Pech, 2015). Interestingly, Andersen (2010) adds that public sector managers displayed a more change-oriented leadership style. In contrast, the private sector displayed a relationship-oriented leadership style and thus concluded that the differences between private and sector organisations vary by country and nationality.

H0: Leadership styles are not significantly related to presence of psychological safety and trust.

Relationships are essential; building a 1:1 connection with the team reaps benefits. Bridge-building with different cultures is critical to building robust communities that achieve meaningful goals. A positive organisational culture significantly diminishes workplace stress and depression and assists in boosting health and performance at work.

Goleman (2017) identified safety and trust in the workplace as the freedom employees feel to innovate without being constrained by bureaucracy. Additionally, a sense of responsibility toward the organisation, the standards they set, their perception of the accuracy of performance feedback and the appropriateness of rewards, and the clarity with which they focus on their objectives are influencing factors. To effectively work with people from across cultural groups, one must build robust and caring relationships based on shared goals, trust and understanding. Trusting relationships allow cultures to work together to work on common grounds. McCord (2018), in a recent interview with the Wharton School of the University of Pennsylvania, shares that start-ups are better at building the right teams and behaviours than mature larger organisations where rules and time-worn processes constrain innovation. However, this only applies to regulated bodies where laws and regulations govern behaviour. In start-ups, employees feel more prone to experimentation without being hindered by rigid rules or institutionalised behaviours.

The Method

Sample

A self-administered pre-designed semi-structured survey questionnaire administered through multiple online platforms to 200 participants with 100 from Bahrain and 100 from the UAE provided data from multi-disciplined respondents. By requesting recipients to share the survey questionnaire with their internal circle of like-minded people they thought could take part in the questionnaire, there were 217 responses. Even though survey questionnaire responses are complicated to sift through, given the large pool of data they create (Harrell & Bradley, 2009), it is a cost-effective method to reach an extensive database of respondents. The survey questionnaire was designed and administered using Google Forms (Czaja, & Blair, 2016). Additionally, continuing industrial knowledge, visits to government offices and SMEs, and other sample questionnaires helped inform the questionnaire design process. Additionally, Goleman’s EI Performance Model served as the foundation to build the survey questions.

Measures

The survey questionnaire was in English, the corporate language of both countries and addressed six leadership and four organisational culture contexts (Wall, 2001). The survey included an introductory cover note and several questions on leadership style and organisational culture in the organisation (Krueger, 1998), as well as demographics. The survey questionnaire encouraged respondents to explore the relationship between leadership style and organisational culture in the SMEs where they reside and work.

The respondents were from multiple industries, and age, gender, nationality, job category, size or age of the organisation were not barriers to participation. Diversified business interests or years of operation in business were optional questions. Participation was voluntary and was free to be withdrawn at any time. Participants had the option to remain anonymous unless they chose otherwise. Respondents had to spend only five minutes answering the questions; however, some required additional thoughts.

Data analysis
Data analysis was time-consuming (Harrell & Bradley, 2009) and went through a continuous spiral of cleaning, filtering, reviewing and analysing. Many, though not all, of the questions were required to be completed by respondents. A small percentage of respondents in each country did not fit into the qualifying criteria, for instance, the respondent did not work at an SME, and were 'filtered out' (Creswell, 2013). After filtering and cleaning, Bahrain had a 78% valid response rate and the UAE had 88%. Data analysis tools used in this research included Excel countifs, sum and data analytics available to Microsoft 365 users. Journal articles, textbooks, other dissertations, newspapers, magazines, documentaries and newspapers allowed comparing, contrasting, and synthesising results to strengthen the findings.

Discussion of Findings

This section used several variables to explore the nature of SMEs in Bahrain and the UAE and show a comprehensive analysis and discussion of the results. Table 2 shows the overview of survey respondents for each country, 45% female and 55% male, with ages ranging from 20 to over 50 years old. 48% of the respondents were from the private sector, 12% were family-owned, and 40% were sole proprietors or a partnership. Table 3 outlines the descriptors of leadership styles in Bahrain and the UAE, followed by Table 4, descriptors of organisational culture type. Table 5 discusses the relationship between leadership styles and organisational culture, and Table 6 outlines the leadership style and organisational culture – the relationship between leaders building culture and creating safe spaces.

Table 2: Overview of survey respondents

<table>
<thead>
<tr>
<th>Total responses (217)</th>
<th>Percent of total responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country</td>
<td></td>
</tr>
<tr>
<td>Bahrain</td>
<td>78%</td>
</tr>
<tr>
<td>UAE</td>
<td>88%</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>45%</td>
</tr>
<tr>
<td>Male</td>
<td>55%</td>
</tr>
<tr>
<td>Age of respondent</td>
<td></td>
</tr>
<tr>
<td>20 to 30 years old</td>
<td>22%</td>
</tr>
<tr>
<td>31 to 40 years old</td>
<td>23%</td>
</tr>
<tr>
<td>41 to 50 years old</td>
<td>29%</td>
</tr>
<tr>
<td>Over 50 years old</td>
<td>26%</td>
</tr>
<tr>
<td>Organisational type</td>
<td></td>
</tr>
<tr>
<td>Private Sector</td>
<td>48%</td>
</tr>
<tr>
<td>Family Owned</td>
<td>12%</td>
</tr>
<tr>
<td>Other (sole proprietor, partnership, semi-government)</td>
<td>40%</td>
</tr>
<tr>
<td>Firm age</td>
<td></td>
</tr>
<tr>
<td>More than 10 years old</td>
<td>62%</td>
</tr>
<tr>
<td>10 years old or less</td>
<td>38%</td>
</tr>
<tr>
<td>Firm size</td>
<td></td>
</tr>
<tr>
<td>1 to 10 employees</td>
<td>29%</td>
</tr>
<tr>
<td>11 to 20 employees</td>
<td>22%</td>
</tr>
<tr>
<td>21 to 50 employees</td>
<td>13%</td>
</tr>
<tr>
<td>50 to 100 employees</td>
<td>36%</td>
</tr>
</tbody>
</table>
Table 3: Descriptors - leadership styles

<table>
<thead>
<tr>
<th></th>
<th>Visionary</th>
<th>Coaching</th>
<th>Affiliative</th>
<th>Democratic</th>
<th>Pacesetting</th>
<th>Coercive</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bahrain and UAE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>3.65</td>
<td>3.52</td>
<td>3.48</td>
<td>3.38</td>
<td>3.27</td>
<td>3.37</td>
</tr>
<tr>
<td>Standard Error</td>
<td>0.09</td>
<td>0.10</td>
<td>0.10</td>
<td>0.10</td>
<td>0.10</td>
<td>0.10</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>1.23</td>
<td>1.31</td>
<td>1.28</td>
<td>1.35</td>
<td>1.27</td>
<td>1.25</td>
</tr>
<tr>
<td>Sample Variance</td>
<td>1.51</td>
<td>1.71</td>
<td>1.63</td>
<td>1.82</td>
<td>1.60</td>
<td>1.55</td>
</tr>
<tr>
<td><strong>Bahrain</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>3.69</td>
<td>3.61</td>
<td>3.49</td>
<td>3.35</td>
<td>3.22</td>
<td>3.40</td>
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<tr>
<td>Standard Error</td>
<td>0.12</td>
<td>0.13</td>
<td>0.13</td>
<td>0.14</td>
<td>0.13</td>
<td>0.13</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>1.26</td>
<td>1.35</td>
<td>1.32</td>
<td>1.47</td>
<td>1.36</td>
<td>1.32</td>
</tr>
<tr>
<td>Sample Variance</td>
<td>1.59</td>
<td>1.83</td>
<td>1.73</td>
<td>2.16</td>
<td>1.84</td>
<td>1.74</td>
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<tr>
<td><strong>UAE</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>3.59</td>
<td>3.37</td>
<td>3.46</td>
<td>3.44</td>
<td>3.37</td>
<td>3.31</td>
</tr>
<tr>
<td>Standard Error</td>
<td>0.15</td>
<td>0.16</td>
<td>0.16</td>
<td>0.14</td>
<td>0.14</td>
<td>0.14</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>1.18</td>
<td>1.22</td>
<td>1.21</td>
<td>1.10</td>
<td>1.08</td>
<td>1.10</td>
</tr>
<tr>
<td>Sample Variance</td>
<td>1.38</td>
<td>1.48</td>
<td>1.46</td>
<td>1.22</td>
<td>1.17</td>
<td>1.22</td>
</tr>
</tbody>
</table>

H0: There is no prominent leadership style in SMEs in Bahrain and the UAE.

From Table 2 above, types of leadership styles and organisational cultures were identified and included in surveying SMEs to explore whether any one leadership style was prominent in the study. Across all respondents in both countries, visionary leadership proved the highest mean response, with coaching, affiliative, and democratic leadership styles following in order of prominence, respectively.

Pacesetting had the lowest mean, followed by coercive as the next lowest, but close to democratic. When isolated, respondents from Bahrain mirrored the full dataset with visionary, coaching, and affiliative leadership styles prominent though coercive is fourth, followed by democratic and pacesetting. Visionary leadership was the highest for the UAE respondents, followed by affiliative and democratic styles. Coaching and pacesetting were closely ranked with coercive leadership styles.

Table 4: Descriptors - Organisational culture type

1034
<table>
<thead>
<tr>
<th>Clan</th>
<th>Adhocracy</th>
<th>Market</th>
<th>Hierarchy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahrain and UAE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>3.63</td>
<td>3.42</td>
<td>3.92</td>
</tr>
<tr>
<td>Standard Error</td>
<td>0.09</td>
<td>0.11</td>
<td>0.08</td>
</tr>
<tr>
<td>Median</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>1.22</td>
<td>1.37</td>
<td>1.05</td>
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<tr>
<td>Bahrain</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>3.59</td>
<td>3.38</td>
<td>3.91</td>
</tr>
<tr>
<td>Standard Error</td>
<td>0.12</td>
<td>0.14</td>
<td>0.11</td>
</tr>
<tr>
<td>Median</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>1.30</td>
<td>1.45</td>
<td>1.14</td>
</tr>
<tr>
<td>UAE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>3.69</td>
<td>3.51</td>
<td>3.93</td>
</tr>
<tr>
<td>Standard Error</td>
<td>0.14</td>
<td>0.16</td>
<td>0.11</td>
</tr>
<tr>
<td>Median</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>1.07</td>
<td>1.21</td>
<td>0.87</td>
</tr>
</tbody>
</table>

H0: Hierarchical organisational culture is not prominent in SMEs in Bahrain and the UAE.

Research has shown that national culture can influence organisational culture. A study by Alotaibi & Campbell (2022) found that power distance was positively related to the degree of hierarchy in organisations. This suggests that organisations are more likely to have a hierarchical structure in cultures with a high acceptance of unequal power distribution, as in the Middle East. The findings, as shown in Table 4, indicated that hierarchical organisation culture was not prominent in Bahrain and the UAE. Instead, the research suggests various culture types exist in organisations. Across all respondents in both countries, market culture demonstrated the highest mean, followed by hierarchy, clan and adhocracy. Bahrain matched this result, while the UAE led with market culture followed by clan, hierarchy and adhocracy cultures. The hypothesis was rejected with the null accepted; the prominent organisational culture was market and not hierarchy (Al Dari et al., 2021; Ikrema, Carballo-Penela & Sanmart, 2022).
As indicated in Table 5, visionary and democratic leadership styles were most strongly and positively correlated to clan and adhocracy organisational culture types, followed by market culture; and were weakly correlated with hierarchical culture. Coaching and affiliative leadership styles were positively and most strongly correlated to clan and adhocracy, less with the market and lowest with hierarchy. The positive strength of the relationship between democratic leadership and two types of organisational culture, clan and adhocracy, suggest the null cannot be accepted.

Table 5: Relationship between leadership styles and with organisational culture

<table>
<thead>
<tr>
<th>Leadership styles</th>
<th>Visionary</th>
<th>Coaching</th>
<th>Affiliative</th>
<th>Democratic</th>
<th>Pacesetting</th>
<th>Coercive</th>
<th>Clan</th>
<th>Adhocracy</th>
<th>Market</th>
<th>Hierarchy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visionary</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coaching</td>
<td>0.79</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affiliative</td>
<td>0.72</td>
<td>0.73</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Democratic</td>
<td>0.68</td>
<td>0.69</td>
<td>0.69</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pacesetting</td>
<td>-0.15</td>
<td>-0.10</td>
<td>-0.11</td>
<td>-0.29</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coercive</td>
<td>-0.09</td>
<td>-0.03</td>
<td>-0.07</td>
<td>-0.22</td>
<td>0.67</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clan</td>
<td>0.60</td>
<td>0.50</td>
<td>0.55</td>
<td>0.76</td>
<td>-0.36</td>
<td>-0.32</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adhocracy</td>
<td>0.65</td>
<td>0.58</td>
<td>0.58</td>
<td>0.78</td>
<td>-0.30</td>
<td>-0.19</td>
<td>0.84</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market</td>
<td>0.45</td>
<td>0.41</td>
<td>0.39</td>
<td>0.22</td>
<td>0.27</td>
<td>0.25</td>
<td>0.20</td>
<td>0.32</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Hierarchy</td>
<td>0.14</td>
<td>0.13</td>
<td>0.07</td>
<td>-0.03</td>
<td>0.41</td>
<td>0.41</td>
<td>-0.09</td>
<td>0.00</td>
<td>0.54</td>
<td>1.00</td>
</tr>
</tbody>
</table>

H0: The relationship between leadership style and organisational culture in SMEs in Bahrain and the UAE is insignificant.

As indicated in Table 5, visionary and democratic leadership styles were most strongly and positively correlated to clan and adhocracy organisational culture types, followed by market culture; and were weakly correlated with hierarchical culture. Coaching and affiliative leadership styles were positively and most strongly correlated to clan and adhocracy, less with the market and lowest with hierarchy. The positive strength of the relationship between democratic leadership and two types of organisational culture, clan and adhocracy, suggest the null cannot be accepted.

Table 6: Leadership style and organisational culture – relationship to Leaders building culture and creating safe spaces

<table>
<thead>
<tr>
<th>Leadership styles</th>
<th>Organisational culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visionary</td>
<td>0.64</td>
</tr>
<tr>
<td>Coaching</td>
<td>0.64</td>
</tr>
</tbody>
</table>

H0: Leadership styles are not significantly related to presence of psychological safety and trust.

Visionary, coaching, affiliative and democratic leadership styles were positively and strongly correlated to culture building and psychological safety in the workplace, while pacesetting and coercive were negatively related as shown in Table 6. These findings are consistent with Fiaz et al. (2017), who found that democratic and laissez-faire leadership styles are demonstrated to predict employee motivation, while autocratic leadership style is shown to be more prevalent and demonstrates a strong negative association with employee motivation, the drive of workers. Walumbwa et al. (2008) found that perceptions of the leaders’
authentic leadership were positively related to individual follower job satisfaction and rated job performance, controlling the effect of organisational climate.

Implications

This research carried several theoretical and practical implications. First, to the best of the authors’ knowledge, there has yet to be any research on organisational culture or leadership-related challenges in SMEs in Bahrain and the UAE. Based on this understanding, the authors undertook this research to discover the nature of SMEs’ leadership styles and organisational culture in Bahrain and the UAE, knowing these variables are critical to organisational success. The findings showed that visionary and democratic leadership styles were strongly and positively correlated to clan and adhocracy organisational culture types, followed by market culture, and weakly correlated with hierarchical culture. Coaching and affiliative leadership styles were strongly associated with clan and adhocracy, less with the market and lowest with hierarchy. Visionary, coaching, affiliative and democratic leadership styles were positively and strongly correlated to culture building and psychological safety in the workplace, while pacesetting and coercive were negatively related. This finds that, according to Deschamps (2005), different leadership styles are needed according to the types of tasks the business needs, and leaders must be equipped to decide the most effective leadership style.

Second, the public sector is not considered an SME; therefore, the research was carried out only in the private sector due to the nature of the people surveyed. Our research suggests expanding the research to a broader circle within the region may yield different results.

Our findings will have other significant implications for organisational policymakers who seek to support top and middle SME managers and encourage SME sustainability. Our findings will help policymakers understand organisational leadership style and its relevance to company culture, supporting the need to adapt different leadership styles to suit the workforce in causing high performance given the organisation’s cultural context. However, agreeing with Fullan (2007), policymakers must bear in mind that SMEs’ ability to change their organisational culture is time-consuming and painstaking.

Limitations and recommendations for future research

This research carries a few limitations. First, Bahrain is a smaller country than the UAE; reaching out to a broader circle of respondents for a more representative sample requires much effort. A higher volume of responses needs much more effort, which can only be acquired through personal connections, as the population tends to refrain from responding to surveys fearing consequences from their superiors. Additionally, the respondents see no benefit in responding to surveys, presuming a waste of time and effort. Likewise, a lack of knowledge or interest in responding to surveys lowers the response rate.

Future research can investigate how specific leadership styles and organisational culture types in Bahrain and UAE SMEs impact organisational performance and survival. An additional suggestion is to include all the GCC countries in future research.

Conclusions and Recommendations

This research investigated the impact of leadership styles of owners/managers and organisational culture on SMEs in Bahrain and the UAE. The results evidenced that there is not a prominent leadership style and the review of literature suggests that this is not required. The results also evidenced that a hierarchical organisational culture was not dominant, despite the national culture that suggests otherwise. Additionally, results showed that the relationship between leadership style and organisational culture in SMEs in Bahrain and the UAE could be more significant. Finally, this research suggests critical elements in leadership style and organisational culture that can positively influence a safe and trusting environment for employees which is known to improve performance. This can be further developed and investigated.
This research focused on the leadership styles and organisational culture in SMEs in Bahrain and the UAE. A practical implication of this work is that a focus on nurturing a particular leadership style for SMEs is not essential.

**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.

**References**


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