

THE MODERATING EFFECT OF POWER
DISTANCE ON THE RELATIONSHIP
BETWEEN TRANSFORMATIONAL
LEADERSHIP AND HUMAN CAPITAL
TOWARDS ORGANIZATIONAL
PERFORMANCE AMONG
ADNOC EMPLOYEES
IN THE UAE

AFNAN ALMARZOOQI

SULTAN IDRIS EDUCATION UNIVERSITY

2025

THE MODERATING EFFECT OF POWER DISTANCE ON THE RELATIONSHIP
BETWEEN TRANSFORMATIONAL LEADERSHIP AND HUMAN CAPITAL
TOWARDS ORGANIZATIONAL PERFORMANCE AMONG
ADNOC EMPLOYEES IN THE UAE

AFNAN ALMARZOOQI

THESIS PRESENTED TO QUALIFY FOR A DOCTOR OF PHILOSOPHY

FACULTY OF MANAGEMENT AND ECONOMICS
SULTAN IDRIS EDUCATION UNIVERSITY

2025



Please tick (v)

- Project Paper
- Masters by Research
- Master by Mixed Mode
- PhD

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

INSTITUTE OF GRADUATE STUDIES DECLARATION OF ORIGINAL WORK

This declaration is made on the 09 day of September 2025

i. Student's Declaration:

I, AFNAN ALMARZOOQI (P20191000807), FACULTY OF MANAGEMENT AND ECONOMICS hereby declare that the work entitled THE MODERATING EFFECT OF POWER DISTANCE ON THE RELATIONSHIP BETWEEN TRANSFORMATIONAL LEADERSHIP AND HUMAN CAPITAL TOWARDS ORGANIZATIONAL PERFORMANCE AMONG ADNOC EMPLOYEES IN THE UAE is my original work. I have not copied from any other students' work or from any other sources except where due reference or acknowledgement is made explicitly in the text, nor has any part been written for me by another person.



Signature of the Student

a) Supervisor's Declaration:

I, Dr. Norsamsinar Samsudin hereby certifies that the work entitled THE MODERATING EFFECT OF POWER DISTANCE ON THE RELATIONSHIP BETWEEN TRANSFORMATIONAL LEADERSHIP AND HUMAN CAPITAL WITH ORGANIZATIONAL PERFORMANCE AMONG ADNOC EMPLOYEES IN THE UAE was prepared by the above named student, and was submitted to the Institute of Graduate Studies as a full fulfilment for the conferment of DOCTOR OF PHILOSOPHY, and the aforementioned work, to the best of my knowledge, is the said student's work.

Date: 9 September 2025

Signature of the Supervisor



Please tick (✓)

Project Paper

Masters by Research

Master by Mixed Mode

PhD

INSTITUT PENGAJIAN SISWAZAH /
INSTITUTE OF GRADUATE STUDIES

BORANG PENGESAHAN PENYERAHAN TESIS/DISERTASI/LAPORAN KERTAS PROJEK
DECLARATION OF THESIS/DISSERTATION/PROJECT PAPER FORM

Tajuk / Title: THE MODERATING EFFECT OF POWER DISTANCE ON THE RELATIONSHIP BETWEEN TRANSFORMATIONAL LEADERSHIP AND HUMAN CAPITAL TOWARDS ORGANIZATIONAL PERFORMANCE AMONG ADNOC EMPLOYEES IN THE UAE

No. Matrik / Matric's No.: P20191000807
Saya / I: AFNAN ALMARZOOQI
(Nama pelajar / Student's Name)

Mengaku membenarkan Tesis/Disertasi/Laporan Kertas Projek (Doktor Falsafah/Sarjana)* ini disimpan di Universiti Pendidikan Sultan Idris (Perpustakaan Tuanku Bainun) dengan syarat-syarat kegunaan seperti berikut:-
acknowledge that Universiti Pendidikan Sultan Idris (Tuanku Bainun Library) reserves the right as follows: -

1. Tesis/Disertasi/Laporan Kertas Projek ini adalah hak milik UPSI.
The thesis is the property of Universiti Pendidikan Sultan Idris
2. Perpustakaan Tuan Bainun dibenarkan membuat Salinan untuk tujuan rujukan sahaja.
Tuanku Bainun Library has the right to make copies for the purpose of research only.
3. Perpustakaan dibenarkan membuat Salinan Tesis/Disertasi ini sebagai bahan pertukaran antara Institut Pengajian Tinggi.
The library has the right to make copies of the thesis for academic exchange.
4. Perpustakaan tidak dibenarkan membuat penjualan Salinan Tesis/Disertasi ini bagi kategori **TIDAK TERHAD**.
The library is not allowed to make any profit for 'Open Access' Thesis/Dissertation.
5. Sila tandakan (✓) bagi pilihan kategori di bawah / Please tick (✓) for category below:-

SULIT/CONFIDENTIAL

Mengandungi maklumat yang berdarjah keselamatan atau kepentingan Malaysia seperti yang termaktub dalam Akta Rahsia Rasmi 1972 /
Contains confidential information under the Official Secret Act 1972

TERHAD/RESTRICTED

Mengandungi maklumat terhad yang telah ditentukan oleh organisasi/badan di mana penyelidikan ini dijalankan. / *Contains restricted information as specified by the organization where research was done*

TIDAK TERHAD / OPEN ACCESS

(Tandatangan Pelajar / Signature)

(Tandatangan Penyelia /Signature of Supervisor)
& (Nama & Cop Rasmi / Name & Official Stamp)

Catatan: Jika Tesis/Disertasi ini **SULIT @ TERHAD**, sila lampirkan surat daripada pihak berkuasa/organisasi berkenaan dengan menyatakan sekali sebb dan tempoh laporan ini perlu dikelaskan sebagai **SULIT dan TERHAD**.

Notes: If the thesis/dissertation is CONFIDENTIAL or RESTRICTED, please attach with the letter from the organization with period and reasons for confidentiality or restriction.

ACKNOWLEDGEMENT

I am so much indebted to Dr. Norsamsinar Samsudin who has been not only my PhD supervisor but also a committed, knowledgeable and motivating soul to this completion stage of my research program. It would have been quite hard to successfully carry on this study and make it to this final shape without her guidance. I am also grateful to both my family and friends for the continued moral and financial and spiritual support throughout my academic life. Lastly, special thanks to those who helped me, directly or indirectly, for example different officials who participated in this study. Thank you very much.

This thesis is dedicated to my beloved family, whose unconditional love, support, and prayers have been my foundation throughout this journey. To my mother, thank you for instilling in me the values of perseverance and resilience that have guided me through every challenge. To my siblings, your unwavering encouragement and belief in my abilities have been a constant source of strength. To my little princess, your joy and inspiration have been the light that kept me going. I also dedicate this work to my mentors and educators, whose wisdom and guidance have shaped my academic journey and inspired me to strive for excellence. To my friends and colleagues, thank you for your support and understanding, reminding me to persevere even in the face of obstacles. Lastly, this work is dedicated to all those who believe in the transformative power of knowledge and education.

ABSTRACT

This study aimed to determine the moderating effect of power distance on the relationship between the dimensions of transformational leadership (idealised influence, inspirational motivation, intellectual stimulation, and individualised consideration) and human capital (knowledge, skills, and attitude) with organisational performance among ADNOC employees in the UAE. A quantitative approach is employed involving 381 ADNOC employees using systematic random sampling. Every k-th from an ordered list was chosen to ensure equal representation and minimise selection bias. Data are collected using a structured questionnaire and analysed with Partial Least Squares Structural Equation Modelling (PLS-SEM). The findings reveal that among the dimensions of transformational leadership, idealized influence ($\beta=0.212$, $T=2.906$, $P=0.004$) and individualised consideration ($\beta=0.155$, $T=2.04$, $P=0.041$) significantly influence organisational performance. However, inspirational motivation ($\beta=0.041$, $T=0.609$, $P=0.543$) and intellectual stimulation ($\beta=0.104$, $T=1.367$, $P=0.172$) do not show significant effects. For human capital, none of the dimensions, knowledge ($\beta=0.149$, $T=1.604$, $P=0.109$), attitude ($\beta=0.016$, $T=0.219$, $P=0.826$), and skills ($\beta=0.09$, $T=1.013$, $P=0.311$), significantly predict organisational performance. Additionally, power distance neither significantly moderate the relationships between human capital dimensions and organisational performance (all P values > 0.05), nor does it show a significant direct effect on performance: knowledge ($\beta=0.12$, $T=1.353$, $P=0.176$), attitude ($\beta=-0.027$, $T=0.324$, $P=0.746$), skills ($\beta=-0.011$, $T=0.122$, $P=0.903$), idealized influence ($\beta=0.032$, $T=0.425$, $P=0.671$), inspirational motivation ($\beta=0.074$, $T=1.196$, $P=0.232$), intellectual stimulation ($\beta=0.084$, $T=1.218$, $P=0.223$), and individualized consideration ($\beta=0.091$, $T=1.059$, $P=0.29$). The findings highlight the complex role of power distance in shaping the effectiveness of leadership and human capital in enhancing organizational performance. In conclusion, fostering transformational leadership and investing in human capital are crucial for sustaining improved organisational outcomes. Meaningful insights are provided for policymakers and managers in the oil and gas industry at ADNOC to enhance organisational performance. Although power distance does not significantly moderate the relationships, understanding its influence remains valuable in guiding leadership and human capital development.



KESAN MODERASI JARAK KUASA DALAM HUBUNGAN ANTARA KEPIMPINAN TRANSFORMASI DAN MODAL INSAN TERHADAP PRESTASI ORGANISASI DALAM KALANGAN PEKERJA ADNOC DI UAE

ABSTRAK

Kajian ini bertujuan untuk menentukan kesan pemoderasi jarak kuasa dalam hubungan antara dimensi kepimpinan transformasional (pengaruh ideal, motivasi inspirasi, rangsangan intelektual, dan pertimbangan individual) dan modal insan (pengetahuan, kemahiran, dan sikap) dengan prestasi organisasi dalam kalangan pekerja ADNOC di UAE. Pendekatan kuantitatif digunakan, melibatkan 381 pekerja ADNOC dipilih menggunakan pensampelan rawak sistematik. Setiap ke-*k* daripada senarai yang disusun telah dipilih bagi memastikan perwakilan yang seimbang dan meminimumkan bias pemilihan. Data dikumpul menggunakan soal selidik dan dianalisis dengan Pemodelan Persamaan Struktur Kuasa Dua Terkecil (PLS-SEM). Dapatan kajian menunjukkan bahawa antara dimensi kepimpinan transformasional, pengaruh ideal ($\beta=0.212$, $T=2.906$, $P=0.004$) dan pertimbangan individu ($\beta=0.155$, $T=2.04$, $P=0.041$) secara signifikan mempengaruhi prestasi organisasi. Walau bagaimanapun, motivasi inspirasi ($\beta=0.041$, $T=0.609$, $P=0.543$) dan rangsangan intelektual ($\beta=0.104$, $T=1.367$, $P=0.172$) tidak menunjukkan kesan yang signifikan. Bagi modal insan tiada satu dimensi pun iaitu pengetahuan ($\beta=0.149$, $T=1.604$, $P=0.109$), sikap ($\beta=0.016$, $T=0.219$, $P=0.826$), dan kemahiran ($\beta=0.09$, $T=1.013$, $P=0.311$) meramalkan prestasi organisasi secara signifikan. Jarak kuasa tidak memoderasi secara signifikan hubungan antara dimensi modal insan dan prestasi organisasi (setiap nilai $P > 0.05$). Ia juga tidak menunjukkan kesan langsung secara signifikan terhadap prestasi organisasi, termasuk pengetahuan ($\beta=0.12$, $T=1.353$, $P=0.176$), sikap ($\beta=-0.027$, $T=0.324$, $P=0.746$), kemahiran ($\beta=-0.011$, $T=0.122$, $P=0.903$), pengaruh ideal ($\beta=0.032$, $T=0.425$, $P=0.671$), motivasi inspirasi ($\beta=0.074$, $T=1.196$, $P=0.232$), rangsangan intelektual ($\beta=0.084$, $T=1.218$, $P=0.223$), dan pertimbangan individu ($\beta=0.091$, $T=1.059$, $P=0.29$). Dapatan memberi penegasan terhadap peranan kompleks jarak kuasa dalam membentuk keberkesanan kepimpinan dan modal insan dalam meningkatkan prestasi organisasi. Rumusnya, pemupukan kepimpinan transformasional dan pelaburan dalam modal insan penting untuk mengekalkan peningkatan prestasi organisasi. Pandangan yang bermakna disediakan kepada penggubal dasar dan pengurus dalam industri minyak dan gas di ADNOC bagi meningkatkan prestasi organisasi. Walaupun jarak kuasa tidak memoderasi hubungan yang dikaji secara signifikan, pemahaman terhadap pengaruhnya tetap bernilai dalam membimbing pembangunan kepimpinan dan modal insan.



CONTENTS

	Pages
DECLARATION OF ORIGINAL WORK	ii
DECLARATION OF THESIS	iii
ACKNOWLEDGEMENT	iv
ABSTRACT	v
ABSTRAK	vi
CONTENTS	vii
LIST OF TABLES	xvii
LIST OF FIGURES	xx
LIST OF ABBREVIATIONS	xxi
LIST OF APPENDIX	xxii
CHAPTER 1 INTRODUCTION	
1.1 Introduction	1
1.2 Background of the Study	2
1.3 Research Problem	17
1.4 Research Objectives	19
1.5 Research Questions	21
1.6 Research Hypotheses	23
1.7 Significance of the Research	25
1.8 Operational Definition	27
1.8.1 Transformational Leadership	28
1.8.2 Human Capital	30
1.8.3 Power Distance	30

1.8.4	Organizational Performance	31
1.9	Scope of the Study (Delimitations)	32
1.10	The Organization of the Thesis	34
1.11	Chapter Summary	39






CHAPTER 2 LITERATURE REVIEW

2.1	Introduction	40
2.2	Oil Sector in the UAE	41
2.2.1	Economy in UAE and Oil Sector	43
2.2.2	ADNOC	47
2.2.3	Organizational Performance of ADNOC	54
2.3	Organizational Performance	60
2.3.1	Theoretical Perspectives	62
2.3.2	Types of Organizational Performance	65
2.3.2.1	Financial Performance	65
2.3.2.2	Operational Performance	69
2.3.2.3	Social Performance	72
2.3.3	Evaluation of Organizational Performance	75
2.3.3.1	Sales and market share	77
2.3.3.2	Organization's Productivity	78
2.3.3.3	Organization's Financial Performance	80
2.3.3.4	Organization's Ranking/effectiveness	82
2.3.3.5	Balanced Scorecard (BSC)	84
2.4	Human Capital and Organizational Performance	87

2.4.1	Definition of Human Capital	88
2.4.2	Accounting Perspective	91
2.4.3	Strategic Perspective	92
2.4.4	Theoretical Perspective	94
2.4.5	Elements of Human Capital	97
	2.4.5.1 Knowledge	98
	2.4.5.2 Skills	100
	2.4.5.3 Attitude	101
2.4.6	Human Capital and Organizational Performance	104
2.5	Transformational Leadership	107
	2.5.1 Leadership Styles	107
	2.5.2 The Concept of Transformational Leadership	110
	2.5.3 Importance of Transformational Leadership	113
	2.5.4 Dimensions of Transformational Leadership	115
	2.5.5 The Impact of Transformational Leadership on Organizational Performance	119
2.6	Power Distance	122
	2.6.1 Definition of Power Distance	123
	2.6.2 Importance of Power Distance	127
	2.6.3 Impact of Power Distance on Organizational Performance	129
	2.6.4 Power Distance as a Moderator	131
2.7	Underpinning Theory	133
	2.7.1 RDT – Resource Dependent Theory	133

2.7.2	RBV – Resource Based View	136
2.8	Previous Studies	143
2.8.1	Previous Studies on Transformational Leadership and Organizational Performance	143
2.8.2	Human Capital and Organizational Performance	146
2.8.3	Power Distance as a Moderator	149
2.8.4	Overall Conclusion	152
2.9	Research Gap	155
2.10	Research Conceptual Framework	161
2.11	Hypothesis Development	166
2.12	Chapter Summary	178

CHAPTER 3 RESEARCH METHODOLOGY

05-4506832		 3.1	Introduction	 Perpustakaan Tuanku Bainun Kampus Sultan Abdul Jalil Shah	 PustakaTBainun	 ptbupsi	179
		3.2	Research Approach				180
		3.3	Research Design				182
		3.4	Unit of Analysis				185
		3.5	Population				186
		3.6	Sample Size				187
		3.7	Sampling Techniques				190
		3.7.1	Random Sampling Technique				191
			3.7.1.1 Systematic Sampling Process				193
			3.7.1.2 Implementation				194
			3.7.1.3 Distribution of Questionnaires				194

3.8	Research Instrument	195
3.9	Questionnaire Development	198
3.9.1	Human Capital (HC)	202
3.9.1.1	Knowledge (KN)	202
3.9.1.2	Skills (SK)	204
3.9.1.4	Attitude (ATT)	205
3.9.2	Transformational Leadership	207
3.9.2	Power Distance	209
3.10	Translation of the Instrument	210
3.11	Instrument Validation	211
3.11.1	Face Validity	212
3.11.2	Content Validity	213
3.11.3	Construct Validity	214
3.11.3.1	Convergent Validity	214
3.11.3.2	Exploratory Factor Analysis (EFA)	216
3.11.3.3	Confirmatory Factor Analysis (CFA)	217
3.11.3.4	Discriminant Validity	218
3.12	Reliability	219
3.13	Pilot Study	220
3.13.1	Results	221
3.13.1.1	Face Validity	222
3.13.1.2	Content Validity	222
3.13.1.3	Exploratory Factor Analysis (EFA)	224

3.13.1.4	Confirmatory Factor Analysis (CFA)	231
3.13.1.5	Common Method Variance (CMV)	236
3.13.2	Reliability Assessment	237
3.14	Data Collection Process	239
3.15	Data Analysis Techniques	240
3.15.1	PLS-SEM Analysis	241
3.15.1.1	Justification of choosing PLS-SEM instead of CB-SEM	245
3.15.1.2	Structural Model PLS-SEM	248
3.15.1.3	Model Assessment	249
3.15.1.4	Moderation Analysis	251
3.15.2	Data Screening	254
3.15.2.1	Missing Data	255
3.15.2.1	Suspicious Response Patterns	256
3.15.2.3	Normality Test	256
3.15.2.4	Linearity Test	257
3.15.2.5	Multicollinearity	258
3.15.2.6	Homoscedasticity	259
3.16	Chapter Summary	259

CHAPTER 4 FINDINGS

4.1	Introduction	262
4.2	Data Screening	263
4.2.1	Response Rate	263
4.2.2	Missing Data	264

4.2.3	Outliers	267
4.2.4	Normality Test	271
4.2.5	Linearity Test	275
4.2.6	Homoscedasticity	277
4.2.7	Multicollinearity	279
4.3	Descriptive Analysis	281
4.3.1	Demographics Profile Frequency Tables	281
4.3.2	Measures of Central Tendency and Dispersion	285
4.3.2.1	Knowledge (KN)	287
4.3.2.2	Skills (SK)	288
4.3.2.3	Attitude (ATT)	290
4.3.2.4	Power Distance (PD)	291
4.3.2.5	Transformational Leadership (TL)	293
4.3.2.6	Organizational Performance (OP)	298
4.4	Measurement Model Assessment	300
4.4.1	Construct Reliability: Composite Reliability (CR) and Cronbach's Alpha	304
4.4.2	Average Variance Extracted (AVE)	307
4.4.3	Discriminant Validity	308
4.4.3.1	Discriminant Validity: Cross Loadings	309
4.4.3.2	Discriminant Validity: Fornell-Larcker criterion	311
4.4.3.3	Discriminant Validity: Heterotrait-Monotrait ratio HTMT	313
4.4.4	Collinearity Statistics (VIF): The Outer Model	314

4.5	Assessment of the Structural Model	319
4.5.1	Coefficient of Determination: R ² value	321
4.5.2	Predictive Relevance	323
4.5.3	Importance-Performance Map Analysis	324
4.5.4	Model Fit	327
4.5.5	Testing the Hypothesis	328
4.5.5.1	Path coefficients of Direct Effect	328
4.5.5.2	The Moderation Assessment	331
4.6	Summary of Hypotheses Results	334
4.7	Chapter Summary	335

CHAPTER 5 DISCUSSION, RECOMMENDATIONS, AND CONCLUSION

5.1	Introduction	337
5.2	Revisiting the Study Objectives	337
5.3	Discussion of Findings	345
5.3.1	Transformational Leadership and Organisational Performance (H1a–H1d)	345
5.3.1.1	Idealised Influence and Organisational Performance (H1a)	346
5.3.1.2	Inspirational Motivation and Organisational Performance (H1b)	346
5.3.1.3	Intellectual Stimulation and Organisational Performance (H1c)	346
5.3.1.4	Individualised Consideration and Organisational Performance (H1d)	347
5.3.2	Human Capital and Organisational Performance (H2a–H2c)	347

5.3.2.1	Knowledge has a significant effect on organisational performance (H2a)	348
5.3.2.2	Attitude has a significant effect on organisational performance (H2b)	349
5.3.2.3	Skills has a significant effect on organisational performance(H2c)	351
5.3.3	Moderating Effects of Power Distance on Transformational Leadership and Organisational Performance (H3a–H3d)	352
5.3.3.1	Power Distance Moderates the Relationship between Idealised Influence and Organisational Performance (H3a)	353
5.3.3.2	Power Distance Moderates the Relationship between Attitude and Organizational Performance (H3b)	354
5.3.3.3	Power Distance Moderates the Influence of Skills on Organizational Performance (H3c)	355
5.3.4	Moderating Effects of Power Distance on Human Capital and Organisational Performance (H4a–H4c)	357
5.3.4.1	Power Distance Moderates the Relationship between Knowledge and Organisational Performance (H4a)	358
5.3.4.2	Power Distance Moderates the Relationship Between Attitude and Organisational Performance (H4b)	359
5.3.4.3	Power Distance Moderates the Relationship Between Skills and Organisational Performance (H4c)	360
5.4	Summary of Findings	362
5.5	Research Contributions	365
5.6	Practical Implications	369
5.7	Policy Implications	371
5.8	Implications to Organizational Management and performance	375
5.9	Research Limitations	378

5.10 Recommendations 380

5.11 Research Conclusion 383

5.12 Areas for Further Research 384

REFERENCES 387

APPENDIX 439

LIST OF TABLES

Table No.		Pages
2.1	Balanced Scorecard (BSC)	86
2.2	Pros, cons, and best usage of leadership styles – summary	108
2.3	The existing gap in the literature	158
3.1	Krejcie and Morgan Sampling Table	188
3.2	The number of items in each section of the questionnaire	200
3.3	The items to measure the Knowledge (KN) variable	203
3.4	The items to measure the Skills (SK) variable	204
3.5	The items to measure the Attitude (ATT) variable	205
3.6	The items to measure the Transformational Leadership variable	208
3.7	The items to measure the Power Distance (PD) variable	210
3.8	Fit indices for CFA adapted from Hair et al. (2010) & Kline (2015)	217
3.9	The results for Communalities	227
3.10	The full model's pattern matrix	229
3.11	Factor loadings for transformational leadership	231
3.12	Fit indices and their respective values for Transformational Leadership	232
3.13	Factor loadings for power distance	232
3.14	Factor loadings for Human Capital	233
3.15	Fit indices and their respective values for Human Capital	233
3.16	Factor loadings for Organizational Performance	234
3.17	Fit indices and their respective values for the whole model	235

3.18	Chi-square test for model comparison	235
3.19	Cronbach's Alpha for reliability analysis	238
3.20	Comparing PLS to CB approaches of SEM	244
4.1	The results of descriptive statistics about the missing data	266
4.2	Mahalanobis Distance for multivariate outliers	269
4.3	The univariate skewness and kurtosis normality assessment for all items	272
4.4	Linearity Test using ANOVA (Analysis of Variance)	276
4.5	VIF (Variance Inflation Factor) for Multicollinearity	281
4.6	Summary of demographic profile of respondents	284
4.7	Mean and Standard Deviation of research constructs	286
4.8	Mean and Standard Deviation of Knowledge	287
4.9	Mean and Standard Deviation of Skills	289
4.10	The Attitude's mean and Standard Deviation	290
4.11	The power distance's mean and standard deviation	292
4.12	The idealized influence's mean and standard deviation	293
4.13	The inspirational motivation's mean and standard deviation	295
4.14	The intellectual stimulation's mean and standard deviation	296
4.15	The individual consideration's mean and standard deviation	297
4.16	The mean and standard deviation for Organizational Performance	299
4.17	The results for Composite reliability	306
4.18	The results for AVE	307
4.19	The factor loading's results for all variables	309
4.20	The discriminant validity – Fornell-Larcker criterion	312

4.21	The discriminant validity results – HTMT	313
4.22	The Variance Inflation Factor (VIF): the Outer Model	315
4.23	The Variance Inflation Factor (VIF): the Outer Model	317
4.24	The results for the coefficient of determination	322
4.25	The results for the predictive relevance	323
4.26	The IPMA results	325
4.27	The results of structural path analysis	327
4.28	Structural Path analysis results organized by hypotheses	329
4.29	The moderating effects hypotheses results	334
4.30	Decisions on hypotheses based on the results table based on the provided sub-hypotheses list and results	335

LIST OF FIGURES

No. Figures	Page
2.1 UAE compare to GCC countries regarding the GDP per capita	44
2.2 ADNOC Distribution points	48
2.3 Staff ranking - comparison between GCC and MENA countries	49
2.4 UAE's rank with regard to advanced technology	50
2.5 Performance of organization - GCC and MENA countries	55
2.6 A comparison between the USA, UAE, and the UK cultural differences	59
2.7 A Total Quality Management (TQM) Model (Oakland, 2003)	83
2.8 Balanced Scorecard Model (Kaplan & Norton, 1992)	85
2.9 The proposed research conceptual framework	161
3.1 Research steps	185
3.2 Differences between formative and reflective construct	250
4.1 The scatterplot of the regression standardized to assess the assumptions of linearity	278
4.2 The results for the PLS bootstrapping - T Statistics	320
4.3 IPMA results	326

LIST OF ABBREVIATIONS

ADNOC	Abu Dhabi National Oil Company
ATT	Attitude
AVE	Average Variance Extracted
CFA	Confirmatory Factor Analysis
EFA	Exploratory Factor Analysis
HC	Human Capital
IPMA	Importance- Performance Map Analysis
KMO	Kaiser-Meyer-Olkin
KN	Knowledge
OP	Organizational Performance
PCA	Principal Component Analysis
PD	Power Distance
PLS	Partial Least Square
SK	Skills
SPSS	Statistical Packages For The Social Science
TL	Transformational Leadership

LIST OF APPENDIX

A Survey Questionnaire

CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter of the study aims to introduce the study topic. It contains the study background that introduces the problem statement, setting the stage for a comprehensive examination of the moderating effect of power distance on the relationship between transformational leadership, human capital, and organizational performance. The chapter delves into the significance of understanding how leadership styles and the development of human capital impact organizational outcomes, particularly within the context of Abu Dhabi National Oil Company (ADNOC) in the UAE. By exploring these dynamics, the study seeks to provide insights into the critical factors that drive organizational success. This introductory section also outlines the research objectives and questions that guide the study, offering a roadmap for the subsequent chapters that will further elaborate on the theoretical framework, methodology, and findings.

1.2 Background of the Study

Due to the increasing demand for development with increased competitiveness in the twenty-first century, different organizations are adopting new friendly management styles basing on transformational leadership. This is fundamentally becoming scholarly area for its contribution on organizational performance. Similarly, human capital is as well gaining popularity being the whole package of experience, knowledge and skills employees have got for employment performance. In other words, the economy has been triggered to blend three concepts of; transformational leadership, human capital and organizational performance where; human capital was extended to cover a broader range of capital talents and characteristics (Islam et al., 2023).

 05-

Over time, the oil and gas industry has emerged as one of the most dynamic and active sectors worldwide due to the significance of oil and gas as valuable resources. Petroleum holds a vital role as a fuel source, serving as a cornerstone of the global economy and industry (Zou et al., 2016) Extensive research indicates a substantial global demand for this resource, with an annual consumption of 30 billion barrels worldwide. Notably, developed nations are the primary consumers of oil. As the global population is projected to increase by over 1.1 billion individuals from 2010 to 2025, it is expected that the demand for oil will rise by 1.2% to 1.5% between 2015 and 2030 (Marzooqi & Aziz, 2022).

The Middle East Gulf region holds a significant share of the world's conventional oil and gas reserves, comprising around 54% of global oil reserves and 40% of global gas



reserves (Khatib, 2014). Besides these known reserves, there are substantial quantities of unproven and undiscovered reserves (Sorkhabi, 2014). Among the countries in the region, the UAE stands out as a prominent player with the world's seventh-largest oil and natural gas reserves. The UAE's reserves are estimated to be approximately 97.8 billion barrels of oil and 6091 billion cubic meters of gas (Government UAE, 2018).

Despite facing fluctuations in oil prices, the UAE has demonstrated its significant production capabilities, producing 3.5 million barrels of petroleum per day in 2014, of which 77% was exported to Asian countries. Projections indicate a 30% increase in crude oil production in the UAE by 2020, positioning the nation as a potential global energy and financial hub, as well as a prominent trading center in the Middle East (EIA, 2017).



In the current global economy, the oil and gas industry have a significant impact, necessitating industry specialists to promote effective and strategically plan for the future. Considerable investments have been made towards projects involving the implementation of new technologies, development of operational facilities, and construction of infrastructure in both the upstream and downstream sectors. These investments are justified by aligning them with the objectives, policies, and strategies established by the Supreme Petroleum Council (SPC) in Abu Dhabi. The focus of this study is the Abu Dhabi National Oil Company (ADNOC), which is responsible for the practical development and management of daily operations related to oil exploration and extraction. ADNOC aims to integrate various aspects of the oil and gas industry, including exploration, production, processing, transportation, distribution, and related activities within the UAE (EIA, 2017).



Organizational performance is a vital component of every business entity, reflecting its ability to achieve strategic goals efficiently and effectively. It serves as a benchmark for evaluating overall success and long-term viability in a competitive environment. Key factors such as human capital, leadership, and power distance significantly influence organizational performance. Human capital comprising employees' knowledge, skills, and competencies plays a crucial role in driving organisational outcomes and ensuring sustained productivity and growth (I. Singh & Kumar, 2023a).

Nowadays, there are many expanding and successful commercial enterprises in the UAE. A company's success is determined not only by the founder's brains and hard work, but also by the entire staff, from the lowest to the highest level of an organization. Management and academia are increasingly interested in conducting research on human capital and organizational performance (Ogunade, 2011). In addition, research has shown that the power distance element can either accelerate or slow down an organization's performance. (McShane & Van Glinow, 2015).

The performance of firms, encompassing both non-financial (internal processes, learning, and growth) and financial aspects, can be viewed as a human resource concern. This perspective arises from the understanding that a firm's performance is a direct outcome of its employees' knowledge, skills, and attitudes in developing and implementing effective ideas. Consequently, the performance of a firm is inherently dependent on the effectiveness of its human capital (Alnachef et al., 2017).

ADNOC strives to establish effective management processes to successfully complete projects and achieve their objectives. ADNOC and its Group of Companies in the UAE emphasize the importance of competitiveness and a skilled workforce in the appropriate positions to ensure business growth (ADNOC, 2017). Among their strategic priorities, ADNOC focuses on recruiting talented UAE nationals and is committed to the UAE government's "Emiratization" plan, which aims to increase the participation of UAE citizens in various sectors (ADNOC, 2017; Waxin & Bateman, 2016). Despite ADNOC's efforts to develop UAE talent, the company has faced challenges in meeting its Emiratization targets. The goal was to have 75% of the workforce comprised of UAE citizens by the end of 2017, prompting significant investments in education and training. These efforts led to the establishment of numerous educational initiatives and technical institutes to ensure a qualified workforce (ADNOC, 2017).

The performance of firms, both non-financially and financially, is heavily influenced by human capital, defined as the knowledge, skills, and abilities of employees. Effective human capital management is crucial for organizational success. Studies have shown that employees' knowledge and skills are significant determinants of firm performance. By fostering continuous learning and skill development, organizations can maximize the potential of their human capital (Singh & Kumar, 2023a). This aligns with the resource-based view of the firm, which posits that a firm's unique and inimitable resources, including human capital, are pivotal determinants of its success (Barney et al., 2001).

Human capital is a valuable resource that significantly impacts the overall performance and competitive advantage of an organization. Efficiently managing and developing human capital is essential for achieving optimal performance outcomes (Wujarso et al., 2021). It is crucial to comprehend the ways in which human capital influences organizational performance in order to formulate effective strategies and practices that attract, retain, and motivate talented employees.

As in the past, the human resources department is not the only source of support. However, proper strategic human resource management is the key to modern-day business success (Alsmairat et al., 2023). The research of (Kamal Parajuli et al., 2023) performed research on the impact of transformative leadership on corporate performance. According to leading studies, business auto dealers with strong transformational leadership of executives through the application of strategic human resource management methods, such as the Toyota brand, will have a beneficial effect on performance.

Human capital refers to the knowledge, skills, and abilities possessed by employees, which are essential for organizational success. Effective management and development of human capital are critical for fostering innovation, improving efficiency, and maintaining competitive advantage (Kusumawijaya & Astuti, 2024). Human capital is a key asset that can drive both financial and non-financial performance improvements in organizations (Hidayat & Widodo, 2022). Investing in human capital through continuous training, development programs, and creating opportunities for skill enhancement has been linked to improved organizational performance. Strategic human capital management

practices increase employee productivity, innovation, and overall company performance (Tunku & Rahman, 2022). Companies that prioritize human capital development are better equipped to adapt to market changes and sustain long-term growth (Nkogbu, 2015).

There are two key aspects to consider: Individual human capital, focusing on the skills and abilities of individual workers, and the Human capital of the economy, which represents the overall human capital of a nation, influenced by national educational standards. These factors are believed to have an effect on organizational performance, as suggested by (Abdulla Alneyadi et al., 2019a). Regrettably, existing literature has not adequately explored the connection between transformational leadership, human capital, and organizational performance, particularly in the context of the moderating variable of power distance.



Over time, human capital has become increasingly recognized as vital for organizational success, particularly in post-industrial enterprises. The expertise of employees, acquired through education and experience, plays a central role in fostering creativity, innovation, and overall organizational performance. The growing demand for knowledge and skills to drive creativity and innovation has significant implications for organizational performance (Damianus et al., 2023; Hartono & Halim, 2014; Shayah & Zehou, 2019). Islam et al. (2024) underscore that the need for knowledge to encourage creativity and innovation among employees has not only induced changes in individual behaviors but has also positively impacted organizational performance.



It is widely acknowledged that enhancing the effectiveness of human capital is crucial for organizational success. One key approach is involving employees in decision-making processes. When employees participate in these processes, they feel more valued and empowered, which boosts their morale and commitment to the organization. Providing adequate resources is another critical factor. This includes offering comprehensive training programs, ensuring access to up-to-date knowledge, and granting sufficient autonomy, all of which enable employees to perform their duties more effectively and efficiently.

Furthermore, effective human capital management is crucial in leveraging the full potential of the workforce. Involving employees in decision-making processes and providing necessary resources, such as training programs, access to knowledge, and sufficient autonomy, enhances individual performance and drives overall organizational success. Managers play a pivotal role in this process by ensuring these resources are available and fostering an inclusive environment where employees' contributions are recognized and valued (Garrick et al., 2024). Additionally, continuous professional development opportunities, mentorship programs, and a culture of innovation are essential strategies for enhancing human capital (Emile Cammeraat et al., 2021).

By adopting a multifaceted approach to human capital enhancement and understanding the impact of cultural dimensions like power distance, organizations can create a dynamic and motivated workforce capable of driving sustained success and competitive advantage. This study aims to fill the research gap regarding the influence of power distance on employee performance, providing valuable insights for policymakers



and managers in ADNOC to optimize their strategic objectives and operational efficiency (Ram et al., 2022).

Leadership is also important in managing and exploiting human resources in order to increase organizational success. Effective leaders enhance employee engagement, motivation, and development by creating a favorable work environment. They set clear goals for performance and enable individuals to contribute their talents and knowledge. Leaders may coordinate the activities of the workforce towards accomplishing organizational goals by using effective communication and coaching (Zorlu & Korkmaz, 2021). They also play an important role in personnel management, identifying and developing high-potential individuals, and giving opportunities for growth and promotion.

Leaders can boost organizational performance by effectively leading and developing people capital.

Managers play a pivotal role in enhancing human capital by ensuring these resources are available and fostering an inclusive environment where employees' contributions are recognized and valued. This approach not only enhances individual performance but also drives overall organizational success by leveraging the full potential of the workforce (Osborne & Hammoud, 2017; Radu, 2023). There are several other strategies to enhance the effectiveness of human capital, which further contribute to organizational success. Continuous professional development opportunities, such as workshops, seminars, and courses, help employees stay current with industry trends and develop new skills. Implementing mentorship and coaching programs provides



personalized guidance and support, helping employees navigate their career paths and overcome challenges. Additionally, creating a culture of innovation encourages employees to share ideas and solutions, fostering a sense of ownership and involvement in the organization's success.

Liu & Li, (2018) emphasised the possibility that transformational leadership might create an environment in which followers are inspired to share their knowledge and in which it is made easier for followers to share their expertise with others. In addition to this, transformative leaders are unquestionably the ones that construct networks that incorporate environmental influences, assuming the idealised impact that is characteristic of dynamic linkages and interactions.



Inspirational motivation is believed to drive businesses towards establishing connections with more effective enterprises. This is achieved by creating high expectations among the followers of the organization. As a result, transformational leaders play a significant role in reshaping knowledge dynamics by reducing the burden of networking-related tasks. It is highly recommended that, in a knowledge-driven economy, transformative leaders be appointed in positions that prioritize the management of the organization's knowledge assets and base. In support of this notion, Liu & Li, (2018) provide evidence that transformational leadership is vital for enhancing knowledge management processes in companies. Transformational leaders foster an environment of trust and open communication, which is essential for effective knowledge sharing and continuous learning—key components of knowledge management. Moreover,



transformational leaders can inspire innovation, improve employee engagement, and drive organizational performance by promoting a culture that values knowledge sharing and learning.

Transformational leadership, human capital, and power distance are critical factors that significantly influence organizational performance, both financially and non-financially. Each of these elements interacts in complex ways, shaping the outcomes of organizations in various sectors, including the highly competitive oil and gas industry in which ADNOC operates. Transformational leadership is characterized by leaders who inspire, motivate, and encourage innovation among their followers. This leadership style significantly enhances organizational performance by fostering a high level of employee engagement and commitment (Kungwola, 2023). Transformational leaders create a vision and environment that motivate employees to exceed their own self-interests for the sake of the organization, leading to higher levels of productivity and performance (Bojović & Stojadinović Jovanović, 2020a).

Research has demonstrated that transformational leadership positively impacts both financial and non-financial performance metrics. Financially, companies with transformational leaders often see increased revenues, improved return on investment, and better overall financial health (Kwistianus et al., 2023). Non-financially, transformational leadership contributes to enhanced employee satisfaction, reduced turnover rates, and higher levels of organizational citizenship behavior (Jimoh et al., 2023).

In order to characterize knowledge management as a facilitator of transformational leadership, this study adopted Maier & Remus, (2003) knowledge management approach, which is strategic and practically oriented. This process-oriented approach is particularly effective when applied to managerial contexts. According to Maier & Remus, (2003), organizational knowledge can be expanded internally, through the production of new insights based on intellectual capital, or externally, by assimilating information from other sources. This approach encourages the generation of new knowledge by enhancing the intellectual capital already possessed by the organization.

Transformational leaders benefit from this approach as it enhances their ability to engage in inspirational motivation and generate desirable expectations to identify opportunities. Knowledge sharing provides deeper insights into external environments, enabling leaders to increase idealized influence and develop more effective visions. As a result, employee empowerment is improved, and the role of transformational leaders in providing personalized care is greatly expanded. This accumulation of knowledge is crucial for achieving transformational leadership (Maier & Remus, 2003).

Maier & Remus, (2003) approach also emphasizes the integration of knowledge across organizational systems and processes to boost performance and respond to market changes effectively. This includes managing knowledge management techniques, assessing existing knowledge, facilitating collaboration among experts, and continuously monitoring shifts in knowledge demands to maintain product or service quality. Daniels & Greguras, (2014) suggest that the competence and trust among group members

significantly enhance knowledge integration efforts. Transformational leaders must understand the learning needs of their employees, engage in activities that integrate knowledge, and coordinate specialists throughout the organization to foster intellectual stimulation and innovation.

For ADNOC, understanding these dynamics is crucial. Transformational leadership can significantly enhance both financial and non-financial performance by fostering a motivated and engaged workforce. Leaders must navigate the cultural context of power distance to maximize the benefits of human capital investments. Tailoring leadership approaches to fit the cultural and organizational context can help ADNOC leverage its human capital to drive sustained success.

Investing in leadership development programs that emphasize transformational leadership principles, coupled with strategies to manage power distance, can create a conducive environment for performance improvement. Continuous investment in human capital through training and development ensures employees possess the necessary skills and knowledge to contribute effectively to organizational goals.

Power distance is a cultural dimension that describes the extent to which less powerful members of organizations accept and expect that power is distributed unequally (Silva Opuala-Charles & Mordecai Eugenia, 2023). High power distance cultures often feature centralized decision-making and hierarchical structures, while low power distance cultures encourage employee participation and flatter organizational structures. The impact

of power distance on organizational performance is nuanced. In high power distance cultures, transformational leadership can face challenges due to the hierarchical nature and the reluctance of employees to voice their opinions or challenge authority (Amin et al., 2020). This can stifle innovation and limit the effectiveness of transformational leadership practices. Conversely, in low power distance cultures, transformational leadership thrives as employees feel more empowered to contribute ideas and engage in the decision-making process, leading to better organizational outcomes (Silva & Mordecai, 2023).

Understanding the moderating role of power distance in these dynamics can help organizations like ADNOC tailor their leadership and human capital strategies to improve performance outcomes. By focusing on the impact of transformational leadership and human capital on organizational performance, and how power distance moderates these relationships, this study offers practical insights for enhancing organizational performance in the UAE's oil and gas sector. This study aims to fill the research gap regarding the influence of power distance on employee performance, providing valuable guidance for policymakers and managers in ADNOC to optimize their strategic objectives and operational efficiency (Amin et al., 2020).

Numerous studies have concentrated on the importance of organizational culture in explaining differences in organizational behavior, performance, and leadership effectiveness (Alshehhi et al., 2019; Karam & Tasmin, 2020; Shahzad, 2012a; Victoria O. Akpa et al., 2021). According to Hofstede, culture is “the collective mental programming that distinguishes one society from another, including their behavioral tendencies”.

Hofstede's five-dimensional model of cultural norms comprises individualism versus collectivism, low versus high power distance, femininity versus masculinity, uncertainty avoidance, and long-term orientation. These dimensions illustrate the variations in cultural traits between societies. Power distance, one of these dimensions, refers to the extent to which less powerful members of organizations and institutions accept and expect that power is distributed unequally (Daniels & Greguras, 2014a).

In societies with high power distance, there is a greater acceptance of unequal power distribution, and individuals in subordinate positions are less likely to challenge authority. This cultural trait can influence organizational performance significantly. High power distance often leads to centralized decision-making and limited employee participation, which can stifle innovation and reduce job satisfaction and commitment. Conversely, low power distance cultures promote employee involvement in decision-making processes, leading to higher morale, empowerment, and overall organizational performance (Daniels & Greguras, 2014a; Radu, 2023). Research has shown that power distance can impact various aspects of organizational behavior. For instance, Ayhan and Bilal (2014) found a positive correlation between power distance and organizational commitment, job satisfaction, and overall effectiveness. However, other studies, such as those by Khatri and Budhwar (2003), have indicated that high power distance can negatively affect employee engagement and participation. They demonstrated that in high power distance environments, employees place less value on participation, viewing it as less appropriate or effective.

Moreover, Scholarworks & Lundula (2024) found that power distance influences conflict resolution, with low power distance environments fostering more effective resolution strategies. Dai et al., (2022) also noted that power distance affects how individuals respond to leadership and voice within organizations. Khatri & Budhwar, (2003) highlighted the link between power distance and employee behavior, indicating that high power distance can lead to lower levels of initiative and participation. These findings underscore the importance of understanding cultural dimensions, such as power distance, in organizational contexts. By examining how transformational leadership interacts with power distance, this study aims to shed light on the mechanisms through which leadership styles influence organizational performance. Transformational leadership, characterized by inspiring and motivating employees to exceed expectations, can be particularly effective in low power distance cultures where employee involvement is valued and encouraged (Khan et al., 2020).

The relationship between transformational leadership, human capital, and power distance is complex but pivotal for organizational performance. By understanding and strategically managing these elements, organizations can enhance their competitive edge and achieve superior performance outcomes. Therefore, the main purpose of this study is to investigate the intricate relationships between transformational leadership, human capital, and power distance, and how these factors collectively influence organizational performance at ADNOC in the UAE. By examining the moderating role of power distance, this research aims to provide a deeper understanding of how cultural contexts impact the effectiveness of transformational leadership in enhancing human capital and driving both

financial and non-financial organizational outcomes. The study seeks to offer practical insights and strategic recommendations for ADNOC and similar organizations to optimize their leadership approaches and human capital management practices, ultimately contributing to improved performance and sustained competitive advantage.

1.3 Research Problem

In the evolving landscape of global business, achieving sustained organisational performance has become increasingly complex, especially in sectors facing volatile external pressures and rapid internal change. For state-linked enterprises such as the Abu Dhabi National Oil Company (ADNOC), maintaining performance levels amid economic transitions, demographic shifts, and global energy transformations presents a considerable challenge. While ADNOC is a key player in the international oil and gas industry, it has not been immune to disruptions caused by the COVID-19 pandemic, fluctuating oil prices, workforce nationalisation policies, and emerging demands for leadership renewal (IEA, 2021; EY, 2022). These pressures have raised critical questions about how leadership and human capital can be harnessed effectively in a region characterised by hierarchical organisational structures and strong cultural norms.

Transformational leadership has been widely recognised as a leadership approach capable of stimulating positive organisational change by inspiring, motivating, and intellectually engaging employees (Bass & Riggio, 2006; Northouse, 2021). It is particularly relevant in navigating uncertainty and driving performance through vision-driven influence and employee empowerment. Yet, despite a rich body of international

research confirming its benefits, there is limited empirical evidence from the UAE or similar high-context, high power distance environments (Alnaqbi, 2022). This lack of localised insight limits the practical application of transformational leadership strategies within organisations such as ADNOC.

Human capital encompassing the skills, knowledge, and experience of employees also plays a pivotal role in shaping organisational performance. Strategic human capital development is central to the UAE's national agenda and its shift towards a knowledge-based economy. However, challenges persist in aligning human capital initiatives with leadership strategies in complex, hierarchical organisations, where decision-making is often centralised and top-down (Hitt et al., 2020; Al-Debei & Avison, 2021). The interplay between leadership practices and human capital deployment within such structures requires further exploration.

A critical factor influencing these relationships is power distance, one of Hofstede's cultural dimensions, which refers to the degree to which power inequalities are accepted and institutionalised in a society (Hofstede, 2001). In high power distance cultures such as the UAE, employees may be less likely to challenge authority or engage in participatory decision-making, potentially moderating the effectiveness of transformational leadership and human capital strategies. While power distance has been well-studied in relation to employee attitudes and communication styles (Rockstuhl et al., 2019; Kirkman et al., 2021), its moderating role in leadership-performance relationships remains underexplored, particularly in non-Western and resource-dependent contexts (Almazrouei et al., 2024).

The lack of region-specific empirical studies presents both a theoretical and practical gap. Current leadership and human capital models, largely developed in low power distance, individualistic cultures, may not adequately reflect the cultural and institutional realities of the UAE. There is thus a pressing need for research that investigates how transformational leadership and human capital interact to influence organisational performance in this setting, and how power distance may shape these relationships.

This study addresses this gap by examining the direct effects of transformational leadership and human capital on organisational performance, while testing the moderating effect of power distance. By focusing on a strategically significant organisation such as ADNOC, the study aims to generate insights that are both academically relevant and practically applicable for leadership and human resource development within similar high-power distance environments.

1.4 Research Objectives

The main objective of this research is to investigate how power distance influences the connection between human capital, transformational leadership, and organisational performance among ADNOC employees in the UAE. Specifically, the study seeks to achieve the following objectives:

RO1: To determine the effect of transformational leadership on the organisational performance among ADNOC employees in the UAE.

- **RO1a:** To determine the effect of idealised influence on organisational performance.
- **RO1b:** To determine the effect of inspirational motivation on organisational performance.
- **RO1c:** To determine the effect of intellectual stimulation on organisational performance.
- **RO1d:** To determine the effect of individualised consideration on organisational performance.

RO2: To determine the effect of human capital on the organisational performance of ADNOC employees in the UAE.

- **RO2a:** To investigate the effect of knowledge on organisational performance.
- **RO2b:** To determine the effect of on organisational performance.
- **RO2c:** To determine the effect of on organisational performance.

RO3: To determine the moderating effect of power distance in moderating the relationship between transformational leadership and organisational performance.

- **RO3a:** To determine the moderating effect power distance moderates the impact of idealised influence on organisational performance.
- **RO3b:** To determine the moderating effect of power distance on the effect of inspirational motivation on organisational performance.

- **RO3c:** To determine the moderating effect of intellectual stimulation on organisational performance.
- **RO3d:** To determine the moderating effect of power distance on the impact of individualised consideration on organisational performance.

RO4: To determine the moderating effect of power distance on the relationship between human capital and organisational performance among ADNOC employees in the UAE.

- **RO4a:** To determine the moderating effect of power distance on the relationship between knowledge and organisational performance.
- **RO4b:** To determine the moderating effect of power distance on the impact of attitude on organisational performance.
- **RO4c:** To determine the moderating effect of power distance on the influence of skills on organisational performance.

1.5 Research Questions

The problem statement prompts the emergence of several questions that require exploration:

RQ1: What is the effect of transformational leadership on the organisational performance among ADNOC employees in the UAE?

RQ1a: What is the effect of idealised influence on organisational performance?

RQ1b: What is the effect of inspirational motivation on organisational performance?

RQ1c: What is the effect of intellectual stimulation on organisational performance?

RQ1d: What is the effect of individualised consideration on organisational performance?

RQ2: What is the effect of human capital on the organisational performance among ADNOC employees in the UAE?

RQ2a: What is the effect of knowledge on organisational performance?

RQ2b: What is the effect of attitude on organisational performance?

RQ2c: What is the effect of skills on organisational performance?

RQ3: Does power distance moderate the relationship between transformational leadership and organisational performance?

RQ3a: Does power distance moderate the impact of idealised influence on organisational performance?

RQ3b: Does power distance moderate the effect of inspirational motivation on organisational performance?

RQ3c: Does power distance moderate the influence of intellectual stimulation on organisational performance?

RQ3d: Does power distance moderate the effect of individualised consideration on organisational performance?

RQ4: Does power distance moderate the relationship between human capital and organisational performance?

RQ4a: Does power distance moderate the effect of knowledge on organisational performance?

RQ4b: Does power distance moderate the impact of attitude on organisational performance?

RQ4c: Does power distance moderate the influence of skills on organisational performance?

1.6 Research Hypotheses

The study develops and proposes four main research hypotheses and 14 sub hypotheses to achieve the objectives of the study which are stated as follows:

H1: Transformational leadership has a significant effect on organisational performance among ADNOC employees in the UAE.

H1a: Idealised influence has a significant effect on organisational performance.

H1b: Inspirational motivation has a significant effect on organisational performance.

H1c: Intellectual stimulation has a significant effect on organisational performance.

H1d: Individualised consideration has a significant effect on organisational performance.

H2: Human capital has a significant effect on organisational performance among ADNOC employees in the UAE.

H2a: Knowledge has a significant effect on organisational performance.

H2b: Attitude has a significant effect on organisational performance.

H2c: Skills has a significant effect on organisational performance.

H3: Power Distance as a Moderator between Transformational Leadership and Organisational Performance

H3: Power distance significantly moderates the relationship between transformational leadership and organisational performance.

H3a: Power distance significantly moderates the relationship between idealised influence and organisational performance.

H3b: Power distance significantly moderates the relationship between inspirational motivation and organisational performance.

H3c: Power distance significantly moderates the relationship between intellectual stimulation and organisational performance.

H3d: Power distance significantly moderates the relationship between individualised consideration and organisational performance.

H4: Power Distance as a Moderator between Human Capital and Organisational Performance

H4: Power distance significantly moderates the relationship between human capital and organisational performance.

H4a: Power distance significantly moderates the relationship between knowledge and organisational performance.

H4b: Power distance significantly moderates the relationship between attitude and organisational performance.

H4c: Power distance significantly moderates the relationship between skills and organisational performance.

Summary

- **Main Hypotheses:** 4
- **Sub-Hypotheses:** 14
(H1a–d, H2a–c, H3a–d, H4a–c)

1.7 Significance of the Research

This study aims to provide valuable insights into the interplay between transformational leadership, human capital, power distance, and organizational performance within ADNOC in the UAE. The significance of this research is multifaceted, encompassing theoretical, practical, stakeholder-related, and broader contextual contributions.

The study contributes to the existing body of literature by integrating and extending Resource Dependence Theory (RDT) and the Resource-Based View (RBV). By examining the moderating role of power distance, this research addresses a critical gap in the current understanding of how cultural factors influence the relationship between leadership, human capital, and organizational performance. The findings will enhance the theoretical frameworks related to leadership and organizational behavior, offering a deeper

understanding of how power distance affects these dynamics. This theoretical contribution is particularly relevant for scholars interested in cross-cultural management and organizational performance in high power distance contexts.

From a practical perspective, the study provides actionable insights for organizational leaders and managers at ADNOC and similar companies. By understanding the impact of transformational leadership and human capital on organizational performance, managers can develop targeted strategies to enhance employee engagement, satisfaction, and overall performance. The study highlights the importance of tailoring leadership approaches to align with the cultural context of high-power distance, thereby optimizing the effectiveness of leadership practices. Practical recommendations derived from this research will help ADNOC in refining its leadership development programs, human capital management strategies, and organizational policies to foster a more productive and innovative work environment.

The study holds significant implications for various stakeholders, including ADNOC's leadership, employees, policymakers, and investors. For ADNOC's leadership, the insights gained will aid in making informed decisions about leadership development and human capital investments. Employees will benefit from a more inclusive and supportive work environment that recognizes and leverages their contributions, leading to higher job satisfaction and retention rates. Policymakers can use the findings to design policies that promote effective leadership and human capital development within the broader UAE context. Investors will gain confidence in ADNOC's ability to sustain

performance and competitiveness through strategic leadership and human capital initiatives.

Beyond ADNOC, the study's findings have broader implications for organizations operating in similar high-power distance and resource-dependent contexts. The research underscores the importance of cultural sensitivity in leadership and human capital management, offering a blueprint for other organizations seeking to enhance their performance through effective leadership and human capital strategies. Additionally, the study contributes to the global discourse on cross-cultural management, providing empirical evidence from the Middle Eastern context, which is often underrepresented in management research.

In conclusion, this study offers significant theoretical, practical, and stakeholder-related contributions, enhancing the understanding of the complex interplay between transformational leadership, human capital, power distance, and organizational performance. The findings will not only benefit ADNOC but also provide valuable insights for other organizations and stakeholders operating in similar contexts.

1.8 Operational Definition

The operational definitions provided are tailored to align with the measurement items used in this study, ensuring consistency and relevance. By focusing on the essential elements of

each term, these definitions contribute to the current study by clarifying constructs, ensuring alignment, enhancing relevance, and supporting theoretical and practical insights. Clarifying constructs provides clear, concise definitions that align with the research objectives and hypotheses. Ensuring alignment with the measurement items guarantees that the constructs are accurately captured and measured. Enhancing relevance by including dimensions that are directly relevant to the context of ADNOC and the UAE increases the applicability and significance of the findings. Supporting theoretical and practical insights offers a robust framework for examining the relationships between transformational leadership, human capital, power distance, and organizational performance, providing valuable insights for both theory and practice.

1.8.1 Transformational Leadership

Transformational leadership is a distinctive style that goes beyond mere expectations, exerting influence over followers to achieve more (Steinmann et al., 2018a). This leadership approach instigates transformation in individuals and social systems by promoting the interests of subordinates, cultivating awareness, and embracing a shared mission. Transformational leaders inspire their followers to pursue loftier goals to satisfy their own self-actualization requirements (Moradi Korejan & Shahbazi, 2016; Walumbwa et al., 2013).

For the purposes of this study, transformational leadership at ADNOC (Abu Dhabi National Oil Company) encompasses four key dimensions: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass & Riggio, 2006). Each dimension is operationally defined and measured as follows:

1. **Idealized Influence:** The extent to which leaders serve as role models, earning the trust and respect of their followers. This is measured by items assessing leaders' ethical conduct, trustworthiness, and ability to articulate a clear vision (Avolio & Bass, 2004).
2. **Inspirational Motivation:** The degree to which leaders communicate an inspiring vision that motivates employees to achieve more than they thought possible. This is measured by items evaluating leaders' ability to articulate a compelling vision and set high standards (Avolio & Bass, 2004).
3. **Intellectual Stimulation:** The extent to which leaders challenge assumptions, encourage creativity, and stimulate innovative thinking. This is measured by items assessing leaders' promotion of critical thinking and problem-solving (Avolio & Bass, 2004).
4. **Individualized Consideration:** The degree to which leaders provide personalized support and attention to individual employees' needs and development. This is measured by items evaluating leaders' mentoring and coaching behaviors (Avolio & Bass, 2004).

1.8.2 Human Capital

Human capital refers to the collective knowledge, skills, and abilities possessed by employees that contribute to organizational performance (Islam et al., 2023). In this study, human capital is operationalized through three dimensions: knowledge, skills, and attitude.

1. **Knowledge:** The technical and theoretical understanding that employees bring to their roles. This is measured by items assessing employees' qualifications, training, and ability to access and utilize information (Timsal & Awais, 2016).
2. **Skills:** The practical abilities and competencies that employees use to perform their tasks effectively. This is measured by items evaluating employees' technical and interpersonal skills (Hernández-Serrano & Muñoz-Rodríguez, 2020).
3. **Attitude:** The behavioral aspects, including motivation and engagement, that influence how employees apply their knowledge and skills. This is measured by items assessing employees' commitment, motivation, and engagement (Singh & Kumar, 2023b).

1.8.3 Power Distance

Power distance refers to the extent to which power is distributed unequally within a society and the degree to which individuals with lower power accept and anticipate following the commands of those in higher positions (Silva Opuala-Charles & Mordecai Eugenia, 2023).

This concept is essential for understanding organizational dynamics, as it affects relationships, hierarchical structures, and various organizational processes and outcomes.

In the context of this study, power distance at ADNOC refers to the extent to which power is distributed unequally within the organization and how this unequal distribution influences organizational dynamics and outcomes. The measurement of power distance includes employee perceptions of power distribution and managerial practices, which are evaluated through items assessing how managers involve subordinates in decision-making and the extent to which they seek input from lower-level employees (Khatri, 2009). Power distance in this study is measured using items adapted from Srite and Karahanna (2006), which operationalised Hofstede's original conceptualisation in an organisational and cross-cultural setting.

1.8.4 Organizational Performance

Organizational performance refers to the actual output or results of an organization as measured against its intended outputs or goals and objectives. It encompasses a set of financial and non-financial indicators that offer information on the degree of achievement of objectives and results (Singh et al., 2019).

In this study, organizational performance is measured using non-financial indicators based on the balanced scorecard framework, specifically focusing on internal processes

and learning and growth. Internal processes pertain to the specific processes that an organization needs to excel in to accomplish its objectives. Learning and growth refer to how employees are trained and educated, how knowledge is gained and captured, and how it is used to maintain a competitive edge within markets (Aldhuhoori et al., 2022).

1.9 Scope of the Study (Delimitations)

The scope of this study is deliberately confined to examining the influence of transformational leadership and human capital on organizational performance within the Abu Dhabi National Oil Company (ADNOC) in the UAE. The focus on ADNOC is driven by several compelling reasons that make this organization a suitable and relevant subject for the research.

Firstly, ADNOC is one of the largest and most influential companies in the UAE, playing a crucial role in the country's economy. Its size and significance provide a robust platform to study the intricate dynamics of leadership, human capital, and organizational performance. Focusing on such a prominent organization allows for the collection of rich and detailed data, which can offer valuable insights into the factors driving performance in a complex and high-stakes environment.

Secondly, ADNOC's diverse workforce, comprising over 13,000 employees from 75 different nationalities, presents a unique opportunity to examine the impact of

transformational leadership and human capital in a multicultural and multinational context. This diversity is particularly relevant for studying power distance and other cultural factors that can influence organizational dynamics. By concentrating on ADNOC, the study can explore how these cultural variables interact with leadership and human capital strategies to affect performance.

Additionally, ADNOC's established HRM practices and its commitment to continuous improvement and innovation make it an ideal case for investigating the effectiveness of these practices in enhancing organizational performance. The company's proactive approach to human resource management, including its focus on employee development, compensation, and strategic planning, provides a fertile ground for assessing the impact of these initiatives on employee performance and overall organizational success.

The choice to focus exclusively on ADNOC also allows for a more in-depth and concentrated analysis, which would be challenging to achieve if the study were spread across multiple organizations. This focused approach ensures that the findings are specific, detailed, and directly applicable to the context of ADNOC, providing actionable insights for the company's management.

Geographically, this study is confined to the UAE, specifically within the emirate of Abu Dhabi where ADNOC is headquartered. This geographical delimitation is significant as it considers the unique socio-economic and cultural environment of the UAE,

which may influence the dynamics of leadership and human capital in ways that differ from other regions.

The study is also temporally delimited to a specific period, focusing on data collected during the 2023 fiscal year. This time frame was chosen to capture the most current and relevant data, reflecting the latest trends and practices within ADNOC. The chosen period ensures that the findings are timely and pertinent, providing insights that are applicable to the present organizational climate and decision-making processes.

The delimitations of this study are carefully designed to leverage the unique characteristics of ADNOC, considering the economic significance, workforce diversity, established HRM practices, and the opportunity for detailed analysis within a specific geographical and temporal context. The organization's prominence, combined with the focused approach of the research, ensures that the study provides meaningful and actionable insights into the interplay between transformational leadership, human capital, and organizational performance in the UAE.

1.10 The Organization of the Thesis

This introductory chapter has established the background, scope, and structure of the study, with the goal of determining the effect of transformational leadership and human capital on organisational performance, with power distance serving as a moderator. The structure

of the study was established with the intention of identifying the effect of transformational leadership and human capital on organisational performance. The ensuing chapters will provide answers to the research questions and bring about the overarching purpose of the study if they thoroughly address each of the predefined goals. For the forthcoming chapters, the following structure has been devised as a plan:

Chapter 2: Literature review analysis of the related studies- Researchers always conduct in-depth literature reviews before beginning work on position papers. The purpose of this article is to present a critical examination of a variety of studies that make use of information system (IS) success frameworks, with a particular emphasis on those that pertain to the United Arab Emirates and Abu Dhabi National Oil Company (ADNOC). At long last, the conceptual framework presents the conceptual model along with all of the variables that are linked with it. This conceptual framework has been developed with the purpose of testing hypotheses in order to achieve the goals that have been outlined for the research. In order to correctly answer the hypotheses, the researcher will review and incorporate subjects such as the dependent and independent variables chosen, conceptual approach, theoretical frameworks, organisational and career commitment, interpersonal dynamics in the workplace, and demography. After that, a conceptual framework is built by using significant constructs obtained from the previous research, and the study field is outlined. The conceptual framework that was presented will be used as a guide for gathering and analysing empirical data to provide a complete picture of the transformation that is occurring in the oil and gas industry in the UAE.



Chapter 3: Methodology-As part of the empirical research approach, both the process of acquiring data as well as the process of analysing that data are broken down in considerable detail. In the section on data collecting, topics such as (a) data collection, (b) sample selection and participation, (c) creating the survey questionnaire, (d) measurement scales, and (e) pilot research are discussed. Following this, the data will be justified by a discussion of the reliability and validity of the study. The chapter also dives into the kind of information that are required in order to conduct an exhaustive investigation into the causes that are at play. The following step is to select an appropriate procedure for data analysis as well as a statistical approach. In the conclusion, methodologies for data analysis are presented, as well as a description of the study's desired population and the sampling methodology at each stage of the process. The chapter ends with a review of the ethical considerations involved in the investigation.



Chapter 4: Findings and Analysis- In this chapter, the researcher will explore the survey's discoveries and analysis, further elaborating on the key findings. The responses collected from the questionnaires were subjected to rigorous statistical analysis using the widely recognized software, SPSS version 26, ensuring the accuracy and reliability of the outcomes. The results are duly exhibited, providing a comprehensive understanding of the research's implications. The focal points of this chapter encompass various critical aspects of the study. Firstly, the detail of the meticulous process of data preparation and screening, ensuring that the data is clean and ready for analysis. Subsequently, it presents a thorough examination of the demographic characteristics of the participants, shedding light on the sample's representation. One of the key analytical techniques utilized is factor loading,





which holds significant importance in understanding the relationships between variables. The researcher discusses in detail the process of exploratory factor analysis, unveiling underlying patterns and dimensions in the data. This step is vital in gaining insights into the underlying constructs and relationships that influence the research questions.

Moreover, the researcher further explores the concept of model fit, ascertaining the appropriateness of the research model in explaining the observed data. This evaluation aids in validating the accuracy and reliability of the findings. Furthermore, this section emphasizes the significance of the obtained results in relation to the hypotheses tested. The study's objectives are met through a meticulous examination of the data, validating the research's relevancy and providing valuable insights into the addressed difficulties.

Considering the sources covered in chapters 2 and 3, these results hold substantial implications for the broader field of study. The comprehensive analysis and interpretation of the data contribute significantly to the existing body of knowledge in this domain. As progress towards the conclusion of this chapter, the researcher will present a detailed analysis of the findings, showcasing how these results directly address the research questions posed in the first chapter. Additionally, the researcher will demonstrate how the outcomes align with the study's objectives, further solidifying the significance and relevance of the research. The culmination of this chapter will provide a comprehensive perspective on the study's contributions and its potential impact on the field.

Chapter 5: Conclusions, Discussions and Recommendations-The findings of the research play a crucial role in shaping the conclusion of the study, where they are





seamlessly integrated with a comprehensive discussion of the research's limitations. Additionally, the conclusion presents a thoughtful analysis of the research's theoretical and managerial implications, highlighting its valuable contribution to the existing body of knowledge in the field. Furthermore, the concluding chapter extends its significance beyond academia by offering insightful suggestions to policymakers and managers on how they can harness technology effectively. Moreover, the paper does not merely stop at presenting its conclusions and recommendations. Rather, it paves the way for further advancements in the domain by offering a set of carefully crafted suggestions for future research. By doing so, the research sparks the curiosity of other scholars, encouraging them to explore and build upon its findings. Before reaching the conclusion, the research provides a detailed account of its background, objectives, significance, and methodology.



This thorough explanation ensures that readers have a solid understanding of the research's foundations and approach. To complement this, the subsequent section embarks on a comprehensive literature review. The study explores the wealth of information available on crucial aspects such as organizational change management, business expansion, and the adoption of new technologies. Through this meticulous literature review, the research situates itself within the broader context of the field, establishing a solid basis for its own contributions. Overall, the combination of a well-structured investigation, insightful findings, and thoughtful recommendations makes this research a valuable addition to the body of knowledge in this area.



1.11 Chapter Summary

The first chapter of the thesis lays a crucial foundation for the research by presenting background information that situates the study within its historical and theoretical context. This section establishes the groundwork necessary for the subsequent exploration. The problem statement is clearly and precisely articulated, defining the specific issue that the study addresses. This precision aids readers in understanding the research's focus and underscores the author's skill in crafting research objectives. Following the problem statement, the chapter outlines the research objectives and questions, providing a clear roadmap for the investigation. These elements demonstrate an organized and methodical approach to the research, highlighting the author's expertise in scholarly inquiry.

Discussing the significance and scope of the research helps readers appreciate the potential impact and limitations of the study. This section positions the work within the broader academic landscape, showing the author's ability to contextualize their research. The chapter concludes with clear definitions of key terms used throughout the research. By ensuring that readers have a shared understanding of essential concepts, the author prevents ambiguity and misinterpretation. The next chapter, the literature review, will examine existing scholarship in the field. By exploring relevant theories and empirical studies, the research builds a solid theoretical framework. This thorough review demonstrates the author's ability to analyze and integrate diverse sources, leading to a comprehensive understanding of the topic.