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# THE RELATIONSHIP BETWEEN TRANSFORMATIONAL-TRANSACTIONAL LEADERSHIP STYLES ON THE EMPLOYEE PERFORMANCE IN THE CONSTRUCTION SECTOR, UAE



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ALKHAALDI SAIF SALEM SAIF ALI

UNIVERSITI PENDIDIKAN SULTAN IDRIS

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DISSERTATION PRESENTED TO QUALIFY FOR A MASTER'S DEGREE IN  
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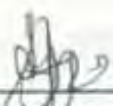
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## ABSTRACT

The objective of this study is to identify the relationship between transformational leadership-transactional leadership styles on employee performance in the construction sector of UAE. A quantitative research design was selected to answer two research questions and two hypotheses. Three set of instruments were used in the study which include; transformational, transactional and employee performance. Three hundred and thirty-one employees of construction companies were chosen using simple random sampling technique. Data analysis using the Pearson r correlation reflects a strong relationship between leadership styles and employee performance. The result showed that transformational leadership had positive relationship with employee performance with value of .827 and significant at  $p < .000$ . The finding also found that transactional leadership had significant relationship with employee performance with the value of .854 where  $p < .000$ . Further, this study found that leadership styles strongly associated with employees' performance at construction companies in UAE. The implication of this study suggested that the employees of construction companies in UAE should be allowed to seek for more professional training or skills in their fields that add to the quick realization of organizational goals and the top management need to give rewards that men are interested in because the majority who work in construction companies are male.



## HUBUNGAN ANTARA GAYA KEPIMPINAN TRANSFORMASI - TRANSAKSIONAL TERHADAP PRESTASI PEKERJA DI SEKTOR PEMBINAAN, UAE

### ABSTRAK

Literatur dan kajian-kajian lepas membuktikan bahawa gaya kepemimpinan telah mempengaruhi prestasi pekerja (Dong, Bartol, Zhang & Li, 2016). Donohoe (2019) mendefinisikan prestasi pekerja sebagai keadaan bagaimana pekerja berkelakuan di tempat kerja dan seberapa baik mereka melaksanakan tugas pekerjaan yang wajibkan kepada mereka. Pada hakikatnya, prestasi pekerja di syarikat pembinaan di UAE adalah buruk kerana gaya kepemimpinan yang buruk. Sebilangan besar pekerja telah meninggalkan satu syarikat pembinaan ke syarikat lain kerana mendapat ganjaran yang setimpal. Tujuan utama kajian ini adalah untuk mengetahui hubungan antara kepemimpinan transformasional dan gaya kepemimpinan transaksional terhadap prestasi pekerja di sektor pembinaan, UAE. Dengan menggunakan pendekatan kuantitatif, teknik persampelan rawak mudah digunakan untuk mengumpulkan data secara rawak dari 46 syarikat pembinaan dengan 331 pekerja menyelesaikan tinjauan. Hasil kajian menunjukkan 77% dari perbezaan prestasi pekerja ( $F = 1131.050$ ,  $p < 0.000$ ). Dengan hasil ini, hipotesis disokong. Hasil ini menunjukkan bahawa gaya kepemimpinan sangat berkaitan dengan prestasi pekerja di syarikat pembinaan di UAE. Sebilangan kajian mengenai gaya kepemimpinan banyak diselidiki di negara-negara barat dan sebahagiannya terdapat di UAE. Sangat penting untuk mengembangkan literatur dalam melakukan lebih banyak penyelidikan di UAE dan negara-negara membangun. Selanjutnya, pekerja syarikat pembinaan di UAE harus dibenarkan untuk mendapatkan latihan atau kemahiran yang lebih profesional dalam bidangnya dan pihak pengurusan atasan perlu memberikan penghargaan yang diminati oleh lelaki kerana majoriti yang bekerja di syarikat pembinaan adalah lelaki. Ringkasnya, penyelidikan ini membantu menjelaskan gambaran global yang lebih inklusif mengenai gaya kepemimpinan yang mempengaruhi prestasi pekerja.

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## CHAPTER 1

### INTRODUCTION



#### 1.1 Introduction

Organization tends to set performance targets that all individual or employees in the workplace needs to achieve with the provided resources. The definition of employee performance may vary based on the whole organization and focus on defining employee performance according to the production output level of the employees (Harcourt & Wood, 2007). Employee performance based on the perceived behaviour of the individual, quality of goods and services produced, or the ability of the employee as an individual to be able to meet the expectations and mission of an organization (Kompaso & Sridevi, 2010). Donohoe (2019) defined employee performance as how your workers behave in the workplace and how well they perform the job duties you have obligated to them.





Employee performance as the level of production output of individual employee or a group of employees (Parshetty, 2019). Harcourt and Wood (2007) add that employee performance is the quality of goods and services produced by employees in an organization. A major factor of defining employee performance is based on the ability of the employees to achieve goals. Employee performance can be evaluated on the ability of the employees to meet deadlines, deliver quality products, and be able to sell the products of the organization among others. The use employee performance evaluation can help identify training needs and skills development in the workforce. It helps an organization to determine whether the workforce is poses the qualifications required to do the assigned jobs. The use of employee performance evaluation results can be used to design training and development programs to equip the employees with the required skills.



Employee performance is essential for the continued growth and development of the organization (Vitez, 2019). The way the employees get engaged in the operations of a company or organization leads to the overall production levels and the quality of the products. It is through employee performance that a business is able to achieve its goals and objectives, and be able to achieve a competitive edge against its competitors in the market it operates in (Harcourt & Wood, 2007). The employee performance determines the overall success of the organization, its growth and development (Leonard, 2019). Every organization that needs to be competitive and successful in the market it operates in knows that its success is derived from the satisfaction, engagement, commitment and the performance of the employees (Abdul Hamid, 2018). The satisfaction, commitment and engagement are factors that determine the overall performance of the employees in the organization defined by the





work environment in the organization (Kompaso & Sridevi, 2010). Different factors shape the work environment which is based on the leadership and management of the organization (Dugguh & Dennis, 2014).

The concept of employee performance is based on the understanding of the determinants of employee performance such as employee motivation, employee engagement, satisfactions and factors that influence all of these determinants (Anitha, 2014). Bedarkar and Pandita (2014) viewed employee engagement as a related concept that offers a tool for businesses to develop strategic partnerships with the employees. The level of employee engagement in the workplace and in the activities of the organization is shaped by various drivers that directly or indirectly impact on the performance of the employee (Decramer, Smolders & Vanderstraeten, 2013). The inter-correlations of the concepts of employee performance and employee engagement in the workplace have a commonality based on the satisfaction of the employees (Ibrahim & Al Falasi, 2014). Decramer, Smolders and Vanderstraeten (2013) noted that the management of employee performance should first be focused on the understanding of the relationship that exists between employee performance, satisfaction, job attitudes and engagement. Robertson, Alex and Cooper (2012) opined that on the concept of employee performance, the determining factors of employee performance such as job and work attitudes and engagement the positivity of the individual employee's psychological wellbeing. Much attention has been given on the positivity of the individual attitudes towards work but ignored other factors that may actually be affecting the employees' lack of commitment at work or poor delivery such as health and psychological wellbeing.



Thus, this study has sought to explore on the relationship between leadership styles and employees performance in the construction sector of the UAE. It brings into focus transformational and transactional leadership styles and how they impact on the performance of employees in the construction sector. The findings of the study will add to the existing knowledge on the relationship that exists between leadership and employee performance. The findings of the paper can also be applied in other sectors not only the construction sector. This chapter will explore employee performance as concept, the importance of employee performance to an organization, leadership styles and how they impact on employees and how leadership is important to the organization, an overview of the UAE's construction sector and then explore theories and concepts related to leadership, motivation, satisfaction, engagement and the performance of employees and that are applicable in the case of the UAE construction sector.

## 1.2 Background of the Study

For the last 25 years, the United Arab Emirates (UAE) has experienced a remarked development evident by the booming growth in the construction industry (Mehran, 2016). The industry has grown over the years to surpass the Saudi Arabian counterpart making the United Arab Emirates' construction industry the leading in the Middle East (Yousaf, Hossan & McNeill, 2015). As discussed by Sweiss, Sweiss, Abu Hammad and Shboul (2008) the construction sector plays a great role in support if economic development and creates a major source of employment of thousands of





workers and creation of wealth. This growth experienced in the construction sector resulted in the growth of the UAE's economy.

The United Arab Emirates economic growth between the year 2000 to the year 2012 went up by 4.7% despite the world economic crisis experienced in 2009 (Schiliro, 2013). The increased oil production and sales at the time saw the economic growth in the UAE and the oil production further supported the construction industry. The UAE has taken advantage of the rise in oil prices globally to bank big on the natural resource launching new initiatives that have boosted investments in the country (Rizvi, 2019). A 2019 report by the Protenders research group estimated the United Arab Emirates construction sector and market to have a net worth of over \$1trillion (Bridge, 2019). On a different report by another survey company, Research and Market, the UAE's construction projects and investments were further expected to grow in the next five years due to the expected increase in demand for oil pushing production of oil high and a rise in gas prices around the world (Rizvi, 2019). The dependency of the world economic development on crude and the dynamics of crude oil production and pricing patterns promise a continued production and increase in export capacities in the future (Matsumoto, Voudouris, Stasinopoulos, Rigby & Di Maio, 2012).

A breakdown of the pretendere report survey findings, it is estimated that over \$420 billion worth in construction projects in development around the UAE and further \$284.7 billion worth of project on hold with an estimated \$80.8 billion projects in the planning phase (Bridge, 2019). A further \$152.7 billion in projects' worth also estimated to be in the design stages \$72.6 billion worth of projects were in their





tendering phases (Bridge, 2019). The Research and Market survey report showed that the United Arab Emirates' construction sector is expected to have a growth of 4.64% per year in the period of 2019 – 2023, a growth spurred by the recovery of oil prices (Rizvi, 2019). This expected growth means a continuous supply of construction projects. With such growth, the workers in the industry feel motivated as they see job security in their industry. As the private sector in the construction industry grows. Reuters in 2018 reported that government projects such as roads and other core infrastructures were still running as the government expects to host the World Expo 2020 fair in Dubai. This increases the sector's worth further and prospects its growth to continue even after the expo.

The unexpected fluctuations experienced in past years in oil and gas prices around the world the slowed growth in UAE's oil dependent economy due to the impact the oil prices have had on the UAE's currency exchange rates (Al-mulali & Sab, 2011). The result of these fluctuations has been noticeable in the negative growth experienced in the labour market, national productivity and changes in government policies on market regulations (Soto & Hauas, 2012). This raised the need to overcome dependency on oil and invest in other sectors of the economy (Schiliro, 2013). Most Gulf Corporation Countries (GCC) including the UAE has put a lot of efforts to diversify their economies in order to reduce dependency on oil (Flamos, Roupas & Psarras, 2013). A report by the Middle East Economic Digest (MEED) shows that the construction sector of the Middle East is on a slow and steady recovery (Koutsogiannis, 2018). The sector is described as undergoing a paradigm shift that is winning investor confidence in the region. The United Arab Emirates in its website has reported that its construction sector is the most prospective sector in driving the





country's economy further (Export.gov, 2019). The government has also been dependency of the world economic development on crude and the dynamics of crude oil production and pricing patterns promise a continued production and increase in export capacities in the future (Matsumoto, Voudouris, Stasinopoulos, Rigby & Di Maio, 2012).

The construction industry has a lot of opportunities with all of the planned development and other from other planned events to take place in the UAE. The over 15,000 on-going construction projects in the UAE worthy over \$790 billion (Abbas, 2019), and prospected projects already in the concept; planning and design phases worthy over \$202.8 billion as per the report by BNC project journal show a continued provision of employment from the sector in the country. The Dubai Chamber has forecasted that the UAE has the potential to grow further by a rate of 3.3 percent in the period between 2019 -2023 (Dubaichamber, 2019). This forecast is echoed by the Research and Market survey report with an estimated growth to reach a rate of 4.64 per cent during the same period of 2019 to 2023 (Rizvi, 2019). The prospected World Expo 2020 taking place in Dubai has presented more opportunities to the construction projects especially in the luxury hotel segment (Nadkarni Heyes, 2016) and the associated infrastructure development (Jauncey & Nadkarni, 2014) are to keep activities in the construction sector going on for the coming.

The construction industry of the UAE is one of the fastest-growing sectors all across the globe. The huge availability of labour at a lower rate and proper labour management has helped the company to gain competition in global companies. The construction companies of the UAE is not just confined within its country of origin





but undertakes construction projects all across the globe. In recent time the country has registered an increasing rate of CAGR of 5.5% on top of the forecasted period, 2019-2024 (Businesswire, 2019). The country will essentially be achieving the foresighted objective in terms of compound annual growth rate before the stipulated period with the modern advancements in technology and proper employee management (Antonakis & Day, 2017). The construction market all across the globe is quite robust therefore facilitating the construction companies a reliable platform to grow in term of revenue (Gulfnews, 2019).

The author has also highlighted that high employment rate has essentially helped the companies to get a sufficient amount of operational feasibility. The analysis of current construction market of UAE it can also be seen that most of the projects in Dubai have been strategically designed to create increased utility towards providing tourists accommodation and tourists spots for the people to enjoy. Al-Bassam (2016) has incorporated that most of the companies operating in the UAE circle and concerned with construction projects have been taking employee satisfaction on an urgent basis. Zhou, Goh, & Li, (2015) however has identified certain loopholes within the constructed industries and the industrial practices which might affect the employee motivation levels and the level of satisfaction among the employees like lack of fair wage rate and occasional relocation problems.





### 1.3 Problem statement

Although the construction sector of UAE is booming, the industry is always plagued with high employee turnover rates (Allen & Halkias, 2020). The industry has seen some hard times that have put the leadership of the companies invested in the sector get tried and forced to make hard decisions. Some cities in the UAE such as Dubai have seen the property market getting flooded with new units leading to an oversupply of the market with no buyers (Reuters, 2019). This oversupply of the market has led to a fall in the prices of the properties forcing developers to put on hold many projects (Reuters, 2019). This led to the laying off of workers by many companies in the construction industry. A research by Iverson and Zatzick (2011) on the effects of downsizing on labour productivity and employee morale and welfare in high performance work stations showed that downsizing had an effect on the morale of the workers left in the organizations and in some cases led to attrition. The research identified gaps in the literature of the measures that companies took to keep employee morale and productivity high during downsizing. A recent research by Schulz and Johann (2018) proved that layoffs and downsizing exercises by firms and organizations affected the job performance, morale and the reputation of the firm. This further impacted on the commitment of the workers to firm which affected its operations. These studies show the need to explore the impact that the decision to lay off a part of the construction industry workforce has on the employees and the sector as a whole.





The United Arab Emirates construction sector has grown to become the biggest in the Middle East. Despite this growth in the construction industry, the sector is still experiencing a crisis in its leadership (Yousaf, Hossan & McNeill, 2015; Kim & Nguyen, 2020). This means that in order to continue growing, the UAE construction sector will require effective leadership. Being in a leadership position does not only symbolize power and control but also means the individual or group in such a position is mandated in driving a whole team towards achieving a certain goal. Leadership is supposed to be visionary. The United Arab Emirates construction sector is labour intensive and thus requires a set of great skills and commitment to effectively manage such a labour force (Nasaruddin & Abdul Rahman, 2016; Kim & Nguyen, 2020; AL Hosani, 2020). Yousaf, Hossan and McNeill (2015) proved that there exists a skill and knowledge gap among the leaders in the construction sector required to lead and formulate methods that can be applied to meet various industry objectives meaning the leadership in the UAE construction sector is in many cases ineffective.

There exists a gap between what the construction sector expects in terms of skills and competency of project managers of the construction industry and what they actually learn in college (Haasan, Ahamad & Mohamed, 2011; Muzondo & McCutcheon, 2018). This gap between the learning environment and real life application means there is a need to change the project management course to incorporate leadership skills training. In a presentation at the W089-Special Track 18<sup>th</sup> CIB World Building Congress in Salford suggested that based on the changing world and career opportunities in the construction industry, there is a need to develop curriculum to give construction managers soft skills and knowledge in order





to improve their technical competences and manage projects effectively as a both managers and leaders (Mullin, Thurairajah & Williams 2010; Ta'a, Jamaludin, Ahmad, Elias & Bakar, 2020). There is a lack of understanding of the project processes among project managers in the UAE which often leads to issues in the construction projects such as the extension of deadlines, construction quality, safety of workers and structures and the remunerations of the employees (Nasaruddin & Abdul Rahman, 2016; Yas & Jaafer, 2020). Due to this poor management and lack of effective leadership, many projects have either stalled or remained unrealized. Employees in the construction sector have been forced to work with very low pay checks due to poor project implementation and in competencies in industry leadership (Kim & Nguyen, 2020). This lead to the poor performance of employees in the organization.

In addition to the problem mentioned, reward for employees in construction companies of UAE was totally poor. Reward for the service render in the organization was neglected due to poor leadership style. Many of the employees have been leaving one construction company to another company for the sake of proper reward. Reward for employees working in an organization should not be neglected (Odumeru & Ogbonna, 2013; Adeoye, 2019). Again, it has been found that motivation of employees among the construction companies was in bad shape. This motivation has affected the poor performance employee towards attainment of goals of the organization. Employers who fail to put employees into consideration is risking the objectives of the organization (Cho, Shin, Billing & Bhagat, 2019). The determinants of employee engagement and their impact on employee performance showed that the



condition of work environment mattered a lot when it came to employee commitment (Anitha, 2014; Lorincova, Starchon, Weberova, Hitka & Lipoldova, 2019).

The impact of office environments on employee performance and how the design of workplace could be used as productivity enhancing strategy showed that productivity could be improved by making the working environment safe and able allow workers to deliver work at comfortably (Roelofsen, 2002; Budie, Appel-Meulenbroek, Kemperman, & Weijs-Perree, 2019).). The determinants of employee engagement and their impact on employee performance showed that the condition of work environment mattered a lot when it came to employee commitment (Anitha, 2014; Lorincova, Starchon, Weberova, Hitka & Lipoldova, 2019). The issues of accidents in the UAE construction sector have been reported in recent times. Leaders need to develop and integrate risk management practices in the construction industry as the management of construction industry risk has become a necessity for the successful completion of any project (Sayegh, 2014; Ahmed, 2019). Thus, there is a need to develop a framework drawn from empirical evidence to assist in the implementation of safe working conditions in the UAE's construction sector. Leadership has to play a prominent role in the development of better working conditions for employees.

Benefits such as compensation packages and health benefits would motivate the employees to perform even better. There are no studies that show how these benefits and awards can be materialised as inducers of effort in the workplace and improve performance (Neckerman, Cueni & Frey, 2009; Siddiqi & Tangem, 2018). This is because individuals have different perceptions of awards and the benefits and



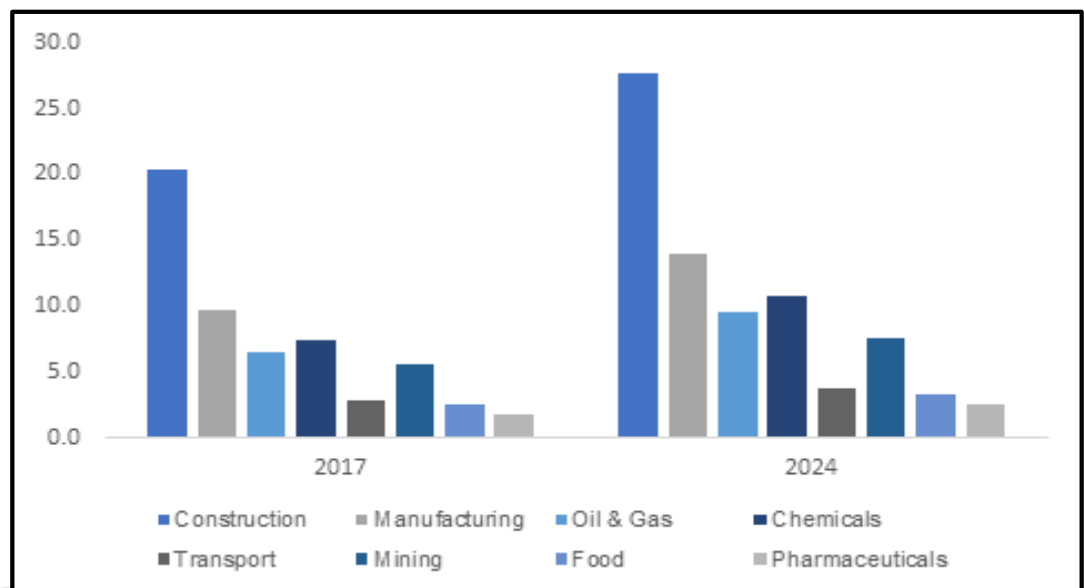


the manner in which they are awarded. More so, health and safety are regarded as important variables that can influence employees to work in efficiently way. Most of the of constuction companies neglect the health and safety of the employees. There are no standard rule that specified the maintenance of proper safety standards and guidelines during the execution of the construction work (Zhou, et al., 2015; Alhammadi, & Memon, 2020).

To add more to this gap, some of leaders of construction industry in UAE authority are not implemented occupational health and safety Law (2016) in their construction firm by which labours and engineers unable to get clear instruction about safety and security standards. Guo, Yin and Gonzalez (2016) stated that leaders are required to provide proper safety harness and insurance security to the employees by which they get the assurance to climb on the under-construction building accomplish their construction work properly. Gminsights (2019) corrobbrated with Guo, Yin and Gonzalez (2016) that most of the construction companies within the UAE has disputes with their employees. Taylor (2018) also highlighted the late payments employees which caused disagreement between employer and employees. It imperative for leaders of construction companies in UAE to device means of resolve issues affecting employees. Employees value leader who can understand, motivate and encourage them towards the goals attainment. Leadership styles used by the leader lead to the settlement of problems in the organization. Therefore, leaders of Construction Companies should use leadership that benefit the employees. As a result of this, this informed the researcher to investigate the relationship between transformational and transactional leadership styles and employee performance in the construction sector of UAE. This type of leadership should be internalized, the problems between the



employer and employees might reduce to barest minimum. This serve as gap to be filled in this study. Figure 1.1 showed described the rate of physical hazards in the construction industry in UAE.



*Figure 1.1.* Percentage of physical hazards causes in the construction industry.  
*Source:* Gminsights (2019)

## 1.4 Research Objectives

The main objective of this study was to determine the relationship between leadership styles and employees performance in the construction sector of the UAE. This would be achieved through the use of structured questionnaires and observation methods in order to obtain primary data and also use of secondary sources such as eBooks and websites related to the subject. The research objectives include:



RO1: To determine the relationship between transformational leadership style and employee performance in the UAE's construction sector.

RO2: To determine the relationship between transactional leadership style and employee performance in the UAE's construction sector.

### 1.5 Research Questions

This study seeks to do an intensive study on the relationship between leadership styles employees performance in the construction sector of the UAE. In order for the study to understand this relationship between leadership and employee performance, it would attempt to answer the following research questions that have been formulated to help in guiding the research process. The research questions were:

RQ1: Is there any relationship between transformational leadership style and employee performance in the UAE's construction sector?

RQ2: Is there any relationship between transactional leadership style and employee performance in the UAE's construction sector?



## 1.6 Research Hypotheses

In the foregoing, research objective and research questions have been formulated on the relationship between leadership styles and employee performance in the UAE construction sector. As a result of that, the research hypotheses were formulated in this following way. The hypotheses were stated below:

H<sub>1</sub>: There will be significant relationship between transformational leadership and employee performance in the UAE's construction sector.

H<sub>2</sub>: There will be significant relationship between transactional leadership style and employee performances in the UAE's construction sector.

## 1.7 Conceptual Framework

Transactional Leadership styles, transformational leadership styles and employee performance were the three variables used in this study. Leadership is defined as the method of influencing a group or a team for the achievement of organisational goals and objectives. Leadership skills that make an individual motivate a group within a workplace consist of communication, integrity, innovation, and relationship building. Ideal leadership involves communicating with a team before making any decisions so that the employees feel motivated. Leadership also constitutes relationship building with employees by doing the meeting, and having informal communication with them.





On the other hand, employee performance is how well the workers perform their duties, or work effectiveness, it is quality and efficiency. Employee performance helps an organisation to improve its revenue, and it also helps in generating productivity. Employee performance is measured by their capacity to meet deadlines and also do every piece of work given in a project with the right quality. Effectiveness of employee performance also helps employees to get benefits from an organisation like incentives and appraisal, which helps in the further motivation of the employee.

Transformational Leadership and Transactional Leadership is the independent variable, where employee performance is the dependent variable in the organisation. Leadership and employee performance are interrelated, where efficient leadership helps in improving performance. The leadership style and techniques help in improving bonding with employees and give them motivation, which helps them in improving performance. Leadership helps in increasing bonding with employees by the help of positive behaviour, which helps in motivating them towards the achievement of objectives. Leadership also consists of understanding the capacity of every employee and assigning specific responsibilities so that they can deliver the best quality of work in the organisation.

The link of two variables is shown in the context of UAE construction sector in this research. The two variables are leadership and employee performance. The research explores the influence of leadership on employee performance. The link between variables is done by finding out how leadership style, motivating style, and incentives influence the performance of employees. Information about benefits, motivating style and incentive structure of UAE construction industry is collected



from secondary sources, and it is linked with the help of motivation theories for understanding its role to increase or decrease employee performance.

In addition to this ongoing discussion, two underpinning theories were raised to explain transformational leadership and transactional leadership. The first theory was transformational leadership theory. The transformational theory is the theory that informs the leaders to encourage, inspire. The second theory was transactional theory, which is the theory that focuses on supervision, performance with use of rewards and punishment over a short period of time. These two theories give researchers in-depth knowledge about the conceptual framework. See Figure 1.2

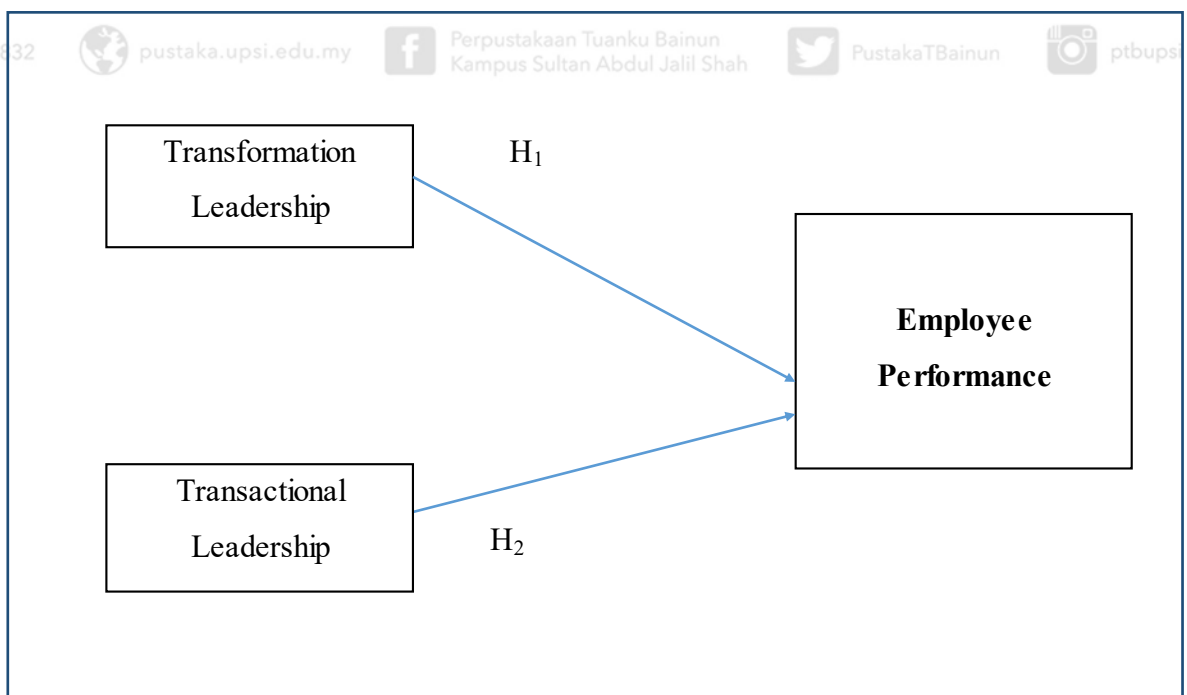


Figure 1.2. Conceptual Framework of the study

## 1.8 Significance of the study

The leadership styles of a leader in an organization has becoming a topical issue among the business management. Numerous scholars have searching for the best leadership styles that suit an organization. Past studies reviewed in this study have emphasized that poor performance of employees in a working place is determine by the leadership styles adopted. Because of this useful discussion, these following significance of the study were made.

This present study might guide and provide an insight for leaders of Construction Company by identifying best leadership styles needed to improve organizational productivity. For this, employee would be able to increase and improve overall performance for organization. Organizational employees value leadership styles that include empathic consideration in most of their decision making.

More so, the result of this current study would add to previous and incoming study by widening the stock of knowledge on the relationship among the transaction and transformational leadership on employees' performance. Besides this, it would serve as source of material for researcher who has similar notion leadership. As being a source of material, new things would added to leadership styles.

Further, the findings of the study would be of important to various companies' leaders in UAE, because, the leadership styles adopted determine employees productivity and efficiency. Because of the role the two leadership played in an organization, leaders would be able to identify which one is suitable for his company.



In addition to this, this current study might draw the attentions of government on the welfare and needs the leaders of the organization must be provided. This is because, welfares and security of employees matter most to them. Government of UAE would serve as guide on leadership styles that is good for them.

### 1.9 Scope of the study

The study focused on relationship of transactional and transformational leadership style on employees' performance in the construction sector of UAE. The adapted dimensions transformational leadership were idealized influence, inspiration motivation, intellectual stimulation and individualized consideration. For transaction dimensions, two dimensions were used which includes, contingent reward and management by exception. All these dimensions multifactor leadership questionnaire (MLQ-5X) were adapted from Bass and Avolio (1997). The scope of the company includes Construction Company in UAE. The study focuses on the employees on the construction company to know the perception they have for two leadership styles. Thus, the sample was limited to employees of the organization. This is because, these leadership style are the two style that have relationship on the employees' performance.



### **1.10 Operational Definition**

The following definitions were provided to have an in-depth knowledge of the terms throughout the study:

#### **Transformational Leadership**

In this study, Transformational leadership is leadership in which leaders inspire, motivate and encourage employees to bring change that will lead to the development of an organization. Transformational leadership promotes employee creativity and performance through focusing on individual skills development and the sharing of knowledge and skills between the leadership and the employees (Dong, Bartol, Zhang & Li, 2016). Therefore, transformational leadership is measured with four dimensions such as inspirational motivation, idealized influence, individualized consideration and intellectual stimulation.

#### **Transactional Leadership**

This study coined Transactional leadership as managerial leadership that focuses on the role of organization and supervision and group performance. In this situation, leaders who use this style focus on specific tasks and use punishments and rewards encourage employees (Afsar, Badir, Saeed & Hafeez, 2016). Therefore, four



dimensions are raised to measured transactional leadership. They include: contingent reward and management by exception.

## **Employee Performance**

In this study, Shen, Chou and Schaubroek (2019) viewed employee performance as the contribution of an employee to an organization. It is the behaviour of the employees in the workplace and how well they take on their tasks (Amstra, Van Vianen & Koen, 2018). Employee performance is studied in terms of employee delivery, meeting deadlines and the production size per unit.



## **Construction Sector**

The United Nations defined construction as comprising economic activity directed to the creation, renovation, repair or extension of fixed assets in the form of buildings, land improvements of an engineering nature, and other such engineering constructions as roads, bridges, dams and so forth.

### **1.11 Summary**

This chapter introduced the concept of employee performance and the importance of employee performance. It has further discussed leadership and different styles of





leadership. It also discussed the importance of leadership, and the theories related to leadership, employee motivation and job satisfaction. The chapter also outlined an overview of the UAE construction sector and the prospects of the industry. The chapter had connected leadership demographics to the choice of leadership styles and how such impacts on the employee attitudes towards working in the sector and influencing their commitment and level of performance. The chapter has also lightly discussed the problems and issues the employees in the construction sector in the UAE are facing different from the leadership of the construction industry. It has also operationally defined all variables that the study will consider. The chapter are divided into three chapter that is chapter one, two and three.

Chapter one of this study had introduced the thesis statements and the topic to be covered. Chapter one had introduced the research problem, research objectives, research questions, conceptual framework, significance of the study, scope and delimitation among others. Then, chapter two of the study covered the literature review on leadership. Different concepts and theories related to the subject of leadership and its impact on employee performance are discussed. The chapter also covered the creation and adoption of effective leadership for efficient high-performance team building. Chapter three covered the research methodology section, research approach, data collections; population and sample participants used in the study. Chapter four covered the data analysis and presentation. Chapter five gave discussion, recommendations and conclusion.

