The relevance of leadership styles and Islamic work ethics in managerial effectiveness

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Abstract

Purpose – Managerial effectiveness is considered as an essential element for sustainable development and competitive advantage for organisations, and its core conceptualisation revolves around the capability of management to manage self, subordinates and relationships. However, very few research addressed this important phenomenon; this study aims to fill this gap by investigating the mediating role of Islamic work ethics between leadership styles and managerial effectiveness.

Design/methodology/approach – Data collection was done through a structured questionnaire, and the hypothesized relationships were tested with the help of SmartPLS.

Findings – Results of the statistical analysis showed that transformational and transactional leadership styles are positively associated with managerial effectiveness. Also, Islamic work ethics mediated the association between transactional leadership and managerial effectiveness, and however, no mediation effect of Islamic work ethics was found in the relationship of transformational leadership and managerial effectiveness

Originality/value – Although volumes of research have been conducted into the nature of management and leadership over the past 50 years or so, there have been significant shortcomings in terms of little attention having been given to the issue of managerial effectiveness, lack of generalizability of findings and lack of relevance and utility; thus, this study contributed to human resource management literature by providing a macro-level model to measure managerial effectiveness.

Keywords Ethics, Islamic work ethics, Leadership styles

Paper type Research paper

Introduction

Managerial effectiveness is increasingly being considered as competitive advantage and sustainable development for organizations, and its core conceptualization revolves around

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the capability of management to manage self, subordinates and relationships (to enhance subordinate's ability), and to achieve change and decision-making (which calls for the understanding of the environment where the organisation operates in (Lekchiri *et al.*, 2018). The managerial effectiveness construct is frequently described with the help of output/ management's achievement. Consequently, this outcome-oriented definition urges for the determination of factors contributing towards "outcome". Three factors are highlighted in literature for being responsible for management achievement of results. They are:

- managers' efforts and ability;
- the environment wherein management and organisation is operating in; and finally,
- the subordinates' efforts and ability.

Hence, the ability of management plays a crucial role in achieving the required outcome (Mehta, 2008).

In the field of organisational behaviour, researchers and practitioners seem to agree that a strong link exists between managerial effectiveness and corporate performance (Rana *et al.*, 2016). However, before applying the principles of managerial efficiency, many researchers argue that differences between cultures and countries should be taken into consideration. In this context, Sharma (2001) explains that managerial effectiveness is predominately culture-specific which means that each country and community needs to develop own system of developing managerial effectiveness. Thus, this research responds to such recommendation by examining the construct of managerial effectiveness and the factors that influence its provision in an emerging country context, namely Saudi Arabia mainly in the Information technology sector.

Some factors have been hypothesised to influence managerial effectiveness. One of these factors is the construct of leadership which was speculated by some researchers to affect the provision of managerial effectiveness (Ardestani *et al.*, 2016). In this context, leaders are prominent in acting as role models to exemplify the desired behaviour for their subordinates and that in many cases they are the owners who oversee every aspect of their operation and business. The researchers go on to say that decision-making is generally centralised and the ultimate power of control lies in their hands which in turn directly influences the effectiveness of management practices (Shahzad *et al.*, 2018).

In the literature on Islamic work ethics (IWE), an important concept has emerged and has been hypothesised to have a mediating impact on the relationship between leadership styles and managerial effectiveness of organisational performance from the other; this concept is referred to as work ethics. Generally, ethics is the study of what we understand to be proper and correct behaviour and how people make those judgments. Ethics concerns were doing what is right, proper and far beyond the demands of laws and regulations (Sullivan, 2009). Ethics is concerned with what is good or right in human interaction, and it revolves around three central concepts: "self", "good" and "other". Ethical behaviour results when one does not merely consider what is good for oneself but also considers what is good for others (Rossouw *et al.*, 2010; Van Vuuren, 2010). As far as organisation is concerned, organisational ethics defined as identifying and implementing standards of conduct in and for the organisation that will ensure that the interests of all its stakeholders are respected. Organisational ethics thus refers to the values and standards that determine the interaction between the business and its stakeholders (Murtaza *et al.*, 2016).

From the construct of work, ethics emerged a sub-division construct, namely, IWE especially in the countries where the official religion is Islam such as Saudi Arabia and Pakistan (Abbasi and Rana, 2012). IWE within the concept of "Civilization of Islam" stresses

cooperation in work, and consultation is perceived as a technique of conquering hindrances and evading blunders to meet one's needs and establish equilibrium in one's individual and social life. Also, IWE stresses creative and innovative work as a source of pleasure and achievement (Ahmad *et al.*, 2019). IWE signifies that carrying out business in a determined atmosphere will result in higher performance and great success (Ali and Al-Owaihan, 2008).

The primary goal of this research is to address some gaps in the literature. This study attempts to investigate the impact of leadership styles on managerial effectiveness through the mediating influence of IWE in the Saudi Information and Communications Technology sector. Although volumes of research have been conducted into the nature of management and leadership over the past 50 years or so, there have been significant shortcomings in terms of little attention having been given to the issue of managerial effectiveness, lack of generalizability of findings and lack of relevance and utility (Hamlin and Serventi, 2008). They explained that although much is known about what is management, little is known about managerial effectiveness. Also, assessing managerial effectiveness is extremely important in all organizations (Metts, 2007). Managerial effectiveness is universally accepted primary goal for modern organizations (Singh, 2013).

Literature review

Throughout the previous decades, researchers have defined managerial effectiveness from various viewpoints, and attempts have been made to reach a consensus of this construct's definition. In the perspective of employee's specific role in the organisation, managerial effectiveness is considered as a product of the effective/ineffective work-related behaviours of the individual (Drucker, 2001; Page *et al.*, 2003). In other words, managerial effectiveness is assessed based on the individual's role-specific skills and the level to which he/she can achieve the organisational goals. The construct is also stressed on the organisational and environmental contexts wherein the manager is employed (Page *et al.*, 2003).

With regards to the determination of factors which are the top influencing factors on manager's duty to effectively achieve organisational goals, Wood *et al.* (2004) and Drucker (2001) concentrated on what a manager does and the way he does it. On the other hand, Deming (1982) contended that before judging a manager in terms of effectiveness, the whole organisation has to be transformed into an effective one, following which efficiency will be the outcome. Despite the difference in views concerning the path to effectiveness, researchers are of the consensus that managerial effectiveness arises when a managers' effort leads to the continuous satisfaction of organisational goals. The term "satisfying" here indicates that goals are satisfied in a way that sustainable repeatability within the organisation and its environment is realized (Page *et al.*, 2003).

Leadership styles

The term "leadership" has been defined in various ways. For example, Lohmann (1992) defined it as the development of a vision, and a climate of trust in the organisation and empowering others (p. 59). It has also been defined as a process by which individuals influence and drive groups in achieving a common goal or outcome (Northouse, 1997). In this background, Rost's (1991) analyzed 587 works related to leadership, 366 of which failed to define the term leadership. He explained that most leadership studies concentrated on the traits/behaviours and abilities of the leader.

Management and organisations are faced with the challenge posed by the future rapid and complex change. This notion of future-oriented uncertainty along with individual demands for active interaction at the entire organisational levels, impact the leadership views, particularly in light of respective roles of leader and followers. The leadership theory

hinges on the relative significance of the leader versus the follower in the achievement of the mission. However, the influence of this notion on employee attitude and behaviour is ambiguous. Despite the presence of several factors that affect such attitudes and behaviour, until recently studies claimed that leadership style is the primary factor. In their attempt to evaluate leadership effectiveness, researchers examined two significant lines of theories.

Transformation leadership stood out as a dominant approach that has been often contrasted by researchers to transactional leadership (Farrukh *et al.*, 2019a). Both types of leadership entail leaders who are active, problem solvers and problem preventers. Majority of studies have also conducted a comparison between the two models along with the *laissez-faire* leadership style – style that describes an inactive leader (Nielsen *et al.*, 2019; Wong and Giessner, 2018).

Leadership theory presents a positive relationship between transformational/ transactional leadership and other constructs including organisational commitment, job involvement, job satisfaction and organisational effectiveness. But according to the overall evidence, one could expect that transformational leadership manifests a more significant and positive relationship with the constructs. According to Judge and Bono (2000, p. 754) stated: "the MLQ ratings exclude some potentially significant outcomes like organisational commitment, and overall job satisfaction". Despite the expectations that the subordinates of transformational leaders experience more job satisfaction, and are more committed, little evidence exists to back this claim.

Various studies contended that transformational leadership, contrary to transactional leadership, results in higher degrees of satisfaction, commitment, organisational citizenship behaviour, cohesion, intrapreneurship, performance, satisfaction with the leader, and finally the effectiveness of the leader (Boamah *et al.*, 2018; Butar *et al.*, 2019; Farrukh *et al.*, 2019b; Keskes *et al.*, 2018).

Even though attitudes of job satisfaction, job involvement and organisational commitment are considered as distinct concepts (Brooke *et al.*, 1988; Nystedt *et al.*, 1999), they are likely outcomes of each other (Brown, 1996). Job satisfaction, referred to as a positive emotional state that reflects a valid reaction to the job situation, and job involvement, referred to as the cognitive belief state that demonstrates an individual's psychological identification with the organisation, have been reported by scholars to be different from each other in a specific job and distinct from organisational commitment (an element that describes the identification of the employees with the organisation (Brooke *et al.*, 1988; Brown, 1996). Transformational leadership was also reported to be positively related to the way active followers perceive leaders, the level of effort they expend for the leader, how satisfied they are with the leader, and how well their performance rate is according to the leader (Hater and Bass, 1988).

Islamic work ethics

There is a continuous search for new paradigms, new approaches and new techniques in management that could create the much-needed competitive edge or niche to excel in this rapidly changing business environment without damaging the reputation. Human resource constitutes the focal point of these new paradigms. Ironically, the higher the significance of this constituent; the less is its recognition. HR gurus observe that managing people is hard because there's no manual to tell you how to deal with human beings effectively. If those who are sincerely concerned with the well-being of corporate management look into the IWE disinterestedly, they will find solutions to most contemporary management dilemmas.

Islamic perspective in management studies is an emerging field in academia (Kazmi, 2003). Islamic values are compatible with men's need for prosperity and happiness. Islamic

values have established their strength in the history; they do not depend on norms and practices of the societies which tend to be situational specific and changing over time, depending on societal standards and their acceptance. Islamic values are indeed universal and hence applicable in all spheres of life. Islamic values comprise sincerity, proficiency, truthfulness, patience, continuous self-evaluation, promise-keeping and moderation. There is apparently no place for arrogance, injustice, dishonesty, greed, pomp and grandeur in the Islamic value system (Alhabshi, 1994).

Religions in many countries, whether with secular or religious constitutions have a certain degree of influence on the cultural characteristics of people and institutions (Tayeb, 1997). IWE has roots in Al-Quran and Al-Hadith. Al-Quran often speaks about honesty and justice in trade, fair distribution of wealth in society. Al-Quran encourages acquiring skills and technology and discourages laziness. IWE views dedication to work as a virtue and emphasises cooperation and consultation at work (Derwish, 2000). IWE displays hard work and creativity as elements of personal accomplishment and happiness. The value of in IWE is derived from the accompanying intentions (Ali, 1988) and results, rather than just results. The universal truth of divine knowledge and its crystallisation in real-world systems has left an abiding legacy for all generations to reveal fresh and new answers and directions to the problems of human life (Choudhury, 2004). Most intriguing aspect of IWE is the culture of inviting for good and forbidding from wrong (IGFW). Thus, each member of a group starts facilitating others to follow and practice values and ethics, which ensures prosperity for both the individual and the organization.

In this study, the construct of IWE is adapted to be *the mediating* variable in the study's framework as the country where the research is conducted, Saudi Arabia, adopts Islam teaching and Shariah Law as their constitution and thus Islamic teachings are rooted in the establishment of organisations in the country.

Hypotheses development
In this study, some hypotheses are designed, and these hypotheses represent the relationships between the study's independent, dependent and mediating variables. Specifically, the study attempts to examine the impact of the leadership styles and on the dependent variable of managerial effectiveness. This impact is also discussed through the mediating variable of IWE. Consequently, the hypotheses that are designed and tested in this study are constructed based on these relationships. The following sections address the arguments that support these relationships, followed by the hypotheses developed for this study.

Leadership styles and managerial effectiveness
In 1978, Burns contributed in presenting the concepts of transformational and transactional leadership. Transformational leadership unlike transactional model was viewed as more complex model (Avolio and Gardner, 2005; Avolio and Yammarino, 1990; Bass, 1997; Jung and Avolio, 2000; Bass and Avolio, 1997; Bass and Steidlmeier, 1999; Burns, 1978). Such suggestion stemmed from the idea that transformational model raises leaders and followers to higher levels of motivation and values (Barbuto, 2005; Bass and Avolio, 1997; Shamir *et al.*, 1993), and it transformed followers to leaders ((Bennis, 2001; Fairholm, 1994). Moreover, the transformational leader was perceived as a contributor of change (Avolio *et al.*, 1999; Bass, 1985). This assumption was adopted by Bass and Avolio (1994) who viewed transformational leadership as a process that transforms the organisation through the transformation of its followers. A transformational leader possesses a clear vision of the way an organisation should be (Bass, 1985; Leithwood, 1994). Kouzes *et al.*, (1989) conducted

a study to reach to a conclusion of how leaders get things done extraordinarily. They identified five exemplary leadership practices, namely, challenging the process, inspiring a shared vision, allowing others to act, modelling the way and urging the heart.

According to Bass (1985), there are four characteristics of transformational leadership. Firstly, a charisma which includes the subordinate's respect and trust of the visionary leader. Secondly, an inspirational motivation which intends to use symbols or emotional support for the vision. Thirdly, intellectual stimulation which considers the encouragement of followers to use old ways to handles old problems. Finally, personal concern showed by the leader for the follower.

The foundation of the theory of the transactional leadership of leader–follower relations depended on negotiation, exchange and contractual dimensions (Bass, 1985; Bass and Steidlmeier, 1999). Thus, transactional leadership satisfied, generally, only the followers' lower level or extrinsic needs (Sergiovanni, 1990). Also, in the organisation, leaders and followers did not share common objectives (Bass, 1985; Bennis and Nanus, 1985; Burns, 1978; Deluga, 1988). For the transactional leaders, the reward and penalty were compulsory aspects of contractual leadership. Jung and Avolio (2000) contributed to defining such factors as a contingent reward, management-by-exception-active and management-by-exception-passive. Contingent reward leaders used the compensation principle in the case when subordinates met their performance expectations. Management-by-exception-active leaders attended to the mistakes and failures of their followers to meet standards while on the other hand, management-by-exception-passive leadership did not interfere until problems became complex (Bass and Avolio, 1994).

Both transactional leadership and managing are deemed to share strategies (Bennis, 1990; Bennis and Nanus, 1985). Managers choose the most optimum method of performing tasks and consider quantitative measurement and controlling activities (Fairholm, 1994). However, management and leadership are often assumed as two different concepts (Fairholm, 1994) regardless of the fact that majority of studies emphasised that leadership and management are both necessary (Bass, 1985; Fairholm, 1994; Kotter, 1990) and that leaders make use of a combination of transactional and transformational leadership behaviours (Bass, 1985; Bass and Avolio, 1994).

Lewin *et al.* (1939) was the pioneering study that presented a positive relationship between leadership styles and quantity of output, turnover and decision-making quality. Additionally, other studies (Hafsteinsdóttir *et al.*, 2017) demonstrated a clear relationship between productivity and leadership styles. Nevertheless, other studies (e.g. Howell and Avolio, 1993; Walumbwa *et al.*, 2004; Yammarino *et al.*, 1993) demonstrated a significant negative relationship between leadership styles and productivity. However, some studies indicated a positive correlation between leadership styles and productivity and performance (Lyons and Schneider, 2009; MacKenzie *et al.*, 2001; Walumbwa *et al.*, 2004).

Additionally, research suggests that two leadership styles (i.e. transformational/transactional leadership) that can influence managerial effectiveness (Balaraman, 1989; Duncan, 1972; Erkutlu, 2008; Gresov, 1989; Lowe *et al.*, 1996; Rukmani *et al.*, 2010). According to Erkutlu (2008) as well as Lowe *et al.* (1996), leadership styles foster work outcomes, including managerial effectiveness. Thus and based on the previous arguments about the relationship between leadership styles and managerial effectiveness, the following primary hypothesis is generated:

H1. Transformational leadership is positively related to managerial effectiveness.

H2. Transactional leadership is positively related to managerial effectiveness.

Mediating effects of Islamic work ethics on leadership styles

Previous research indicated that individual with highly committed to IWE has positive attitudes and it might benefit the individual as well as the firms. The positive attitudes confines in Islamic work ethic are hardworking, commitment, dedication to work, increasing work creativity, cooperation and competitiveness at workplace (Yousef, 2001; Ali, 1992). The study also demonstrated that IWE directly effects both organizational commitment and job satisfaction and that it moderates the relationship between these two constructs (Yousef, 2001; Saks, 1996).

Considering that leaders in organisations have the responsibility to influence their subordinates in a way that enhances their job satisfaction and commitment which are regarded as strong determinants for organizational performance and in turn the profitability of the ministry and securing a competitive advantage in the market which helps in the prolonged survival of the department, it could be argued that IWE helps in creating job satisfaction and organisational commitment among the employees in the ministry (Shamsudin *et al.*, 2010). Thus and based on this argument, the following hypothesis is generated:

- *H4.* IWE mediates the relationship between transformational leadership and managerial effectiveness.

- *H5.* IWE mediates the relationship between transactional leadership and managerial effectiveness.

Measurements

Transformational Leadership was measured by using a short measure of transformational leadership seven items (Carless *et al.*, 2000). This measure *of* transformational *l*eadership reflects seven dimensions of transformational leadership, namely: vision, staff development, supportive leadership, empowerment, innovative thinking, led by example and charisma. As such this measure equally, covered the four dimensions of transformational leadership suggested by Jung and Avolio (2000).

Transactional leadership

To measured transactional leadership, 12 items were adapted from the Leadership Practices Inventory, developed by Kouzes *et al.*, 1988. The reliability of the scale was 0.92. In addition to the present study, this scale was adopted and modified in several studies (e.g. Elenkov and Manev, 2009; Fields and Herold, 1997). Hence, this justified the rationale for adopting this scale in the present study.

Managerial effectiveness

While some measures have been developed to study managerial effectiveness, in the present study eight items were adapted from the work of Hamlin and Jennings (2011) to assess managerial effectiveness.

Islamic work ethics

The present study adopts a short version of Islamic Work Ethics Scale developed by Ali (1992) to measure IWE.

Data collection
Data collection has been done with the help of a structured questionnaire. A total number of 530 surveys were sent to the Saudi Information and Communications Technology companies situated in Jeddah Makkah and Madina cities. At the end of data collection period, total of 389 questionnaires were returned back, and after conducting screening of this questionnaire, 347 useable questionnaires were separated for data collection.

Data analysis
The model of this study was statistically analyzed with the help of SmartPLS 3.2 software, one of the most popular software used for analysis. This software has been used in many current studies (Farrukh *et al.*, 2017; Farrukh *et al.*, 2018; Farrukh *et al.*, 2019; Ibrahim *et al.*, 2018; Umrani *et al.*, 2018). Partial least square structural equation modeling (PLS-SEM) is utilized in several domains of research such as management (Muhammad, 2019; Peralta *et al.*, 2019; Shahzad *et al.*, 2018; Zreen *et al.*, 2019). Furthermore, PLS SEM is a suggested technique of analysis when there is less theoretical underpinnings are limited. PLS SEM is a two-stage process. The detail of these stages is given under.

Measurement model evaluation
In the present study, individual item reliability was assessed by examining the indicator loadings of each construct's measure. In line with (Hair *et al.*, 2014) benchmark for retaining items with loadings between 0.40 and 0.70. In addition to that composite reliability was measured. The composite reliability takes into account that indicators have different loadings and can be interpreted in the same way as Cronbach's α (that is, no matter which particular reliability coefficient is used, an internal consistency reliability value above 0.70 is regarded as satisfactory for an adequate model, whereas a value below 0.60 indicates a lack of reliability). To establish convergent validity in the present study, the Average Variance Extracted (AVE) of each latent construct was examined using criterium recommended by Fornell and Larcker (1981). Methodologically, convergent validity is demonstrated if the AVE of each latent construct is 0.50 or more (Chin, 1998). Following Chin's (1998) benchmark for establishing, convergent validity, it can be seen in Table 4.6 that the AVE value for each latent construct exhibited high loadings (> 0.50), suggesting that adequate convergent validity.

Further, we investigated the discriminant validity, an extent to which one variable differs than the other. For investigating discriminant validity, we used Heterotrait-Monotrait ratio of correlations (HTMT). The threshold value of HTMT should not be greater than 0.85

As shown in the following table, the values of all the construct were well below the threshold value. All the results of measurement model evaluation are given in Tables 1 and 2.

Assessment of significance of the structural model
After establishing the reliability and validity of the measurement model, the results of the structural model are then presented. In the current study, a bootstrap resampling method has been applied based on 5,000 replicates and 295 cases to assess significance of the path coefficients (Hair *et al.*, 2014; Hair *et al.*, 2011; Hair *et al.*, 2012; Henseler *et al.*, 2010; Preacher and Hayes, 2008). Table 3 showed the estimates for the full structural model, which incorporated a moderator variable (i.e. IWE).

Construct	Indicator	Indicator loading	Composite reliability (ρc)	Average variance extracted (AVE)
Transformational leadership	TRL01	0.833	0.865	0.567
	TRL02	0.848		
	TRL03	0.757		
	TRL04	0.729		
	TRL05	0.562		
Transactional leadership	TSL08	0.780	0.784	0.548
	TSL09	0.731		
	TSL10	0.707		
Islamic work ethics	IWE01	0.856	0.795	0.661
	IWE09	0.768		
	IWE01	0.730		
	IWE09	0.764		
Managerial effectiveness	MEF01	0.745	0.843	0.519
	MEF02	0.732		
	MEF03	0.727		
	MEF04	0.766		
	MEF05	0.624		

Notes: TRL: transformational leadership; TSL: transactional leadership; IWE: Islamic work ethics; MEF: managerial effectiveness

Table 1.
Measurement model evaluation

Discussion

This section discusses the study's findings that showed significant relationships. The discussions will be made in the light of relevant theories and conclusions of previous research. The subheadings of the discussion section are structured according to the research questions. The first research question was whether the dimensions of leadership styles explain managerial effectiveness. In line with this research question, the first objective of this study was to examine the relationship between leadership styles and managerial effectiveness.

Leadership styles and managerial effectiveness

The concept of leadership refers to the process by which an individual influences a group to reach a shared goal (Northouse, 2001). Both theory and research suggest two dimensions of leadership styles (i.e. transformational/transactional leadership) that can influence managerial effectiveness (Balaraman, 1989; Duncan, 1972; Erkutlu, 2008; Gresov, 1989; Lowe *et al.*, 1996; Rukmani *et al.*, 2010). According to Erkutlu (2008) as well as Lowe *et al.* (1996), leadership styles

Variables of the study	Islamic work ethics	Managerial effectiveness	Transformational leadership	Transactional leadership
Islamic work ethics				
Managerial effectiveness	0.165			
Transformational leadership	0.178	0.64		
Transactional leadership	0.208	0.31	0.32	

Table 2.
Discriminant validity

foster work outcomes, including managerial effectiveness. Hence, this study hypothesized that leadership styles relate positively to managerial effectiveness. To attain this end, two research hypotheses were formulated and tested using PLS path modelling.

Firstly, the present study also hypothesized that transformational leadership positively relates to managerial effectiveness (*H1*). As expected, the findings revealed a significant positive relationship between transformational leadership and managerial effectiveness. This finding seems to suggest that transformational leadership behaviour fosters managerial effectiveness, such as achieving expected result, communicating well with employees and developing further potential (Erkutlu, 2008; Fernandes and Awamleh, 2011; Lowe *et al.*, 1996; Rukmani *et al.*, 2010). Additionally, this finding is also consistent with contingency theory (Duncan, 1972; Fiedler, 1964; Gresov, 1989; Lawrence and Lorsch, 1967), which suggests definite e link between transformational leadership and managerial effectiveness.

Secondly, about *H2*, as predicted, the PLS path modelling results indicated that transactional leadership relates positively to managerial effectiveness. This finding suggests that leadership style, which is characterized by contingent rewards, active management by exception (active), and passive management by exception (Avolio *et al.*, 1999; Judge and Piccolo, 2004; MacKenzie *et al.*, 2001) enhances managerial effectiveness. This particular result is consistent with existing research on leadership style and managerial effectiveness (Balaraman, 1989; Lowe *et al.*, 1996; Rukmani *et al.*, 2010). More specifically, these previous studies demonstrated that transactional leadership is considered to play a significant role in facilitating managerial effectiveness. Furthermore, in the context of Saudi Arabia, the results are indicative of the fact that top management in the Government ministries are highly concerned about "communicating a clear and positive vision of the future, treating staff as individuals, supports and encouraging their development, giving encouragement and recognition to staff, fostering trust, involvement and cooperation among team encouraging thinking about problems in new ways and questions assumptions, instilling pride and respect among organisational members" (Carless *et al.*, 2000, p. 396). All these would go a long way in letting organizational members execute their managerial functions effectively.

Mediating effect of Islamic work ethics

The present study conjectured that IWE mediates the relationship between transactional leadership and managerial effectiveness. As expected, the findings revealed a significant mediation effect between IWE and transactional leadership in explaining managerial effectiveness. This finding suggests that managers who perceive high transactional leadership are motivated by leaders to enhance their effectiveness at work (Balaraman, 1989; Duncan, 1972; Erkutlu, 2008; Gresov, 1989; Lowe *et al.*, 1996; Rukmani *et al.*, 2010). The result is also consistent with the contingency perspective (Duncan, 1972; Fiedler, 1964; Gresov, 1989; Lawrence and Lorsch, 1967) and role-motivation perspective of managerial

Hypotheses	Relations	Beta	Standard error	*t*-value	*p*-value	Findings
H1	TRL -> MEF	0.174	0.053	3.289	0.001	Supported***
H2	TSL -> MEF	0.320	0.065	4.923	0.000	Supported***
H3	TRL -> IWE->MEF	−0.034	0.111	0.308	0.379	Not Supported
H4	TSL -> IWE->MEF	0.171	0.063	2.702	0.004	Supported***

Table 3.
Significance of path coefficients

effectiveness (Miner, 1978; Miner *et al.*, 1974), suggesting that the more leadership styles interacted with IWE greater the level of managerial effectiveness.

Implications of the study

Theoretical implications

The conceptual framework of this study was based on the prior empirical evidence and theoretical gaps identified in the literature. It was also supported and explained from two theoretical perspectives, namely contingency theory (Duncan, 1972; Fiedler, 1964; Gresov, 1989; Lawrence and Lorsch, 1967) and role-motivation theory of managerial effectiveness (Miner, 1978; Miner *et al.*, 1974). The present study incorporated IWE as a mediating variable to better explain and understand the relationships between leadership styles organisational culture and managerial effectiveness. Based on the research findings and discussions, the current study has several theoretical contributions in the research on the links between transformational leadership, transactional leadership, organisational culture, IWE, and managerial effectiveness.

This study has provided a theoretical implication by giving additional empirical evidence in the domain of organizational contingency theory. The theory posits that there is no best strategy/structure and a specific strategy/structure will not be equally valid under various environmental or firm-specific conditions facilitated by the environment or culture (Galbraith, 1973). Instead of focusing on mainly the relationship between exogenous latent variables and the endogenous latent variables, this study has also tested the mediating role of IWE on the relationship between leadership styles organisational culture and managerial effectiveness.

Extant empirical studies regarding the relationship between leadership styles and managerial effectiveness (Erkutlu, 2008; Honari *et al.*, 2010; Lowe *et al.*, 1996; Rafiei *et al.*, 2011; Rukmani *et al.*, 2010), as well as the direction of organisational culture-managerial effectiveness relationship (Ali and Patnaik, 2014; Mehr *et al.*, 2012; Singh and Jampel, 2010) reported inconsistent findings. Hence, this strongly suggested the need for incorporating a mediating variable on these relationships. "Moderator variables are typically introduced when there is an unexpectedly weak or inconsistent relation between a predictor and a criterion variable" (Baron and Kenny, 1986, p. 1178).

This study has attended to the gap by incorporating IWE as a mediator variable to enhance the understanding on the influence of leadership styles and organisational culture on managerial effectiveness in the context of Saudi Arabia ICT sector. In testing contingency theory and the role-motivation theory of managerial effectiveness, research results reported that the two dimensions of leadership styles (i.e. transformational leadership and transactional leadership) had a significant influence on managerial effectiveness, lending empirical evidence in support of the said theories. Based on the results, it can be concluded that leadership styles played a significant role in explaining managerial effectiveness.

Taken together, it is evident that the two dimensions of leadership styles, i.e. transformational leadership and transactional leadership are important essential consideration in explaining managerial effectiveness among managers; particularly in the ICT sector specifically ministries in Saudi Arabia.

The present study has also provided empirical evidence on the significant role of IWE as a moderator on the relationships between transformational leadership, transactional leadership, and managerial effectiveness. While most previous studies (Erkutlu, 2008; Lowe *et al.*, 1996; Rukmani *et al.*, 2010) have mainly focused on investigating the direct linkages between transformational leadership, transactional leadership and managerial

effectiveness, this study incorporated IWE as a moderator on these relationships for the following reasons.

Firstly, IWE such as the one being practice in Saudi Arabia can foster managerial effectiveness because it "is an orientation towards work and approaches work as a virtue in human's lives. Islamic Work Ethics is originally based on the Qur'an, the teachings of the Prophet who denoted that hard work caused sins to be absolved and the legacy of the four Caliphs of Islam" (Rokhman, 2010, p. 22). Secondly, IWE "views work as a means to further self-interest economically, socially and psychologically, to sustain social prestige, to advance societal welfare and reaffirm faith" (Ali and Al-Owaihan, 2008, p. 10). Taken as a whole, this study has added empirical evidence to the body of knowledge in the area of managerial effectiveness, and the research results could be a strong basis for future researches on the links between leadership factors as well as organisational culture and managerial effectiveness.

Practical implications

Based on the research findings, the present study has contributed to several practical implications in terms of human resource management practices in the context of Saudi Arabia. Firstly, the results suggest that leadership styles are important consideration in enhancing managerial effectiveness. Human resource managers can make considerable efforts to foster managerial effectiveness by understanding managers' competencies. One approach to understanding managers' competencies is by adopting a selection perspective, focusing on the identification of individual manager knowledge, skills, and abilities thought to underlie managerial effective (Kozlowski and Ilgen, 2006). That is, focusing on those knowledge, skills and abilities would enable managers to work effectively. The presumption is that managers who are higher on knowledge, skills and abilities will be more effective than those with lower knowledge, skills and abilities. Again, to identify those managers with higher on knowledge, skills and abilities, personality inventory test need to be conducted during selection and recruitment to identify those managers whose knowledge, skills, and abilities accord to that of their potential organizations.

Finally, the findings also suggest that IWE was positively related to managerial effectiveness, "internalization of Islamic ethical practices strengthens certain qualities; such as honesty, trust, solidarity, loyalty and flexibility" (Jalil and Feridun, 2011, p. 147). Similarly, implementation of IWE would enable enhance managers positive attitudes, including hard work, commitment, dedication to work, work creativity, cooperation and fair compositeness at work, which will go a long way in further achieving their effectiveness (Kumar and Rose, 2010). Taken together, all the values above have the potential to foster managers' efficiency at work.

Limitations and future research directions

Although this study has provided support for a number of the hypothesised relationships between the transformational leadership, transactional leadership, and managerial effectiveness, the findings have to be interpreted in the light of the study's limitations. Firstly, the present study adopts a cross-sectional design which does not allow causal inferences to be made from the population. Therefore, a longitudinal design in future needs to be considered to measure the theoretical constructs at different points in time to confirm the findings of the present study.

Secondly, all the constructs in the present study were assessed using self-report measures. The use of self-reports is associated with common method variance (Donaldson

and Grant-Vallone, 2002; Podsakoff and Organ, 1986) and social desirability bias (Moorman and Podsakoff, 1992; Zerbe and Paulhus, 1987). While this study attempts to reduce these problems by ensuring anonymity and improving scale items (Podsakoff *et al.*, 2012; Podsakoff and Organ, 1986), it is possible that the participants in this study might have under-reported their responses on the survey questionnaires. Therefore, in the future, researchers may wish to employ other strategies to assess the study constructs. More specifically, the dyad approach should be used to control for the conventional method variance and social desirability bias.

Fourthly, it is also important to note that the managerial effectiveness data reported in this study was subjective. Research demonstrates that subjective data is valid and reliable for assessing managerial effectiveness at work (Gupta, 1996; Nair and Yuvaraj, 2000; Sharma and Jain, 2013). Nevertheless, the subjective measure might be susceptible to many types of judgmental biases. Although it was not easy to obtain objective data, the use of objective measure would have clearly strengthened the results. Therefore, future research is needed to replicate the findings of the current study using objective measure of managerial effectiveness.

Fifthly, the present study offers quite limited generalizability as it focused mainly on managers from Government ministries in Saudi Arabia. Consequently, additional work is needed to include non-managerial employees from Government ministries, as well as managerial and non-managerial employees from Saudi private sector to generalize the findings. Sixthly, the research model was able to explain 25 per cent of the total variance in managerial effectiveness for the full model, which means there are other latent variables that could significantly explain the variance in managerial effectiveness. In other words, the remaining 75 per cent of the variance in managerial effectiveness could be explained by other factors. Therefore, future research is needed to consider other possible factors that could explain managerial effectiveness. In particular, future research might examine how public service motivation could further buffer the relationships between transformational leadership, transactional leadership, organisational culture and managerial effectiveness.

Finally, as no significant mediating effect IWE moderates the relationship between transformational leadership and managerial effectiveness, it possible that IWE in this relationship might have a mediating effect. According to (Sharma *et al.*, 1981), a variable can be a moderator and also serve as a mediator. Therefore, examining IWE as a mediator on this relationship could be an avenue for future research because literature indicates that less attention has been paid to the fundamental reason why transformational leadership explains managerial effectiveness.

Conclusion
On the whole, this study contributes to the body of knowledge regarding the mediating role of IWE on the relationships between transformational leadership, transactional leadership and managerial effectiveness. The study results support the major theoretical propositions, answered the entire research questions and objectives despite the presence of some limitations. There have been several studies that investigated the underlying determinants of managerial effectiveness, but this study managed to address the theoretical gap by considering IWE as a mediating variable. In particular, the study finding provides theoretical and empirical support for the IWE mediating role on the relationship between the study variables (transformational leadership, transactional leadership, organisational culture and managerial effectiveness).

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