



Faculty of Economics and Business

**Transformational Leadership and Individual Readiness to Change in the
UAE Construction Industry: The Mediating Roles of Work Engagement,
Organizational Justice, Organizational Identification and Job
Satisfaction**

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Transformational Leadership and Individual Readiness to Change in the UAE Construction
Industry: The Mediating Roles of Work Engagement, Organizational Justice,
Organizational Identification and Job Satisfaction

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DECLARATION

The work in this thesis was done in accordance with UNIMAS norms. Unless otherwise stated or acknowledged as referenced work, it is my own work and the culmination of my efforts to develop it. To my knowledge, this thesis has not been submitted to any university or other academic or non-academic institution for any degree or qualification.

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In the Name of Allah, the Most Beneficent, the Most Merciful.

Verily, all praise is for Allah. We praise Him, we seek His assistance, and we ask for His forgiveness. And we seek refuge in Him from the evils of our selves. Whoever Allah guides, none can misguide. Whoever He misguides, none can guide. And I bear witness that there is no deity other than Allah and I bear witness that Mohammad is His slave and messenger.

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ABSTRACT

In recent years, innovation has become an integral part of the construction industry in the UAE. The country strives to focus on innovation in the construction industry for long-term sustainability. Innovation in the construction industry brings about change and economic development in the country and has also influenced operational activities and employees' mindset. In this regard, the role played by organizations' leaders is very effective in driving and encouraging employees to accept innovation in the construction industry. Past studies have assessed the role of leaders, job satisfaction, and work engagement on employees' readiness to accept the change and neglected the mediating role of organizational justice and organizational identification on employees' acceptance of the change in the construction industry. This study investigates the relationship between transformational leadership and employee readiness to change, along with the mediators of organizational justice, organizational identification, job satisfaction, and work engagement, in the construction industry of the UAE. The research applies quantitative analysis via PLS-SEM to discover the structural relationships among study constructs. A quota sampling was adopted to ensure the representativeness of the population across the seven emirates. Out of the 1240 questionnaires distributed to the respondents working in the seven emirates, 813 employees' valid data were received, with a response rate of 65.56%. The study's structural model findings indicate a statistically significant effect of transformational leadership on work engagement and organizational justice. The results show that transformational leadership has indirect impact on individual readiness to change via work engagement and organizational justice. Further, the results indicate that organizational justice has the most robust mediating effect between transformational leadership and readiness to change, indicating that employees who feel fairly treated are more willing to accept change in the organization. The

study findings also revealed the sequential mediating effects of transformational leadership on job satisfaction via organizational justice and organizational identification. The study findings are vital for managers and industrialists to formulate long-term strategies that allow employees to participate in the organization's decision-making. Empowered employees feel more satisfied with their jobs and exert more effort to adapt to their organization's changes.

Keywords: Transformational leadership, construction industry, readiness to change, UAE.

***Kepimpinan Transformasional dan Kesiapan Individu untuk Berubah dalam Industri
Pembinaan di UAE: Peranan Pengantara Penglibatan Kerja, Keadilan Organisasi,
Pengenalan Organisasi dan Kepuasan Pekerjaan***

ABSTRAK

Dalam tahun-tahun kebelakangan ini, inovasi telah menjadi sebahagian daripada industri pembinaan di UAE. Negara ini berusaha memberi tumpuan pada inovasi dalam industri pembinaan bagi kelestarian jangka panjang. Inovasi dalam industri pembinaan membawa perubahan dan pembangunan ekonomi dalam negara ini dan juga mempengaruhi aktiviti-aktiviti operasi dan pemikiran pekerja. Sehubungan ini, peranan yang dimainkan oleh pemimpin organisasi adalah sangat efektif dalam memacu dan menggalakkan pekerja untuk menerima inovasi dalam industri pembinaan. Kajian-kajian lalu telah menilai peranan pemimpin, kepuasan pekerjaan, dan penglibatan kerja terhadap kesiapan pekerja untuk menerima perubahan tetapi mengabaikan peranan pengantara keadilan organisasi dan pengenalan organisasi mengenai penerimaan pekerja terhadap perubahan dalam industri pembinaan. Kajian ini menyelidik hubungan di antara kepemimpinan transformasional dan kesiapan pekerja untuk berubah, serta pengantara keadilan organisasi, pengenalan organisasi, kepuasan sesuatu pekerjaan, dan penglibatan sesuatu pekerjaan di dalam industri pembinaan UAE. Penyelidikan ini menggunakan analisis kuantitatif melalui PLS-SEM untuk mengenal pasti hubungan struktur di kalangan konstruk kajian. Pensampelan kuota digunakan bagi memastikan ia mewakili populasi merentasi tujuh emiriyah. Daripada 1240 kaji selidik yang diedarkan kepada responden yang bekerja di tujuh emiriyah, 813 data pekerja sah telah diterima, dengan kadar respons sebanyak 65.56%. Hasil dapatan kajian yang menggunakan model struktur menunjukkan kesan signifikan secara statistik bagi kepemimpinan transformasional terhadap penglibatan kerja dan keadilan organisasi. Hasil kajian menunjukkan bahawa kepemimpinan transformasional mempunyai kesan tidak langsung ke atas kesiapan individu untuk berubah melalui penglibatan kerja dan keadilan organisasi. Selain itu, hasil kajian menunjukkan bahawa

keadilan di dalam sesebuah organisasi mempunyai impak pengantara yang paling besar di antara kepimpinan transformasi dan kesediaan untuk berubah. Hal ini menunjukkan bahawa pekerja yang dilayan secara adil lebih bersedia untuk menerima perubahan di dalam sesebuah organisasi. Hasil dapatan kajian ini juga mendedahkan kesan pengantara berturutan kepimpinan transformasional terhadap kepuasan kerja melalui keadilan organisasi dan pengenalan organisasi. Hasil dapatan kajian ini juga menunjukkan bahawa sangat penting bagi pengurus dan para industri untuk merangka strategi jangka panjang bagi memberi peluang kepada pekerja untuk mengambil bahagian dalam membuat keputusan di dalam organisasi. Pekerja yang diberi kuasa akan berasa lebih berpuas hati terhadap pekerjaan mereka dan akan berusaha lebih keras untuk menyesuaikan diri terhadap perubahan di dalam organisasi mereka.

Kata kunci: *Kepimpinan Transformasional, Industri Pembinaan, Kesediaan Untuk Berubah, UAE.*

TABLE OF CONTENTS

	Page
DECLARATION	i
ACKNOWLEDGMENT	ii
ABSTRACT	iii
<i>ABSTRAK</i>	v
TABLE OF CONTENTS	vii
LIST OF TABLES	xii
LIST OF FIGURES	xiv
LIST OF ABBREVIATIONS	xv
CHAPTER 1: INTRODUCTION	1
1.1 Background of the Study	1
1.2 Problem Statement	11
1.3 Research Objectives	20
1.4 Research Questions	20
1.5 Significance of the Study	21
1.6 Scope of the Study	25
1.7 Definition of terms	25

1.8	Structure of the Thesis	27
CHAPTER 2: LITERATURE REVIEW		30
2.1	Introduction	30
2.2	Types of Leadership Styles	30
2.3	Transformational Leadership	34
2.4	Transformational Leadership Dimensions	38
2.5	Individual Readiness to Change	48
2.6	Dimensions of Individual Readiness to Change	53
2.7	Work Engagement	58
2.8	Organizational Justice	60
2.9	Organizational Identification	61
2.10	Job Satisfaction	63
2.11	Construction Industry in the UAE	64
2.12	Underpinning Theories	68
2.13	Hypotheses Development	78
2.14	Conceptual Model	102
2.15	Chapter summary	106
CHAPTER 3: METHODOLOGY		108
3.1	Introduction	108

3.2	Research Philosophy	110
3.3	Research Approach	111
3.4	Research Design	112
3.5	Sampling Design	113
3.6	Sampling Techniques	114
3.7	Sample Unit	116
3.8	Sample Size	116
3.9	Population	119
3.10	Research Instrument	121
3.11	Transformational Leadership Scale	123
3.12	Work Engagement Scale	129
3.13	Organizational Identification Scale	130
3.14	Organizational Justice Scale	135
3.15	Job Satisfaction	139
3.16	Individual Readiness for Change Scale	140
3.17	Data Collection Procedure	145
3.18	Data Normality	147
3.19	Pilot Study	147
3.20	Data Analysis Using SEM	149
3.21	Summary	155

CHAPTER 4: RESULT AND DISCUSSION	156
4.1 Introduction	156
4.2 Data Collection	157
4.3 Data Screening	157
4.4 Common Method Bias	160
4.5 Sample Profile	160
4.6 First-Order Measurement Model	165
4.7 Second-Order Measurement Model	177
4.8 Structural Model Assessment	181
4.9 Discussion	193
CHAPTER 5: CONCLUSION AND RECOMMENDATIONS	203
5.1 Overview	203
5.2 Research Summary	203
5.3 Theoretical Contributions	205
5.4 Methodological Contribution	208
5.5 Contextual Contribution	210
5.6 Practical Contribution	211
5.7 Limitation and Future Research	214
5.8 Summary	215

REFERENCES	218
APPENDICIES	302

LIST OF TABLES

	Page
Table 2.1 Different Definitions of “Readiness for Change”	52
Table 3.1 UAE Construction Companies (Emirate-Wise)	120
Table 3.2 UAE Construction Sector Workers (Emirate-Wise)	120
Table 3.3 Sample Size Among the Seven Emirates	121
Table 3.4 Intellectual Stimulation Scale Items	124
Table 3.5 Idealistic Influence (Attributed) Scale Items	125
Table 3.6 Idealistic Influence (Behavior) Scale Items	126
Table 3.7 Inspirational Motivation Scale Items	128
Table 3.8 Individualized Consideration Scale Items	129
Table 3.9 Vigor Scale Items	131
Table 3.10 Dedication Scale Items	132
Table 3.11 Absorption Scale Items	133
Table 3.12 Organizational Identification Scale Items	134
Table 3.13 Procedural Justice Scale Items	136
Table 3.14 Distributive Justice Scale Items	137
Table 3.15 Informational Scale Items	138
Table 3.16 Job Satisfaction Scale Items	139
Table 3 17 Appropriateness Scale Items	142
Table 3.18 Management Support Scale Items	143
Table 3.19 Change Efficacy Scale Items	144
Table 3.20 Personally Beneficial Scale Items	145

Table 3.21	Difference Between First- And Second-Generation Techniques	150
Table 3.22	Differences Between PLS-SEM and CB-SEM	152
Table 3.23	CB-SEM or PLS-SEM Selection Criterion	153
Table 4.1	Descriptive Analysis—Item Level	159
Table 4.2	Mardia's Test of Multivariate Normality	162
Table 4.3	Descriptive Analysis	174
Table 4.4	Collinearity Assessment	162
Table 4.5	Cross-Tabulation of Age and Education	164
Table 4.6	Cross-Tabulation of Organizational Tenure and Designation	164
Table 4.7	Emirate-Wise Distribution of Construction Companies	165
Table 4.8	Outer Loadings, Composite Reliability, and Average Variance Extracted	165
Table 4.9	Fornell and Larcker Criteria	170
Table 4.10	HTMT Ratios Criteria	174
Table 4.11	Convergent Validity	177
Table 4.12	Collinearity Diagnostics	179
Table 4.13	Outer Weights Significance	180
Table 4.14	Collinearity Via Inner VIF Values	182
Table 4.15	Assessment of Structural Relationships	185
Table 4.16	Assessment of R ²	189
Table 4.17	Effect Size f ²	191
Table 4.18	Predictive Relevance Q ²	191
Table 4.19	IPMA (Target Construct: IRC)	192

LIST OF FIGURES

	Page
Figure 1.1 Thesis Flow Chart	29
Figure 2.1 Conceptual Model	106
Figure 3.1 Flowchart Development of This Study's Methodology	109
Figure 3.2 G Power Analysis	118
Figure 4.1 First-Order Measurement Model	176
Figure 4.2 Measurement Model	186
Figure 4.3 Measurement model first order	186
Figure 4.4 Second-order model assessment	187
Figure 4.5 Importance-Performance Map Analysis	193

LIST OF ABBREVIATIONS

AP	Appropriateness
AVE	Average Variance Extracted
CE	Change Efficacy
DJ	Distributive Justice
HTMT	Heterotrait–Monotrait
IJ	Informational Justice
IRC	Individual Readiness to Change
JS	Job Satisfaction
MS	Management Support
OID	Organizational Identification
PB	Personally Beneficial
PJ	Procedural Justice
PLS-SEM	Partial Least Squares Structural Equation Modeling
SEM	Structural Equation Modeling
TL	Transformational Leadership
TLIA	Idealistic Influence (Attributed)

TLIB	Idealistic Influence (Behavior)
TLIC	Individualized Consideration
TLIS	Intellectual Stimulation
UAE	United Arab Emirates
VE	Vigor
WEAB	Absorption
WEDE	Dedication

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

The construction industry in the United Arab Emirates (UAE) has experienced remarkable growth and development over the years (Bashir et al., 2022). UAE's construction industry has a robust infrastructure project, iconic skyscrapers, and ambitious urban planning initiatives; moreover, it has positioned itself as a global construction hub (Bodolica, Spraggon & Saleh, 2020). According to Global Data (2021), the construction industry in the UAE is expected to reach \$78.6 billion by 2023, reflecting the country's unwavering commitment to infrastructure development and diversification of its economy. According to Al Zawati et al. (2020), the key factors contributing to the success of the UAE construction industry are the government's vision and strategic planning. The UAE leadership has also consistently prioritized infrastructure development to drive economic growth and enhance the quality of life of its citizens. Vision (2021), a national agenda set by the UAE government, aims to transform the country into a knowledge-based economy and position it as a global business hub. As part of this vision, significant investments have been made in the transportation, energy, real estate, and hospitality sectors, resulting in a surge in construction activities (Executive Council of Dubai, 2020).

Furthermore, the UAE's hosting of major international events has played a crucial role in boosting the construction industry. Events such as the Dubai Expo 2020 and the FIFA World Cup 2022 in neighbouring Qatar have spurred large-scale construction projects, including developing world-class stadiums, hotels, and transportation infrastructure. These mega-events have attracted foreign investment and acted as catalysts for innovation and

technological advancements in the UAE construction sector (Cherian, 2020; Karamanaga, 2023). In addition to megaprojects, the UAE has focused on sustainable construction practices and green building initiatives (El-Sayegh et al., 2021). The Emirates Green Building Council has been instrumental in promoting sustainable construction practices in UAE (AbuMoeilak et al., 2023). According to Ramani (2021), the UAE leadership has also implemented regulations and standards, such as the Estidama Pearl Rating System, to ensure that new construction projects meet high sustainability benchmarks.

Despite impressive growth and development, the UAE construction industry faces challenges such as individual readiness for change and work engagement, transformational leadership, organizational justice, organizational identity, and job satisfaction. These factors are crucial in shaping employees' attitudes and behaviours towards change initiatives, ultimately determining their readiness to embrace and adapt to new working methods. However, the resilience of the sector, coupled with proactive measures taken by the UAE government to mitigate risks and support the industry, has helped maintain its momentum. The UAE's construction industry is expected to rebound strongly as the global economy recovers and new opportunities arise (Global Data, 2021). In addition, the mediating roles of organizational justice and organizational identity may be crucial in competitive business environments. Therefore, this thesis describes an empirical study that tests the significance of transformational leadership on employees' readiness via the mediating effects of work engagement, job satisfaction, organizational justice, and organizational identification.

Technological advancements, globalization and demographic changes have resulted in continuous organizational changes (Burke & Ng, 2006; Faupel & Sub, 2019). These changes include more flexible working, adjusting existing structures, and implementing

strategies to sustain a competitive environment (Faupel & Sub, 2019). Extant research reveals that organizational changes sometimes fail to achieve the desired results (Indriastuti & Fachrunnisa, 2021; Crane, 2022), which led other researchers to explore what factors make organizational change successful (Bligh et al., 2018; Beer, 2021; Latifi et al., 2021; Onyeneke & Abe, 2021; Crane, 2022). Research indicates that employees' unwillingness to accept change is one of the main factors that hinder organizations' readiness to change (Bormann & Rowold, 2016; Bayiz Ahmad et al., 2020; Trushkina et al., 2020; Usman, 2020), while organizations with motivated, productive, capable, innovative, and effective personnel are more likely to fulfill their goals (Abbasi, 2017) successfully.

Throughout human history, innovation has been an enduring phenomenon rooted in the innate feeling of individuals to envision new ideas to accomplish tasks. Similarly, continuous innovation has been considered crucial for the success of organizations (Ninan et al., 2022). The current worldwide construction sector, with an estimated worth of \$12 trillion (USD), accounts for approximately 13.5% of the global gross domestic product (GDP) (Elrefaey et al., 2022). The construction sector plays a vital role in both the economic and social progress of countries (Zhou et al., 2022), serving as a major global industry that provides employment to millions of people and contributes to the economies of nations around the world (Ebekozi et al., 2023). Therefore, it can be regarded as a pivotal driver for economic development. Bodolica et al. (2015) conducted the study and argued that markets undergo a transformation towards competitiveness, underscoring the significance of maximizing their efficiency. The global workforce in the construction industry is comprised of approximately 7%, which in turn makes a contribution of around 13% to the global GDP (Alhanouti & Farrell, 2021). This industry stimulates economic growth by drawing investments and generating demand in related sectors like material manufacturing, for

instance, cement and steel production. An example of innovation is the utilization of 3D printing techniques in the construction industry that would reduce the expenses associated with labor and other overhead costs. The utilization of 3D printing technology has the potential to greatly diminish construction time by 50-70 percent and lower labor costs by 50-80 percent (Hossain et al., 2020).

However, the construction industry faces tremendous global pressure to embrace and implement new technologies, tools, and practices (Babaeian Jelodar, & Sutrisna, 2022). The National Innovation Strategy and the Dubai Plan 2021 recently highlight the country's vision of expanding the construction industry to new heights (Moonesar et al., 2019). In this regard, Dulaimi (2022) also indicated UAE aims to join the worldwide pursuit of excellence and astound the world through its groundbreaking construction innovations. However, the researcher argued that country may face challenges at various levels such as organizational, public, and private to accept the innovation in the construction industry. Therefore, the advent of new technologies poses a serious threat to the employees working in the construction industry. As posited by the past researchers, there will a substantial technological change in the construction industry in future that would require acceptability at organizational and public levels.

The role of leaders in motivating employees to change is significant (Al-Hussami et al., 2018; Katsaros et al., 2020). One meaningful way to increase motivation to change is transformational leadership, where leaders become the inspiration for the employees in the organization (Oreg & Berson, 2011; Faupel & Sub, 2019; Islam et al., 2021). Several earlier empirical models related to transformative leadership asserted its importance for employees' readiness to change (Al-Tahitah et al., 2018; Faupel & Sub, 2019). Past studies have

discussed various leadership styles in organizations, and this includes the transformational leadership style (Bass et al., 2003; Ismail et al., 2010; Alrowwad & Abualoush, 2020; Legutko, 2020). Transformational leaders have the charisma to inspire followers and motivate them to adapt to the organization's change and participate in innovative decision-making (Bass, 1996). Yukl (1989) posited that transformational leadership shapes workers' perceptions, expectations, and devotion to achieve organizational goals.

Transformational leadership has four essential aspects: (1) encouragement, (2) idealizing impact, (3) personalized appreciation, and (4) analytical reinforcement. Senior and Fleming (2006) analyzed the importance of leadership and asserted that a leader is the one who can take action and introduce transition in corporations. In particular, transformational leaders promote a healthy view of transformation as something which should be pursued. They also suggest new issue resolution tactics and understand workers want opportunities for personal development (Bass, 1996). However, they are motivated to support the organization's principles beyond individual benefit, inspiring employees to also embrace the principle and necessary change (Burns, 1978). Managers who apply dynamic leadership inspire their team through empowerment, which can lead to ideal motivational and moral enhancement impacts (Jalilian et al., 2010).

In construction industry where the transformational leadership style and management activities are essential for improvements in organizational systems (Tabassi & Bakar, 2010; Tabassi et al., 2014; Oswald et al., 2022). Transformational leaders have huge influence on the success of the organizations (Alhashedi et al., 2021), because they are responsible for developing the organizations from their initial state to a more prosperous future (Siangchokyoo et al., 2020; Asad et al., 2022). In construction, the project leaders execute

the position of transformational leaders. Some studies have demonstrated the significance of project leaders in the success of the construction industry (Tabassi & Bakar, 2010; Liphadzi, 2015; Ismail & Fathi, 2018; Pham & Kim, 2019; Oyetunji et al., 2019). For instance, Liphadzi (2015) stated the significance of the project leaders enhancing the performance of the project members for the South African construction industry. Clearly, leaders control actions, alter outcomes, and resolve challenges at an organizational level (Modranský et al., 2020; Singh et al., 2020; Zia, 2020). However, the influence of transformational leadership on individual employee readiness to change is less explored in the UAE construction industry.

Transformational leaders inspire employees to embrace new ideas through visionary leadership, inspirational motivation, intellectual stimulation, and individualized consideration (Khan et al., 2022). At the same time, leaders create a supportive environment where employees feel motivated and empowered to adapt to change, viewing it as an opportunity for growth. Therefore, transformational leadership enhances employees' willingness to embrace organizational change, contributing to successful and effective implementation in the dynamic construction sector of the UAE (Dulaimi, 2022).

Past studies have highlighted the connections between transformational leadership and work satisfaction and engagement (Riaz & Haider 2010; Yang, 2016). Job satisfaction is the extent of enjoyment or fulfilment from a person's career or task (Judge et al., 2020) and their thoughtful response to work generated from work experience (Tekleab et al., 2005). Organizations' successful performance is heavily dependent on the satisfaction of the employees – businesses can be more competitive and successful with motivated and happier workers (Saari & Judge, 2004). Work engagement corresponds to self-investment in specific