

# Knowledge Management as a Mediator to the Relationship between Transformational Leadership and Job Satisfaction in Oil and Gas Industry of UAE

Mahmoud salem Ibrahim Al hammadi<sup>1</sup>, Mohd Yamani Yahaya <sup>2</sup>

<sup>1</sup> Researcher, Faculty of Technology Management and Business, University Tun Hussein Onn Malaysia, Batu Pahat, MALAYSIA

<sup>2</sup> Lecturer, Faculty of Technology Management and Business, University Tun Hussein Onn Malaysia, Batu Pahat, MALAYSIA

## ABSTRACT

Literature has indicated that knowledge management has connection with transformation leadership and also job satisfaction of an organization. Hence this paper presents an overview of modelling work on mediation model where knowledge management acts as mediator to the relationship between transformational leadership with job satisfaction in UAE Oil and Gas Company. Data was collected through questionnaire amongst employees of ADNOC Refining an oil and gas company of UAE. The modelling was conducted through AMOS-SEM technique. The results of the modelling concurred with the hypothesis of the mediation model which means that knowledge management has mediation effect to the relationship. The results of this study if properly employed will impact positively the leadership style and job satisfaction not only on ADNOC but any organization if properly employed.

## Keywords

knowledge management, transformational leadership, organizational culture

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## 1. Introduction

Knowledge Management has progressed significantly with increasingly adopted by many organizations. To improve organizational performance and also satisfaction of employees to compete successfully in global markets, it needs an effective knowledge management [1]. With competitive business environment, the importance of knowledge management in large organizations is very much needed. Knowledge as an asset is often neglected and sometimes it is considered an unutilized resource that is ignored and is not capitalized. Knowledge management and its capabilities if fully utilized correctly can improve employee job satisfaction. These capabilities should be explored, developed and utilized more frequently within the organization. Knowledge management practices gives good impact on the organizations in term of processes, products, people, and thus the overall performance. The progress of job satisfaction amongst the employees could not be achieved without effective leadership that is capable to deal with this highly competitive business environment. Studies indicated that transformational leadership is the determinant success for employees' job satisfaction in large and medium organization. Transformational leadership is where a leader works with subordinates to identify needed

change, creating a vision to guide the change through inspiration, and executing the change in tandem with committed members of a group [1]. Studies have shown that components of knowledge management practices such as obtaining, organizing and applying knowledge had positive relationship with job satisfaction [2]. These knowledge management practices require employee's commitment adaptability and satisfaction. Other literatures indicated that there is a positive and significant correlation between the components of knowledge management with the components of transformational leadership style [2]. Encapsulation all these, this study aimed to examine the mediation role of knowledge management on the relationship between transformational leadership and job satisfaction in oil and gas companies in UAE, this research would tremendously help in understanding the how knowledge management mediate between transformational leadership and job satisfaction among employee in oil and gas industry.

## 2. Literature review

This study about the analysis of essential variables that enhance the satisfaction of employees in oil and gas companies in UAE. Many studies showed that Transformational Leadership and Knowledge

Management are strong determinants affecting Job Satisfaction. However, there are limited studies that examines the mediating role of KM on the association between JS and TL, particularly in UAE. Hence this study presents an empirical evidence on this relationship as well as understanding the significance of Transformational Leadership styles in oil and gas sector of UAE.

## 2.1 Knowledge Management

Knowledge represents a power source to achieve progress and to have competitive advantage. It is considered as the most important source for the organizations, societies and the individuals to accelerate the innovative and creative activities which adds value and achieve stakeholders' satisfaction [3]. Knowledge management is a set of processes of generating, sharing, and discrimination of knowledge. The infrastructures for knowledge management are technology, organizational culture, and intellectual capital [4]. Knowledge management affects employees in a several ways: firstly it expedite employee learning process that permits the organization to develop and adjust the business according the latest demands. Second, knowledge management will be able to make individuals to be more adaptable and upgrade their knowledge for work fulfilment [5]. Knowledge management has become an important subject since it is considered as a competitive element for employee, organization and nation. Nowadays, knowledge about competitive, customers, products, processes, past successes and failures are considered as an asset for the organization [6]. Knowledge management processes includes the creation, organizing, storage, sharing and utilization of knowledge [7, 8, 9, 10].

## 2.2 Transformational Leadership

Attitudes and behaviour of transformational leader is based on three criteria which are charisma, intellectual stimulation and individualized consideration. This leader assist the followers to change the way of thinking, encourage them to think and act independently to overcome any difficulties encountered [11]. Transformational leaders consider organizational values by speaking and discuss openly with other members of the organization. Nurturing organizational values, the transformational leader gains trust of other

members of the organization. Transformational leaders has idealized influence attributes where they able to communicate and cooperate with followers using their forefront qualities [12]. Behaviour of a transformational leader exhibits idealized influence by talking about the core values and expectations, as well as the importance of mutual trust, showing that it is important to share a common goal with the emphasis on moral or ethical outcomes of the decisions made and the importance of teamwork. The core skills of this leadership are compelling, well-conceived vision; persuasive communication; a capable, supporting organization; and finally, the foundational skill of selflessness. This transformational leader able to inspire others for a common activity with strong personal values and positive attitudes for the organisation [13].

## 2.3 Job Satisfaction

Job Satisfaction represents the overall evaluation of the organizations by their employees. Job Satisfaction can brings changes in the internal environment of the organizations through employees' performance and required service quality to customers. Employee satisfaction is an important thing however difficult to fulfil most of the time and very difficult to calculate the level of employees' satisfaction [14]. Employees will be more productive if they satisfied with the work and the environment of the organization [15]. A study revealed that job satisfaction is caused by human relations and job enrichment, as well as the working environment that is positively related to the quality of administration. Employees' satisfaction is where the employees who can be empowered with the resources and the responsibility to meet the stakeholder demands [16]. Employee satisfaction is an important factor in achieving quality and accountability of the organization [17].

## 3. Methodology

The study adopted quantitative research method where it is conducted in deductive manner. The data was collected through questionnaire survey. The collected data from the survey was analysed descriptively to clean the data before applying in model development. Population of this study comprised of employees working in public and private sector Oil and Gas companies in UAE. Where the selected company is ADNOC Refining.

Sample size was determined using Krejcie & Morgan table [19]. A total of 400 questionnaires were distributed to the respondent using simple random sampling technique. However only 322 questionnaires were returned which means 80.5% response rate among employees working in ADNOC Refining an oil and gas company of UAE

#### 4. Knowledge Management as a Mediator

In the study, it is hypothesized that Knowledge Management (KM) can mediate the relationship between Transformation Leadership (TL) and Job Satisfaction (JS) as figure 1. In the figure, IV means independent variable which is the transformation leadership, DV means dependent variable which is the job satisfaction and M stand for mediator which is the knowledge management [20].

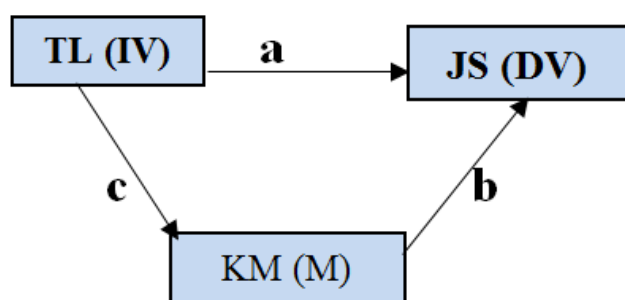


Figure 1 - The mediation model

The results of the modelling works from the hypothetical model of figure 1 are to determine whether there is a mediation effect from knowledge management on the relationship between transformation leadership with job satisfaction, the results are as in table 1.

Table 1- Output of Mediation Test

DV	M	DV	a	a'	b	c
Job Satisfac	Knowl	Transfor	0.8	0.5	0.3	0.4
tion	edge	mation	91	98	99	10
JS	Manag	Leadersh	0.0	0.0	0.0	0.0
	ement	ip	00	00	00	00
	KM	TL	Si	Si	Si	Si
			g.	g.	g.	g.

Table 1 indicates that the relationship between the independent variable (TL) and the dependent variable (JS) before (a) and after the mediator affect (a') of the direct relationship between TL and JS ( $p \leq 0.05$ , Sig.). In addition to that, the

direct and causal effect (regression) of TL on JS is decreased from 0.891 to 0.589 due to the partial mediation effect of KM. Moreover, both the indirect effects (relationships) between TL and KM ( $b = 0.399$ ,  $p \leq 0.05$ , Sig.) as well as the relationship between KM and JS are significant ( $c = 0.410$ ,  $p \leq 0.05$ , Sig.). Thus a partial mediation relationship is occurred due to the indirect effect of KM (mediator).

#### Conclusion

The paper provided an overview the work on modelling of mediation model for UAE Oil and Gas Company. The model was to determine whether the mediator has effect on the casual relationship between the independent variable and dependent variable. In this case the mediator is knowledge management while independent variable is the transformational leadership and the dependent variable is the job satisfaction. The result from the modelling found that knowledge management has an effect on the relationship between the transformational leadership with job satisfaction. This concurred with the hypothesis of the hypothetical model that was developed based on literature review conducted from this study. The findings from this study will benefit not only to research community but also to the oil and gas industry community.

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