

## **Impact of Effective Leadership in the UAE**

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### **Introduction**

This paper reports on the potential impact for the UAE of proposed research-based initiatives by Oxford Leadership Development and Research ([Oxford LDR](#)) which suggests that the development of effective leadership across the Emirate could increase the profits of UAE companies by an average of around 15%.

This is based on the following research which shows a strong causal link between effective leadership and employee engagement, which in turn has a proven causal impact on profit, productivity and other business outcomes. Of course, effective leadership also has direct impact on such outcomes (through better project management, strategic decision making etc) so the potential profit increases are likely much higher.

Various studies have shown that 70% of the variance in team engagement is impacted by their managers (Pitonyak, Jim & Desimone, Rob, 2022) and this leads to higher voluntary turnover, lower productivity, customer service, profits and shareholder value.

Highly engaged teams are 21% more profitable and 17% more productive (Harter, Jim, 2024; Kammerlander, Kim, 2017). If 70% of the variance in engagement is caused by the line manager, then effective leadership by these line managers could increase profits by around 15% (70% of 21%), even without taking into account the more direct outcomes of effective leadership).

The combined profits of UAE listed companies were 191bn dh (\$52bn) in 2023 (WAM, 2023). An increase of 15% therefore equates to \$7.8bn.

OxfordLDR's research is consistent with other global research, including DDI's (DDI, 2023) survey, which found that companies with high quality leadership are three times more likely to be among the top performing organisations financially. while also driving important additional benefits for organisations of higher employee engagement, productivity, retention, and loyalty.

Given the enormous financial impact of high-quality leadership, forward thinking companies are right to focus investment into developing their leaders. In 2023, training industry research suggest organizations invest round \$3.5 billion (Fortune, 2025) annually in leadership development solutions and programs. But still, DDI found that only 12% of companies worldwide report confidence in the quality of their leadership pipeline (DDI, 2023). And only 40% of leaders feel that they are equipped to handle future challenges (RussellReynolds, 2024). These enormous investments in training over many years do not seem to have materially raised the global standards of leadership effectiveness. This data underscores the need for a more effective and tailored approach to leadership development.

Bespoke leadership development based on forensic analysis of the context, goals and constraints surrounding the role, can have significant impact on the effectiveness of leaders. For example, in one major retailer, tailored leadership development led to four-fold increase in profits in the targeted stores (W. Scott-Jackson, 2006) and in OxfordLDR's study with the Chartered Management Institute the top indicator of value for investors was the quality of leadership (W. Scott-Jackson, 2015).

In addition, our research has also shown that there is no one leadership style to fit all contexts and, in fact there is a specific Emirati Leadership Style, of which some components could be more effective than the typical US/western model taught to most Emirati leaders at present (W. B. Scott-Jackson, 2008).

## Research study into causes of engagement

Over the past 15 years or so it has been demonstrated repeatedly (Young & Gifford, 2021) that employee engagement and enthusiasm is a major factor in organisational success with positive outcomes including individual performance, retention, reduced absenteeism. Practitioner studies have quoted impacts including 21% greater profitability and 17% higher productivity (e.g. Gallup, 2019) and 3% increase in revenue following a 5% increase in engagement (Aon, 2018).

The term engagement has, of course, been subject to numerous definitions over time. One area of dispute is whether engagement is stable over time (e.g. Macey & Schneider, 2008) or whether it fluctuates frequently (e.g. Myrden & Kelloway, 2015). Our findings suggest that engagement over the long term (like other forms of happiness) is formed by numerous small variations every day or hour. The more consistent these variations in one direction or another then the more stable an individual's level of engagement. So, for example, if 'meaning in my work' were a causal factor (as often cited) then frequently finding meaning in my work would lead to a stable level of high engagement).

It is also clear that, at an individual level, employee engagement impacts the individual's happiness and fulfilment and this, in turn, impacts engagement – a virtuous circle (W. Scott-Jackson & Mayo, 2017)

But, we also know that engagement worldwide has remained at around only 15% over many years (Gallup, 2019) despite numerous interventions and huge investments of time and money.

So, what we've been doing hasn't worked and it's time to do something else.

## Method

Most current engagement surveys deployed within organisations focus on factors that are assumed to cause engagement, such as 'meaning in my work' or 'career prospects' and are '*lacking in construct or face validity*' (Bailey et al., 2017). They rarely specifically measure engagement, enthusiasm or active happiness directly. So, they cannot actually identify the true links between any of these assumed factors and engagement itself. Similarly, they can't assess any relationship between engagement and other forms of active happiness such as enthusiasm or optimism. We carried out two different analyses, both based on a survey completed by 264 working people (following a pilot survey of 191), in order to test both these questions. Firstly, what are the most important factors driving an individual's engagement and secondly, is this related to their general enthusiasm, happiness or optimism.

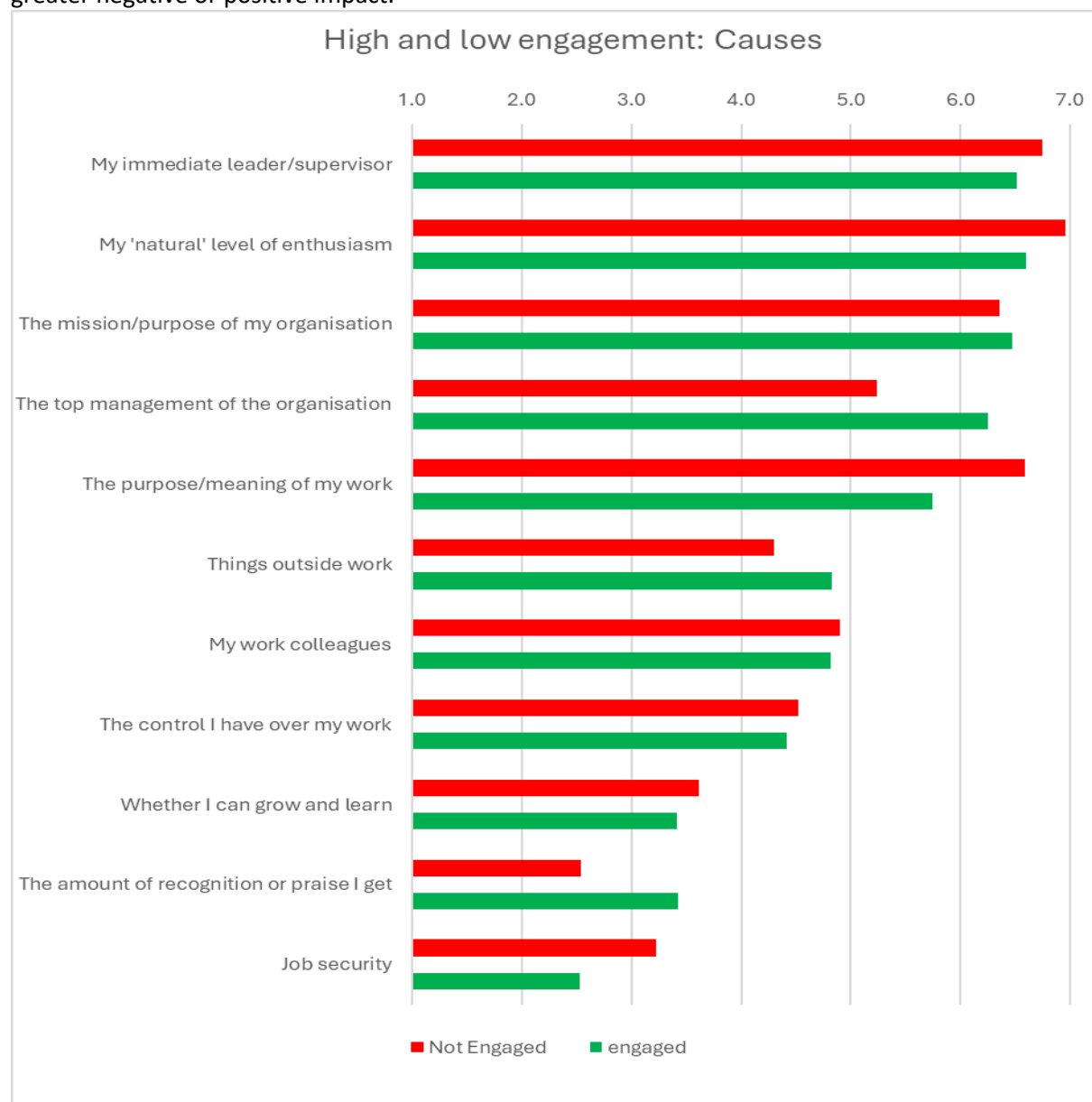
The Correlation Analysis computed Pearson correlations between responses to questions on engagement, potential factors (e.g. quality of leadership) and happiness. This facilitates tests of significance ( $p < 0.05$ ) such that the degree and direction (i.e. positive or negative impact) of any correlation can be demonstrated statistically (W. Scott-Jackson & Diac, 2021).

The Ranking Analysis asks the respondent to rank the factors most commonly cited as being causes of engagement compared to how engaged they feel. The responses were split into those reporting high engagement and those reporting low engagement. This allows us to identify the top factors causing low engagement and the top factors causing high engagement. As a ranking format it does not require significance testing and the results can be demonstrated graphically.

## Results

The Correlation analysis (see W. Scott-Jackson & Diac, 2021) for full statistical report) found that the most important factor in driving employee engagement is the person's 'natural' level of enthusiasm (Standardized Coefficient 0.339). This finding supports other research (Bailey et al., 2017), suggesting that the individual's own enthusiasm is a key driving factor but, crucially, these other studies take the individual's psychological state as more or less fixed and therefore not a focus of intervention. In contrast, we take the perspective of positive psychology to propose that these states are highly modifiable and therefore a crucial lever for individuals themselves and for organisational intervention.

The second most important factor driving employee engagement is the person's immediate leader (SC 0.25). Again, previous studies have identified 'management' as a key factor (e.g. (Beck & Harter, 2015) but the focus of intervention has been on top leaders of the organisation or on issues such as vision, transformational leadership and so on, rather than the basic supervisory inexperience which has the greater negative or positive impact.



The analysis also found significant relationships between various types of active happiness and engagement at work (SC ~0.1). Finally, it supports previous findings that being male and being a more senior manager is also related to higher levels of engagement (SC~0.1).

The Ranking Analysis also confirmed that my immediate leader and my 'natural' enthusiasm are the primary factors driving both high and low engagement. In addition, there were some interesting differences in the main factors driving low vs high engagement.

For example, top management and 'things outside work' seem to have more impact on higher levels of engagement, whereas 'purpose and meaning in my work' and 'job security' have more impact on lower levels of engagement. The finding for job security suggests, like income, that it is a hygiene factor – de-engaging if it is very low but, above a basic level, does not cause active engagement.

## **A call to action**

We have identified two crucial but neglected factors which significantly impact employee engagement. More importantly, we now know how to improve both these factors to impact employee engagement in a way which is evidence-based, cost-effective and relatively simple to implement.

The first factor is the propensity for engagement of the individual themselves – and we all know someone who is always enthusiastic and energetic – and we all know someone who isn't!

The second factor is my immediate leader, not the CEO or top management but the person who I report to directly and who is very capable of completely ruining anyone's day with just a wrong word or a confusing instruction.

Our previous research (W. Scott-Jackson & Mayo, 2017) identified that, for both these factors, the solutions were relatively simple, but found no examples of the solutions being implemented.

To improve propensity for engagement/enthusiasm, we can apply various well-proven techniques from positive psychology, which are often deployed (especially in numerous apps) to help reduce anxiety or depression but which are also extremely effective in improving active happiness for people in the normal range of positivity.

For immediate leaders, we found (in our research with BP and CBQ amongst others) that the problems (and opportunities to engage) arose when leaders had to carry out the very few activities that really impact their people's enthusiasm - disciplining someone, running a meeting that is effective and not boring, getting things done on time and so on. Imagine, for example, that you work in the perfect job for the perfect employer – you have meaning in your work and feel fulfilled. You arrive at work in the morning and your leader angrily tells you off unjustly in front of everyone else and doesn't give you any chance to respond. Will you still be enthusiastic? Or imagine you have to attend a weekly meeting. You don't know why you're there, you really don't know what the meeting is for, it takes hours, overruns, makes no decisions and all actions are carried forward. Feeling good?

In response, we are in the process of developing a robust, evidence-based toolkit to help organisations to help their people in these two crucial areas. It will comprise:

A research-based survey, (which only takes 5 minutes to complete) to clearly identify the key factors in specific organisations (or organisational units). This is ready now for organisations to deploy and will provide highly valuable information which can be immediately actioned to significantly improve engagement.

An app-based tool (ACE), designed for individual contributors, helps to maximise their own Active Committed Enthusiasm (ACE). This is under development for leading organisations to pilot by July 2021. ACE is extremely simple to use but uses extremely powerful techniques from Positive Psychology to help people themselves to become more enthusiastic – not just about work but about everything in their lives – to the benefit of themselves, their families and everyone around them as well, of course, the organisations they work for.

From an organisational point of view, this data is collated anonymously to provide an incredibly powerful daily fine-grained dashboard on levels of employee engagement, which can be organised by business unit, demographics (e.g. job level, gender), location or any other factors that would be useful.

In our CMI study (W. Scott-Jackson et al., 2016) we identified an opportunity for app technology to help new leaders learn by doing tasks for and with them, so that they learn by doing. The Process for Effective Leadership (PEL) will guide leaders through these critical activities and, more importantly, actually do much of the planning and organizing of these tasks for them.

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