



The Intersection of Islamic Values and Ethical Leadership in Saudi Arabian
SMEs and Their Influence on Employees' Behaviour.

BY

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Abstract

This study explores ethical leadership and Islamic values in Saudi Arabian SMEs and their impact on employees' behaviour. Using a qualitative methodological approach, data has been collected from semi-structured interviews with 30 employees and leaders representing five Saudi SMEs. The findings indicated that Saudi SME leaders act in accordance with Islamic principles and values and that in doing so, their behaviour and actions resemble ethical leadership. However, although most Saudi SME leaders exhibit ethical behaviour, others not – despite professing adherence to the Islamic faith. When leaders act ethically, their employees are more likely to do the same. Likewise, when leaders act unethically, their employees are more inclined toward unethical behaviours. Perhaps surprisingly, however, some leaders behave so ethically that they ultimately exert a negative influence on ethical employee behaviour. Furthermore, this study has found that Saudi SME leaders demonstrate four Islamic values – accountability, consultation, justice and trust – at three different levels: excessive, adequate and deficient. The behaviour of the leaders varies across the three levels, which also impacts the ethical behaviour of their employees. Based on the findings, it has been argued that an 'adequate' level of the four values is preferable to excessive or deficient levels. This is because at the adequate level, the four leadership values create a positive impact on employees. Contrarily, the impact of values at excessive and deficient levels is negative.

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Declaration

‘I confirm that this is my own work and the use of all material from other sources has been properly and fully acknowledged.’

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Chapter 1: Introduction

1.1 Chapter Overview

This chapter presents the background for this research by providing an overview of leadership, and employees' ethical behaviour at small and medium enterprises (SMEs). It also establishes a rationale for conducting this study and outlines the aim, objectives and research questions.

1.2 Research Background

Ethical leadership is considered to be an indispensable attribute of organisational leaders (Islam and Alharthi, 2020). Extant studies on ethical leadership (Dinc and Aydemir, 2014; Halbusi, 2021; Metwally et al. 2019) establish that leaders' ethical behaviour promotes ethical behaviour in their employees as well. Various models have sought to explain this transference of ethicality from leaders to employees. Drawing on social learning theory (Bandura, 1977), Brown et al. (2005) argue that employees pay attention to their leaders, who are also considered as role models, and adopt the attitudes, behaviour and values demonstrated by them. As ethical leaders reward employees' ethical behaviour, the latter become more inclined to sustain ethical behaviour in the work environment (Dinc and Aydemir, 2014; Metwally et al., 2019). Another explanation is that ethical leaders create perceptions of a highly ethical climate and strong organisational justice among employees, thereby encouraging them to behave ethically (Halbusi, 2021). Other explanations linking ethical leadership to ethical employee behaviour are high psychological empowerment, job satisfaction and employee motivation (Alshammari et al., 2015).

Ethical behaviour is also noticeable in the leaders of small and medium-size enterprises (SMEs) in Saudi Arabia, and several studies (Abalala et al., 2021; Islam and Alharthi, 2020) have found that they inculcate ethical behaviour in ways similar to those discussed above. This study centres on Saudi Arabian SMEs and seeks to examine the source and impact of ethical leadership on the ethical behaviour of employees working in these firms. Research shows that the perception of being trustworthy among followers (Malik et al., 2022), as well as inner voice advocating ethical outlook and attitude, encourage leaders to exhibit ethical behaviour in workplaces (Zheng et al., 2021). Various other studies (Neamţu and Bejinaru, 2018; Metwally et al., 2019; Halbusi, 2021) indicate that outcomes of ethical leadership (including – but not limited to – high employee productivity, improved coordination, increased employee and team motivation, and high leader–follower trustworthiness) encourage leaders to behave ethically.

These findings suggest that sources of ethical leadership lie in leaders or followers. However, in case of Saudi Arabia, it has found that religion (i.e. the Islamic faith) is the source of ethical practices and that its influence spreads across all social sectors and spheres of activity (Nevo, 1988). Accordingly, Saudi Arabians draw on Islamic principles and virtues in performing any action, be it making regular consumption decisions (Alsaad et al., 2021) or behaving in the workplace (Alshehri et al., 2019). Therefore, Islam serves as a doctrine of ethical behaviour for Saudis in all arenas of life – including the workplace, where, as Alshehri et al. (2019) described, outlook towards God dictates Saudis' ethical workplace behaviour. Accordingly, greater the degree of fearfulness towards God, the higher a person's probability to act according to ethical principles, values and beliefs in the work environment. Therefore, it can be presupposed that Islam drives ethical leadership among Saudi SME leaders. In fact, they promote their organisations as Islamic entities before customers and other stakeholders- a phenomenon that Alharbi et al. (2022) term Islamic branding. To attract more customers and improve firm performance, Saudi SME leaders, like other leaders in Islamic countries, engage in Islamic religiosity, whereby they impart an Islamic identity to their business. Part of this endeavour includes diffusing Islamic values, qualities and traits in employees to bring more business by demonstrating Islamic virtues before customers and other stakeholders (Alharbi et al., 2022). This iterates the high impact of Islam on Saudi SME leaders, and not only do they practice its virtues themselves but also inculcate it among employees. Raza et al. (2023) mention some of the virtues, namely, honesty, trustworthiness, truthfulness and religious obligations. The presence of these qualities in the leaders and employees of Saudi SMEs makes them ethical (Raza et al., 2023). Thus, the Islamic religion can be argued to promote the ethical behaviour of Saudi SME leaders as well as employees. Studies (Alharbi et al., 2022; Raza et al., 2023) also indicate that religion positively impacts firm performance. This leads to the view that qualities and skills imparted by Islam are effective for improving organisational output. Shedding more light on this matter, Alharbi et al. (2022) argue that Islamic branding attracts more investments to Saudi SMEs and investment fuels organisational growth and expansion. Raza et al. (2023) also observe that Islamic entrepreneurship fosters SME growth. Given these, Saudi SME leaders are likely to embrace Islam and observe the principles and values of this religion while encouraging employees to do the same and activities and behaviour conforming to Islamic values are deemed ethical (Alshehri et al., 2019). Thus, there lies a strong relation between the religion of Islam and the ethical behaviour of Saudi SME leaders.

Current studies on ethical leadership (Dinc and Aydemir, 2014; Halbasi, 2021; Metwally et al., 2019), including those centred in Saudi Arabia (Abalala et al., 2021; Islam and Alharthi, 2020), have not examined whether ethical behaviour among Saudi Arabian SME leaders is influenced by the Islam. Al-Shayji (2023) observes that Saudi Arabia has strengthened its leadership and influence in the Middle East and aims to become a diversified economy in accordance with Vision 2030. The rise of Saudi Arabia, a country known for being rooted in Islamic values, as a regional leader presents itself as an interesting case to study leadership qualities, values and behaviour in its organisations from both Islamic and ethical perspectives. Knowledge of ethical as well as Islam-influenced leadership values and behaviour of Saudi Arabian leaders will shape an understanding of their ethical considerations to operate their business, which in turn, is expected to contribute to higher economic growth and sustainable development of the country as envisioned in Vision 2030. Furthermore, with Saudi acquiring a leadership position, the ethical behaviour and values of its organisational leaders are expected to create an impact and influence on other Middle Eastern countries. Thus, understanding the relationship between Islam and ethics in Saudi Arabian SMEs is vital and the absence of adequate research on this subject has created a knowledge gap, thereby establishing the need for further research. This study addresses the gap by examining how ethical leadership influences ethical behaviour of employees in these organisations and how it impacts employees as well as the firms. With this information, the research findings provide a detailed account of the influence of religion on ethical behaviour of leaders and employees in Saudi SMEs. They also make some contribution to the current literature on ethical leadership.

Although few researchers (Abalala et al., 2021; Islam and Alharthi, 2020) have discovered the presence of ethical behaviour in Saudi SME leaders, others (Khurshid et al., 2016; Abduh, 2021) present a different narrative. Khurshid et al. (2016) have found that 57% of Saudi SMEs have failed to contain corruption. This indicates a high prevalence of unethical leadership, given that ethical leadership has been found more effective at combating corruption and malfeasance in the corporate world (Bashir and Hassan, 2019). The Corruption Perception Index of Transparency International ranks Saudi Arabia 52nd (Khan et al., 2013), and a critical investigation of the index reveals a value-devoid business climate and unethical governance that altogether implies corruption, incompetence and low credibility of organisational leadership (Transparency International, 2017). In keeping with Alharbi et al. (2022), such leaders are less likely to have embraced the Islamic religion in a real sense because this religion preaches values like truthfulness and honesty, which help to contain malpractices like

corruption. Furthermore, with Saudi firms ranking high in corruption, it can be opined that the leaders do not inculcate the religious values of Islam to employees else, they would have either been vocal at the slightest occurrence of malpractice or would have refrained from performing any action leading to the malpractice. This explains why Saudi SMEs are more likely to witness unethical business practices and immoral conduct by their leaders. This is because highly virtuous ethical leaders are intolerant to unethical activities and immoral behaviour and actions and, therefore, undertake measures for eradicating corruption from the workplace (Nicolaidis and Duho, 2019). The high proportion of Saudi SMEs experiencing corruption signifies that their leaders lack virtue and therefore fail to establish ethical standards and principles in the work environment. This has adverse implications. One argument, as Turyakira (2017) has presented, is that unethical leadership reduces transparency and fairness in business operations, thereby making it difficult to execute organisational activities, including innovation, with optimal efficiency and effectiveness. In another perspective, Lewis (2017) opines that businesses governed by unethical leaders are least capable of eradicating poverty and fostering social development in the country. Reflecting on these findings, Saudi SMEs cause injustice to both internal and external stakeholders, which is detrimental for the long-term goodwill and sustainability of these organisations (Turyakira, 2017). Therefore, immoral leadership in Saudi SMEs will lead to multidimensional socio-economic and ethical failures. This is also reflective of poor employee performance, disengagement, insufficient teamwork and low idealised influence (Ahmad et al., 2017). Further to these, when SME managers fail to overcome insufficient ethical behaviour, weaker moral frameworks, and inadequate moral values and education among themselves, lower economic performance and fewer developmental opportunities are the result (Abalala et al., 2021). Therefore, unethical leadership has adverse impacts at the employee and organisational levels in Saudi SMEs and this also indicates that religious principles and values of Islamic are properly and sufficiently adopted by Saudi SME leaders. This makes an interesting case for research because such leaders, being citizens of Islamic countries, are raised in an Islam-centred environment and accordingly, it is expected of them to act as per Islamic norms and virtues. On the contrary, some studies show that Saudi SME leaders are devoid of Islamic values, which, in turn, causes them to engage in unethical behaviour manifested through corruption and malpractices as opposed to ethical behaviour encompassing honesty, truthfulness and trustworthiness. Thus, there is an inconsistency between expectations and reality and further clarification on this matter necessitates an academic enquiry, which is done in this research.

Albloshi and Nawar's (2015) views inform that leaders lack the competence to transmit ethical values and qualities to employees, which can be further attributed to unstable leader–follower relations in the 621,400 small and medium-scale companies, 95% of them being family-owned. Defining unstable relations, Ruiz et al. (2011) refer to inconsistencies between the attitude and behaviour of decision-makers and employees, which further signifies conflicts, complexities and confusion (Martin, 2015). In keeping with Afsar and Shahjehan's (2018) views, these inconsistencies diminish mutual trust, loyalty and commitment between the leaders and their subordinates, following which the former are unable to inculcate ethical knowledge and skills among the latter and hence fail to inject morality into the organisational culture (Metwally et al., 2019). Consequently, corporate governors experience challenges in establishing uniform beliefs and perspectives concerning their organisations' business ethics (Al-Tit et al., 2019), the subsequent effect being lower sustainability in performance and inefficient procurement of various commodities (Islam and Alharthi, 2020). The findings of Khan et al. (2013) corroborate these arguments while indicating that poor awareness and institutionalisation of values by staff reduce the efficacy of ethics-bound leadership among Saudi Arabian SMEs. Furthermore, a comparative assessment of family-owned businesses, which constitutes the majority of Saudi SMEs, and other corporations shows that founders' ethical values and integrity shape the organisational ideology in family-owned businesses (Sahni et al., 2017). Contrarily, non-family businesses establish morality by formulating key governance standards, policies and norms (Wirba and El-Zoubi, 2015). From these findings it can be inferred that unethical philosophies among family entrepreneurs leads to malfeasance and corruption in such SMEs (Samara, 2020), whereas unethical behaviour by managers promotes immorality in non-family businesses (Wirba and El-Zoubi, 2015). Regardless of this difference, Saudi SMEs face common consequences in terms of lower corporate social responsibility (CSR) performance, inadequate staff engagement and teamwork (Alshammari et al., 2015), and insufficient idealised influence (Ahmad et al., 2017). Thus, immoral leadership makes leaders less efficient in addressing issues such as incompetent ethical behaviour, weak frameworks relating to moral and value-driven governance, low morality among staff and insufficient ethical virtues and knowledge (Alshaikh et al., 2021). This affects employees: Research shows that about 30% of employees rarely trust their unethical superiors and more than 30% employees encounter dilemmas in task execution; another 30% report being subject to constant victimisation by their managers (Abduh, 2021).

Contrary to the above findings, Islam and Alharthi (2020) opine that leaders of Saudi SMEs have strong commitment to ethics; however, as Alshaikh et al. (2021) have discovered, they fail to constitute dedicated teams to oversee the discharge of their firms' moral obligations towards society. Roofoof, an e-commerce start-up, and The Eventizer, an event management company – both based in Saudi Arabia – are key examples (Alshaikh et al., 2021). Afsar et al. (2019) link this leadership failure to leaders' low moral attentiveness and courage. Another major finding is that Saudi SME leaders demonstrate abusive attitudes and behaviours towards followers (Barnes and Spangenburg, 2018), of which Abduh (2021) provides numerous illustrative examples. One is that of Saudi SME managers overburdening employees (especially expatriates) with excess workloads. In other situations, younger employees are treated unequally on the grounds that they are less wise than their older counterparts, who ostensibly possess enormous experience. On the other hand, Abduh (2021) has also discovered that experienced professionals, despite having substantial knowledge and skills, are subject to unethical treatment by their supervisors in these SMEs. Another significant observation is that Saudi SME leaders behave unethically toward employees in both lower and upper management hierarchies. Although employees are made to overwork themselves, leaders fail to express care and concern for their well-being (Abduh, 2021). Thus, unethical behaviour by Saudi SMEs is common for employees, irrespective of their experience and position in the management hierarchy; it is this lack of ethicality that has hindered leaders' ability to contain workplace corruption (Khurshid et al., 2016). It has also made them less capable of exerting a positive influence on employees and thereafter influence their actions for successfully accomplishing business objectives (Abduh, 2021).

Although some studies (Abalala et al., 2021; Islam and Alharthi, 2020) show that leaders of Saudi-based SMEs are ethical, a far greater volume of research (Khurshid et al., 2016; Alshaikh et al., 2021; Abduh, 2021) indicates the absence of ethics in Saudi SMEs. This prevalence of unethical behaviour is particularly alarming because these leaders, hailing from Saudi Arabia, are believed to be strongly governed and influenced by Islam – which, as mentioned before, has a direct impact on Saudi Arabians' ethical practices. This further creates the impression that despite belonging to the land of Islam, Saudi SME leaders do not possess ethical attributes and therefore, demonstrate unethical behaviour in their workplace. In other words, Islamic faith does not positively influence these leaders to behave ethically – a worrisome prospect that some studies corroborate (Abalala et al., 2021; Islam and Alharthi, 2020). This has contributed to the emergence of a dilemma about whether Islamic faith promotes ethical leadership; this study

seeks to resolve the predicament by examining the role of Islamic faith in influencing ethical leadership behaviour among the leaders of Saudi SMEs.

Islamic faith has some linkage to ethical leadership; Fawares and Almheidat (2022) coined the term ‘Islamic ethical leadership’, from which two themes emerge: Islamic leadership and ethical leadership. Whether the former is a subset of the latter (or vice-versa) requires further debate and discussion, which is not the objective of this study. Instead, this study will explore the presence of Islamic values in ethical leadership by Saudi SME leaders and investigate its impact on the ethical behaviour of employees. Extant studies on ethical leadership (Metwally et al., 2019; Alshammari et al., 2015; Xu et al., 2011) have not examined this subject in the specific context of Islamic cultures, resulting in knowledge gap about the dynamics of ethical leadership by business leaders in Islamic countries. Repudiating some of the more discouraging research findings, Fawares and Almheidat (2022) report that Islamic ethical leadership promotes ethical behaviour in employees. To validate Fawares and Almheidat’s (2022) finding, and to address the current knowledge gap, this study enquires whether the ethical leadership characteristics, values and behaviour of Saudi SME leaders draw on Islamic values, as well as whether (and how) such a variant of ethical leadership promotes ethical behaviour in employees. In doing so, this research is aimed at contributing to the ethical leadership literature by demonstrating the linkage of Islamic faith with ethical leadership and its subsequent influence on ethical behaviour of employees. In other words, this research adds a new dimension to ethical leadership by incorporating the concept of Islamic faith with special reference to leaders in Saudi Arabian SMEs.

1.2.1 SMEs in Saudi Arabia

Research shows that the number of SMEs in Saudi Arabia increased from 1.2 million in the first quarter of 2023 to 1.23 million in the second quarter – a 2.3% rise overall (*Arab News*, 2023). Currently, there are 17,888 medium-size enterprises, 152,825 small-size enterprises and 1.06 million micro-size enterprises (*Arab News*, 2023). Riyadh has emerged as the leading hub, with 42.3% of SMEs being established in that city (*Arab News*, 2023). Furthermore, whereas venture capital funding for SMEs has declined in other Middle Eastern and North African countries, it has grown by 4.2% from the second quarter of 2018 to the third quarter of 2023 in Saudi Arabia (*Arab News*, 2023). In 2023, Saudi Arabian SMEs raised \$446 million through venture capital funding (*Arab News*, 2023). This sustained investment has been attributed to these SMEs' greater capabilities, which attract private investors and encourage them to inject more funds for their continuous growth and sustainability. This view can also be upheld by citing the research findings of Al-Tit et al. (2019), which have shed light on the various success factors that have enabled Saudi Arabian SMEs to grow and prosper over the years. These factors have been categorised into (1) individual characteristics, (2) business characteristics, (3) management aspects, (4) business support, (5) availability of funds and (6) the business environment. This study also reports that although these factors have been integral to the success of Saudi-based SMEs, it is leadership that has played the most significant role. By leveraging the positive aspects of those six factors, Saudi SME leaders have maximised their business opportunities while minimising risks and threats. This has ultimately helped their firms survive even amidst a weak business environment (Al-Tit et al., 2019). Without sound leadership, these SMEs would likely have collapsed. This leads to another view, namely that leaders in Saudi-based SMEs possess the capability and power to identify the organisational strengths and weaknesses, as well as the knowledge to use their strength for exploiting opportunities and negating threats. This distinguishes Saudi SME leadership from that of other countries, especially in the Middle East, and this research seeks to explore ethical leadership and Islamic values in Saudi Arabian SMEs and their impacts on employees' behaviour.

Al-Tit et al. (2019) also report that ethics plays a key role in the success of Saudi SMEs. This further indicates that employees working in these SMEs demonstrate ethical behaviour; Abalala et al. (2021) have found that ethical employee's behaviour has led to higher performance (both financial and non-financial) by Saudi SMEs. Thus, employees' ethical behaviour has led to the remarkable growth and advancement of SMEs in this country. Another study shows that ethical behaviour among employees is shaped by various factors, the most

significant being leadership style (Guo, 2022). In line with this perspective, it can be posited that leadership style has some influence on the ethical behaviour of employees in Saudi Arabian SMEs, and Siswanti and Muafi's (2022) study uphold this claim. Taking this into view, this research aims to explore how Islamic Values and Ethical Leadership of Saudi SME leaders impact the ethical behaviour of employees.

1.3 Research Aim & Objectives

This study aims to explore the role of Islamic values in shaping ethical leadership practices among Saudi SME leaders and to assess the subsequent effects of these leadership practices on the ethical behaviours and performance of their employees. Its objectives are to:

- Conduct a comprehensive literature review on ethical leadership theories, focusing on gaps and existing frameworks.
- Identify and analyse the incorporation of Islamic values within the ethical leadership practices of Saudi Arabian SMEs.
- Evaluate the effects of these ethical leadership characteristics and behaviours on employee conduct and organisational performance in Saudi SMEs.
- Formulate and propose a novel theoretical framework for ethical leadership, integrating Islamic values and leadership principles.

1.4 Research Questions

1. How do Islamic principles and values shape the ethical leadership practices of leaders in Saudi SMEs?
2. In what ways do these ethical leadership practices influence the ethical behaviours, job satisfaction, and overall performance of employees in Saudi SMEs?

1.5 Research Contribution

Theoretically, this study contributes to the literature on ethical leadership as well as on leadership values and behaviour. In the former context, it argues that Saudi SME leaders, in conformance to Islamic principles and values, demonstrate qualities and behaviour congruent with ethical leadership. It thus establishes a linkage between Islamic leadership and ethical leadership, advancing the view that Saudi SME leaders have a unique style of leadership, which can be termed 'Islamic ethical leadership'. The second contribution is that Saudi SME leaders possess four leadership values derived from Islamic leadership (accountability, consultation, justice and trust) at three levels: excessive, adequate and deficient. This study distinguishes

leadership behaviour in Saudi SMEs according to the three levels of values and discusses the implications for employees.

In the practical arena, this study sheds light on leadership practices in the Islamic country of Saudi Arabia with special emphasis on SMEs. It presents diverse leadership behaviours and actions of Saudi SME leaders and also traces their roots back to Islamic doctrine. The research findings show how these leaders behave in accordance with Islamic doctrine as well as how their behaviour changes when Islamic principles are not followed. The outcomes of both types of behaviour are also discussed.

1.6 Chapter Conclusion

This chapter has introduced the research subject with a detailed account of Saudi SMEs and the current state of ethical leadership in these companies. It has also enumerated the study's research objectives and questions, as well as its contributions.

Chapter 2: Literature Review

2.1 Chapter Overview

This chapter begins by reviewing the current literature on ethical leadership behaviour. It then presents a short account of key leadership theories, followed by theories of leadership values and behaviour. Next, the ethical leadership literature is extensively examined, with special focus on the impact of ethical leadership on employees' behaviour and organisational performance. Following this, the chapter discusses Islamic leadership behaviour as well as the challenges faced by SMEs in general and Saudi SMEs in particular. The subsequent section analyses the contractions between Islamic values and ethical challenges of Saudi SME leaders. The chapter concludes by identifying the research gap and presenting the conceptual framework of this study.

2.2 Ethical Leadership Behaviour

'Leadership behaviour' refers to the conduct of leaders in the execution of their duties and responsibilities (Asrar-ul-Haq and Anwar, 2018), a substantial portion of which involves managing subordinates and influencing their actions (Karia and Asaari, 2019). This behaviour becomes ethical with the application of moral principles, values and beliefs in each leadership action (Nubert et al., 2009). Several researchers have examined ethical leadership behaviour (Frisch and Huppenbauer, 2014; Hubchen et al., 2024; Shakeel et al., 2019).

Frisch and Huppenbauer (2014) have explored ethical leadership behaviour along three aspects: managing stakeholders, influencing employees and mitigating conflicts.

2.2.1 Managing Stakeholders & Influencing Employees

Applying stakeholder theory, Frisch and Huppenbauer (2014) have examined the behaviour of ethical leaders towards six stakeholder groups: owners, employees, suppliers, customers, society and environment. Responsible and ethical leaders have been found to give honest reports about organisational performance to business owners and maintain transparency in communication (Frisch and Huppenbauer, 2014).

Owners as stakeholders

Contrary to this perspective, in their study on ethical leadership behaviour in higher educational institutions in the United States (US), Hubchen et al. (2024) have found that ethical leaders tend to preserve confidentiality. However, confidentiality does not mean concealing information; instead, as Halim et al. (2023) posited, leaders ensure that information is accessed only by authorised parties following an authentication procedure. This prevents unauthorised

access to the information. This finding indicates that ethical leadership behaviour ensures equity (Resick et al., 2013). The behaviour of ethical leaders towards business owners is also characterised by a focus on long-term organisational success (Frisch and Huppenbauer, 2014). This further implies that ethical leaders work to produce sustainable benefits for business owners. From the ethical perspective, ethical leadership behaviour consists of being thankful to people for their contribution to organisational growth, recognising their rights, expressing mercy and compassion in difficult times, maintaining objectivity and prudence in communications and, above all, demonstrating undying commitment and conformance to ethical rules and principles (Hegarty and Moccia, 2018). Altogether, these behaviours of ethical leaders increase the longevity of firms, which yields long-term benefits to owners (Hegarty and Moccia, 2018).

Employees as stakeholders

Ethical leaders exhibit a uniformity in their behaviour when managing employees as organisational stakeholders and influencing their actions. First, ethical leaders develop a strong relation with employees by organising socialising events and activities, being approachable in both professional and personal matters, taking employees' concerns seriously, respecting them and trusting their opinions, appreciating their work, winning their confidence and, most importantly, treating them as human beings and not just a resource to fulfil organisational goals (Frisch and Huppenbauer, 2014). Complementing these findings, Hubchen et al. (2024) argue that ethical leaders put employees' interests before their own and prioritise their well-being. Upholding this view, Frisch and Huppenbauer (2014) maintain that ethical leaders ensure adequate work-life balance for employees by allowing them to work part-time or flexible hours; protect and improve their health through measures that exceed the legal requirements; support employees in their parental roles, including providing maternity and paternity leaves; and provide meaningful work to maximise job satisfaction. Thus, ethical leaders demonstrate the utmost care and concern for employees. This also speaks of their highly committed and responsible behaviour towards employees (Hegarty and Moccia, 2018).

Second, ethical leaders demonstrate fair behaviour towards employees through equal treatment irrespective of their socio-religious and communal background, fair compensation for their workload on par with co-workers, fair and honest communication on all matters, employment security, balanced gender ratio, fair work targets and openly rescinding misguided decisions (Frisch and Huppenbauer, 2014). Altogether, these behaviours indicate that ethical leaders

acknowledge employees' rights and allow employees to exercise them successfully (Hubchen et al., 2024).

The third line of ethical leadership conduct towards employees includes sharing power and responsibility with employees; obtaining critical feedback from them on relevant matters; training them on job-oriented matters as well as social, environmental and ethical issues; developing their personalities; and allowing them to perform voluntary activities (Frisch and Huppenbauer, 2014). Leaders develop employees' personalities by creating a positive influence through their personality traits. For instance, a leader who is open to new ideas and experiences inculcates this trait in employees gradually (Anwar et al., 2017). Commenting on the ethical behaviours of leaders, Hartog and Hoogh (2009) observe that ethical leaders empower employees to constantly develop themselves both personally and professionally. This also indicates that ethical leaders build competence and capability in employees, making them more self-efficacious to discharge their duties and responsibilities independently, as well as to undertake innovation (Ye et al., 2022).

Apart from business owners and employees (who are internal stakeholders), leaders also behave ethically towards external stakeholders such as suppliers, customers, society and the environment.

Suppliers as stakeholders

Ethical leadership behaviour with suppliers includes making timely payments for supplies as well as developing and maintaining a loyal relationship with them (Frisch and Huppenbauer, 2014). However, research by Ko et al. (2019) on Chinese firms reveals that even by acting ethically, leaders may fail to develop positive supplier relationships due to low moral standards of purchasing agents. Therefore, ethical leadership behaviour with respect to suppliers includes moral conduct with suppliers and promoting morality in purchasing agents.

Customers as stakeholders

With respect to customers, ethical leadership behaviour involves ensuring high quality and fair pricing of products and services, informing customers about key product features and manufacturing conditions, refraining from selling unethical or useless commodities, developing good customer relations, and being answerable to customers for any error (Frisch and Huppenbauer, 2014). Therefore, ethical leaders exhibit customer-oriented behaviour in acknowledging customers' rights and fulfilling their needs and expectations accordingly (Lindblom et al., 2015). Halvorsen et al. (2023) also present this argument in their study on

ethical leadership in Australian banks, thereby upholding the viewpoint of Lindblom et al. (2015).

Society as stakeholder

Ethical leaders also exhibit moral behaviour towards society by performing charitable acts, offering professional training to graduates, recruiting socially disadvantaged people into their organisations, and maintaining good relations with local communities (Frisch and Huppenbauer, 2014). These activities indicate that ethical leaders are more responsive to social needs and by fulfilling them, they foster social sustainability of organisations (Nguyen et al., 2021).

Environment as stakeholder

Ethical leadership behaviour also extends to the environment. As Frisch and Huppenbauer (2014) argue, ethical leaders adopt environmentally friendly systems and technologies in operational processes, and they train employees to become more environmentally friendly as well. Although some environmentally friendly practices of ethical leaders are well known, such as adopting renewable energy, replacing plastic with biodegradable materials and investing in green solutions (Ahmad et al., 2021), a survey of 118 German firms by Blome et al. (2017) reveals that ethical leaders are more likely to choose green suppliers; however, they may fail to prevent 'greenwashing' in their firms. Greenwashing is the practice of creating a false impression of being environment-friendly. This impression is created in various ways ranging from making false statements on environmental outcomes to using green labels on a company's products or its service environment (Netto et al., 2020). In pursuance of ethical leadership, leaders are expected to undertake measures to do more good or at least reduce harm to the environment. On the contrary, greenwashing does not do any good to the environment instead, it acts like a mask portraying an organisation to be environment-friendly when in reality, the organisational activities can damage the environment. Therefore, greenwashing contradicts ethical leadership (Xie et al., 2024). Elucidating the findings of the survey of German firms, Blome et al. (2017) argue that unethical intent among top managers prevents leaders from acting ethically to avoid greenwashing. Metwally et al. (2019) argue that an organisational culture characterised by ethical values, beliefs, management outlook, and governance standards mediates the impact of ethical leadership. Top managers with immoral mindsets create a weak organisational culture that favours unethical business practices – and, therefore, prevents ethical leaders from acting against immoral practices like greenwashing. Conversely, top managers with ethical mindsets develop a strong culture that allows ethical leaders to enforce

moral practices and create a positive impact on all stakeholders, including the environment (Zheng et al., 2021).

2.2.2 Mitigating Conflicts

Like stakeholder management, ethical leaders adopt a positive behavioural approach towards conflict management and, accordingly, mitigate conflicts with a constructive and cooperative approach (Frisch and Huppenbauer, 2014) that can be relationship-oriented, task-oriented or process-oriented (Babalola et al., 2014). Furthermore, through a survey with 117 managers and 302 subordinates in various organisations, Wong et al. (2019) found that moral leaders develop high-quality relationships to prevent conflicts. Altogether, these findings signify that ethical leaders seek to reduce misunderstandings and establish harmony with the ultimate objective of fostering collaboration and cooperation among subordinates (Hogarty and Moccia, 2018).

Referring to leaders at higher educational institutions in the US, Hubchen et al. (2024) argue that ethical leaders accept constructive criticism, respect everyone in the workplace, strive to provide good service, obey rules while encouraging others to do so, and pursue professional excellence. Upholding this perspective, Shakeel et al. (2019) maintain that ethical leadership behaviour is a six-stage process that begins with leaders' development of individual ethics. Second, leaders create a benchmark of ethical performance and seek feedback from others. In the third stage, followers are guided based on ethical rules, whereas the fourth stage marks the development of principles for encouraging followers to perform moral actions. In the fifth stage, leaders provide service to others and in the sixth stage, changes are implemented in collaboration with all stakeholders. Thus, ethical leaders pursue a consultative and collaborative approach and empower not only others, but also themselves, by prioritising their own development along with that of others (Frisch and Huppenbauer, 2014). By such means, ethical leadership behaviour aims to generate collective growth in an organisation (Wong et al., 2019).

2.3 Leadership Theories & Values

Leadership theories can be classified into traditional and contemporary (Colbert et al., 2012). The traditional school of thought includes the, trait, behavioural, situational and 'great man' leadership theories, whereas the contemporary school of thought includes transactional, transformational, servant and authentic leadership theories (Asrar-ul-Haq and Anwar, 2018).

The great man theory of leadership considers leaders to be naturally born and influential (Hunt and Fedynich, 2018) whereas trait theory – which draws from the great man concept – ascribes

certain qualities to leaders (for instance, honesty, sociality, friendliness, and high achievement-orientation) that account for leadership authority across entities (Kanodia and Sacher, 2016). Contrary to these theories, which place more emphasis on inherent traits and characteristics of leaders, the behavioural leadership theory focuses on the behaviours, actions and manners of leaders (Asrar-ul-Haq and Anwar, 2018). In contrast, situational leadership theory maintains that leadership does not stem from traits or behaviour, but instead from the situations surrounding a leader (Hersey et al., 1979). With great man, trait, behavioural and situational leadership theories, the traditional school of thought focuses on what constitutes effective leadership (Asrar-ul-Haq and Anwar, 2018).

Contrary to the traditional school, the contemporary school focuses on the process of demonstrating effective leadership (Hunt, 2017). One such process is transformational leadership, whereby leaders exert an influence on employees in four stages: idealised influence, inspirational motivation, intellectual stimulation, and individual consideration (Aarons, 2007). In contrast to transformational leadership, however, transactional leadership maintains that leader-follower relations are based on reinforcement and exchange (Aarons, 2007). Another leadership process within the contemporary school is servant leadership, whereby leaders acting as servants provide the necessary resources to employees and fulfil their needs, so that they feel contented and motivated to execute their tasks and duties most efficiently and effectively (Eva et al., 2019). A recent addition to the contemporary leadership school is authentic leadership theory, which argues that high self-awareness and self-regulated optimistic behaviours (which are shaped by positive psychological characteristics and well-developed organisational context) make leaders more authentic (Duarte et al., 2021). Authenticity is highly valuable because authentic leaders succeed in improving affective commitment and creativity in employees following which; they also deliver higher productivity (Duarte et al., 2021). Another study shows that authentic leadership improves employees' proactiveness through psychological empowerment (Zhang et al., 2018). Therefore, leadership authenticity of leaders creates positive impacts on employees.

The above leadership theories provide some idea about leadership values. Values are one of the most significant factors influencing leadership. In a seminal work, Mihelic et al. (2010) classified value along four different levels: personal, ethical-social, ethical-moral, and competitive. Whereas the former two are final values, the latter two are instrumental. Accordingly, personal values such as happiness, holistic success, recognition, status, friendship, love and salvation, and ethical-social values – that is, establishing social justice for

the planet and ecology (Mihelic et al., 2010) – shape a moral identity among leaders. Mayer et al. (2012) define moral identity as the self-schema comprising moral traits like honesty, care and compassion. Leaders with these qualities exhibit ethical behaviour in the form of ensuring fairness in task execution, inculcating ethics among subordinates, rewarding moral attitudes and conduct, and punishing unethical work (Mayer et al., 2012). Thus, it can be ascertained that final values enable leaders to transmit ethics into subordinates, thereby maximising their performance by making them more courageous, sober, just and wise, as evident in the research by Zaim et al. (2020) on ethical leadership in Iraqi private companies. In terms of instrumental values, the ethical-moral qualities of honesty, sincerity, respect, trustworthiness, loyalty, responsibility and confidence (Mihelic et al., 2010) promote authentic and spiritual behaviour in leaders (Brown and Treviño, 2005) and, together with competitive values (namely flexibility, money, optimistic thinking, rationality, imagination and intelligence), these qualities infuse transformational behaviour into leaders (Brown and Treviño, 2005).

The key behavioural traits of authentic leaders are high self-awareness, resilience, transparency, consistency, openness and concern for others than oneself, whereas those of spiritual leaders are compassion, vision, hope and altruistic love (Brown and Treviño, 2005). Contrarily, transformational leadership behaviour is manifested through motivating subordinates to pursue collective goals than self-interests, abstaining from the use of coercion and manipulation to influence their actions and providing them with a role model to emulate (Brown and Treviño, 2005). Reflecting on these findings, whereas authentic and spiritual leadership theories relate to the possession of ethical values and moral behaviour in leaders, transformational leadership involves promoting ethical behaviour in individual employees and teams in accordance with social learning theory (Mayer et al., 2012). Consequently, leaders and followers develop an ethical relationship for a sustainable time period (Mayer et al., 2012), which is also evident in the empirical work of Zaim et al. (2020).

Notwithstanding the different value-driven behaviours of authentic, spiritual and transformational leaders, Mihelic et al. (2010) argue that they, along with other categories of leaders, possess five common virtues: pride, patience, prudence, persistence and perspective. First, elucidating the idea of pride, the authors observe that successful leaders have healthy pride (rather than vanity) which, in turn, enables them to earn esteem and respect from their subordinates. Second, by being patient, such leaders are capable of directing appropriate actions for overcoming barriers in course of task execution (Mihelic et al., 2010). Third, the quality of prudence accounts for fair and rational judgement and decision-making, even in the

most uncertain environment. Fourth, persistence empowers leaders to achieve goals through personal sacrifices and risk-taking instead of succumbing to environmental pressures. Fifth and finally, the value of perspective allows decision-makers to identify the most significant matter in every situation and channelise relevant resources towards it (Mihelic et al., 2010). These findings affirm that values define leadership identity and behaviour in line with the moral identity theory and, subsequently, influence the attitude and conduct of followers according to the social identity theory (Mayer et al., 2012).

2.4 Ethical Leadership

In addition to the leadership theories cited in section 2.1, the leadership literature also includes ethical leadership, defined as the demonstration of ethical values and moral principles by leaders for influencing subordinates and their actions (Metwally et al., 2019; Alshammari et al., 2015). Although ethical leadership is credited with clear positive outcomes, such as fair business practices, non-discriminatory work environments and workplace equality (Metwally et al., 2019), the findings of Mayer et al. (2012) indicate that not all leaders pursue ethical leadership. Applying social cognitive theory, Mayer et al. (2012) argue that ethical leadership is more likely to be adopted by leaders who consider their moral identity central to their overall selves. While performing leadership functions, ethical leaders use the moral identity (or schema), which is constantly available, readily primed and can be easily activated for processing information (Lapsley and Lasky, 2001). This distinguishes ethical leaders from other leaders. The moral schema of ethical leaders also influences their behaviour, making them more prosocial and less unethical. Accordingly, ethical leaders have been found to engage in charity and abstain from unethical behaviour like lying and deception (Aquino et al., 2009). Therefore, moral identity (or schema) and its centrality to the leader's overall self-identity, lays the foundation of ethical leadership.

The development of ethical leadership can be understood by referring to social learning theory, which states that individuals inculcate appropriate behaviour by observing others (Bandura, 1977). Accordingly, ethical leaders learn what is expected of them (i.e. to behave normatively by observing their superiors, who once held their position). Learning also derives from their own experiences. Altogether, these learnings are applied for managing subordinates who, in turn, consider their leaders role models and duly internalise their ethical principles, qualities and behaviour. This leads to successful demonstration of ethical leadership (Mayer et al., 2012). Thus, through social learning, ethical leaders acquire their traits and qualities from superiors and thereafter transmit those qualities to subordinates. To comment on this, the best

possible scenario of ethical leadership is where the top leadership rung of an organisation contains ethical leaders. This makes it easier to transfer ethical qualities to the lowest rung and prepare the next generation of ethical leaders, who can run the organisation with highest degree of morality (Malik et al., 2022).

Whereas the above arguments offer a generalised understanding about ethical leadership, some scholars (Xu et al., 2011; Stenmark and Mumford, 2011) have examined ethical leadership through the lens of other leadership theories. Xu et al. (2011) associate ethical leadership with trait school of leadership. With reference to Chinese organisations, Xu et al. (2011) observed that ethical leaders possess high conscientiousness, extraversion, agreeableness and openness to new experiences, with low neuroticism. Kaya (2016) argues that, due to these qualities, ethical leaders are successful in creating a positive influence on employees in terms of demonstrating fair attitude and practices, maintaining equitable conduct and adhering to the established corporate standards. These practices collectively increase individual output and lead to greater business productivity, which Chinese organisations reported experiencing (Xu et al., 2011). Alshammari et al. (2015) established a connection between ethical leadership and behavioural leadership theory: With high morals and ethical virtues, ethical leaders express adequate empathy and concern for their followers, and they strive to inculcate a moral ideology and ethics-laden value-system in them (Alshammari et al., 2015). Furthermore, they make continuous efforts to increase self-efficacy and morale among employees and groups in organisations (Zheng et al., 2021). Altogether, these leadership activities correspond to high ‘initiating structure behaviour’ and ‘consideration behaviour’ in organisational leaders, thus corroborating the Ohio studies on behavioural leadership (Asrar-ul-Haq and Anwar, 2018). Furthermore, these activities ultimately increase followers’ confidence and trust in their leaders, thereby rendering the leader–follower relationship a strong psychological contract (Zhu et al., 2004). Thus, ethical leadership behaviour has the potential to facilitate a psychological association between leaders and followers; this association is not only more sustainable but also more conducive for transmitting ethical qualities, principles and conduct from leaders to employees (Alshammari et al., 2015). Like trait and behavioural theory, situational theory of leadership has also been linked to ethical leadership (Stenmark and Mumford, 2011). It has been found that although ethical leaders make better decisions in situations involving their peers and subordinates, their decisions in situations involving higher authorities are less appropriate and therefore unproductive for the firm (Stenmark and Mumford, 2011). Elucidating this finding, Stenmark and Mumford (2011) observe that leaders

exercise complete autonomy while making decisions concerning their subordinates. In contrast, decisions, where leaders' superiors are involved, are preceded by performance pressure and interpersonal conflicts, which reduce their ethical judgemental ability. Therefore, even though leaders may be ethical, their superiors in the top management ranks of an organisation may prioritise performance over ethics, thereby preventing leaders from implementing ethical norms and standards in all situations (Jha and Singh, 2023). This highlights the importance of ethical leadership in the topmost management hierarchy of an organisation.

Drawing on transformational leadership theory, Brown et al. (2005) observe that transformational leaders are more capable ethical leaders because they exert an idealised influence on followers. Through idealised influence, transformational leaders position themselves as role models of ethical workplace attitude, behaviour and actions. Employees follow their example because they perceive such leaders to be honest, truthful and trustworthy; as a result, the employees internalise the leader's ethical virtues and practices (Brown et al., 2005). This has been empirically demonstrated by Jambawo (2018) in his study on leadership in mental healthcare organisations. While creating an idealised influence, transformational leaders also align their own value systems, and those of their followers, to key moral principles (Brown et al., 2005). This signifies a tendency of transformational leaders to inculcate ethical values, even if their followers value systems are minimally inclined towards ethics (Zhu et al., 2016). Furthermore, value orientation in transformational leaders enables them to drive 'inspirational motivation' whereby employees are increasingly incentivised to exceed the expected standards in moral ways to fulfil the organisational vision (Armstrong and Muenjohn, 2014). Upholding this view, Felix et al. (2016) observed that transformational leaders' moral standards and characteristics contribute to improved reasoning capability, which in turn shapes better ethical judgments on significant matters. Consequently, they are more skilled at encouraging employees to achieve goals in fair and just ways, unlike unethical leaders, such as some Nigerian managers in public organisations who coerce employees to engage in unfair practices to fulfil goals (Felix et al., 2016). Acting ethically, transformational leaders also promote creativity and imagination, which enables employees to gather the courage to challenge prevailing ideas and thought processes, and to develop newer ones through ethical innovation (Armstrong and Muenjohn, 2014). This leads to 'intellectual stimulation', the third crucial aspect of transformational leadership (Felix et al., 2016). Furthermore, because they possess ethical values, transformational leaders cultivate a supportive work environment by offering necessary coaching and advice to subordinates on relevant matters; this, in turn, fosters

‘individualised consideration’ (Armstrong and Muenjohn, 2014). Therefore, transformational and ethical leadership intersect and collectively enable leaders to produce long-term positive outcomes for their organisations. This is evidenced by the successful growth of mental healthcare organisations whose leaders simultaneously demonstrate ethical values and possess transformational leadership qualities (Jambawo, 2018).

By contrast, transformational leaders are less likely to be ethical if they are governed by selfishness rather than altruism (Bass, 1985) and if they use power inappropriately (House and Aditya, 1997). Transformational leaders with more selfish motives who wield power inappropriately are, in fact, pseudo-transformational whose ultimate aim to is secure their own interests by exploiting employees (Brown et al., 2005). A hypothetical model developed by Barling et al. (2008) shows that pseudo-transformational leaders encourage employees to achieve future targets; however, these targets are tied more to the leader’s self-interests, ignoring their followers’ aspirations and goals. With high self-confidence and self-importance, pseudo-transformational leaders never trust followers or accept their input; instead, they demand continuous obedience to their own plans. Accordingly, employees work to achieve their leader’s goals which also leads to encouragement from leaders. Conversely, leaders condemn employees when their own objectives are unfulfilled (Barling et al., 2008). By prioritising their own interests over those of employees, pseudo-transformational leaders move away from ethics and act immorally through abusive supervision, as Barling et al. (2008) explain. This further indicates that pseudo-transformational leaders fail to create a fair, just and equitable work environment for employees, which transformational leaders achieve by establishing moral principles and standards in the workplace (Brown et al., 2005). Thus, pseudo-transformational leaders demonstrate unethical leadership, contrary to the ethical leadership shown by transformational leaders.

The transformational theory is often compared with the theory of transactional leadership and, as Aarons (2006) notes – with special emphasis on mental health clinicians worldwide – the former is preferred over the latter. However, studies on ethical leadership by Herminingsih and Supardi (2017) and Kanungo (2009) negate this standpoint, instead ascribing high morality to transactional leaders. According to Herminingsih and Supardi’s (2017) findings on Indonesian teachers, transactional leaders apply work ethics in the form of honesty, integrity and fairness in every transaction with followers, thereby strengthening their self-belief as well as their belief in the leaders. From another standpoint, Treviño et al. (2003) posit that transactional leaders reward moral practices of followers and punish immoral conduct. With ethical intent, they set

performance standards, measure employees' performance and hold them accountable for their actions (Brown et al., 2005). Altogether, these leadership actions are favourable for developing an ethical work culture where both leaders and employees abide by ethical norms and undertake fair practices for meeting organisational goals (Herminingsih and Supardi, 2017). Making a sharp distinction between the ethical orientation of transformational and transactional leaders, Kanungo (2009) argues that the former pursue deontology, which advocates ethical duties; thus, transformational leaders focus on the process to attain desired outcomes. By contrast, transactional leaders pursue teleology, which is concerned with the outcomes of actions; thus, transactional leaders aim to deliver ethical outcomes through their behaviour, actions and decisions. Reflecting on the discussion so far, whereas ethical leadership is recognised as a distinct theoretical construct in the leadership literature, its fundamental ideas draw on other leadership theories, namely trait, behavioural, transformational and transactional leadership. Therefore, ethical leadership is an integrative leadership theory.

2.4.1 Impact of Ethical Leadership Behaviour on Ethical Employee Behaviour and Firm Performance

Ethical leadership behaviour is believed to have a positive influence on ethical behaviour of employees and organisational performance (Alshammari et al., 2015). Demonstrations of virtue, ethical acts and moral behaviour by organisational leaders strengthen employees' organisational engagement by maximising job satisfaction, affective commitment (Nubert et al., 2009), perception of justice (Xu et al., 2016), psychological empowerment, and authenticity (Zhu et al., 2004). As ethical leaders create an ethical work climate through strict ethical codes of conduct, corporate ethics audits and ethical training programmes, the work environment becomes more oriented towards fairness, equality and justice – conditions favourable for promoting employees' job satisfaction (Nubert et al., 2009). However, although leaders may develop ethical code and conduct ethical audits – which are formal systems for creating an ethical workplace – if their actions and interactions do not conform to the ethical codes, an ethical work climate cannot be developed (Nubert et al., 2009). This is because informal systems like leaders' actions and communications have stronger impacts on employee behaviour than formal systems such as ethical codes (Tenbrunsel et al., 2003). Accordingly, in firms where leaders follow ethics both formally and informally, employees embrace internal goods like enjoying work, feeling proud of achievements and experiencing satisfaction after completing work. Influenced by their leaders, they become more virtuous, prioritising non-material needs like workplace happiness over material concerns like money and reputation (Nubert et al., 2009). Altogether, these promote job satisfaction which, in turn, results in higher

employee performance and increased organisational output, as evidenced by Limpo and Junaidi's (2022) study on ethical leadership in Indonesian companies. In contrast, in firms where leaders demonstrate formal ethical leadership by developing ethical codes but also show informal unethical leadership by not following the ethical codes, employees embrace material goods more than internal goods (Nubert et al., 2009). Mesdaghinia et al. (2022) argue that leaders encourage immoral behaviour of employees by not implementing ethical codes and standards in practice. Consequently, employees under such leaders tend to prioritise external goods like money and personal reputation over internal goods like happiness. According to Nubert et al. (2009), such employee behaviour creates an immoral work climate that favours unfair business practices, ultimately diminishing a firm's image and reputation in the eyes of its stakeholders (Mitchell et al., 2023). Therefore, ethical leadership leads to positive employee behaviour through high job satisfaction – and, as a result, higher firm performance – only when leaders act ethically in both the formal and informal sense.

Ethical leadership also drives employees' affective commitment towards organisations (Nubert et al., 2009). Affective commitment, which refers to emotional attachment between an employee and an organisation, occurs when employees' personal value systems are congruent with organisational values and goals (Mercurio, 2015). The development of an ethical work climate promotes employees' perceptions of ethical decision-making and ethical behaviour by leaders (Nubert et al., 2009). In turn, these perceptions strengthen the perceptions of safety, security and organisational support, especially amidst uncertainties. As a result, employees experience lesser anxiety in uncertain situations and become more emotionally committed to, and engaged with, their firms (Loi et al., 2015). Furthermore, ethical leadership strengthens affective commitment by consistently providing clarity and security to employees. Consistency is also maintained in the demonstration of ethical values like honesty, trustworthiness and openness (Nubert et al., 2009), which encourage employees to increase their emotional attachment towards firms, embrace organisational goals as personal ambitions, and make the necessary efforts to fulfil them (Mercurio, 2015). According to Pitoyo (2023), affective commitment implies that employees have a voice in their organisations and therefore feel safer and more secure, which ultimately increases their performance and, therefore, organisational output as well. Although ethical leadership promotes affective commitment among employees, Loi et al. (2015) caution that high frequency of economic exchange, where leaders give more priority to economic benefits and outcomes, reduces employees' affective commitment. This can be reconciled with the perspective of Nubert et al. (2009), who reported that a stronger

focus on external goods like revenue and profit creates an immoral work atmosphere, which reduces employees' voice, causing them to feel unsafe and insecure (Loi et al., 2015); when employees feel that way, they emotionally disengage from their firms. Thus, ethical leadership is not limited to creating an ethical work climate; it also includes placing less focus on economic exchange and more on internal commodities like job satisfaction and pride. According to Kim and Brymer's (2011) survey of 324 middle-managers at US hotels, this approach is more successful in promoting employees' affective commitment and increasing organisational performance.

In addition to promoting job satisfaction and affective commitment, ethical leaders also engage employees by creating a positive perception of justice along two dimensions: procedural justice and distributive justice (Xu et al., 2014). Procedural justice concerns the fairness of systems and procedures (especially for settling disputes), whereas distributive justice relates to the outcomes of the procedures (Watto et al., 2019). According to Xu et al. (2014), ethical leadership behaviour builds trust, which in turn shapes positive perceptions of both procedural and distributive justice. This subsequently influences employees to pledge obedience to their leaders and follow their decisions and plans unquestionably (Metwally et al., 2019). From another standpoint, Demirtas (2013) argues that ethical ideologies of absolutism, situationism, exceptionalism and subjectivism promote perceptions of justice by acting as virtue agents in the work environment. Consequently, employees increase their organisational engagement and abstain from ethical misbehaviour (Demirtas, 2013). Therefore, leaders' ethical behaviour, which emanates from their ethical ideology, leads to ethical behaviour among employees by cultivating their positive perceptions of organisational justice.

According to Zhu et al. (2004), ethical leadership behaviour promotes psychological empowerment in employees, consequently increasing their organisational commitment and trust in leaders. Applying Conger and Kanungo's (1988) definition of psychological empowerment, it can be posited that ethical acts by leaders encourage employees to identify and eliminate situations that make them feel powerless. This, in turn, promotes self-efficacy whereby employees are more capable of organising themselves in the workplace environment to achieve organisational goals. Being self-efficacious, employees also demonstrate persistence in problem solving (Conger and Kanungo, 1988). Thus, ethical behaviour by leaders makes employees more psychologically empowered to turn situations in their favour and, thereafter, to perform strategic tasks such as problem solving in their personal capacity (Rantika and Yustina, 2017). From this insight, it can be argued that ethical leadership behaviour transmits

some leadership qualities (like problem solving) to employees and, following Zhu et al. (2004), transmission of leadership qualities is more likely when leaders' behaviour is consistent with their actual ethical intention. This is because congruency between intention and behaviour positions leaders before employees as authentic figures, thereby encouraging them to bestow higher trust on their leaders and internalise their qualities (Zhu et al., 2004). In keeping with Demont-Biaggi (2019), leaders' transformation of ethical intentions into actions creates a moral motivation for employees, making them more inclined to act ethically like their leaders. Thus, through ethical behaviour, leaders acquire authenticity and develop moral motivation among employees, which in turn, favours the transmission of various leadership qualities and virtues to them. This subsequently contributes to a firm's sustainability because the demonstration of ethical qualities and virtues by both leaders and employees leads to fair business practices (Mitchell et al., 2023).

From another perspective, Metwally et al. (2019) argue that ethical behaviour by leaders maximises change readiness among employees because they perceive their supervisors to be fair, people-centred, honest, and excellent communicators who are also highly oriented towards sustainability. Ethical leadership behaviour also strengthens the leader–follower relationship, which is favourable for realising business objectives with utmost efficiency and effectiveness. Using social exchange theory, Rantika and Yustina (2017) observe that social exchange resulting from ethical leadership creates wider meaning and purpose of work, motivating employees to enthusiastically increase their efforts and adapt to changing circumstances. From yet another perspective, Mayer et al. (2011) state that leaders' ethical values and principles develop ethical reasoning within the workforce, which in turn shapes cognitive morality (Schminke et al., 2005). High cognitive morality maximises job satisfaction as employees become fairer and more transparent with their group members and supervisors (Schminke et al., 2005). This also signifies high commitment, loyalty and dedication at work, which helps promote their productivity and the firm's performance (Teresi et al., 2019). Shin (2012) validates these arguments using examples of ethical chief executive officers (CEOs) across organisations. It can therefore be inferred that leaders' ethical attributes impart significant competencies that facilitate the effective realisation of business goals (Alshammari et al., 2015). For instance, Meyer et al. (2011) argued that leadership virtues discourage employees from engaging in misconduct, such as corruption. Leadership virtues also provide a holistic outlook allowing people to envision the broader philosophy and context of the business and, subsequently, generate value for themselves, the customers and the community at large

(Eisenbeiss, 2012). Therefore, through their ethical mindset, leaders facilitate greater value creation and reap the benefits of increased competitive advantage and better employee–employee relations (Alshammari et al., 2015). Taking this into view, Teresi et al. (2019) posit that managerial ethicality strengthens the organisational citizenship of personnel, prompting them to increase their social and mental association with the firm’s vision, objectives and values. As such, they are more likely to adopt the organisational culture and assimilate themselves into the workplace (Teresi et al., 2019).

The above argument has significant implications in two respects. Firstly, as Kidwell et al. (2012) observes, employees, in general, are less likely to engage in conflicts. Instead, they exhibit greater collaboration and cooperation within teams and departments, signifying strong interpersonal workplace relations – which is also the key motive of ethical leaders (Shakeel et al., 2019). Secondly, increased job satisfaction and engagement reduces the turnover desires of employees, consequently saving substantial costs for the organisation (Teresi et al., 2019). These effects collectively drive performance, leading to higher firm output and improved reputation (Kidwell et al., 2012). Teresi et al. (2019) substantiate these views by stating that ethical qualities inculcated by leaders improve the quality and standard of customer service delivered by the staff. This also reflects the interrelationship among leadership, employees’ ethical conduct, and firm productivity (Shin, 2012). Furthermore, following Alshammari et al. (2015), ethical leadership is a source of extrinsic motivation that empowers people to formulate new goals and strive to fulfil them effectively. Thus, ethical leadership is also implied to generate enhanced morale, leading to higher performance efficiency and flexibility. As such, employees under ethical leadership are likely to be more enthusiastic about enhancing their knowledge and skills to fulfil their professional commitments (Alshammari et al., 2015). Overall, morally driven and virtuous leaders positively impact the ethical behaviour of employees, which in turn boosts firm growth and sustainability (Eisenbeiss, 2012).

2.5 Islamic Leadership Behaviour

As described in section 1.1, leaders of Saudi Arabian companies are governed by Islamic tenets, which also advocate ethicality. In keeping with the objective of this study to examine leadership in Saudi SMEs, it is appropriate to review the extant literature on Islamic leadership behaviour. Studies by various authors on Islamic leadership (Alal, 2023; Akhtar and Nawaz, 2021; Abdallah et al., 2019) indicate that Islamic values and ideals provide the building blocks to control and influence followers. Another study (Gümüşay, 2015) mentions that Islamic values are applied at three levels of business management- micro, meso and macro. This implies that

the Islam religion influences the entire business environment of firms owned by Islamic leaders. Furthermore, the ideals and values of these religion is diffused into the leaders to the extent that they, as Tahir (2023) puts forth, always explain their work activities in religious terms, which also leads to a situation where work and religious values are at conflict.

In pursuance of Islamic leadership, the behaviour and actions of leaders aim to show allegiance to their God (i.e. Allah) (Alal, 2023). Here it is worth mentioning that Islamic leadership differs from other leadership theories, both traditional and contemporary, in the sense that whereas those theories relate to the governance and management of organisations, Islamic leadership theory is a doctrine for running a nation, its states and constituencies (Akhtar and Nawaz, 2021). Islamic leadership is highly relevant in this study because primary data shows that leaders of Saudi Arabian SMEs uphold Islamic values and culture in the governance of their SMEs. According to Akhtar and Nawaz (2021), Islamic leadership is built on four principles: accountability (*Ihtesab*), consultation (*Shura*), justice (*Adl*) and trust (*Amaanah*). As strict devotees of Islam, leaders in Saudi SMEs demonstrate these principles in their behaviour. Accordingly, they accept accountability for their decisions and actions, consult employees and seek their opinions on relevant matters, ensure just procedures and outcomes for employees and trust them wholeheartedly (Akhtar and Nawaz, 2021; Abdallah et al., 2019). Furthermore, Islamic leaders consider others' circumstances, address people politely, sacrifice their own interests to fulfil others' needs, and keep promises (Rafiki, 2020). Acting responsibly, they also seek competence and perfection (Abdallah et al., 2019). Altogether, these leadership behaviours are considered ethical according to Islamic doctrine (Akhtar and Nawaz, 2021). Overall, these studies establish that Islamic values make leaders more religious and with this, more inclined to ethical behaviour.

In a contradictory standpoint, Uygur (2009), with reference to Turkish SME owners, argues that Islamic work ethics have no relation with the development of religious beliefs or piety in Islamic leaders. Uygur et al. (2017), by referring to Turkish SME owners, explain this perspective by stating that moral energy of Islamic leaders drives their religiousness. This study states that moral energy of the leaders is characterised as rational, secular, shared, communicated and action-oriented. In other words, Islamic leaders are less likely to be solely influenced by Islamic tenets rather, they are more probable of deriving influence from other religions, which perhaps provide them the thoughts and ideas to govern their enterprises. If findings of Uygur et al. (2017) are to be accepted, then it can be argued that Islamic leadership

behaviour does not necessarily stem from the Islam religion rather, it is wide-encompassing adopting suitable values and beliefs from other religions as well.

2.6 Ethical Challenges of Leaders in Small and Medium Enterprises (SMEs)

Organisational leadership in SMEs around the world has been susceptible to numerous challenges in ethical, moral and value-based domains. Castillo et al. (2018) argue that SME owners' ethical outlooks, manifested through their caring attitude towards employees, eventually become secondary to organisational interests and ambitions during periods of business expansion. This indicates their inability to maintain ethical values and promote morality on a consistent basis despite possessing a positive outlook on ethical leadership (Castillo et al., 2018). Given such inconsistencies, leaders, who may also own the SMEs, are least capable of inculcating key ethical qualities – namely honesty, transparency and virtue – among employees, thereby degrading the morality of their behaviour in the workplace (Ruiz-Palomino et al., 2012). This also indicates reduced firm productivity due to reduced ethical competencies of the staff (Grigoropoulos, 2019).

In another perspective, Castillo et al. (2018) shed light on the moral dilemmas of small and medium-scale entrepreneurs due to inadequate investments and efforts, leading to higher default risk with collateralised loans. In a study conducted on SMEs in developing economies, Turyakira (2017) found that differing employee philosophies, beliefs, thought processes and objectives present ethical complexities for managers. As a result, managers struggle to engage people with a common perspective and idea, maintain high team morale and realise maximum performance. In other words, high variety of ethical standpoints creates a barrier for the successful realisation of business goals (Turyakira, 2017). With a strong emphasis on Australian SMEs, Savur et al. (2018) posited that inaccessibility to relevant tools hinders ethical decision-making for organisational managers, who consequently also face significant challenges in instilling essential ethics-oriented qualities among employees; the ultimate results are lower moral cognition and reduced firm growth (Turyakira, 2017). Referring to US-based SMEs, Phukan and Dhillon (2020) cite poor knowledge and awareness of ethics concerning the use of information technology (IT) among the corporate leaders. Like other leadership inefficiencies, this also indicates that lower degrees of ethical behaviour have the potential to reduce the firm performance of SMEs in relevant markets (Turyakira, 2017).

Further to these, and through an extensive study on South African SMEs, Dzomonda and Fatoki (2017) have found that the inability to fulfil supplier commitments, perceived dishonesty, and inadequate business competencies constitute the three primary ethical challenges for leaders of

South African SMEs. Due to these shortcomings, these leaders are least capable of exerting a strong ethical influence on employees. This also signifies a lack of clarity over tasks and poor direction about goal-oriented actions – both conditions that are unfavourable for maximising firm productivity (Grigoropoulos, 2019). Furthermore, many SME leaders in South African SMEs evade tax, are unable to meet quality compliances, lack appropriate policies for promoting employee well-being – and, worst of all, engage in frauds such as selling illegal substances in lieu of money (Dzomonda and Fatoki, 2017). Given such unethical behaviours by their leaders, employees are more likely to adopt such malpractices and exhibit poor morality throughout their professional career. From this it can be also inferred that immoral acts of South African SME leaders will hinder innovation leading to poor firm competitiveness in the market (Silva, 2016). This also predicts unsustainable growth and development of SMEs (Dzomonda and Fatoki, 2017). Moreover, in keeping with Javanmard (2012), such leaders lack sufficient spirituality and, as a result, will fail to demonstrate adequate concern for subordinates or to prioritise their employees' needs and well-being over their own. Consequently, employees will disengage from the SMEs and will therefore be less likely to adopt those organisations' ideals and values – and, thus, will be less likely to generate the outcomes those firms desire (Javanmard, 2012).

Additionally, unethical leadership approaches will promote conflict among employees, thereby discouraging effective coordination and teamwork, which leads to lower firm performance and output (Hofmann et al., 2017). Corroborating that analysis, Turyakira (2017) further added that a substantial proportion of SME leaders around the globe engage in bribery to obtain privileges for conducting business in relevant markets. In addition to forging documents, they procure poor-quality raw materials at lower costs to bolster their profit margin. Moreover, as Turyakira (2017) points out, they use professional amenities such as vehicles for personal use, thereby undermining the values of honesty, integrity and sincerity in the professional domain. As for their treatment of employees, such leaders promote discrimination and may even resort to abuse and violation of privacy to achieve their goals (Turyakira, 2017). Above all, they are not deterred from lying to stakeholders and showing falsified accounts to win their trust and confidence to attract more investments (Turyakira, 2017). Overall, the ethical challenges of SME leaders are multidimensional and have adverse impacts on various interest groups – primarily employees. This view is substantiated by the arguments of Ruiz-Palomino et al. (2012), who associate unfair trade practices with reduced employee morale and commitment as well as poor firm productivity. Likewise, stakeholders – especially investors – can be

expected to lose trust in the firm's organisational capabilities, thereby hampering its business interests. Accordingly, customers will also see the SME in a poor light and avoid purchasing its products and services (Eisenbeiss, 2012). Altogether, the ethical challenges of leadership severely affect a firm's reputation and goodwill in the market, making it less sustainable and competitive (Silva, 2016).

2.6.1 Ethical Challenges of Leaders in Saudi Arabian SMEs

In keeping with the findings of Khurshid et al. (2016), about 57% of SMEs in Saudi Arabia have failed to contain corruption implying inadequate ethical practices, moral principles and standards. Regardless of strong commitment to business ethics (Islam and Alharthi, 2020), corporate leaders are incapable of constituting dedicated teams for overseeing the discharge of moral obligations to the society (Alshaikh et al., 2021). Afsar et al. (2019) report that such incapability can be attributed to low moral attentiveness and courage among management authorities, whereas Barnes and Spangenburg (2018) attribute it to managers' abusive attitudes and behaviours towards subordinates. Abduh (2021) provides numerous examples to validate the viewpoint of Barnes and Spangenburg (2018). For instance, Saudi SME managers overburden expatriates with excess workload, thereby insinuating immoral behaviour into the workplace. Likewise, they display unethical leadership with younger followers on the presumption that they are less wise than their older counterparts (who presumably have enormous experience) (Abduh, 2021). On the other hand, Abduh (2021) has also discovered that experienced professionals – despite having substantial knowledge and skills – are also vulnerable to immoral treatment by their supervisors at such SMEs. Furthermore, Abduh's (2021) examples indicate that whereas workers in the lower managerial hierarchy – for example, service professionals, office staff and labour crews – have consistently tolerated unethical treatment (i.e. longer work hours than the employment contract allows), employees in the upper management have addressed this issue through whistleblowing. These examples illustrate that unethicity has been prevalent throughout the management hierarchy of Saudi SMEs, which indicates that corporate leaders have failed to demonstrate adequate care and concern for employees and their well-being (Abduh, 2021). Likewise, they have failed to create a positive influence that can be idealised and emulated by the followers to successfully accomplish their firms' business objectives. In a collective sense, these ethical shortcomings have subsequently prevented the leaders from maximising employee performance, encouraging deeper engagement in organisational activities and promoting teamwork (Abalala et al., 2021). It can therefore be ascertained that weak ethical leadership has reduced Saudi SME leaders'

capacity to overcome key shortcomings in terms of demonstrating inadequate ethical behaviour, governing business through weak moral framework, working with employees who possess low moral principles and, most importantly, leading with insufficient moral values and education (Barnes and Spangenburg, 2018). These factors, together with the inefficiencies pointed out by Abalala et al. (2021), have adverse implications on firm performance in both financial and non-financial senses (Abalala et al., 2021). Elucidating the former, the authors argue that potential investors are discouraged when they perceive an SME to have a poor ethical outlook. Consequently, they reduce their capital inflow in the Saudi market. Similarly, unethical outlook and behaviour affect non-financial performance by lowering the social image and goodwill of such firms in the country. Altogether, unethical leadership negatively impacts firms' performance in Saudi Arabian society (Abalala et al., 2021). For example, lower integrity negatively affects the quality of customer service. Likewise, dishonest intent among SME leaders will lead them to produce poor-quality commodities with inadequate respect for their employees and other stakeholders, thereby promoting unreliability (Turyakira, 2017).

Furthermore, SME leaders' insufficient moral outlooks create multiple inefficiencies (Khan et al., 2013). For instance, companies are less transparent about their business operations, which is reflected in Saudi Arabia's low ranking (52nd) in Transparency International's Corruption Perception Index (Khan et al., 2013). A critical investigation of that index reveals the presence of value-devoid business climate and unethical governance, altogether implying corruption, incompetence and low credibility of organisational leadership (Transparency International, 2017). Consequently, Saudi SMEs are more likely to witness unethical business practices and immoral conduct of its leaders, which, as Bahoo et al. (2020) observe, will hinder their growth and development prospects at the regional and global level. Furthermore, following Turyakira (2017), poor transparency will hinder innovation, leading to reduced firm competitiveness. This unwelcome prospect raises questions about leadership responsibilities and with it, their ability to generate credible value for all interest groups. Poor transparency also implies poor fairness perception, which undermines organisations' efficiency and ability to successfully achieve their goals (Turyakira, 2017). On account of such leadership challenges, employees at such firms are also less likely to internalise the necessary values or demonstrate ethical behaviour in the eyes of customers and society at large (Turyakira, 2017).

From another perspective, Lewis (2017) argues that such businesses are less capable of eradicating poverty and fostering social development in their countries. Thus, Saudi SMEs cause injustice to both their internal and external stakeholders, with the ultimate outcome being

detrimental for its long-term goodwill and sustainability (Turyakira, 2017). It can therefore be posited that immoral leadership in Saudi SMEs will lead to multidimensional socio-economic and ethical failures. This is also reflective of poor employee performance, disengagement, insufficient teamwork and low idealised influence (Ahmad et al., 2017). Furthermore, such unethical SME managers fail to overcome insufficiently ethical behaviour, weaker moral frameworks and inadequate moral values and education among themselves, with the end result being lower economic performance and fewer developmental opportunities (Abalala et al., 2021). This reiterates the relationship between ethical leadership and firm performance among SMEs in Saudi Arabia (Alshaikh et al., 2021).

Moreover, Albloshi and Nawar's (2015) views signify that leaders lack the competence to transmit ethical values and qualities to employees, which can be further attributed to unstable leader–follower relations in Saudi Arabia's 621,400 small and medium-scale companies, 95% of which are family-owned. Ruiz et al. (2011) define unstable relations as inconsistencies between the attitude and behaviour of decision-makers and employees, which further signifies conflicts, complexities and confusion (Martin, 2015). In keeping with Afsar and Shahjehan's (2018) views, lower mutual trust, loyalty and commitment between the leaders and their subordinates undermines the ability of the former to inculcate ethical knowledge and skills among the latter – constituting failure to inject morality into the organisational culture (Metwally et al., 2019). Consequently, corporate governors face challenges in establishing uniform beliefs and perspectives concerning the business ethics of their organisations (Al-Tit et al., 2019), the subsequent effect being lower sustainability in performance and inefficient procurement of various commodities (Islam and Alharthi, 2020). The findings of Khan et al. (2013) substantiate these arguments while indicating that poor awareness and institutionalisation of values among employees reduce the efficacy of ethics-bound leadership for Saudi Arabian SMEs. Furthermore, a comparative assessment of family-owned businesses (which constitute the majority of Saudi companies) and other corporations shows that founders' ethical values and integrity shape the organisational ideology in family businesses (Sahni et al., 2017). Contrarily, non-family businesses establish morality by formulating key governance standards, policies and norms (Wirba and El-Zoubi, 2015). From these insights it can be inferred that when unethical entrepreneurs found family-owned SMEs, the result is malfeasance and corruption (Samara, 2020) whereas the unethical behaviour of managers promotes immorality in non-family businesses (Wirba and El-Zoubi, 2015). Regardless of this difference, Saudi SMEs face common consequences in terms of lower CSR performance,

inadequate staff engagement and teamwork (Alshammari et al., 2015), as well as insufficient idealised influence (Ahmad et al., 2017). Thus, immoral leadership accounts for managerial inefficiency to overcome incompetent ethical behaviour, weak frameworks relating to moral and value-driven governance, low morality among staff, as well as insufficient ethical virtues and knowledge – all of which are ultimately harmful to a firm’s public image in Saudi Arabian society (Alshaikh et al., 2021).

In response, Naushad (2021) calls attention to inadequate training of corporate executives on developing and inculcating moralities and values in managers and subordinates. The consequently diminished development of virtuous skills disengages employees from firms’ social purpose and objectives (Khurshid et al., 2016), thereby maximising leaders’ difficulties in mobilising employees around a common multidimensional business goal in the Saudi market (Ahmad, 2012). With 70% of managers confirming this limitation (Mohammed, 2015), the arguments of Naushad (2021) and Khurshid et al. (2016) are validated. Extending this discussion, Khan et al. (2013) opine that recruiting employees equipped with adequate morals and values is a key challenge for the SME owners due to non-alignment of ethical education imparted by the universities and the actual expectations of the businesses. This, together with insufficient suitable incentives, hinders collaborative efforts to create and deliver value through ethical business practices in Saudi Arabian society (Khurshid et al., 2016). Mathkur’s (2019) observations on Saudi Arabia’s poor performance in the Logistics Performance Index (ranked 49th) substantiate these viewpoints. It can therefore be ascertained that the challenges of moral leadership pertain to decision-makers and subordinates’ inability to promote value-centred and morality-driven business management in the SMEs (Khan et al., 2013), the consequent effects being lower employee morale that leads to poor performance and organisational productivity (Abduh, 2021). From another perspective, Abduh (2021) considers the unethical outlook of the organisational leaders to be the most significant challenge facing Saudi SMEs. The subsequent subordination of moralities and values over economic gains has substantially deteriorated ethical standards in the work environment in addition to greatly harming performance (Abduh, 2021). For instance, in the absence of moral attitude and behaviour among leaders, about 30% of employees rarely trust their superiors, which can also be attributed to inaccurate decision-making, as reported by 40% of staff surveyed by Abduh (2021). Further to this, more than 30% of those employees surveyed reported encountering dilemmas in task execution, with another 30% being subject to constant victimisation by their managers (Abduh, 2021). Altogether, these are indicative of poor ethics and lower adoption of morals and values in Saudi Arabia’s SMEs

(Khurshid et al., 2016). In summary, unethical leadership in Saudi SMEs can be traced to inadequate consciousness and attitude of the top management; this, in turn, indicates managerial inability to overcome inadequate moral behaviour, weaker ethical standards and framework, immoral principles among employees and insufficient moral virtues and education that consequently affect both employee and firm productivity in terms of long-term success (Wirba and El-Zoubi, 2015). Mohammed (2015) provides evidence to support this claim, reporting that value-devoid leadership has increased employee turnover in about 70% of Saudi SMEs, indicating considerable challenges in retaining quality talent. Such firms, therefore, are less likely to be sustainable (Wirba and El-Zoubi, 2015).

Further to these, Khan et al. (2013) draw attention to the narrow perspective of value-laden leadership demonstrated through excessive emphasis on charitable endeavours and simultaneous negligence of labour rights among other social needs – employment generation, healthcare and education, for instance (Khurshid et al., 2016). By contrast, Islamic doctrine mandates that every organisation must address social problems such as poverty and education for as long as they remain operational (Koleva, 2020). Regardless, Saudi SMEs fall short of systematic, institutionalised methods for creating social goodwill (Khan et al., 2013). The result (i.e. poor responsiveness by such entities to community needs and expectations) signifies a philanthropic approach instead of a strategic one (Khan et al., 2013); from this it is evident that Saudi SMEs have confined value-driven leadership to nominal activities, such as intermittent acts of charity, without paying adequate attention to the realistic connotations such as human relations (Khan et al., 2013). The unemployment rate in Saudi Arabia, which rose from 10% to 12.8% during 2008–2017, can be attributed to lower inculcation of vocational knowledge and skills in the labour force (International Monetary Fund, 2018), thereby validating the above observations. This has resulted in low competency of the Saudi labour force. In another standpoint, Khan et al. (2013) argue that Saudi SME leaders have low accountability to manage business ethically. As a potential consequence, about 46% of employees in one survey reported feeling compelled to serve for a longer time, whereas 26% felt deliberately excluded from decision-making (Abduh, 2021). Overall, these findings convey that insufficient information on ethics-oriented management (Khurshid et al., 2016) significantly lowers the value-generation capacity of SMEs in Saudi Arabia (Ahmad, 2012). Furthermore, such instances bring into light glaring gaps in leadership efforts to promote ethical practices by creating a diverse and inclusive work culture (Islam and Alharthi, 2020). Taking this into account, it can be argued that managers of these SMEs encounter substantial challenges in maximising

performance, driving engagement, encouraging teamwork and creating an idealised influence on employees (Ahmed et al., 2017) collectively leading to lower performance in the financial and CSR dimensions (Abalala et al., 2021).

Whereas the above challenges pertain to the internal environment of SMEs, Ahmad (2012) focuses on the external factors impeding smooth integration of ethical values into corporate leadership. Accordingly, poor governmental support (including funding, continuous interference of legislative authorities in organisational affairs, and a volatile business environment characterised by unplanned modifications of policies and imposition of rules that reflect excessive bureaucracy) continue discouraging SMEs from executing their moral responsibilities towards Saudi Arabia, a nation that is globally acknowledged for its affinity to religion, culture and traditions (Ahmad, 2012). Such challenges, which are common in other SMEs around the world (Castillo et al., 2018), further influence the internal conditions of businesses. Following Bint-Tariq and Nobanee's (2020) arguments, inadequate financial resources hinder effective integration of business finance and ethics in policy formulation and decision-making. Likewise, stringent protocols, governmental interference (Michael, 2006) and volatile markets reduce budgetary allocation in discharging ethical responsibilities (Basdekidou and Styliadou, 2017). In other words, despite having strong intent to realise the moral tenets of leadership, Saudi SME leaders and managers experience multifaceted difficulties in the outer business landscape (Khan et al., 2013). By virtue of these shortcomings, such companies fail to strike a balance between economic and social business objectives (Abduh, 2021), a common dilemma for all SMEs around the globe (Castillo et al., 2018). Moreover, as novices in respective sectors, SMEs such as Roofooof have funding constraints that prompt them to invest in resources that guarantee substantial monetary returns – which, being key to long-term market sustenance, can be said to be justified (Alshaikh et al., 2021). Moreover, there are several legal requirements for regulation compliance which demotivate the organisational decision-makers from undertaking ethical duties such as strengthening social infrastructure, improving the quality of the regional environment and contributing to community development programmes (Khan et al., 2013). Thus, taking into consideration these arguments, negative influences in the external business environment pose significant challenges to the ethical leadership of SMEs in Saudi Arabia. Accordingly, it can be argued that leaders are unable to overcome inadequate ethical behaviour, weak ethical frameworks of business governance, low morality among staff and insufficient moral education and virtues

(Ahmad, 2012), subsequently affecting firm performance by eradicating the values of honesty, integrity, accountability and trustworthiness from its system (Wirba and El-Zoubi, 2015).

2.7 Contradiction Between Islamic Values and Ethical Challenges of Saudi SME Leaders

The ethical challenges faced by Saudi SME leaders raise questions about the role of Islamic values in them. As described before, Saudi leaders are deeply rooted in Islamic faith and are raised with culture, qualities and values derived from Islam, which should make them ethically bound and morally obligated (Alal, 2023). However, the ethical challenges discussed in the previous section reveal that although Saudi SME leaders may possess Islamic values, they are not applied in practice; instead, leaders' behaviour is contradictory to the values. For instance, whereas Islamic doctrine advocates good manners and treatment of people, some Saudi SME managers abuse their employees (regardless of their experience in the organisations) and overburden them with excessive responsibilities, which also increases their work hours (Abduh, 2021). These conditions are associated with mental and emotional breakdowns among employees, which is socially unacceptable under Islamic doctrine (Fawares and Almheidat, 2022). Furthermore, contrary to the Islamic principle of justice, some Saudi SME leaders cause social injustice by not linking social problems like poverty to their business strategies (Lewis, 2017). Worst of all, some leaders fail to educate themselves on morality and values (Abalala et al., 2021). Altogether, these instances show that in reality, Saudi SME leaders have not internalised Islamic principles and values – and, consequently, these values have not been transmitted to their employees, resulting in poor firm performance in terms of corruption, bribery and other forms of malfeasance (Khurshid et al., 2016). Therefore, contrary to Islamic leadership theory, which posits that Islamic leaders are inherently bound to act ethically, research suggests that they may lack ethical as well as Islamic leadership qualities. In response to that revelation, this study explores the ethical leadership of Saudi SME leaders and seeks to understand the degree to which they adhere to Islamic values in managing their business ventures. It also examines the impact of ethical leadership of Saudi SME leaders on the ethical behaviour of their employees.

2.8 Research Gap

Extant studies on leadership have examined the ethical behaviour of leaders and its impact on firm performance by referring to some of the widely known theoretical models, such as transformational and servant leadership theories (Asrar-ul-Haq and Anwar, 2018). None of these studies considers the presence of Islamic values in ethical leadership and its subsequent impact on employee behaviour, thus constituting a knowledge gap that this study aims to fill.

This research enquires about the presence of Islamic principles and values in ethical leadership by Saudi SME leaders and examines how it impacts employees' ethical behaviour.

2.9 Conceptual Framework



Figure 2.1- Conceptual Framework

Source: Author's own conceptualisation

The above framework posits that Islamic principles and values, which are assumed to be adopted by Saudi SME leaders on account of their strong faith in Islam, inculcate the qualities and behaviour of ethical leadership in them. In turn, ethical qualities and behaviour influences ethical behaviour in the employees of Saudi SMEs.

2.10 Conclusion

This chapter has extensively examined current findings on leadership values and behaviour, ethical leadership and Islamic leadership behaviour. Shedding light on ethical leadership behaviour, it has discussed how ethical leadership impacts the ethical behaviour of employees as well as organisational performance. Finally, referring to the ethical challenges of Saudi SME leaders, this chapter has discussed how their behaviour contradicts Islamic values.

Chapter 3: Research Methodology

3.1 Introduction

This chapter aims to provide an overview of the methodological approach that will be used in this thesis. It starts by providing an overview of the research philosophy used. It will also discuss the research approach and research design, and will provide justifications for the chosen approach and design. Afterward, this chapter will discuss the data collection tool used and justify its selection. It will also discuss the data analysis process undertaken in this thesis. Finally, ethical considerations will be deliberated.

3.2 Research Philosophy: Overview of Three Governing Perspectives

The term ‘philosophy’ consists of two words: *philo* (meaning ‘to study’ or ‘the study of’) and *sophia* (meaning ‘knowledge’, ‘truth’ or ‘wisdom’) (Turyahikayo, 2021). Thus, philosophy can be defined as the study of truth or knowledge, the development of which can be explained through three perspectives: ontology, axiology and epistemology (Saunders et al., 2009). Ontology concerns the ‘assumptions about the nature of reality’ (Saunders et al., 2009, p. 127). As Yulianto (2021) argues, it concerns supra-physical elements or things lying beyond the ordinary thinking and reasoning of human beings. Adopting ontology in this study would require the researcher to consider and reflect on things that are beyond the observable aspects of the phenomenon – that is, the impact of leadership behaviour on employees’ ethical behaviour and organisational performance of Saudi Arabian SMEs. Because this will lead to impracticable abstract ideas and views, research findings will be prone to questioning and criticism (Killam, 2013); therefore, the ontological perspective is disapproved for this research. Axiology is defined as ‘a theory of desirable values’ (Yulianto, 2021, p. 159) and is accordingly concerned with the application of ethics and aesthetics in the research process (Saunders et al., 2009). Scholars evince axiological skills in various ways: For instance, they justify their choice of a research topic by linking it to their personal values and ethics. Similarly, choices made in selecting and recruiting candidates in research reflect researchers’ value systems. Thus, axiology demands ethical considerations and explanations in choosing and handling the entities (organisations and individuals) for conducting a study. The researcher of this study does not intend to link the choices made here to his personal value system. Hence, axiology is negated. The third philosophy, epistemology, is concerned with what can be treated as knowledge, as well as its source, manner of development (Cunningham and Fitzgerald, 1996) and validity (Yulianto, 2021). Epistemology also refers to the knowledge acquisition process and specifically emphasises the procedures and techniques for obtaining correct knowledge – also

known as ‘truth’ (Killam, 2013). This philosophy allows researchers to investigate and generate information about the phenomenon being studied and develop an appropriate idea and belief about the occurrences relating to it. With this, it becomes possible to negate inappropriate or false facts and other information about the phenomenon and present data that is more representative of the reality (Sol and Heng, 2022). Furthermore, epistemology deals with the communication of knowledge to others and with this, spread awareness about the reality (Saunders et al., 2009). Thus, the epistemological philosophy facilitates both knowledge development and dissemination. It also enables researchers to reflect on how they shall conduct their study and what shall be the outcomes of it. This provides more clarity about the mechanism to construct knowledge about the reality (Ulum, 2016). Due to these benefits, most research studies employ this philosophical stance – and so will this study. By adopting epistemology, the researcher will explore the truth concerning the research subject, discover new aspects and dimensions, and share such information with various interest groups – such as students and researchers of leadership, as well as SMEs in Saudi Arabia and worldwide.

3.2.1 Key Research Philosophies

In keeping with the epistemological outlook, Alharahsheh and Pius (2020) have identified various research philosophies, of which interpretivism, positivism, pragmatism and critical realism are commonly adopted in research studies. The interpretive philosophy was first proposed by Socrates. Long after, Kant, Descartes, Schopenhauer and Leibniz advocated interpretivism, which considers human beings’ capacity for thought as the source of true knowledge (Turyahikayo, 2021). Thus, interpretive philosophy places humans at the forefront of knowledge generation. Upholding this claim, Saunders et al. (2009) argued that interpretivism centres on the idea that humans shape society by developing new knowledge, thoughts and beliefs on various social phenomena. This happens through extensive research whereby academic investigators explore multiple dimensions and standpoints to generate in-depth information on the phenomena or topic under study (Alharahsheh and Pius, 2020). Interpretivist researchers also incorporate their individual perspectives: On the one hand, these broaden knowledge on the particular research topic; on the other hand, they create scope for further research studies on it (Turyahikayo, 2021). Overall, these findings lead to the view that interpretive philosophy treats knowledge as subjective, thereby enabling researchers to discover multiple realities encompassing the subject in question (Junjie and Yingxin, 2022). By collating the diverse realities, researchers develop new theories (Ryan, 2018) that open up new research opportunities (Turyahikayo, 2021). In sum, the interpretive philosophy supports

knowledge creation. Moreover, interpretivism supports collecting qualitative or non-numerical data through various methods, especially interviews. Qualitative interviews present ample scope for the researcher to interpret the findings and generate a richer understanding by presenting varied perspectives associated with the phenomenon being studied (Saunders et al., 2009). Hence, interpretivism is more suitable for this research.

The positivist philosophy traces its roots to the ideas of Plato and Aristotle, both of whom considered knowledge to be universal, definite and immutable (Turyahikayo, 2021). Contrary to interpretivism, positivism equates knowledge to the observable reality; Alharahsheh and Pius (2020) have provided two justifications for this consideration. Firstly, positivists believe that the world is bound by universally acceptable laws and regulations that have scientific bases. Secondly, people's opinions and thoughts on most social phenomena are biased, rendering knowledge inaccurate and far from truth or reality. Thus, the positivist philosophy treats knowledge as objective, requiring researchers to investigate factual data on the research subject and generate credible and meaningful findings (Ryan, 2018). Deliberating on the universal treatment of knowledge in the positivist philosophy, Saunders et al. (2009) posited that this philosophy considers humans to be subordinate to society; thus, people are influenced by social norms and regulations (rather than influencing them), in accordance with the interpretive philosophy. Furthermore, given that knowledge is objective, positivist researchers refrain from making individual interpretations. Instead, they focus on investigating the relevance or validity of objective knowledge in new contexts and examining the cause-and-effect relationships of the phenomena being studied by employing existing theories (Alharahsheh and Pius, 2020). Thus, in contrast to interpretivism's creation of new knowledge, positivism favours the validation of existing knowledge (Ryan, 2018).

The pragmatist philosophy, as conceptualised by John Dewey, posits that knowledge is subject to change (Turyahikayo, 2021) and influenced by actions (Goldkuhl, 2021). Refuting positivists' claim that knowledge is universal, pragmatists argue that knowledge changes according to individual perceptual frames (Turyahikayo, 2021) and that perceptions are developed from ideas (Saunders et al., 2009). As new ideas are developed, new perceptions are formed leading to new knowledge. Furthermore, with time, people perform different actions, which produces some change in knowledge (Goldkuhl, 2021). This establishes the need for academicians to make frequent enquiries on a subject since knowledge, which was held earlier, is likely to change. This also means that research undertaken at a time might not be valid for

long due to continuous changes in knowledge. Considering these, the pragmatist philosophy is not recommended.

Built on the pragmatist philosophy is critical realism, which concerns ‘understanding the differences between reality and human perception and experiences’ (Turyahikayo, 2021, p. 215). For instance, advertisements shown on television during a cricket match appear to be standing straight upright on the field when they are in fact painted on the grass. Thus, we humans do not directly perceive the advertisement as it truly is; rather, we ‘see’ an image – an imperfect reflection of reality produced by our senses (Saunders et al., 2009). Thus, critical realism involves positivism and constructivism – the former referring to the actual occurrence (or reality) and the latter to its interpretation by human senses (Lawani, 2020). Adopting the pragmatist philosophy will require the researcher to develop an image and reflection about the research subject which might not be the reality. This will lead to a distorted idea about the subject hence, critical realism is not recommended. In short, interpretivism is the recommended philosophy for this study, whereas other philosophies, namely, positivism, pragmatism and critical realism, are suggested since their shortcomings make them less suitable for conducting the research.

3.2.2 Implications of Research Philosophies for the Study

This study could be conducted using any of the four research philosophies. However, considering the research subject and its purpose and objectives, interpretivism is the most appropriate philosophy and as such will be employed.

The positivist philosophy would require treating the subject in question as a singular reality from which definite facts and views can be obtained. On the contrary, the researcher considers the subject of this study to consist of multiple realities hence, positivism is negated. By adopting the pragmatist philosophy, the researcher would have to seek the optimum truth on the subject in question (Lawani, 2020), which would be quite challenging because the optimum truth is too ideal to exist in the real world (Turyahikayo, 2021). Hence, pragmatism has been negated. In pursuance of critical realism, the researcher would have to first observe the impact of leadership style on ethical behaviour in Saudi SMEs in its actual state and then, enquire about it from the sample participants. Independent study of this phenomenon would entail spending considerable time in various Saudi SMEs, which is not feasible. Hence, critical realism is also not recommended.

For this research, interpretivism has been selected as the most appropriate guiding philosophy. This approach will require treating the research subject as a subjective reality. Consequently, the multiple dimensions of its occurrence can be examined by capturing individual thoughts, perceptions, beliefs and opinions of the sample participants about the leadership styles prevalent in their organisations and their ethical behaviour. Concurrently, the researcher can actively involved with the subject and provide individual opinions, reflections and interpretations on the key findings by referring to the literature. This will also require flexibility and open-mindedness (Saunders et al., 2009). This approach will generate detailed insights that lead to value-laden findings which, in turn, will inform the development of solid and robust conclusions as well as a comprehensive overview of the research (Lawani, 2020).

Various researchers suggest adopting the interpretive philosophical approach in leadership studies (Nava, 2014), and other researchers such as Benton and Craib (2011) and Bernhard (2015) opine that interpretivism enables researchers to look at multiple perspectives, thereby reducing the risk of bias in research. This is vital because the interpretivist philosophy promotes bias in different ways. As Reid (1988) mentions, the personality of the researcher indirectly influences participants' responses. Secondly, since researchers provide their own viewpoints while analysing data, the research findings represent more of their beliefs and perceptions than those of the participants of the study. This also leads to biases (Reid, 1988). On the other hand, Easterby et al. (2012) argue that bias is not much of a concern in interpretivism studies because the philosophy of interpretivism states that the personal assumptions and beliefs of researchers are important for generating new explanations for the research findings. This subsequently leads to a richer understanding of the subject being investigated. In this study, the researcher has some knowledge of ethical leadership, which has been acquired from previous work experience. Given this and following Reid's (1988) observations, it is quite likely that the researcher will incorporate personal beliefs and opinions for interpreting the key research findings. Furthermore, consistent with the views of Easterby et al. (2012), the researcher will also acknowledge the potential development of biases by incorporating own viewpoints into the research findings. Furthermore, the researcher will undertake measures to minimise biases that are likely to occur in this interpretative study (Easterby et al., 2012; Benton and Craib, 2011; Creswell, 2009; Bryman and Bell, 2007). This justifies choosing an interpretive philosophy for examining ethical leadership and Islamic values in Saudi Arabian SMEs and their impacts on employees' behaviour.

3.3 Research Approach

A research approach describes the method of conducting an academic inquiry (Saunders et al., 2009), and it is vital to achieving key research objectives because it specifies the plans and procedures of the research (Woiceshyn and Daellenbach, 2018). Azungah (2018) classifies research approaches into four types: inductive, deductive, reproductive and abductive. This study adopts the inductive approach.

Deduction is the process of deriving logical conclusions from a set of premises called 'hypotheses' and centres on the notion that if the premises are true, the conclusions are true as well (Saunders et al., 2009). The deductive approach is congruent with the positivist philosophy hence, it is not suitable for this research, which adopts the interpretative philosophy.

In an inductive reasoning or approach, researchers generally begin the study by accumulating data and then using it to develop a new theory (Azungah, 2018). Theory development necessitates a spirit of enquiry in order to identify themes and patterns from the research findings and develop new conceptual frameworks (Hayes et al., 2010). Because inductive reasoning supports theory development, it takes researchers from specific to general viewpoint on the matter of investigation (Woiceshyn and Daellenbach, 2018). Furthermore, researchers are able to generate new conclusions from known premises and thus pave the way for future research studies to validate those conclusions (Saunders et al., 2009). Therefore, the inductive approach creates scope for future knowledge generation. Agreeing with this statement, Liu (2016) adds that induction also enhances the volume of knowledge on a research topic by enabling researchers to interpret their observations from different standpoints and dimensions. This makes the inductive approach congruent with interpretivism. Chowdhury (2014) opines that interpretivism and induction collectively promote one's understanding of social events and circumstances. Taking this into account, this study has been undertaken through an inductive approach. Accordingly, the researcher has applied his own intuitions and intellect to generate multiple views on the subject in question.

The inductive approach will require examining multiple differing perspectives about leadership styles and ethical behaviour of employees in Saudi-based SMEs and forming coherent conclusions from the findings. The researcher will have to consider all views and opinions, examine the reasons for variances and provide a comprehensive account on the research subject. Besides these, induction also necessitates providing original interpretations by reviewing and reflecting on extant literature (Woiceshyn and Daellenbach, 2018). The identification of the potential for reflexivity with an interpreter vision helps researchers to

reflect upon the assumptions that signify the biases and the values of the research. It also helps in maintaining the approach of finding output regarding the research based on trigger and transparency of the research processes (Chowdhury, 2021). The utilisation of self-awareness for the researchers also helps in the improvement of the reflexivity within the research and helps the entity in a better approach to research awareness along with positive standards.

In line with the induction approach, research data should be subjective and the researcher will have to create a conceptual framework based on the key observations and findings (Saunders et al., 2009). The choice of induction for this study can be justified on various grounds. The significance of the research approach within the project has helped in the identification of research processes through interpretivism methods. Induction enables researchers to participate in the investigation process and apply own approaches and methods for conducting the study. The advantages of the interpreter's approaches within the research approach help in strategies in the output of the research within a specific outline. The richness in the understanding of the interrogative helps in allowing in-depth experience-gaining processes through the responses of the population selected. The approach helps in providing a clear understanding of the phenomenon which helps in strategies in qualitative study methods within the research processes (Goldkuhl, 2021).

Although many previous studies, such as by McMahon (2021), Li et al. (2020), Dodd et al., (2018) and Al Khajeh (2018), have discussed the effect of leadership on the ethical behaviour of employees, they have not focused exclusively on ethical leadership. Due to the scant theoretical background on the impact of the ethical behaviour of leaders on the ethical behaviour of employees in Saudi SMEs, the researcher will use the inductive approach, because it will add to the existing literature by providing new evidence obtained in this study. Due to this capability, that induction can surface new insights and theoretical propositions; it will therefore be utilised for this study focused on SMEs in Saudi Arabia. Insights generated through induction will also allow making new contributions to theories of ethical leadership and leadership values. Furthermore, it will also be possible to understand the impact of ethical leadership and Islamic values on the ethical behaviour of employees in Saudi SMEs.

3.4 Research Design

According to Hennink et al. (2020), research design is likely the most important part of research methodology. Saunders et al. (2009) identify three main research designs: quantitative, qualitative and mixed. This research adopts the qualitative research design.

Quantitative research design collects numerical data for providing more factual evidence and information on the research topic. Quantitative data is mainly used for testing hypotheses and validating or negating theories (Saunders et al., 2009). On the contrary, this study intends to collect non-numerical data and produce narrative-based pieces of evidence on the research subject. Hence, quantitative research is not suitable. In mixed research design, researchers use both qualitative and quantitative approaches. The combined use of the two approaches increases the complexity for the researcher, who is then required to spend substantial time and effort collecting and analysing two different types of data- factual and non-factual (Saunders et al., 2009). Taking this into view, mixed design is not recommended.

Qualitative research design is suitable for obtaining non-numerical and non-factual information. Using this design, researchers collect narratives on the lived experiences of the research participants. Qualitative research also facilitates subjectivity therefore, researchers can discover multiple realities and conduct an in-depth investigation of the research phenomenon. This is all the more possible because qualitative design as Ahmad et al. (2019) put forth, compels researchers to understand the thoughts, feelings and actions of people. By collating the various narratives and standpoints of the research participants, it is also possible to develop a new theory on the research subject (Saunders et al., 2009). Consequently, researchers form a better idea about the subject being investigated. Furthermore, qualitative design favours exploration and subjectivity, which enables researchers to form a holistic viewpoint on their research topic (Ahmad et al., 2019).

Following the qualitative methodology, the researcher of this study will collect non-numerical information about leadership styles and ethical behaviour of employees in Saudi SMEs. Commonalities and differences in their views will be identified, and meaningful explanations will be generated to justify the conclusions drawn. Drawing on the literature and the findings, the researcher will also have to make appropriate interpretations and form valid conclusions on the subject in question (Hennink et al., 2020).

Criticising qualitative design, Anderson (2010) maintains that its high subjectivity promotes bias. Because researchers are capable of reflecting on the findings while also incorporating their own viewpoints, the research findings become more representative of their thoughts and ideas, which may diverge from the actual research observations (Devadas, 2016). Therefore, qualitative research risks presenting an inaccurate picture of the social phenomena being

investigated. Another shortcoming of qualitative design is its lack of rigour and high complexity (Anderson, 2010).

Despite these potential drawbacks, this study applies qualitative design because it aligns with the interpretive philosophy and inductive approach (Saunders et al., 2009). Furthermore, various prior leadership studies (Bryman, 2004; Dodd et al., 2018; Nava et al., 2014) have adopted qualitative design as well. Each of these studies has generated substantial information on their respective subject matter which in turn, has immensely contributed to the existing literature on leadership. For these and the above-stated reasons, the choice of qualitative design for this research is well justified.

3.5 Data Collection

3.5.1 Research Data Source

In research, data is collected from two key sources: primary and secondary. Primary data is gathered first-hand by the researcher – such as from interviews, surveys and experiments – whereas secondary data is already available in books, journals, organisational websites and other existing sources (Bryman, 2004). This study will rely on primary evidence gathered by the researcher.

Due to its ready availability, collecting data from secondary sources consumes less time, making it more convenient for the researcher. Using secondary data, the researcher of this study could also address the research question through appropriate inferences and deductions. However, these might not be representative of the actual situation concerning leadership and ethical behaviour in Saudi SMEs. Therefore, this research will not rely on secondary data.

As this study intends to make some contribution to the extant literature on ethical leadership, it must collect new (i.e. primary) data (Bryman, 2004) via interviews. Due to the evolution of SME business structures, the changing demands of leadership must be analysed carefully. Therefore, to supply the necessary data reflecting the most recent occurrences and leadership behaviour, interviews will be the source of primary data for this research. Liang (2021) also chose interviews as the data collection method for understanding the role of leadership in SMEs. The interviews provided recent and more accurate information on this subject. Furthermore, Bryman (2004) and Alam (2020) have identified interviews as the best method for collecting more authentic data that represents the views and perceptions of the research participants. Roulston and Choi's (2018) observations indicate that the selection and recruitment of appropriate participants in a study leads to high-quality research findings and

outcomes. Therefore, to ensure a high quality of research findings, employees and managers working in Saudi Arabia's SME sector were interviewed to identify their views regarding ethical leadership behaviour and their impact on employees and firm performance. Managers were selected to identify their style of leadership and preferences for improving ethical behaviour among employees, whereas employees will be interviewed to gain their perspectives regarding the best leadership style and qualities possessed by their managers or leaders in congruence with Islamic values.

Various researchers (Bernhard, 2015; Schyns et al., 2017; Haar et al., 2019) consider interviews as a suitable data collection method for understanding ethical leadership. Haar et al. (2019) suggest that interviews enable researchers to enquire about the role of ethical leadership in promoting ethical employee behaviour as they provide extensive insights accompanied by sufficient evidence and scenarios to form an appropriate understanding of the impact that ethical leaders have on employees and their organisations.

3.5.2 Data Collection Technique

This study uses semi-structured interviews. Although conducting these types of interviews entails significant time and effort, they enable the researcher to generate sufficient information for responding to the research question and for fulfilling the research purpose and objectives (Bryman, 2004). According to Daniel (2016), information obtained through group interviews carries more weight because it represents group opinion, which is more valued in any research and has greater significance in various societies worldwide. Thirty semi-structured interviews have been conducted with one manager and five employees from each of five different Saudi Arabian SMEs. Face-to-face interviews were conducted with three companies; virtual interviews were conducted with the remaining two companies because their employees were working from home.

Semi-structured interviews have been conducted with one manager and five employees from five different SMEs in Saudi Arabia. Face-to-face interviews were conducted with three companies, and online interviews were held with the remaining two companies, via video call, because they were working from home.

Interview data was collected on the researcher's personal mobile phone in the form of audio recordings. All information was stored on the phone and then transferred to the researcher's password-protected computer. After the transfer was complete, all audio recordings were

deleted from the mobile phone. These measures protected the primary data (Resnik et al., 2024).

3.5.3 Sampling Strategy

This study used snowball sampling. This sampling technique is most useful for accessing a larger sample population in less time (Taherdoost, 2016). Following the views of Saunders et al. (2009) on choosing sample size in qualitative studies, the researcher believed that the sample size of 30 is appropriate for obtaining credible information on ethical leadership behaviour and its impact on Saudi SMEs. The researcher was also able to devote sufficient time and effort to conduct interviews and seek the opinions of 30 participants.

The inclusion criteria of the sample population were: high school graduates, aged 18 years and above, physically and mentally sound, who are working in SMEs in any industry in Saudi Arabia. The researcher believed that such people were adequately mature and capable of providing genuine and independent views and responses to questions concerning the research subject. The exclusion criteria included employees below 18 years old because it is illegal to recruit them under Saudi Arabian labour laws. Part-time employees were also excluded on the belief that because they spend less time in the work environment, they would be less aware of the ethical behaviour of Saudi SME leaders and its impact on employees and the firms. Contractual employees were also excluded from the study because the researcher believed that they lacked a high level of organisational association (which is usually possessed by permanent employees); therefore, they would be less capable of providing relevant insights.

Pursuant to the method of snowball sampling, the first participants (who were also managers) of three SMEs recommended five employees from their respective companies. In the other two SMEs, the first two participants were employees; they recommended three of their colleagues and one manager each. By these means, the desired sample size of 30 was reached.

Monsha'at was contacted to gain access to the sample. Established in 2016, Monsha'at is a private organisation in Saudi Arabia that aims to provide requisite support, sponsorship and development aids to Saudi SMEs. It envisions making Saudi SMEs the fundamental pillar of development of Saudi Arabia so that the ideals and objectives of Saudi Vision 2030 are successfully achieved (Monsha'at, 2023). Vision 2030 is a landmark socio-economic reform instituted by Mohammed bin Salman Al Saud, the Crown Prince of Saudi Arabia. It aims to create a vibrant society, a thriving economy and an ambitious nation (Vision 2030, 2022).

Taking these into account, Monsha'at helps SMEs to grow and develop in strength and vision so that each enterprise can contribute to the nation's empowerment and growth by 2030 and beyond. Its key activities are coordinating with ministries, government agencies and international organisations; organising seminars, conferences and meetings for SME growth and development; and providing assistance in technical, financial, marketing and other business functions of Saudi SMEs (Monsha'at, 2023).

In addition to the above, Monsha'at also helps researchers to gain access to Saudi-based SMEs. Currently, there are 80,200 SMEs in Saudi Arabia, of which only five were chosen for this study. The key parameters for selecting the SMEs were more than five years of experience in doing business in Saudi Arabia, having more than 30 employees, and being prone to ethical conflicts. Having approached Monsha'at, the researcher briefed its representatives about the subject matter, the purpose and objectives of the study and the parameters. In response, the Monsha'at gave a list of 10 SMEs that could be easily accessed. The researcher approached the 10 SMEs, of which only five replied; it was from these five firms that the managers and employees were recruited as interviewees in this study.

The table below presents an overview of the five companies chosen for this study. The names of the companies have been abbreviated to maintain anonymity.

Table 3.1 An overview of the five companies chosen for this study

Name of organisation	Type of business	Number of staff	Tenure of business
TQ	Website and mobile app development	18	7 years
WS	Cloud solutions	23	9 years
KH	Food supply	26	6 years
EP	Water pump	14	4 years
RC	Furniture	15	5 years

Source: Author's own compilation

3.5.4 Overview of the Five SMEs and the Interviewees

To preserve anonymity, the five SMEs will be referred to not by their actual names, but instead using codes: EP, KH, RC, TQ and WS. EP sells water pumps of different sizes. Five employees (EPE1, EPE2, EPE3, EPE4, EPE5) and the manager (EPM1) were interviewed. KH manufactures agricultural fertilisers and operates as a partnership firm under the leadership of

two brothers – one being the head of the company and the other being the administrative and financial manager. Five employees (KHE1, KHE2, KHE3, KHE4, KHE5) and the manager (KHM1) were interviewed. RC makes wooden closets and kitchens. Five employees (RCE1, RCE2, RCE3, RCE4, RCE5) and the manager (RCM1) were interviewed. TQ is a group of companies with diverse businesses ranging from software development to education. Five employees (TQE1, TQE2, TQE3, TQE4, TQE5) and the company manager (TQM1) were interviewed. Finally, WS manufactures software and solutions relating to Information Technology (IT). Started as a family business, it is now a private limited enterprise. Five employees (WSE1, WSE2, WSE3, WSE4, WSE5) and the manager (WSM1) were interviewed. Table 3.1 presents all participants’ job profiles and durations at their respective organisations.

Table 3.2 Participants’ Profiles

Company Code	Participant Code	Role in the Company	Duration
KH	KHE1	Human Resource In-Charge	1.4 years
	KHE2	Safety and Security Supervisor	3 years
	KHE3	Financial & Administrative Affairs	2 years
	KHE4	Logistics Support	4 years
	KHE5	Supply Chain specialist	2 years
	KHM1	Company Manager	6 years
EP	EPE1	Financial & Administrative Affairs	4 years
	EPE2	Sales Engineer	1 year
	EPE3	Spare parts Specialist	2 years
	EPE4	Accountant	2 years
	EPE5	Customer Relations Officer	3 years
	EPM1	Company Manager	4 years
RC	RCE1	Measurement In-Charge	1.7 years
	RCE2	Sales Officer	2 years
	RCE3	Kitchens Gallery	3 years
	RCE4	Accountant cum HR	2 years
	RCE5	Supply Chain Assistant	4 years
	RCM1	Company Manager	5 years
TQ	TQE1	Financial Department	2.5 years
	TQE2	Operations Specialist	3 years
	TQE3	Supervising Officer In-Charge	6 years
	TQE4	Human Resource coordinator	4 years
	TQE5	Logistics Support	5 years
	TQM1	Company Manager	7 years
WS	WSE1	Customer Relations Officer	8 years
	WSE2	Design Developer	5 years
	WSE3	Information Data Analyst	3 years
	WSE4	Technical Support & Operations	6 years

	WSE5	Financial & Administrative Affairs	7 years
	WSM1	Company Manager	9 years

Source: Author's own compilation

3.5.5 Dimensions of Interview Questions

Designing an interview questionnaire is a crucial task of the researcher and this determines the flow of the study. The interview questions of this study were based on key dimensions that are, the role of Islamic principles in the ethical behaviour of Saudi SME leaders, the impact of their ethical behaviour on employees, values possessed by the leaders and their impact on employees and organisational performance of Saudi SMEs. These dimensions help in broadening the understanding by narrowing the impact of knowledge collected from the interview questions. The aim of understanding the dimensions of the interview questions is to aid in identifying the overall satisfaction of the researcher regarding the interviewees' responses (Manley, 2021). Furthermore, the specification of production features regarding the questions is also signified based on the design's usability and the quality of responses obtained from the specific population of people. In other words, it can be described as the scope of interview questions and the importance they can provide in the data collection process and the analysis of data. The significance of the dimension implies the utilisation of the responses as well as the outcomes of the research in impacting the generalisation of the theories (Hardavella et al., 2020). The process also helps in the comparison of similar responses. On the other hand, the outcomes of multiple varieties of questions are related significantly throughout the situations.

Topic selection, which is based on the profitability of the outcomes of the research, enhances the value of the research to be utilised for further identification processes (Brinkmann and Kvale, 2020). On the other hand, the scope of the enquiry can be based on a single case versus a sample of the population utilised in the research. Identification of the sample of the population helps in providing a direction towards the research outcomes based on the questions developed and the specification of the population used. The implication of the process enhances the effect that research credibility is increased based on the responses of the population. Apart from this, the observation and interventionist methods of data acquisition help in the analysis of data and recurring research data in order to address the aim of the research (Liu et al., 2021).

3.6 Participant Accessibility

Participant accessibility refers to how the researchers connect with the research participants. The process involves identifying the participants and determining their location, which is essential for the research. Furthermore, participant identification should happen legally.

Currently, there are educational organisations that connect researchers with relevant participants through the Internet and this is legal (Segev-Jacobovski and Shapiro, 2022). Participants can also be contacted individually through details collected from the websites of the educational organisations. However, this is considered unethical and the researcher can face serious consequences.

In this research, participants have been collected through Monsha'at, which is an organisation within Saudi Arabia that helps in providing constant support to researchers. One of the most important processes of contacting the participants has been through online measures such as email or other messaging apps. It can also be done through direct calling (Kulkarni, 2019). In addition, the physical contact process is based on the geographical location as well as the physical accessibility and the financial constraints of the researchers. The researcher of this study fetched the contact details of the first few participants representing each Saudi Arabian SME from Monsha'at. These participants were directly contacted and were asked to provide the contact details of their colleagues in pursuance of snowball sampling. None of the participants received any compensation for participating in this study and this was also mentioned to them before seeking their informed consent on participation.

3.7 Data Analysis

Data analysis begins with transcription where research data is transcribed i.e. converted from recordings to text for analysis (Saunders et al., 2009). The key advantage of data transcription is that it allows researchers to gain an understanding of insights obtained by the study which in turn, facilitates identifying relevant themes and subthemes at an early phase (McMullin, 2023). While transcribing interview data, the researcher of this study got familiarised with the various perspectives and standpoints of the participants about the nuances of the ethical behaviour of their leaders and their impact on employees' ethical behaviour and organisational performance. The researcher also identified key themes and subthemes before commencing data analysis. Furthermore, data can be transcribed fully or partially (King and Horrocks, 2010). In this study, the entire data was transcribed. Although this consumed substantial time, the researcher got well acquainted with the findings and formed an in-depth idea on the enquired issues. King and Horrocks (2010) also mention these.

Data transcription is followed by data management. McMullin (2021) argues that a large amount of data that is transcribed creates a challenge for researchers especially, those who are novices since they feel confused with the substantial volume of information. The researcher of this study also experienced this problem. Information collected from 30 interviewees led to

data overload. As such, all information collected in interviews might not be useful for the study and this establishes the need for data management (McMullin, 2023). Spencer et al. (2003) opine that research data can be managed through data selection and data review. Accordingly, researchers select data and review them against the research objectives and questions. This practice was also followed in this study where the researcher chose every information and assessed their relevance to the research aim, objectives and questions. The relevant information was shortlisted and considered for further analysis.

The next task in data analysis is data coding. Since research data is a large chunk of information, it needs to be segregated and categorised into themes and subthemes to convey meaning (Saunders et al., 2009). Data coding is the process of generating codes for words, phrases and sentences conveying the same idea, view or perspective (McMullin, 2023). There are various ways to generate codes. This study used alphabetic coding. Accordingly, similar words, phrases and sentences were coded as A, B, C and so on. Relevant codes were clubbed under themes. For instance, codes such as punctuality and attendance (A), support and care in professional matters (B) and support and care in personal matters (C) were placed under Theme 1- Ethical leadership behaviour in Saudi SMEs. Furthermore, following the suggestions of some authors (Köhler et al., 2021; Gioia et al., 2022), the researcher undertook template analysis wherein the themes and codes were placed in a template, which was improvised with further analysis and interpretations of research data. This according to Saunders et al. (2009) is a structured, organised and systematic approach to analyse qualitative research data.

Furthermore, thematic analysis was also applied to the interview data. Some researchers (Braun and Clarke, 2013; Terry et al., 2017) consider thematic analysis to be the most effective method for analysing qualitative research data where researchers identify and describe themes generated from the research findings. Thus, the main purpose of thematic analysis in this research is to identify the most relevant themes extracted from the responses of the research participants for addressing the research objectives and questions. Such themes in this research, such as the impact of ethical behaviour of Saudi SME leaders, will serve as the basis of the process to develop evidence that is required to answer the research question, which focuses on understanding the role of Islamic values in the ethical behaviour of leaders in Saudi SMEs and examining its impact on employees' ethical behaviour. With this, thematic analysis is justified in this study.

3.8 Ethical Considerations

Research ethics must be considered before conducting any research. It is important to ensure that all data in this research will be confidential and that the participants will remain anonymous. The participants' identities will not be revealed to ensure that the research is ethical and meets the ethical guidelines.

Research ethics are applied based on some principles and guidelines, which certify the ethicality of the entire research process. The maintenance of the ethical conduct of the research generally entails meeting the goals and objectives of the research on the grounds of keeping the sources of the research private. It also improves upon the authenticity of the research based on the sources of data collection and the audibility of the research to be utilised in further study processes (Schöpfel et al., 2020). Research ethics help protect the rights and well-being of the research participants and also promotes both scientific integrity and excellence.

The above-mentioned attributes are reflected in the respect accorded to the study participants. The anonymisation of participants' information avoids the risk of judicial or legal actions against the employees providing organisational information (Gelling, 2019).

For this study, ethical approval has been obtained from the University of Reading as well as from the participating SMEs in Saudi Arabia.

Saunders et al. (2009) stress that informed consent must be obtained from research participants before collecting primary data. In this study, informed consent was sought through the participant information document, which clearly outlined the aim and objectives of the research, expected outcomes, and role of research subjects. Each participant read the document and gave their consent by signing it after developing a complete understanding of the information presented therein.

While conducting interviews, the researcher refrained from recording research participants' personal information such as name, age and sex. This preserved their anonymity, a key ethical consideration in research (Dougherty, 2021). The login credentials of the password-protected computer were not shared with any third-party entity, including friends and family of the researcher, thereby preserving data confidentiality (Dougherty et al., 2021). However, the recordings were shared with the supervisors whenever the need arose. Furthermore, only primary data was used for this study, and the researcher will delete all information stored on the computer upon completion of the research. They will not be used for any other purpose in future.

3.9 Reflexivity and Positionality

Interpretivist philosophy has its own limitations. Junjie and Yingxin (2022) argue that multiple realities discovered through interpretivism reveal various truths about the phenomena being investigated. This creates confusion for the researcher making it difficult to form a comprehensive idea because the multiple truths can be divergent, each presenting a different perspective on the subject matter (Junjie and Yingxin, 2022). Saunders et al. (2009) also agree with this and further opine that multiple realities or truths promote complexity in making appropriate sense of the research information and thereafter, drawing definite conclusions from it. In this circumstance, researchers pursuing interpretivism incorporate their own viewpoints developed from their own assumptions and perceptions about the research subject (Wignall, 1998). This, as stated before, leads to biases and makes the study more representative of the researcher's opinion, which can be far away from the realities discovered (Saunders et al., 2009).

According to interpretivism, researchers should be careful while incorporating their views and must ensure that they don't alter the actual meaning that is conveyed by research data (Curry, 2020). While making interpretations, researchers must not create new meanings of the data and set aside assumptions and perceptions, which tend to contradict it. Furthermore, they should also abstain from undertaking self-analysis at the cost of losing focus on the views of the participants (Wignall, 1998). Instead, researchers should think along the lines of the research findings and incorporate their own opinions to justify the occurrences (Curry, 2020). This shall also reduce biases from the researcher's end making interpretative studies more authentic and credible. With this, the findings of the research are less likely to be questioned.

The researcher of this study hails from Saudi Arabia and is well-informed about the working of SMEs here. Based on personal observations and understanding, the researcher believes that Saudi SMEs are growing at a faster pace than in previous years, and their smooth functioning is key to maximising economic growth in the country. Thus, the researcher has a positive perception of Saudi SMEs. However, this will not affect this study because following the suggestions of various authors (Curry, 2020; Wignall, 1998), the researcher will have a fresh perspective towards the research topic, focus on the views and insights shared by the interviewees and refrain from including previously-held assumptions and beliefs in interpreting the research findings. This will reduce bias making the findings of this study more credible and genuine.

Ahern (1999) observes that researchers should undergo a reflexive journey that involves developing a plan for preparation, action, assessment and systematic feedback for conducting the study. Its main benefit is that instead of eliminating the views and experiences of the participants, the researcher can understand them and develop relevant explanations or justifications, which will also make the findings more comprehensive and richer (Ahern, 1999). Considering this, the researcher of this study will give importance to each standpoint and experience of the participants and ensure that these are not replaced by the researcher's own experiences and perceptions. This is also a key challenge for the researcher because the perceptions and assumptions about Saudi SMEs are long-held and hence, quite difficult to dissolve in a moment. These perceptions are more likely to strike the mind in data analysis. However, through self-reflection and seeking feedback on the data analysis process as suggested by Ahern (1999), the researcher expects to address the challenge and be more open-minded while interpreting the information collected in this study.

An issue that might occur in data collection is that the researcher's Saudi Arabian origin can influence the participants to provide more positive views about the ethical behaviour of their leaders and its impact on them and the firm performance. Walsham (2006) recommends that researchers should encourage participants to share their actual experiences freely. Following this suggestion, the researcher will ask the participants to share original views and experiences with their leaders and narrate both positive as well as negative instances of their behaviour and how it impacts them. With this, it is believed that this study will present a more authentic account of the patterns of ethical leadership and its impact on Saudi SMEs.

3.10 Conclusion

This chapter has comprehensively examined the research methodology of this thesis, covering its research philosophy, research approach, research design, data collection tool, data analysis procedures and ethical considerations. The overall research methodology can be effectively concluded based on procedures of data collection and the maintenance of ethics of the research. The methodology is also significant because it improves upon the procedures of the data connection tools via appropriate marking processes. The direction of data collection and the analysis process is also linked by addressing the aims and objectives of the research.

Chapter 4: Empirical Findings and Data Analysis

4.1 Chapter Overview

This chapter delineates the research findings categorised under relevant themes and sub-themes. It presents a detailed narrative on ethical leadership in Saudi SMEs and its impact on employee behaviour. The data analysis revealed a complex picture of the relationship between Islamic values and leadership behaviours, as well as their impact on employee behaviour. The sections describe each emergent theme in detail and are structured as follows:

- Ethical leadership behaviours resulting from adequate levels of Islamic values and their impact on employee behaviour (section 4.3)
- Unethical leadership behaviours resulting from excessive levels of Islamic values and their impact on employees (section 4.4)
- Unethical leadership behaviours resulting from insufficient levels of Islamic values and their impact on employees (section 4.5)

First, however, section 4.2 will provide an overview of ethical leadership behaviours seen in Saudi Arabian SMEs, with some examples. Section 4.3 will provide an overview of how ethical leadership behaviours impact employee behaviour.

4.2 Ethical Leadership Behaviours in Saudi Arabian SMEs

The national culture of Saudi Arabia, deeply rooted in Islamic principles, significantly influences SME leaders. Consequently, Saudi SME leaders integrate Islamic values into their leadership practices. The responses from research participants have led to the identification of five sub-themes regarding the application of Islamic values in leadership and showed specific examples of behaviours resulting from adherence to Islamic values. They are summarised below:

4.2.1 Punctuality and Attendance

Leaders in Saudi SMEs emphasise punctuality and adherence to attendance rules. Employees are expected to arrive on time and to work for the designated hours, with additional hours being compensated through extra payment. Flexible attendance policies are occasionally allowed, where employees can start work at any time but must complete the stipulated hours. Leaders

are strict yet considerate, excusing employees under special circumstances, such as during Ramadan. Quoting WSM1- *“We have clear regulations about attendance.”*

4.2.2 Support and Care in Professional Matters

Saudi SME leaders are supportive and considerate, providing guidance and professional development opportunities. They help employees handle work-related challenges and foster professional qualities necessary for task execution. Leaders’ actions exhibiting such support and care include providing situational advice, developing employees’ skills, and ensuring employees’ competency during periods of the leader’s own absence. As WSE2 said, *“If the law states that they should give us 5 days leave, they give us 6, so they have flexibility, appreciation of circumstances.”*

4.2.3 Support and Care in Personal Matters

Leaders extend their support to personal matters, demonstrating concern for employees’ well-being outside the professional sphere. Examples include financial aid during health crises, assistance in personal emergencies, and support for family-related issues. These actions indicate that leaders prioritise employees’ overall well-being, thereby fostering a supportive work environment. TQE1 for instance, said, *“My wife and kids came here two weeks ago, when I prepared my home, the owner came and brought me a cake and wrote nice words on it, he also booked to days at the hotel for my kids.”*

4.2.4 No Tolerance for Inappropriate Conduct

Saudi SME leaders exhibit zero tolerance for inappropriate behaviour, as exemplified by asking an employee to resign for smoking during Ramadan or firing a staff member for violent conduct. Such intolerance aligns with Islamic values, reinforcing the leaders’ commitment to maintaining ethical standards. Quoting EPM1, *“One of the employees at the workshop held a sharp knife and hit another employee with it, and he was fired.”*

4.2.5 Providing Multiple Chances for Mistakes

Leaders of Saudi SMEs exhibit patience and tolerance towards employees’ mistakes, offering multiple opportunities for correction and improvement. This approach encourages learning from errors and reflects a humane aspect of leadership, grounded in Islamic teachings. Leaders’ patience and support foster a positive attitude about mistakes among employees, thereby promoting continuous improvement. For instance, RCM1 mentioned, *“When I see that the*

employee or worker has a bad performance... give them chances, until 5 chances... when the designer gives us a design with mistakes, we take experience out of it.”

4.2.6 Conformity to Ethical Principles and Virtues

Leaders in Saudi SMEs adhere to ethical principles by treating employees equally and respectfully, avoiding discrimination, ensuring fair treatment, promoting an inclusive work environment, and facilitating hassle-free exit processes. They foster a culture of mutual respect and ethical conduct, encouraging employees to emulate these values. Furthermore, leaders also stress on teamwork and collaboration, praise employees recognise their efforts and create opportunities for participation in decision-making. As KHE5 said, *“When the started the bonus, there was a group of new employees, they took the bonus, so it was good... It is equality, they were a part from the system.”*

4.2.7 Equality and Respect

Saudi SME leaders embrace ethical principles of equality and respect, ensuring that all employees are treated with dignity, regardless of their position or circumstances. This commitment is demonstrated in several ways:

- **Equal treatment:** Leaders provide bonuses to new employees and appreciate their work without discrimination. They refrain from nepotism and ensure that growth opportunities are accessible to all, based on competence rather than personal connections.
- **Promoting workplace ethics:** Ethical leaders foster a culture of mutual respect by encouraging employees to uphold ethical standards, avoid discriminatory behaviours, and maintain a harmonious work environment.
- **Conflict resolution:** Proactive measures are taken to prevent conflicts, such as establishing formal communication channels. For instance, the leader of KH created a WhatsApp group for the production manager and the procurement employee to communicate formally, thereby preventing further conflicts.

Quoting TQE5, *“I have never witnessed any inequality or injustice.”* These practices underscore such leaders’ commitment to ethical values, ensuring a fair and inclusive workplace.

4.2.8 Fairness and Equity

Ethical leaders in Saudi SMEs demonstrate fairness and equity in their treatment of employees, particularly in providing support and opportunities:

- **Special policies for female employees:** Leaders implement specific policies to ensure that women employees feel comfortable and respected, such as by creating separate workspaces and permitting remote work. Men are restricted from intruding into these spaces or attending meetings alone with female colleagues, thereby promoting an equitable work environment.
- **Support and opportunities:** Leaders provide necessary support to employees, understanding their requirements and addressing them appropriately. This includes professional guidance, situational advice, and ensuring fair opportunities for growth and development.

EPE2 mentioned, *“He is just in dealing with employees, integrity at the company... women used to attend at the same office as ours, even though they have a separate room, we should follow this aspect and there were discussion with the higher management, women were separated from men.”*

4.2.9 Exceptional Ethical Conduct

In certain situations, Saudi SME leaders exhibit exceptional ethical behaviour, often going beyond standard expectations. Examples include:

- **Tolerance and patience:** Leaders may give multiple chances to underperforming or ill-behaved employees before resorting to termination. For example, RCM1 supervised a technician who stole from the factory instead of terminating him immediately.
- **Respectful conflict management:** Leaders address conflicts and inappropriate behaviour with respect and patience. For instance, RCM1 asked an employee who incited others against him to be respectful instead of firing him on the spot
- **Extending support during difficult times:** Leaders may support employees in any circumstance. For instance, TQM1 provided all rights to an employee even after

terminating him for unethical conduct. WSM1 gave full salary to an employee despite not committing to full attendance.

For instance, TQE4 said, *“I fire an employee from the company, the owner says that we be easy on them with all aspects, we should give all his rights and take our rights from him too.”* These actions exemplify the leaders’ deep-rooted ethical standards and their commitment to fairness and patience, often at a personal cost.

From the observations and statements, it is evident that leaders in Saudi-based SMEs demonstrate exceptional ethical values and behaviours in three significant ways: enforcing equality and fairness, allowing employees to exit hassle-free, and dealing with employees ethically even when it is not deserved. These actions indicate a selfless approach that places employees’ well-being above leaders’ own interests. This aligns with the ethical theory of altruism, where individuals prioritise others’ needs over their own. Influenced by Islamic principles, leaders of Saudi SMEs embody an Islam-influenced style of leadership that fosters a positive and ethical work environment.

4.3 Ethical Leadership Behaviours’ Impact on Employees

Building on the insights from the previous section, which highlighted the ethical leadership behaviours exhibited by leaders in Saudi SMEs, it becomes evident that these behaviours significantly influence the ethical conduct of employees. Leaders’ adherence to Islamic values such as fairness, respect, and integrity not only sets a standard but also fosters a work environment where ethical behaviour is both expected and nurtured. This section delves into how the ethical practices of leaders translate into ethical behaviours among employees. It explores the commitment to attendance rules, the maintenance of healthy workplace relationships, equitable treatment of colleagues, and a positive outlook towards mistakes – all of which are direct outcomes of the ethical leadership demonstrated by their leaders. These behaviours illustrate how the ethical framework established by leaders is mirrored in the actions of employees, reinforcing a culture of mutual respect and ethical conduct within the organisation.

4.3.1 Positive Impact Leading to Ethical Employee Behaviours

Islamic ethical leadership in Saudi SMEs has been found to foster a range of positive behaviours among employees. This section delves into the various examples of ethical employee behaviours resulting from ethical leadership.

4.3.1.1 Commitment to Attendance Rules and Regulations. Employees in Saudi SMEs show a strong commitment to attendance norms, reflecting their professionalism and dedication. They not only adhere to stipulated work hours but also often work overtime to meet task demands. This commitment is driven by a sense of responsibility and love for their work, fostered by leaders who value punctuality and attendance. KHM for example, mentioned, “Mostly, we have commitment. We have 90% commitment in attendance.” Such behaviour illustrates a high level of work ethic among employees, aligning with the standards set by their leaders.

4.3.1.2 Maintaining Healthy Relations with Colleagues. The maintenance of healthy workplace relationships among employees is another ethical behaviour observed in Saudi SMEs. Employees develop friendly and collaborative relationships that enhance communication and engagement. This positive work environment is nurtured by leaders who demonstrate respect and fairness. Even in high-pressure environments, employees remain engaged and committed, due largely to the supportive and respectful behaviour of their leaders. As RCM1 said, “*We have good people, they know how to work and what they need.*”

4.3.1.3 Treating Colleagues Equally. Employees treat each other with equality and refrain from nepotism, discrimination and injustice. Male employees, in particular, show immense respect for female colleagues, preserving their dignity and integrity. This behaviour reflects the leaders’ commitment to ethical principles, as they create a culture where equality and respect are paramount. Employees’ honesty with customers and willingness to share workloads further demonstrate their ethical conduct, reinforcing a positive and inclusive work environment. Quoting TQE2, “*We are not unequal with any of our coworkers.*”

4.3.1.4 Positive Outlook Towards Mistakes. Employees in Saudi SMEs adopt a positive approach towards mistakes, viewing them as opportunities for learning and improvement. This perspective is encouraged by leaders who show patience and support rather than resorting immediately to punishment. Such an approach helps employees gain valuable experience and develop better work practices. Leaders’ tolerance and constructive feedback foster an environment where employees feel safe learning from their errors, ultimately enhancing their performance and care in their roles. RCE3 for instance, mentioned, “*Patience on mistakes, solving the mistakes in the easiest way.*”

The ethical behaviour of employees in Saudi SMEs is a direct result of their leaders’ ethical behaviours and adherence to Islamic values. These behaviours not only highlight the ethical

climate within these organisations but also underscore the significant influence of Islamic principles on leadership and employee conduct. Leaders' gentle, kind, and respectful behaviour motivates employees, which leads to higher engagement, better performance, and a stronger relationship with their leaders. This study suggests that an Islam-influenced style of leadership effectively promotes ethical behaviour among employees in Saudi Arabian SMEs, creating a virtuous cycle of ethical conduct and organisational success.

4.3.2 Negative Impact Leading to Unethical Employee Behaviours

Despite the positive influence of ethical leadership grounded in Islamic values, interview data reveals numerous instances of unethical behaviour among employees in Saudi SMEs. These findings highlight the complex dynamic where ethical leadership can sometimes inadvertently foster unethical conduct among employees.

4.3.2.1 Lack of Commitment and Engagement. Interviewees reported instances of unethical behaviour due to lack of commitment and engagement. For example, some engineers in KH company took extended lunch breaks, hampering productivity, and others shirked responsibilities, leading to significant production delays. In KH, engineers failed to support their colleagues in obtaining essential materials, while conflicts between managers further disrupted operations. Quoting KHM1, *"10% employees lack commitment to attendance."* These behaviours reflect a deficiency in job commitment and a tendency to neglect responsibilities, despite the supportive and ethical leadership provided.

4.3.2.2 Cultural Conflicts and Disrespect. Cultural clashes and disrespect among employees were also reported. In EP, non-Saudi employees formed exclusive groups, displaying intolerance towards their Saudi counterparts. EPE4 mentioned, *"If we have a gang from each nationality...this caused problems."* Such behaviour contradicts the leaders' efforts to promote equality and respect. Additionally, instances of prejudice, in which employees considered themselves superior based on their qualifications, further undermined workplace harmony. Conflicts due to cultural differences were also prevalent in RC, highlighting a lack of professional ethics and respect for diversity.

4.3.2.3 Exploitation of Leaders' Leniency. The leniency and flexibility exhibited by ethical leaders were sometimes exploited by employees. In RC, a maintenance technician repeatedly stole tools, and another employee worked for a different employer (in violation of their contract). Some employees continuously made mistakes despite guidance and disrespected colleagues, taking advantage of the leader's tolerance and patience. TQE1 for

instance, said, “*There are employees who make repeated errors. They get guidance from us and our still, still they make mistakes.*” Such actions demonstrate how employees can abuse the ethical behaviours of their leadership, thereby contributing to their own persistent unethical behaviour.

4.3.2.4 Lack of Ethical Framework and Systems. A significant contributing factor to unethical behaviour was the absence of an organised system and ethical code of conduct. At KH, employees were unaware of expected behaviours due to a lack of ethical norms, resulting in various unethical actions – from dishonesty about attendance to taking bribes from truck drivers for loading goods on the trucks. KHE1 said, “*We do not have an ethical code of conduct.*” This gap highlights the need for structured ethical guidelines to set clear standards that reinforce the ethical values promoted by leaders and mitigate unethical conduct among employees.

4.3.4 Section Conclusion

The research findings underscore that although ethical leadership based on Islamic values can foster a positive and ethical work environment, it can also inadvertently lead to unethical behaviour among some employees. Ethical leaders who emphasise fairness, respect and leniency may find their virtues exploited by employees who take advantage of their tolerance. This paradox reveals that ethical leadership must be balanced with clear ethical frameworks and accountability measures to prevent abuse by employees. The study suggests that although Islam-influenced leadership promotes ethical behaviour, its lenient aspects can also result in unintended unethical actions, necessitating a strategic approach to leadership and ethical governance in Saudi SMEs.

4.4 Ethical Leadership Behaviours Resulting from Adequate Adherence to Islamic Values

The data and findings from this study reveal the picture of ethical leadership behaviours which must be based on adherence to Islamic values to an adequate extent in order to have positive impact on employees and lead to their ethical behaviours. The specific values which need to be adhered to are presented in the following section. The four key values examined are accountability, consultation, justice, and trust.

4.4.1 Adequate Accountability

This study found that Saudi SME leaders demonstrate adequate accountability in their work, which fosters a disciplined and committed workforce. Leaders ensure punctuality and attendance while allowing for flexibility under special circumstances, such as during Ramadan. For instance, employees may be granted leave on Sunday and Monday during Ramadan, or excused for two late arrivals before their leaders seek explanations for additional instances of tardiness. This balanced approach helps employees feel valued and understood, promoting high levels of commitment and engagement. Employees are motivated to adhere to attendance norms, meet deadlines and perform beyond expectations, thereby enhancing overall organisational productivity. This approach ensures that employees remain committed and professional, with many willing to work extra hours when necessary, further driving organisational success.

4.4.2 Adequate Consultation

Saudi SME leaders effectively consult with employees across various managerial levels, promoting teamwork and inclusivity. This consultative approach not only generates diverse ideas and optimal decision-making but also motivates employees to improve their performance and engage more deeply with their work. Ethical leaders actively seek input from employees, fostering a collaborative environment where everyone feels that their voice matters. This inclusive environment fosters healthy workplace relationships, high engagement, and a sense of belonging among employees. Even when conflicts arise, such as disagreements between production and procurement employees, they are managed effectively through HR or leadership intervention, thereby preserving organisational harmony.

4.4.3 Adequate Justice

Justice is a cornerstone of Islamic values, and ethical leaders of Saudi SMEs ensure that it is upheld within their organisations. Leaders treat all employees equally, regardless of their socio-religious background, and take special measures to support women employees. For instance, they create separate workspaces for women and allow remote work options to ensure their comfort and security. Ethical leaders also ensure that employees are not subjected to harassment or discrimination, thereby fostering an inclusive and respectful work environment. Additionally, ethical leaders provide professional and personal support, such as arranging training programs or helping employees during personal crises. They also take firm actions against inappropriate behaviour, ensuring that justice prevails and ethical standards are

maintained. This just approach encourages employees to act ethically, respect one another, and remain committed to their roles. Employees under ethical leaders, inspired by this sense of justice, tend to refrain from nepotism, discrimination and unethical practices, thus further promoting a fair and harmonious workplace.

4.4.4 Adequate Trust

Trust in employees' capabilities is another vital aspect of Islamic values upheld by ethical Saudi SME leaders. By trusting their employees, ethical leaders motivate them to improve performance and foster collaboration and coordination. Ethical leaders demonstrate trust by delegating responsibilities and allowing employees to take initiative in their tasks. This high level of trust leads to increased motivation and engagement among employees, who feel empowered to take initiative and strive for excellence, confident in the knowledge that their leaders appreciate and support their efforts. For example, employees are encouraged to learn from their mistakes and seek lessons from them, which fosters a culture of continuous improvement and innovation. This supportive environment not only enhances individual performance but also drives collective success as employees work together more effectively and cohesively.

4.5 Impact on Employees

Balanced adherence to Islamic values by Saudi SME leaders has a profoundly positive impact on employee behaviour. Adequate accountability ensures that employees are disciplined, punctual and committed to their work, while employees also appreciate the structured yet flexible approach to attendance and responsibilities, which helps them balance professional and personal commitments. Adequate consultation fosters an inclusive environment where employees feel valued and engaged, leading to better performance and higher job satisfaction. Employees are more likely to contribute innovative ideas and collaborate effectively when they feel that their opinions are valued.

The practice of justice ensures a fair and supportive work environment that motivates employees to act ethically and maintain high standards. Employees who know they are being treated fairly and equitably are more likely to show loyalty and dedication to their organisation. Ethical leaders who give professional and personal support enhance employees' well-being and morale, leading to a more committed and productive workforce.

Finally, an adequate level of leaders' trust in employees' capabilities empowers them, increases their motivation, and enhances their overall contribution to the organisation. Employees feel confident and capable, knowing that their leaders trust them to perform their duties effectively. This empowerment leads to higher levels of engagement, creativity and job satisfaction, as employees are encouraged to take ownership of their work and pursue excellence.

4.6 Section Conclusion

In conclusion, maintaining an adequate balance of Islamic values such as accountability, consultation, justice, and trust is crucial for fostering a productive and ethical workplace in Saudi SMEs. Whereas excessive or insufficient adherence to these values can lead to various negative outcomes, a balanced approach promotes positive employee behaviours, high engagement, and overall organisational success. The findings underscore the importance of these values in shaping effective leadership practices and fostering an environment where employees thrive.

4.7 Unethical Leadership Behaviours Resulting from Excessive Levels of Islamic Values and Their Impact on Employees

Building on the insights from the previous sections, it becomes evident that although ethical leadership grounded in Islamic values generally promotes positive behaviour, an excessive adherence to these values can, paradoxically, yield negative outcomes. This section explores how excessive levels of accountability, consultation, justice, and trust can lead to unethical behaviours among employees.

4.7.1 Excess Accountability

Saudi SME leaders often exhibit an excessive level of accountability, which, despite establishing their authority and ensuring compliance, can also place an undue burden on employees. Such hyper-accountability leads to employees becoming overloaded with responsibilities, resulting in excessive work pressure and stress. For instance, employees might be consistently compelled to work longer hours, to the detriment of their work–life balance. This continuous strain can lead to burnout, decreased job satisfaction, and ultimately a decline in overall productivity.

4.7.2 Excess Consultation

In their efforts to be inclusive and democratic, some Saudi leaders consult their employees on every matter, leading to over-delegation of power and authority. Such excessive consultation can overwhelm employees by involving them in too many decision-making processes. Instead of feeling empowered, over-consulted employees may become stressed and confused, resulting in decreased motivation and hampered performance. For example, employees may experience decision fatigue due to their constant involvement in discussions and planning, leading to mistakes and inefficiencies in executing tasks.

4.7.3 Excess Justice

Perhaps counterintuitively, leaders who are overly focused on delivering justice can create an environment where ethical boundaries become blurred: Examples from the field describe leaders who, seeking to be just and fair, tolerate major infractions that perhaps ought not to be tolerated. For example, RCM1 tolerated an employee who incited others against him and, in another instance, decided that a technician guilty of theft should be merely supervised instead of being terminated immediately. Another leader refrained from firing a poorly performing supervisor because they felt it would be improper to do so during Ramadan. These actions, although well-intentioned, can foster a culture of leniency where unethical behaviour is implicitly condoned. Such excessive emphasis on justice undermines the establishment of clear consequences for misconduct, thereby weakening overall organisational discipline.

4.7.4 Excess Trust

Excessive trust by leaders in Saudi SMEs, characterised by a high tolerance for mistakes and repeated opportunities for improvement, can lead to complacency among employees. Adequately ethical leaders should exhibit patience and support, accepting mistakes when employees are under pressure – but not when they are merely being careless. An excessively trusting and supportive environment, while potentially fostering learning and growth, can also cause employees to depend on the leniency of their leaders. They may repeat errors, knowing that they will face minimal consequences, thereby undermining their accountability and overall performance standards within the organisation.

4.8 Impact on Employees

Some Saudi SME leaders' excessive adherence to certain Islamic values can inadvertently have adverse impacts on employees. First, the overburdening caused by excessive accountability can

result in stress and burnout among employees, who may feel overwhelmed by the constant pressure to perform, which negatively affects both their mental health and productivity.

Second, excessive consultation can lead to decision fatigue and confusion. Employees might struggle to navigate the numerous decisions they are asked to contribute to, which can result in inefficiencies and errors. This overwhelming involvement can also demotivate employees, as they might feel their core responsibilities are being neglected in favour of decision-making processes.

Third, an excessive focus on justice can blur the limits of acceptable behaviour, and may allow employees to push those limits beyond the bounds of propriety and professionalism. This leniency can foster an environment where unethical behaviour becomes normalised, thereby reducing overall discipline and accountability.

Finally, excessive trust shown by some leaders can result in complacency among employees. When repeated mistakes are met with patience and perhaps too many opportunities for correction, employees may not feel the need to improve themselves or avoid errors in the future. This can lead to a decline in work quality as employees rely on their leaders' leniency rather than striving for excellence.

4.9 Section Conclusion

The findings highlight that although ethical leadership inspired by Islamic values generally promotes a positive and supportive work environment, excessive adherence to these values can inadvertently lead to unethical behaviours among employees. Over-accountability can cause undue stress and burnout, excessive consultation can lead to decision fatigue and decreased performance, overemphasis on justice can embolden employees to engage in counterproductive or even criminal behaviours, and excessive trust can foster complacency that leads to lower productivity. Such paradoxical outcomes suggest that although the intentions behind these leadership practices are rooted in ethical principles, a balanced approach is essential to avoid potential negative impacts. To ensure that their ethical intentions do not backfire, leaders must strive to maintain this balance, thereby sustaining a productive and ethically sound organisational culture.

4.10 Unethical Leadership Behaviours Resulting from Insufficient Levels of Islamic Values and Their Impact on Employees

Whereas the previous sections have highlighted how ethical leadership based on balanced or excessive adherence to Islamic values can enrich or degrade employee behaviour, respectively, it is also crucial to consider the consequences of insufficient adherence to these values. This section examines how insufficient observance of accountability, consultation, justice and trust among Saudi SME leaders can lead to unethical behaviours among employees, contrasting sharply with the previous themes of balanced and excessive adherence to such ethical principles.

4.10.1 Insufficient Accountability

Some Saudi SME leaders fail to demonstrate adequate accountability towards their employees and organisational responsibilities. For example, the leader of EP did not provide business trip allowances, thereby stoking employee dissatisfaction and careless behaviour, such as engineers taking longer breaks. Similarly, one leader in KH overburdened an employee (KHE1) with additional responsibilities instead of hiring additional personnel, resulting in work delays and poor attendance by KHE1. The lack of accountability also manifested in other irresponsible behaviours, such as keeping papers on hold, refusal to admit mistakes, and neglecting attendance norms. These deficiencies demotivated employees, leading to various unethical activities, such as taking bribes from drivers for loading goods on trucks even though it was their job to work with the drivers to load goods and lying about qualifications. At RC, low accountability led to employees being overly casual about their work, repeatedly making mistakes without rectifying them and generally manifesting a severe lapse in upholding standards.

4.10.2 Insufficient Consultation

Some Saudi SME leaders fail to seek the input of new employees when making decisions, leading to a lack of inclusion and potentially poor decision-making. This insufficient consultation can result in employees feeling undervalued and disengaged, which in turn undermines their performance and commitment to the organisation. For instance, new employees may feel that their perspectives are being ignored, stoking a sense of alienation and decreased motivation to contribute meaningfully to the organisation.

4.10.3 Insufficient Justice

A deficiency in justice is another critical flaw. Leaders who fail to apply justice equitably contribute to a culture of unfairness, biasness and discrimination. For instance, during the COVID-19 pandemic, some employees at EP were not allowed to work from home while others were, leading to perceptions of unfair treatment. Additionally, some leaders failed to recognise employees' achievements due to personal biases. Such actions not only demotivate employees but also foster resentment – both of which reduce overall commitment and performance. In one extreme example of the consequences of perceived injustice, an EP employee assaulted a colleague with a knife.

4.10.4 Insufficient Trust

A lack of trust from leaders can significantly undermine employees' morale and ethical behaviour. For example, the general manager of EP removed the HR manager (EPM1) from official email communications, thereby undermining his role and responsibilities. Such actions can lead to conflicts and unethical behaviour when employees feel disrespected and undervalued. This lack of trust can cause employees to retaliate or disengage from their responsibilities, further exacerbating unethical conduct. RC employees were found to be working for another factory simultaneously, violating employment contracts and reflecting a lack of commitment due to insufficient trust and oversight from leadership.

4.11 Impact on Employees

Leaders' insufficient adherence to Islamic values has profound and multifaceted impacts on employees. First, the lack of accountability cultivates a work environment where responsibilities are unclear and employees feel overburdened and stressed, resulting in decreased job satisfaction and higher turnover rates. Employees become disengaged, less committed, and more likely to engage in unethical behaviours such as taking extended breaks or misrepresenting their qualifications.

Second, insufficient consultation leaves employees feeling excluded from important decisions, diminishing their sense of belonging and motivation. This lack of inclusion can stifle innovation and lead to poorer decision-making outcomes when valuable perspectives from diverse employees are not considered.

Third, a lack of justice fosters a culture of favouritism and inequality, leading to significant morale problems. Employees who perceive unfair treatment are more likely to be dissatisfied,

less productive, and prone to conflicts. This environment of inequality can escalate into severe issues, such as workplace violence or complete disengagement from work responsibilities.

Finally, insufficient trust from leaders creates an atmosphere of suspicion and disrespect. When employees feel that they are not trusted or valued, they are less likely to take initiative, which negatively impacts their performance and engagement. This lack of trust can also lead to more frequent incidences of unethical behaviour as employees retaliate or attempt to circumvent perceived unfair practices.

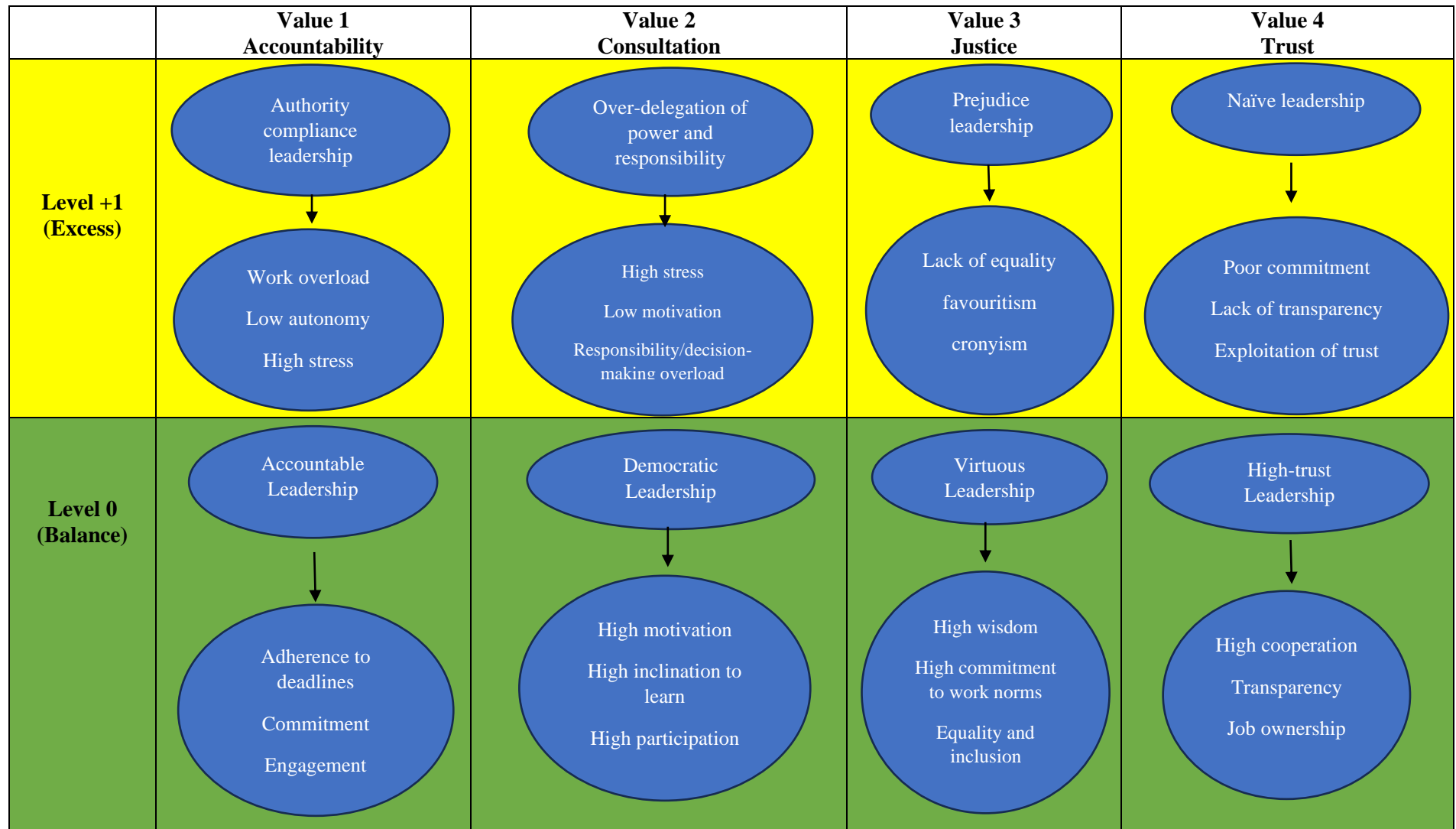
4.12 Section Conclusion

The findings highlight that whereas ethical leadership inspired by a balanced adherence to Islamic values generally promotes a positive and supportive work environment – and that excessive adherence may have some negative impacts – insufficient adherence to these values will likely have severely destructive impacts on employee behaviour. A lack of accountability results in careless work attitudes and unethical activities. Insufficient consultation leaves employees feeling excluded and demotivated. Inadequate justice fosters favouritism and resentment, while a lack of trust leads to conflicts and disengagement. These findings underscore the importance of maintaining a balanced approach to leadership practices, ensuring that ethical intentions are matched by consistent and equitable actions. Leaders must strive to adequately uphold these values to foster an ethical and productive workplace, preventing the detrimental effects that result from their insufficiency.

4.13 Ethical Leadership Behaviours: Levels and Dimensions

In the previous sections, we explored the multifaceted impacts of Islamic values on leadership behaviours within Saudi SMEs and the resulting employee behaviours. Section 4.2 highlighted how ethical leadership behaviours rooted in Islamic values such as accountability, consultation, justice and trust generally foster a positive and ethical work environment. However, Section 4.3 illustrated that excessive adherence to these values can, paradoxically, lead to negative outcomes that include stress, confusion and a lack of discipline among employees. Similarly, Section 4.4 examined the detrimental effects of insufficient adherence to these values, revealing how a lack of accountability, consultation, justice and trust can result in disengagement, resentment and generally unethical behaviour among employees. These findings underscore the importance of a balanced approach to ethical leadership.

In the upcoming section, we will delve into how Saudi SME leaders possess a suitable balance of these four Islamic values: accountability, consultation, justice and trust. This section will detail the relationship between ethical leadership behaviours, adequately balanced values, and their positive impact on employees, thereby illustrating how this equilibrium fosters a productive and ethical workplace.



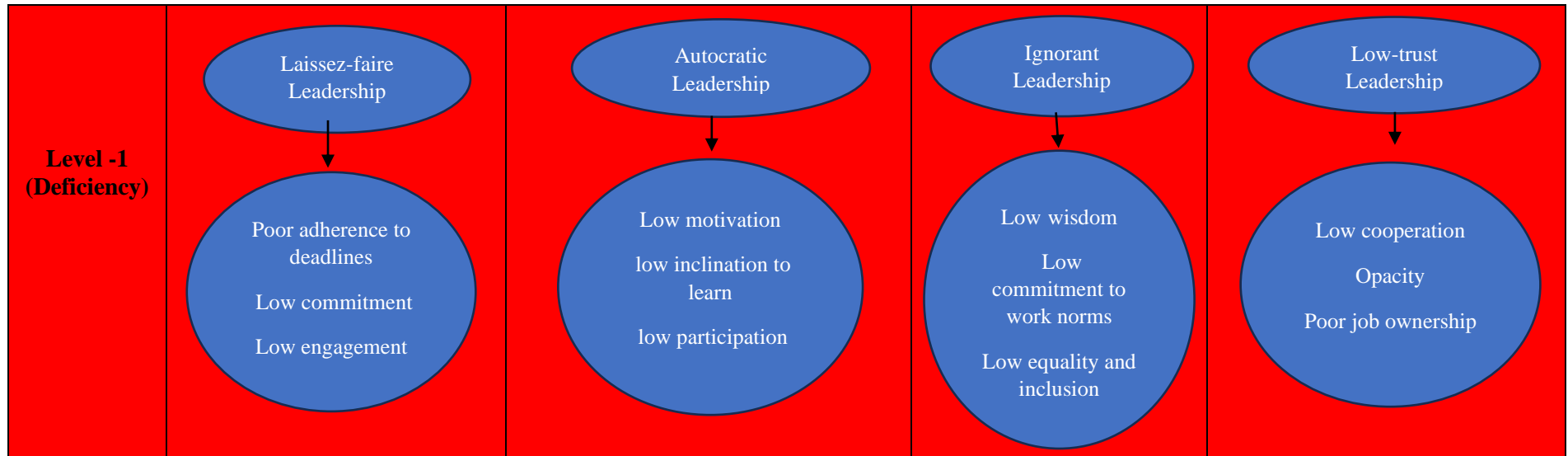


Figure 4.1 Model of Ethical Leadership Behaviours Founded in Islamic Values

This section explores the nuanced impacts of varying levels of Islamic ethical leadership values – accountability, consultation, justice and trust – on leadership and employee behaviours within Saudi SMEs. Figure 4.1 illustrates how these behaviours change according to different levels of these values. The values are categorised across three levels: Level +1 (excessive presence), Level 0 (balanced presence), and Level -1 (deficiency).

4.13.1 Level +1: Excessive Presence of Values

At Level +1, the excessive presence of ethical values can have detrimental effects on both leaders and employees.

4.13.1.1 Accountability. When accountability is excessively present, Saudi SME leaders tend to exhibit authority-compliance leadership. This authoritative stance often results in work overload for employees, who may struggle to meet the high expectations and demands placed upon them. The constant pressure to adhere to strict guidelines can lead to burnout and decreased job satisfaction.

4.13.1.2 Consultation. Excessive consultation leads to an over-delegation of power and responsibilities. Although inclusivity is generally positive, too much consultation can cause decision-making paralysis, high stress and confusion among employees. The overwhelming responsibility and lack of clear directives create a stressful work environment, reduce motivation and hinder performance.

4.13.1.3 Justice. An excessive focus on justice can result in prejudiced leadership. Leaders may inadvertently display favouritism or cronyism, which undermine equality and fairness within the organisation. This biased behaviour can erode trust and create a divisive workplace atmosphere where some employees feel undervalued and marginalised.

4.13.1.4 Trust. An overabundance of trust may lead to the exploitation of this value by employees. When leaders excessively trust their employees without sufficient oversight, it can result in poor commitment, lack of transparency, and potential exploitation of the trust placed in them. Employees may take advantage of the lenient environment, leading to a decrease in overall accountability, reliability and, ultimately, productivity.

4.13.2 Level 0: Balanced Presence of Values

At Level 0, the balanced presence of ethical values fosters a positive and productive work environment.

4.13.2.1 Accountability. Leaders who exhibit balanced accountability are adequately responsible and set clear expectations. This approach fosters high work commitment, adherence to deadlines, and strong engagement among employees. Employees feel accountable for their tasks, resulting in a productive and efficient workplace.

4.13.2.2 Consultation. With balanced consultation, leaders adopt a democratic leadership style. This inclusive approach motivates employees and encourages continuous learning and participation in decision-making processes. The result is a collaborative environment where employees feel valued and empowered.

4.13.2.3 Justice. A balanced presence of justice ensures virtuous leadership behaviour. Leaders treat all employees with fairness and respect, thus promoting equality and inclusion. This environment encourages employees to commit to organisational norms and to act with wisdom and integrity, fostering a harmonious and just workplace.

4.13.2.4 Trust. Leaders exhibiting balanced trust are seen as highly reliable by their employees, promoting a culture of cooperation and transparency. Those employees, in turn, exhibit high levels of job ownership and commitment because they feel trusted and supported by their leaders. This mutual trust enhances teamwork and drives organisational success.

4.13.3 Level -1: Deficiency of Values

At Level -1, the deficiency of ethical values results in negative leadership behaviours and disengaged employees.

4.13.3.1 Accountability. Lack of accountability leads to laissez-faire leadership, characterised by minimal oversight and guidance. This results in employees' poor adherence to deadlines, low work commitment, and disengaged employees who lack direction and purpose.

4.13.3.2 Consultation. When consultation is lacking, leaders tend to be autocratic, making unilateral decisions without employee input. This stifles motivation and reduces employees' willingness to learn and contribute ideas, leading to a stagnant and oppressive work environment.

4.13.3.3 Justice. Deficiency in justice results in ignorant leadership behaviour, where leaders fail to address inequality and unfairness. Employees exhibit low commitment to work norms, diminished wisdom and a lack of inclusion, which erodes the ethical fabric of the organisation.

4.13.3.4 Trust. A lack of trust leads to low-trust leadership, where employees are closely monitored and micromanaged. This creates an atmosphere of suspicion that reduces cooperation, transparency and job ownership among employees. Furthermore, the lack of trust hinders employee engagement and innovation, negatively impacting overall performance.

4.13.4 Section Summary

The analysis of ethical leadership behaviours across different levels of accountability, consultation, justice and trust highlights the importance of balance. Leaders' excessive or insufficient adherence to these values can lead to various negative outcomes, whereas a balanced approach fosters a productive, ethical and supportive work environment. By maintaining equilibrium in these values, Saudi SME leaders can create an optimal environment for encouraging positive employee behaviours, promoting high engagement and influencing organisational success. This balance is crucial for cultivating an ethical leadership style that promotes the well-being and development of leaders as well as employees, ultimately driving sustainable organisational growth.

4.14 Impact of Islamic Values on Behaviour

4.14.1 Islamic Values' Impact on Ethical Behaviour in Saudi SME Leaders

Islamic virtues and their ethical elements significantly influence Saudi SME leaders, establishing good practices and a positive culture in the work environment. The Islamic characteristic of consideration, for example, causes leaders to be attentive to the personal circumstances of employees and provide necessary aid for resolving their issues. Examples include the leader of RC reimbursing travel expenses for an employee facing a family health emergency, the leader of WC covering travel costs for a newly married employee, and the leader of TQ paying for an employee's eye surgery. Such actions exert an idealised influence on the staff, as evidenced by the majority of interviewees across the five companies, who acknowledged the positive impact of their leaders' qualities. Strong adherence to Islamic values instils a fear of wrongdoing in leaders, fostering a workplace characterised by good manners, trust, justice, sacrifice, tolerance of mistakes, and a commitment to fulfilling promises and

striving for perfection in accordance with Islamic values. Consequently, these organisations perform better over time, as inferred from the responses of many interviewees.

4.14.2 Islamic Values' Impact on Ethical Behaviour in Saudi SME Employees

The qualities of Islamic ethical leaders in Saudi SMEs exert a positive influence on employees in various ways. First, employees demonstrate increased engagement and association with the organisation, manifested through behaviours such as punctuality, working longer hours without additional payment, and maintaining communication on business matters beyond work hours. Second, many employees deliver better performance by internalising good qualities from their leaders and deriving motivation from their leadership qualities. For example, TQE2 reported learning to maintain a good temper in all work-related situations, which subsequently improved his performance. Leadership qualities of patience, tolerance and kindness motivate employees to increase their efforts, resulting in higher output. Third, the moral qualities and traits of leaders, such as gentleness, non-discriminatory attitudes, compassion and consideration, foster a healthy workplace culture. This encourages teamwork and collaboration among employees, leading to improved organisational performance. The emphasis on teamwork over individual output, driven by the leaders' ethical influence, significantly enhances overall productivity.

4.14.3 Islamic Values' Impact on Unethical Behaviour in Saudi SME Employees

Although Islamic ethical leadership promotes employees' ethical behaviour, this study uniquely reveals that it also can lead to unethical behaviour among some employees when leaders adhere too strongly or too weakly on Islamic ethical values. Interviewees noted that certain employees take undue advantage of their leaders' goodness and trust. In contrast, ethically bound employees respect their leaders' qualities and do not exploit them. This dichotomy suggests that employees' approaches to their leaders' characteristics determine the influence of the leadership style on their behaviour. A positive approach, where employees draw motivation from Islamic ethical leaders, fosters ethical behaviour. Conversely, a negative approach, where employees exploit their leaders' virtues, leads to unethical behaviour.

Unethical behaviour among employees manifests in three dimensions: low engagement, poor performance, and reduced teamwork. Low engagement is exemplified by engineers at KH taking longer breaks or avoiding responsibilities, and employees at RC stealing tools or repeatedly making errors despite warnings. These employees, assured of their leaders' leniency, become less committed to their work, causing delays and disruptions in business activities. Poor performance is another common outcome, whether direct or indirect. Examples

include KH employees shouting at managers, taking money from truck drivers, manipulating attendance records, and taking credit for others' work. At RC, employees exhibited disrespect, complaints without corrective actions, and incitement against the owner. Such behaviours stem from taking their leaders' ethical nature for granted, leading to reduced work commitment and unethical actions.

Reduced teamwork is the third dimension, demonstrated by poor support of colleagues, as well as conflicts and prejudices. For instance, KHE4 received no help from colleagues in sourcing materials, causing work disruptions. Conflicts, such as those between the production and procurement managers at KH, as well as continuous cultural clashes at EP and RC, led to significant losses in productive hours. Prejudices, such as those seen an EP employee and an RC carpenter, hindered cooperation and productivity. These issues arose because employees exploited their leaders' leniency, leading to reduced collaboration and cooperation – and, ultimately, diminished teamwork.

Because employees engaging in unethical behaviour take undue advantage of their leaders' good qualities, those qualities can be said to exert a negative influence on them. Conversely, these same qualities exert an idealised influence on employees engaging in ethical behaviour. Thus, the findings of this research indicate that Islamic ethical leadership promotes unethical behaviour in employees through low engagement, poor performance and reduced teamwork, thereby negatively impacting firm performance.

4.15 Key Contribution of This Study

The exploration of ethical leadership behaviours across the three levels – excessive (Level +1), balanced (Level 0), and insufficient (Level -1) – provides a comprehensive understanding of how the core Islamic values of accountability, consultation, justice and trust manifest within Saudi SMEs.

At Level +1, although rooted in the intention to uphold strong ethical standards, an excessive presence of these values can, paradoxically, lead to negative outcomes. For instance, excessive accountability results in authoritarian leadership, causing employee burnout and stress due to work overload. Similarly, excessive consultation leads to decision-making paralysis and high stress among employees. An excessive emphasis on justice can foster favouritism and cronyism, thereby undermining equality, while excessive trust may tempt employees to exploit the lenient environment, thereby reducing overall accountability and transparency. These

findings highlight the delicate balance required in applying ethical values, as even well-intentioned behaviours can become counterproductive if not moderated.

In contrast, Level 0 represents the optimal balance of these values, promoting a productive and ethical workplace. Balanced accountability fosters high work commitment and engagement; balanced consultation encourages motivation and collaborative decision-making; balanced justice ensures fairness and inclusion; and balanced trust promotes cooperation and job ownership.

However, the deficiency of these values at Level -1 consistently leads to highly detrimental outcomes. Insufficient accountability results in laissez-faire leadership and disengaged employees; insufficient consultation fosters autocratic leadership and stifled innovation; insufficient justice leads to ignorant leadership and diminished employee commitment; and insufficient trust results in a suspicious and uncooperative work environment.

This study's contribution lies in presenting the full spectrum of ethical leadership behaviours, demonstrating how they can shift from ethical to unethical depending on whether their influence is insufficient, balanced or excessive. It underscores the importance of maintaining a balanced approach to ethical values to ensure that they fulfil their intended purpose of fostering an ethical, supportive and high-performing organisational culture.

This study has found that most leaders of Saudi SMEs demonstrate Islamic ethical leadership, whereby their ethical qualities – such as valuing punctuality at work or being caring and supportive to employees in both personal and professional domains – draw on Islamic principles and characteristics. This leadership style promotes ethical behaviour in both leaders and employees, ultimately exerting a positive impact on firm performance. However, Islamic ethical leadership also leads to unethical behaviour by employees, which undermines firm performance.

4.16 Chapter Conclusion

This study presents a comprehensive model illustrating the impact of Islamic ethical leadership on the performance of Saudi-based SMEs (see Figure 4.1). The model shows that Islamic ethical leadership improves firm performance by promoting ethical behaviour in employees through deeper engagement, better performance, increased teamwork and idealised influence. However, another major contribution of this study is the finding that Islamic ethical leadership can also undermine firm performance by exerting a negative influence on some employees, leading to unethical behaviour characterised by low engagement, poor performance and reduced teamwork. In contrast, extant studies have primarily highlighted the positive impacts of ethical leadership on firm performance without examining its potential negative consequences. This research fills that gap by providing a nuanced understanding of how Islamic ethical leadership can both enhance and hinder organisational performance.

Chapter 5: Discussion

5.1 Chapter Overview

This chapter discusses the key findings of this research. It first shows how Islamic leadership by Saudi SME leaders relates to ethical leadership. Thereafter, it develops a detailed discussion on the three levels (i.e. insufficient, balanced and excessive) of four Islamic values (i.e. accountability, consultation, justice and trust) possessed by Saudi SME leaders and their influences on Saudi SME employees.

5.2 Overview of Key Findings

This study has discovered that Islamic ethical leadership by Saudi SME leaders significantly influences the ethical behaviour of their employees, both positively and negatively. The four Islamic values – accountability, consultation, justice and trust – shape leadership behaviour and actions, which in turn impacts employee behaviour. The key contribution of this research is its finding that the four values can exert contradictory (i.e. negative or positive) impacts on Saudi SME leaders – and, hence, on their employees – by promoting ethical or unethical behaviours depending on whether those leaders place insufficient, balanced or excessive emphasis on those values in the management of their enterprises.

5.3 Ethical Leadership Behaviours and Islamic Values

The four Islamic values are deeply rooted in the behaviour and practices of Saudi SME leaders, which corroborates extant studies (Abdallah et al., 2019; Akhtar and Nawaz, 2021; Alal, 2023) reporting that organisational leaders in Islamic countries like Saudi Arabia possess Islamic leadership qualities. This study adds that in demonstrating the Islamic values of accountability, consultation, justice and trust, the behaviours of Saudi SME leaders align with ethical leadership. Therefore, this research establishes a link between Islamic leadership and ethical leadership, in addition to exploring the nuances of ethical leadership behaviour and its implications for Saudi SMEs.

Islamic doctrine, which shapes Islamic leadership and is, therefore, the guiding principle of Islamic organisational leaders, defines ethical leadership as consciousness of God or Allah, being responsible for those under the care of organisations (such as employees), preserving their trust and belief, ensuring justice, acting with righteousness, doing the right things, and keeping promises (Abdallah et al., 2019). According to these guidelines, leaders are expected to be considerate towards employees, improve their competence, and exercise shared

leadership by delegating some of their power and responsibilities to employees (Abdallah et al., 2019). These guidelines also convey that irresponsibility towards employees and others under an organisation's care, the development of mistrust in them, a lack of justice and righteousness, and improper conduct and failure to fulfil promises are signs of unethical leadership. Leaders behaving unethically are more likely to be inconsiderate about employees and to refrain from developing their competence and practising shared leadership (Abdallah et al., 2019). Therefore, Islamic doctrine spells out the key behaviours and actions of both ethical and unethical leaders of organisations in Islamic countries; this research refers to the ethical guidelines of Islamic doctrine to understand the nuances of ethical leadership in Saudi SMEs.

Although Saudi SME leaders profess the Islamic faith, this research has found evidence of both ethical and unethical activities among them. In the ethical context, the leaders have been found to be supportive and caring towards employees in both professional and personal matters. Subsection 4.1.2 presents various examples of professional support by leaders in terms of instilling qualities like confidence and customer responsiveness; fulfilling employee needs and interests, such as by organising training programmes; and inculcating workplace decorum. Examples of care and support in personal domains are presented in subsection 4.1.3. According to Alshammari et al. (2015), ethical leaders are mostly caring and supportive of employees in the professional domain. This study has found that Saudi SME leaders care and support employees even in personal matters, thus complementing the views of Alshammari et al. (2015). Alshammari et al. (2015) also argue that supportive leadership behaviour shapes a strong and understanding leader–follower relationship. Most participants, especially the employees, mentioned having good relationships with their leaders – some even reported a fraternal or father–child relation with leaders. Current studies on ethical leadership (Alshammari et al., 2015; Metwally et al., 2019; Brown et al., 2005) neither mention nor provide any indication of the development of personal relation between leaders and followers. Therefore, this study contributes to the literature by positing that Saudi SME leaders and followers share a personal bond. Most interviewees considered their leaders to be God-fearing, which is an ethical leadership behaviour as per Islamic doctrine (Abdallah et al., 2019). Thus, it can be argued that being fearful of God or Allah, Saudi SME leaders care and support employees not only in professional matters but also in their personal lives. Because the leaders cater to both the professional and personal needs of their employees, the leader–employee relationship is more personal and less professional in nature. Furthermore, ethical Saudi SME leaders also go above and beyond to do favours, such as accommodating an employee's

children at a hotel to help them to settle into Saudi Arabia. This shows that being God-fearing, Saudi SME leaders take responsibility for all employees' needs because they are under their care. Thus, their caring and supportive behaviour aligns with the ethical leadership guidelines of Islamic doctrine (Abdallah et al., 2019), which leads to a more personal relationship between leaders and employees of Saudi SMEs. The caring and supportive behaviour of Saudi SME leaders reflects the highest accountability towards employees, which constitutes responsible leadership as mentioned in Brown and Treviño's (2005) study on ethical leadership. Most interviewees consider their leaders to be responsible, thereby confirming Brown and Treviño's (2005) view.

The second pattern of ethical leadership in Saudi SMEs relates to the demonstration of ethical virtues such as treating employees equally regardless of their position, developing fair and just procedures and instilling ethical qualities in employees. Subsection 4.1.6 presents relevant examples from the interviews. Current studies on ethical leadership (Alshammari et al., 2015; Frisch and Huppenbauer, 2014) report that ethical leaders promote equality, fairness and justice, and that they impart these qualities to their employees, ultimately cultivating an ethical workplace environment (Nubert et al., 2009). Most interviewees reported working in an ethical environment, which indicates that Saudi SME leaders make efforts to ensure equality, fairness and justice. Thus, the findings of this study are consistent with the current literature.

Islamic doctrine also considers equality, justice and righteousness to be ethical aspects of Islamic leaders (Abdallah et al., 2019). Considering this, it can be posited that Islamic doctrine is the source of ethical leadership and that by conforming to it, Saudi SME leaders demonstrate ethical virtues that eventually develop an ethical climate in their organisations. However, current studies (Frisch and Huppenbauer, 2014; Mayer et al., 2012) indicate that leaders themselves are the source of ethical leadership because ethical qualities constitute their self-identity. Although ethical qualities are also central to the self-identity of Saudi SME leaders, they are not present in them from the beginning, nor do they develop naturally as in other ethical leaders. Instead, ethical qualities are inculcated by Islamic doctrine. Mayer et al. (2012) observe that ethical leaders have a moral self-schema or identity. The findings of this study suggest that Islamic doctrine develops a moral self-schema in Saudi SME leaders; this is also explicitly mentioned in Islamic leadership research (Akhtar and Nawaz, 2021; Alal, 2023), which state that Islamic values ultimately define organisational leaders. Therefore, this study presents a contradictory viewpoint to the positions of extant literature about the development of ethical leadership in Saudi SME leaders.

Driven by the moral self-schema, Saudi SME leaders do not tolerate inappropriate conduct, such as smoking during Ramadan and other instances mentioned in subsection 4.1.4. Studies (Alshammari et al., 2015; Frisch and Huppenbauer, 2014) report that ethical leadership discourages unethical acts by any stakeholder, whereas unethical leadership encourages them. According to Nubert et al. (2009), ethical leaders focus more on internal achievements, such as feeling satisfied after completing work, than on external rewards such as profit. Indeed, most interviewees reported experiencing satisfaction after fulfilling their tasks and responsibilities; thus, the findings of this research corroborate the extant literature. This research has also found that inappropriate conduct, like smoking during Ramadan, contradicts Islamic virtues; hence, leaders act most strictly in these situations. Accordingly, the employee who smoked was fired immediately, and so was another employee who wounded his co-workers with a knife. These instances illustrate that the ethical qualities of Saudi SME leaders are derived from Islamic doctrine. Ethical behaviour by the leaders indicates virtuous leadership, which promotes wisdom and a strong sense of equality and inclusiveness among their employees (Hendriks et al., 2020). Participants reported that a majority of Saudi SME employees are wise and do not discriminate between their colleagues, thereby confirming the work of Hendriks et al. (2020).

Saudi SME leaders also provide new responsibilities to employees, especially the competent ones – and in some cases, responsibilities are allocated in new areas where prior expertise is not possessed. This constitutes the third pattern of ethical leadership. Metwally et al. (2019) observe that by allocating new roles and responsibilities, ethical leaders promote flexibility and adaptability in employees. The participants who executed tasks in areas where they lacked previous expertise reported being more flexible and adaptable to changing situations. They also executed tasks more easily under intense pressure – which, in turn, improved their competence. These findings align with the extant literature. Furthermore, competency is a key element of Islamic leadership, and building employee competency is considered ethical under Islamic doctrine (Abdallah et al., 2019). Thus, allocation of new responsibilities by Saudi SME leaders is an aspect of ethical leadership. Overall, Saudi SME leaders demonstrate ethical leadership in terms of being caring and supportive of employees in professional and personal matters, enforcing ethical values in the work environment, and providing more responsibilities to employees for building competency.

Additionally, ethical Saudi SME leaders also seek input from their employees. The consultation approach promotes participation in accordance with Avolio and Bass's (2004) concept of

participative leadership, which fosters engagement and motivation; this has also been reported by the participants. Thus, the research findings are once again in line with the literature.

As mentioned before, Saudi SME leaders are strongly influenced by Islam, and Islamic leadership studies mention four key values of leaders: accountability, consultation, justice and trust (Akhtar and Nawaz, 2021). This study has also found the presence of these values in Saudi SME leaders. Discussion in the previous section has revealed that although they follow the Islamic doctrine, some Saudi SME leaders' actions are adequately ethical, whereas others' are excessively or insufficiently ethical. This indicates that the four values are present in three levels – excessive (Level +1), adequate (Level 0) and deficient (Level -1) – which Figure 4.1 illustrates.

5.3.1 Presence of Four Islamic Values to an Excessive Extent

As shown in Figure 4.1, Level +1 indicates Saudi SME leaders who possess the four Islamic values to an excessive extent.

5.3.1.1 Excessive Accountability. Analysis the interview findings reveals that when Saudi SME leaders are excessively accountable, they work beyond a limit and expect the same from employees. A few participants (for example, KHE1) mentioned receiving excessive workloads while still being expected to finish everything on time. This is characteristic of authority-compliant leadership whereby Saudi SME leaders require employees to perform excess work efficiently and effectively. Extant literature (see section 2.3) mentions four categories of leadership values: personal, ethical-social, ethical-moral and competitive. Authority-compliant leaders possess the competitive value of money and the ethical-moral value of responsibility to extreme degrees. With an aim to increase revenue, they do more work in less time and, accordingly, allocate more responsibilities to their employees. According to Nubert et al. (2009), these leaders focus more on external things, which leads to unethical outcomes. For instance, they emphasise higher income and subsequently, take more work, which is then allocated to employees making them overburdened. This study has also found that authority-compliant leadership creates work overload for employees, increasing their stress and reducing their autonomy. Abduh's (2021) study establishes that such conditions reduce employees' productivity, ultimately causing delays in executing and completing work. In line with those findings, participants who were overburdened with responsibilities reported experiencing decreased productivity. Abduh's (2021) findings also inform that despite overloading employees with excess work, authority-compliant leaders provide little freedom.

Correspondingly, participants, working under leaders, who were overly accountable, reported that they sought continuous updates about work, which caused interference resulting in low autonomy. Thus, the findings of this research are broadly in line with the mainstream literature.

Participants' views also indicate that overburdened employees experience poor work–life balance, which in turn harms their mental and psychological well-being. This indicates that Saudi SME leaders possessing excessive accountability do not care about employees, which is considered unethical from the Islamic leadership perspective (Abdallah et al., 2019). Furthermore, Nubert et al. (2009) argue that low employee well-being promotes disengagement. The overburdened participants reported being less committed to work as well as attendance, thus indicating disengagement and thereby confirming the views of Nubert et al. (2009). Overall, the discussion indicates that excess accountability of Saudi SME leaders negatively impacts employees by overburdening them with excess responsibilities that increase their stress and by reducing their autonomy. This undermines organisational performance because overburdened employees often fail to complete all of their work on time. Corroborating this, Abduh (2021) states that overburdened employees are less efficient and productive. Thus, the research findings once again confirm the views espoused in extant literature. Therefore, excessive accountability of Saudi SME leaders leads to negative outcomes for both their employees and their organisations.

5.3.1.2 Excessive Consultation. Some Saudi SME leaders consult employees on all matters, which indicates that they over-delegate their power and responsibilities to employees. Referring to the leadership value framework presented by Mihelic et al. (2010), such leaders possess the ethical-moral values of trustworthiness, respect and loyalty to an excessive degree. Some interviewees stated that their leaders trusted and respected their opinions, and were loyal to them on most occasions. This indicates that the leaders may not be confident of their ability to handle all matters and perform their jobs successfully whereas leaders are expected to act independently to decide the course of action in most situations (Maddi, 1997). Therefore, leaders inclined towards excessive consultation lack the ethical-moral values of confidence and sincerity. On the one hand, such leaders are excessively trusting, respectful and loyal to employees – but, on the other hand, they are less confident and sincere. In this situation, employees experience high stress because leaders constantly depend on them for their input, which eventually increases employees' own responsibility in leadership areas on top of their own ordinary work duties (Maddi, 1997); the result is overload and burnout (Hofmann et al., 2017). Participants who reported being frequently consulted by leaders also reported having

more responsibilities and feeling stress frequently, which corroborates the literature. Although additional responsibilities promote stress, the research of Hofmann et al. (2017) indicates that stress can also develop due to poor employee competency. Accordingly, Saudi SME employees may have experienced more stress considering their incompetency to provide relevant views when consulted by leaders. However, this cannot be established with certainty because interview data does not provide any evidence for such an interpretation. Overall, the findings indicate that excessive accountability of Saudi SME leaders causes responsibility overload and stress among employees, thus reducing motivation (Turyakira et al., 2017). Reduced motivation can, in turn, reduce employee productivity and ultimately diminish organisational performance (Mitchell et al., 2023). Although participants who were frequently consulted did not report feeling low motivation, they described instances of work inefficiencies and delays, which are the outcomes of low motivation and indicate poor firm performance. For instance, an RC employee stated that the owner always took their opinions and referred to an incident where work was completed after the deadline. Thus, Saudi SME employees are likely to lack motivation due to excessive consultation by their leaders, which in turn hampers organisational performance. Maddi's (1997) study also establishes that frequent consultation slows decision-making because so much time is spent seeking and discussing the views of others. This also explains the reported delays at RC. Thus, excessive consultation by Saudi SME leaders slows decision-making in their firms.

5.3.1.3 Excessive Justice. Some Saudi SME leaders are excessively concerned with delivering justice to employees. In accordance with the leadership values identified by Mihelic et al. (2010), these leaders possess extreme degrees of certain personal values – mainly happiness, friendship and love; ethical-moral values of honesty, respect, trustworthiness and loyalty; and the competitive value of flexibility. Section 5.1 mentions the development of personal relationships between Saudi SME leaders and employees. Thus, it is natural for the former to develop excessive love, honesty, respect, trust and loyalty for the latter. Driven by these values, such leaders end up being overly just with employees; this has two implications. First, employees who do not receive excessive justice feel unequal. Following the equality principle, leaders ought to behave positively when employees deliver good conduct and negatively when their conduct is poor (Metwally et al., 2019). However, this study has discovered that in some cases, Saudi SME leaders act positively when employees steal factory equipment or neglect full attendance (see sub-theme 4.3). This lack of consequences reduces equality perceptions in other employees, making them feel that those exempted from

punishments despite wrongdoing are the beneficiaries of leaders' favouritism (Chou et al., 2024). When reporting incidents of excess justice, interviewees reported that their leader was biased – a perception with undesirable outcomes.

The second implication is that in an attempt to deliver more justice, Saudi SME leaders embrace cronyism, whereby they recruit people from their own networks without considering their qualifications (Saleem et al., 2022). A few interviewees mentioned their leaders recruiting staff from their family circles, reflecting favouritism whereby family members are given more priority than others who may be even more qualified. This behaviour also creates inequality because other suitable candidates for a position do not receive a fair chance (Saleem et al., 2022). Although participants did not mention this explicitly, it is implicit in their view that leaders recruiting people from personal relations demonstrate bias. Overall, the discussion conveys that excessive justice by Saudi SME leaders promotes inequality for some employees and favouritism and cronyism for others.

Furthermore, some participants reported that those recruited via nepotism perform below the ordinary standard. Discussion in the previous section shows that some Saudi SME employees take advantage of their leaders' behaviour, and participants mentioned that employees recruited from leaders' personal relations are treated differently – thus, they almost certainly take advantage of the differential treatment to continue performing below the standard without consequence. Corroborating this, Saleem et al. (2022) also report that employees recruited from leaders' family relations enjoy more privileges. Thus, this study's findings confirm the literature findings that favouritism and cronyism harm employee performance – and thus, quite likely, organisational output as well (Mitchell et al., 2013).

Because some employees feel unequal due to excessive justice meted out to others, it can be argued that leaders exhibit lesser degrees of the personal, ethical-moral and competitive values mentioned above when interacting with those employees. In other words, they do not have adequate happiness, love, respect, friendliness, loyalty and flexibility for these employees; otherwise, they would not have behaved in ways that caused those employees to experience or perceive inequality. Therefore, in meting out excessive justice, Saudi SME leaders possess some values to an excessive extent for some employees and to a lesser extent for others. This contradicts the Islamic doctrine, which recommends treating everyone fairly and equally in all situations (Abdallah et al., 2019). Therefore, in being excessively just, Saudi SME leaders end

up being unethical in accordance with the Islamic doctrine and this can be attributed to the disproportionate presence of many personal, ethical-moral and competitive values.

5.3.1.4 Excessive Trust. Some Saudi SME leaders have excessive trust in employees, which is manifested by being too tolerant of repeated mistakes and providing too many opportunities to rectify errors – opportunities that employees may ignore because they know there will be no consequences for repeated errors. This is characteristic of naïve leadership, where leaders act in a manner contrary to how they should have acted in a given situation (Rogers et al., 2023). Naïve Saudi SME leaders are overly patient with employees who make mistakes on a continual basis instead of treating them with appropriate strictness. Such behaviour reflects a poor understanding and inappropriate application of leadership values. Applying the value framework of Mihelic et al. (2010), naïve Saudi SME leaders may not understand the real meaning of personal values like holistic success, status, love and friendship; ethical-moral values like honesty, sincerity, responsibility and confidence; and competitive values like intelligence and rationality. Consequently, they fail to behave with due diligence and act naïve. As mentioned before (see section 4.3.2.3), some Saudi SME employees take undue advantage of leaders' trust and become casual about their work. This implies poor commitment, which in turn disengages employees from their work (Ahmed et al., 2017). Interviewees have also mentioned that these employees lack commitment and seriousness, thus affirming the view of Ahmed et al. (2017). With low commitment, employees are less bothered to improve their performance and instead continue making the same errors, confident that it will be tolerated. This also reflects employee exploitation of leaders' trust, which is detrimental not only for the leader and the employee but also for the organisation. Analysis of interview responses indicates that excessively trustworthy and naïve Saudi SME leaders fail to notice the casual approach of employees. Applying the views of Mihelic et al. (2010), it can be argued that with poor understanding of personal values, these leaders do not develop an appropriate moral self-identity and consequently perform inappropriate actions; for instance, some leaders even corrected their employees' mistakes themselves. Likewise, poor understanding of ethical-moral and competitive values prevents them from demonstrating authentic behaviour (i.e. punishing employees who continue to make the same mistakes and producing positive transformation in them). When employees continue making errors, they do not improve their skills, resulting in low competency and, ultimately, lower output; this has the potential to harm the firm's output (Mitchell et al., 2013). Participants reported that continuous errors delayed work progress; however, it is not known whether this affected firm performance. Overall, the

discussion indicates that excessive trust by Saudi SME leaders reduces employee commitment and potential to develop, while simultaneously promoting employees' exploitation of leaders' trust.

In sum, excessive accountability inclines Saudi SME leaders to exploit employees, whereas excessive consultation makes them more reliant on employees. In both cases, employees experience high stress, albeit for different reasons. Excessive justice promotes inequality, whereas excessive trust reduces employees' development prospects while encouraging them to exploit leaders. Reflecting on these findings, excessive presence of leadership values inculcates dark leadership traits and behaviour in Saudi SME leaders, which leads to negative outcomes for employees as well as the organisations.

5.3.2 Presence of Four Islamic Values to an Adequate Extent

In Figure 4.1, Level 0 indicates Saudi SME leaders who possess the four Islamic leadership values to a balanced degree.

5.3.2.1 Adequate Accountability. Most Saudi SME leaders are adequately accountable for their duties and responsibilities. This implies accountable leadership in pursuance of which; they prioritise timely work completion, for which they also provide their employees with necessary support and guidance. While employees receive professional support for completing work on time, support is also provided in personal matters and section 4.2.3 presents the examples of leadership behaviour in both personal and professional contexts. This shows that Saudi SME leaders are also accountable to employees. This behaviour indicates the presence of many personal values like friendship, love and happiness (Mihelic et al., 2010). Interviewees also mentioned that their leaders had a friendly behaviour while allocating jobs and providing requisite support. This, to some extent, affirms the observation of Mihelic et al. (2010). In keeping with Mayer et al. (2012), the personal values are likely to have inculcated a moral self-identity in the leaders eventually, making them more accountable to employees in professional as well as personal matters. This view can be established because, as mentioned before, Saudi SME leaders possess a kind, gentle and warm behaviour towards employees, which emanates from a moral self-identity (Mayer et al., 2012). Since Saudi SME leaders derive their leadership values from the Islamic doctrine, the values shaping moral identity and thereafter, accountability are likely to have been sourced from the doctrine itself. On the contrary, research by Mayer et al. (2012) implies that leaders develop moral self-identity and subsequent values naturally. Thus, the findings of this research challenge Mayer et al. (2012).

Leaders' accountable behaviour also indicates the presence of many ethical-moral values such as responsibility, honesty, sincerity and respect since these terms have been used by the interviewees to describe their leaders' accountability. Mihelic et al. (2010) argue that these values promote authentic and spiritual behaviour in leaders. Interview responses indicate that participants consider accountable leaders to be more authentic and spiritual in accordance with Islamic virtues since these virtues govern their behaviour. While Mihelic et al. (2010) argue that ethical-moral values make leaders accountable and spiritual, this study has discovered that authenticity and spirituality are developed in accordance with the Islamic doctrine. Therefore, the findings of this study add to the observations of Mihelic et al. (2010) conveying the idea that the adequate presence of ethical-moral values promotes adequate accountability in Saudi SME leaders in line with the Islamic doctrine. Additionally, accountability indicates the presence of rationality, a competitive value. Although participants did not explicitly describe their leaders to be rational, instances shared by them demonstrate their presence. For example, one leader asked an employee to be more patient with their Tunisian co-workers since they have short temperaments. This is a rational judgement because a short temper is an inherent trait of Tunisians and this cannot be changed easily hence, other employees should be more accommodating to avoid any conflict.

Deriving inspiration from the accountable behaviour of leaders, most Saudi SME employees – as evident from interviews – finish their work on time and are committed to organisational norms. This means that accountable leadership promotes adherence to deadlines, commitment and engagement in employees. High engagement is quite likely because interview responses show that many Saudi SME employees consider their leaders as brothers or fathers, which further indicates high emotional connections or affective commitments between them. Research by Gomes et al. (2022) indicates that responsible or accountable leaders drive organisational commitment and engagement in employees, and another study on SMEs (Almohtasb et al., 2021) reports that responsible behaviour by leaders promotes affective commitment among their employees. Furthermore, participants' views indicate that successful adherence to deadlines improves organisational performance, which is also reported by Mitchell et al. (2013). Thus, this research's findings confirm the views of the literature.

A comparison of adequate accountability and excessive accountability among Saudi SME leaders creates an impression that the former creates a positive impact on employees by increasing commitment, engagement and adherence to deadlines. In contrast, the latter impacts employees negatively by increasing workload – subsequently increasing employees' stress

while reducing their autonomy. This leads us to conclude that past a certain threshold, further accountability becomes counterproductive. Thus, adequate accountability is preferable to excessive accountability.

5.3.2.2 Adequate Consultation. Many Saudi SME leaders seek the opinions of employees when they deem it appropriate. This reflects democratic leadership whereby leaders consult employees and consider their views when making important decisions in relevant situations (Hassnain, 2023). Thus, democratic leaders respect and trust employees' views, reflecting ethical-moral values that promote authenticity and spirituality in leaders (Mihelic et al., 2010). Participants in this study also described their as authentic and spiritual along the lines of Islam. Adequate consultation also indicates that leaders think positively and are sufficiently rational and intelligent – two competitive values (Mihelic et al., 2010) – to involve employees in decisions in certain situations. Although participants did not explicitly identify these values in their leaders, they have stated that consultations by leaders produced positive transformations in them in terms of driving motivation, encouraging participation and increasing their desire to learn. This is congruent with the view of Mihelic et al. (2010), who reported that competitive values promote transformational leadership behaviour. Thus, the findings of this study once more confirm the literature findings.

Adequate consultation differs from excessive consultation in that in the former case, employees are consulted in certain situations – whereas in the latter, they are involved in every situation. Thus, it can be posited that leaders who exhibit adequate degrees of the consultation value are maintaining a fine balance between relying on themselves and seeking employees' views when making decisions. Contrarily, leaders who exhibit behaviour patterns of excessive consultation become totally reliant on employees for decision-making. Whereas adequate consultation benefits employees by increasing motivation, participation and inclination to learn, excessive consultation puts them under stress, thereby reducing their motivation while increasing their responsibilities. Thus, adequate consultation is more favourable for the organisation because greater employee motivation increases employee output, which leads to higher organisational performance (Tohidi, 2011). Many interviewees stated that consultations on relevant matters motivated them to improve their performance however, nothing was mentioned about organisational output although it can be inferred that Saudi SMEs generated higher output because the companies interviewed were growing steadily. Thus, the research findings affirm Tohidi's (2011) viewpoint to a certain extent. In contrast, excessive consultation is likely to hinder organisational growth because excessive work responsibilities and stress reduce

employee productivity, thereby diminishing organisational performance (Abduh, 2021). The participants did not mention anything about organisational performance but they stated suffering from work overload and stress in the event of excessive consultation by their leaders. Thus, the research's findings affirm Abduh's (2021) view partially. Thus – as seen in accountability – past a certain threshold, excessive consultation, which involves over delegation of power and responsibility, has a negative impact on Saudi SME employees; therefore, an adequate degree of consultative behaviour, which also reflects democratic leadership, is more favourable to enhanced organisational performance.

5.3.2.3 Adequate Justice. Saudi SME leaders act in an adequately just manner. This relates to virtuous leadership whereby leaders are regarded for performing virtuous activities such as treating employees equally in all circumstances, establishing fair procedures and delivering fair outcomes (Hendriks et al., 2020). This study has found that Saudi SME leaders also perform these actions, which have been discussed from section 4.2.6 to 4.2.8. This makes them virtuous leaders. Such behaviour indicates the presence of personal values, such as leaders' recognition of employees' rights, as well as friendship and love (Mihelic et al., 2010). As stated before, these values develop a moral identity and ultimately influence moral behaviour and actions in leaders (Mayer et al., 2012). When discussing just behaviour among Saudi SME leaders, interviewees praised them for being ethical, which indicates the presence of a moral identity. They also stated that their leaders loved them and behaved in a friendly manner. Therefore, this study's findings are consistent with the literature and convey that personal values like love, friendship and recognition of employees' rights encourage Saudi SME leaders to deliver adequate justice. Being just also indicates that Saudi SME leaders are honest and sincere with employees, and that they respect them – both of which are ethical-moral leadership values (Mihelic et al., 2010). As stated before, these values promote authentic and spiritual behaviour in leaders, and participants considered their leaders to be authentic and spiritual in line with Islamic virtues. This adds to the current literature (Mihelic et al., 2010), putting forth the argument that ethical-moral values promote authenticity and spirituality in Saudi SME leaders, in line with the Islamic doctrine – and that this ultimately leads them to undertake actions to deliver adequate justice.

Interview responses show that just behaviour of Saudi SME leaders encourages most employees to be wise with co-workers, treat them equally, and create an inclusive workplace. This adds to the current findings (Xu et al., 2016; Watto et al., 2019), which state that the just behaviour of leaders promotes workplace equality and inclusiveness. Although the literature

suggests that just leaders establish equality and inclusiveness, this study clarifies that they do this through employees by encouraging them to embrace equality and inclusiveness in the work environment. Furthermore, participants mentioned that the just actions of their leaders inspired them to increase their commitment to organisational rules and regulations. This contributes to the ethical leadership behaviour literature because extant studies on this subject (Xu et al., 2016; Watto et al., 2019; Metwally et al., 2019) do not provide this information. Hendriks et al. (2020) argue that virtuous leaders increase job satisfaction, affective commitment and engagement. This study has found that Saudi SME employees are highly satisfied and committed to their work, as well as to their leaders, thereby confirming the view of Hendriks et al. (2020). Therefore, they are quite likely to be committed to organisational norms. Thus, virtuous leadership promotes commitment to organisational norms. Overall, adequate justice, which involves virtuous leadership, promotes wisdom and commitment to organisational norms in employees as well as equality and inclusiveness in the work environment. This is in contrast to excessive justice, which, through prejudiced leadership, reduces equality and increases favouritism and cronyism. Therefore, adequate justice is more preferable to excessive justice.

5.3.2.3 Adequate Trust. Most Saudi SME leaders trust their employees adequately, which this is demonstrated by thanking them for their efforts and involving them in strategic management. This signifies high-trust leadership where leaders bestow sufficient trust and confidence in employees' capabilities, and rely on them for fulfilling organisational tasks and duties (Alshammari et al., 2015). Such leadership behaviour indicates the presence of personal values like holistic success because leaders, while trusting employees, also focus on their growth and development, recognition, love, and friendship (Mihelic et al., 2010). Participants who spoke about being trustworthy mentioned that their leaders aimed at collective development while recognising their contributions and also being lovable and friendly. Such leaders were also deemed ethical. As mentioned before, personal values shape a moral identity in leaders, which in turn influences moral behaviour in them (Mayer et al., 2012) – in this case, trusting employees sufficiently. Therefore, the findings of this research confirm the literature. Having adequate trust also includes some ethical-moral values like trustworthiness, respect and confidence in employees, which, as Mihelic et al. (2010) argue, also shape authentic and spiritual behaviour in leaders. As stated before, Saudi SME leaders demonstrate authentic and spiritual behaviour along the lines of Islamic virtues. This adds to the observation of Mihelic et al. (2010) and indicates that ethical-moral values make Saudi SME leaders behave in an

authentic and spiritual manner, in line with the Islamic doctrine, and that this in turn causes them to bestow sufficient trust on employees. Additionally, adequate trust in employees also signifies that Saudi SME leaders act rationally and with intelligence in terms of trusting the right employees to an adequate level. These are competitive values that promote transformational behaviour in leaders (Mihelic et al., 2010). Analysis of interview data shows that participants whose leaders rely on them undergo transformations in terms of developing new skills and competencies such as patience, customer responsiveness and other qualities mentioned in section 4.2.2. This confirms the standpoint of Mihelic et al. (2010).

Adequate trust by Saudi SME leaders increases cooperation among employees, who also take greater ownership of their jobs as a result. This further indicates high commitment and engagement to work, following which Saudi SME employees voluntarily work beyond work hours to complete their tasks. Because employees develop new skills, it can be argued that adequate trust by their leaders creates high development potentials for them. These findings contradict the literature, which states that leader trust improves justice perception (Xu et al., 2016). Adequate trust also varies from excessive trust in the sense that the former (which involves high-trust leadership) produces positive outcomes, namely higher commitment, job ownership and development potential of employees; the latter (which involves naïve leadership) produces negative outcomes, namely low commitment and development prospects of employees and high exploitation of leaders' trust. From this it, can be posited that trust beyond a level is counterproductive; hence, adequate trust is preferable to excessive trust.

To sum up the discussion, adequate accountability of Saudi SME leaders increases employees' adherence to deadlines, job commitment and engagement, whereas adequate consultation improves employees' motivation, participation and inclination to learn. Adequate justice in the leaders makes employees wiser, more committed to organisational norms and more inclined towards equality and inclusiveness, while adequate trust maximises employees' cooperation, development potential and job ownership.

5.3.3 Presence of Four Islamic Values to an Insufficient Extent

Level -1 in Figure 4.1 implies that Saudi SME leaders are deficient of the four Islamic values.

5.2.3.1 Insufficient Accountability. Some Saudi SME leaders lack accountability for their job as well as towards employees. Section 4.10 and its subsections present some precedents, for example, not taking responsibility of mistakes and not fulfilling employee

needs. Such behaviour resembles laissez-faire leadership, where leaders do not take charge or involve themselves much; instead, they expect employees to work independently and make decisions on their own (Robert and Vandenberghe, 2021). This approach indicates a complete absence of personal values (friendship and love for employees), ethical-moral values (honesty, sincerity, responsibility and loyalty towards work) and competitive values (money, rationality, optimistic thinking and intelligence) (Mihelic et al., 2010). When discussing unaccountable Saudi SME leaders, the participants used terms like ‘moody’, ‘temper’ and ‘irresponsible’, which are opposite to most of the values like responsibility, rationality, sincerity and loyalty. Without personal values, leaders are more likely to develop an immoral self-identity (Mayer et al., 2012). Likewise, a dearth of ethical-moral values makes leaders less authentic and spiritual, whereas the absence of competitive values reduces their transformative behaviour (Mihelic et al., 2012). Saudi SME leaders who demonstrated low accountability, were stated to be immoral, less authentic and to lack spirituality in line with Islamic values. Moreover, these leaders also failed to produce positive transformations in employees (Abdallah et al., 2019). These findings add to the view of Mayer et al. (2012) suggesting that the absence of various personal, ethical-moral and competitive values reduces moral self-identity development and authentic, spiritual and transformative behaviour in Saudi SME leaders in line with the Islamic doctrine.

Analysis of interview responses shows that poor accountability of Saudi SME leaders reduces job commitment and engagement in employees, which is also evident in their practices like taking longer breaks and being late to work, just like their leaders. Current studies (Alshammari et al., 2015; Metwally et al., 2019) indicate that low accountability of leaders also makes employees unaccountable. Some participants also reported that the casual approach of such leaders led to drops in productivity. This shows that unaccountable behaviour prevents employees from adhering to deadlines. Although extant studies (Alshammari et al., 2015; Metwally et al., 2019) did not mention this specifically, their findings convey a similar idea. Overall, the findings of this research confirm the views expressed by the literature and assert that low accountability of Saudi SME leaders, which involves laissez-faire leadership, leads to low job commitment and engagement among employees, thus discouraging them from respecting deadlines. According to Mitchell et al. (2023), these are highly likely to reduce organisational performance however, due to a lack of concrete information, this cannot be stated with certainty with respect to Saudi SMEs.

These outcomes can also be observed in the case of excessive accountability, where high workload and stress, combined with low autonomy, promote disengagement – consequently,

employees fail to finish work on time and miss deadlines (Abduh, 2021). Therefore, excessive accountability involving authority-compliant leadership and low accountability involving laissez-faire leadership can have the same undesirable outcomes. Instead, adequate accountability, which signifies accountable leadership, is most desirable – especially given its positive outcomes of high job commitment, engagement and adherence to deadlines.

5.2.3.2 Insufficient Consultation. A few Saudi SME leaders do not seek the opinions of employees on any matter. This behaviour reflects an autocratic leadership style where leaders hold maximum power and authority, which they use to control subordinates (Hassnain, 2023). Such leaders do not focus on holistic growth and development, nor do they possess positive emotions like friendship and love for employees, which are personal values (Mihelic et al., 2010). Without these values, leaders are less likely to develop a moral self-identity (Mayer et al., 2012). Interview responses reveal that Saudi SME leaders who do not consult employees (for example, one leader of KH) are moody and biased, whereas leaders with a moral self-identity are more practical and impartial. Thus, the research findings confirm the viewpoint of Mayer et al. (2012). Low consultation also indicates that leaders do not respect employees' opinions or feel confident in them and respect and confidence are ethical-moral values. As Mihelic et al. (2010) observe, a lack of these values reduces authenticity and spiritual behaviour in leaders. Saudi SME leaders demonstrating low consultation were reported to act against Islamic doctrine. This means that they do not abide by Islamic virtues, which made them less authentic and spiritual. This adds to the perspective of Mihelic et al. (2010), who conveyed the idea that lack of ethical-moral values reduces authenticity and spirituality in Saudi SME leaders along the lines of Islamic doctrine – and that this subsequently leads to low consultation. Such leaders can also be stated to lack rationality and intelligence because consulting employees on relevant matters is a rational and intelligent action (Hassnain, 2023). Furthermore, these are competitive values that shape transformational behaviour in leaders (Mihelic et al., 2010). From participants' responses, it can be inferred that Saudi SME leaders who do not consult their employees do not generate positive transformations in them; this confirms the viewpoint by Mihelic et al. (2010).

Interview data shows that low-consultative Saudi SME leaders reduce employee motivation and participation. Hassnain (2023) observes that autocratic leaders demotivate employees and reduce their participation by imposing their views on them instead of seeking their opinions. Thus, this study's findings confirm Hassnain's (2023) statement. Participants' responses also indicate that because leaders do not consult them, they receive no developmental potential; this

is likely to reduce their inclination to learn. Brown et al. (2005) argue that leaders' transformative behaviour increases employees' propensity for learning, thus upholding the claim. Overall, low consultation (which involves autocratic leadership) reduces employee motivation, participation and inclination to learn. These are probable to reduce organisational performance because employees are less productive (Hassnain, 2023). However, due to a lack of sufficient evidence, this view cannot be established with certainty with respect to Saudi SMEs. Low motivation is also experienced in case of excessive consultation; however, here – unlike low consultation – employees feel more stressed because they have more responsibility. By contrast, low consultation does not create any responsibility; instead, employees are subject to their leaders' autocratic behaviour. Either way, both are undesirable because they lead to negative outcomes among employees. In contrast, adequate consultation is desirable because it exerts a positive influence on employees by increasing their motivation, participation and inclination to learn.

5.2.3.3 Insufficient Justice. Some Saudi SME leaders act unjustly in some situations. Sub-theme 6.3 under section 4.2 presents examples such as not giving all employees the opportunity to work from home and not recognising good employee performance. Such actions indicate ignorant leadership whereby leaders ignore basic rights of employees like equality, fairness and justice. This further indicates that such leaders are devoid of personal values like happiness, recognition, status, friendship and love for their employees, as well as ethical-moral values like honesty, sincerity, responsibility and respect (Mihelic et al., 2010). As described previously, a lack of personal values affects the development of leaders' moral self-identity, while a lack of ethical-moral values reduces their authentic and spiritual behaviour (Mihelic et al., 2010). While discussing unjust actions by Saudi SME leaders, interviewees reported that they acted immorally by violating Islamic doctrine. This indicates that the leaders compromised their moral selves in these circumstances, which confirms the statement by Mihelic et al. (2010) on personal values in leaders. Analysis of interview responses shows that unjust activities made Saudi SME leaders less authentic and spiritual in accordance with Islamic virtues. This adds to what Mihelic et al. (2010) stated about ethical-moral values in leaders, suggesting that a lack of ethical-moral values reduces authentic and spiritual behaviour in Saudi SME leaders along the lines of Islamic doctrine; as a consequence, they exhibit low justice in some situations.

Interview responses reveal that low justice by Saudi SME leaders reduces wisdom in employees and with this, the values of equality and inclusion in them. For instance, in a company whose leader discriminated between Saudis and non-Saudis, the two employee

groups were intolerant of each other and consequently entered into frequent conflicts. Participants mentioned that discrimination by leaders reduces perceived justice among employees – an observation also shared in other studies (Nubert et al., 2009; Xu et al., 2016). Thus, findings of this study confirm the literature. Additionally, this study has found that unjust actions by Saudi SME leaders reduce employees' commitment to organisational norms. As this is not mentioned in current research (Mihelic et al., 2010; Nubert et al., 2009; Xu et al., 2016), this finding constitutes a novel contribution to the literature on leadership values and behaviour. Thus, low justice by Saudi SME leaders (which involves ignorant leadership) reduces employee wisdom, equality and inclusion and commitment to organisational norms employees. Firms experiencing these are less likely to deliver higher performance instead, their productivity gradually reduces due to more unfair practices (Alshammari et al., 2015). However, owing to the absence of sufficient evidence, this view cannot be established concerning Saudi SMEs. Equality is also compromised by excessive justice where leadership actions performed in the course of prejudiced leadership promote discrimination. This leads to the view that inequality and injustice occur in the cases of both excessive and low justice. This, together with the other negative impacts of the two leadership behaviours, make both cases undesirable. By contrast, adequate justice is preferable for its positive impacts such as higher wisdom, equality and inclusion, as well as high commitment to organisational norms among employees.

5.3.3.4 Insufficient Trust. In some situations, Saudi SME leaders do not trust employees and keep them uninformed about work-related matters. This signifies low-trust leadership where leaders lack rationality, optimistic thinking and intelligence – these being ethical-moral values, their absence reduces authentic and spiritual behaviour in leaders (Mihelic et al., 2010). Narrating instances of low trust by leaders, participants reported that they acted in a non-transparent manner and were not consistent or open. Transparency, consistency and openness are key elements of authentic leadership behaviour (Mihelic et al., 2010). The leaders were also described as lacking positivity in those situations. This links to spiritual behaviour, where leaders are expected to be compassionate, visionary and hopeful (Mihelic et al., 2010). Thus, Saudi SME leaders having low trust in employees were considered to be less authentic and spiritual with respect to Islamic doctrine because ethical Saudi leaders, as mentioned before, should strongly follow Islamic virtues. Therefore, this study adds to the view of Mihelic et al. (2010) proposing that lack of ethical-moral values in Saudi SME leaders reduces the authenticity and spirituality of their behaviour, which in turn causes them to bestow

low trust on employees. Low trust also indicates the absence of optimistic thinking, rationality and intelligence, which are competitive values that shape transformational behaviour in leaders (Mihelic et al., 2010). From participants' viewpoints, it can be inferred that when leaders did not trust them, their transformative growth and development was stunted. This finding confirms the view of Mihelic et al. (2010).

Low trust by Saudi SME leaders creates opacity because employees are unaware of matters that may concern them. This subsequently reduces their work commitment, leading to low job ownership. This finding contradicts the literature (Xu et al., 2016), which reports that low trust on employees reduces perceptions of justice. Commitment is also reduced in cases of excessive trust; however, in this case, employees take advantage of their leaders' trust – whereas in low-trust situations, employees are left in the dark. Neither of these are desirable because they both hamper employees' performance. Instead, adequate trust is preferred for its positive impacts on employees such as greater cooperation, development potential and job ownership.

To sum up, low accountability of Saudi SME leaders reduces employees' adherence to deadlines, commitment and engagement at work, whereas low consultation decreases employees' motivation, participation and learning inclination. With low justice, the leaders reduce employee wisdom, equality and inclusion and commitment to organisational norms; low trust diminishes employee cooperation and job ownership while promoting opacity.

5.4 Ethical Leadership Challenges in Saudi SMEs

Although most Saudi SME leaders behave ethically, this study has found that some of their behaviours and actions contradict Islamic doctrine. Section 4.10 presents these behaviours, which include overburdening employees with excessive responsibilities, not recognising their efforts, and taking credit for their work. Here it is worth mentioning that Islamic doctrine prescribes allocating new responsibilities – not excess work. Some researchers (Alshaikh et al., 2021; Barnes and Spangenburg, 2018; Abduh, 2021) argue that leadership actions, such as overburdening employees with more work and not giving due recognition and credit for their efforts, are ethical shortcomings seen among Saudi SME leaders. Furthermore, these actions indicate that such leaders lack moral values and therefore sow the seeds of inequality and unfairness among their employees. In keeping with Nubert et al. (2009), such leaders put greater emphasis on external achievements like income and growth, rather than on internal accomplishments like job satisfaction. The analysis of interview data reveals that employees working under leaders whose actions are deemed unethical do not report job satisfaction. Thus, the observations made in this study are in line with the literature. Additionally, this study has

found that although Saudi SMEs leaders are strongly influenced by Islamic doctrine, not all follow an ethical code of conduct in their organisations. This indicates the lack of a formal system for promoting ethical behaviour (Nubert et al., 2009); as a result, because leaders' unethical actions are not checked, they continue in their unethical violations of Islamic virtues (Abdallah et al., 2019). Another viewpoint is that without an ethical code, Saudi SME leaders are less likely to heed their moral self-schema. Leaders with immoral self-identities are less capable of processing information from an ethical perspective. Thus, their ethical reasoning ability is low – which, in turn, affects their capability to form ethical judgements (Schminke et al., 2005). Consequently, leaders engage in acts that are unethical under Islamic doctrine. It can therefore be argued that an explicit code of ethical workplace conduct is essential for ensuring the successful implementation of Islamic doctrine principles relating to ethical leadership – and that in the absence of such an ethical code, Saudi SME leaders tend to act against Islamic doctrine (i.e. unethically). This observation constitutes a major novel contribution of this study. Although the literature mentions the ethical shortcomings of Saudi SME leaders, this study adds to the literature by attributing them to the absence of formal ethical codes in Saudi SMEs.

Another ethical shortcoming observed in Saudi SME leaders is excessive leniency towards employees who should be dealt with more strictly. Section 4.2.9 narrates the representative instances, which including retaining an employee guilty of theft, giving multiple chances to low-performing employees, and paying full salaries to employees who do not achieve full attendance. These behaviours indicate leaders' tolerance of inappropriate conduct, which Islamic doctrine forbids (Abdallah et al., 2019). By contrast, interview data shows that the leaders who tolerate inappropriate conduct are respected by employees for their overall leadership approach, which is characterised by warm and friendly behaviour, thereby encouraging attitude and understanding nature. This means that those leaders conform to the Islamic doctrine. However, in some instances, their conformity becomes excessive and they end up being overly ethical with their employees; in reality, their behaviour has become unethical under Islamic doctrine, which does not advocate tolerating any misconduct (Abdallah et al., 2019). In following Islamic doctrine, Saudi SME leaders may lack the sense to decide to what extent they should adopt ethical virtues and demonstrate them through their behaviour and actions. Therefore, although Islamic doctrine is the source of ethical leadership behaviour, it can also cause leaders to behave unethically. This perspective fills a gap in the current ethical leadership literature, which does not address overly ethical actions by leaders. Although the ethical leadership challenges reported in this study are rare, they are valuable in that they

provide a more comprehensive idea about the various dimensions of ethical leadership in Saudi SMEs.

5.5 Positive Impact on Employee Behaviour

This study has found that Islamic ethical leadership creates a positive influence on Saudi SME employees.

5.5.1 Enhanced Engagement and Commitment

Analysis of interview data shows that the ethical acts of Saudi SME leaders influence ethical behaviour in most employees. Being influenced by leaders' acts, such as treating employees equally and respectfully; recognising, praising and appreciating their hard work; and promoting collaboration and teamwork, Saudi SME employees do not discriminate against their colleagues, perform tasks with honesty, engage in teamwork, and pledge obedience to their leaders. Some employees are so obedient that they work beyond the official hours without hesitation. Brown et al. (2005) argue that leaders' ethical actions shape ethical behaviour in employees because the former exert an idealised influence on the latter by virtue of their ethical qualities. Most interviewees reported being inspired by their leaders' positive qualities such as warmth, kindness and impartiality; these are ethical qualities of leaders according to Islamic doctrine (Abdallah et al., 2019), with which such leaders position themselves as role models of ethical behaviour. The participants also reported being kind, friendly and impartial with their co-workers, which indicates the presence of idealised influence and thus corroborates the current literature. Moreover, such types of behaviour among employees lead to healthy workplace relations (Alshammari et al., 2015), which was also reported by a majority of the research participants. Thus, the findings of this study have consistently confirmed the views presented by prior research; furthermore, they convey the ideas that idealised influence favours the transference of ethical qualities from leaders to employees, and that this eventually leads to healthy workplace relations. Although not explicitly cited by participants, it is likely that they internalised ethical behaviour by observing others, as well as by learning from their own experiences, in accordance with social learning theory (Bandura, 1977). Because participants reported having regular communication with both leaders and co-workers, it is quite possible that ethical virtues were inculcated through such interactions; moreover, praise and recognition from leaders may also have reinforced ethical qualities in them. However, due to the lack of concrete evidence to this effect, these views cannot be established with certainty. Brown et al. (2005) also argued that praise and appreciation from leaders motivate employees to

demonstrate ethical behaviour. Most participants stated that praise was more motivating than financial incentives, and also that this maximised their self-esteem and job satisfaction, which may have subsequently influenced them to behave ethically. Therefore, these research findings differ from Brown et al. (2005). Although the authors establish a direct link between leaders' praise and ethical employee behaviour, this study suggests that praise by Saudi SME leaders promotes employees' self-esteem and job satisfaction – and that these in turn are likely to promote ethical behaviour among employees.

Saudi SME employees are highly obedient to their leaders, which indicates that they have high affective or emotional commitment – because without such commitment, employees are less likely to possess high obedience (Nubert et al., 2009). Affective commitment is more likely to exist because the leader–employee relationship (as mentioned in section 5.1) is more personal, further implying that the leader and employee are emotionally connected. Loi et al. (2015) observe that employees with high affective commitment to their leaders feel most safe and secure under them, even during times of uncertainty. This was corroborated by the interviewees, who described anecdotes such as a leader protecting an employee from deportation or providing psychological support to employees who had been wrongfully humiliated by customers; these illustrate how Saudi SME leaders protect employees even in dire situations. From another standpoint, Nubert et al. (2009) argue that adequate clarity about tasks and responsibilities promotes affective commitment. Most interviewees reported that their leaders clarified all tasks and responsibilities, and also that this enhanced their job commitment. Therefore, this study's findings confirm the literature and establish the view that Saudi SME leaders' care and support of employees in extreme circumstances improves those employees' affective commitment – and, thus, their obedience. Such obedience motivates Saudi SME employees to execute all tasks and responsibilities assigned by their leaders, even by working extra hours.

This study has found that ethical Saudi SME leaders create fair procedures and deliver fair outcomes. Fair procedures (such as listening to both parties in conflict before proposing a solution) improve perceptions of procedural justice, where justice is assessed by the fairness of procedures (Xu et al., 2016). In contrast, fair outcomes (for example, creating a separate workspace for women employees in order to preserve their dignity and privacy, as per Islamic virtues) improve perceptions of distributive justice, where justice is measured by the fairness of outcomes (Xu et al., 2016). Separate workspaces for women also relate to the ethical ideology of exceptionalism whereby leaders create different rules and processes to safeguard

the interests of special groups (Demirtas, 2013); in this case, women are the special group, whom the Islamic faith entitles to exclusive treatment in workplaces. Acting as an agent of virtue, exceptionalism promotes perceived justice (Demirtas, 2013). Although participants in this research did not explicitly mention procedural and distributive justice, they described working in a just environment; this means that they perceived their leaders' actions (like listening to the conflicting parties and making special provisions for female staff) as delivering justice. Therefore, the research findings appear to align with the literature and indicate that fair procedures and outcomes promote perceptions of justice among employees at Saudi SMEs.

Metwally et al. (2019) observe that positive justice perceptions promote employee loyalty and obedience. Participants corroborated this by stating that just behaviour exemplified by their leaders influenced them to be more obedient and loyal. In other words, fair procedures and outcomes cause employees to be more obedient and loyal to their leaders. This is one more case where these research findings confirm the prevailing views in extant literature. Xu et al. (2016) also note that perceived justice improves organisational engagement. Indeed, the participants reported being highly committed to their work and their leaders, thereby indicating high engagement with their firms because less engaged employees are less likely to be committed (Nubert et al., 2009). However, due to a lack of data, it is difficult to ascertain whether perceived justice influences organisational engagement for Saudi SME employees. Consequently, the argument of Xu et al. (2016), which links justice with engagement, cannot be affirmed. Overall, the discussion indicates that fair systems and procedures developed by Saudi SME leaders promote employee obedience and loyalty by promoting perceptions of justice; it is also possible that such systems and procedures improve organisational engagement.

To sum up, the behaviours and actions of Saudi SME leaders that align with Islamic Ethical leadership promote ethical behaviour in employees through idealised influence, social learning, affective commitment and perceived justice.

5.5.2 Improved Performance and Teamwork

High support, care and equitable treatment by Saudi SME leaders encourage employees to improve their performance and enhance their cooperation with team members. Referring to social learning theory (Bandura, 1977), Brown et al. (2005) argue that employees observe their leaders and imitate their qualities. Corroborating those findings, this study has found that employees derive positive inspiration from their leaders' recognition and praise of their good

performance and conduct, and that this inspiration improves their productivity and teamwork. Although Brown et al. (2005) find that employee performance and teamwork are directly influenced by leaders' behaviour, the findings of this research indicate that leaders' responses to employee behaviour (i.e. praise and appreciation) improve performance and teamwork. Therefore, the findings of this research challenge the extant literature. Congruent with transformational leadership theory, Brown et al. (2005) maintain that employees idolise their leaders and internalise their ethical qualities. This research has found that Saudi SME employees view their leaders as role models, in line with Islamic virtues, and adopt their qualities and behaviour, which are also aligned to ethical leadership. In this context, the findings of this study confirm the literature.

5.6 Negative Impact on Employee Behaviour

Research findings reveal that ethical Islamic leadership can also have negative impacts on employees in Saudi SMEs.

5.6.1 Taking Advantage of Leaders' Trust

Analysis of interview data shows that overly ethical actions of Saudi SME leaders lead to unethical behaviour in employees, which is one interesting finding of this study. As mentioned before, some leaders act excessively ethically by tolerating improper actions by employees such as making repeated errors and delivering low performance despite receiving sufficient guidance from leaders and co-workers. Some participants reported that tolerance of inappropriate conduct gives an unfair advantage to employees behaving inappropriately, who feel that they can persist in such behaviours without any severe consequences. This feeling is also confirmed when leaders respond to their infractions with lenience. For instance, leaders allow employees to commit mistakes on a continual basis and a few even correct employee-made errors themselves without giving any warning. Another example is being too patient with low-performing employees. In accordance with social learning theory (Bandura, 1977), employees who continue to make errors or deliver poor performance without consequence learn from their experience that these behaviours will be tolerated and not punished. Consequently, they do not change themselves and continue making mistakes and performing poorly. Thus, overly ethical actions by Saudi SME leaders can promote unethical behaviour in employees through social learning. This contributes to the current ethical leadership literature on this subject (Metwally et al., 2019; Alshammari et al., 2015; Brown et al., 2005), which

does not address how excessively ethical acts by leaders encourage unethical acts by employees.

From interview responses, it is also evident that employees committing inappropriate acts are considered by their co-workers as lacking adequate morals. In keeping with Mayer et al. (2012), these employees are less likely to possess a moral self-schema, following which they fail to process information by applying ethical reasoning and subsequently develop moral judgements (Schminke et al., 2005). As a result, they engage in unethical conduct. In contrast, most actions by their leaders are ethical, and ethical leadership practices constitute an informal system for promoting ethical employee behaviour (Nubert et al., 2009). However, despite having an informal system to promote ethical behaviour, which is also more effective than formal systems such as ethical norms and regulations, some Saudi SME employees perform actions that are deemed unethical. This is another unique observation of this study that challenges the view of Nubert et al. (2009), who posited that informal systems such as ethical behaviour and leaders' practices have a greater influence on ethical behaviour of employees. Furthermore, some Saudi SME employees' stronger inclination towards unethical conduct can be attributed to their inability to attain the ethical standards of their leaders; they may also feel that their own values and beliefs are at stake (Stouten et al., 2013). Due to a lack of concrete evidence, this view cannot be established with certainty. Overall, this section elucidates how the ethical acts of Saudi SME leaders can promote unethical behaviour in their employees.

5.6.2 Conflicts and Reduced Teamwork

Interview responses also reveal that behaviours constituting unethical leadership among Saudi SME leaders promote unethical behaviour in employees. This is because inappropriate behaviours promote conflict and reduce teamwork.

Examples of leaders' unethical acts include giving excess work to employees, not recognising their achievements, and other activities mentioned under section 4.7 and its subsections. Sections 4.8 and 4.11 describe the unethical activities of Saudi SME employees, which include taking longer breaks, not supporting colleagues, and shouting at a manager. Leaders acting unethically were reported to be moody, short-tempered and discriminatory. As described in section 5.1.1, these leaders are less likely to possess a moral self-identity, signifying a lack of ethical virtues. Working under such leaders, employees observe their behaviours and internalise them in line with social learning theory (Bandura, 1977). In accordance with idealised influence (Brown et al., 2005), such leaders can also be role models for employees

who lack moral self-identities, which serves as the best opportunity for transferring their immoral behaviours and practices to those employees. In a company where one leader was considered moody and perceived to work according to his whims and fancies, employees flouted work rules and took longer breaks: Because the leader lacked accountability, his employees became irresponsible as well. In another company, the leader discriminated against non-Saudis by allowing them – but not non-Saudis – to work from home during the COVID-19 pandemic. This company witnessed frequent personal conflicts between Saudi and non-Saudi employees. Thus, discrimination by Saudi SME leaders promoted conflicts, which is unethical because it could have been avoided by treating Saudis and non-Saudis equally. These two instances demonstrate that unethical actions of Saudi SME leaders lead to unethical employee behaviour through idolisation and inculcation of immoral values. Current studies on ethical leadership (Alshammari et al., 2015; Nubert et al., 2009) convey that unethical leadership acts encourage unethical behaviour in employees by inculcating immorality. Thus, the observations of this research confirm the views presented in the literature. A comparative analysis of ethical and unethical actions among Saudi SME leaders indicates that ethical actions exert a positive idealised influence on employees, whereas unethical actions exert a negative idealised influence that transmits immoral qualities and behaviour from the leaders to their employees.

Furthermore, while reporting about unethical actions of Saudi SME leaders, the participants mentioned that such actions reduce their trust in leaders and create poor perceptions of justice. This is likely to have influenced employees to act unethically. In the case of the moody manager, his moodiness made him less trustworthy in the eyes employees, who responded by becoming more irresponsible. In another case, discrimination between Saudis and non-Saudis created a perception of injustice. Consequently, the two groups felt personal hostility and engaged in conflicts. The findings of Xu et al. (2016) also convey that immoral leadership actions reduce trust and justice perception, ultimately reducing ethicality in employees. Thus, the findings of this study affirm the viewpoint of Xu et al. (2016).

Interview responses also show that unethical Saudi SME leaders have failed to create ethical work environments. The consequences are disengaged employees (as evidenced by delays in inspection and solving production issues); low commitment to work, despite receiving substantial support from co-workers; and considering oneself to be greater than others. Nubert et al. (2009) also attribute low organisational engagement to unethical leadership, thus aligning with the findings of this research. Research by Zhu et al. (2004) indicates that unethical

leadership reduces employees' psychological empowerment. As mentioned before, psychological empowerment refers to employees' ability to remove obstacles and turn situations to their favour. Low psychological empowerment is exemplified by failure to persuade a leader to release papers instead of holding them, or being unable to work from home during the pandemic, as such employees were unable to eliminate hindrances. Interview responses indicate that leaders involved in these situations act according to their mood and differentiate themselves from others – both of these behaviours are unethical. Therefore, unethical acts by Saudi SME leaders have reduced employees' psychological, which confirms the findings of Zhu et al. (2004). Altogether, unethical activities and behaviours by Saudi SME leaders encourage unethical behaviour in their employees through social learning, negative idealised influence, lower engagement and diminished psychological empowerment of employees.

The findings indicate that, on the one hand, overly ethical approaches by Saudi SME leaders encourage employees to take undue advantage of such leaders' leniency. On the other hand, leaders' insufficiently unethical practices also cultivate immoral attributes in their employees. Thus, both surfeits and deficits of ethical adherence by leaders tend to increase unethical behaviour in their employees. This is another unique observation of this research that contributes to the current literature on ethical leadership.

5.7 Balancing Islamic Values in Leadership

5.7.1 Striking the Right Balance

The research findings show that for Saudi SME leaders, a balanced approach to applying Islamic values in ethical leadership yields the best outcomes for organisational performance, because a balanced approach – rather than an imbalanced approach that excessively or insufficiently applies Islamic ethical values – positively influences employees' ethical behaviours.

5.7.2 Recommendations for Practice

The findings of this study indicate that Saudi SME leaders should adopt a balanced approach to applying Islamic values in pursuit of ethical leadership, such as by attending training programmes on ethical leadership that provide guidance on how to lead ethically without being exploited. Likewise, employees should also be trained to act ethically and refrain from taking advantage of overly ethical leaders.

5.8 Contribution to the Literature

5.8.1 Theoretical Implications

This research contributes to the ethical leadership literature by establishing a link between Islamic values and ethics. Transcending existing leadership theories, the findings suggest that religion and ethics intersect and collectively shape the behaviours and actions of Saudi SME leaders. It has also been found that various leadership styles – such as accountable leadership, virtuous leadership and participative leadership – are subsumed within the broad framework of Islamic ethical leadership, and also that they are influenced by the Islamic values of accountability, consultation, justice and trust.

5.8.2 Practical Implications

This study establishes a case for a balanced approach to Islamic values by organisational leaders in Islamic countries. It shows that a balanced (or ‘adequate’) level of Islamic values is most effective for improving employee productivity and morale – and, ultimately, organisational performance. Considering the findings of this study, organisational leaders in Islamic nations should adopt both Islamic values and contemporary leadership styles in a balanced way to generate positive outcomes among employees and for their firms.

5.9 Contribution to Ethical Leadership Research

This study contributes to current discourses on ethical leadership by showing how Islamic principles and values can shape ethical leadership behaviour in Saudi Arabian. By integrating Islamic values with ethics and then including leadership styles in the Islamic ethical leadership framework, this research provides a richer and more complex understanding of ethical leadership. This study also adds to extant scholarly works like that of Brown et al. (2005), who connect accountability with responsible leadership, and Avolio and Bass (2004), who shed light on the advantages of participatory and transformative leadership. The findings show that all of these leadership styles can be categorised under the umbrella of Islamic ethical leadership.

5.9.1 Broader Application of Findings

The Islamic values of accountability, consultation, justice and trust are not leadership principles exclusive to Islamic contexts; they are general leadership values observed in other cultures globally. For instance, the value of justice is prominent in the leadership practices of Western countries where equality, transparency and fairness are given more priority by organisational

leaders. By illustrating how the Islamic values are showcased in Saudi SMEs, this research provides an understanding of their application in global contexts.

5.9.2 Link to Aristotle's Virtue Ethics

The findings of this study highlighting the presence of Islamic ethical leadership involving four Islamic values have significant links with Aristotle's concept of virtue ethics. This concept is rooted in the idea of 'Golden Mean', which states that virtue lies between excess and deficiency. This study has found that a balanced (or 'adequate') presence of the four Islamic values is a virtue that exists between excessive and insufficient values. The connection to virtue ethics increases the generalisability of this study's findings and suggests that ethical leadership behaviour rooted in virtue ethics is universally beneficial. By connecting Islamic ethical leadership with Aristotle's virtue ethics, this study generates a broader understanding of the power of balanced ethical values to generate positive outcomes for employees and firms.

This connection also highlights the timelessness significance of virtue ethics in contemporary leadership discourses, suggesting that ethical leadership is not limited to a particular culture or framework; rather, it is a universal imperative with far-reaching consequences for organisations. Although balanced possession of values like accountability, consultation, justice and trust is derived from Islamic principles, Aristotle's virtue ethics also advocate integrity and trust in leadership worldwide. This study provides a deeper understanding on ethical leadership by arguing that principles shaping leaders' moral behaviour are humanistic ideals that are not confined to a particular culture or country.

5.10 Chapter Conclusion

The main observation of this research is that Islamic ethical leadership has both positive and negative impacts on employees' ethical behaviour. In light of this finding, it is suggested to organise training programmes for Saudi SME leaders to adopt a balanced approach instead of excessive or insufficient approach to demonstrating Islamic values for managing their firms. This chapter has discussed the implications of the research finding on ethical leadership theory and practice. Establishing a connection with Aristotelian virtue ethics, it has demonstrated that Islamic principles adopted by Saudi SME leaders are not exclusive to the Islamic context; rather, they are universal characters that are observable in global contexts and are rooted in humanistic ideals.

Chapter 6: Conclusion & Recommendations

6.1 Chapter Overview

This chapter first reiterates the aims and objectives of the study and justifies the chosen research methodology for fulfilling them. Next, it summarises the research findings, highlighting this study's unique observations and contributions to the fields in both theory and practice. Drawing on these findings, the next section of the chapter presents suitable recommendations for Saudi SME leaders regarding ethical leadership behaviour and practices. Finally, the chapter enumerates the study's limitations as well as potential avenues for future research indicated by them.

6.2 Research Aim, Objectives & Methodology

This study aimed to explore the dimensions of ethical leadership behaviour in Saudi SMEs and examine its impact on the ethical behaviour of employees. Its objectives were to explore the presence of Islamic values in the behaviour and activities of Saudi SME leaders and examine its outcome on employees. Islamic values were given priority because Islam has a strong influence on organisational leaders in Saudi Arabia, who adopt its principles and virtues for governing their firms. This research has taken a unique approach to connect Islamic leadership with ethical leadership with reference to Saudi SMEs.

Qualitative methodology was applied, and data was collected through semi-structured interviews with five managers and 25 employees at five SMEs in Saudi Arabia. The participants were chosen through convenience sampling, which proved beneficial by reducing the time spent in selecting and recruiting participants. The interviews were smoothly conducted and generated diverse perspectives that developed a comprehensive idea of what ethical leadership looks like in Saudi SMEs. Interview responses shed light on positive and negative behaviours of Saudi SME leaders as well as their subsequent impacts on employees' ethical behaviours. Qualitative methodology also enabled the researcher to incorporate individual views by drawing on current literature. This led to a richer understanding of the subject with a more detailed account of its themes, namely ethical leadership as well as leadership values and ethical behaviour. With this, the chosen qualitative methodology using semi-structured interviews was most appropriate to fulfil the research aim and objectives.

6.3 Research Findings & Contribution

This study has made two significant observations. The first concerns ethical leadership and the second concerns leadership values and behaviour.

6.3.1 Dimensions of Ethical Leadership in Saudi SMEs

This research has found that some Saudi SME leaders' behaviours and actions align with ethical leadership, whereas some do not, and still others reflect an overly ethical nature. In terms of ethical leadership, the first dimension is that Saudi SME leaders care and support employees in both personal and professional matters. Although extant literature states that leaders are mostly supportive in professional aspects (which also strengthens the professional relationship between leaders and followers), the findings of this research show that Saudi SME leaders are more supportive and caring in personal matters of employees, which makes their relationships more personal and less professional. Accordingly, many Saudi SME employees consider their leader as a brother or father – this is a unique finding of this study. Another unique observation is that fear of Allah, which is the core principle of Islamic doctrine, makes Saudi SME leaders more caring and supporting towards employees, even in the personal sphere. Therefore, Islamic doctrine inculcates ethical leadership behaviour in Saudi SME leaders.

The second dimension of ethical leadership involves demonstrating ethical virtues, such as fairness, equality and justice, before employees. These virtues are derived from Islamic doctrine, which is the source of Saudi SME leaders' ethical leadership and moral self-identity. This interpretation differs from that of extant studies, which posit that leaders either possess ethical virtues innately or else are inculcated with them. With a moral self-identity, Saudi SME leaders create an ethical work climate and focus on internal achievements (e.g. job satisfaction) rather than external achievements (e.g. money). This moral self-identity also discourages tolerance of inappropriate behaviour by employees – for example, smoking during Ramadan, which is also forbidden by Islamic doctrine. This illustrates the influence of Islamic doctrine on ethical behaviour by Saudi SME leaders.

The third dimension of ethical leadership concerns assigning new responsibilities to employees even in areas where they lack prior expertise. This measure aims to promote employees' flexibility and adaptability, and to help them develop new skills. This also aligns with the Islamic leadership principle of developing competence, which affirms that Islamic doctrine diffuses ethical behaviour in employees.

Although in most circumstances Saudi SME leaders act ethically, in conformance with Islamic doctrine, sometimes they do not. Examples include overburdening employees with excess work and being unfair to some employee groups, causing injustice in the process. Such actions have been attributed to the lack of formal ethical conduct codes or systems in Saudi SMEs, without which it becomes difficult to ensure ethical workplace behaviour. In the absence of such formal codes or systems, leaders are tacitly free to act unethically – and, again, due to the lack of ethical code, no one questions their conduct. Considering the fact that Saudi SME leaders act according to Islamic doctrine, this study concludes that the lack of an ethical code of conduct prevents them from enforcing the principles and virtues of the doctrine. Although current studies cite unethical behaviour by Saudi SME leaders, they do not connect it to the lack of formal ethical codes in the firms. This makes the findings of this study unique.

Another interesting finding of this study is that Saudi SME leaders are overly ethical in some situations. For example, when they should punish immoral conduct – such as stealing factory equipment or inciting other employees against the leadership – such overly ethical leaders instead tolerate such behaviour and pardon the offending employees. Islamic doctrine forbids this, yet such leaders do so anyway – possibly because they cannot draw the boundaries of ethical leadership activities.

6.3.1.1 Impact of Ethical and Unethical Leadership on Ethical Employee Behaviour. This study has found that (1) ethical actions by Saudi SME leaders promote ethical behaviour in their employees; (2) unethical actions by leaders promote unethical behaviour in their employees; and (3) overly ethical actions by leaders also promote unethical behaviour in employees.

Ethical actions by leaders influence the ethical behaviours of their employees through idealised influence and social learning. Through idealised influence, Saudi SME leaders present themselves as role models of ethical conduct, thereby encouraging employees to replicate their behaviours and actions. For instance, when leaders treat employees equally, most employees will not discriminate against their co-workers. This also indicates that leaders' moral self-identity is also transferred to employees. Social learning refers to the process by which employees observe and internalise their leaders' actions and practices. Through social learning, ethical behaviour is also developed from past experiences: For instance, when leaders praise employees for good conduct, it reinforces ethical behaviour in them. Praise and expressions of appreciation also drive ethical behaviour by maximising employees' self-esteem and job

satisfaction. Although current literature acknowledges idealised influence as a means by which ethical leadership actions influence employee's ethical behaviour, it also states that praise and encouragement by leaders directly motivates employees to behave ethically. Although there are differences between the respective perspectives of this study and the literature, they both present the same view (i.e. that ethical actions by leaders create a positive impact on ethical employee behaviour in Saudi SMEs). Furthermore, ethical practices by Saudi SME leaders promote ethical behaviour in employees through affective commitment and justice perceptions.

In contrast, unethical actions by Saudi SME leaders have a negative impact on employees' ethical behaviour. With reference to the concept of idealised influence, this study has argued that leaders engaging in unethical acts (i.e. acts deemed unethical by Islamic doctrine) act as negative role models to their employees, who in turn internalise their leaders' negative virtues and manifest them through their behaviour. For instance, in a company whose leader discriminated against employees based on their communities, employees developed prejudices against them and engaged in frequent conflicts. Through the lens of social learning theory, employees are seen to internalise immoral qualities and virtues by closely observing their leaders and their actions. These findings are congruent with the current literature.

An interesting finding is that excessively ethical leaders – paradoxically – promote unethical behaviour in their employees. This occurs because the employees take advantage of their leaders' excessive ethicality to continue engaging in undesirable or unethical behaviours; a common example is making repeated mistakes despite receiving adequate support and guidance from leaders and co-workers. Because current research offers no insights into this phenomenon, this study's findings on the subject constitute another novel contribution to the literature.

6.3.2 Leadership Values and Behaviour in Saudi SMEs

This research has found that Saudi SME leaders possess four Islamic values – namely accountability, consultation, justice and trust – at three levels: +1, 0 and -1. **Level +1**

Level +1

The first level (i.e. Level +1) indicates that the four values are present to an excessive degree. Leaders may demonstrate excessive accountability by taking more work and allocating them to employees; in this case, leaders expect employees to be obedient and fulfil all allocated tasks and duties on time. This indicates the presence of authority-compliance leadership. Leaders exhibiting excessive accountability are driven by the competitive value of money and the

ethical-moral value of responsibility to an excessive degree. From this, this study concludes that the excessive presence of two values- money and responsibility promotes unethical leadership behaviour in the form of excessive accountability in Saudi SME leaders. Employees working under such leaders are overloaded with work, which leads to stress. Simultaneously, they lack autonomy. High stress and low autonomy result in work drops as employees are less productive and efficient. This, in turn, affects the performance of Saudi SMEs.

Saudi SME leaders also demonstrate excessive consultation by seeking employees' input on all decisions, thereby over-delegating their own power and authority, which reflects the excessive presence of some ethical-moral values like trustworthiness, respect and loyalty, as well as the absence of other ethical-moral values like sincerity and confidence – because, ultimately, these leaders lack the confidence to execute their job effectively. Further analysis shows that the excessive presence of some ethical-moral values, paired with the absence of others, reduces authentic and spiritual behaviour in the leaders by making them more exploitative – and, thus, unethical according to Islamic virtues. From this, it has been concluded that excessive consultation reduces authenticity and spirituality in Saudi SME leaders along the lines of Islamic doctrine. Employees working under such leaders are quite likely to experience more stress and overload of responsibilities especially because they might not be competent enough to provide appropriate opinions on organisational decisions. High stress, in turn, is likely to reduce motivation. Although participants have not specifically reported these, analysis of their views reveals that excessive consultation causes delays and inefficiencies, which are the outcomes of low motivation and high stress. Furthermore, these also indicate poor firm performance.

Leaders who exhibit excessive justice are more 'just' with some employees than with others; in other words, they exhibit prejudiced leadership and show favouritism. This leadership behaviour emanates when personal values like friendship, love and happiness; ethical-moral values like honesty, respect, loyalty and trustworthiness and competitive values mainly, flexibility are present to an excessive extent. The excessive presence of most of these values is also justified because Saudi SME leaders tend to develop a more personal relationship with employees however, this has negative consequences on others. Firstly, employees who are favoured by such leaders develop prejudices against their colleagues, while those colleagues (who constitute the majority) become resentful and less productive in response to the favouritism, cronyism, and general lack of equality they perceive in their work environment. The feeling of inequality stems from the belief that those committing inappropriate and

immoral actions should be severely punished and not tolerated or retained in the organisation. By keeping such staff, Saudi SME leaders are perceived to be biased toward others, who maintain good conduct in the work environment. This also promotes perceptions of favouritism. Secondly, in meting out excessive justice, Saudi SME leaders demonstrate cronyism that is manifested by recruiting people from family networks. Other employees perceive this as unfair because leaders do not provide a fair chance to potential candidates nor do they consider the qualifications and competence of the recruits made from family relations. This also implies biases as well as favouritism, which promotes inequality in others. Furthermore, this study has found that employees recruited from family relations of the leaders are less productive and committed and they are also subject to different treatment. By analysing other interview responses, it has been concluded that these employees take advantage of the leniency and privileges provided by the leaders and continue performing poorly. This is subsequently likely to reduce the organisational performance of Saudi SMEs. Considering the findings, it has been concluded that excessive justice by Saudi SME leaders reduces equality and promotes favouritism and cronyism.

Excess justice to some employees also signifies that Saudi SME leaders demonstrate personal, ethical-moral and competitive values before other employees to an insufficient extent. This is because had these values been adequately present, the leaders would not have behaved indifferently towards others. This behaviour also contradicts the Islamic doctrine and hence, is deemed unethical. Taking this into view, this study concludes that disproportional demonstration of the values i.e. excessive demonstration before some employees and insufficient demonstration towards others promotes unethical behaviour in the form of excessive justice in Saudi SME leaders with respect to Islamic virtues.

In excessive trust, leaders bestow extraordinary faith in employees with the hope that they will cease making repeated errors and improve their performance. However, in reality, these employees take advantage of their trust and continue with poor conduct. This signifies naïve leadership whereby leaders perform actions contrary to what ought to be done. Being excessively trusting signifies that leaders have an improper understanding of personal values such as love, friendship, status and holistic success. They also do not possess ethical-moral values like sincerity, responsibility, honesty and confidence and competitive values mainly, rationality and intelligence to the requisite extent rather, these values exist to an excessive extent which makes the leaders more trusting on employees. Further investigation has revealed that excessive presence of personal values prevents the development of an appropriate moral

self-identity in leaders. Resultant, they engage in immoral actions such as tolerating repeated mistakes of employees and rectifying errors on their behalf. With excess ethical-moral values, Saudi SME leaders become less authentic in the sense, that they lack adequate awareness of the fact that employees, who are being trusted always, are less keen to improve their performance. The analysis also shows that the excessive presence of competitive values reduces their ability to produce positive transformations in employees. Considering these, it can be concluded that the excessive presence of personal, ethical-moral and competitive values promotes unethical leadership in the form of excessive trust in Saudi SME leaders. This consequently creates a negative impact on employees by reducing their commitment and development potential and encouraging the exploitation of leaders' trust.

In the light of these findings, this study concludes that the excessive presence of personal, ethical-moral and competitive values leads to excessive Islamic values in Saudi SME leaders. This eventually makes their behaviour unethical which in turn, leads to unethical behaviour in employees. In this condition, Saudi SMEs are less likely to deliver better performance.

Level 0

The second level (i.e. Level 0) is where the four Islamic values are present to a balanced (or 'adequate') extent. Adequately accountable leaders are accountable to their work as well as to employees to the required extent. This reflects the presence of accountable leadership. Saudi SME leaders belonging to this category emphasise the timely completion of work and provide necessary support and guidance to employees for fulfilling tasks in a timely manner. Furthermore, being adequately accountable, Saudi SME leaders address both the personal and professional needs of employees. Professional needs include job-oriented training, clarity about tasks and inculcation of new skills like customer responsiveness to execute tasks more efficiently and effectively. Personal needs are incurring costs during emergencies for instance, some leaders paid for the surgeries of their employees and incurred their travel expenses to visit ailing family members. Other personal favours are arranging accommodation in a hotel for employees' children and paying for post-wedding travel for an employee. Overall, these actions signify the presence of personal values such as love, friendship and happiness in a balanced form. Further analysis informed that these values develop a moral self-identity in the leaders making them adequately accountable and responsive to employees. The Islamic doctrine also recommends this. Accountable behaviour also signifies the presence of some ethical-moral values such as honesty, sincerity, responsibility and respect and the competitive value of rationality in Saudi SME leaders. While ethical-moral values have made them more

authentic, competitive value has inculcated spirituality both in line with Islamic doctrine. Considering the findings, it has been concluded that personal, ethical-moral and competitive values make Saudi SME leaders adequately accountable along the lines of the Islamic doctrine. With this, the accountable behaviour of the leaders is deemed ethical. Saudi SME employees are highly encouraged by leadership accountability and this is manifested through continuous adherence to deadlines, high job commitment and organisational engagement. This is also congruent with the research finding that Saudi SME leaders and employees develop a father-child or brotherhood relation, which promotes affective commitment in employees. Furthermore, this study has found that by adhering to deadlines, Saudi SME employees contribute to higher firm productivity.

Adequate consultation involves seeking employees' views whenever required – as opposed to never, or always. This reflects democratic leadership, where Saudi SME leaders involve employees in decision-making in relevant situations. This behaviour signifies the presence of ethical-moral values like respect and trust in employees and competitive values of optimistic thinking, rationality and intelligence. Herein also, ethical-moral values have made the leaders more authentic and spiritual whereas competitive values have promoted transformative behaviour in them in accordance with the Islamic doctrine. By conforming to Islamic principles, Saudi SME leaders are deemed ethical. Considering this, it can be concluded that the adequate presence of ethical-moral and competitive values promotes ethical behaviour in the form of adequate consultation among Saudi SME leaders in line with Islamic doctrine. This has a positive impact on employees by increasing motivation, participation and inclination to learn. Moreover, these subsequently potential to improve the performance of Saudi SMEs.

Saudi SME leaders also demonstrate adequate justice by creating fair procedures, which deliver just outcomes to all employees. This indicates the presence of virtuous leadership, whereby leaders exhibit all ethical virtues for managing their firms – and especially their employees. Most instances of equity centre on women employees and leaders' actions in this context include allocating separate work areas, prohibiting men from entering there, initiating informal interactions with women colleagues and ensuring that women employees do not attend official meetings alone. Islamic virtues also advocate creating special provisions for women employees and this makes the actions of Saudi SME leaders ethical according to the Islamic doctrine. Furthermore, these actions signify the presence of personal values such as recognition (of employee rights), friendship and love and ethical-moral values mainly, honesty and sincerity (towards employees). This study has discovered that personal values have shared a moral

identity in the leaders making them more lovable and friendly towards employees, which is also congruent with the Islamic doctrine. The ethical-moral values have made them more authentic and spiritual along the lines of Islamic principles. Considering these findings, this study concludes that personal and ethical-moral values promote ethical behaviour in the form of adequate justice in Saudi SME leaders in accordance with the Islamic doctrine. Furthermore, it has been found that adequate justice by leaders promotes high wisdom and work commitment among employees, who also embrace equality and inclusion by being less discriminatory and more harmonious with their colleagues regardless of their social differences. This iterates the argument that the ethical behaviour of leaders shapes ethical behaviour in employees in Saudi SMEs.

Saudi SME leaders also possess adequate trust in employees, which is manifested by thanking them for their work and involving them in strategic matters at relevant times. This implies high-trust leadership that is built on personal values like holistic success, recognition, friendship and love; ethical-moral values mainly, trustworthiness, confidence and respect; and competitive values of rationality and intelligence. Personal values develop a moral self-identity in the leaders enabling them to undertake ethical actions. While ethical-moral values make them more authentic and spiritual in accordance with Islamic virtues and competitive values enable them to produce positive transformations in employees. The Islamic doctrine also recommends these. Thus, it can be concluded that the adequate presence of personal, ethical-moral and competitive values promotes adequate trust in Saudi SME leaders making their behaviour more ethical and in line with Islamic doctrine. Taking inspiration from such leaders, Saudi SME employees increase their cooperation, have more development potential and enjoy high job ownership and these are evident in their work engagement beyond official work hours.

Based on the findings on leadership values at Level 0, this study concludes that adequate presence of personal, ethical-moral and competitive values develops adequate Islamic values in Saudi SME leaders. The behaviour that is demonstrated subsequently is considered ethical according to the Islamic doctrine. Furthermore, this behaviour create positive impacts on employees in various ways and is highly probable of influencing the performance of Saudi SMEs.

Level -1

The third level is Level -1, which signifies insufficient presence of four Islamic values in leadership behaviour and practices. Insufficient accountability signifies the presence of laissez-

faire leadership whereby Saudi SME leaders take no responsibility for their work or for their employees – whom they expect to work independently. This leadership behaviour signifies dearth of personal values mainly, love and friendship; ethical-moral values like honesty, sincerity, responsibility and loyalty; and competitive values like rationality, optimistic thinking, money and intelligence. This study has discovered that a lack of personal values prevents the development of moral self-identity in Saudi SME leaders following which; they become less keen to perform ethical actions and instead, engage more in unethical deeds in this case, escaping accountability. Insufficient accountability is also unethical from the Islamic perspective since Islamic doctrine advocates leaders to be highly accountable to their jobs and employees. From this, it can be concluded that the absence of personal values make Saudi SME leaders less accountable and their behaviour, more unethical concerning Islamic doctrine. This has a negative impact on employees in terms of poor adherence to deadlines and low job commitment and organisational engagement and these are manifested through actions like arriving late at the office and taking longer breaks. These are further probable to reducing the productivity of Saudi SMEs since low work commitment and failure to complete work on deadline automatically reduce organisational performance

Insufficient consultation is observed when Saudi SME leaders do not seek employees' opinions on any matter, which makes their behaviour consistent with autocratic leadership. Such leaders establish their power and authority over employees, control them and keep them under strong supervision. This behaviour indicates the absence of personal values such as holistic success, love and friendship. Without these, the leaders fail to develop a moral self-identity and eventually, perform more immoral actions like being moody and biased at work. These are also immoral from the context of Islamic virtues, which recommend leaders to be sincere, honest and compassionate. Insufficient consultation also signifies the lack of ethical-moral qualities mainly, confidence and respect (regarding employees' opinions). On the contrary, Islamic doctrine advocates these qualities. When Saudi SME leaders do not possess them, their behaviour is regarded to be less authentic and spiritual in line with Islamic doctrine. Furthermore, insufficient consultation indicates the absence of competitive values of rationality and intelligence following which; Saudi SME leaders become less capable of generating positive transformations in employees. Again, this contradicts Islamic virtues, which ask leaders to improve employee competence. Considering these findings, this study concludes that the insufficient presence of personal, ethical-moral and competitive values promotes unethical behaviour in the form of insufficient consultation among Saudi SME leaders in accordance

with the Islamic doctrine. This subsequently has a negative impact on employees by reducing their motivation, inclination to acquire new knowledge and participation in decision-making. Low productivity that develops subsequently is quite likely to reduce the performance of Saudi SMEs.

Insufficient justice indicates ignorant leadership whereby Saudi SME leaders do not acknowledge employees' right to equality, justice and fairness. This behaviour indicates a lack of personal values such as happiness, friendship, love, recognition and status. As the absence of these values hinders the development of a moral self-identity, they engage in unethical practices such as taking credit for employees' work and not providing equal facilities (work from home) to all employees. Insufficient justice also signifies a dearth of ethical-moral values such as honesty, respect, sincerity and responsibility. On account of this, Saudi SME leaders are regarded as less authentic and spiritual along the lines of Islamic doctrine and with this, their behaviour becomes reflective of unethical leadership. Considering this, this study concludes that the insufficient presence of personal and ethical-moral values promotes unethical behaviour in the form of insufficient justice in Saudi SME leaders in line with Islamic doctrine. Furthermore, such behaviour has a negative influence on employees by reducing wisdom, commitment to work norms and equality and inclusiveness. Accordingly, employees do not preserve equality and inclusiveness; instead, they discriminate against their colleagues based on social differences. These are highly probable to affect the performance of Saudi SMEs.

Finally, insufficient trust signifies the presence of low-trust leadership whereby Saudi SME leaders do not trust employees on any matter and keep them out of the loop in all work-oriented decisions. This signifies that they lack ethical-moral values such as responsibility, honesty, respect and sincerity and competitive values like rationality, optimistic thinking and intelligence. With insufficient ethical-moral values, the leaders demonstrate low transparency, openness and consistency, which makes their behaviour less authentic. Simultaneously, these leaders are considered to be less positive, which is similar to the qualities of spiritual behaviour like compassion, vision and hope. Therefore, the behaviour of these leaders also lacks spirituality. With less authenticity and spirituality, the behaviour of Saudi SME leaders is considered to be unethical according to Islamic virtues. A lack of competitive values reduces the leadership capability to produce transformative growth and development in employees. This is also unethical as per Islamic principles, which advocate making employees more efficient and competent. From this, this study concludes that the insufficient presence of

ethical-moral and competitive values promotes unethical behaviour in Saudi SME leaders by developing insufficient trust along the lines of Islamic doctrine. Overall, these leadership shortcomings create a negative impact on employees by reducing cooperation and a sense of job ownership. Additionally, insufficient trust from leaders creates opacity since employees are unaware of their work progress and feel left out.

From the research findings and analysis on Level -1 values, it can be concluded that insufficient presence of personal, ethical-moral and competitive values promotes insufficient Islamic values in Saudi SME leaders consequently, making their behaviour unethical as per the Islamic doctrine. This produces a negative impact on employees as well as the performance of Saudi SMEs.

Comparative Analysis of Level +1, 0 and -1 values

Research findings on the three levels of Islamic values have been compared to provide a richer understanding of leadership values and behaviour and their impact on employees in Saudi SMEs. In terms of accountability, excessive accountability manifested through authority-compliant leadership makes leaders overly responsible and leads to high stress and workload and low autonomy in employees. Insufficient accountability manifested through laissez-faire leadership makes leaders less responsible for their work and causes employees to refrain from adhering to deadlines and be less committed and engaged to work. In contrast to these, adequate accountability demonstrated through accountable leadership makes leaders responsible to the requisite extent and promotes adherence to deadlines and high commitment and engagement in employees.

Regarding consultation, excessive consultation demonstrated through over delegation of leadership power and authority reduces employee motivation by causing stress and providing excess decision-making responsibility. Inadequate consultation, where leaders hold maximum power and authority in their hands like autocratic leaders, reduces employee motivation, participation scope and inclination to learn. Contrary to these, adequate consultation where leaders demonstrate democratic leadership improves employee motivation, participation and inclination to learn.

With respect to justice, excessive justice involving prejudiced leadership makes leaders overly just to some employees regardless of their background or community. This reduces perceived equality and instead promotes perceptions of favouritism and cronyism in employees. Contrarily, insufficient justice, indicating ignorant leadership, makes leaders unjust to

everyone or people belonging to a group or community. Such a behaviour reduces equality, wisdom and commitment to organisational norms in employees. With adequate justice, leaders demonstrate virtuous leadership, which promotes wisdom, equality, inclusiveness and commitment to work norms in employees.

In terms of trust, excessive trust demonstrated through naïve leadership causes leaders to develop blind faith in employees reducing their commitment and development potential and making them more exploitative of leaders' trust. Contrarily, insufficient trust involving low-trust leadership reduces employee cooperation and job ownership and creates opacity since employees are unaware of work-oriented communication. Adequate trust indicates high-trust leadership whereby leaders bestow adequate trust on employees and increase employee cooperation, development potential and job ownership.

The research findings and analysis show that balanced (i.e. adequate) levels of Islamic values are preferable to imbalanced (i.e. excessive or insufficient) levels because the latter exerts a negative impact on employees, whereas a balanced application of the values influences employees positively – which also has positive implications for Saudi SMEs more broadly.

6.4 Contribution of the Research

6.4.1 Theoretical Contribution

This study contributes to the extant literature on ethical leadership and leadership behaviour. With respect to ethical leadership, it has been found that Saudi SME leaders adopt Islamic values for managing their enterprises and most of their activities performed in conformance to such values bear resemblance with ethical leadership. Leaders performing ethical actions also influence ethical behaviour in employees through idealised influence and social learning. In the former context, employees consider their leaders as role models of ethical conduct and inculcate their qualities and virtues in them which in then reflected in their behaviour. In the case of the latter, employees develop ethical behaviour through regular interactions with their leaders and through encouragement and praise from them for previous conduct. An interesting finding is that some Saudi SME leaders are overly ethical with employees wherein they should be more strict with them because the Islamic doctrine does not recommend tolerating inappropriate or immoral actions of employees. Even more interesting is that employees, who receive excessively ethical behaviour from their leaders, take advantage of them and continue behaving in the same manner without making any improvement. Drawing on the research findings, this study posits that Saudi SME leaders demonstrate Islamic Ethical leadership where

Islamic values are congruent with the qualities of ethical leadership and drive ethical behaviour in both leaders and employees in most cases.

Concerning leadership behaviour, this study has discovered that Saudi SME leaders demonstrate four Islamic values- accountability, consultation, justice and trust at three levels- excessive (Level +1), adequate (Level 0) and insufficient (Level -1). Their behaviour in respect of each value changes across the three levels and this has been summarised in section 6.2.2. The three levels of leadership behaviour relate to Aristotle's virtue ethics, which states that virtue lies between excess and deficiency. Accordingly, it has been found that an adequate level of Islamic values lies between excessive and insufficient levels and has positive implications for both leaders and employees, unlike the other two levels. This leads to the view that an adequate presence of Islamic values is more ideal than an excessive or insufficient presence.

While extant studies on leadership focus on various leadership styles bearing in mind that leadership values underlie them and take a more philosophical dimension, this study has enquired about the role of values and their implications for Saudi SME leaders. With this, it has explored a new area i.e. values in the broad subject of leadership and has shed light on how different levels of values impact employees concerning Saudi SMEs. Furthermore, research findings also provide an understanding of how various leadership styles are subsumed in four leadership values- accountability, consultation, justice and trust. This is unique because current studies on leadership consider values as constituents of leadership styles.

6.4.2 Practical Contribution

This study has explored leadership behaviour and practices in SMEs in Saudi Arabia from the context of ethical leadership. Accordingly, the various patterns of ethical behaviour of Saudi SME leaders have been identified and their implications on employees and organisational performance have been discussed at length. This study has also discovered the presence of various leadership values in Saudi SME leaders and has investigated their impact on employees and firm performance. Based on the analysis of research findings, it establishes that adequate presence of the four values is more desirable than excessive and insufficient presence since they create a negative impact on employees and organisations.

6.5 Recommendations

Considering the research findings, this research presents some recommendations for Saudi SME leaders. Firstly, they should develop an ethical code of conduct. This would help to check unethical behaviour by leaders and employees alike, thereby ultimately improving the ethical

work climate in Saudi SMEs. Potential challenges to adopting this recommendation include leaders who are accustomed to behaving unethically – and who may oppose such a change. Another challenge is that even with an ethical code, some employees would continue behaving unethically due to the overly ethical approach of their leaders.

This leads to the second recommendation, where Saudi SME leaders should draw a boundary of their ethical behaviour and actions. Accordingly, they must behave strictly with employees who commit repeated errors and perform poorly on a continuous basis. This would also make their behaviour more ethical. Simultaneously, they should also train these employees to improve their behaviour and strive for continuous development. However, this can be challenging if the employees lack a moral self-identity, because they would be less likely to develop ethical qualities and values. In this case, Saudi SME leaders should act sternly and warn the employees of unfavourable consequences should they fail to improve their immoral practices.

The third suggestion is that leaders who act in immoral ways (for example, by discriminating against employees based on their community or by recruiting family members) should mend their behaviour and act more ethically. This would also reduce the instances of unethical employee behaviour; instead, employees would feel more encouraged to act ethically. Furthermore, a lack of moral self-identity in leaders would prevent them from inculcating ethical values and, because the leaders are the ultimate authority, it would be difficult to change their behaviour.

The fourth recommendation is that Saudi SME leaders possessing excessive accountability, consultation, justice and trust should reduce their degree of emphasis on these values and instead be no more or less than adequately accountable, consultative, just and trustworthy. This would eliminate negative outcomes among employees, such as high stress, low motivation, poor work commitment and low development potential, thereby enhancing their productivity and, ultimately, contributing to improved organisational performance and greater success (Mitchell et al., 2023). Likewise, Saudi SME leaders possessing insufficient accountability, consultation, justice and trust should increase their emphasis on those values to act in a more accountable, consultative, just and trusting manner. By doing so, they would ameliorate negative consequences among employees such as poor engagement and commitment, low participation, lack of wisdom and low job ownership. Instead, employees would have higher commitment and participation, be more wise and have high sense of ownership to their jobs.

This would eventually increase their productivity, leading to higher organisational performance (Mitchell et al., 2023).

6.6 Limitations of the Research and Future Research Directions

This study is bound by some limitations. First, its use of qualitative methodology has prevented the collection of more precise data on ethical leadership, its outcomes, and leadership values and behaviour in Saudi SMEs. Second, this study has collected data from only 30 employees and managers across five SMEs, whereas Saudi Arabia currently has more than a million SMEs. Thus, the findings of this study are not wholly representative of the target demography and therefore of limited generalisability. Considering these limitations, future studies on this subject should employ quantitative methodology and include a larger sample that can be generalised to the entire demography of Saudi SMEs. Surveys would be a useful instrument for collecting data in such research. Additionally, future studies should validate the findings of this research in other Islamic countries, such as the United Arab Emirates, Jordan and Oman. This will provide more general information about the influence of Islam on ethical leadership in firms operating in Islamic countries.

6.7 Final Thoughts

In exploring the nuances of ethical leadership in Saudi SMEs, this research has made unique discoveries that have added to the theory of ‘Islamic Ethical Leadership’ proposed by Fawares and Almheidat (2022). The findings of this study inform that Islamic Ethical leadership is rooted in four Islamic values: accountability, consultation, justice and trust. Whereas a balanced (adequate) presence of these values promotes ethical behaviour in Saudi SME leaders and their employees, imbalanced (i.e. excessive or insufficient) emphasis on these values produce unethical behaviours. This is congruent with virtue ethics, where virtue is believed to lie between excess and deficit. Further discussion of the research findings reveal that the four Islamic values are not limited to Islamic contexts but instead have a global presence. With proper training and self-development, these values can be possessed and applied to the right degree for creating an optimum positive impact on employees in Saudi SMEs.

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Appendices

Appendix A- Interview Questions

Questions for leaders

1. What is your role in your company? Describe your responsibilities and your average work day.
2. How many years have you been working in your current job and company? What did you do before?
3. How did you come up with the idea for your business and company? Why did you choose this industry?
4. How important is ethics or ethical behaviour for you? How do you deal with unethical behaviour of your employees? Give examples.
5. Describe yourself as a leader. What is your philosophy and style of leadership?
6. Do you believe that ethical aspect of leadership affects your performance and that of your company? If so, in what way? Describe, give examples.
7. What keeps you motivated and engaged to your job? How do you motivate employees? Do you feel that your employees have the same level of engagement and commitment to work as you desire? If not, what do you do to increase it?
8. Give an example of a decision or situation where following ethics was easy and another situation where it was difficult. Give me another situation where you experienced ethical dilemma.
9. Do you feel that there is enough long-term thinking in managing your business for example, setting profit and revenue targets? When you take a decision, how far do you think for example, is it for the next 1-2 years or do you consider the long-term implications for your decisions?
10. Do you think teamwork is important? How does it help your company and its performance? Does it help to solve conflict among employees?
11. What is your approach towards conforming to rules and regulations? Do you expect your employees to conform to all rules or do you give them the liberty or flexibility? Give examples.
12. How do you ensure that your employees have good work-life balance?
13. What are the key things you would need to do or have to make your organisation fully ethical?

14. You must know about other companies as well. According to you, how are they different from you or from each other in terms of ethical behaviour? How is their work environment different from yours? Give examples.

15. What kind of national values and norms do you consider most important in shaping your company? How much does impact you as an SME leader? Give examples.

16. Is there anything related to business ethics and leadership you would like to tell me or I should have asked you about?

17. Do you have any questions for me?

Questions for employees

1. Tell me about your company and your role and responsibilities. What do you do in your average work day?

2. Describe your current relationship with your leader? How frequently do you interact and on what issues? What modes of communication do you use with your leader?

3. Does your leader give feedback on every job/task that you complete? Is your work recognised and praised enough?

4. In your present organisation, what encourages you to work really hard and do your job well? Give examples. How does your leader encourage you? What the specific traits and behaviours of your leader that motivate you?

5. Describe your leader in more detail. What kind of a person is he/she? What is their leadership style? Does he/she have any qualities that you admire and want to develop yourself?

6. In your present organisation, what is something that you dislike and how does it affect you? Give examples. What are specific qualities of your leader that you dislike? What according to you is missing in your leader and the organisation?

7. Describe a situation where your leader misused his/her power. Describe a situation where your leader made wise use of his position and authority.

8. Do you and others around you always follow the rules or are there situations and incidents when you do not feel that you have to? Why is it that you follow some rules and not others? What is the difference between those situations and your behaviour?

9. Describe a situation where you encountered into a conflict with your leader. How did you resolve the conflict and overcome differences of opinion?

10. Do you consider your employer to be an ethical leader? If so, what are the key traits and behaviour possessed by him/her that make you feel so? Give examples.

11. Can you give an example of ethical decision-making in your current organisation. Who made the decision and how? Can you give an examples of unethical decision-making in your current organisation? Who made the decision and how?

12. Can you give an example of ethical dilemma in decision-making where you, others around you and your leader struggled in each scenario and outcome?

13. Do you believe that ethical leaders and companies in general do better than unethical leaders and companies? What are the possible reasons behind this? Give examples.

14. How would you describe the leadership style of your employer? Do you believe that your leader is a good leader? What makes him/them good? (if answer to the second part is yes)

Or

Do you believe that your leader is a good leader? What are the leadership qualities lacking in the leader (if answer to the second part is no)

15. How does your work affect the quality of your private life? How can you improve work-life balance?

16. What are certain things that you would need to change in your current organisation if you want to make it fully ethical?

17. Do you believe that your national culture influences the leadership style of your leader and your own behaviour? Give examples.

18. Is there anything related to business ethics and leadership you would like to tell me or I should have asked you about?

19. Do you have any questions for me?

Appendix B- Interview Transcripts

Themes	Subthemes	Interview Quotes
<p>Theme 1 Ethical Leadership Behaviour in Saudi Arabian SMEs</p>	1.1 Punctuality and Attendance	<p>EPE3- “Being late in attendance...provokes him. One person, he comes late for 40 or 45, and he knows that this provokes the manager, even though the manager gave him notices 6 times.”</p> <p>EPE5- “When I first worked, he just oversees the time of the attendances.”</p> <p>WSM1- “We have clear regulations about attendance.”</p>
	1.2 Support and Care in Professional Matters	<p>RCE2- “Whatever the mistake percentage is 10% or 20%... we learn from it.”</p> <p>WSE4- “Never punishes employees even when the person makes mistakes.”</p> <p>EPM1- “I give the employee according to his productivity, if an employee is late but he is productive, I do not have a problem.”</p> <p>WSE2- “If the law states that they should give us 5 days leave, they give us 6, so they have flexibility, appreciation of circumstances.”</p> <p>TQE2- “The other thing is that if I make a mistake, it does not mean that it is the end of the world, we solve it and see what is next, this is our manager.”</p>
	1.3 Support and Care in Personal Matters	<p>RCE1- “I faced a situation where I was going to be deported... I called them and they came in less than 10min, he brought the residence card and we left . I will never forget it, i was going to be deported... I had a surgery in Egypt, when I came here, its effect was worse on me... During those days, he checked on me, the manager and the accountant were with 24h a day, he checked on me through them and he sent me money.”</p> <p>RCE3- “An employee had a health condition, we had a problem in his insurance, so he did paid for it, he cared about the employee before the company, and he did not care about the expenses.”</p> <p>TQE1- “My wife and kids came here two weeks ago, when I prepared my home, the owner came and brought me a cake and wrote nice words on it, he also booked to days at the hotel for my kids.”</p> <p>WSE4- “My sister was getting married, he suggested that I could go to Egypt on the company’s expense, and as you know, this is</p>

		<p>difficult for most of the companies before two years of duty; but he insisted on that.”</p> <p>WSM1- “We have a colleague that had three death cases, one after the other. Throughout three months, she was never asked about any task.”</p>
	1.4 No Tolerance of Inappropriate Conduct	<p>KHM1- “We had an employee, who smoked during Ramadan. He was fired.”</p> <p>EPM1- “One of the employees at the workshop held a sharp knife and hit another employee with it, and he was fired.”</p> <p>RCM1- “Any bad employee gets fired, services get better, we do not go easy with anyone.”</p>
	1.5 Providing Multiple Chances for Mistakes	<p>RCM1- “When I see that the employee or worker has a bad performance... give them chances, until 5 chances... when the designer gives us a design with mistakes, we take experience out of it.”</p> <p>TQE1- “I, as an employee, know that I will take two or three chances after making a mistake.”</p> <p>TQE3- “The owner is patient... An employee for example does a mistake, the owner does not take any action against him.”</p> <p>WSE5- “Even if I commit a mistake, I can ask him to solve this mistake and he supports me.”</p>
	1.6 Conformity to Ethical Principles and Values	<p>KHE5- “When the started the bonus, there was a group of new employees, they took the bonus, so it was good... It is equality, they were a part from the system.”</p> <p>EPE1- “There is no inequalities, nepotism, problems affects the work.”</p> <p>KHE4- “He stayed for a week and then they terminated his contract. This was the decision of the head of the company.”</p> <p>RCM1- “Workers who do not like working here, they are free to leave.”</p>
	1.7 Equality and Respect	<p>KHE5- “When the started the bonus, there was a group of new employees, they took the bonus, so it was good... It is equality, they were a part from the system.”</p> <p>KHM1- “I ensure that there is equality.”</p> <p>TWE5- “I have never witnessed any inequality or injustice.”</p> <p>WSM1- “We see that no one at the company accepts inequality.”</p>
	1.8 Fairness and Equity	<p>EPE2- “He is just in dealing with employees, integrity at the company... women used to attend at the same office as ours, even though they have a separate room, we should follow this aspect and there were discussion with the higher</p>

		<p>management, women were separated from men.”</p> <p>EPE3- “I notice that he respects, the Saudi woman has many restrictions on many aspects, I notice that he does not want to make the women at work feel uncomfortable and he does not want to cross any border in anyway.”</p> <p>WSE5- “I believe that having a department for female employee I good, women are not allowed to attend a meeting alone with a man, they do not want them to worry about the meeting.”</p>
	1.9 Exceptional Ethical Conduct	<p>RCE2: “An employee might have stolen, or fraud, we deal with him as if he was a poor man, or he was in a situation that he had to steal.”</p> <p>TQE4- “I fire an employee from the company, the owner says that we be easy on them with all aspects, we should give all his rights and take our rights from him too.”</p> <p>WSE5- “There are employees who do not attend and still receive their salaries.”</p>
<p>Theme 2</p> <p>Positive Impact of Ethical Leadership Behaviour on employees in Saudi SMEs</p>	2.1 Commitment to Attendance Rules and Regulations	<p>KHM1- “Mostly, we have commitment. We have 90% commitment in attendance.”</p> <p>EPE3- “Most of the employees share the same point, they commit more in attendance.”</p> <p>RCE3- “We are all committed to attendance.”</p>
	2.2 Maintaining Healthy Relations with Colleagues	RCM1- “We have good people, they know how to work and what they need.”
	2.3 Treating Colleagues Equally	<p>TQE2- “We are not unequal with any of our coworkers.”</p> <p>WSM1- “We see that no one at the company accepts inequality.”</p>
	2.4 Positive Outlook towards Mistakes	<p>RCE3- “Patience on mistakes, solving the mistakes in the easiest way.”</p> <p>TQE3- “An employee for example does a mistake, we are okay with it.”</p>
<p>Theme 3</p> <p>Negative Impact of Ethical Leadership Behaviour on employees in Saudi SMEs</p>	3.1 Lack of commitment and engagement	<p>EPE3- “One person, he comes late for 40 or 45, and he knows that this provokes the manager, even though the manager gave him notices 6 times.”</p> <p>KHM1- “10% employees lack commitment to attendance.”</p>
	3.2 Cultural Conflicts and Disrespect	<p>EPE4- “if we have a gang from each nationality...this caused problems.”</p> <p>WSM1- “We have Egyptians and Saudis. They conflict each other very often.”</p>
	3.3 Exploitation of Leaders’ Leniency	TQE1- “There are employees who make repeated errors. They get guidance from us and our still, still they make mistakes.”

	3.4 Lack of Ethical Framework and Systems	<p>KHE1- “We do not have an ethical code of conduct.”</p> <p>RCE2- “There is no ethical code in our organisation.”</p> <p>TER2- “We don’t have any ethical code.”</p>
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Interview Transcript of WSM1

Interviewer (Ph.D. student)	Interviewee (Manager)
Thank you for accepting the interview, the information that you will provide will be of high value for me	
1. What is your role in your company? Describe your responsibilities and your average work day.	
	<p>I am the executive manager of the company. My role is to follow-up the general progress of the work of the technical progress and the HR and financial matters, this is a part of my role because I have representatives who are reasonable for the progress of the work. My main role as an executive manager is to observe the work from a higher perspective, whether the company is on the right path or we are meeting our objectives. As for the board of directors, we make sure of our status among our competitors and the satisfaction of our clients. These things are not reviewed on a daily basis, but they are from our weekly tasks. We also make sure of the financial and administrative affairs and also assure whether the other managements are doing their roles fully, so I observe them as general indicators and I only interfere in details if there is any kind of a problem</p>
How long has the company been existed?	
	<p>It has been existed for 25 years, since 1998. The activity of the company was not in the software, it was concerned in hardware. My father used to be the manager of the company, then one of my brothers took control, at some level, the activity of the company was almost terminated, then in 2006, the software came back, and in 2008, it increased, in 2009, we were present and</p>

	<p>affective, 2013 in became and actual company with investors, and today in 2022, the company hires more than 100 employees, 50 in Saudi Arabia and 50 in Egypt. The company also hires more than 150 employees delegated to clients; we focus on 100 clients in total, most of them are in Saudi Arabia. The annual volume of the work value is 10 to 15 million USD</p>
Is it a family business?	
	<p>You can call it family business, 60 of the investors of the company are from one family, but now we have the organisation theme</p>
3. How did you come up with the idea for your business and company?	
	<p>The founder of the company has nothing to do with IT, he was specialised in Arabic language and an MSc in legal sciences, but he was a fan of IT, he admired IT because he was a coder. At the beginning of the company, you can categorise it as a hobby. My father used to say that the aim of the company was not for money, he wanted to establish the company for my children so they would not have a free time. this target was active until 2006 until I started to enter the commercial aspect, I wanted to grow and to make the company a profitable organisation, so we started to have good income. In 2013, the company became a LTD company, so we could call it a clear commercial company</p>
Why did you choose this industry?	
	<p>One of the reasons behind choosing the industry was the hobby, and he saw that the future is for the IT</p>
I assume this is correct. Currently, especially after vision planning, all sectors are heading to IT	
	<p>And especially after Covid. Two years ago, before covid, I used to hate remote dealing, when I client said that we would meet remotely, I would cancel the whole project, now, I prefer them not to come, we have many meeting programmes, they can choose the one they like</p>
It is easier not with lower costs	

	The delegations used to cost us 120 to 180 thousand a year, the previous two years costed us not more than 40.000 SAR
20% lesser	
	200% lesser
20% of the 120	
	Yes
4. How important is ethics or ethical behaviour for you?	
	Our biggest challenge, which I have taken from my father, my father is my idol in everything, which is all what I do is observed by everyone. At the company, we believe that the challenge is to be an influencer to the people in the lower layer, an influence in behaviour, ethics, commitment, behaviour in general. So the biggest challenge is to remain the good influence, because when people believe that I am their influencer, they will copy all what I do. For example, when I am cruel with an employee, I expect them to be the same with the employee under their management, leadership in behaviour is the significant point in everything, so all of our behaviours are observed, people focus in details
How do you deal with unethical behaviour of your employees? Give examples.	
	Before looking into behaviour, we should focus on assignation before. When we hire someone at the company, they go through strict tests. Our biggest challenge in hiring is the behaviour. As for the professional aspect, I am sure that I have the ability to let them take courses in the best places, but if the person is not a man, then we cannot teach them how to be ethical, then they are useless. Being a man means many things, whether they are generous, sharp-tongued, superior, we try to see all of these ethics at the interview as much as we can
Because at interview, people try to show their best	
	In addition to having people with high professional abilities but zero ethics. We once had a recommendation about an employee, we were told that this person is a hard worker, but people cannot stand staying near him, so we told them that we do not need him. we believe that behaviour

	is more important than the professional aspect
As you said, the behavioural standard is the most important thing, and you believe that it influences the work	
	They affect their colleagues
	Once we noticed that a group of employees were not attending at the company, they were working remotely, after that, we knew that a colleague has insulted them and was dealing with them in an unethical way. This is why I told you our challenge in hiring is ethical because we believe that the bad person will spread their bad behaviour in an unexpected way. Sometimes, we are unable to detect the unethical behaviour, people reveal themselves when they are under work pressure, they reveal their unethical personality such as cursing. in some interviews, I used to wonder why interviewers provoked the interviewees, then I found out that they intended to do that, they wanted them to reveal themselves. Let me give you an example about the ethical aspect, we have a client, they talked badly on one of the employees, so we ended our relation with the client, we did not need them or their money any more
Were you protecting your employee?	
	Normally, we do not do that on the first time, when the client spoke of it, we thought that our employee has a problem, when it happened again, we changed the employee, but it happened again, so that was it. thus, this gives a feeling to the employee that they are protected, the objective of the company is not only about profit. When we say that the customer is always right, we mean that there is a limit for that, if they affect our employee, then we do not need their money. Maybe it is easier to be said than done with small clients, but with major clients, we try to be clear with them, we told them that the matter was discussed by the higher management and they should change the employee who was communicating with us; the client accepted that and they changed the employee
5. Describe yourself as a leader. What is your philosophy and style of leadership?	

	<p>Practically, I am patient with everyone. I believe that I am categorised to have a father-like management, other than the strict management. I know that one of my weakness points is that I am flexible sometimes, this is why I have supported myself with strict assistants, and they fill my weakness. On one hand, this is why I give my assistants the files, which I might be over flexible in them, on the other hand, I see that the manger is asked to have a father-like and flexible management to a far extend, and the managers below them should be strict. I am saying this because now we are in comfort years, we do not have any problems, but we cannot see the problems in the comfort years, we may have a rigid personality. We have not faced bad days, but I believe that one of the biggest challenges that I do everyday is not to be always busy because I should supervise files and see where the employees should start or stop to give the final decision for certain files with huge finical value, and I know if I assign other people, their standards would not be like my standards. For example, the trusted people might not observe the matter like it do, for example, I know that we are heading towards big projects or expansions, when I told them to choose a new office in Cairo, it is normal to start with their viewpoints, a small office with not that high costs, but believe that their choices were not what we wanted because I see things that they do not see, we are heading to projects and new employments, we have six or seven new projects. So I personally had to go there and set the details, but here, my role was over, but I told them that I did not want anyone to interfere with the design of the place, they could get the designs from an external designers and approve them by me</p>
<p>How do you guarantee all these things without being there?</p>	
	<p>Qualification of the second and third level of management is a challenge for us. My deputy and I might see the same vision, but the assistants might not see it. The managers are not leaders, they follow a certain plan, but they do not see our vision. Recently, we</p>

	<p>have started to share the details with the managers. Starting from this year, we have started to follow external delegation system, we have excellent people but with weak English abilities, we have sent employees to study English in South Africa, our aim is to contract with universities such as Harvard, who have three-month leadership courses because we saw the influence of experienced people who we brought here, they added to us in an exceptional way. Throughout six or seven years of employment, this employee had the culture of our establishment, high morals, committed behaviour, exceptional trust, so the remaining thing is to add big skills to them, so this employee becomes a tool for me to expand in the future. Lately, one of the problems that we face is the multiple branches, as a leader, I should go to Egypt and meet the people, teach them the new things and see what they are doing, the branches in Saudi Arabia Egypt are connected, what happens here happens there too, we try to make them as a one system as much as we can. The branch in Egypt is excellent, but we found out that they do not have our culture, and this is normal because they do not see us. The second thing that we are currently working on with the HR is that the culture must be written as much as possible, the things related to the values, morals and the message of the company, they must be written. I should influence the assistants that we have with these morals and values, so the assistants will become a mirror for me, and we have started to notice it lately. I have noticed that the financial and administrative affairs manager has started to behave as I do. For example, I do not believe that any employee has been cruelled at the company, and the employees who left, took more than they deserved. By the time, we see that no one at the company accepts inequality, because they see that the management are the same, so we influenced the people in the lower layer and started to apply it</p>
<p>6. Do you believe that ethical aspect of leadership affects your performance and that</p>	

of your company? If so, in what way? Describe, give examples.	
	I see the influence since four years
Why four years?	
	When we started to be an organisation. We have grown a lot and the number of employees has increased. The deputy and some assistants now fully have the culture of the company
Can you give examples?	
	We have the nature of appreciating the employee who archives, we do not have the annual bonus, when the employee achieves, and we immediately give them a bonus. As for the financial matter, no one can make a decision regarding it, so now the managers and assistants started to give recommendations for employees to be given bonuses, they did not used to do that two years ago. There are certain ethics in dealing with the clients, 99% of the clients deal with me, for example, some clients have delays in payment, so we can stop their service, but I do not accept that
Why?	
	Our work nature is related to other parities, I mean citizens, so we try as much as we can to solve our problems in a friendly way, and luckily, the management of the other company has changed and they understood our viewpoint. Some clients liked my flexible way, so now I have people to be strict with them to create a balance
I liked that you know your weaknesses, and you brought people to fill these gaps and you did not care that they might take your place in the future	
	I am not saying that I am weak, I may have different feature since I am an owner of the place, I do not worry from anyone; in any way, I always tell people here that there will be a time when people will be stronger and better than you in this place, and we should remove ourselves for better people to come, we should not stay in the same place forever. Since I am the owner, I not believe that I have been under pressure; I believe that we should support strong people. A colleague in the HR department has a weakness in communication skills, she has

	<p>great skills in setting the system, the solution that we had is to find a person who can cover this weakness, we asked her to choose a colleague, so she chose an employee who is far more better than her, and we all know that women have more jealousy, so I really respected her for that, she chose an employee that covered all her weaknesses, so we had no place for doubt. I met the new employee and I found that she was better than her in some aspects in addition to the better communication skills. We are a service company; we have developers, so we have to care for them. what I did is that I called the HR employee and I prased her for choosing the new one, she said that she knows the new employee and she trusts her, but I told her that no one would do that, you did not worry about her taking your place, so I showed her my respect for what she did.</p>
<p>Do you belive that she did that because the was influenced by the culture of the company?</p>	
	<p>To a far extend, she has been working at the company for a year, so I do not want to say that it goes back to the company; one of the colleagues said the same as you did. In meetings, I intend not to be the first one to speak; I try to be the last one, because by time I found out that if I am the first to speak, people will not criticise or comment on what I said, so I wait to hear what they have, they might have a batter opinion. The HR employee might have noticed that, because I am not the best one at the company, there are better people than me, so I believe that this part has reflected on her. One time I was discussing a matter with a manager, I saw that he was upset, he asked my about an opinion of an employee that he suggested in a meeting, told him that it was a great idea, the manager told me that it was not his idea, another employee suggested it in another meeting, but the manger took it; I made sure of that point and he was right, he stole his idea. Normally, it is better for me to give the credit of my ideas to other employees, because in this way, I develop them and give them motivation, and at the</p>

	<p>end, it will be reflected on the interest of the company. When I made sure of that, I was frustrated, because it was unethical and unacceptable; the person who did that was unfortunately not bad, but he unintentionally has this bad habit, but people are sensitive regarding this point, because the credit went to someone else; if the manager suggests the idea and say that this employee suggested the idea first, no one will have any objection. After this situation, the countdown of this manager has started and he left the company, he started the first spark that ignited many problems, so he had a negative effect on the company, he made problems with other employees too, so instead of losing one employee, I started to lose five</p>
<p>If the employees see what he did, they will not provide new ideas for the company</p>	
	<p>The culture of the company is to give the credit to the employees, as a leader, my goal is not to come up with ideas, when I give the credit to employees, I will have more benefits, because I guaranteed him and he felt appreciated. I noticed that when the company gives a credit as a gift, they will be over the moon, so I intend to have a meeting with the concerned person and start working on their idea</p>
<p>7. What keeps you motivated and engaged to your job?</p>	
	<p>As I told you, this is a family business, so I do not have that much of pressure. I enjoy the technical sector, we produce software that we see their effect in the society, we see our effect on our clients and also our country; without exaggeration, we have products that more than 30.000 loggers, they all get benefit from them, they affect their lives. As a leader I believe that the company has made a considerable market value, it created families and employees with excellent salaries, in addition to making people who are able to buy homes and create new life, so I wake up every day feeling that I have contributed in making 0.01 of the system of this company. On the other hand, we are making employees, the</p>

	company is qualifying them to be effective in other places
Any other things?	
	We have an interesting work, I work for 12 or 14 hours a day, I do not remember myself being irritated from my work, by the way, I attend the most at the company
How do you motivate employees?	
	When we appreciate employee and give them bonuses before they finish their tasks, they will be unintentionally motivated, employees know that we observe all details and we give rewards before they complete their tasks; for example, I was working on a task with an employee, so I told him to complete it because we will give him a bonus. There is something that not everyone is aware of, we have never been late with salaries, not even for a day, we know the effect that cannot be fixed
It will affect their productivity too	
	Some employee are still working here because they say that the company respects them, they have their dues before time
Do you feel that your employees have the same level of engagement and commitment to work as you desire? If not, what do you do to increase it?	
	We will not reach high morals, ethics and commitment until we feel that, the employees should not feel that they are in an absolute profitable environment. For example, we have 50 employee, ten are delegated by the company, as for the others, we gave them an option that the company will pay for 75% of the travelling costs. We have started to notice that one of the negative points of a family business is that employees might ask why we delegated others, not them
Employees from the family	
	No, in general, they might be foreign employees. So family businesses allow these questions. So I have 10 targeted people, and we can provide 75% of all expenses.
8. Give an example of a decision or situation where following ethics was easy and another situation where it was difficult.	

Give me another situation where you experienced ethical dilemma.	
	We have a colleague that had three death cases, one after the other. Throughout three months, she was never asked about any task
With her full salary	
	We even sent things to her home to help her.
	Another example, in Egypt, a colleague had a death case too. Normally, in these humanitarian cases, we show sympathy to a very far extend, we tell the concerned person to feel free; we do not ask them anything. this person resigned after four months, he had a better job offer, a week after he left, his mother passed away, two weeks later, he asked to come back to our company by any means, even with a lower salary, noting that his salary in the other company is 50% higher; at that company, they told him if he was absent for two days, he would be fired, even though he had a death case.
What did you do with him?	
	He came back with the same old salary
	He was an excellent employee, he was not from the employees that we wanted them to leave
But he went to a competitor	
	He only attended for two days
I am surprised, with admiration of course	
	Before he left, we have given him a 20% raise, and when he came back, he got the same raise
How do you evaluate the situation of the employee?	
	I always tell people that we cannot judge the income of people. I may advise employees if they want to leave to another company who pays 20% more, I can pay the same, but 50%, I will let them leave because I cannot pay the same. We always face the challenge about salaries, our salaries are 10% higher than the market so that employees will not leave, but we cannot make it 40%. Let me give you another situation. The same employee who had three death cases, she resigned last week, I told my colleague that I was glad because she resigned because we appreciated each other, she over respected us because of the favour that we did for her,

	<p>so she might deprive herself of better chances in the future because she has high abilities and qualifications. I am sure that she rejected many offers, so when she left, I felt comfortable because she appreciated and respected us a lot, so I felt that she was under pressure when she was working here, so ethically, I felt glad. Last week, I was in Egypt and one of the employees was having a divorce, and the situation was bad, so I told him that I would personally pay for all the expenses, I should do that as a leader, I should show the employees that I appreciate their efforts. As a leader, I tell all the managers that they should tell me all the cases that require sympathy, because my interference is different from theirs. We have a colleague who had certain health conditions, until today, we are responsible for all of his medical expenses, they are not included in the insurance in Egypt</p>
Why do you do that	
	<p>Because he is a real man, and he deserves that, we also should be men with him; I know that when we pay 1 real for him, we will get it doubled. This is why I told you that the challenges of the HR are not professional challenges, but ethical.</p>
As you know, we are not in Utopia, there are no perfect behaviours, sometimes unethical behaviours might be healthy, because they let me know that I am able to deal with them	
	<p>I told you about the manager who took the idea of another employee; it was a very bad situation.</p>
Even if it did not lead to firing the employee, a situation that passed but it affected on you by the way you see the employee	
	<p>We have a colleague that resigned four years ago, he was a distinctive man, but he made bad behaviours with his manager. Then, he felt that he was not preferred to stay, so he resigned. As I told you, we are very sensitive with the ethical part</p>
It is a basic standard	
	<p>Exactly. I remember when he came in the morning to finish his financial matters, I told the financial department to add 20% to</p>

	<p>his dues if he did not go into small details. When employees come to take their dues, they reveal their real behaviours, they either over focus on details, or they say that they trust us; that man started to go into all details, so we gave him his dues only without the extra amount. I may be exaggerating about ethics, but ethics are the reasons of what we are today, people work in comfort</p>
9. Do you feel that there is enough long-term thinking in managing your business for example, setting profit and revenue targets?	
	<p>In the technical field, the long-term thinking is a challenge, it should be for more than five years, and it might be an impossible thing because technology is very fast, we have things that did not use to exist last month. When we say long-term thinking, then we are talking about three years maximum. The three-year plan could be about employees affairs, and we have a long-term project for that such as shares, our will to build partnerships with employees in independent companies, as I told you, the company paid the education expenditures of many employees. On the products level, we have some products that have been being used for 12 years, but the technology used in them have changed for 6 times with different versions; but on the board of directors level, we focus on having three or five-year plan in general</p>
But not in products	
	<p>It is very limited, it might be an annual plan, we decide at the beginning of each year</p>
When you take a decision, how far do you think for example, is it for the next 1-2 years or do you consider the long-term implications for your decisions?	
	<p>The technology plans effect starts after six months, the first month is only thinking, the second month is experiments and building the portfolio, the burden starts in the implementation, then, we can have the visions. In a meeting, the presentation of the analysis and the designs were great, but when they were applied, it was different</p>
What did you do?	

	In leadership, we must be courageous, sometimes we have to stop the loss in a certain level, or we might find out that the analysis and thoughts were good, but the execution was bad. In this case, we depend on the leader in making the decisions, some people keep on going around in the same place, they try to fix the problem, but for nothing
Even if you have paid a lot of money on it	
	Last year, we had an experiment on a product that costed us around 100.000 SAR, it was in Egypt during Covid and our focus was on other products. After a while, we discovered that the product was unable to be operated, the solution was to terminated the whole team
As far as I know, every experiment is an experience,	
	If these experiment does not teach, then there is a problem. we have a harmony between the board of directors and the executive management, it gave us an opportunity to be clear, we say the things that we failed in, and we know who holds the responsibility, but of course as a leader, the leader should be responsible for everything, and success should be credited to the people who achieved it. I believe that the failure in the project that I told you about was because of the deputy manager, but in front of the board of directors, I held the responsibility in all details. The board of directors did not have a problem, but it was not that easy, if it was in another company, it might have had an impact on the executive management.
10. Do you think teamwork is important?	
	All the success done at the company goes back to the teamwork; we have never had a product, which was done individually. We are blessed with an incredible harmony among the teams. In programming, we follow AGAN methodology, it focuses on teams and decentralised management, and lately, we have started to go more deeply in it that work should not be done individually. By the way, we had an excellent colleague, but when she interfered in teamwork, she

	was not able to work, but the individual work era has ended
But there are aspects of work that should be done individually, and team work is also important	
	I am talking about technical work in precise. For example, design is an individual work, but our products are not based on individual work, our products require many people to work on it
What about the matters that require individual work	
	The administrative matters for example, they do not require teamwork,
Except for the meetings	
	Yes, but mostly, in the financial management for example, their work has expanded, so there are more people in each department, so everyone has an alternative. Whereas there are some matters that require team work
Did it solve problems?	
	Yes, the rapid production, the product that took two months now takes 45 or 30 days
By problems, I meant problems between the employees or disagreements, or internal problems that requires meetings	
	Let me give you an example about the previous and the current management. We used to have analysis, design, development, and testing managements, the product used to go through all these stages, and they used to have conflicts between each other, but of course there was a system that managed them. now it is different, now we take a person from each team to make one team out of them, so they cannot have conflicts, they have one success or one failure. The drawback of this system is its high costs because all departments work on it, but on the long-term, it is more profitable because it is faster in production; when the analysis finish and give the project to the developers, that means the developers are free, wo we can give them another project
11. What is your approach towards conforming to rules and regulations?	
	We have clear regulations about the general policy of the company; we have clear regulations about work ethics

Attendance	
	The employees' guide, ethics, employments, profits, we have all of them
Do you expect your employees to conform to all rules or do you give them the liberty or flexibility? Give examples.	
	If the regulations are rigid, then they are not regulations. The regulations have two parts, there are laws, and the spirit of the law; the person who is late for 45 minutes, they should be deducted according to the regulations, but we ask the management to oversee that. In application, the regulations are strict. Lately, we have the will to have an internal auditor to make sure of the application of the regulations. Sometimes the regulations might be broken unintentionally
Is there flexibility?	
	Yes
The spirit of the law means flexibility, do you believe that it has a negative or a positive impact? There are employees that use this quality	
	It is positive because 99% of employees attend on time, even though, we reached a level that we do not allow overtime, if the employee is not comfortable at their home, they will ruin the work
Do you have an example?	
	We have a colleague who reached a level that her husband claimed on her to us, she works for 18 hours, she is an excellent productive employee, at the end, we told her that if she worked over time, she would be fired
This is weird	
	Yes, this employee was married late, as for me, ethically, if she had a problem with her husband, we would be the reason, your family is prior to all other matters
And you did not approve that	
	At all,
What was the solution?	
	We gave her an obligatory leave for a week
Any other employees?	
	In general, we always tell them to be balanced as much as possible

And you make sure that no one works after 5	
Sometimes, an employee might have to work an hour or two to complete a task and start a new one on the next day	
	We do not put pressure on programmers, because we know that their work requires a clear mind, their work is for 8 hours, but their production takes 4 hours. When employees have pressure, it is ok to have overtime, but when it becomes a habit, then it becomes a problem
Why?	
	Because it will affect on their private life
12. How do you ensure you have good work-life balance?	
	I am not a perfect person in this matter, there is a mental pressure because I have a drop in this matter. I work to develop it. For example, I have more than a driver, but I pick my kids in the morning and in the evening, I believe that it affects me and I see my children. It also helped in organising my sleep, having an organised sleeping time is excellent. In general, I feel that I face difficulties in this point, I try hard to solve it before it is too late
How do you ensure that your employees have good work-life balance?	
	I have the ability to control them more, so I insist on them to have the balance
13. What are the key things you would need to do or have to make your organisation fully ethical?	
	Converting the oral ethics into written ones is a challenge for us, we are working on it. when ethics are transferred from a generation to another, they will make a highly ethical organisation. Lately, we have started to hold awareness meetings to explain our viewpoints. We have created a committee related to the board of directors in case the employees were not able to solve their problems with the executive management.
14. You must know about other companies as well. According to you, how are they different from you or from each other in terms of ethical behaviour? How is their	

work environment different from yours? Give examples.	
	IT sectors are malformed, so we cannot be compared to them. The other part are sellers companies, they just sell products. The important thing is that when an employee who worked for us and left to another company, they would appreciate our ethics
Have you witnessed any situation?	
	No, but the executive managers of other company care about money only, everything is numbers for them. as I told you, we have delegated employees to another companies, we pay their salaries by presenting invoices to the other companies, they pay the invoice so that we pay their salaries, all companies, without exceptions, pay the employees when they get the value of the invoices, but we borrow money to pay our delegated employees in case of any delay in payment by the other company. Competitor companies did that, they stopped the salaries of their employees. One of the challenges is that we sell intangible products, we sell air, so we care about being honest and reliability and is highly required
You said that it is a malformed sector, why?	
	Companies do not care about ethics, they care about selling their products
Have you faced it?	
	Many clients came to us after having problems with other companies
What would be the solution?	
	Our company goes on with its high ethics and clarity, the client requires clarity, we cannot say that we have things that we do not have. if the client is disappointed with us, they will never come back, especially concerning two things, superiority and lying, they cannot be paying and being lied on. I had a phone call lately from an important personality who worked with us ten years ago, they told me that they had a friend who had a bad experience with another company, and he said that they recommended us to their friend because of the excellent experience with us. Reputation needs years to be built, and seconds to be ruined.

And you should make sure that your employees are the same as you	
	You should be strict. If someone does not follow the laws in a way that might affect the work in the future, they should be fired at once
The infection will be spread	
	Even if it was not spread, it might have a negative effect with the client
You might lose the client	
	And they might tell their connections about it
	Even if we do something wrong, we can have solutions, we can offer free services
15. What kind of national values and norms do you consider most important in shaping your company? How much does impact you as an SME leader? Give examples.	
	We have commercial aspects that are ruled by clear experiments, honesty, trust, and so on, in addition to the Islamic values, we try to separate the religion from work, but they are interconnected. There are thousands of companies, if one of them is bad, it does not mean that they are all the same, and there are many ethical companies. There ethics related to honesty, clarity, commitment, responsibility, they are all basics
Is there an example?	
	I can give you an example about responsibility, on Coved, we had a product that we sold for half a million, in Covid, we changed the system, the client would pay 10.000 per month instead of paying 500.000
Why?	
	Because in Covid, people were obliged to buy our products, at that time, if we told them to pay 500.000, they would, but we were a part of that situation and we should not make use out of it, and we had a lot of profit out of it
As for national cultures?	
	As I told you in the example, it is about being real men
You mentioned it a lot	
	When I see an employee working on something on their own, without being asked, then it is not about the salary, it is about being a real man

16. Is there anything related to business ethics and leadership you would like to tell me or I should have asked you about?	
	You covered everything, thank you
17. Do you have any questions for me?	
	No, thank you very much
Thank you	

Appendix C- Ethical Approval

11/06/2024, 16:18

Mail - Mohammed Alanazi - Outlook

Ethics Compliance Application - Change of status - Approved

Yelena Kalyuzhnova <y.kalyuzhnova@henley.ac.uk>

Tue 30/08/2022 8:55 PM

To: Mohammed Alanazi <mohammed.alanazi@pgr.reading.ac.uk>

Dear Mohammed Alanazi,

Your Ethics Application SREC-HBS-20220826-MOAL3032 has been **Approved**. Below are the comments from the approver.

I approve

You now have the option to upload further documents / attachments to the application and change the status to complete. To view / edit your Application please login to the Ethics compliance portal and click "View existing applications".

Regards,
The Ethics Team

Appendix D- Consent Form

CONSENT FORM



Research Project:

Investigating the impact of leadership style on the ethical behaviour of employees and firm performance: Evidence from SMEs in Saudi Arabia.

Name, position and contact of Researcher

Mohammed Alanazi
PhD student at the University of Reading,
Tel: _____

This application has been reviewed by the University Research Ethics Committee and has been given a favourable ethical opinion for conduct.

Please initial box

- | | | |
|----|--|--------------------------|
| 1. | I confirm that I have read and understand the information sheet for the above study and have had the opportunity to ask questions. | <input type="checkbox"/> |
| 2. | I understand that my participation is voluntary and that I am free to withdraw at any time, without giving reason. | <input type="checkbox"/> |
| 3. | I agree to take part in the above study. | <input type="checkbox"/> |

Please tick box

- | | Yes | No | |
|----|--|--------------------------|--------------------------|
| 4. | I agree to the interview being audio recorded. | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. | I agree to the use of anonymised quotes in publications. | <input type="checkbox"/> | <input type="checkbox"/> |

Name of Participant

Date

Signature

Appendix E- Participant Information Sheet



Participant Information Sheet

Investigating the impact of leadership style on the ethical behaviour of employees and firm performance: Evidence from SMEs in Saudi Arabia.

Dear Participant,

I am writing to invite you to take part in a research study.

What is the project?

I am conducting a research project at the University of Reading in the UK, with funding from Taibah University in Saudi Arabia. This study aims to understand and explore the impact of leadership style on the ethical behaviour of employees in small and medium sized enterprises in the context of Saudi Arabia. The research shall examine the impact of ethical leadership on the firm performance of Saudi Arabian SMEs through four mediating factors, deeper employee engagement, better performance, increased team activity and idealised influence of leaders. It will also help to understand the opportunities and challenges of working in SMEs. By taking the research results into account, scholars can conduct further studies to generate more information from the academic context. The practical contribution of this study is to propose a set of recommendations to policy makers in order to enhance the ethical behaviour among both employees and managers in SMEs.

Why have you been chosen to take part?

You have been invited to be a part in this study because you are working in SMEs. Therefore, your experiences will contribute greatly to achieving the aims of this study.

Do you have to take part?

It is entirely up to you whether you participate in this research. You also might withdraw your consent to participation at any time during the study, without any repercussions to you, by contacting the researcher, Mohammed Alanazi
Mobile: _____,

What will happen if you take part?

You will be invited to take part in a face-to-face interview. The interview is scheduled to take one hour. The aim of the interview is to learn from your experiences in contributing to SMEs particularly with regard to these four factors deeper employee engagement, better performance, increased team activity and

idealised influence of leaders. With your permission, the interview will be audio-recorded to facilitate collection of information and later transcribed for analysis. Shortly after the interview has been completed, a copy will be sent to you so that you can add or clarify any points that you wish.

What are the advantages and disadvantages of taking part?

In agreeing to take part in this study there will be a time commitment to consider. You are, of course, able to withdraw from the study at any time. The main benefit for the individual will be an opportunity to reflect in detail on their career experiences. Indeed, previous participants in a similar study all commented on how useful they had found the process. While there will be a time commitment required from participants, it is felt that the benefits of involvement will outweigh the costs.

What will happen to the data?

Any data collected will be held in strict confidence and no real names will be used in this study or any subsequent publications. The records of this study will be kept private. No identifiers linking participants or SMEs to the study will be included in any sort of report that might be published. Participants will be assigned a number and will be referred to by that number in all records. Your name will not appear in any thesis or report resulting from this study, however, with your permission anonymous quotations may be used. Research records will be stored securely on a password-protected computer and only the research team will have access to the records. The results of the study will be presented at the researcher's own doctoral thesis. I can send you a summary of the study if you wish.

What about data protection?

The organisation responsible for protection of your personal information is the University of Reading (the Data Controller). Queries regarding data protection and your rights should be directed to the University Data Protection Officer at imps@reading.ac.uk, or in writing to: Information Management & Policy Services, University of Reading, Whiteknights, P O Box 217, Reading, RG6 6AH.

The University of Reading collects, analyses, uses, shares and retains personal data for the purposes of research in the public interest. Under data protection law we are required to inform you that this use of the personal data we may hold about you is on the lawful basis of being a public task in the public interest and where it is necessary for scientific or historical research purposes. If you withdraw from a research study, which processes your personal data, dependant on the stage of withdrawal, we may still rely on this lawful basis to continue using your data if your withdrawal would be of significant detriment to the research study aims. We will always have in place appropriate safeguards to protect your personal data.

If we have included any additional requests for use of your data, for example adding you to a registration list for the purposes of inviting you to take part in future studies, this will be done only with your consent where you have provided

it to us and should you wish to be removed from the register at a later date, you should contact the researcher concerned.

You have certain rights under data protection law which are:

- Withdraw your consent, for example if you opted in to be added to a participant register
- Access your personal data or ask for a copy
- Rectify inaccuracies in personal data that we hold about you
- Be forgotten, that is your details to be removed from systems that we use to process your personal data
- Restrict uses of your data
- Object to uses of your data, for example retention after you have withdrawn from a study

Some restrictions apply to the above rights where data is collected and used for research purposes.

You can find out more about your rights on the website of the Information Commissioners Office (ICO) at <https://ico.org.uk>

You also have a right to complain the ICO if you are unhappy with how your data has been handled. Please contact the University Data Protection Officer in the first instance.

Who has reviewed the study?

This study has been reviewed following the processes of the University Research Ethics Committee and has been given a favourable ethical opinion for conduct. The University has the appropriate insurances in place. Full details are available on request.

Where can I get more information?

If you would like to get more information, please contact Mohammed Alanazi
Mobile:

I do hope that you will agree to your participation in the study. If you do, please complete the attached consent form and return it, either in person or via email.

Thank you for your time.

Yours sincerely,

Mohammed Alanazi

Date: 29/08/2022