

# The Impact of Leadership Patterns on the Development of Intellectual Capital in the Educational Sector in the Kingdom of Bahrain

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## Abstract

This study aimed at understanding the impact of leadership patterns in the Kingdom of Bahrain, where suitable study hypotheses on the Bahraini environment and their leadership styles (authoritarian, democratic and laissez-faire) were entered and tested on the social package of statistical analysis programs. The study came to the most important finding that there is a gap in the understanding of the importance of intellectual capital in the Kingdom of Bahrain, and the most important recommendation was that the best leadership pattern for intellectual capital is the laissez-faire or the free-rein style, because it encourages creativity and innovation and grants latitude for all.

**Keywords:** Intellectual Capital, Authoritarian style, Democratic style, Laissez-Faire style.

## Introduction:

Development and changes in the technological and communication environment and a variety of creativity methods based on accumulated knowledge, information and experiences of individuals has led most successful organizations to refrain from focusing on their tangible assets to focusing on cognitive incorporeal assets represented by intellectual capital which in turn becomes a representative for scientific intellectual powers that are able to face the organization's future challenges. Intellectual capital is now considered to be the most important and biggest inputs for organizational success. Most of them, especially educational organizations, do not depend on tangible assets and big capital but their real capital is fundamentally their intellectual cognitive assets.

In these circumstances, competition among universities has become one of owning intellectual capital that distinguishes one from another and accomplishes a competitive merit through the quality of education and using the best techniques and most up-to-date methods in the teaching process. University officials' understanding of the importance of intellectual capital and its vital role in achieving their strategic goals with high efficiency has led to them seeking to develop and improve their intellectual and cognitive assets to be able to face the changes and challenges that occur in the field of university education with the emergence of globalization.

Developed countries widely understand that education is a basic element of modern economies and it forms part of their strategies in facing future challenges. Perhaps the Kingdom of Bahrain realized the importance of focusing on developing public education and advancing higher education by establishing private universities and extending the establishment of public universities according to certain standards to improve the educational level of their people and to effectively qualify them scientifically and practically which indicates their care for individuals in society and for higher education and its organizations.

### 1.1:Problems of the Study

The educational sector in the Kingdom of Bahrain gained a high reputation in society because the Bahraini community is considered to be one of the first communities to take an interest in education, where the first school was established in 1916, as well as the special attention paid by the government to education.

There is a rising challenge in recent years for education in Bahrain to maintain the development of education at all levels and according to international standards, which has resulted in some negativism especially after the

establishment of a quality assurance center in Bahrain that has published some reports that raise concerns and questions.

Accordingly, this study was conducted to answer the following questions;

- 1- How do specific educational organizations understand the importance of intellectual capital?
- 2- How is the leadership pattern in the intellectual community related to educational organizations?

### 1.2: Importance of the Study:

The importance of the study stems from the importance of the educational sector in maintaining and developing education in line with international development as well as assuring investment in intellectual capital according to the Bahrain Economic Vision for 2030.

### 1.3: Goals of Study:

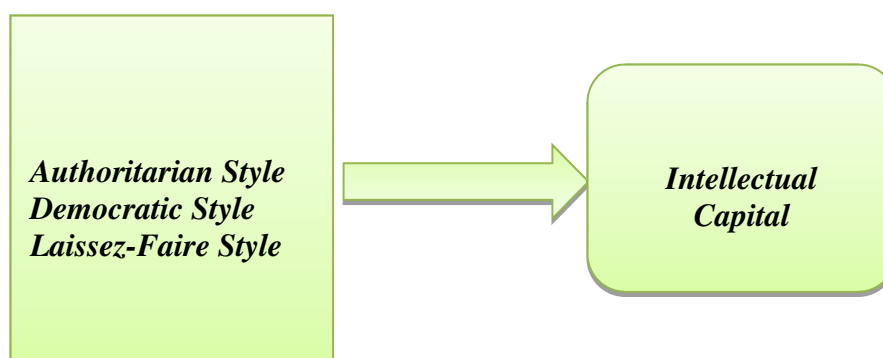
- 1- Understand leadership styles (autocratic, democratic and laissez-faire) in the educational sector in the Kingdom of Bahrain.
- 2- Understand the best leadership style that contributes to the development of intellectual capital.

### 1.4: Hypotheses of the Study:

- 1- There is no statistical impact at the level of ( $\alpha \leq 0.05$ ) between the autocratic style and intellectual capital.
- 2- There is no statistical impact at the level of ( $\alpha \leq 0.05$ ) between the democratic style and intellectual capital in the educational sector in the Kingdom of Bahrain.
- 3- There is no statistical impact at the level of ( $\alpha \leq 0.05$ ) between the laissez-faire style and intellectual capital in the educational sector in the Kingdom of Bahrain.

### 1.5: Model of the Study:

Figure 1 shows the logical model of the study



## 2.1: The Emergence of Intellectual Capital

The concept of intellectual capital and its corresponding intangible assets is one of the recent concepts that emerged in management area generally and human resources management especially (Al-Saeed, 2008: 17).

Ralph Stayer, Director of Johnson Filly Foods, played an important role in drawing attention to intellectual capital as he said, "In the past, natural resources were the most important components of the national resources and assets. Later, capital represented by funds and fixed assets became the most important components of organizations and society. Now, natural resources, funds and fixed assets are replaced by intellectual capital which is considered to be the most important component of national resources and the most valued asset for nations." Intellectual capital refers to that category of people who have the experience, knowledge, creative capacity and natural talent that provide them with the ability to push the national wheel of progress. (Abou Al-Wafa, 2008)

This term was not used extensively in studies and research except in 1997 when it was first presented by Thomas A. Stewart in his book entitled, "Intellectual Capital, the new resource for organizations", in which he mentioned that intellectual capital is knowledge that is employed and reinvested, as knowledge could become a form of capital only when discovered and employed in a way that enables the company to benefit from it. (Al-Saeed, 2008: 69).

The economy has been changed to what is now called the Knowledge Economy because of the emergence of globalization, coalitions and strategic alliances between gigantic organizations and the acceleration of innovations and creativity. Accordingly, knowledge has become one of the most important supports that institutions have paid attention to in order to keep up with the requirements of modern technology and sustainable development for innovations are the basic building blocks for creating value-added and achieving competitive merit. (Abd Al-Fattah, 2010: 19)

## 2.2: Concept of Intellectual Capital:

Despite the increasing importance for intellectual capital and its vital role for assuring sustainability and the success of business organizations in the modern age, there is no agreement on a definitive and comprehensive definition for this concept. A researcher said, "intellectual capital is represented by knowledge, information, intellectual property and experiences that might be employed and invested to produce resources and support the competitive capacity of the organization" (Thomas A. Stewart, 1997). This concept defined resources as the competitive capacity of the organization. Others have defined it as having the knowledge, applying the experiments and technical experience of the organization, and its customer relations and professional skills (Star Vic, 2003). This concept focused on the scientific and practical aspect. However, another concept focuses on human resource and defined it as, "the mental capacity that is able to generate new, suitable and applicable ideas of high quality and capable of achieving integrity and harmony among the different components to achieve the desired goals of useful knowledge that could be employed and reinvested properly for the benefit of the organization" (Obaid). Still others have defined it as a set of informational resources of individuals that consists of two types of knowledge: visible knowledge that is expressed or written easily and consequently transferred to others through documents and implicit knowledge based on personal experiences and axiomatic basics used in organizational development (Iman, 2012). In this concept, intellectual capital was classified into two categories, visible knowledge and implicit knowledge. However, others agree that intellectual capital forms an intangible asset which is marked by the inexistence of tangible structure, in addition to uncertainty regarding the potential future benefits due to the difficulty in predicting its productivity which leads to difficulties in measuring and evaluating it. (Fatima Ali, 2011) Nevertheless, these assets are considered to be the most important bounds for organizational competing capacity (Edvinsson, 1999). This concept lends the quality of uncertainty to intellectual capital. Finally, others see it as the distinctive capacities of a limited number of employees of the organization who provide intellectual contributions that enable the organization to increase its production and achieve high performance in comparison with similar organizations (Iman, 2012); this concept focuses on human resources.

## 2.3: Authoritarian Leadership

Sometimes called autocratic or dictatorial leadership, this style is common in military organizations where it is marked by the sanctification of instructions and procedures as well as the overriding importance of decisions, commanding followers to implement them as it has no regard for any human aspects.

The authoritarian leader is known for his singular decisions and may represent an essential necessity for the organization in certain crisis phases such as disasters, wars and incidental crises that require a decision-maker who is capable of taking responsibility, (Al-Ajlouni, 2010) who is firm and does not hesitate.

In the case of an authoritarian leader there is no participation by others, and individuals' mental capacity is disabled and lacking in innovative and creative initiatives because they are not accepted or consulted by the

autocratic leader; that is why this leader remains a prisoner of his limited ideas and experience which leads to misfortunes and catastrophes for his organization or country (Alsamaray 2014).

Negativism about this leadership style does not preclude mentioning its importance. Leaders of this style are unusually charismatic which makes them a source of conviction and attraction for others since their emotions are affected. Autocratic leaders are known throughout history starting from Hulagu, Hitler to Jamal Abdu Al-Naser and Saddam Hussein in Iraq. This style is also marked by the suspicions of the leader against his followers and he lives under the shadow of fear and wariness (Alsamaray 2014).

#### **2.4: Democratic Leadership**

This style of leadership is also called participative. This style appeared because of the stagnation of ideas, development and creativity caused by autocratic leadership as well as confusion because of conflict between goals and passions and the abandonment by leaders of their role in direction and guidance caused by too-tolerant leadership. Participative leadership appeared to sort out the paradoxes inherent in the radicalism of the two other leadership styles. The leader with a participative (cooperative) leadership style keeps communication lines with employees open and inspires them to have faith in themselves and accordingly lets them participate in decision-making and encourages them to express their opinions in a manner that serves the working party. This trend in leadership styles is derived from the ideology of respecting others' feelings, meeting their needs, respecting their ideas and believing in the importance of relating the interests of subordinates to those of the organization. (Kamel Al-Maghrabi, *ibid.*, p. 425)

Kanaan points out that the participative leadership style has three basic supports: establish humanist relationships between the leaders and his followers, let the subordinates participate in some of the leadership tasks and delegate authority to them in a manner that serves the organization and helps to achieve its goals (Nawaf Kanaan, 2002, p. 182). The most important characteristics of this type of leadership style could be summarized as follows: the leaders pay attention to subordinates' feelings and develop humanist relationships with them; , the leader lets subordinates participate in decisions because of his faith in them; the leader persuades his subordinates instead of obligating them and consequently he respects them and pays attention to convincing them on their work; the leader develops independence in his followers as he lets them participate in activities which lead them to focus on the entire organization, not just parts of it; and finally the leader is characterized by a broad degree of flexibility and adaptability as he lets his followers participate in the two prerogatives of authority, which are power and responsibility.

#### **2.5: Laissez-Faire Leadership**

This style is also called free-rein or hands-off leadership. This style of leadership is found in exceptional cases as in hereditary royal regimes or some corporations.

The laissez-faire leader allows employees complete freedom to make decisions concerning their work because he trusts them to perform the job themselves. He allows employees a high degree of autonomy, does not focus on the management aspect of his work and does not participate in decision-making unless employees ask for it. The employees are welcome to share their views and provide suggestions that contribute to organizational interests. This leadership style works only when the employees are skilled, loyal, experienced and intellectual

Such a leader might not have the leadership characteristics that qualify him to be an effective and efficient manager. Such a leader may be too tolerant and unable to make decisions and may encourage one or some of the employees to make vital decisions even though they are disinterested in the results or risks that might surround the organization and threaten its existence or sustainability. Such a pattern of leadership is seen by employees as open-minded, tolerant and respectful for opinions and ideas of employees since it is weak and un-capable to lead and direct them.

### **3. Analysis and Discussion of Results**

#### **3.1: Study Community**

Community of the study consists of school teachers, staff of private universities and those who are involved in the management of educational institutions.

#### **3.2: Study Sample**

The study sample consists of 120 persons from among five public schools in the Kingdom of Bahrain and two private universities in the Kingdom of Bahrain.

Table No. (1)  
 Arithmetic means, standard deviations and correspondence levels of the study sample's reaction towards the authoritarian style.

| Serial | Item  | Arithmetic mean | Standard deviation | Correspondence level |
|--------|---|-----------------|--------------------|----------------------|
| 1      | Responsibilities are equally distributed among employees        | 3.92            | 0.61               | High                 |
| 2      | Encourages creativity and distinction and rewards creators      | 3.35            | 0.71               | Intermediate         |
| 3      | My line managers' words correspond to his actions.              | 4.85            | 0.88               | High                 |
| 4      | My line manager does not pull through to gain private benefits. | 1.25            | 0.56               | Low                  |
| 5      | Makes the right decision at the time.                           | 3.84            | 0.58               | High                 |

Table No. (2)  
 Arithmetic means, standard deviations and correspondence levels of the study sample's reaction towards the democratic style.

| Serial | Item   | Arithmetic mean | Standard deviation | Correspondence level |
|--------|--|-----------------|--------------------|----------------------|
| 1      | My line manager spreads enthusiasm among subordinates to complete tasks  | 3.12            | 0.89               | Intermediate         |
| 2      | My line manager suggests many changes to complete tasks a better way.  | 3.35            | 0.79               | Intermediate         |
| 3      | My line managers support one-team spirit.  | 4.55            | 0.96               | High                 |
| 4      | My line manager believes in the importance of subordinates' participation in the change process in the university. | 3.85            | 0.78               | High                 |
| 5      | My line manager informs his subordinates of the overall objectives of the university.                              | 3.91            | 0.88               | High                 |

Table No. (3)  
 Arithmetic means, standard deviations and correspondence levels of the study sample's reaction towards the laissez-faire style.

| Serial | Item  | Arithmetic mean | Standard deviation | Correspondence level |
|--------|---|-----------------|--------------------|----------------------|
| 1      | Work is followed up intermittently.                                       | 3.52            | 0.89               | High                 |
| 2      | Does not often pay attention to the application of laws and instructions. | 3.75            | 0.90               | High                 |
| 3      | Decisions taken are affected by his close individuals.                    | 4.70            | 0.97               | High                 |
| 4      | Tolerant towards neglectful individuals.                                  | 4.55            | 0.96               | High                 |
| 5      | There is an obvious hesitation in making firm decisions.                  | 3.91            | 0.91               | High                 |

Table No. (3)  
 Arithmetic means, standard deviations and correspondence levels of the study sample's reaction towards intellectual capital.

| Serial | Item   | Arithmetic mean | Standard deviation | Correspondence level |
|--------|--|-----------------|--------------------|----------------------|
| 1      | Intellectual capital is classified into visible and implicit knowledge.  | 3.15            | 0.84               | Intermediate         |
| 2      | Intellectual capital is represented by knowledge and information.  | 3.33            | 0.78               | Intermediate         |
| 3      | Intellectual capital is a guarantee for sustainability and success of business organization in the modern age. | 3.58            | 0.90               | High                 |
| 4      | Intellectual capital is the most important component of the national resources.                                | 3.32            | 0.77               | Intermediate         |
| 5      | Intellectual capital guarantees high performance levels in comparison with similar organizations.              | 3.52            | 0.89               | High                 |

### 3.2 Hypothesis Test:

Table No. (4)  
 Correlation coefficient between leadership styles and intellectual capital test results

| Leadership styles | Intellectual Capital    |                                 |              |
|-------------------|-------------------------|---------------------------------|--------------|
|                   | Correlation coefficient | Differential defined percentage | Impact level |
| Authoritarian     | 0.84*                   | 71%                             | 0.05         |
| Democratic        | 0.86*                   | 74%                             | 0.04         |
| Laissez-faire     | 0.90**                  | 81%                             | 0.00         |

\*\* Significant at 0.01 level, \* significant at 0.05 level

### 3.3: Conclusion

- 1- There is a statistical impact at the level of ( $\alpha \leq 0.05$ ) between the democratic leadership style and intellectual capital as the impact level is 0.05 and disproves the null hypothesis.
- 2- There is a statistical impact at the level of ( $\alpha \leq 0.05$ ) between the authoritarian leadership style and intellectual capital in the educational sector in the Kingdom of Bahrain as the impact level is 0.04 and disproves the null hypothesis.
- 3- There is a statistical impact at the level of ( $\alpha \leq 0.05$ ) between the laissez-faire leadership style and intellectual capital in the educational sector in the Kingdom of Bahrain as the impact level is less than 0.01 and disproves the null hypothesis.

### 3.4: Recommendations:

- 1- There is a gap in the understanding of the importance of intellectual capital between employees and responsible staff in the educational process in the Kingdom of Bahrain.
- 2- The best leadership style for the educational process in the Kingdom of Bahrain is the Laissez-Faire or free-rein style, so it might be focused on in the future since it is marked by the characteristics of creativity and innovation.
- 3- Educational courses and activities on the importance of intellectual capital and its relationship to the achievement of the country's strategic goals should be held widely.

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