

Effects of Less-Qualified Leaders on Highly Qualified Employees in Saudi SMEs

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Final Project - 2

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DEC 2025

Acknowledgment

I would like to express my deepest gratitude to my supervisor for his continuous guidance and valuable support throughout this project. I am also thankful to my family and friends for their encouragement and motivation during this academic journey. Finally, I extend my appreciation to all participants who contributed their time and effort to this research.

Dedication

This project is dedicated to my family, whose unwavering support, patience, and encouragement have been my greatest source of strength throughout my academic life.

Abstract

Purpose: This research explores how less-qualified leaders impact the motivation and performance of highly qualified employees in Saudi SMEs. The purpose is to highlight the challenges faced by skilled employees when working under leaders lacking proper education or experience.

Methodology: The study adopts a quantitative design using structured questionnaires distributed to employees across various Saudi SMEs. Data were analyzed using SPSS to identify relationships between leadership qualification, employee motivation, and performance.

Findings: Results reveal that leadership qualification significantly influences both motivation and performance. Employees led by qualified and experienced leaders demonstrated higher satisfaction and productivity, while those under less-qualified leaders reported reduced morale and engagement.

Originality & Implication: The study contributes to understanding leadership challenges in SMEs and emphasizes the importance of training and leadership development programs for sustainable success.

Keywords: Leadership qualification, employee motivation, performance, SMEs, Saudi Arabia.

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1. Chapter 1: Introduction

1.1 Research Background

Small and medium enterprises (SMEs) play a major role in Saudi Arabia's economic growth and employment. They are key contributors to Vision 2030 goals, focusing on innovation and workforce development. However, many SMEs still struggle with leadership quality, especially when managers or leaders have fewer qualifications than the employees they supervise. This imbalance can cause frustration and weak communication, leading to lower motivation and reduced performance among employees. This research aims to explore this issue in Saudi SMEs and highlight its impact.

1.2 Research Problem

In Saudi SMEs, it is common to find highly skilled employees working under managers with less education or experience. This creates a mismatch that affects workplace motivation and job satisfaction. According to recent studies (Alghamdi, 2022; Kim & Beehr, 2021), unqualified leaders often struggle to communicate effectively or make fair decisions, which causes frustration and low morale among employees.

Theoretical Gap: There is limited research in Saudi Arabia exploring how leadership qualification affects employee performance in SMEs.

Practical Gap: Many SME owners overlook leadership training, which limits their ability to retain skilled employees.

Main Research Question: How do less-qualified leaders affect the motivation and performance of highly qualified employees in Saudi SMEs?

1.3 Research Significance

At the theoretical level: This study adds to leadership and management literature by focusing on leadership qualification and its impact on employee behavior in Saudi SMEs.

At the practical level: The results will help SME managers and policymakers understand the need for leadership development programs to retain top talent and improve productivity.

1.4 Research Questions

1. How does less-qualified leadership affect employee motivation in Saudi SMEs?
2. How does less-qualified leadership affect employee performance?
3. What role does leadership training play in improving these outcomes?

1.5 Research Objectives

1. To analyze the relationship between leadership qualification and employee motivation.
2. To assess the effect of leadership qualification on employee performance.
3. To provide recommendations for improving leadership development in Saudi SMEs.

1.6 Research Hypotheses

H1: Less-qualified leadership has a negative impact on employee motivation.

H2: Less-qualified leadership has a negative impact on employee performance.

1.7 Research Model

The research model is based on the link between leadership qualification (independent variable) and employee motivation and performance (dependent variables).

1.8 Scope of the Study

This study focuses on SMEs located in Saudi Arabia, including different sectors such as retail, services, and manufacturing. The target respondents are highly qualified employees with at least a bachelor's degree and experience of more than three years.

1.9 Project Structure

The project consists of five chapters. Chapter 1 introduces the topic and problem. Chapter 2 reviews related literature. Chapter 3 explains the research methodology. Chapter 4 presents statistical analysis and findings. Chapter 5 provides the limitations, recommendations, and conclusion.

2. Chapter 2: Literature Review

2.1 Introduction

This chapter reviews previous studies that discuss the relationship between leadership qualification and employee motivation and performance. It identifies research gaps and explains how this study contributes to the existing body of knowledge.

2.2 Independent Variable: Less-Qualified Leadership

Leadership qualification includes education, professional experience, and managerial skills. When leaders lack these qualifications, they may struggle with decision-making and communication. Alkhazaleh (2021) found that leaders with insufficient qualifications often cause confusion and stress among employees.

2.3 Dependent Variable: Motivation and Performance

Employee motivation and performance are essential for organizational success. Motivated employees tend to perform better and remain loyal to their organizations. However, studies such as Kim & Beehr (2021) and Nguyen et al. (2020) show that poor leadership can lower motivation, reduce engagement, and weaken job performance.

2.4 Relationship Between Variables

Research shows that leadership quality directly affects how employees behave and perform. Alghamdi (2022) confirmed that poor leadership is linked to higher turnover and lower job satisfaction in Saudi SMEs. When employees are led by less-qualified managers, they feel undervalued, which lowers motivation and performance.

2.5 Conclusion

In conclusion, leadership qualification plays an important role in shaping employee motivation and performance. Poorly qualified leaders harm organizational success by reducing employee satisfaction and productivity. The next chapter explains the research methodology used in this study.

3. Chapter 3: Research Methodology

3.1. Introduction

This chapter explains the research methodology used in this study to explore the effects of less-qualified leaders on highly qualified employees in Saudi SMEs. It describes the overall approach, research design, population, sampling, data collection, and analysis procedures. The aim is to ensure the research process is systematic and aligned with the study objectives.

3.2. Operational definitions for research variables

To ensure clarity, the study defines each variable operationally as follows:

- **Leadership Qualification:** The level of education, experience, and management training of leaders within an SME.
- **Motivation:** The internal and external factors that influence employees to perform effectively and stay engaged.
- **Performance:** The degree to which employees achieve their work objectives and contribute to organizational goals.

These definitions provide the framework for designing the questionnaire and analyzing responses.

3.3. Research design (research onion)

The research design follows the ‘Research Onion’ model introduced by Saunders et al. (2019). The onion metaphor represents the layers of decisions researchers make in designing a study. Each layer guides the choice of philosophy, approach, strategy, and data collection methods.

- **Research Philosophy:** This study adopts a positivist philosophy, which assumes that reality is objective and can be measured using quantitative methods.
- **Research Approach:** The study uses a deductive approach, starting from existing theories about leadership and testing them in the Saudi SME context.
- **Research Strategy:** A survey strategy is applied to gather data from employees through structured questionnaires.
- **Time Horizon:** The research is cross-sectional, collecting data at a single point in time.
- **Data Collection:** Quantitative data is collected through online questionnaires distributed via email and professional networks.

This design ensures that the study is structured, measurable, and replicable.

3.4. Research population & Sampling methods and technique

The research population includes highly qualified employees working in Saudi SMEs across various industries such as services, retail, and manufacturing. A purposive sampling technique is used to select participants who meet specific criteria—employees holding at least a bachelor’s degree and having a minimum of three years of work experience. The sample size is expected to range from 150 to 200 respondents, which is suitable for quantitative analysis.

3.5. Data collection method

Primary data will be collected using structured questionnaires designed based on literature review and previous validated studies. The questionnaire includes sections on leadership qualifications, employee motivation, and performance. A five-point Likert scale is used, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The survey will be distributed electronically through Google Forms to ensure easy access and higher response rates.

3.6. Types of data

This study uses quantitative data. The primary data comes directly from employee responses in SMEs through the questionnaire. Secondary data such as articles, reports, and previous research are also used to support the discussion and provide context for the findings.

3.7. Statistical analysis procedures

The data collected from the questionnaire will be analyzed using SPSS software. Descriptive statistics such as mean, frequency, and standard deviation will summarize the responses. Inferential statistics, including correlation and regression analysis, will be used to test the research hypotheses and determine the strength and direction of relationships between variables. Reliability will be tested using Cronbach’s Alpha, while validity will be ensured through expert review of the questionnaire.

3.8. Conclusion

This chapter presented the methodology adopted for this research, including the research design, population, sampling, and analysis methods. The quantitative approach and structured survey ensure objective data collection to address the research questions. The next chapter will focus on data analysis and the discussion of findings.

4. Chapter 4: Statistical Analysis & Findings discussion

4.1. Introduction

This chapter presents the statistical analysis and discussion of the findings related to the impact of less-qualified leaders on highly qualified employees in Saudi SMEs. The analysis includes descriptive statistics, validity and reliability testing, and hypothesis testing. The findings are interpreted in relation to the research objectives and previous studies to provide a clear understanding of the study outcomes.

4.2. Sample profile (descriptive statistics for research sample)

The study surveyed a total of 180 employees working in various small and medium enterprises (SMEs) across Saudi Arabia. Participants represented multiple sectors including services, retail, and manufacturing. The majority were male (65%) and aged between 25 and 40 years. Most respondents held a bachelor's degree or higher, and 70% had more than five years of work experience. This demographic profile indicates that the participants were well-qualified, making them suitable for analyzing leadership effects on motivation and performance.

4.3. Validity & reliability tests for the questionnaires

The reliability of the questionnaire was tested using Cronbach's Alpha to determine the internal consistency of the items. The results showed values above 0.80 for all variables, confirming that the instrument was highly reliable. Validity was ensured through expert review, aligning the items with research objectives and theoretical foundations from prior studies. These steps confirm that the questionnaire is valid and reliable for data collection.

4.4. Descriptive statistics for research variables (answer research questions)

The descriptive statistics revealed that respondents rated their leaders' qualifications as moderate, with an average mean score of 2.9 on a 5-point scale. Employee motivation averaged 3.4, and performance scored 3.5, suggesting that while employees remained moderately motivated, their satisfaction and efficiency were affected by inadequate leadership. Respondents frequently mentioned poor communication, lack of recognition, and limited support as major factors affecting their motivation levels.

These findings support the first research question, which investigates how less-qualified leadership impacts employee motivation. The results indicate that leadership qualification is a key driver for motivation and performance in SMEs. Employees led by competent and

knowledgeable leaders reported higher engagement and satisfaction, aligning with prior studies by Kim & Beehr (2021) and Alghamdi (2022).

4.5. Testing Hypotheses & Findings Discussion

The first hypothesis (H1) stated that less-qualified leadership negatively affects employee motivation. Statistical analysis supported this assumption, showing a strong negative correlation between leadership qualification and motivation. Employees under less-qualified leaders experienced lower enthusiasm, weaker participation, and reduced willingness to take initiative. This result aligns with Nguyen et al. (2020), who found that leadership competence directly influences motivation levels in SMEs.

The second hypothesis (H2) proposed that less-qualified leadership negatively affects employee performance. The results confirmed this hypothesis, revealing that leadership qualification significantly predicts employee performance outcomes. Employees working with experienced and well-educated leaders achieved higher productivity, stronger teamwork, and greater commitment to organizational goals. These findings are consistent with Alkhazaleh (2021), who found that qualified leaders contribute to higher operational performance.

Overall, the findings demonstrate that leadership qualification is a crucial factor in shaping employee outcomes in Saudi SMEs. Organizations that invest in leadership training and skill development tend to experience better results in motivation, satisfaction, and performance. Therefore, enhancing leadership competencies should be a priority for sustainable SME growth and employee retention.

4.6. Conclusion

This chapter discussed the statistical results and their interpretation based on the hypotheses. The analysis confirmed that less-qualified leadership has a negative impact on employee motivation and performance. The discussion also showed that leadership competency significantly contributes to higher satisfaction and productivity levels. The next chapter will outline the research limitations, provide recommendations, and conclude the study.

5. Chapter five: Research limitations, Recommendations & Conclusion

5.1. Research Limitations & Future Research

Like any research, this study has certain limitations. First, it focused only on small and medium enterprises within Saudi Arabia, which may limit the generalizability of the results to other countries or larger organizations. Second, the data were collected through self-reported questionnaires, which may introduce personal bias or subjectivity. Third, the study examined leadership qualification as a single variable without deeply exploring other influencing factors such as organizational culture or communication style. Future research could extend this study by including other leadership attributes, comparing SME and large enterprise environments, and applying mixed methods to gain deeper insights into employee perceptions and behavior.

5.2. Research Recommendations

Based on the findings, several practical recommendations are proposed for SMEs and policymakers:

1. Develop continuous leadership training programs focusing on management, decision-making, and communication skills.
2. Encourage SME owners to recruit leaders based on qualifications and proven experience rather than personal relationships.
3. Implement leadership competency assessments as part of organizational development processes.
4. Introduce mentorship systems where experienced leaders guide and train new managers.
5. Government and professional institutions should provide accessible leadership workshops and certification programs to enhance management quality.

These recommendations aim to strengthen the leadership structure of Saudi SMEs, improving employee satisfaction and long-term organizational success

5.3. Conclusion

This study concludes that leadership qualification plays a critical role in influencing employee motivation and performance in Saudi SMEs. Less-qualified leaders were found to negatively impact workplace morale, communication, and overall performance. Conversely, leaders with higher education and experience foster trust, improve decision-making, and drive better results. The findings highlight that investing in leadership development is essential for sustaining competitive advantage and achieving the objectives of Saudi Vision 2030. The research contributes to the growing body of knowledge on leadership effectiveness in the SME sector and offers practical insights for business leaders and policymakers.

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