

MidoceanUniversity
Faculty of Management
Bachelor of Project Management



The impact of leadership on employee performance. A Case Study on Sign
Restaurant Chain in Saudi Arabia

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Graduation Project – 1

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1. Chapter 1: Introduction

1.1. Research Background:

One of the main goals of project management is to create a team or even a separate organization to focus efforts on the success of the project's purpose and requirements more efficiently. Since the project usually includes a series of interconnected tasks that have cost, quality, and performance constraints, it was necessary to highlight the performance of employees who contribute significantly and directly to the success of the project and the continuation of the brand according to the plan and the importance of maintaining performance efficiently and with quality and influencing it through positive leadership.

A few previous studies have examined the impact of leadership on employee performance. Most have narrow research scopes, and some lack the importance of presenting practical ways to make leadership a direct cause of institutional success and a management style that is extremely important for influencing employees and thus the organization as a whole.

every organization should ensure that the right leader man their organization in order to achieve their set goals and or objectives. Ibrahim A. U. and Daniel C. O. (2019)

Saudi Arabia is in a state of continuous development and has promising future visions, project managers, executives, and every team leader need to delve deeper into leadership and pay attention to the human side in addition to the practical side to bridge the gap created by negative leadership that prevents efficiency in achieving goals. Many companies underestimate leadership despite the presence of its various methods and its clear impact on employee performance and on creating a positive environment that enhances efficient production. We conclude from this that it was the loophole that made water creep in and destroy the ship despite the good foundation.

The research aims to examine the impact of leadership on employee performance and to develop guiding principles that help professionals apply them practically and encourage the development of the performance of officials for a better work environment and satisfactory performance.

1.2. Research Problem:

More research and investigation is needed in the field of management and leadership to fill in the theoretical and practical gaps and uncover the obstacles that hinder the accomplishment of organizations and projects, worker contentment, and the caliber of their outcomes.

To improve effective practical practices, researchers seek to do so through renewed studies. The research problem in this study includes the areas of theoretical gaps and practical gaps.

1.2.1.Theoretical Gaps:

- Although there is research on the impact of leadership styles on employee performance, there is a great need to focus on leadership as a whole and its comprehensive impact, even in creating a competitive advantage, In a competitive business environment, organizations rely on their leaders to facilitate the changes and innovations required to maintain competitive advantage. In reality, with work pressures, individuals have become interested in a positive work environment and see it as an irresistible advantage, ignoring other temptations. O. A. Kehinde & H. A. Banjo(2014).
- There is a lack of understanding that the role of the leader is not limited to achieving goals and delivering what is required, but also to inspiring others, strengthening their sense of belonging, training them, and communicating strongly. When you become a leader, success is all about growing others.Jack Welch.

1.2.2. Practical Gaps:

- The lack of research on the direct impact of employee performance and, consequently, on organizational performance.
- The need to expand empirical research to measure the extent to which organizations and individuals are affected by negative leadership.
- Neglecting the human aspect of work, which is in fact a fundamental factor in creating a positive and harmonious culture among all members of the organization.

This study addresses the main research question:

“How Leadership Affects Employee Performance?”

1.3. Research Significance:

The significance of this research stems from its exploration of both theoretical and practical dimensions, which aids in identifying and bridging gaps, thereby contributing to the development of work environments and enhancing the overall performance of the organization. This is accomplished by thoroughly examining the influence of leadership on employee performance.

1.3.1.At the theoretical level:

- Leaders move away from their default and preferred styles, opting instead for a leadership approach that aligns with their team's characteristics, what suits them best, and the goals that need to be accomplished. The research outlines seven principal leadership styles.
- Expanding and developing theoretical models, studying two aspects—negative leadership and positive leadership—and setting guidelines for highly effective, highly satisfying practices.

1.3.2.At the practical level:

- Boost creativity and innovation:
Leadership plays a decisive role in enhancing organizational creativity (Mumford et al., 2002; Amabile et al., 2004), launching and driving innovation projects (Stoker et al., 2001; Bossink, 2007), and implementing innovation projects and overcoming resistance (Gilley et al., 2008). Somech (2006) concludes that corporate leaders are the key drivers, who either promote or inhibit innovation management in the organization. (Peter Kesting et al, 2015).
- Achieving goals, quality performance and high productivity.
- Coach the team if it is frustrated and build it to be more effective.
- Decision makers in small and large institutions and projects benefit from gaining information and guidance that helps in choosing positive officials and leaders who will not be a cause of future losses for the organization or a cause of a lack of attracting talent.
- Create a clear culture within the organization that makes everyone contribute and participate to achieve the vision.

1.4.Research Questions:

The current study aims to answer the following main question in addition to sub-questions that must be answered: **“How Leadership Affects Employee Performance?”** This question is answered through several aspects of leadership and its impact on employee performance.

- How does directive leadership affect employee performance?
- How does supportive leadership affect employee performance?
- How does participative leadership affect employee performance?
- How does achievement leadership affect employee performance?

1.5. Research Objectives:

The general objective is exploring the relationship between leadership on employee performance. The sub-objectives:

- identifying the effect of directive leadership on employee performance at Sign Restaurant Chain in Saudi Arabia .
- Identifying the effect of supportive leadership on employee performance at Sign Restaurant Chain in Saudi Arabia.
- Identifying the effect of participative leadership on employee performance at Sign Restaurant Chain in Saudi Arabia.
- Identifying the effect of achievement leadership on employee performance at Sign Restaurant Chain in Saudi Arabia.

1.6. Research Hypotheses:

The Main hypothesis H1: There is a statistically significant relationship between leadership on employee performance.

- **The first sub-hypothesis, Ha:** There is a statistically significant relationship between directive leadership on employee performance.
- **The second sub-hypothesis, Hb:** There is a statistically significant relationship between supportive leadership on employee performance
- **The third sub-hypothesis, Hc:** There is a statistically significant relationship between participative leadership on employee performance.
- **The fourth sub-hypothesis Hd:** There is a statistically significant relationship between achievement leadership on employee performance.

1.7. Research Model:

The figure below illustrates the relationship between the research variables and the hypotheses as follows:

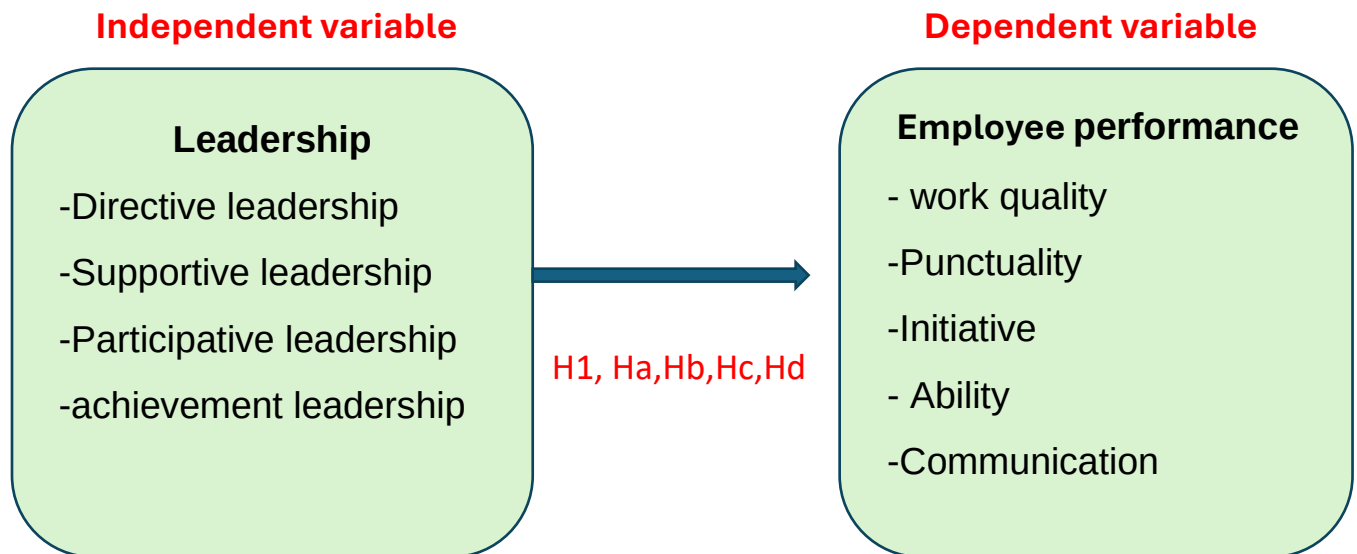


Fig.1: Research Model, Designed by the researcher.

1.8. Empirical Study:

Sign started in 2022, and the brand continues to expand as the branches reached about 12 branches so far in 2024. The brand is famous on social media and in real life, which has made it always crowded for what they offer, from distinctive design to delicious burgers every time!

Maintaining this high level of performance requires investing in managers and employees, who are crucial to consistently delivering the best burgers to customers. Sign ensures food quality by offering refunds if the food is not to the customer's liking, a policy rarely found in today's restaurants. In conclusion, examining the influence of leadership on employee performance at Sign Burger highlights its significance within the industry and demonstrates the relationship and impact of these two variables.

1.9. Research methodology:

- Research philosophy : Positivism
- Research approach : Deductive
- Research strategy : Case study
- Research choice : Quantitative
- Time horizon : Cross-sectional
- Data collection and analysis techniques: Questionnaire and statistical analysis

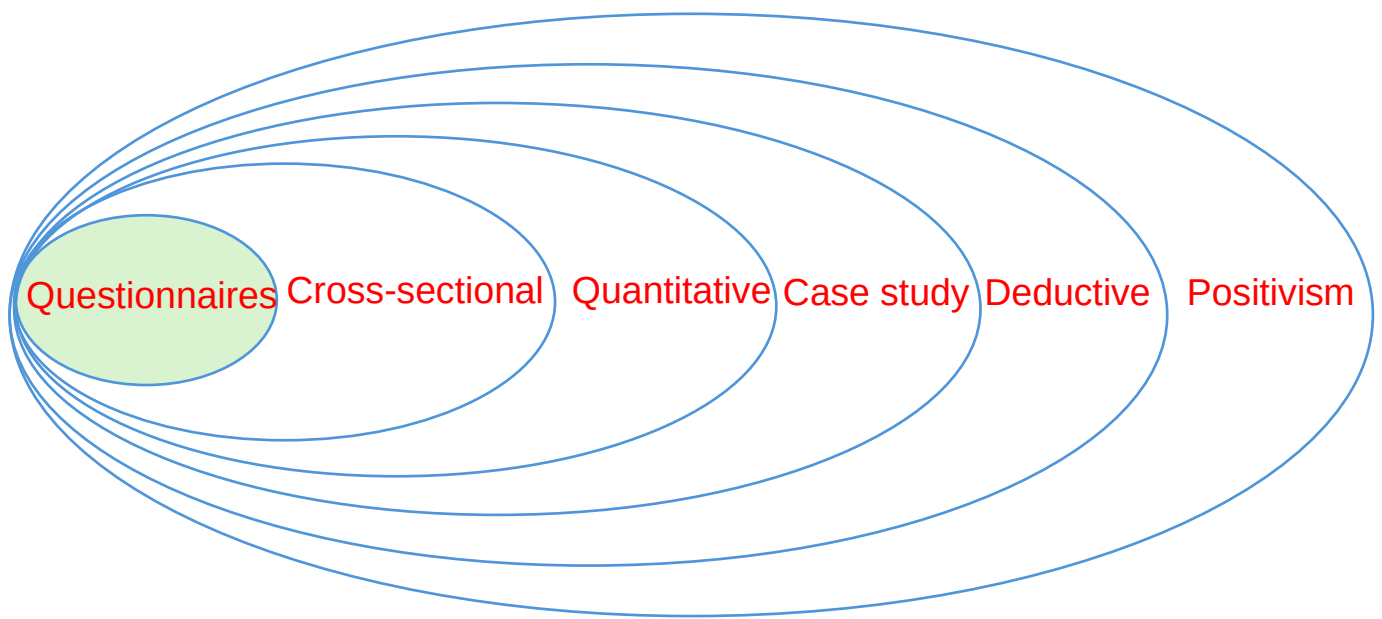
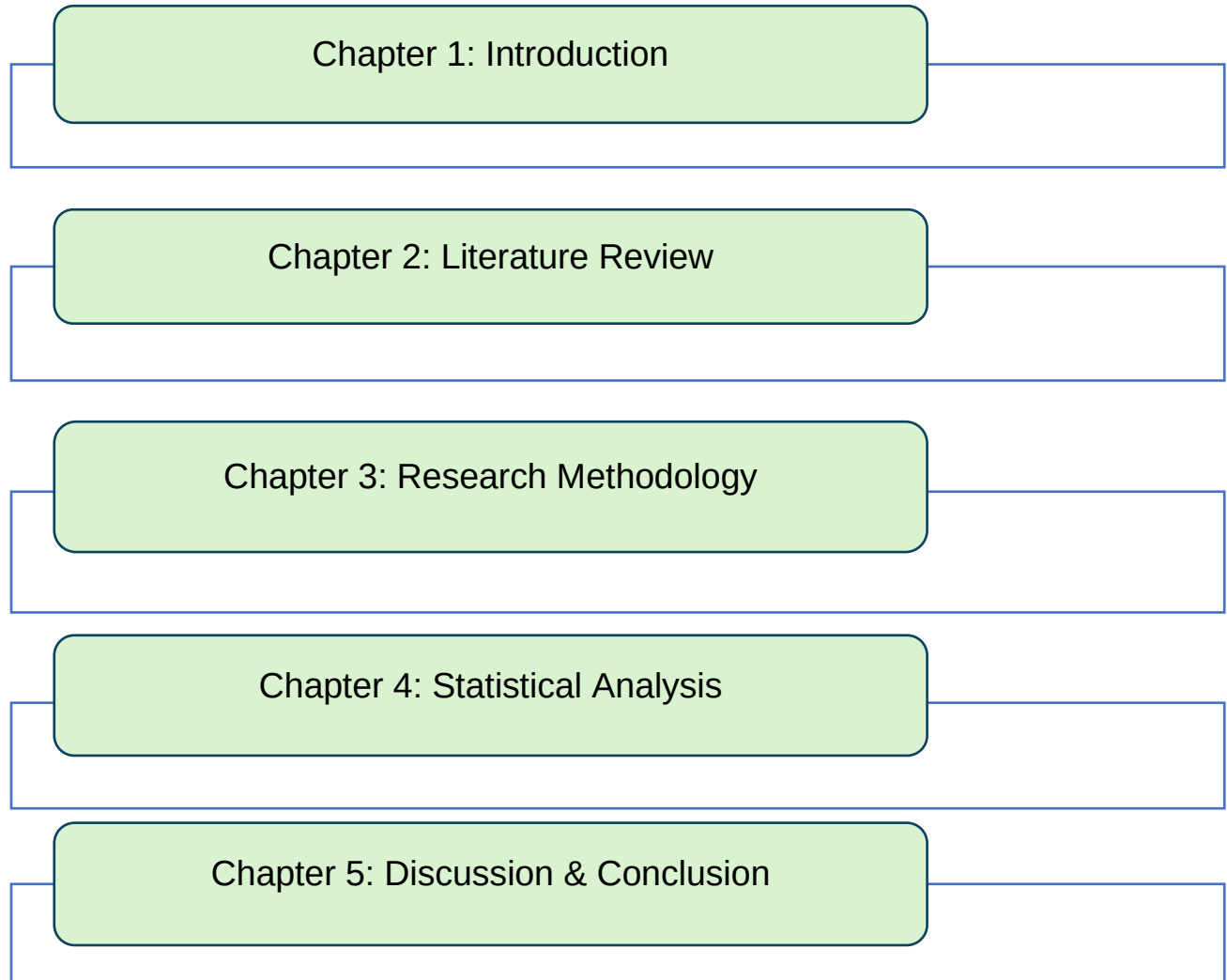


Fig.2: Research methodology for the project Designed by the researcher.

1.10.The Suggested Project Structure:



2.Chapter 2: Literature Review

2.1. Introduction:

Scientific research delves deeply into the concept of leadership, highlighting its significance and influence within organizations and businesses. This focus underscores how leadership can profoundly affect employee performance and, consequently, the objectives and overall performance that institutions strive to achieve.

Many studies have contributed to clarifying the impact of leadership styles on the performance of the organization as well as on the performance of employees. We benefit from these studies in shedding light on the different methods and gaining knowledge to apply the appropriate method for the nature of the organization and its employees. Choosing the optimal method makes operations smoother and goals are achieved effectively.

In short, leadership is a complex phenomenon that touches on many other important organizational, social, and personal processes. It depends on a process of influence, whereby people are inspired to work towards group goals. Bolden, R. (2004).

Whereas employee performance has been related to outcomes, results, and accomplishments by Cardy (2004). Bose, I., & Emirates, U. A. (2018).

2.2. Leadership:

We can say that it is of great importance. "leadership is about enabling ordinary people to produce extraordinary things in the face of challenge and change and to constantly turn in superior performance to the long-term benefit of all concerned" Jooste, K. (2004).

What is leadership?

“Leadership is a process of social influence, which maximizes the efforts of others towards the achievement of a goal” Kruse, K. (2013).

Leadership theories:

“From the late 1800s to about 1930, leadership theories emphasized control and centralization of power. The “Great Man” theory, which suggests that leaders are born and not made, supported the existence of some mysterious qualities vested in select individuals and frequently passed between generations. This model faded from popularity in the 1930s and 1940s as ‘trait’ theories appeared that attempted to identify specific traits qualifying an individual for leadership. Stogdill identified six trait groupings associated with leadership, including capacity, achievement, responsibility, participation, status, and situation, but concluded that these traits did not sufficiently explain leadership: “A person does not become a leader by virtue of the possession of some combination of traits” Klingborg, D. J et al, (2006).

The path-goal theory specifies four dimensions of leadership

“The four kinds of leader behavior Included In the theory are (1) directive leadership, (2) supportive leadership, (3) participative leadership, and (4) achievement-oriented leadership.” Robert J. House, et al (1975).

The role of Leadership is highly influential it “allows managers to affect employee behaviour in the organization.” Naile et al (2014).

“Perhaps one of the most intriguing differences between academia and the outside world has to do with their view of the actual importance of leadership. Countries, armies, companies, sport teams, churches, and organizations of all kinds, including universities, are desperately looking for leaders that can guide them to a better position. Somehow they know that if they do not have good leaders it is going to be very difficult to accomplish their objectives and goals.”Silva, A. (2014).

Fig.3: Preferred leadership style for motivation.

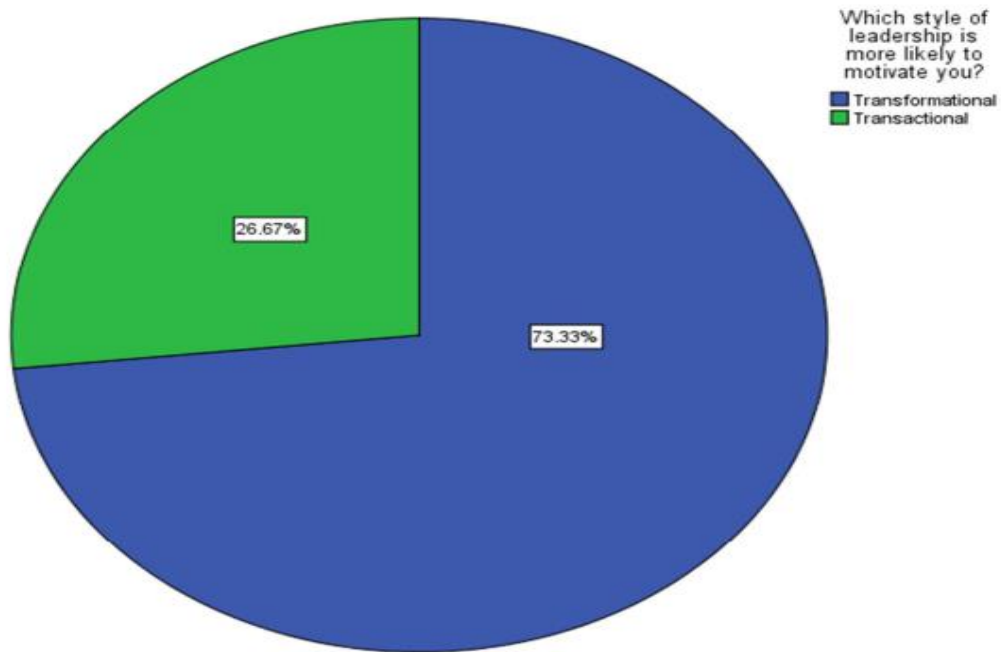


Figure 6. Participants Preferred Leadership style for Motivation.

Source: Ali M. Alghazo*, Meshal Al-Anazi (2016).

Table1. Correlation between the impact of leadership and organisation Performance.

	Correlations	Effective leadership	Level of performance
Effective leadership	Pearson Correlation	1	.536 **
	Sig. (2-tailed)	200	.000
	N		250
Level of performance	Pearson Correlation	.536 **	1
	Sig. (2-tailed)	.000	200
	N	250	

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Ibrahim, A. U., & Daniel, C. O. (2019). Impact of leadership on organisational performance.

Table2.Profile of existing research on participative leadership (LS1b).

People	Means	Effects	Goals
One leader (consult)	Freedom to develop solutions	Innovative climate	Ideation
	Early involvement in projects	Increased conflict level	Product innovation R&D

Source: Kesting, P et al, (2015). The impact of leadership styles on innovation- a review.

Table3.Profile of existing research on directive leadership (LS1a).

People	Means	Effects	Goals
One leader (direct)	Controlling, monitoring, instructing, hierarchical influence	Establishing clear rules	Implementation
	Providing a framework for decision making and action		

Source: Kesting, P et al, (2015). The impact of leadership styles on innovation- a review.

2.3. Employee performance:

“**The definition of performance** (work performance) is the work quality and quantity achieved by an employee in carrying out his function in accordance with the responsibilities given to him.” (Utin, N. H., & Yosepha, S. Y., 2019).

The development of employee Performance:

Campbell, J. P., & Wiernik, B. M. (2015). They conclude in their research that “until the 1980s, there were virtually no attempts to model individual job performance as a construct. There was only the “criterion problem” (Austin & Villanova 1992), and the objective was to find performance indicators that approximate the “ultimate” criterion as closely as possible. The ultimate criterion was defined as an indicator of an individual’s total contribution to the goals of the organization. Unfortunately, no such indicator exists. The situation began to change during the 1980s. For example, the Army Selection and Classification Project (Project A)

was able to systematically select a sample of entry-level technical jobs from a population of jobs, develop over 100 separate indicators of performance for each job, and collect performance data on two cohorts of 10,000 enlisted personnel at three points in time: at the end of training, at the end of their first tour of duty, and near the end of their second tour of duty after they had assumed leadership responsibilities (see Campbell & Knapp 2001). This permitted extensive applications of confirmatory factor analysis to test substantive models of the latent structure of performance. Subsequently, multidimensional models of performance as a construct were discussed by Borman & Motowidlo (1993), Campbell et al. (1993), and Murphy (1989a)."

In her research, Dedi Iskanto (2020) conveyed the dimensions of employee performance from Sedarmayanti.

The dimensions are:

- a) Work Quality
- b) Punctuality
- c) Initiative
- d) Ability
- e) Communication

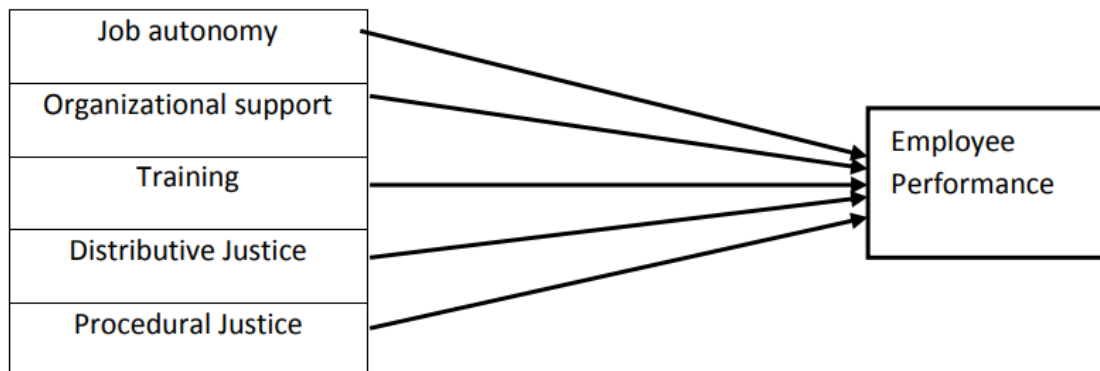
Bell, E. (2008). collected some of the **performance theories** in her book "Performance Theories", and said "Ronald Pelias and James VanOosting(1987) claim that the basic concepts of any performance theory are text, event, performance, and audience. For Richard bauman(1977), the "patterning" of performance involves event, act, role, and genre. Richard Schechner(2002b,215) delineates the elements of the performance quadrilog: source, producers, performance, and partakers."

Table 4: Factors that Affect Employees' Performance in the Organization.

Factors	Frequency	Percentage (%)
Managerial standards	3	3.8
Motivation	11	13.8
Commitment	7	8.8
Employee evaluations	9	11.3
Positive environment	3	3.8
Technology	14	17.5
Lack of incentives	10	12.5
Comfort level	5	6.3
Poor management	10	12.5
All the above	8	10
Total	80	100

Source: Ibrahim, M., & Brobbey, V. A. (2015). Impact of motivation on employee performance.

Fig.4: Five Major Practices Affect Employee Performance



Source: Hameed, A., & Waheed, A. (2011). Employee development and its affect on employee performance.

2.4. The relationship between leadership and employee performance:

Table 5: Simple Regression Analysis.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	22.190	4.136		5.365	,000
	leadership	.462	.087	,552	5.339	,000

a. Dependent Variable: performance

Source: Iskamto, D et al (2021). Analysis of Relationship between Leadership and Employee Performance.

Based on this table, Iskamto, D et al (2021) conclude that “This means that there is a leadership influence on employee performance. With the meaning of the word Hypothesis (Ha) is accepted. A positive t value indicates that the leadership variable has a significant and positive relationship to employee performance.”

Mohammed, U. D., et al (2014). “The study evaluated the relationship between leadership style and employee performance in organization which revealed a positive relationship between the two variables.”

Lor, W., & Hassan, Z. (2017). “Supportive leadership has a positive and significant influence on employee performance. This means when managers engage themselves in displaying supportive leadership behaviours such as considerations, listening and caring, providing positive feedback, building confidence and enabling self control towards employees results high employee performance.”

2.5. Conclusion:

After reviewing the literature and reviewing some conclusions, we find that there is an important relationship between leadership and employee performance. Each variable has dimensions, and all of these dimensions are affected by each other. This research helps us find strengths and weaknesses for improvement and development. Previous research leaves room for other research related to other factors affecting employee performance and also the extent of the influence of leadership. Is it really important and has a direct impact on employee performance in all circumstances and companies?

My research has contributed to the review of different views and deep insight into leadership and the importance of highlighting its great impact on performance.

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Appendix

Appendice

Kind regards,

Please kindly answer this questionnaire which is designed to collect data for a research entitled “The Impact of Leadership on Employee Performance. A Case Study on the Sign Restaurant Chain in Jeddah, Kingdom of Saudi Arabia” .

Leadership: is a soft ability that influence others to achieve goals.

Employee performance: is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him.

I assure you that your answers will be treated with complete confidentiality and will only be used for scientific research purposes.

I thank and appreciate your valuable effort in advance and your cooperation, which will have a great impact on the success of this study.

Link of the questionnaire:

<https://forms.gle/fGsydHEdJpYWKHBe8>

Personal questions:

Gender:

- ☐ Female
- ☐ Male

Age:

- ☐ Less than 20 Yrs
- ☐ 20-35 Yrs
- ☐ 35-50
- ☐ أكبر من 50 سنة - above 50

Qualification:

- ☐ Less than Secondary
- ☐ Secondary
- ☐ bachelor's
- ☐ Master

Experience:

- ☐ Less than 3 years
- ☐ 4-6
- ☐ 7-10
- ☐ Above 11 years

The first variable: leadership: the art to influence others to achieve goals
Depending on the dimensions: Directive, Supportive, Participative, achievement.

Dimensions	Question	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Directive	-The leader told me what to expect from my performance. -Leaders always provide specific instructions for each complex task. -The leader will direct the employees before the assignment is given.					
Supportive	- Leaders are able to create a conducive work atmosphere. - Leaders always pay attention to the welfare of employees. - Leaders are able to grow and develop employee abilities. - The leader supports me in emergencies and problems.					
Participative	- Leadership provides freedom of opinion - Leaders always consider suggestions given by employees - Leaders always lead to guide their employees.					
	- Leaders set a series					

achievement	of goals with their employees. - Leaders invite employees to participate in achieving goals. - Leaders can generate confidence in employees to complete tasks.					
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Source: (Dedi Iskanto,2020).

The second variable: Employee performance: the degree to which employees accomplish work requirements. Depending on the dimensions: Work quality, Punctuality, Initiative, Ability, Communication.

Dimension	Questions	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Work quality	- I do a job with the quality standards set. - I do a job with calculation and accuracy. - I don't let the speed of completion affect the quality of my work.					
Punctuality	- always come and go home according to schedule. - I always do my work on time. - For me, completion of work on time is important and must be achieved.					
Initiative	- In completing work I am able to work independently. - I already know how to do a good job. - I offer suggestions and to improve the work.					
	- The work I have					

Ability	done has reached the target set by the company. - I am able to complete the job beyond the specified target.					
Communication	- For me, coordinating with superiors and working with colleagues is important. - I can work together with colleagues in carrying out the assigned work.					

Source: (Dedi Iskamto,2020).