

Final Project 1

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Project Template

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To

Faculty of Management
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Project title

The Impact of Laissez-Faire Leadership Style on Team
Performance: An Empirical Study at Albiquaahh Altahira
Company

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1. Chapter 1: Introduction

1.1. Research Background

Introduction

Leadership significantly shapes organizational dynamics, influencing team performance, motivation, productivity, and cohesion (Northouse, 2018). Among various leadership styles, laissez-faire leadership—characterized by minimal supervision and high autonomy—has gained attention due to its stark contrast with structured styles such as transformational and transactional leadership. Although laissez-faire principles stem from 18th-century economic thought, most notably in Adam Smith’s advocacy for minimal government intervention, they have evolved to describe a management style that emphasizes employee autonomy and limited oversight, with its effects still widely debated in organizational research (Goodnight, 2011).

This style aligns with theories of intrinsic motivation and self-determination, as articulated by Deci and Ryan (2000), allowing team members to make independent decisions and manage their responsibilities with minimal interference. Laissez-faire leadership may be particularly effective in creative and research-oriented teams where autonomy can thrive. However, the ambiguity and lack of structure associated with this style can potentially undermine productivity and morale, particularly in sectors that rely on clear coordination and guidance. Thus, understanding the impact of laissez-faire leadership on team performance is critical for organizations aiming to optimize leadership approaches.

Studies on laissez-faire leadership have revealed mixed outcomes. Bass (1990) argued that this style could reduce team accountability and foster ambiguity, adversely affecting performance. Conversely, Kelloway et al. (2005) found that laissez-faire leadership can encourage innovation and

creativity in skilled, self-driven teams by allowing greater freedom for exploration. These contrasting findings indicate that while laissez-faire leadership emphasizes autonomy—aligning it with democratic and transformational approaches—it can create “leadership voids” when essential guidance and clarity are absent (Hinkin & Schriesheim, 2008).

Historically, laissez-faire leadership has been analyzed from the standpoint of autonomy-focused versus structured leadership approaches, spanning from Max Weber’s critique of rigid organizational structures to recent studies exploring the adaptability of hands-off management in varying contexts. The ambiguity surrounding its effects necessitates a more detailed examination, particularly in sectors requiring precise coordination, such as operation and maintenance.

This study addresses this gap by systematically exploring the impact of laissez-faire leadership within the structured context of operation and maintenance. As organizations increasingly prioritize flexible work environments, understanding the nuanced effects of laissez-faire leadership can assist leaders in refining team performance strategies and enhancing overall organizational effectiveness.

1.2. Research Problem

The research problem explored in this study is the unclear impact of laissez-faire leadership on team performance within the operation and maintenance sector, where precise coordination and effective communication are crucial. Laissez-

faire leadership, marked by minimal oversight and high autonomy, can produce varied outcomes, from fostering creativity to creating ambiguity, reducing accountability, and potentially diminishing team performance. Therefore, the primary research question is: To what extent does laissez-faire leadership affect team performance, coordination, and accountability in the operation and maintenance industry, specifically within Albiquaahh Altahira Company in Saudi Arabia?

1.2.1. Theoretical Gaps

Current literature largely focuses on transformational and transactional leadership styles and their effects on team performance, while studies on laissez-faire leadership in process-driven sectors like operation and maintenance remain limited. This theoretical gap raises questions about whether laissez-faire leadership can generate positive outcomes in structured environments or if its low level of oversight may adversely impact team coordination and performance. Addressing this theoretical gap is critical for understanding how leadership styles can be effectively applied in high-stakes environments.

1.2.2. Practical Gaps

Although laissez-faire leadership has been examined in creative and research-oriented fields, there is limited empirical evidence regarding its specific influence within the operation and maintenance sector. Research on laissez-faire leadership often generalizes its effects without accounting for the unique operational demands, such as the high need for task clarity, coordination, and safety protocols, characteristic of operation and maintenance. Thus, an empirical investigation focused on this sector is necessary to assess how laissez-faire leadership specifically affects team performance, accountability, and productivity.

1.3. Research Significance

This research aims to bridge critical gaps in academic literature and practical applications within the operation and maintenance industry, providing valuable insights that contribute to both theoretical advancement and real-world practices.

1.3.1. At the theoretical level

This study advances the understanding of laissez-faire leadership by examining its effects within the operation and maintenance sector, a context where a balance between autonomy and oversight is essential. By investigating how team performance may vary when autonomy is emphasized in environments requiring frequent communication and coordination, this research contributes to the broader literature on leadership. These insights will serve as a foundation for future studies on leadership styles that might appear counterintuitive in structured sectors but could offer unexpected benefits when applied thoughtfully.

1.3.2. At the practical level

Beyond its theoretical contributions, this research has substantial practical implications for leaders and organizations in the operation and maintenance sector, particularly in Saudi Arabia. By exploring how laissez-faire leadership affects team performance, this study provides guidance on adapting leadership approaches to balance team autonomy with necessary oversight effectively. The findings will assist organizations in developing strategies to maximize team efficiency, avoid potential misapplications of laissez-faire leadership, and enhance overall productivity. Given the importance of coordination, safety, and accountability in operation and maintenance, a clearer understanding of laissez-faire leadership's effects can prevent common issues like miscommunication and morale decline. Moreover, by focusing on the Saudi Arabian context, this research offers

localized insights, supporting organizations in adopting culturally aligned leadership practices that enhance workforce engagement and operational success.

1.4. Research Questions

1.5. Research Objectives

1.6. Research Hypotheses

1.7. Research Model

1.8. Research Methodology

1.9. Scope of The Study

1.10. The Suggested Project Structure

2.Chapter 2: Literature Review

2.1. Introduction

Brief introduction for the chapter

2.2. The independent variable

2.3. The dependent variable

2.4. The relationship between the independent and the dependent variables

2.5. Conclusion

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