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Bachelor of Project Management



The Effect of Different Leadership Styles on Performance in the Kingdom of Saudi Arabia: A Case Study on Employees of KAIHAN Company in Alkharj

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1st Semester – 2024

Table of Contents

Abstract.....	5
Chapter One: Introduction	6
1.1 Introduction	7
1.2 Research Problem.....	8
1.3 Research Significance.....	9
1.4 Research Questions	9
1.5 Research Objectives	10
1.6 Research Hypotheses	10
1.7 Empirical Study.....	11
1.8 Research Methodology.....	11
1.9 Suggested Project Structure.....	12
Chapter Two: Theoretical Framework.....	13
2.1 Introduction	14
2.2 Leadership Styles.....	14
2.2.1 Definition and Development	14
2.2.2 Theories and Dimensions.....	15
2.3 Organizational Performance	15
2.3.1 Definition and Development	15
2.3.2 Theories and Dimensions.....	16
2.4 The Relationship Between Leadership Styles and Organizational Performance.....	16
2.5 Conclusion.....	17
Chapter Three: Research Model.....	18
3.1 Research Model.....	19
3.2 Leadership Styles.....	19
3.3 Organizational Performance	20
3.4 Visual Representation of the Research Model	20
3.5 Conclusion of Research Model	21
Chapter Four: Research Methodology.....	22
4.1 Research Methodology.....	23
4.2 Operational Definitions for Research Variables	23
4.3 Research Design.....	24
4.4 Research Population and Sampling Methods.....	25

4.5 Data Collection Method	26
4.6 Types of Data	28
4.7 Data Analysis Methods and Procedures.....	28
4.8 Conclusion.....	28
Chapter Five: Research Results	30
5.1 Research Results	31
5.2 Descriptive Statistics	31
5.3 Reliability Test (Cronbach's Alpha)	32
5.4 Regression Analysis (Hypothesis Testing).....	34
5.5 Conclusion.....	37
Chapter Six: Findings' Discussion and Conclusion.....	40
6.1 Findings' Discussion and Conclusion	41
6.2 Theoretical Contribution	41
6.3 Practical Applications	42
6.4 Recommendations.....	42
6.5 Study Limitations.....	43
6.6 Future Studies.....	43
6.7 Conclusion.....	44
References.....	45
Appendices.....	46
Appendix 1: Questionnaire for Research Variables	47

List of Figures

Figure 1: Research Model (Designed by Researcher).....	21
Figure 2: Research Onion.....	25
Figure 3: Age Groups of Participants.....	31

List of Tables

Table 1: Employee Classification	25
Table 2: Sample Size.....	26
Table 3: Questionnaire Dimensions for Independent Variables	27
Table 4: Questionnaire Dimensions for Dependent Variables	27
Table 5: Descriptive Statistics of Demographic Variables	32
Table 6: Cronbach's Alpha	33
Table 7: Regression Analysis Results (H1).....	34
Table 8: Regression Analysis Results (H2).....	35
Table 9: Regression Analysis Results (H3).....	35
Table 10: Regression Analysis Results (H4).....	36
Table 11: Regression Analysis Results (H5).....	37

Abstract

The aim of the Study: Investigate the impact of leadership styles on productivity, financial performance, growth, satisfaction, and retention.

The methodology of the study: Quantitative design, using structured questionnaire and applying descriptive statistics, Cronbach's Alpha, and regression analysis on KAIHAN Inc. employees.

Results: Transformational Leadership significantly improved all outcomes; Transactional Leadership impacted retention; Laissez-Faire negatively affected organizational growth.

Theoretical Contribution: Reinforces Transformational Leadership's effectiveness and highlights leadership's role within Saudi Arabia's organizational and cultural context.

Practical Applications: Prioritize transformational training programs, integrate structured feedback, reduce Laissez-Faire leadership for better accountability and growth.

Keywords:

Leadership Styles, Organizational Performance, Transformational Leadership, Employee Retention, Saudi Arabia

الملخص

الهدف من الدراسة: دراسة تأثير أنماط القيادة على الإنتاجية، الأداء المالي، النمو، رضا الموظفين، والاحتفاظ بالموظفين.

منهج الدراسة: التحليل الكمي باستخدام استبيان وتطبيق التحليلات الإحصائية الوصفية واستخدام كرونباخ ألفا كمعامل ارتباط وإجراء تحليل الانحدار على موظفي شركة كيان.

نتائج الدراسة: أظهرت القيادة التحويلية تأثيراً إيجابياً كبيراً مقارنة بالقيادة الإجرائية التي أثرت فقط على معدلات استبقاء الموظفين، أما القيادة قليلة التداخل أثرت سلباً على النمو.

المساهمة النظرية: تعزز الدراسة فعالية القيادة التحويلية وتبرز دور القيادة في السياق الثقافي والتنظيمي في السعودية.

التطبيقات العملية: إعطاء الأولوية لبرامج التدريب التحويلية مع دمج آليات التغذية الراجعة، وتقليل القيادة قليلة التداخل لتحسين المسؤولية والنمو.

الكلمات المفتاحية:

أنماط القيادة، الأداء التنظيمي، القيادة التحويلية، الاحتفاظ بالموظفين، المملكة العربية السعودية

Chapter One: Introduction

1.1 Introduction

The relationship between leadership styles and organizational performance has been a subject of extensive research over the past decades. In the context of the Kingdom of Saudi Arabia (KSA), this relationship takes on additional significance due to the ongoing economic and social reforms under the Vision 2030 initiative. This study aims to explore how different leadership styles, namely transformational, transactional, and laissez-faire, influence the performance of organizations within KSA. Performance, in this context, is measured using key indicators such as employee productivity, financial outcomes, and overall organizational growth.

Previous studies have shown different results regarding the impact of various leadership styles on organizational performance. For example, Bass and Avolio (1994) highlighted that transformational leadership is often associated with higher levels of employee satisfaction and performance. Conversely, transactional leadership, which is more focused on reward and punishment, has been found to be effective in stable environments but less so in dynamic contexts (Givens, 2008). The laissez-faire leadership style, characterized by a hands-off approach, generally yields negative performance outcomes due to lack of guidance and support (Northouse, 2021).

Despite the fact that there are several studies conducted globally, there is a noticeable gap in studies focusing specifically on the Saudi Arabian context. The unique cultural, economic, and regulatory environment in KSA necessitates a closer examination of how leadership styles operate within this framework. Furthermore, the rapid changes brought about by Vision 2030 introduce new dynamics that traditional leadership theories may not fully capture.

This research addresses the gap by examining the effect of different leadership styles on performance in Saudi Arabian organizations. The study will employ a mixed-method approach, combining quantitative data from employee surveys with qualitative insights from previous literature regarding organizational leadership styles. By doing so, it aims to provide a comprehensive understanding of how leadership practices impact organizational success in the Saudi context. A case study will be applied on a company

in Alkharj province. The company that will be included in this study is KAIHAN Inc. This company is IT-related company that adopts sharing economy model for its operation. Its main scope is to provide rides based on orders made through mobile application by users.

The significance of this research lies in its potential to inform leadership practices in Saudi Arabia. By identifying which leadership styles are most effective in enhancing performance, the study can guide leaders in adopting strategies that align with the cultural and organizational realities of KSA. Therefore, this can contribute to the broader goals of Vision 2030, which seeks to create a more dynamic and diversified economy.

1.2 Research Problem

The central research problem of this study is to understand how different leadership styles impact organizational performance in the Kingdom of Saudi Arabia. While there is extensive literature on leadership styles and their effects on performance, the specific context of Saudi Arabia presents unique challenges and opportunities that warrant a focused investigation.

Theoretical gaps exist in the understanding of how transformational, transactional, and laissez-faire leadership styles influence performance outcomes in non-Western contexts. Much of the existing research is grounded in Western organizational settings, which may not fully capture the nuances of leadership dynamics in Saudi Arabia.

Empirical gaps are evident in the limited number of studies that have systematically examined leadership styles within Saudi organizations. This is particularly relevant given the ongoing transformations under Vision 2030, which necessitate adaptive and effective leadership to navigate the changes.

The main research question guiding this study is: *What is the effect of different leadership styles on organizational performance in the Kingdom of Saudi Arabia?* Sub-

questions include: To what extent do transformational, transactional, and laissez-faire leadership styles affect employee productivity in KAIHAN Inc.? How do these leadership styles influence financial performance and overall organizational growth?

1.3 Research Significance

The significance of this research is multi-faceted. Theoretically, it contributes to the broader literature on leadership by providing insights from a non-Western context. By addressing the gaps in understanding the impact of leadership styles in Saudi Arabia, particularly in KAIHAN Inc., the study offers valuable additions to leadership theory and practice.

Empirically, the research provides data-driven evidence on the effectiveness of different leadership styles in Saudi organizations. This can inform practitioners and policymakers in developing leadership development programs and strategies that are culturally and contextually relevant.

Practically, the findings can help organizational leaders in Saudi Arabia adopt leadership styles that enhance performance and align with the goals of Vision 2030. By identifying the most effective leadership practices, the study can guide leaders in fostering a productive and dynamic organizational culture.

1.4 Research Questions

In order to provide a solution for this research problem. Research questions were developed. This research questions are as follows:

- What is the effect of transformational leadership style on employee productivity in KAIHAN Inc.?
- How does the transactional leadership style influence financial performance in KAIHAN Inc.?

- What is the impact of laissez-faire leadership style on overall organizational growth in KAIHAN Inc.?
- In what ways do leadership styles affect employee satisfaction and retention in KAIHAN Inc.?

1.5 Research Objectives

The main aim of this research project is to examine different leadership styles and their effect on productivity in the Kingdom of Saudi Arabia. The main aim of this research will be achieved upon achieving the following objectives:

1. To assess the impact of transformational leadership on employee productivity in KAIHAN Inc.
2. To evaluate the influence of transactional leadership on the financial performance of KAIHAN Inc.
3. To investigate the impact of laissez-faire leadership on the overall organizational growth of KAIHAN Inc.
4. To determine the effect of leadership styles on employee satisfaction and retention in KAIHAN Inc.

1.6 Research Hypotheses

The research hypothesis of this research project are as follows:

H1: There is a statistically significant relationship between leadership styles and employee productivity in KAIHAN Inc.

H2: There is a statistically significant relationship between leadership styles and financial performance in KAIHAN Inc.

H3: There is a statistically significant relationship between leadership styles and overall organizational growth in KAIHAN Inc.

H4: Leadership styles significantly affect employee satisfaction in KAIHAN Inc.

H5: Leadership styles significantly affect employee retention in KAIHAN Inc.

1.7 Empirical Study

This empirical study will be conducted within KAIHAN Inc., an IT-related company in Alkharj that adopts a sharing economy model for its operations. The company provides ride services based on orders made through a mobile application by users. The study will involve collecting quantitative data through employee surveys and qualitative data through interviews with key organizational leaders.

The variables of interest include leadership styles (transformational, transactional, laissez-faire), and organizational performance metrics (employee productivity, financial performance, organizational growth).

1.8 Research Methodology

The research methodology for this study follows the 'research onion' model, which consists of six layers:

1. Research Philosophy: Positivism
2. Research Approach: Deductive
3. Research Strategy: Survey
4. Research Choice: Quantitative
5. Time Horizon: Cross-sectional
6. Data Collection Techniques: Questionnaires

The positivist philosophy aligns with the quantitative nature of the study, focusing on objective measurements and statistical analysis. A deductive approach will be used to test the hypotheses derived from existing theories. The survey strategy involves

collecting data from a large sample of employees in KAIHAN Inc. The choice of quantitative methods ensures the collection of measurable and comparable data. The cross-sectional time horizon allows for data collection at a single point in time, providing a snapshot of the current state of the variables of interest.

1.9 Suggested Project Structure

The project will be structured as follows:

1. Chapter 1: Introduction
2. Chapter 2: Literature Review
3. Chapter 3: Research Methodology
4. Chapter 4: Statistical Analysis
5. Chapter 5: Findings, Discussion, and Conclusion

Chapter Two: Theoretical Framework

2.1 Introduction

The literature review provides a comprehensive examination of the key research and theories related to the impact of leadership styles on organizational performance. Leadership styles play a critical role in shaping organizational outcomes, influencing factors such as employee productivity, financial performance, and overall organizational growth. This chapter will explore the primary leadership styles—transformational, transactional, and laissez-faire—and their respective impacts on organizational performance, with a particular focus on the context of the Kingdom of Saudi Arabia (KSA). The review will also analyze the relationship between these leadership styles and performance outcomes, drawing on both global and region-specific studies. The chapter concludes with a discussion of the implications for future research.

2.2 Leadership Styles

Leadership styles refer to the distinct approaches that leaders adopt to influence, guide, and manage their teams. The three primary leadership styles that are frequently discussed in the literature are transformational, transactional, and laissez-faire leadership.

2.2.1 Definition and Development

Transformational Leadership is defined as a leadership style that seeks to inspire and motivate employees to exceed their own self-interests for the sake of the organization (Bass, 1985). Transformational leaders are characterized by their ability to create a compelling vision, foster an environment of trust, and encourage innovation (Bass & Avolio, 1994).

Transactional Leadership focuses on the establishment of clear structures, where rewards and punishments are used to motivate followers (Burns, 1978). This leadership style is more directive and emphasizes the fulfillment of tasks and adherence to established processes.

Laissez-faire Leadership is characterized by a hands-off approach, where the leader provides minimal direction and allows employees to make decisions independently (Skogstad, et al., 2007). This leadership style is often criticized for leading to lower productivity and a lack of accountability.

2.2.2 Theories and Dimensions

Transformational Leadership Theories: The foundational theory was developed by Burns (1978) and further refined by Bass (1985), who identified four key components: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration.

Transactional Leadership Theories: This style is based on the principles of contingent reward and management by exception, where leaders focus on performance monitoring and corrective action (Avolio & Bass, 2004).

Laissez-faire Leadership Theories: Research by Skogstad et al. (2007) highlights the detrimental effects of laissez-faire leadership, particularly its association with role ambiguity, decreased job satisfaction, and increased workplace stress.

2.3 Organizational Performance

Organizational performance is a multifaceted concept that includes various metrics such as employee productivity, financial outcomes, and overall organizational growth. The effectiveness of leadership styles can significantly influence these performance indicators.

2.3.1 Definition and Development

Employee Productivity: Refers to the efficiency and effectiveness with which employees perform their tasks and contribute to the organization's goals (De Waal &

Sivro, 2012). Productivity is often measured by output per employee, quality of work, and adherence to deadlines.

Financial Performance: Includes financial metrics such as profitability, revenue growth, and return on investment (ROI) (Kaplan & Norton, 1992). Financial performance is a critical indicator of an organization's overall health and sustainability.

Organizational Growth: Involves the expansion of the organization's market share, customer base, and operational capabilities (Penrose, 1959). Growth is often measured through metrics such as market share, sales growth, and employee headcount.

2.3.2 Theories and Dimensions

Balanced Scorecard Approach: Developed by Kaplan & Norton (1992), the Balanced Scorecard is a strategic planning and management system used to align business activities with the vision and strategy of the organization. It includes financial measures, customer knowledge, internal business processes, and learning and growth perspectives.

Performance Measurement Theories: Various frameworks for assessing organizational performance have been developed, including Key Performance Indicators (KPIs) and benchmarking (Neely, 2005).

2.4 The Relationship Between Leadership Styles and Organizational Performance

The relationship between leadership styles and organizational performance has been extensively studied, with findings indicating that different leadership styles can have varying impacts on performance metrics.

- Research has shown that transformational leadership is generally associated with higher levels of employee satisfaction, productivity, and overall organizational performance

(Avolio & Bass, 2004; Bass, 1985). For example, a study by Judge & Piccolo (2004) found that transformational leadership was positively correlated with performance across various organizational settings.

- There is ongoing debate regarding the effectiveness of transactional leadership, particularly in dynamic environments where innovation is key (Bass & Riggio, 2006). While transactional leadership may be effective in stable environments, its rigid structure can hinder adaptability and creativity.
- Despite the extensive research on leadership styles, there is a notable gap in studies focusing on the Saudi Arabian context. The unique cultural and regulatory factors in KSA may influence the effectiveness of different leadership styles in ways that are not fully captured by existing theories (Ali & Sabri, 2020).

2.5 Conclusion

The literature review highlights the complexity of the relationship between leadership styles and organizational performance. Transformational leadership is often the most effective in driving positive outcomes, particularly in dynamic environments. However, transactional leadership also plays a critical role in maintaining stability and ensuring task completion. Laissez-faire leadership, while generally viewed negatively, can be appropriate in certain contexts where employee autonomy is valued. Future research should focus on exploring these relationships in different cultural contexts, particularly in Saudi Arabia, where cultural and regulatory factors may present unique challenges and opportunities. The findings of this study will contribute to the existing body of knowledge by providing insights into how leadership styles can be optimized to enhance organizational performance in the Kingdom of Saudi Arabia.

Chapter Three: Research Model

3.1 Research Model

The research model is designed to explore the relationships between different leadership styles and organizational performance. It aims to investigate how transformational, transactional, and laissez-faire leadership influence key performance indicators, such as employee productivity, financial performance, and overall organizational growth. Moreover, this model examines the role of cultural factors as a moderating variable, especially in the context of Saudi Arabia, where cultural values play a significant role in shaping leadership dynamics.

3.2 Leadership Styles

- **Transformational Leadership:** This style is characterized by leaders who inspire, motivate, and encourage innovation among employees. It is expected to have a positive impact on employee productivity and overall organizational performance. Transformational leadership is often associated with higher levels of employee satisfaction and engagement, which in turn leads to improved performance across various organizational metrics (Bass, 1985; Bass & Riggio, 2006).
- **Transactional Leadership:** Transactional leadership focuses on clear structures, rewards, and penalties. While effective in achieving specific, short-term goals, this leadership style might not foster long-term innovation or adaptability. Transactional leadership is expected to influence financial performance more directly by focusing on task completion and adherence to processes (Burns, 1978).
- **Laissez-faire Leadership:** Laissez-faire leadership, where leaders take a hands-off approach, often leads to lower productivity and less clear direction. Research has shown that this leadership style can negatively affect organizational growth and employee motivation (Skogstad, et al., 2007). However, in some highly autonomous work environments, laissez-faire leadership may be useful in fostering innovation among self-driven employees.

3.3 Organizational Performance

- **Employee Productivity:** Employee productivity refers to the efficiency and effectiveness of employees in contributing to the organization's goals. This variable is influenced by leadership styles, with transformational leadership typically leading to higher productivity due to increased motivation and innovation (Givens, 2008).
- **Financial Performance:** This refers to the financial outcomes of the organization, such as profitability, revenue growth, and return on investment. Transactional leadership, with its focus on monitoring and rewarding performance, is expected to have a more direct impact on financial metrics by ensuring that employees meet their performance targets.
- **Organizational Growth:** Organizational growth encompasses the expansion of market share, customer base, and operational capabilities. Growth is often linked to transformational leadership, as leaders who inspire innovation and strategic thinking are more likely to drive organizational expansion and adaptability in dynamic markets (Northouse, 2021).
- **Employee Satisfaction:** Employees' satisfaction refers to the degree of satisfaction of employees. It was noted that employees satisfaction is affected by the leadership style. Therefore, affecting the overall productivity.
- **Employees Retention Rate:** Rate of retention of employees means that the degree of turnover is low. This could indicate stability of the organizational culture.

3.4 Visual Representation of the Research Model

The research model can be visually represented as follows:

- **Independent Variables:** Transformational Leadership, Transactional Leadership, Laissez-faire Leadership
- **Dependent Variables:** Employee Productivity, Financial Performance, Organizational Growth, Employee Satisfaction, and Retention Rate

This model outlines the direct and moderated effects of leadership styles on organizational performance.

3.5 Conclusion of Research Model

This expanded research model offers a comprehensive framework for analyzing the relationship between leadership styles and organizational performance in the context of Saudi Arabia. The hypotheses derived from this model will guide the empirical study, which will use both quantitative and qualitative data to test these relationships and provide actionable insights for leaders in the Kingdom of Saudi Arabia.

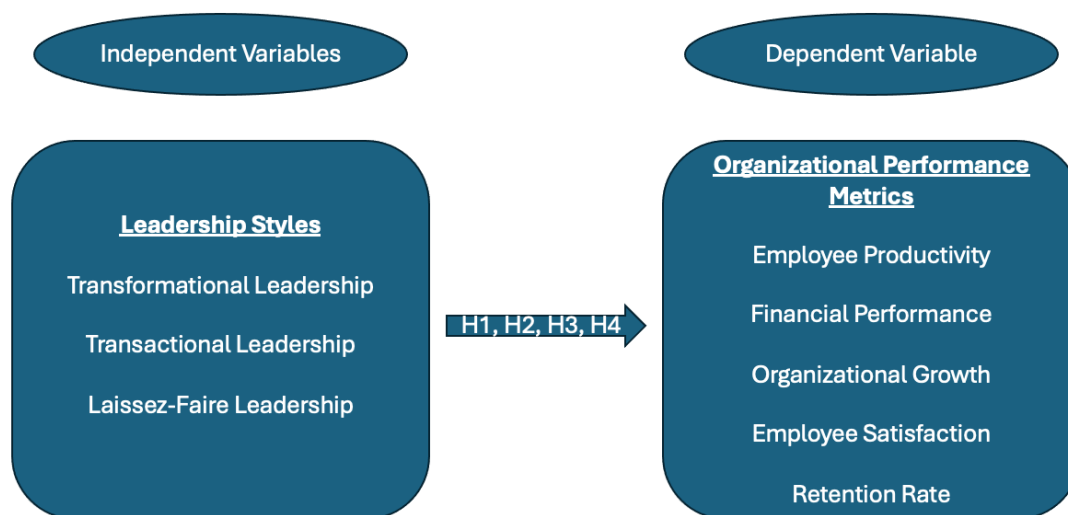


Figure 1: Research Model (Designed by Researcher)

Chapter Four: Research Methodology

4.1 Research Methodology

This chapter outlines the research methodology employed to investigate the effect of different leadership styles on organizational performance, with a focus on employee productivity, financial outcomes, organizational growth, employee satisfaction, and retention rate within KAIIAN Inc. It details the operational definitions of research variables, research design, population, sampling methods, data collection, types of data, and data analysis procedures, providing a comprehensive approach to address the research objectives.

4.2 Operational Definitions for Research Variables

Operational definitions provide clarity on how each research variable will be measured and interpreted. This study examines leadership styles as independent variables and organizational performance metrics as dependent variables.

4.2.1 Independent Variables (Leadership Styles)

- **Transformational Leadership:** This style is defined as the leader's ability to inspire and engage employees by creating a vision and encouraging innovation. It is operationalized through dimensions such as idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration.
- **Transactional Leadership:** Defined by a structured approach, where rewards and penalties are used to ensure compliance. It includes dimensions such as contingent reward, active management by exception, and passive management by exception.
- **Laissez-faire Leadership:** Characterized by a hands-off approach, where the leader minimally intervenes. This is measured through aspects like the delegation of decision-making and minimal supervision.

4.2.2 Dependent Variables (Organizational Performance Metrics)

- **Employee Productivity:** This is measured by task efficiency, quality of work, and the ability to meet deadlines.
- **Financial Performance:** Defined as the organization's profitability, revenue growth, and ROI, indicating overall financial health.
- **Organizational Growth:** This metric considers market expansion, customer base growth, and employee headcount increase.
- **Employee Satisfaction:** Measured through job satisfaction, supportive work environment, and recognition.
- **Employee Retention Rate:** Operationalized through commitment to the organization, job security, and career development opportunities.

4.3 Research Design

This study follows a structured research design, incorporating aspects of the research onion as outlined in Figure 2:

- **Research Philosophy:** Positivism, as it relies on observable data to generate findings.
- **Research Approach:** Deductive, focusing on testing hypotheses derived from theory.
- **Research Strategy:** Case study approach, specifically applied to KAIIAN Inc.
- **Research Methodology:** Mono-method, using quantitative methods for data collection.
- **Time Horizon:** Cross-sectional, capturing a snapshot of data at a single point in time.
- **Data Collection and Analysis Techniques:** Questionnaires will be used to collect data, which will then be analyzed statistically.

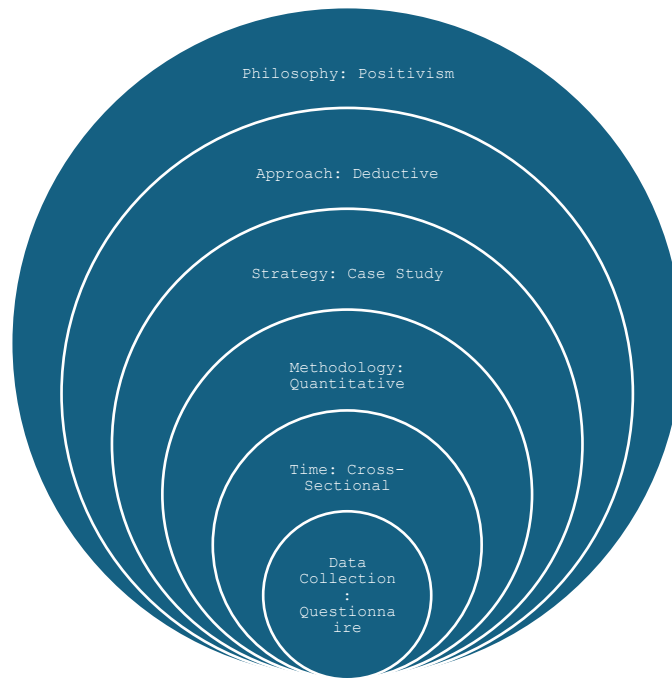


Figure 2: Research Onion

4.4 Research Population and Sampling Methods

4.4.1 Research Population

The target population includes employees of KAIHAN Inc., an IT-related company in Alkharj, encompassing various hierarchical levels from top management to entry-level employees as outlined in Table 1.

Table 1: Employee Classification

Number of Employees	Classification
4	Top Management
40	Staff

4.4.2 Research Sample

A sample of 30-40 employees from KAIHAN Inc. will participate in the study, representing diverse roles within the organization as shown in Table 2.

Table 2: Sample Size

Sample Size	Target Group
30-40 Employees	Targeted employees of KAIIAN Inc.

4.4.3 Sampling Method and Techniques

The sampling method is Probability Sampling, and the technique used is Simple Random Sampling, given that a quantitative tool (questionnaire) is being employed. This approach ensures that each individual in the population has an equal chance of selection.

4.5 Data Collection Method

Data will be collected using a structured questionnaire designed to capture perceptions of leadership styles and their impact on organizational performance metrics (See Appendix). The questionnaire includes two main sections, each focusing on different research variables.

4.5.1 Independent Variable (Leadership Styles)

Adapted from the scales of Bass and Avolio (1994) and others, the questionnaire includes items measuring dimensions of transformational, transactional, and laissez-faire leadership styles as outlined in Table 3.

Table 3: Questionnaire Dimensions for Independent Variables

Variable	Dimensions	Number of Items
Transformational Leadership	Idealized Influence, Inspirational Motivation, Intellectual Stimulation, Individualized Consideration	5
Transactional Leadership	Contingent Reward, Management by Exception (Active), Management by Exception (Passive)	3
Laissez-faire Leadership	Hands-off Approach	2

4.5.2 Dependent Variables (Organizational Performance Metrics)

Measures are adapted to capture productivity, financial performance, organizational growth, employee satisfaction, and retention rate as outlined in Table 4.

Table 4: Questionnaire Dimensions for Dependent Variables

Variable	Dimensions	Number of Items
Employee Productivity	Task Efficiency, Quality of Work, Meeting Deadlines	3
Financial Performance	Profitability, Revenue Growth, ROI	3
Organizational Growth	Market Expansion, Customer Base Growth, Employee Headcount	3
Employee Satisfaction	Job Satisfaction, Work Environment, Recognition	3
Employee Retention Rate	Commitment, Job Security, Career Development	3

4.6 Types of Data

Data types in this study include both primary and secondary data.

- **Primary Data:** Collected directly from respondents through questionnaires, providing firsthand insights into employee perceptions of leadership and its impact on organizational performance.
- **Secondary Data:** Drawn from existing literature, journal articles, books, and reports, secondary data provides context, theoretical background, and established frameworks for analyzing leadership and performance.

4.7 Data Analysis Methods and Procedures

Data will be analyzed using the Statistical Package for the Social Sciences (SPSS, version 28). Analysis will include:

1. **Descriptive Analysis:** To understand the sample profile, including demographics and characteristics of participants.
2. **Reliability Tests:** Cronbach's Alpha test will be conducted to ensure consistency of the instrument.
3. **Inferential Analysis:** To test hypotheses regarding the relationships between leadership styles, cultural factors, and organizational performance metrics.

4.8 Conclusion

This chapter provides a structured outline of the research methodology, detailing how data will be collected, analyzed, and interpreted. By using a quantitative approach and a carefully designed questionnaire, this study seeks to provide reliable and valid insights into the role of leadership styles in organizational performance within KAIIAN Inc.,

contributing to the broader understanding of effective leadership in a culturally unique setting.

Chapter Five: Research Results

5.1 Research Results

This chapter outlines results obtained by conducting statistical analysis of responses of questionnaire. In this chapter, descriptive statistics of the sample will be presented. Additionally, the statistical analysis of hypothesis will be conducted for the purpose of testing the hypothetical relations of the study variables.

5.2 Descriptive Statistics

Table 5 outlines descriptive statistics of the sample obtained through surveying employees of KAIHAN Inc. The table is showing the proportions of demographics of participants. As seen in Table 5, around 55% of the participants were female while 45% were male participants working in KAIHAN Inc. Around half of participants were falling in age range between 25 and 34 years as shown in Figure 3.

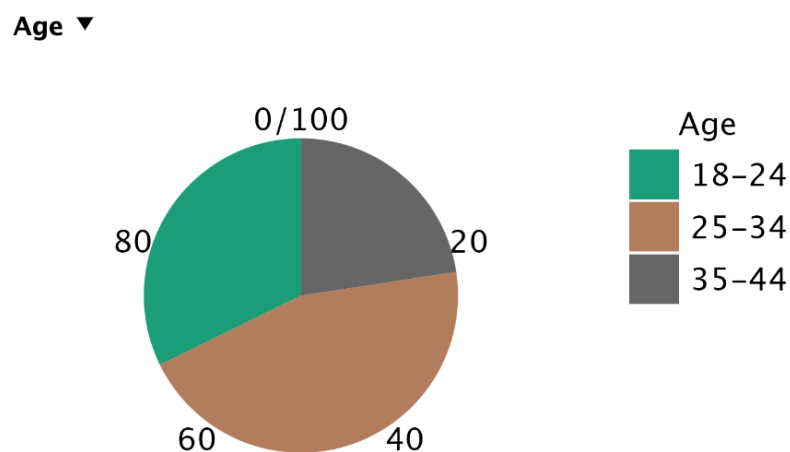


Figure 3: Age Groups of Participants

Table 5: Descriptive Statistics of Demographic Variables

Variable	Level	Counts	Proportion %
Gender	Female	17	54.8
	Male	14	45.2
Age	18-24	10	32.3
	25-34	14	45.2
	35-44	7	22.6
Education	Secondary School	10	32.3
	Bachelors	13	41.9
	Masters	7	22.6
	Other	1	3.2
Experience	< 1 year	11	35.5
	1-3 years	11	35.5
	4-6 years	5	16.1
	7-10 years	3	9.7
	More than 10 years	1	3.2
Position	Entry-level	7	22.6
	Mid-Management	10	32.3
	Senior Management	5	16.1
	Executive role	1	3.2
	Other	8	25.8
Department	IT	3	9.7
	Marketing	11	35.5
	Finance	9	29
	Other	8	25.8

5.3 Reliability Test (Cronbach's Alpha)

For the purpose of testing the reliability of the questionnaire items (i.e., internal consistency of questionnaire items), Cronbach's Alpha was calculated. Table 6 shows the calculated Cronbach's Alpha as well as Alpha value if item deleted.

Table 6: Cronbach's Alpha

Variable	Alpha	Items	Alpha if item deleted
Transformational Leadership	0.855	Transformational1	0.646
		Transformational2	0.878*
		Transformational3	0.335
		Transformational4	0.793
		Transformational5	0.745
Transactional Leadership	0.747	Transactional1	0.620
		Transactional2	0.613
		Transactional3	0.493
Productivity	0.597	Productivity1	0.233
		Productivity2	0.349
		Productivity3	0.703*
Financial	0.861	Financial1	0.730
		Financial2	0.652
		Financial3	0.835
Growth	0.896	Growth1	0.793
		Growth2	0.832
		Growth3	0.774
Satisfaction	0.929	Satisfaction1	0.866
		Satisfaction2	0.897
		Satisfaction3	0.803
Retention	0.911	Retention1	0.693
		Retention2	0.806
		Retention3	0.805

As shown in Table 6, calculated Alpha was showing high internal consistency among all variables incorporated into this study except 'Productivity' variable. Calculated Alpha was 0.597 for 'Productivity' variable, which indicate weak internal consistency of variable items. However, calculated Alpha if-item-deleted showed that this value may become 0.703 if the item 'Productivity3' was omitted from analysis. This will achieve high internal consistency. Therefore, the item 'Productivity3' was neglected for statistical analysis. Additionally, the item 'Transformational2' was showing that the

internal consistency of variable ‘Transformational Leadership’ could be improved if it was omitted. Despite the little improvement in calculated Alpha, the item was removed from analysis to achieve higher internal consistency.

5.4 Regression Analysis (Hypothesis Testing)

For the purpose of testing study hypothesis, regression analysis was conducted. Regression analysis shows statistical relationship between dependent and independent variables. It expresses whether the change in dependent variable can be attributed to a change in independent variables.

5.4.1 Productivity (H1)

Leadership styles were studied in order to determine whether they might have a statistical effect on the productivity in the organization. Table 7 shows regression analysis results.

Table 7: Regression Analysis Results (H1)

Model	t	p-value
Intercept	1.423	0.166
Transactional Leadership	1.366	0.183
Transformational Leadership	3.796	<0.001
Laissez-Faire Leadership	-0.077	0.939

It is shown in Table 7 that Transactional Leadership and Laissez-Faire Leadership does not have statistically significant effect on the productivity of the organization. However, Transformational Leadership was found to have statistically significant effect on organizational productivity as outlined in Table 7.

5.4.2 Financial Performance (H2)

Leadership styles were studied in order to determine whether they might have a statistical effect on the financial performance of the organization. Table 8 shows regression analysis results.

Table 8: Regression Analysis Results (H2)

Model	t	p-value
Intercept	1.553	0.132
Transactional Leadership	0.075	0.941
Transformational Leadership	4.301	<0.001
Laissez-Faire Leadership	-0.898	0.377

It is shown in Table 8 that Transactional Leadership and Laissez-Faire Leadership does not have statistically significant effect on the financial performance of the organization. However, Transformational Leadership was found to have statistically significant effect on financial performance of organization as outlined in Table 8.

5.4.3 Organizational Growth (H3)

Leadership styles were studied in order to determine whether they might have a statistical effect on the organizational growth. Table 9 shows regression analysis results.

Table 9: Regression Analysis Results (H3)

Model	t	p-value
Intercept	0.988	0.332
Transactional Leadership	1.974	0.059
Transformational Leadership	4.038	<0.001
Laissez-Faire Leadership	-2.529	0.018

It is shown in Table 9 that Transactional Leadership does not have statistically significant effect on organizational growth. However, Transformational and Laissez-Faire Leadership were found to have statistically significant effect on organizational growth as outlined in Table 9.

5.4.4 Employee Satisfaction (H4)

Leadership styles were studied in order to determine whether they might have a statistical effect on the employee satisfaction. Table 10 shows regression analysis results.

Table 10: Regression Analysis Results (H4)

Model	t	p-value
Intercept	0.273	0.787
Transactional Leadership	0.256	0.800
Transformational Leadership	5.017	<0.001
Laissez-Faire Leadership	-0.353	0.727

It is shown in Table 10 that Transactional Leadership and Laissez-Faire Leadership does not have statistically significant effect on employee satisfaction. However, Transformational Leadership was found to have statistically significant effect on employee satisfaction as outlined in Table 10.

5.4.5 Employee Retention (H5)

Leadership styles were studied in order to determine whether they might have a statistical effect on the employee retention. Table 11 shows regression analysis results.

Table 11: Regression Analysis Results (H5)

Model	t	p-value
Intercept	0.429	0.672
Transactional Leadership	2.282	0.031
Transformational Leadership	4.630	<0.001
Laissez-Faire Leadership	-1.896	0.069

It is shown in Table 11 that Laissez-Faire Leadership does not have statistically significant effect on employee retention. However, Transactional and Transformational Leadership were found to have statistically significant effect on employee retention as outlined in Table 11.

5.5 Conclusion

This study investigated the impact of different leadership styles—Transformational, Transactional, and Laissez-Faire—on organizational performance metrics, including productivity, financial performance, organizational growth, employee satisfaction, and employee retention, using responses from employees at KAIAN Inc. Statistical analyses were conducted to evaluate these relationships and test the hypotheses of the study.

The findings underscore the critical role of Transformational Leadership in driving positive organizational outcomes. Transformational Leadership was found to have a statistically significant effect on all five dependent variables: productivity, financial performance, organizational growth, employee satisfaction, and employee retention. Therefore, Hypotheses H1, H2, H3, H4, and H5 are accepted with respect to Transformational Leadership.

Transactional Leadership demonstrated mixed results. While it was not significantly associated with productivity (H1), financial performance (H2), organizational growth (H3), or employee satisfaction (H4), it was found to have a statistically significant effect on employee retention (H5). As a result, Hypothesis H5 is accepted for Transactional Leadership, while H1, H2, H3, and H4 are rejected for this leadership style.

Laissez-Faire Leadership showed minimal positive influence across the study variables. It was not significantly associated with productivity (H1), financial performance (H2), or employee satisfaction (H4). However, it had a negative and statistically significant effect on organizational growth (H3), and its effect on employee retention (H5) approached significance. Consequently, Hypothesis H3 is accepted for Laissez-Faire Leadership, while H1, H2, H4, and H5 are rejected for this leadership style.

Conclusion on Hypothesis

H1: Accepted for Transformational Leadership. Rejected for Transactional and Laissez-Faire Leadership.

H2: Accepted for Transformational Leadership. Rejected for Transactional and Laissez-Faire Leadership.

H3: Accepted for Transformational and Laissez-Faire Leadership. Rejected for Transactional Leadership.

H4: Accepted for Transformational Leadership. Rejected for Transactional and Laissez-Faire Leadership.

H5: Accepted for Transformational and Transactional Leadership. Rejected for Laissez-Faire Leadership.

In conclusion, this study highlights the transformative potential of effective leadership. By prioritizing Transformational Leadership and selectively leveraging aspects of Transactional Leadership, organizations can enhance performance, foster employee satisfaction, and ensure sustainable growth. Conversely, minimizing reliance on

Laissez-Faire Leadership is critical to avoiding adverse impacts on organizational outcomes.

Chapter Six: Findings' Discussion and Conclusion

6.1 Findings' Discussion and Conclusion

This chapter discusses the key findings, theoretical contributions, practical applications, study limitations, and recommendations for future research. The results are interpreted in light of existing literature, providing insights into the role of leadership styles in organizational outcomes. The chapter concludes by summarizing the research objectives, findings, and implications for both academic and organizational settings.

6.2 Theoretical Contribution

This study contributes to the theoretical understanding of leadership and its impact on organizational performance. The key contributions include:

1. Validation of Transformational Leadership Efficacy:

- The study reaffirms the strong positive influence of Transformational Leadership on productivity, financial performance, organizational growth, employee satisfaction, and retention.
- These findings align with Bass and Avolio's (1994) transformational leadership model, emphasizing the importance of vision and individualized support.

2. Transactional Leadership and Employee Retention:

Unlike prior studies focusing on its effect on task completion, this research highlights the significant role of Transactional Leadership in retaining employees by providing structured feedback and clear expectations.

3. Laissez-Faire Leadership's Negative Implications:

The study identifies Laissez-Faire Leadership as a detrimental style, particularly for organizational growth, confirming its association with low accountability and unclear decision-making.

4. Cultural Context:

Conducted in the unique cultural environment of Saudi Arabia, this study bridges the gap in literature concerning leadership efficacy in hierarchical and collectivist cultures.

6.3 Practical Applications

The findings provide actionable insights for organizations aiming to enhance leadership effectiveness:

1. **Leadership Development Programs:**

Organizations should prioritize training programs that emphasize transformational behaviors, such as creating a compelling vision, fostering innovation, and providing individualized support.

2. **Structured Feedback Mechanisms:**

Incorporate aspects of Transactional Leadership by establishing clear performance metrics and reward systems to enhance employee retention.

3. **Minimizing Laissez-Faire Leadership:**

Develop accountability frameworks and ensure leaders actively engage in decision-making processes to prevent adverse effects on organizational growth.

4. **Customizing Leadership Styles:**

Tailor leadership approaches to align with the cultural dimensions of the organization, such as the high power-distance and collectivist culture prevalent in Saudi Arabia.

6.4 Recommendations

- Implement transformational leadership training as a strategic priority for organizational success.
- Establish performance-based reward systems to complement transformational practices.
- Create accountability measures to minimize reliance on laissez-faire leadership.
- Conduct periodic leadership assessments to ensure alignment with organizational goals.

- Design leadership models tailored to the unique cultural and organizational context of KAIHAN Inc.

6.5 Study Limitations

This research is subject to the following limitations:

1. **Objective Scope:** The study focused solely on three leadership styles and five organizational outcomes. Other leadership styles and metrics were not considered.
2. **Sample Characteristics:** The sample size was limited to employees of KAIHAN Inc., which may affect the generalizability of the findings to other organizations.
3. **Geographical Context:** The study was conducted in Saudi Arabia, where cultural and organizational norms may differ from other regions.
4. **Temporal Constraints:** Data collection was cross-sectional, capturing a snapshot in time, and may not reflect long-term leadership effects.

6.6 Future Studies

Future research can expand on the findings of this study by:

1. Exploring additional leadership styles, such as Servant Leadership or Ethical Leadership, to provide a more comprehensive understanding of leadership's impact.
2. Investigating the mediating or moderating role of organizational culture or employee engagement on leadership effectiveness.
3. Conducting longitudinal studies to assess the long-term impact of leadership styles on organizational performance.
4. Expanding the geographical scope to compare leadership effectiveness across different cultural and organizational settings.

5. Utilizing qualitative methods, such as interviews or focus groups, to gain deeper insights into employee perceptions of leadership styles.

6.7 Conclusion

This study evaluated the impact of Transformational, Transactional, and Laissez-Faire Leadership styles on organizational performance metrics at KAIHAN Inc. The findings confirmed that Transformational Leadership significantly enhances productivity, financial performance, organizational growth, employee satisfaction, and retention. Transactional Leadership demonstrated effectiveness primarily in employee retention, while Laissez-Faire Leadership showed limited or negative effects on most organizational metrics.

The research highlights the importance of fostering transformational leadership behaviors to achieve organizational success. By leveraging the motivational and visionary aspects of transformational leadership, organizations can enhance employee engagement, satisfaction, and overall performance. Additionally, incorporating structured elements of transactional leadership can support retention strategies, while minimizing laissez-faire behaviors is essential for ensuring accountability and growth. In conclusion, this study contributes valuable insights to leadership theory and practice, particularly in the Saudi Arabian context. The recommendations provided can serve as a roadmap for organizations aiming to optimize their leadership approaches and achieve sustainable success. Future research should build on these findings by exploring additional variables and contexts to further enrich the understanding of leadership dynamics.

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Appendecies

Appendix 1: Questionnaire for Research Variables

Dear Participant,

Thank you for taking the time to participate in this research study, which seeks to explore the impact of different leadership styles on organizational performance in the context of the Kingdom of Saudi Arabia. The objective of this research is to examine how transformational, transactional, and laissez-faire leadership styles influence key organizational outcomes, such as employee productivity, financial performance, organizational growth, employees' satisfaction, and retention rate.

Your responses will provide valuable insights into the relationship between leadership practices and organizational performance. Please note that your participation is completely voluntary, and all your responses will remain confidential. No identifying information will be linked to your answers.

This questionnaire consists of several sections, including questions related to your perceptions of leadership styles, organizational performance, and demographic information. Your honest and thoughtful responses are greatly appreciated.

Instructions:

- Please answer all questions based on your experiences and perceptions.
- Most questions can be answered by selecting the option that best represents your opinion.
- There are no right or wrong answers, and your responses will be kept anonymous.

Thank you for your participation!

Demographic Questions

1. What is your Gender?
 - Male
 - Female
2. What is your age group?
 - 18-24
 - 25-34
 - 35-44
 - 45-54
 - 55 and above
3. What is your highest level of education?
 - Secondary School
 - Bachelor's Degree
 - Master's Degree
 - Doctorate/PhD
 - Other ... (Specify)
4. How long have you been employed in Kaiian Co.?
 - Less than a year
 - 1-3 years
 - 4-6 years
 - 7-10 years
 - More than 10 years
5. What is your current position in Kaiian Co.?
 - Entry-level
 - Mid-level management
 - Senior management
 - Executive/Leadership role
 - Other ... (Specify)
6. In which department are you working within Kaiian Co.?
 - Finance
 - Marketing
 - Information Technology (IT)
 - Supporting Services
 - Other ... (Specify)

- For the following set of statements, please determine the degree of agreement or disagreement with each statement, where 1 indicate that you strongly disagree with the statement and 5 indicate that you strongly agree with the statement.

Question	Degree of Agreement				
	1	2	3	4	5
My leader makes others feel good to be around them.					
My leader articulates a compelling vision for the future.					
My leader encourages employees to think about old problems in new ways.					
My leader gives personal attention to employees who seem neglected.					
My leader helps me develop my strengths.					
My leader tells me what I need to do to be rewarded.					

My leader focuses attention on irregularities, mistakes, exceptions, and deviations from standards.					
My leader fails to intervene until problems become serious.					
My leader avoids making decisions.					
My leader delegates most of the decision-making to employees.					
I complete my tasks efficiently and effectively.					
I ensure that my work is of the highest quality.					
I consistently meet my work deadlines					
The company has been meeting or exceeding its profit targets.					
The company's revenue has increased over the past year					
The company's projects have delivered a high ROI.					
The organization is expanding its market share.					
The company's customer base has grown over the last 12 months					
The organization has increased its employee count over the past year.					
I am satisfied with my current job role and responsibilities.					
My workplace provides a supportive and conducive environment for my job.					
My contributions at work are recognized and rewarded.					
I am committed to staying with this organization for the foreseeable future.					
My organization provides a high level of job security.					
I see growth opportunities in my career within this organization.					

Questionnaire Link:

<https://docs.google.com/forms/d/e/1FAIpQLSf1fRjGP3IcfO11M6OsuHcb049e4IIQCIEcD8UeSqN4kOCjzw/formResponse>

Variable	Dimensions	Questionnaire Items	Sources
Transformational Leadership	Idealized Influence	My leader makes others feel good to be around them.	(Bass & Avolio, 1994)
	Inspirational Motivation	My leader articulates a compelling vision for the future.	(Bass & Avolio, 1994)
	Intellectual Stimulation	My leader encourages employees to think about old problems in new ways.	(Bass & Avolio, 1994)
	Individualized Consideration	My leader gives personal attention to employees who seem neglected.	(Bass & Avolio, 1994)
		My leader helps me develop my strengths.	(Givens, 2008)
Transactional Leadership	Contingent Reward	My leader tells me what I need to do to be rewarded.	(Bass & Avolio, 1994) (Burns, 1978)
	Management by Exception (Active)	My leader focuses attention on irregularities, mistakes, exceptions, and deviations from standards.	(Bass & Avolio, 1994)
	Management by Exception (Passive)	My leader fails to intervene until problems become serious.	(Avolio & Bass, 2004)
Laissez-faire Leadership	Hands-off Approach	My leader avoids making decisions.	(Skogstad, et al., 2007)
		My leader delegates most of the decision-making to employees.	(Skogstad, et al., 2007)
Employee Productivity	Task Efficiency	I complete my tasks efficiently and effectively.	(Givens, 2008)
	Quality of Work	I ensure that my work is of the highest quality.	(Kaplan & Norton, 1992)
	Meeting Deadlines	I consistently meet my work deadlines	(Kaplan & Norton, 1992)

Financial Performance	Profitability	The company has been meeting or exceeding its profit targets.	(Kaplan & Norton, 1992)
	Revenue Growth	The company's revenue has increased over the past year	(Kaplan & Norton, 1992)
	Return on Investment (ROI)	The company's projects have delivered a high ROI.	(Kaplan & Norton, 1992)
Organizational Growth	Market Expansion	The organization is expanding its market share.	(Penrose, 1959)
	Customer Base Growth	The company's customer base has grown over the last 12 months	(Penrose, 1959)
	Employee Headcount Growth	The organization has increased its employee count over the past year.	(Penrose, 1959)
Employee Satisfaction	Job Satisfaction	I am satisfied with my current job role and responsibilities.	(Judge & Piccolo, 2004) (Givens, 2008)
	Work Environment	My workplace provides a supportive and conducive environment for my job.	(Judge & Piccolo, 2004)
	Recognition and Reward	My contributions at work are recognized and rewarded.	(Judge & Piccolo, 2004)
Employee Retention Rate	Commitment to Organization	I am committed to staying with this organization for the foreseeable future.	(Givens, 2008)
	Job Security	My organization provides a high level of job security.	(Judge & Piccolo, 2004)
	Career Development Opportunities	I see growth opportunities in my career within this organization.	(Judge & Piccolo, 2004)