



Examining the Influence of Leadership Style on Project Performance in Saudi Context

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Successful project execution plays a crucial role in accomplishing the organizational strategic objectives. Being the figurehead and the leader, a project manager's role is particularly important in project success. Research has shown that various leadership styles have a different impact on project success. This study endeavors to investigate the impact of transformational and transactional leadership styles on project performance in the context of Saudi Arabia, which initiated several projects to achieve its vision 2030. Employing a purposive sampling, data were collected from the project managers through a questionnaire survey. The proposed hypotheses were tested through PLS-SEM using SmartPLS 3. The analysis revealed that in contrast to the transactional leadership style, the transformational leadership style is more effective Saudi Arabia and significantly enhances the project performance. The study contributes to the literature by providing a piece of empirical evidence from the under-researched region. In addition, it provides vital practical implications for project managers and organizations of Saudi Arabia.

Key words: *Leadership style, transactional leadership, transformational leadership, project management, schedule, cost, quality, stakeholder satisfaction, Saudi Arabia.*

1. Introduction

Saudi Arabia is considered one of the largest exporters of oil in the world. It is currently under reforms and transformations to achieve Vision 2030 (Syed, Alaraifi, & Ahmad, 2019) and project success can play a critical role in Saudi Arabia's economic development. According to Ika, Diallo, and Thuillier (2012), interest in the project management field has increased to a



great extent. With enhanced application of project management, the demand for effective project management and project performance has also increased in the demand. Thus, an effective project leadership is needed to motivate the project team and ultimately achieve the project objectives (Holzmann & Mazzini, 2020). In this context, this study aims to investigate the influence of various leadership style on project performance in Saudi Arabia. These styles include transactional and transformational leadership.

For an enterprise to grow, it must depend on the leadership style of the administration (Sasongu, 2015). While several research studies have indicated that leadership styles are important for effective project management and can contribute to project success (Zheng et al., 2021), the literature has also revealed a lack of empirical studies on the relationship between project managers' leadership styles and project success (Aboramadan & Kundi, 2020; Anantatmula, 2010; Hyväri, 2006; Ika, 2009; Seyedsafi, 2017; Turner & Müller, 2005). Even though some of the previous studies were conducted based on the relationship between different leadership styles and project success, few researchers have paid particular attention to the correlation between leadership style and project management performance especially in the context of project management. According to Yang, Wu, and Huang (2013), in order to assess the relationship between project manager's leadership styles and project successes, there is a need for more comprehensive empirical evidence. Moreover, Aboramadan and Kundi (2020) indicated that research is limited in the case of transactional and transformational leadership styles and their relative importance. This research study aimed to fill the gap in the literature by investigating the specific and direct empirical relationship between transactional and transformational project managers' leadership styles and project performance in the context of Saudi industry.

2. Literature Review

2.1. Leadership Styles

Leadership literature showed that diverse leadership styles are suitable for different situations and that each could contribute to organizational performance (Turner & Müller, 2005). The trait school of thought argues that leaders are born and not made. In contrast, the behavioral school of thought contends that leaders can be made and can adopt certain behaviors; the contingency school, on the other hand, argues that good leadership depends on a match between situations and leadership styles. The emotional intelligence school emphasizes the capacity of leaders to monitor their and others' feelings; meanwhile, the competency school identifies the competencies of effective leaders, which can be learned; lastly, the visionary school identifies leadership styles according to two types:

- 1 Transaction: Followers are rewarded for achieving goals and punished when a task is not executed as planned.



- 2 Transformation: A successful leader is characterized by vision, charisma, and the ability to inspire and motivate followers.

Transformational leadership emphasizes supporting followers' needs with the organization's goals, which is considered person oriented. In contrast, transactional leadership emphasizes tasks and rewards for followers (Seyedsafi, 2017). Initially conceived by J. M. Burns (1978), the concepts of transformational and transactional leaderships were later developed and applied by B. J. Avolio and Bass (1995). In transactional leadership style, leaders center their actions on the performance expectations of employees and how to manage these expectations both actively and passively (Sims, Carter, & Moore De Peralta, 2021). In contrast, the transactional leadership emphasizes the protection of organizational practices and resources, thereby maintaining the status of the organization (Tickle, Brownlee, & Nailon, 2005). In the later developments, exemplary subordinate performance, and loyalty to leader and organization were included in transformational theory (Bass, 1985). According to Bryant (2003), transactional leadership has three objectives: (1) working with colleagues to set well-defined and specific objectives to accomplish the target goals, (2) providing rewards in exchange for employees' efforts, and (3) reacting instantly to the self-interests of employees while accomplishing the assigned task.

On the other hand, transformational leadership plays a key role in motivating and inspiring followers to exceed expectations in their performance, but also challenging them with new ideas (Bass, 1990). Such leaders tend to have moral commitment and integrity, which empowers them to influence followers (Bass & Riggio, 2010). In addition, transformational leadership concerns the ability to relate positively with followers, which makes them feel valued (Krishnan, 2005). Yammarino and Bass (1990) stated that transformational leaders encourage their followers to work toward the best interests of the organization and society, and they encourage followers to consider their long-term rather than current needs. The transformational leader is considered an asset to the organization because this style improves organizational culture, making it more efficient (Seyedsafi, 2017).

2.2. Project Management Performance

The concept of project management performance is an area that has been frequently discussed but also heavily debated (Bjorvatn & Wald, 2018). Turner and Müller (2005) found that in the 1970s, project success was only about tools and techniques; but over the years, the concept has developed. In the 1980s, the literature attempted to identify factors that influence project management and project teams, which would in turn eventually increase opportunities for project success (Raziq, Borini, Malik, Ahmad, & Shabaz, 2018). The literature in the 1990s considered the project triangle and its success criteria as the basis for the initial definition of project success (Turner & Müller, 2005). According to Ika (2009), projects that are accomplished on time and that account for both budgetary constraints and stakeholder



expectations are considered to be successful. Seyedsafi (2017) added that the project manager is responsible for finding a balance between schedule, cost, and quality constraints to meet customer needs. Most researchers have agreed that definitions of project success should correspond with the traditional definition of a project (Bryant, 2003; Krishnan, 2005; Yang et al., 2013).

2.3. Leadership Styles and Project Performance

Leadership style has an important role in encouraging and motivating employees and has a direct impact on the success or failure of organizational performance (Popa, 2012). According to Turner and Müller (2005), strong leadership skills and various styles are needed in different phases of the project lifecycle to realize a successful project. Furthermore, transactional, and transformational leadership styles are both appropriate for different situations. Pretorius, Steyn, and Bond-Barnard (2018) added that different leadership styles are suitable for different project situations and different project teams and that it is essential for the project manager to efficiently communicate the vision of the project to inspire and motivate team members to achieve a high level of performance. By applying the needed leadership style, a project manager adds value to the project team (Cleland, 2007). However, the impact of various leadership styles may have a different impact on project performance. For instance, Aboramadan and Kundi (2020) in an empirical study argued that transformation leadership have stronger effect on work-related outcomes compared with transactional leadership.

3. Theoretical Framework and Hypotheses

The present study applied the visionary school as the hypothetical basis for arguing that different leadership styles influence project management performance. According to Keller (1992), one of the indicators of effective project performance is transformational leadership. Whereas other studies contended that depending on the geographical and cultural context either style (transformational or transactional) could be effective in greater project performance (Wang, Chou, & Jiang, 2005). As a result, these two leadership styles may be considered significant factors of project success (Bass, 1990).

The theoretical model of this study is adapted from Yang et al. (2013). Project performance as the dependent variable was operationalized at second order. The first order variables project performance included schedule, cost, quality, and stakeholder satisfaction and the measurement scale for all four were adopted from Pinto and Slevin (1988). The independent variables transactional and transformational leadership styles were measured through the scales adapted from J. M. Burns (1978); Turner and Müller (2005); Yang et al. (2013). The objective is to validate this model in the context of Saudi Arabia. As tentative answers to the research question, the following hypotheses were developed:



The transactional leadership concept was introduced by J. M. Burns (1978). This style is built upon the exchange relationship between leader and followers (Bass, 1985). According to Bass (1990), the transactional leadership style emphasizes contingent rewards and displays how a follower's needs can be met so that both parties receive benefits from each other. Therefore, transactional leadership emphasizes the contractual agreement between both parties by which one party will meet the anticipated performance in order to receive rewards from the other (Thite, 2000; Yang et al. (2013)). Likewise, Bass (1985) asserted that the transactional leader rewards subordinates for attaining required objectives. However, the relationship between the transactional leader and his or her followers is considered merely a reciprocal relationship in which a valuable return will be deemed sufficient based on the specific quality delivered (Wang et al., 2005). Transactional leadership emphasizes the protection of organizational practices and resources, thereby maintaining the status of the organization (Tickle et al., 2005). According to Bryant (2003) and Pretorius et al. (2018), transactional leadership has three objectives: (1) working with colleagues to set well-defined and specific objectives to accomplish the target goals, (2) providing rewards in exchange for employees' efforts, and (3) reacting instantly to the self-interests of employees while accomplishing the assigned task.

H1: There is a statistically significant effect of transactional leadership on project performance.

The transformational leadership theory has become one of the most well-known theories in the recent decades for understanding leader effectiveness (Bass & Riggio, 2010). A supportive relationship exists between leaders and followers through mutual encouragement to achieve higher levels of motivation (G. Burns & Martin, 2010). Turner and Müller (2005) pointed out that transformational leadership is characterized by charisma, pride, respect, trust, and vision. Moreover, transformational leaders are described as being proactive, paying attention to the concerns of individuals, and seeking to enhance performance by developing followers' abilities through coaching and mentoring (Bass & Riggio, 2010). B. Avolio and Bass (2004) indicated that the transformational leadership style is the most effective style when it comes to performance.

Transformational leadership plays a key role in motivating and inspiring followers to exceed expectations in their performance, but also challenging them with new ideas (B. Avolio & Bass, 2004; Bass, 1990). Such leaders tend to have moral commitment and integrity, which empowers them to influence followers (G. Burns & Martin, 2010). In addition, transformational leadership concerns the ability to relate positively with followers, which makes them feel valued (Krishnan, 2005). Moreover, researchers of project management and project leadership have argued that transformational leadership styles significantly impact project performance and success (Yang et al., 2013). Most researchers have indicated that the transformational leadership style has a positive impact on work engagement; therefore, transformational leadership has higher satisfaction rates among followers compared to the

transactional leadership style (Abbasi & Zamani-Miandashti, 2013; Hamstra, Van Yperen, Wisse, & Sassenberg, 2014). Yang et al. (2013) stressed that the transactional approach increases motivation to reach expected outcomes.

H2: There is a statistically significant effect of transformational leadership on project performance.

4. Research Methodology:

This quantitative study examines the impact of leadership styles on project management performance in Saudi Arabia. The population of this study included project managers working in companies involved in project management activities in Saudi Arabia. This study employed a purposive sampling technique to collect data from 135 respondents. The data were collected through a questionnaire survey using an instrument adapted from (Yang et al., 2013). The data were analyzed in PLS-SEM using SmartPLS3.

5. Analysis and Findings:

Based on the research design used in this study, 600 individuals were invited to participate; however, only 135 respondents fully completed the questionnaire, for a 22.5% response rate. Table 1 presents the demographic statistics of the respondents. All the respondents were project managers and qualified enough to answer the research questions. The sample provides a good blend of age, experience, and education and found significant for statistical analyses.

Table 1. Demographic Statistics of Respondents

Characteristic	Category	Frequency	Percent
Age	25–35	62	46.0
	36–46	50	37.0
	Over 46	23	17.0
Years of experience	Less than 5 years	21	15.6
	5–10 years	39	28.9
	11–16 years	30	22.2
	17–22 years	22	16.3
	More than 22 years	23	17.0
Education	Diploma	5	3.7
	Bachelor's degree	66	48.9
	Master's degree	58	43.0
	Ph.D. degree	6	4.4

The data were analyzed for the validity and reliability of the proposed model. Prior to the structural model, reliability and validity of the measurement model and second-order construct were ensured through CFA (Ahmad, Omar, & Quoquab, 2020). With satisfactory findings model was assessed for reliability using composite reliability and validity was ensured through convergent and discriminant validity. Fairly higher standardized factor loadings (0.707 to 0.909 at $p < 0.5$) with composite reliability between 0.89 and 0.94 (See Table 2) demonstrate the reliability of the constructs (Hair, Hult, Ringle, & Sarstedt, 2017). The AVE values greater than 0.5 and CR values greater than 0.7 provided sufficient proof for the validity of the construct at both first order and second order (Ahmad, Omar, & Quoquab, 2019), as presented in Table 2.

Table 2. Validity, Reliability, and Model Testing

Variables and Indicators	Factor Loadings	CR	AVE	R²
Cost				
Cost1	0.869	0.897	0.744	0.580
Cost2	0.878			
Cost3	0.839			
Quality				
Qual1	0.855	0.900	0.751	0.706
Qual2	0.860			
Qual3	0.884			
Schedule				
Sch1	0.773	0.898	0.748	0.638
Sch2	0.905			
Sch3	0.909			
Stakeholder				
Stak1	0.868	0.909	0.768	0.563
Stak2	0.901			
Stak3	0.860			
Transactional				
Trnsc1	0.883	0.899	0.748	
Trnsc2	0.880			
Trnsc3	0.830			
Transformational				
Trans1	0.863	0.884	0.717	
Trans2	0.822			
Trans3	0.855			
Second Order Construct- Validity & Reliability				
Performance				
Cost	0.762	0.925	0.554	0.346
Quality	0.528			
Schedule	0.584			
Stakeholder	0.592			

This study has one endogenous variable namely project performance and two exogenous variables including transactional leadership and transformational leadership. As shown in Figure 1 and Table 2 together both endogenous variables explain 35% of project performance with a statistically significant t- value, indicating the parsimony of the model. Among that 33% variance was explained by transformational leadership alone. The path coefficient assessment has shown that the relationship between transformational leadership and project performance was statistically significant ($\beta = 0.542$; t- value= 9.886), see Figure 1, indicating that hypothesis 1 is accepted. However, transactional leadership individually explains only 10% of the variance, and path coefficient results also showed an insignificant relationship of transactional leadership with project performance ($\beta = 0.095$, t-value= 1.367) which is coherent with R^2 value, as shown in Figure 1 and Figure 2. Thus, hypothesis 1 is rejected.

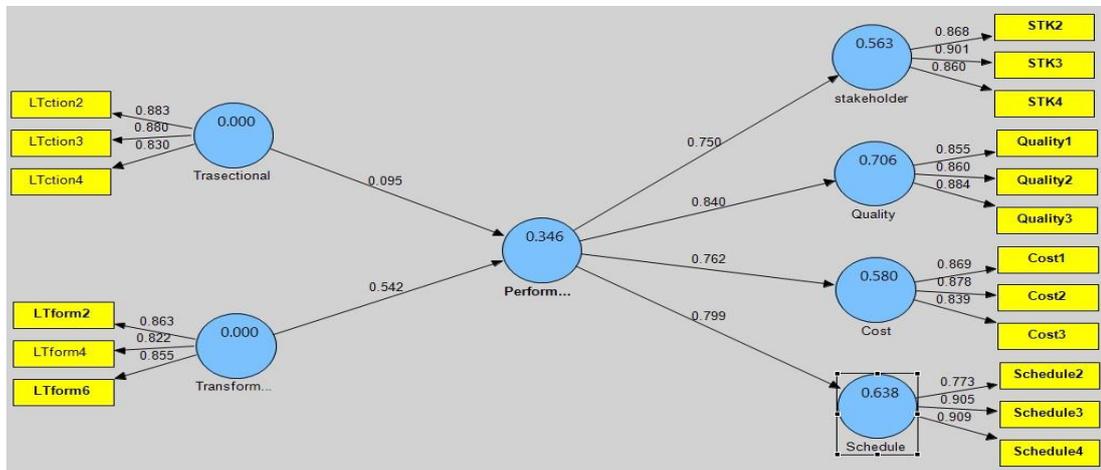


Figure 1. Factor loadings and path coefficients of structural model

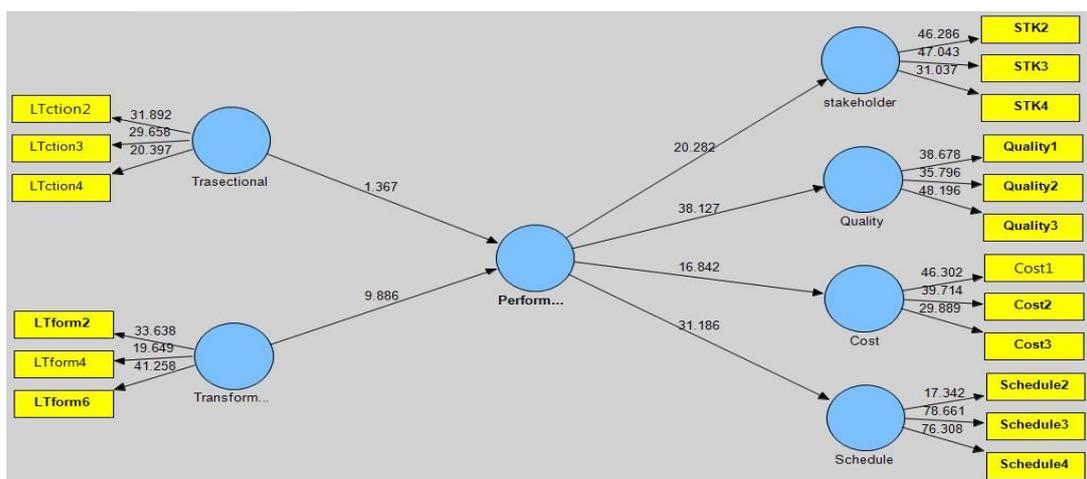


Figure 2. T-Values of the path coefficients and factor loadings



6. Discussions and Impactions

The results of this study indicated that the transformational leadership style significantly affects project performance and yields project success in Saudi Arabia. However, transactional leadership is not very effective in the Saudi context. These results are consistent with previous studies conducted in other geographical regions. For instance, Kissi, Dainty, and Tuuli (2013) observed in the United Kingdom transformational leadership behavior was positively related to project performance. Similarly, Prabhakar (2005) discovered a positive relationship between transformational leadership and project management performance. Lastly, Waldman and Atwater (1994) pointed out that higher-level managers who practice transformational leadership positively influenced project outcomes in terms of quality, cost, time, and stakeholder satisfaction.

The significant relationship between the transformational style of leadership and project performance or success possesses numerous implications for the project managers with respect to adopting the appropriate leadership style in Saudi Arabia. The results showed that project managers who practice the transformational style are more likely to be effective and can contribute better to project success. These findings can contribute to and improve the body of knowledge on leadership, leadership style, and project performance. In addition, people can obtain a better understanding of the transformational leadership style. The findings can provide a framework for implementing training programs in transformational leadership as part of the career development plan of project managers and can be relevant to hiring practices. Moreover, the findings of this research study may raise awareness on the part of project managers about whether to adopt—and if so, which—specific leadership styles in their projects.

Project managers who strive to become more effective leaders to improve their performance can do so by developing skills and capabilities associated with a transformational leadership style. Further, the findings indicate that project managers should be better informed of the positive effects of transformational leadership styles, as well as the negative effects of transactional leadership styles.

7. Conclusion and Recommendations

This study aimed to examine the role of leadership style in project management performance in Saudi Arabia. The independent variables were transactional leadership style and transformational leadership style, and the dependent variable was project performance which is a second-order construct including schedule, quality, cost, and stakeholder satisfaction. This study sought to answer the question: What is the impact of transactional and transformational leadership styles on project management performance in Saudi Arabia? To achieve the objective, two hypotheses were proposed and tested through the structural equation modeling technique (partial least square) using Smart PLS3. The results have shown a statistically



significant relationship between transformational leadership style and project performance and an insignificant relationship of transactional leadership style with project performance. Thus, the objective is achieved, and it is concluded that a transformational leadership style can impact the success of project management performance in Saudi Arabia.

Based on the findings, it is recommended that project managers should seek to improve transformational leadership characteristics since it can help them to enhance their performance that eventually leads to organizational success. These characteristics may include idealized influence, inspirational motivation, intellectual stimulation, and individual consideration. Moreover, policymakers should review and improve the recruitment policies of organizations in terms of the appropriate transformational leadership style, which can in turn lead these organizations to facilitate and complete successful projects.

8. Limitations and Suggestions for Further Research

This study is limited only to project managers who had online access to the LinkedIn app and email in order to voluntarily fill out the survey. Therefore, caution must be taken in generalizing the results of this study. Furthermore, leadership style is not the only variable that can influence project performance. Therefore, future studies may include other respondents in different sectors in the industry, and investigate more potential influences on project management performance, other than leadership styles, such as technology, team diversity, risk, and culture.



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