Transformational leadership in a project-based environment: 
a comparative study of the leadership styles of project managers 
and line managers

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Abstract

Leadership is widely considered to be an important aspect of project-based organising and there are several reasons to suggest that transformational leadership is of particular relevance in this context. However, there is a dearth of both theoretical and empirical work on leadership in project-based organisations. The aim of this paper is to report the findings of an empirical study comparing the relationship between transformational leadership style and employee motivation, commitment and stress for employees reporting to either project or line managers. The results show that although project managers are not perceived as less transformational, the relationships between transformational leadership and outcomes tend to be less strong for employees reporting to project managers than for those reporting to line managers. Implications for future research on leadership in the project context are explored.

Keywords: Transformational leadership; Managing and leading; Organisational design

1. Introduction

Much of the current work on leadership – in both the general leadership literature as well as in specialist project management literature – stresses the importance of so-called ‘transformational leadership’ [1,2]. Transformational leadership is a concept that has come to prominence in the last two decades, and is also associated with terms such as ‘visionary’ and ‘charismatic’ leadership, e.g. [3,4]. Collectively, Bryman [3] labelled these ‘new leadership styles’ to distinguish them from other prominent models of leadership that emphasise leader characteristics, leaders behaviours or a contingency perspective (see for example [5] for an overview of the literature).

Transformational leadership is associated with strong personal identification with the leader, the creation of a shared vision of the future, and a relationship between leaders and followers based on far more than just the simple exchange of rewards for compliance. Transformational leaders define the need for change, create new visions, mobilise commitment to these visions and transform individual followers and even organisations [1,6]. The ability of the leader to articulate an attractive vision of a possible future is a core element of transformational leadership [7]. Such leaders display charisma and self-confidence. While a leader’s charisma may attract subordinates to a vision or mission, providing individualised consideration and support is also needed to gain desired results and helps individual subordinates achieve their fullest potential. Individualised consideration implies treating each individual as valuable and unique, and aiming to aid his or her personal development. It is in part coaching and mentoring provides for continuous feedback and links the individual’s current needs to the organisation’s mission.

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Finally, intellectual stimulation is also part of the transformational leadership style. An intellectually stimulating leader provides subordinates with a flow of challenging new ideas to stimulate rethinking of old ways of doing things [1,6,8,9].

Transformational leadership is often contrasted with transactional leadership. Transactional leadership is based on (a series of) exchanges between leader and follower. Followers receive certain valued outcomes (e.g. wages, prestige) when they act according to the leader’s wishes [6,10]. Transformational leadership goes beyond the cost-benefit exchange of transactional leadership by motivating and inspiring followers to perform beyond expectations [6]. As Hater and Bass [11] point out, contrasting transactional and transformational leadership does not mean the models are unrelated. Burns [10] thought of the two types of leadership as being at opposite ends of a continuum. However, here we follow Bass [6], who views transformational and transactional leadership as separate dimensions. This viewpoint implies that leaders could show both transactional and transformational behaviors. Bass argues that transformational leadership builds on transactional leadership but not vice versa.

Transformational leaders (when compared to transactional leaders) were shown to have subordinates who report greater satisfaction, motivation and commitment, and who more often exert extra effort. Transformational leadership is also associated with higher levels of trust in the leader on the part of subordinates, which in turn leads them to show more so-called “organisational citizenship behaviours” [12,13]. In sum, leaders with a transformational style are seen as more effective by subordinates and superiors and tend to have higher performing units and businesses [14,15].

The aforementioned findings were mostly obtained in non-project-based organisations. The question we ask here is whether this style of leadership is also relevant to the project-based context. The issue of how to lead employees in project-based firms is one that attracts considerable attention in the specialist project management literature [2,16,17]. Leading commentators have recently begun to suggest that transformational leadership may be of particular interest in the project-based context. They stress for example the growing importance of emotional and motivational aspects of the role of project managers, and the necessity for project managers to develop faith in and commitment to a larger moral purpose in their role as chief executive officers in temporary organisations [18]. Project managers are conceived of as leading “a diverse set of people despite having little direct control over most of them” [16, p. 467], and transformational leadership resonates with the leadership demands of project-based organising in emphasising the visionary, inspirational role of leaders [2]. Because project managers are conceived of as leading “groups of talented people in an environment of collaborative bureaucracy” [17, p. 72-2] the emphasis has shifted from control and compliance to identification, loyalty and commitment. Such processes are central to transformational leadership. Thus, transformational leadership is a style of leading that may suit the project context well.

Although it is widely accepted that “projects are becoming increasingly complex, requiring multi-disciplinary teams comprising of specialists and consultants from different organisations” [19, p. 71-1], not all project teams are the same. There are different forms of project-based working and these have varying consequences for leader behaviour and effectiveness. Different types of project organisation are used to organise the labour process. Although there are different typologies to describe these, the results are generally quite similar [20,21]. Drawing on the work of Turner [20] these include for example the functional hierarchy, the co-ordinated matrix, the balanced matrix, the secondment matrix and the project hierarchy. The choice of which form to use depends on several factors including one of which is of particular relevance to us in this paper – the question of where to locate project resources. There are two extremes that we can discuss to draw out important theoretical issues – (1) resources can be either isolated from normal operations being placed in a task force, or else (2) integrated with operations by working on a project from their normal place of work [20].

In cases where it is decided to isolate the resources, project members are released full-time from their nominal organisational homes, for example the function or department with whom they generally work, and placed in a separate project location. Cleland and Ireland [16] describe a ‘pure project organisation’ as one in which the project manager has complete line authority over the project personnel such that project participants work directly for the project manager. Turner [20] describes this form as ‘project hierarchy’.

Project team members may work on ‘isolated’ projects in the company with whom they are employed (often in a project room laid aside for the duration of the project) or at another location (for example offsite at a client company). In both cases, the relationship between the project member and their traditional leader – for example their line manager – is altered. The line manager may have less impact on the behaviour or performance of the project team member because the two are isolated from each other for the duration of the project. In this case, contact can be maintained through planned social events or chance meetings, but the day-to-day contact is likely to be reduced. For the duration of the project, the line manager is also less able to influence the learning events or career development of the project team member, and has fewer opportunities to assess the person’s progress and performance except at a distance.
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