The Impact of Transformational Leadership Style on Teamwork Performance in Construction Industry

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Abstract
Transformational leadership is one of the more modernized styles of leadership toensures that workers are properly directed toward achieving organization goals. Transformational leadership involve person that responsible as a leader those who forms relationship with their subordinates, resulting in a relationship that is intellectually stimulating to subordinates; The leader provides inspirational motivation, is sensitively considerate and supportive, and expresses a mission that represents the shared views of the group. The capability and ability of a leader to spur the follower to accomplish more than what the follower planned to accomplish is the foundation of the theory of transformational leadership. The main objective of this paper is to examine the effect of transformational leadership style on the teamwork performance in construction industry in Malaysia. A quantitative research approach was adopted by dissemination developed questionnaires to large sized construction companies registered as grade G7 contractors under CIDB, Malaysia. Questionnaires were sent to 600 randomly selected respondents via postal service. There are 120 (20% response rate) of the questionnaires were returned, completed and useable. The analysis methods in this research were based on multiple regression study. The finding of this study found a significant relationship between two transformational leadership style namely inspire followers to go beyond their own self-interest and giving employee empowerment with the teamwork performance.

Keywords: Leadership Style, Transformation Leadership, Teamwork Performance, Company Performance

1. Introduction
The concept of leadership has been explored by both academics and practitioners for a long time (Daft, 2005). However, this topic remains one of the most subjective areas of discussion. As Burns’ once put it, “Leadership is one of the most observed and least understood phenomena on earth” (Burn, 1978). Different theorists had their own takes on the subject at hand, with the results being focused primarily on different aspects of the concept, such as leadership characteristics (Gillespie & Mann, 2004) and behavior (Fiedler, 1967). Some studies focused on situational variables (Hersey & Blanchard, 1996) and behavior (Hersey, 1990). The term leadership refers to a broad subject that has sprouted numerous definitions subjective to each theorist’s notion of the idea. Despite the discrepancies of their respective definitions, theorists agree that effective leadership essentially boils down to the ability of a leader to coordinate and direct a diverse group of members with a diverse pool of skills and abilities to realize a collective goal. This paper intends to investigate the influence of, or the effect of, leadership on teamwork performance in construction industry. As stated by Aarons (2006), “Leadership is associated with organizational and staff performance”. Several researchers, such as Hater and Bass (1988) and Yammarino and Bass (1990), discovered that transformational leaders bring a positive effect on the development of a company. However, results of transformational leadership behavior on company performance differed among countries. In this regard, no extensive research on whether transformational leaders adequately transform their followers toward individual, group, and organizational objectives exists in some countries, particularly developing countries. Therefore, further investigation will be sought regarding the capacity of transformational leaders and what they offer to motivate their companies to rise to the challenge, especially in this era of globalization.
2. Leadership Styles

A leader is a person who sets the tone and culture in an organization. An effective leader is a person that can unify his or her followers by altering their views and motivation to meet the organization’s need without compromising the needs of the followers. A clear distinction exists between managers and leaders. Managers create order and consistency, whereas leaders are interested in the direction, vision, goals, objectives, intention, purpose, and effectiveness of actions to produce change and to motivate their employees (Bennis & Townsend, 1995). Various authors provided different meanings of leadership in previous literature. For instance, leadership has been defined as a position, personality, responsibility, influence process, or an instrument to achieve a goal or behavior (Hughes et al., 1993; Robbins, 1993). Leadership can also be defined as a dynamic process in which one individual influences others to contribute to the achievement of the team’s task (Cole, 1996).

An understanding of leadership and leader effectiveness is essential to determine ways to motivate employees and to achieve organizational goals and objectives (Tabasssi et al., 2012). According to Hersey and Blanchard (1996), one of the significant parameters of organizations in fulfilling their goals is an understanding of the relationship between leaders and followers and the way in which leaders moderate their leadership style to maximize their efficiency. Hersey and Blanchard(1996) considered that the readiness and willingness of employees to carry out tasks are important aspects that promote a leader’s effectiveness. In their definition, a leader must tailor his or her leadership style to suit both the situation and the degree of readiness of subordinates to undertake a certain job.

Identification of effective leadership style is a critical task of all organizations. Consequently, any tools or techniques, which can be identified and used to facilitate this process, will assist all organizations. The leadership grid and contingency theory of leadership can be used to identify the leadership style of leaders and their orientation for people and task (Rowlinson et al., 1993).

3. Transformational Leadership

Blake and Mouton (1964) presented a two-dimensional leadership theory called “The Leadership Grid” that builds on the work of the Ohio State and Michigan studies. They rated leaders on a scale of 1 to 9 according to two directions: the orientation for people and task. The scores for these criteria are plotted on a grid with an axis corresponding to each concern. According to the grid, team management (9, 9) is often considered the most effective style and is recommended because organization members work together to complete the tasks. Country club management (1, 9) takes place when more emphasis is placed on people rather than on work. Authority compliance management (9, 1) is observed when task accomplishment is the supreme orientation. Middle-of-the-road management (5, 5) shows a moderate amount of concern for both people and task. Finally, impoverished management (1, 1) means the absence of a leadership philosophy, that is, leaders employ little attempt toward employee relationships or work accomplishment (Northouse, 2007).

Transformational leadership involves assessing followers’ motivation, satisfying their needs, and treating them as human beings. Burns (1978) described the transformational leader as one who encourages subordinates to put in extra effort and to go beyond what they (subordinates) expected before. The subordinates of transformational leaders feel trust, loyalty, and respect toward leaders and are motivated to perform extra-roles (Conger et al., 2000). Many researchers stated that transformational leadership styles affect higher task performance (Howell & Frost, 1989; Clover, 1990; Kirkpatrick & Locke, 1996; Barling et al., 2007). However, some researchers claimed that transformational leadership behavior is associated with subordinates’ satisfaction (Hater & Bass, 1988; Howell & Frost, 1989; Conger et al. 2000).

Transformational leaders achieve the greatest performance from subordinates because they are able to inspire their subordinates to raise their capabilities toward success and develop the innovative problem-solving skills of the subordinates (Yammarino&Bass, 1990). Jung et al. (2003) found significant relationships between this style and innovative-supporting organizational climate. Shin and Zhou (2003) reported a positive relationship in the level of creativity of followers. By using the Multifactor Leadership Questionnaire (MLQ), Burns (1978) identified four components of transformational leadership, namely, idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Parry (1996) added that certain qualities should be inherent in a transformational leader for these four components to become applicable in the success of an organization. These qualities include creativity, team orientation, appreciation of others, passion for teaching, responsibility, and recognition. According to Parry (1996), transformational leaders can entrench the need of the organization’s transformation process by harnessing the attributes into the process.
Although IQ and technical skills are imperative to a leader, Goleman (1998) stressed the importance of emotional intelligence in successful organizations. Through his research, he noted that even though cognitive skills make a leader productive, emotional intelligence is more important as the leader climbs the hierarchical ladder within an organization. Perhaps this element is what contributes to Bass and Riggio’s (2005) notion that transformational leaders encourage their followers and consider their individual needs and personal growth, thereby allowing their followers to build their own leadership capacity. Mayer and Salovey (1997) claimed that emotional intelligence included four types of abilities, that is, the ability to perceive, use, understand, and manage emotions. A high degree of emotional intelligence in leaders enables them to effectively equip these abilities and apply them on the appropriate situation for the best of their followers and for the benefit of the company.

Grace (2012) agreed that transformational leadership is suited for most business environments and introduced the concept by introducing seven principles of transformational leadership: simplification, motivation, determination, mobilization, preparation, facilitation, and innovation (Hegar, 2011).

Transformational leaders should be able to transform and morally uplift their followers (Burns, 1978). However, how a transformational leader goes upon achieving that, as well as whether the act is consequently advantageous or detrimental, is entirely another question. Bass (1985) noted that the dynamics of a transformational leader typically remain the same, but differ in terms of whether they are beneficial or harmful to the followers and to the organization. To raise the morality of their followers, leaders must first inherently be concerned with right or wrong conducts. Even though a leader might be successful in increasing the ethical motives of their followers, this accomplishment does not necessarily translate to a leader possessing morality. A developed conscience may sprout from either authentic or inauthentic transformational leaders.

Inauthentic leaders, or pseudo-transformational leaders, dictate their followers to look for a slant that befits their own cause. Power-oriented and exploitative inauthentic leaders are concerned chiefly with the advancement of their personal agendas even if it warrants the exclusion of what may benefit their followers (Bass & Steidlmeier, 1999). The “distorted utilitarian and warped moral principles” (Barling et al., 2007) of such leaders often find ingraining earnest respect in their followers practically unviable. By contrast, authentic leaders are those who surpass their personal gains for the better good of their followers and the company. Gardner and Avolio (1998) clarified that this type of leader collaborates with their followers and aligns the values and ambitions of their followers to ensure their cooperation to the collective good. Altruistic leaders that focus on the welfare of their followers instead of their own gain the trust and respect of their followers (Barling et al., 2007). In the end, integrity determines the quality of the effect that these leaders have on their followers (Nelson, 2012).

4. Transformational Leadership and Teamwork Performance

Several researchers studied the effects of transformational leadership on company’s performance (Keller, 1995; Ross & Offerman, 1997, Waldman et al., 2001). Hancott (2005) summarized these relationships into three individual constructs on the basis of the components of transformational leadership asserted by Burns (1978), including idealized influence, intellectual stimulation, inspirational motivation, and individualized consideration.

When ethical transformational leaders disregard their self-interest in favor of the interest of the group, idealized influence occurs (Kark et al., 2003). Idealized influence will lead to followers putting in extra efforts, committing themselves to the company, and becoming more satisfied with their jobs (Ross & Offerman, 1997). The company benefits from this improvement in employee performance in forms of firm profitability and increased sales or revenue.

Intellectual stimulation involves encouraging followers to develop their thinking skills, boosting their innovativeness and cognitive psychology, and making them adapt at new or ever-changing situations. Transformational leaders that can stimulate their followers’ Noetic abilities are capable of producing ground-breaking goods, solutions, and high-quality products, as well as capable of boosting the performance of the company’s business unit. Employees’ efficacy to their jobs and connection to their companies can be contributed to this component, along with the component of individualized consideration (Parry, 1996). Additionally, change, innovation, and entrepreneurship brought about by transformational leaders as put forward by Tichy and Devanna (1986) are analogous to Bass’s and Avolio’s (1990) accounts of transformational leaders enhancing the ability of the followers to think innovatively and solve problems more efficiently.
Leaders who are attentive to their associates’ needs, who act as advisors, and who take care of their interests meet the individualized consideration component of transformational leaders. Leaders with individualized consideration inspire their followers to accomplish their targets and those of the company (SaifulAzizi&Zulkiflee, 2016). Followers show enhanced mental alertness, calculation, and resourcefulness, in addition to steadfast commitment. Not only does the organization benefit with quality output and enhanced worth, leaders also learn to refine and hone their capabilities.

Leaders possess a profound encroachment on a company and its inner workings. Waldman et al. (2001) found that employees excelled in their work and were more content with the company’s performance appraisal system when they were managed by transformational leaders. Transformational leaders provide prospects to improve a company’s image, recruitment, selection, promotion, management of diversity, teamwork, training, development, and ability to innovate (Bass &Riggio, 2005).

Performance is considered a behavior with an evaluative component and denoted as multidimensional and episodic (Ahadzie et al., 2008). A high-performance workplace focuses on increasing people’s influence on the business as well as the effect of processes, methods, the physical environment, and technology and tools that enhance their work. In case of the construction industry, project teams focus on the working life in the industry. According to Raide et al. (2006), the changing requirements of construction activities necessitate companies to form different teams each time a new project is undertaken. Therefore, any policies and practices that are applied by the companies to improve teamwork activities can have effects on the performance of their projects (Tabassi et al., 2012). Accordingly, teamwork improvement and task efficiency are the factors of teamwork performance in this paper.

5. Research Model

Basing on previous studies, this paper provides a research model to understand the relationship between transformational leadership style and teamwork performance. Teamwork performance is denoted as the dependent variable and transformational leadership style as the independent variable. The dimensions of dependent variable in this paper include task efficiency and teamwork improvement. The link between the independent variable and the dependent variable are shown in Figure 1.

![Diagram of the relationship between the independent and dependent variable.](image)

6. Research Methodology

This research aims to determine the leadership style of construction managers and to assess their transformational leadership practices toward company performance. A quantitative research approach of developing and disseminating a questionnaire survey was chosen because of the large number of companies selected for this study and the difficulties of conducting face-to-face interview. The study was conducted through structured questionnaires, which were sent via mail and e-mail to large construction companies (G7) registered under the Malaysian Construction Industry Development Board. The collected data were analyzed according to the appropriate analysis methods. Analyses of data are based on frequency and multiple regression analysis. SPSS was used to analyze the survey results.
7. Data Analysis

7.1 Reliability Test

The reliability of a scale shows how free it is from inherently unpredictable error. Test-retest reliability and internal consistency are the two frequently used indicators of a scale’s reliability.

Section B of the questionnaire is designed to assess leadership style. This section contained 37 questions that were collected from the standard questions of leadership styles presented by Daft (2005). SPSS was used to conduct the reliability test in this section. The output provides a number of pieces of information concerning the scale. Accordingly, in terms of reliability, the most important aspect is the alpha value (i.e., Cronbach’s alpha coefficient), which in this case was 0.897. Given that this value is above 0.7, the scale can be considered reliable (see table B).

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>.897</td>
<td>37</td>
</tr>
</tbody>
</table>

Table 1: Reliability Statistics of Section B

Section C of the questionnaire was assigned to identify transformational leadership qualities in the respondents’ companies. This section was also designed according to the standard questionnaires presented by Daft (2005). A total of 19 questions were used to assess the transformational qualities of leaders. Consequently, the output provided by reliability test shows that the alpha value was 0.922. This alpha value expresses that the section can be considered almost highly reliable (see table C).

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>.922</td>
<td>19</td>
</tr>
</tbody>
</table>

Table 2: Reliability statistics of Section C.

Teamwork performance was evaluated in Section D. The result of the reliability test is illustrated in Table 3. According to the table, the alpha value for Section D is equal to 0.875. This value is higher than 0.7. Therefore, the scale has high degree of reliability (see table D).

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>.875</td>
<td>8</td>
</tr>
</tbody>
</table>

Table 3: Reliability statistics of Section D.

7.2 Leadership Style

The leadership style questionnaire was designed to measure two major types of leadership behavior: task orientation and relationship orientation. First, the study found the mean of the responses on the task items. This mean value was denoted as the task score. Second, the mean of the score for the responses on the relationship items was calculated. This mean value was denoted as the relationship score. The following scores were collected from the respondents’ answers. The mean of task orientations calculated from the total 22 questions related to task direction was 3.82 out of 5 (strongly agree). People or relationship orientations were calculated from the 15 questions, and the mean was 3.81 out of 5. Accordingly, this result showed a high extent task and relationship orientations in the respondents’ leadership style.

According to the leadership grid (Blake & Mouton 1964), team management is observed as a leadership style applied by most of the respondents in this research. Team management is often considered the most effective style and is recommended because organization members work together to accomplish tasks. Committed people accomplish work, and interdependence through a “common stake” in organizations leads to relationships of trust and respect.

7.3 Transformational Leadership

Section C of the questionnaire was organized to evaluate and identifying transformational leadership qualities in the respondents’ companies.
This section of the questionnaire was designed according to Daft (2005). The section contains 19 questions for evaluating the transformational leadership qualities in three categories: developing followers into leaders, inspiring followers to go beyond their own self-interest, and giving employees empowerment. The answers rated with 1 to 5 reflect the extent of respondent agreement with that statement. Accordingly, six questions were provided to assess the level of developing followers into leaders. The dimension “developing followers into leaders” sums the responses to these questions.

According to Daft (2005), a score of 24 or above on this dimension is considered high because many leaders do not practice transformational skills in their leadership or group work. A score of 18 is average, and a score of 12 or below is below average. The result shows that the mean of “developing followers into leaders” in the respondents’ answers is 24.03 (more than 24). Therefore, the respondents demonstrated a high level of developing employees into leaders.

For the dimension “inspiring followers to go beyond their own self-interest,” a score of 24 or above is considered high. A score of 18 is average, and a score of 12 or below is below average. The mean of the respondents was equal to 23.7. Consequently, a relatively high score was observed in the dimension “inspiring followers to go beyond their own self-interest.”

The rest of the questions in Section C were allocated to the assessment of giving employees’ empowerment. According to Daft (2005), to determine the total scores and to find the mean of the respondents’ answers, the scores and interpretation of the questions must add up to the responses to those seven questions. If the score is 28 or above, the employees feel empowered in their job. If the score is 14 or below, they do not feel empowered. The outcome divided by the number of respondents (the mean) was nearly equal to 27.93. Therefore, the score was near to 28 and denotes that most of the leaders in this research probably empowered their employees in their jobs.

7.4 Regression Of Transformational Leadership and Teamwork Performance

Multiple regression analysis was conducted to examine the relationship between company performance and transformational leadership variables as a predictor. Three variables exist within transformational leadership: developing followers into a leader, inspiring followers to go beyond their own self-interest, and giving employees empowerment. Table 4 summarizes the fit model of the regression. Model 2 is the best model for the study, in which the model has accounted for 26.7% of the variance in the criterion variable.

Table 4: Regression with interaction goodness of fit statistics.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R Square Change</td>
</tr>
<tr>
<td>1</td>
<td>.492a</td>
<td>.242</td>
<td>.235</td>
<td>.52944</td>
<td>242</td>
</tr>
<tr>
<td>2</td>
<td>.529b</td>
<td>.280</td>
<td>.267</td>
<td>.51818</td>
<td>.038</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Inspiring followers
b. Predictors: (Constant), Inspiring followers, Empowerment
c. Dependent Variable: Teamwork Performance

Table 5 summarizes the multiple regression results of Model 2. The transformational leadership variable “inspiring followers” significantly correlates with the company performance at P < 0.01 level. The result also shows that the variable “giving employee empowerment” significantly correlates with the company performance at P < 0.05 level. Only the variable “developing followers into a leader” was not included in the table because this variable is not significantly correlated with the company performance. In summary, the results indicate that only two variables within transformational leadership, namely, “inspiring followers to go beyond their own self-interest” and “giving employee empowerment,” had a positive relationship with company performance.
Table 5: Regression with interaction coefficients.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 (Constant)</td>
<td>1.452</td>
<td>.377</td>
<td>3.846</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Inspiring Followers</td>
<td>.296</td>
<td>.113</td>
<td>.293</td>
<td>2.623</td>
<td>.010</td>
</tr>
<tr>
<td>Empowerment</td>
<td>.326</td>
<td>.131</td>
<td>.278</td>
<td>2.487</td>
<td>.014</td>
</tr>
</tbody>
</table>

Collinearity Statistics

<table>
<thead>
<tr>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>.492</td>
<td>2.032</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Teamwork Performance

8. Discussions and Conclusions

Empirical studies on transformational leadership in the construction industry are fairly limited. Transformational leadership is one of the more modernized or “Westernized” styles of leadership that evolved from the traditional authoritative style, espoused because of the rare or even unattainable privilege of the workforce to receive proper education during the colonization. The commanding style ensures that workers are properly directed toward achieving organization goals.

This study showed that high-transformational leadership qualities were observed in the leadership styles of the construction leaders. Thus, transformational leadership is the most applied style by managers of construction companies in Malaysia. This result is in line with the study done by Tabassi and Abu Bakar (2010), where the authors revealed high-transformational leadership quality in the Iran construction industry. Previous studies conducted by Rowlinson et al. (1993) and Walker and Kalinowski (1994) revealed low-task and high-relationship attitude as an appropriate leadership style in the Hong Kong construction industry.

This study found a positive relationship between two transformational leadership qualities, namely, “inspiring followers to go beyond their own self-interest” and “giving employee empowerment,” with the company performance. The result indicates that these two dimensions should be considered by leaders to enhance company performance.

In conclusion, results show a strong progressive link between the aptitude and skills of a transformational leader and company performance, further reaffirming the key theoretical postulations regarding transformational leadership theory. In the many years to come, leadership theorists may explore the body of this equivocal philosophical pursuit, hopefully resulting in a leadership school of thought free of any ambiguity.

References


Northouse, P.G. (2007),


