Understanding the effect of transformation leadership behaviour of middle managers on innovation in project based organisations

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Understanding the effect of transformation leadership behaviour of middle managers on innovation in project based organisations

John Kissi,
Mouchel Group
john.kissi@mouchel.com
Andrew Dainty,
Martin Tuuli
Loughborough University

Abstract

The purpose of this study was to investigate the role of transformational leadership behaviour of middle managers on innovation. It followed a quantitative data collection and analysis to examine the relationship between transformational leadership on climate for innovation, innovation championing behaviour and project performance. In-depth interviews were held with 13 members of staff selected from different parts of the company. In addition a focus group discussion was held with Technical Directors in order to develop a deeper understanding of the processes by which middle managers influence innovation in project based professional services organisations. Findings from the study suggest that middle managers’ transformational leadership behaviour impacts project outcomes by helping to develop a climate for innovation and influencing the championing behaviour of their staff. Notwithstanding the fact that the study was based on a single UK based professional services firm, the findings adds to our understanding of the role of middle level leadership in project environment in facilitating innovation and answers the call for more qualitative approaches to understanding the impact of leaders in project based organisations. The findings also highlight the significant impact middle managers can have on innovation and ultimately project performance contrary to the previous publications that advanced a more negative view of the role of middle managers in organisations.

Keywords: Climate for innovation, innovation championing, middle managers, project based firms, transformational leadership

1. Introduction

Whereas a number of studies focusing on the role of transformational leadership have confirmed the positive impact they could have on innovation, most of the studies have been quantitative in nature, treating transformational leadership as a composite construct. For that reason it is difficult to identify which of the individual dimensions is responsible for any observation made from the analysis. The
study forms part of an on-going Engineering Doctorate programme and follows a quantitative study examining the impact of transformational leadership of middle managers on innovation. The original study identified a positive relationship between transformational leadership and climate for innovation and innovation championing behaviour. It further found that championing behaviour and climate for innovation mediated between transformational leadership and project performance. This relationship is demonstrated in figure 1 below. The quantitative research finding is contained in a journal paper currently under review by the International Journal of Project Management.

This phase of the study was to test the validity and applicability of this model. In addition, the study aimed to examine the influence of the individual dimensions of transformational leadership on the project performance as well as the mediating variables. The study further sought to identify the most influential dimension that managers could concentrate on developing in order to get the most out of their staff.

Subsequent sections of this paper discuss the key constructs in this study, the methodology employed, the key findings and their theoretical and practical implications.

![Figure 1: Relationship among transformational leadership, climate for innovation, championing behaviour and project performance.](image)

### 2. Transformational leadership

Transformational leadership is associated with stimulating and inspiring followers to deliver extraordinary results (Bass and Riggio, 2006). It changes followers by appealing to their higher order needs and causes them to modify their own values to look beyond personal interest in favour of the group goals (Pieterse et al, 2010). Transformational leadership comprises several components as a higher order construct (Pieterse et al, 2010). Podsakoff et al (1990) identified six dimensions of
transformational leadership; articulating vision, providing an appropriate model, fostering the acceptance of group goals, high performance expectations, individualised support and intellectual stimulations. According to the authors through articulating vision, the leader identifies new opportunities for the unit, develops, articulate and inspires others with his or her vision and shows them how to achieve the vision. The leader also provides appropriate model to the team of the sort of behaviour expected by living the espoused values and thereby becomes an example to the team. In addition the leader promotes team effort towards the achievement organisational goals by fostering the acceptance of group goals whiles high performance expectation is reflected in the leader’s expressed confidence in the ability of the team. Moreover individualised support echoes the leader’s ability to consider the concerns of individual team members. Finally the leader challenges the assumptions employees have about their work and urge them to think outside the box in developing new solutions to existing problems through intellectual stimulation, (Podsakoff et al., 1990, 1996).

3. Climate for innovation

The way members of an organisation perceive experience and react to their organisational context is referred as climate, (Rollinson and Broadfield, 2002). Climate in organisational studies is essential as employees’ draw conclusions from their observations rather than what is said and align their own priorities with what they perceive to be important to the organisations. Climate also determines the motivations, attitudes and behaviour of employees (Kozlowski and Hults, 1987; Kissi et al., 2009, Kissi et al., 2010b). The study focused on ‘climate for innovation’ in line with Schneider and Reichers’ (1983) recommendation that for climate studies need to be facet specific to deliver meaningful and useful results.

4. Championing behaviour

Championing behaviour is defined as ‘the project manager’s observable actions directed towards seeking, stimulating, supporting, carrying and promoting innovation in the projects (Dulaimi et al, 2005: 566). Innovation championing behaviour has been linked to improved project performance (Nam and Tatum, 1997; Dulaimi et al, 2005, Kissi et al, 2010a; Kissi, Dainty and Liu, 2011).

5. Project Performance

Project success has different meaning for different stakeholders as each of them have a different expectation of projects. Most measures of project success have been based on the traditional measures such as delivery quality, time and budget. Project success can be distinguished from project management success as they are influenced by different factors (Cooke-Davies, 2002). De Wit (1988) suggested that whereas project success is measured against the overall objectives of the project, project management success is based on the traditional measures of cost, quality and time. Beyond the traditional measures, project outcomes have often been measured on the basis of financial performance (Salter and Torbett, 2003). The study adopted subjective measures of project performance.
6. Methodology

This phase of the study sought a deeper understanding of the process by which transformational leadership behaviour exhibited by middle managers influence innovation championing, climate for innovation and project performance of their teams as predicted by the model in the earlier study. There is no requirement to control the behaviour of the participants. The research questions posed were primarily “how and why questions”. The study also aimed to develop a better understanding of the phenomenon within the context of a project based organisation. For the above reasons it was deemed important for the purpose of demonstrating how middle managers’ day to day behaviour in the workplace influence championing behaviour, work climate and project performance to undertake in-depth interviews in context, (Winch, 1998; Yin, 2003). Interviews therefore formed an important source of evidence in this study as they helped to focus directly on the topic and provided more insightful information Yin (2003).

A focus group discussion and 13 interviews were undertaken as part of the data collection exercise. The 13 interviewees comprised; 2 Team Managers, 1 Technical Director, 1 Project Director, 1 Principal Engineer, and 3 Senior Engineers and 5 Engineers. The average time spent per interview was about 40 minutes. The interview questions focused on the transformational leadership behaviour of the managers they work with and how that influences their own responses and performance in the work place in relation to innovation. In the case of the Team Managers, Technical Director and Principal Engineer, the interview was focused on their own leadership behaviour and how that impacts on their team members’ project performance. The interviewees were selected to ensure that there is a representation from a cross-section of grades within the company.

The study adopted semi-structured interview approach and all interviews were face to face with guiding questions derived from literature. The interview focused on the six dimensions of transformational leadership behaviours exhibited by the middle managers in the work place and how that influenced their perceptions of project environment and their own tendency to adopt innovative behaviour in the process of delivering their projects.

Where the interviewees had not seen evidence of any particular dimension, they were asked about what the likely impact would be if their manager was to exhibit such behaviour. All the interviews were recorded and transcribed verbatim for analysis. Using Nvivo version 9.2 common themes emerging from the interviews in relation to actions of middle managers and the impact were identified with reference to the evidence and insight from the existing literature.

7. Findings and Discussions

Findings from this research identified the individual dimensions that influenced the various positive relationships observed in the earlier quantitative study. The study found that individualised support was the most influential dimension impacting on innovation championing behaviour, climate for innovation and project performance. Articulating vision and fostering the acceptance of group goals both influenced climate for innovation and project performance. High performance expectation,
modelling behaviour and intellectual stimulation influenced innovation championing and project performance. The study also found that innovation championing influenced project performance and climate for innovation directly influenced project performance as well as through the climate for innovation. This relationship is diagrammatically represented in figure 2 below.

**Figure 2:** Relationship between individual dimensions of transformational leadership and the innovation championing, climate for innovation

The study further identified the specific behaviour of the middle managers that was responsible for the relationships observed. For lack of space in this paper, one dimension; individualised support will be discussed in detail in this paper. Table 1 below outlines the examples of the transformational leadership dimension of individualised support observed in the study and relevant quotes from interviewees supporting the observation. The other dimensions will be discussed in greater detail in the Engineering Doctorate thesis of which this paper forms a part.
Table 1: Examples of transformational leadership dimension of individualised support and how it was expressed.

<table>
<thead>
<tr>
<th>Transformational Leadership Dimension</th>
<th>How it was expressed</th>
<th>Examples of such behaviour found</th>
<th>Impact</th>
<th>Quote where relevant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individualised Support</td>
<td>Personal Development</td>
<td>Managers allocating projects that will help staff develop other skills</td>
<td>More commitment and improved performance</td>
<td>‘feel good if you think you got an opportunity to develop and grow somehow it is good for you’</td>
</tr>
<tr>
<td></td>
<td>Respect for Individual Preferences</td>
<td>Managers respecting a particular individual’s preference for e-mail communication instead of verbal</td>
<td>Perception of work environment is enhanced, people feel more relaxed, and output increased</td>
<td>‘I work with other people that if I probably showed them I expect a lot from them I will get a negative response so I show them I am very pleased when you do your best’</td>
</tr>
<tr>
<td></td>
<td>Challenging role</td>
<td>Managers rotating project leader responsibilities to challenge team members</td>
<td>Increased motivation, more commitment a higher performance</td>
<td>‘you will have noticed people have been given new roles for example someone is made a team manager or another office, you can see that all of a sudden, he starts coming to the office at 7:30am in the morning and he is running around and he is working very hard and he is doing that because he is happy’</td>
</tr>
<tr>
<td></td>
<td>Providing Feedback</td>
<td>Managers holding one to one discussions on the individual’s performance and rewarding or critiquing where appropriate</td>
<td>Individuals become more aware of their own contribution and have heightened motivation to do more</td>
<td>'makes it a comfortable place to work and makes me feel like I am in the right place’</td>
</tr>
<tr>
<td></td>
<td>Support for Individuals</td>
<td>Managers paying attention to the individual’s needs and supporting them through changing personal circumstances</td>
<td>Influence the environment within which people operate but also their motivation to work harder at the job</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Recognition</td>
<td>Managers acknowledging the contributions individuals make</td>
<td>Individuals feel they matter and are valued members of the team</td>
<td>‘it elevates your confidence, you start acting with more confidence’</td>
</tr>
</tbody>
</table>
7.1 Personal development

This was seen in the middle managers addressing the development needs of their staff. This was reflected in the manager making efforts to understand the strength and weaknesses of the team and helping the team members to harness their strength and developing other skills in relation to their weaknesses. The evidence suggested that some middle managers allocated projects to individuals that enabled them to address their personal and professional development needs. Some managers actively sought opportunities for their staff to work on specific projects with different clients that could facilitate their development. Some managers stressed the need for personal development of their staff through one to one sessions. Such sessions were found to build confidence in the manager and with it an enhanced commitment and improved work performance. In a particular example cited in the interview a staff member who was employed as a CAD technician was mentored into becoming a design engineer by. This according to the staff involved had a very positive effect and elicited extra effort from the staff. This finding is consistent with suggestions by Bass and Riggio (2006) that a core element of transformational leadership is to enable them to develop their capabilities and their own capacity to lead. Similarly Sosik, Godshalk and Yammarino (2004), compared the effect of transformational leaders on their staff to that of mentoring which includes providing career development guidance. According to Bass and Riggio (2006); ‘a major determinant factor of the effective performance of transformational leaders may be the extent to which the leaders are able to have a positive influence on followers’ development’ (Bass and Riggio, 2006:55). In view of the fact that the ability of project-based design, engineering and construction firms to meet changing demands from clients and improve performance through innovation management is closely linked to the development of technical capabilities, (Gann and Salter, 2000; Kissi et al, 2009) which is considered to be embodied in the staff of the organisation (Bayer and Gann, 2007), efforts at developing staff could enhance their innovative performance.

7.2 Respect for Individual Preferences

There was evidence to suggest that some managers were conscious of the individual preferences of their team members as evident in this statement by one of the managers, ‘I work with other people that if I probably showed them I expect a lot from them I will get a negative response so I show them I am very pleased when you do your best’. Also commenting on intellectual stimulation another manager stated that ‘there is a group of people who need to do what they have always done so to go and talk to them why did n’t you have that great idea is not getting the best out of them’. So what you
want is an environment where those who can think outside the box are encouraged to do so and are appreciated and those who have the job to put these ideas into action, their work is appreciated as well’. Whereas some people work well under pressure others under perform under the same circumstances. One of the managers cited an example of a member of staff who preferred e-mail communication to verbal communication and the manager had to take this into consideration in working them. Some managers also recognise that there are different insecurities and pressures and issues that affect their day to day performance and took this into consideration in working with them. An individual preference recognised and taken into consideration was seen to have a positive impact on the individual’s motivation and commitment and the working environment which ultimately influences their performance. This finding is in line with (Bass and Riggio, 2006) suggestions that transformational leaders can have a greater impact by recognising, accepting and working with individual differences and preferences of their team members.

7.3 Challenging Work

The study found that the manager’s effort in packaging work and allocating new challenging roles to individuals did have a positive impact on their work environment and they had more job satisfaction as a result. One manager commented that ‘you will have noticed people have been given new roles for example someone is made a team manager or another office, you can see that all of a sudden, he starts coming to the office at 7:30 in the morning and he is running around and he is working very hard and he is doing that because he is happy, he is happy and he is happy because he is stretched and he is challenged and he has challenges to face’. Some of the staff was seen to make the extra effort in undertaking research and finding solutions to challenging tasks or projects they had been allocated leading to increased championing behaviour and higher levels of performance. This could be explained by the fact that some people are motivated by the nature of the task or the role assigned to them in the work place (Rollinson and Broadfield, 2002). Moreover in a professional services environment challenging work could stimulate professional development and higher levels of performance, (Keller, 1992).

7.4 Interaction and Feedback

The study showed that team members whose managers were approachable and accessible had a good experience of the work environment as being supportive and influenced their tendency to adopt innovative solutions. This could be seen in informal chats among the manager and the team members on social issues, sports and other activities outside work. Managers who interact and communicates with the team without being derogatory and without looking down on them helped to create a conducive atmosphere. Others expressed the view that ‘managers need to have more of an office presence rather management meetings and need to spend more time interacting with their teams to get to know them not just by filling in skill matrix but get to know their teams and their skills and what they are excellent in and what their limits are’. This statement further buttresses the point that staff expects their managers to engage and interact with them. Where there is more regular interaction, team members were able to bounce ideas off their managers and that was seen to encourage team members to make efforts to adopt more innovative approaches to delivering projects.
The study further found that these regular interactions also afforded managers the opportunity to provide more regular feedback to their staff. Providing regular feedback was seen to have a positive impact on the staff as that put them in a position to understand where they were contributing to the expected level required of them and where they needed to do more. Some managers indicated staff utilisation figures were shared with staff in a bid to have them appreciate their contribution towards meeting the business objectives. Feedback was seen to include both positive when a good work was done and constructive criticism where work delivered was not up to the standard expected. Both were seen to lead to improved performance.

As Lu and Sexton (2006) noted, innovation generally involves a social psychological process as it is the product of social relationships and complex system of interaction. This interaction mainly takes place among the members of the project team and provides an important avenue for innovation in the construction industry during project execution primarily through personal exchanges among designers (Salter and Gann, 2003).

### 7.5 Support for Individuals

There was evidence to suggest that where managers provided support and stood by staff in good and bad times and provided advice for them when problems were presented to them, it created a sense of a good place to work. According to one of the interviewees ‘this makes you feel like you are in the right place’. Some of the interviewees intimated that they had no problems at all approaching their managers with personal problems as they were always understanding and supportive. The positive effect of this was re-echoed by one of the interviewees who commented that ‘when you treat your employee as a human and care about them in their personal life as well as their work life then they get attached to you and the want stay with you and they want to do their best for you’. It could therefore be seen that paying attention to the individual’s needs does not only influence the environment within which people operate but also their motivation to work harder on their projects. An interviewee cited an instance when due to personal circumstances had to work from home and the manager was very supportive in allowing work to be done around the circumstances as far as the expected targets could still be achieved.

Managers’ action in listening and taking the needed actions to address the concerns of staff had a positive impact. The team members had a favourable view of managers who will forward issues to other people better placed to deal with them in the event that they themselves were unable to handle it. One staff member recounted a situation where there was a problem between him and one of the senior engineers which he reported to his manager. His manager stepped in and resolved the problem by asking the more senior engineer to apologise as he was in the wrong and followed it up by moving the engineer into another team where he knew his strength could be better channelled and where he will feel at ease and do his work effectively. Reflecting on the above issue the interviewee stated that ‘if you have a team leader or manager that has demonstrated to you that he or she can take care of the situations and sort it out for you it establishes that level of trust and does not just put it in the tray and deal with it when it gets dealt with but when it needs to be dealt with straight away it establishes trust and the next time you won’t even think twice about should I go and talk to my line managers, it
becomes your default actions’. However findings suggested that listening and not taking action had a negative impact on the staff. Providing support for individuals has been found to lead to higher levels of productivity, (Podsakoff et al., 1996). Similarly, Oldham and Cummings (1996) found that employees were at their most creative when they operate in a supportive environment.

It’s however worth noting that in an environment where people value their independence, over stretching support for the individual could be misinterpreted to mean the manager lacks confidence in the individual’s ability to deal with the issues themselves (Keller, 1992).

### 7.6 Recognition

The study found that when staff are recognised for their contributions to project delivery, made to have a sense of belonging and seen as valued members of the team, it influenced their confidence and they were motivated to do more. In one particular instance one of the interviewees undertook a project which won an award and this information was circulated in the division. Asked how that impacted his work, he responded that made him feel good and wanted to do more. One interviewee commented that ‘he looks at the good things that you have done rather than the negatives. That motivates you to do better. There is always that you have n’t done, you cannot always get 100% so if you get 90% he focuses on the 90% instead of the 10%’. Recognition has been long identified as an important motivating factor in a number of studies, (Rollinson and Broadfield, 2002).

### 8. Conclusion

The purpose of this study was to examine the role of middle managers in enabling innovation in project based organisations. The study investigated the behaviours middle managers exhibited in the work place and how that influences the climate for innovation, championing behaviour and ultimately project performance of their team members. This paper has focused on identifying the specific behaviours that comprised the transformational leadership dimension of individualised support and its impact on the team members. Findings from the study suggest that middle managers can demonstrate individualised support by; assisting the personal development of staff, providing support for them in their time of need, taking their preferences into consideration in working with them, proving challenging role, recognising their contribution providing regular feedback and having regular interaction with their team members.

These were seen to impact the team members in diverse ways. Firstly, it influenced their perception of the climate within which they operated as supportive of innovation. Secondly it influenced their tendency to exhibit innovation championing behaviour and enhanced their tendency to adopt innovative approaches to delivering projects. Climate for innovation and championing behaviour were also seen to influence project performance as team members were motivated and undertake extra role activities in project delivery. Individualised support therefore influenced project performance directly and indirectly through climate for innovation and championing behaviour.

The findings have a number of significant implications for project based professional services firms. Whereas most efforts at enhancing innovation is focused at the strategic levels with responsibility on
senior management, this study demonstrates that middle managers who bridge the gap between the senior management and the operational team have a very important role to play in facilitating innovation through their day to day activities and the behaviour they exhibit in the workplace. To enable middle managers to play this role effectively, they need to be supported to develop transformational leadership and innovation supporting behaviour. The role of middle managers in enhancing innovation also needs to be recognised and promoted in order to address the previously reported negative reviews on the role of middle managers in organisations.

In spite of the significant findings in this study, it is not without limitations. The study was focused on one organisation. However the size of the organisation and the number of industries it operates in implies the findings from the study will be still be relevant to several other similar organisations. The study could be extended beyond the current organisation to others in the industry. Future studies could be based on developing transformational leadership in middle managers and studying the impact over time. The study has initiated a new dimension of the study of the effect of transformational leadership by examining the impact of specific dimensions.

9.0 References


