The impact of project managers’ leadership style on employees’ job satisfaction, performance and turnover

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Abstract: Behavioral theory of leadership, divides leaders into two groups of “task-oriented” and “relationship-oriented” leaders. According to this theory, task-oriented leaders’ priority is achieving projected results for current tasks, whereas relationship-oriented leaders focus on employees and try to improve them and take into consideration their ideas and suggestions. The current research intends to discover the extent to which employees’ level of job satisfaction, quality of performance and rate turnover are affected by the leader’s style. The employees of Iranian oil&gas projects were selected as the target population for this study. An online survey was selected as the method of data collection. 100 employees from different projects participated in the survey. The collected data were analyzed using independent sample t-test. The results of the analysis showed that in all the three research areas there was a significant difference between the employees of task-oriented project managers and those who work with relationship-oriented project managers, while the latter group scored higher.

Keywords - Project manager, Leadership Style, Job Satisfaction, Performance, Turnover.

I. Introduction

Nowadays, in many organizations management of projects is regarded as a crucial process which brings together techniques and competencies from diverse fields of knowledge and expertise to achieve specific objectives. Projects, according to the standard definition given by the project management institute (PMI), are temporary endeavors undertaken to create a unique product, service, or result (PMI, 2004) [1]. This temporary nature, distinguishes project-based works from all other kinds of career activities. A direct outcome of the temporary nature of projects is the constraint of time and resources. Nordqvist et al (2004) [2] stated that project employees who are exposed to a high degree of time constraint, show lower levels of job satisfaction and less contribution to the overall objectives of the project. Time pressure also strongly affects the project employees’ level of job stress and consequently their quality of performance (Maylor, 2010) [3]. The stressful conditions of project work are also considered as an important reason for job dissatisfaction among project staff (Chapman, 1998) [4], and can result in an increase in the rate of employee turnover (Kryvenda, 2012) [5]. Regarding the time constraint of project-based activities, employee turnover for a project is much more costly in comparison with other activities. Even losing a single key team member can considerably decrease the likelihood of success for a project and can reduce investors’ confidence in the firm (Shamsuzzoha & Shumon, 2007) [6]. The importance of job satisfaction, job performance and employee turnover in a project environment was the main reason why this topic was selected for current research. Furthermore, regarding some studies by Pinto et al. (1998) [7], Makilouko (2004) [8] and Jacque et al. (2007) [9] which distinguished project managers from other groups of managers based on their leadership styles, the idea was generated that maybe there is a relationship between the leadership style of a project manager and the situation of job satisfaction, performance and turnover among project employees.

II. Literature Review

Style of Leadership is the first issue which is focused when a leader’s performance is assessed by others. It is also one of the most popular topics among the researchers in the leadership area. Several studies have tried to explain the different styles of leadership and the extent to which leaders’ style can affect the overall success of a team or an organization being led by them. In addition, so many studies have tried to explain the relationship between managers’ leadership styles and the different aspects of employees’ organizational behaviors. Job satisfaction, job performance and turnover are three of the most important areas in organizational behaviors.
2.1 Leadership Style

Mullins (2000) [10] defined leadership style as “the way in which the functions of leadership are carried out and the manner that a manager chooses to behave towards employee”. Different theories of leadership have introduced several styles of leadership. Nevertheless, the current study focuses on behavioral theory and the leadership styles introduced by this theory. Leadership style is a behaviorally oriented approach to understand the concept of leadership. Subordinates, normally look at their leaders’ behavior as their ‘style’ of leadership. From this viewpoint, Bryman (1992) [11] concluded that ‘behavior approach’ and ‘style approach’ could be used interchangeably. The style approach focuses on leaders’ behaviors and explains how they combine task and relationship behaviors to influence subordinates in their efforts to reach an organizational goal (Northouse, 2004)[12].

2.2 Behavioral Theory

One of the most important approaches towards leadership was to focus on leaders’ behavior and what they actually do, instead of focusing on their traits and personality characteristics. Stogdill (1948) [13] doubted the absolute validity of trait theory. According to him “a person does not become a leader by virtue of the possession of some combination of traits but the pattern of personal characteristics of the leader must bear any relevant relationship to the characteristics activities and goals of followers”. Some of the most important studies in leadership area were conducted at Ohio State University and University of Michigan in the 1960s. The studies conducted in Ohio university suggested multiple styles of leadership with the underlying assumption that there is a better way to lead along both dimensions of “concern for task” and “concern for people”. At the same time in the early 1960s, Michigan University began some researches in the leadership behavior area. Their effort resulted in the conclusion that there are two major behaviors for leaders: product orientation and employee orientation. They used satisfaction, productivity fluctuation, motivation, absenteeism, costs and rejections as measures in their research (Northouse, 2004) [12].

Blake and Mouton (1964) [14] proposed another influential approach toward behavioral theory. They focused on employee orientation and task (or production) orientation as two major styles of leaders. Their study considered above-mentioned styles as two extremes of leaders’ behavior and clarified that some leaders may prefer a combination of both styles.

Several years later, Stogdill (1974) [15] developed and completed previous works using his own questionnaire which was designed to assess leaders’ behavior based on their leadership orientation. Likewise Blake and Mouton (1964) [14]’s work, Stogdill based his approach to behavioral leadership upon two major factors: “task” and “people”. Stogdill’s work became a basis for other researchers in assessing behavioral theory. Several researches were conducted by researchers in order to realize behavioral differences between task-oriented (also known as production-oriented) leaders and those who are relationship-oriented (known in some researches as people-oriented and employee-oriented as well).

2.2.1 Task-oriented leadership behaviors

The primary concern of task-oriented leaders is achieving defined targets of their business. Northouse (2011) [16] argued that task-oriented leaders encourage their employees to achieve their objectives by giving them exact definitions about their roles, establishing objectives and criteria of evaluation, specifying directions and instructions, setting time schedules, and determining the ways by which goals could be achieved. He believed that task-oriented leaders often apply a one-way method to communicate with subordinates about their duties and responsibilities and the way they are expected to fulfill their tasks. Yukl et al. (2002) [17] specified some activities such as clarifying responsibilities and roles, defining objectives, performance measurement & control, and planning for short-term periods as the main behaviors of task-oriented leaders.

2.2.2 Relationship-oriented leadership behaviors

The main concern of relationship-oriented leaders, is mostly focused on building and developing interpersonal relationships. Northouse (2011) [16] argued that unlike task-oriented leaders, they prefer a two-way method to communicate their subordinates. He believed that “this is because of their desire to support their employees socially and emotionally”. According to him, it is also very important to them to help employees to feel comfortable in the workplace and develop their careers. According to Yukl (2006) [18], the most important behaviors of relationships-oriented leaders could be categorized into three sorts of behaviors including “supporting”, “developing”, and “recognizing” behaviors.

2.2.2 Project Managers & Leadership Style

Pinto et al. (1998) [7] found a relation between the type of managerial position and the two leadership styles introduced by behavioral theory. They claimed that project managers show more concern for people than other managers. Makilouko (2004) [8] argued that relationship-oriented (employee-oriented) managers have better interrelation skills and concluded that they are the best choice to be assigned as project managers.
specifically in international and multicultural projects. Jacque et al. (2007) [9] also supported the idea that project managers show more balance between task and relationship whereas other managers pay more attention to their tasks. They also argued that project managers in general need more interpersonal skills and they have to make relationship with their peers and subordinates more than other groups of managers.

2.3 Job satisfaction

Davis and Newstrom (1985) [19] introduced job satisfaction as a combination of negative and positive feelings that employees have about their work. Job satisfaction according to them shows the extent to which employees’ expectations match the organization’s real capabilities. They also state that there is a close relationship between the individuals’ level of job satisfaction and their behavior in the workplace. Job satisfaction refers to the attitudes people have about their work environment. Positive and desirable attitudes toward the job reflect job satisfaction whereas negative and undesirable attitudes toward the job are the symptoms of job dissatisfaction (Armstrong, 2006) [20]. Job satisfaction is an employee’s sense of success and achievement on the job. Job satisfaction implies doing a job which is not only exhausting, but also joyful and doing it well can bring some rewards to the person. Moreover, job satisfaction is the key factor that leads individuals towards income, recognition, promotion, and the achievement of other objectives which result in a feeling of fulfillment (Kaliski, 2007) [21]. People’s levels of job satisfaction can vary from extremely satisfied to extremely dissatisfied depending on their real feelings about their job. People also can have beliefs about different aspects of their jobs such as the activity type, the colleagues, superiors, subordinates and the amount of salary (George et al., 2008)[22].

The importance of job satisfaction appears when the numerous negative effects of job dissatisfaction such as ‘lack of loyalty’, ‘the increasing number of accidents’, and ‘absenteeism’ are taken into assessment (Spector, 1997) [23].

From the above argument it can be concluded that job satisfaction will lead employees toward positive behavior and vice versa, job dissatisfaction will cause negative behaviors among employees. The evaluation of job satisfaction in organizational units, identifies different levels of satisfaction and consequently, those units in which improvements should be made can be recognized.

2.4 Job performance

Job performance is considered as one of the most important interest areas for researchers, business owners, the government, and the society. Campbell (1990) [24] defines performance as those behaviors or actions which are under the control of the person and contribute to the goals and objectives of the organizations, and also can be measured according to the employee’s level of proficiency. In general, the behavioral approach refers to what employees do while at work, and focuses the action itself regardless of the achieved results whereas the outcome approach looks for the result of the individual’s behavior. But in practice, the two mentioned approaches to job performance are interrelated (Sonntag & Bayer, 2005) [25]. Moreover, performance should be distinguished from other concepts such as effectiveness, productivity or efficiency (Campbell et al., 1993)[26]. Effectiveness refers to the result evaluation of the performance (i.e., the financial value of an employee’s work). Productivity is the ratio between effectiveness and the cost of achieving the outcome (Motowidlo and Schmitt, 1999) [27].

In the literature of job performance, a distinction is generally made between “in role” and “extra-role” performance (Katz & Kahn, 1978)[28]. Extra-role performance is also known as “organizational citizenship behaviors” (Smith et al., 1983)[29]. Based on this approach, Borman and Motowidlo (1993) [30] suggest that employees’ performance can be categorized into two types of activities, task and contextual performance. Task performance is related to the effectiveness with which staff perform those activities that are formally part of their responsibilities and contribute to the organization’s core business. Contextual performance on the other hand, comprises those activities that are done voluntarily, not requested by the job, and does not contribute directly to the organization’s business core (Organ, 1997) [31]. Contextual performance covers activities such as volunteering, helping, and cooperating with others, when they are not formally part of the person’s responsibility but can be important for the whole organization.

Regardless to the different conceptualizations and viewpoints, all researchers agree on the special importance of job performance for organizations. Exhibiting a high performance when accomplishing job-related responsibilities results in feelings of satisfaction and self efficacy (Kanfer and Ackerman, 2005) [32]. Moreover, high performers normally get promoted, honored, and awarded. In addition, career opportunities for individuals with a good performance are much better than those who perform moderately or show a weak performance (Van Scotter et al., 2000)[33].

2.5 Employee turnover

Employee turnover is one of the most frequently studied phenomena in the area of human resource management (Shaw et al., 1998)[34]. Abbasi et al. (2000)[35] define employee turnover as the rotation of
employees around job positions available in the labor market. According to them, this rotation could result in a transfer between organizations, a change in the job position and occupation or sometimes a shift between two states of employment and unemployment.

There are different reasons why people move from an organization to another. Firth et al. (2004)[36] believe that job stress and the wide range of stressors, low level of organizational commitment, and job dissatisfaction are the most common reasons which are expressed by employees as a reason for leaving their job. Mano et al. (2004)[37] introduce economic reasons as the main reason why employees decide to leave their jobs. Trevor (2001)[38] believes that there is a strong link between the rate of unemployment and the level of job satisfaction. He argues that job stress also can result in employee turnover. In addition, ambiguity in roles and responsibilities causes uncertainty situation which normally leads to job stress and finally turnover. Misunderstanding about what is expected by the workplace, and the way in which those expectations should be met could be regarded as an important reason of role ambiguity and consequently employee turnover (Muchinsky, 1990) [39]. If roles and responsibilities are not clearly defined by the manager or leader, the rate of employee turnover will get accelerated considerably (Ongori, 2007) [40].

Quantitative approach to the management of human resources is another important factor which results in the disenchantment of employees and consequently leads to employee turnover. Hence, he believes that managers should avoid using a quantitative approach to managing their subordinates (Ongori, 2007) [40]. Also, cost-oriented approach toward employment of human resources can increase employee turnover. This approach should be avoided if the management of a company intends to avoid employee turnover and enhance the company’s competitive position in the market (Simon et al., 2007)[41].

Griffeth et al. (2000) [42] points out that salary and its related variables have a modest effect on turnover. Their study looks for a relationship between salary, employee performance and turnover. They conclude that if good performers are not rewarded sufficiently, they easily leave their jobs. There are also some other factors such as poor employment practices, style of management, lack of a mechanism for recognition, lack of competitive rewarding system and toxic environment in the workplace (Abassi et al., 2000)[35].

It is evident that employee turnover is a costly phenomenon for organizations. These costs include the expenses of recruitment and training (John, 2000) [43], decline in productivity, and lost time (Catherine, 2002) [44]. This argument clearly shows that employee turnover affects the overall profitability of the organization and if the management neglects to manage it properly, a negative effect on the profit will be unavoidable.

In conclusion, voluntary turnover imposes significant costs on organizations, both in terms of direct costs (replacement, hiring and selection process, expenses of temporary staff, and the wasted time), and more significantly, in terms of indirect costs (decline in staff’s morale, extra pressure on remaining employees, decline in the quality of product/service, costs of learning, and the lost knowledge of the organization) (Dess & Shaw, 2001) [45].

III. CONCEPTUAL FRAMEWORK AND HYPOTHESES

Based on the main issues argued within the literature review, the following conceptual framework is selected for this study. As illustrated in the framework, the difference between the employees of task-oriented and relationship-oriented project managers in terms of job satisfaction, job performance, and turnover will be studied in the current research.

Figure 1 Conceptual framework

Based on the conceptual framework (Fig. 1), three alternative hypotheses are proposed:

H1: The level of job satisfaction among the employees of relationship-oriented project manager significantly differs from the employees of task-oriented project managers.
H2: The quality of job performance among the employees of relationship-oriented project manager significantly differs from the employees of task-oriented project managers.

H3: The rate of turnover among the employees of relationship-oriented project manager significantly differs from the employees of task-oriented project managers.

IV. METHODOLOGY

The employees of Iranian construction projects in oil & gas industries were selected as the target population of current study. An online platform was selected to launch the survey and collect the required data. The questionnaire was uploaded on the internet and its link was sent to 135 project employees by email, social networks and other online media. Finally, answers were received from 100 project employees. The employees were mostly identified according their profiles on social networks (such as Facebook and Linked-in).

A questionnaire including three parts was designed and applied as the research instrument. The first part of the questionnaire was allocated to the respondents’ demographic data such as gender, age and the years of working experience. The second part requested the respondents to assess their project managers’ leadership styles and determine whether their project manager is task-oriented or relationship-oriented. The third part of the questionnaire focused on the employees’ self-assessment. The employees were requested to answer 15 questions that were divided into three categories of job satisfaction, performance, and employee turnover. Each category was covered by five Likert-scale questions and the respondents were requested to score them from 1 (strongly disagree) to 5 (strongly agree). A pilot test was conducted to ensure about the reliability of the questionnaire. Cronbach’s Alpha as a measure proved that in all the categories questions are strongly reliable. Furthermore, the questionnaire’s validity of content was revised and confirmed by a group of experts including two university lecturers.

At the next step, the main survey was conducted and data were collected from 100 employees. The collected data were analyzed at two levels of descriptive and inferential analyses. The descriptive analysis was carried out for both demographic and non-demographic data. Description of non-demographic data (Likert-scale questions) using Mean value, helped us to rank the questions related to each category and realize which question is more supported by each group of respondents. Friedman test was applied to check the statistical significance of the above-mentioned differences between questions. Also, independent samples t-test was selected as a statistical tool to carry out the inferential part of the analysis and examine the proposed hypotheses.

V. ANALYSIS AND RESULTS

From all the project employees participated in this survey, 47% were females and 53% were males. The mean age of respondents was 32.5 years old and their working experience, was 12.3 years in average. Most of the respondents (55%) have evaluated their project manager as a relationship-oriented leader while the rest (45%) have introduced their project manager as a task-oriented leader.

The results of independent sample t-test for all dependent variables are summarized in Table 1. According to the table, in all the three variables, there is a significant difference (p>0.05) between the employees whose manager is task-oriented and those employees who work with a relationship-oriented project manager. It means that all the three proposed hypotheses are supported by the collected data.

<table>
<thead>
<tr>
<th>Table1 Independent sample t-test</th>
</tr>
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<tbody>
<tr>
<td><strong>t-test for Equality of Means</strong></td>
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<tr>
<td>T</td>
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<tr>
<td>-------</td>
</tr>
<tr>
<td><strong>Job Satisfaction</strong></td>
</tr>
<tr>
<td><strong>Employee Performance</strong></td>
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<tr>
<td><strong>Employee Turnover</strong></td>
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</tbody>
</table>

Moreover, Table2 illustrates that in all the three variables, the employees of relationship-oriented project managers have scored strongly higher than the employees of task-oriented project managers. In other words, the employees of relationship-oriented project managers are obviously more satisfied with their jobs, have a better job performance, and express the less intention to leave their jobs.
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Table 2: Comparison between groups

<table>
<thead>
<tr>
<th>Leadership Style of the project manager</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Task-oriented</td>
<td>45</td>
<td>25.20</td>
<td>24.61</td>
<td>3.67</td>
</tr>
<tr>
<td>Relationship-oriented</td>
<td>55</td>
<td>92.34</td>
<td>9.19</td>
<td>1.24</td>
</tr>
<tr>
<td>Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Task-oriented</td>
<td>45</td>
<td>11.71</td>
<td>24.3</td>
<td>3.63</td>
</tr>
<tr>
<td>Relationship-oriented</td>
<td>55</td>
<td>92.21</td>
<td>5.1</td>
<td>0.68</td>
</tr>
<tr>
<td>Turnover</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Task-oriented</td>
<td>45</td>
<td>15.83</td>
<td>19.8</td>
<td>2.95</td>
</tr>
<tr>
<td>Relationship-oriented</td>
<td>55</td>
<td>86.81</td>
<td>9.4</td>
<td>1.27</td>
</tr>
</tbody>
</table>

VI. DISCUSSION

The results of the previous part showed us that the employees who work with a relationship-oriented project manager in comparison with the other group have higher levels of job satisfaction, show a better performance, and express lower tendency to leave their jobs. This finding suggests that relationship-oriented managers are more fitted to the requirements of the project environment. In other words, successful project managers are often relationship-oriented. This result conforms to the findings of some previous studies which claimed that relationship-oriented managers are the best choice to be assigned as project managers (Pinto et al., 1998; Makilouko, 2004; Jacque et al., 2007).

The reason why a project environment needs relationship-oriented managers returns to the specific conditions of project-based works. The basic characteristic of project-based works which distinguishes it from other activities is its temporariness (PMI, 2004)[1]. The temporary nature of a project, results in high degrees of uncertainties which should be handled by the project manager. Stogdill (1974) [46] in his suggested leadership dimensions clarifies that relationship-oriented managers in comparison with task-oriented ones are more able to tolerate high levels of uncertainty; so, it could be concluded that for project management positions, relationship-oriented managers are preferred.

In addition, a direct outcome of the temporary nature of projects is ‘time pressure’ that strongly affects the project employees’ level of job stress and consequently their quality of performance (Maylor, 2010) [3]. Also, as mentioned earlier, the stressful environment of project-based activities, is an important reason for job dissatisfaction among project staff (Chapman, 1998) [4] and so, can result in an increase in the rate of employee turnover (Kryvenda, 2012) [5]. Relationship-oriented style, can help a project manager to reduce job stress and its above-mentioned outcomes (job dissatisfaction, low performance, and high turnover) among project employees by building interpersonal relationships with them which automatically enhances their motivation and level of commitment.

VII. IMPLICATION

One implication of the current study’s findings is that an additional level of precision should be considered by employers when the process of selecting and hiring project managers for projects is going on. Organizations normally spend huge amounts of money on their projects and regarding the constraints in time and budget in a project, identifying those managers who are most likely to be successful project managers becomes a critical point in reducing costs. As this study suggests, relationship-oriented managers are the best candidates to be hired for project management positions.

Another implication of the current study’s findings is that project managers’ style of leadership could be considered as a criterion when employers or business owners intend to assess and interpret project staff’s behavior. For example if the top management of an organization in which a project is being implemented identifies a high rate of turnover among project employees, or when low levels of job satisfaction and job performance is monitored among them, one of the first issues that should be taken into consideration is the project manager’s style of leadership. Task-oriented leadership in project environment could be a key reason of such problems and in critical cases, replacing the project manager with a relationship-oriented one could be a solution.

VIII. CONCLUSION

This study was conducted based on the data collected from 100 project employees. The descriptive analysis of the collected data revealed that the respondents’ age average was 32.5 years old, they had 12.3 years working experience in average, and the majority of them were male. The inferential analysis of collected data using t-test method proved that in all the three dependent variables there is a significant difference between employees of task-oriented project managers and those who work with an relationship-oriented project manager. The results of analysis also revealed that employees of relationship-oriented project managers in all the three areas scored better in comparison with the other group. This finding led us to conclude that relationship-oriented managers more than task-oriented ones are fitted to the conditions of project-based works.
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