LEADERSHIP STYLES AND ORGANIZATIONAL PERFORMANCE IN CONSTRUCTION INDUSTRY IN MALAYSIA

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ABSTRAK

Kertas kerja ini bertujuan untuk membincangkan hubungan antara gaya kepimpinan dengan prestasi organisasi dalam industri pembinaan. Di Malaysia, industri pembinaan merupakan salah satu industri yang memberi sumbangan yang besar kepada pertumbuhan ekonomi negara. Industri pembinaan digambarkan sebagai industri yang "fragmented" dan kompleks di mana pelaksanaan projek pembinaan memerlukan penglibatan pelbagai organisasi yang berbeza. Prestasi industri pembinaan Malaysia dilaporkan berada pada paras yang menurun dan usaha untuk mengenalpasti cara untuk meningkatkannya merupakan inisiatif kajian ini. Gaya kepimpinan oleh seseorang pengurus mampu memimpin ahli projek untuk bekerja bersama-sama sebagai satu pasukan dan mengurangkan hubungan pertentangan di antara mereka untuk mencapai prestasi yang lebih tinggi. Kajian ini bertujuan untuk menilai sejauh mana pengaruh dua gaya kepimpinan iaitu gaya kepimpinan transformasi ("transformational leradership") dan gaya kepemimpinan transaksi ("transactional leadership") kepada prestasi organisasi di dalam industri pembinaan. Instrumen bagi mengukur prestasi organisasi khusus untuk industri pembinaan telah dibangunkan dengan membuat penyesuaian terhadap pengukuran yang diperkenalkan oleh beberapa penyelidik di dalam bidang ini. Syarikat kontraktor dan syarikat perunding adalah rangka pensampelan ("sampling frame") bagi kajian ini yang mewakili industri pembinaan di Malaysia. Senarai populasi telah dibangunkan dari senarai yang disediakan oleh Lembaga Pembangunan Industri Pembinaan Malaysia, Lembaga Jurutera Malaysia, Lembaga Arkitek Malaysia dan Lembaga Juruukur Bahan Malaysia. Sampel dipilih berdasarkan kaedah persampelan berstrata untuk memastikan terdapat wakil sampel bagi setiap kumpulan yang berbeza di dalam populasi ini. Analisa regresi dilakukan di dalam kajian kuantitatif ini untuk menilai perhubungan antara setiap pembolehubah ("variables"). Hasil kajian mendapati bahawa kedua-dua gaya kepimpinan penting dalam menentukan prestasi organisasi yang diwakili oleh prestasi projek dan prestasi perniagaan. Analisa menunjukkan gaya kepimpinan transaksi adalah positif di dalam mempengaruhi prestasi projek, manakala gaya kepimpinan transformasi pula positif di dalam menentukan prestasi perniagaan.

Kata kunci: Gaya Kepimpinan, Industri Pembinaan, Prestasi Organisasi.
Jenis Kertas: Kertas Penyelidikan

1.0 INTRODUCTION

Malaysia's construction industry has seen a continuous growth since the last decade. The industry registered a growth of 5.8 percent in 2009, and subsequently 8.7 percent in 2010 and at 11.2 percent in 2013. When translated these percentages into projects awarded, around 26,300 projects

were awarded valued at RM380 billion. In addition, Malaysia's construction industry has established about 70,000 contractors and employs 1,200,000 workforces that include the professionals, supervisors, skilled and unskilled workers (CIDB, 2015).

Since the 1990s, the construction industry has undergone a series of ups and downs. In the period of 1989 to 1997, the construction sector registered a commendable growth of 14.3 percent as compared to the country's economic growth of 9.2 percent (EPU, 2013). The boom was caused by the implementation of several large-scale projects such as the Kuala Lumpur International Airport, Petronas Twin Towers, Sepang International Circuit and the development of Putrajaya and Cyberjaya which today stand as the country's famous iconic buildings. After this boom period, from 1998 to 2006, the number of construction projects escalated down tremendously as most of the large-scale projects have been completed and the industry was further hurt by the Asian Financial Crisis. During this time, the construction sector grew marginally by only 0.7 percent. The construction of new infrastructure projects between the year 2007 to 2011 resulted in an average growth rate of 5.9 percent. The Government's stimulus package implemented during 2008 and 2009 also played an important role in reviving the construction industry and subsequently the economy as a whole.

The contribution of the construction sector to the GDP has also seen rate fluctuation since 1990s, varying from a high of 4.8 percent in 1997 to a low of 3 percent in 2011 (EPU, 2013). Although the contributions to the GDP is relatively small, construction industry is extensively linked with many other parts of the economy, in particular with related industries such as those for basic metal products and electrical machinery. The linkages are quite strong and in most circumstances exceed the value added by the construction industry itself (Chan and Sundaraj, 2009).

Although it has been emphasized the significant impact of the construction industry on the economy, the performance of construction industry in Malaysia is considered by several scholars as underachieving. A study conducted by Abdul Rahman, Berawi, Berwai, Mohamed, Othman, and Yahya (2006) found that construction projects experienced 49.5 percent delays in completion date. Furthermore, according to Othman, Torrance and Hamid (2006) the average completion time of public road projects between 1999 and 2003 exceeds 37 percent from the original. These figures are much higher compared to the average of 23.3 percent for construction projects in UK (Bordoli and Baldwin, 1998). It is also reported by Ibrahim et al. (2009) that major construction projects in Malaysia exhibit poor performance in the form of structural defects which includes projects like Middle Ring Road 2 and Kuala Lumpur International Airport. In 2009, a major part of the roof construction of the RM270 million Sultan Mizan Zainal Abidin Stadium in Kuala Terengganu collapsed only about a year after the stadium was officially completed. The major cause for the incident was identified to be the design fault and inappropriate use of construction materials. It also stated in the investigation report that one of the causes is due to the incompetence of the project management team in managing a project of such magnitude and complexity (The Star, 2011).

In a different study by Abdul Rahman et al. (2006) found that Malaysia's construction industry was experiencing high project cost escalation. The main cause for this was identified due to the construction material wastage contributed by "*poor workmanship, setting out error, order not meeting specifications, excessive use of materials, material not meeting requirements, breakage in handling materials, improper storage, and misdemeanor*". This is further supported by the Construction Industry Development Board (CIDB) master plan for occupational safety and health (CIDB Master Plan OSHA, 2004) that highlights Malaysia's construction industry is facing problems such as low quality, delays, low productivity, shortage of manpower, poor image and economic volatility.

In a different note, the industry is described as fragmented in nature of which it requires bringing together several entities in a project team for the implementation of a construction project. Such a team demands effective cooperation, communication and a clear set of team goals. It is argued by Larasati and Tsunemi (2009) that the contributing factors to the poor performance of the industry were weakness in leadership among project managers and conflicts among project players. Furthermore, the fragmentation of the industry constantly creates adversarial relationship among project team members. Poor communication induces conflicts among project members which further leads to poor performance. A project manager that adopts an appropriate leadership style is capable in leading this group of people in a project team in achieving project goals.

Taking into accounts the facts and findings of the importance of the construction industry in Malaysia and its current underachieving performance, this research study looked into the aspect of improving the industry in order for it to have greater impact on the country's economic achievement. The identified aspect leadership style which has a direct relationship with the fragmented characteristics of the industry is further explored.

2.0 LITERATURE REVIEW

Leadership Styles

The implementation of a construction project establishes a project team that consolidates members from various organizations with different sets of skills, academic backgrounds and experiences. This setup is short term in nature and disbands when the project finishes. The project team demands for a leadership style adopted by managers that have the capability in effectively lead the team or organization for better performance. Nevertheless, leadership behavior is culturally determined and different from culture to culture (Lok and Crawford, 2004). According to Hofstede (1991) national culture is significant on the impact of leadership on subordinates' performance, which reflects variation from country to country. Hence, justify the needs for a study of the leadership style in the construction industry environment particularly in Malaysia's context.

In the field of leadership study, scholars have identified several leadership styles that have great influence on organizations. They listed out transformational leadership and transactional leadership as the styles of leadership that have the capability in influencing their followers and the climate of their organizations (Keegan and Den Hartog, 2004; Ismail, 2005; Garcia Morales, 2008; and Aragon-Correa et al., 2007). The concept of transformational leadership has gained wide interests among researchers particularly due to its unique motivating and charismatic approach as compared to other leadership styles. In spite of that, the traditional transactional leadership style that emphasizes on exchanges between leaders and followers (Keegan and Den Hartog, 2004) that reinforces appropriate behaviors of subordinates and correct failures when they occur; remain relevant in many organizations. In fact, according to Liu, Liu and Zeng (2011), transactional leadership is more common than transformational leadership in many organizations.

Transactional Leadership Style

Transactional leaders focus on the basis of the 'exchange transaction' between leader and subordinates by offering rewards (or threatens punishments) for the performance of desired behaviors and the completion of certain tasks. Bass (1985) describes transactional leadership style based on two dimensions; contingent reward and management by exception.

The contingent reward dimension according to Bass (1985) generates compliance as subordinates perform assignments as demanded by the leader and organization in order to avoid punishment and

receive reward in the form of satisfactory performance, pay increases, praise and recognitions, better work assignment etc. Leaders, who adopt this approach, establish definitive expectations to be fulfilled by subordinates while maintaining consistent rules, procedures, and norms. This induces better performance as people perform their best when the chain of command is definite and clear (Keegan and Den Hartog, 2004). In addition, such leaders emphasize on existing values and routines and focusing on increasing efficiency in current practices. Furthermore, according to Liu et al. (2011), consistent honoring of transactional agreements builds trust, dependability, and perceptions of consistency with leaders by followers.

Management by exception dimension reflects on the way transactional leaders act when expectations are not fulfilled. This dimension is categorized into two; active and passive. Active management by exception refers to leaders that actively monitor the work of their subordinates, watch for deviations from rules and standards and initiate the appropriate changes to the subordinate's work to make corrections throughout the process (Bass, 1985). This style of leadership requires attentive monitoring of subordinates and focuses more on maintaining stability and meeting expectations rather than enhancing performance. In contrast, passive management by exception describes leaders who intervened only when standards are not met or when performance is not as per expectations (Bass and Avolio, 1994). Such leaders wait for problems to occur before taking action.

Transformational Leadership Style

Bass (1985) defines transformational leadership into four dimensions; individualized consideration, intellectual stimulation, idealized influence and inspirational motivation. Individualized consideration represents "*leaders who provide customized socio-emotional support to followers, while developing and empowering them*" (Antonakis and House, 2002). These types of leaders treat each members of the organization as unique individuals based on their needs and capabilities. They act as a coach or mentor by focusing on the individual's need for achievement and growth. Fulfilling employees' needs and concerns establishes satisfaction among them which leads to a productive working environment.

The intellectual stimulation dimension refers to the behavior by leaders that promote employees' intelligence, knowledge and learning so that they can be innovative in their problem-solving and solutions. Such leaders encourage employees to think "out of the box", treating old problems in new ways even if they have to challenge their own values, tradition and beliefs (Hater & Bass, 1988). This dimension intellectually stimulates followers to learn new concepts, techniques and procedures to empower themselves in individuals. Such leaders promote intelligence and rationality in employees in implementing job assignment and problem-solving. Intellectual stimulation in a leader encourages employees to seek different perspectives in suggesting new and efficient ways in completing assignments and re-thinking of ideas for effective problem-solving solutions (Nguyen and Mohamed, 2011).

Idealized influence dimension is the displays of charismatic characteristics among leaders that generate pride, faith and respect that leaders encourage their workers to have in them, their leaders and their organizations. In its most basic form, idealized influence means becoming a role model. Such leaders are perceived as best at what they do and ideal to which employees or followers aspire. Such charismatic leaders encourage followers' to feel trust, admiration, loyalty, and respect toward them and are motivated to perform extra-role behaviors (Bass, 1985). They encourage subordinates to put in extra effort and to go beyond what they (subordinates) expected before (Burns, 1978) which consequently enhance productivity.

Inspirational motivation refers to leaders' behaviors that motivate members of the organization to attain their goals. Antonakis and House (2002) describe this dimension as "*leaders who inspire and motivate followers to reach ambitious goals that may have previously seemed unreachable, by raising followers' expectations, and communicating confidence that followers can achieve ambitious goals, thus creating a self-fulfilling prophecy*". They develop followers' commitment to a shared organizational vision and inspire them to work harder and smarter to achieve this vision. Such leaders induce followers to go beyond self-interest for the good of the whole group thus creating an atmosphere of teamwork.

Leadership Style in Construction Industry

Effective leadership is vital for every construction company and leadership styles and its practice constitutes important variables having essential role on the success of project management (Atwater and Spangler, 2004). Appropriate leadership approach can shape subordinates' performance in a desirable way and facilitate construction projects to go smoothly. Limsila and Ogunlana (2008) assert that people normally respond well only to appropriate styles of leadership. The right leadership style should be able to "push" subordinates to complete assignments timely and correctly while at the same time, bringing out the best in them.

The unique fragmented characteristics of the construction industry have distinguished it from the other industries. A construction project leader leads a team that consists of members from various organizations grouped into a project team as compared to a manufacturing industry where a project leader is responsible in leading a team that usually consists of members within his/her own organization. Hence, a leadership style that has been endorsed by scholars fit in one industry may not be necessarily effective in the construction industry. This can be further explained by the study conducted by Tabassi and Bakar (2011) that suggest that problems experienced by many construction projects in Iran often contributed by the factor of project managers or leaders. One of the main causes is the insufficient competencies and the traits that projects leaders possess may not fit the nature of their work. Tabassi and Bakar (2011) further suggest that the characteristics of the construction industry which requires teaming up of different organizations for a complete implementation of a construction project has made project administration more complex which demands more highly skilled and experienced leaders. Nguyen et al. (2004) describe that the "*construction work by nature is a daily operation where unpredictable problems occur regularly*" which demands for creativity among project leaders in problem solving. Effective problem solving in construction allows conflicts among project participant will be handled in a more proficient manner which in turn influences the overall performance of the construction project.

A further in-depth understanding specific to the construction industry will offer a notable contribution to the leadership study due to the unique fragmented characteristics of the industry and its distinct project leader-member relationship that may provide a different perspective in terms of the significance of leadership style on performance. Furthermore, leadership behavior is argued by many scholars as culturally determined and different from culture to culture (Lok and Crawford, 2004). Hence studies on leadership style in construction industry in Malaysia's environment will statistically contribute to the body of knowledge in the leadership research field.

3.0 RESEARCH METHOD

The theoretical framework of this research was developed based on the literature reviews of past researches discussed in the earlier part of this paper. The proposed framework (Figure 1) illustrates the logical relationship between the independent and dependent variables. The dependent variable - organizational performance is described by two dimensions – project performance and business performance. In this research, leadership style is the independent variable and its impact to the

organizational performance which is represented by eight dimensions that represents two leadership characteristics namely transformational leadership and transactional leadership styles is examined.

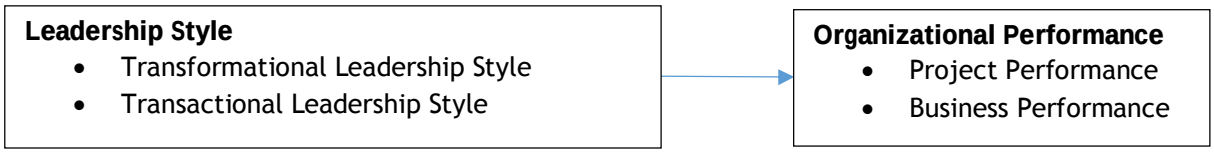

Figure 1: Research Framework

A set of questionnaire survey was developed to elicit the responses of the respondents of this research. The data collection was conducted in the traditional personally administered approach whereby respondents are given a hard copy form of questionnaire and monitored face to face during the survey sessions. The sample organizations were selected from the population list based on the multi-staged stratified samplings of contractors and consultants provided by Construction Industry Development Board (CIDB), Board of Engineers Malaysia (BEM), Board of Architects (BOA) and Board of Quantity Surveyors (BQSM). A total of 378 responses were received.

In this study, organizational performance is the dependent variable. It consists of two dimensions that are (1) project performance and (2) business performance. Project performance dimension measurements are adapted from the work by Chan and Chan (2004), and Almahmoud et al. (2011). The questions were adapted from the study by Pinto et al. (2009) which include the environment and safety elements which bring to a total of ten items. The questions reflect elements of (1) Quality (2) Timeliness (3) Cost (4) Scope (5) Safety and Health (6) Environment (7) Participant's Satisfaction (8) User/client's Satisfaction (9) Value (10) Overall Success.

Business performance on the other hand reflect elements of (1) Profit growth (2) Turnover growth (3) Market share (4) New clients and (5) Repeat business (6) Level of customer satisfaction (7) Overall reputation. The elements will be compared and rated against the organization's competitors over the last three years. These measurement constructs is adapted from the study by Panuwatwanich et al. (2008) and Gunday et al. (2011).

The instruments for leadership style is adopted from the Multifactor Leadership Questionnaire (MLQ 5X) by Bass and Avollio (2004), that has been widely used by many scholars in the leadership research arena in operationalizing the leadership construct. The original instrument consists of eight dimensions; five of which represent the transformational leadership style and three represents transactional leadership style which consists of a total 32 questions. The 8 dimensions are (1) Idealized Influence Attributes (2) Idealized Influence Behavior (3) Inspirational Motivation (4) Intellectual Stimulation (5) Individualized Consideration (6) Contingent Reward (7) Active Management by Exception (8) Passive Management by Exception

4.0 ANALYSIS AND FINDINGS

Regression analyses were performed to analyze the relationships between two or more variables with dependent variable (multiple regressions), in this case, the relationships between leadership styles and organizational performance. Analyses on the relationship of leadership style and organizational performance were separately conducted based on the eight defined dimensions of leadership styles and two dimensions of organizational performance. The r^2 value and the Beta coefficient as well as its significance were analyzed and examined on all of the dimensions relationships as indicated in Table 1.

Table 1: Leadership Styles and Organizational Performance

	Project Performance			Business Performance		
r2		0.196			0.115	
	Std. Error of the Estimate	**Sig. F Change**	**Durbin-Watson**	**Std. Error of the Estimate**	**Sig. F Change**	**Durbin-Watson**
	0.91812	0.000	1.834	0.95534	0.000	1.802
Variable	**B**	**Std. Error**	**Sig.**	**B**	**Std. Error**	**Sig.**
(Constant)	0.000	0.313	0.991	-0.022	0.052	0.675
Idealized Influence Attributes	0.178	0.055	0.001	0.107	0.057	0.060
Idealized Influence Behavior	0.050	0.051	0.325	-0.009	0.053	0.866
Inspirational Motivation	0.054	0.058	0.358	0.143	0.061	0.020
Intellectual Stimulation	0.005	0.065	0.940	0.193	0.067	0.004
Individualized Consideration	0.006	0.059	0.919	-0.005	0.062	0.941
Contingent Reward	0.159	0.069	0.023	-0.024	0.072	0.734
Active Management by Exception	0.142	0.058	0.014	-0.059	0.060	0.331
Passive Management by Exception	0.159	0.069	0.151	-0.172	0.058	0.003

The coefficients of the dimensions of transformational leadership which are idealized influence behavior and individualized consideration are statistically insignificant in explaining the relationships with organizational performance. While idealized influence attributes is significant in influencing project performance, inspirational motivation and intellectual stimulation dimensions are only significant in predicting business performance. Nonetheless, two of the dimensions of the transactional leadership style namely contingent reward and active management by exception are statistically significant only in influencing project performance, but not business performance. In contrast, passive management by exception is indicated to have a significant negative influence on business performance.

Leadership Styles and Organizational Performance

Leaders determine the attainment of the organization goals through the management of the people in their organization by practicing effective leadership style. The significance of leadership styles in prevailing organizational performance is validated by the findings of this research.

Out of the total eight dimensions of leadership style that represents transformational leadership and transactional leadership, three dimensions are identified significant in influencing project performance namely (1) idealized influence attributes (2) contingent reward and (3) active management by exception. Three dimensions are indicated to have significant influence in determining business performance namely (1) inspirational motivation (2) intellectual stimulation and (3) passive management by exception. While idealized influence attributes, inspirational motivation and intellectual stimulation are the dimensions of transformational leadership; contingent reward, active management by exception and passive management by exception are the dimensions of transactional leadership. Two dimensions of the transformational leadership style - idealized influence behavior and individualized consideration are found insignificant in influencing both project and business performance.

In general, the outcome of this study shows that the dimensions of both transformational and transactional leadership style have significant impact in determining organizational performance in construction organization. The fact that human beings are complex entities "*to generate uniform solutions, that apply to all, irrespective of culture, geography, age, sex, religion, and personality factors, is a very difficult job, if not impossible*" (Prabhakar, 2012), demands for flexibility on the leadership style adopted by leaders. Therefore, the outcome of this research ultimately reveals the significance of both transformational leadership and transactional leadership styles influencing in organizational performance in construction industry in Malaysia.

Moreover, the outcome of this study shows that the leadership styles that are significant in influencing project performance differ from the styles that significantly influence business performance. This is supported by Slevin and Pinto (2004) who highlight, it is inaccurate to assume that once a leader identified as possessing a certain style, it is no longer necessary to alter that style for different circumstances or situations. This view can be applied to the finding of this study as members of a construction project team and a construction organization consist of different sets of personnel. While an organization consists of their own personnel, a project team comprises of different members from various organizations (consultants, contractors, clients and suppliers). Hence, explain why two sets of leadership styles are indicated to have significant influences on project performance and business performance.

Idealized Influence Attributes on Project Performance

The outcome of this study supports the significance of idealized influence attributes dimension in predicting project performance. Leaders with idealized influence attributes are described as those who possess charismatic personalities and are perceived as role models. Such leaders display the leadership qualities that encourage followers' to feel trust, admiration, loyalty, and respect toward them and are motivated to perform extra-role behaviors. Role models provide mockup characteristics for followers to imitate that allow for such leaders to demonstrate the qualities in managing project that lead to improved project performance. Efforts and strategies for superior performance can be easily implemented.

Prabhakar (2012) supports the significance of idealized influence attributes on project performance who highlights project manager with such characteristics is seen to be a strong, positive role model by the project team and exercising little managerial authority in the effort of achieving project objectives. In certain extent, the leader even manages to drive project members to put in extra effort and to go beyond the expectations (Slevin and Pinto, 2004). Consequently, the aim for greater project performance can be achieved through this leadership approach which vindicates the outcome of this study.

Contingent Reward on Project Performance

It is revealed in this study that transactional leaders with contingent reward characteristics have a significant impact on influencing project performance. The outcome of this study can be associated with the approach of this type of leadership which is based on a bargaining exchange system in which the leaders instill clear chain of commands to the subordinates and their compliance in fulfilling the tasks assigned is rewarded in the form of recognition and compensation. These characteristics of a leader support one of the project management knowledge areas (PMI, 2009) that demands for project members to have full understanding of the project scope. Such leaders ensure project members to have clear definition the project objectives and goals in order for the exchange system between the leader and subordinates to effectively execute. Hence, the established project environment suits a contingent reward leader to effectively lead the team to achieve project success.

Active Management by Exception on Project Performance

It is revealed in this study that active management by exception characteristics among leaders in construction industry have significant positive influence on project performance. Leaders who practice active management by exception style focus on monitoring errors and deviations from the standards and norms. Such leaders were reiterated by scholars to favor stability. This type of leader specifies the standards for compliance, as well as what constitutes ineffective performance. They closely monitors for mistakes and errors and then taking corrective action as quickly as needed.

The characteristics of this type of leadership can be associated with the nature of the construction industry as described by Nguyen et al. (2004) that "construction work is a daily operation where unpredictable problems occur regularly" which requires leaders have to frequently involve in dealing with problems, demands for active management by exception leadership style. Such leaders constantly monitor problems and issues arise and execute the appropriate corrections throughout the process. As a result, through experience, they gain wide knowledge in effectively identifying project errors and problems as well as executing the appropriate solutions that leads to achieving project performance.

Inspirational Motivation on Business Performance

This study revealed the positive influence of inspirational motivation dimension of transformational leadership on business performance. This leadership characteristic is defined as leaders who inspire and motivate organization members to attain their goals or even beyond. Such leaders set higher expectations and greater confidence on their subordinates in achieving ambitious target. It is apparent that such leaders will bring their organization to greater distinctive goal triumphs that set them apart from other ordinary organizations.

This type of leaders is capable in inspiring and motivating their subordinates to aim for greater targets that have previously seemed unreachable. As a result, members of the organization become highly committed, work harder and smarter that ultimately brings the organization to superior performance. Hence explains the outcome of this study and is supported by Barling et al. (1996) and Antonakis and House (2002).

Intellectual Stimulation on Business Performance

Intellectual stimulation dimension among leaders is described as the characteristics of leaders that promote their subordinates to go against the norms and explore new concepts, techniques and procedures. They encourage members of their organization to view every problem at different angles and to seek new and efficient ways in problem solving (Hatter and Bass, 1998). The characteristics of intellectual stimulation that encourage members of an organization to think 'out of the box' and stimulate their intelligent to explore new ideas allows for such organization to find effective ways in gaining greater growth, profit and market share which reflects on the business performance. These characteristics justify the outcome of this study that reveals the significance of intellectual stimulation in influencing business performance and is supported by several scholars such as Crawford et al. (2005), Nguyen and Mohamed (2011) and Tabassi and Bakar (2011).

Passive Management by Exception on Business Performance

In contrast to the other leadership dimensions that promote proactive actions by leaders, passive management by exception dimension describes the characteristics of leaders who intervened only when standards are not met or when performance is not as per expectations (Bass and Avolio,

1994). This research shows that such characteristics of leadership have negatively impact on business performance.

Leaders that practice this type leadership characteristic spends more time on corrective actions of which they wait for incompliance of standards and problems to occur before actions to be taken. In such consequences, problem solving requires more investments of resources. For example, in a construction project, allowing for incompliance in material specifications or fault in the method of installation to occur exposes the construction to a total demolition and demands for reconstruction. This corrective action demands allocation of additional time, cost and manpower that eats up profit margins and usually introduces negative perceptions and reputation of the organization, ultimately reflect negatively on the organization's business performance. Thus, explains the ineffectiveness of passive management by exception and it is supported by several scholars like Lok and Crawford (2004), Bazier (2005) and Limsila and Ogunlana (2008).

5.0 CONCLUSION

By drawing attention to the aspects of leadership style and uncovering the mechanisms for enhancing organizational performance, this study sheds additional light on the implications of fostering the appropriate leadership styles within the construction industry context. This study highlights the importance of managers in this industry to opt for the appropriate leadership style as it is critical in determining both project and business performance. Furthermore, this research provides a contribution to the leadership research arena as the findings suggest that both transformational and transactional leadership styles have specific influences on certain aspects of organizational performance. Several leadership dimensions have been recognized to have influential effect on organizational performance. This study provides guidelines for managers in construction organization to adopt the effective leadership characteristics in managing members in their organization or project teams for greater performance. Project performance can be significantly improved if its project managers are encouraged, trained and developed with the relevant leadership skills. Hence, harnessing the appropriate leadership characteristics among managers shall be one of the main organizational strategies for success.

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