

Transformational leadership in contemporary projects: A review of its impact on success and team performance (2020-2025)

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ABSTRACT

This review explores the role of transformational leadership in influencing project success and team performance, focusing on literature published between 2020 and 2025. Transformational leadership, characterized by idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration, is increasingly recognized as a determinant of project outcomes. The findings indicate that transformational leadership enhances project success by fostering team empowerment and collaborative problem-solving and innovation, while simultaneously strengthening team performance through improved communication, adaptability, and motivation. The review identifies gaps in longitudinal and experimental studies, especially within virtual project environments, and emphasizes the importance of contextual factors such as culture, trust, and team climate. Practical implications for project managers and organizations are also discussed, highlighting the value of adaptive leadership in multicultural and remote project teams. Evidence from 2020 to 2025 highlights its role in enabling project teams to navigate complexity and achieve better outcomes. Contextual factors such as culture, trust, and team climate further shape the effectiveness of transformational leadership. Therefore, it is recommended that future studies adopt longitudinal and experimental designs and explore diverse project settings, including virtual and multicultural teams. Project managers should also apply transformational leadership behaviors that build trust, promote innovation, and strengthen team cohesion, while organizations invest in leadership development programs to ensure adaptive, high-performing, and resilient project teams.

Keywords: Organizational Behavior, Project Management, Project Success, Team Performance, Transformational Leadership

I. INTRODUCTION

Leadership plays a central role in determining project outcomes, with transformational leadership emerging as one of the most influential approaches in project management literature (Zhu et al., 2021). Transformational leadership emphasizes motivating and inspiring followers to transcend their self-interest for the achievement of collective goals (Bass & Riggio, 2021). The increasing complexity of projects, combined with globalization, digital transformation, and multicultural teams, necessitates leadership styles that foster adaptability and team cohesion (Nguyen et al., 2023). Despite the growing body of evidence linking transformational leadership to project success and team performance, scholarly discussions continue to reveal gaps regarding contextual moderators, methodological limitations, and practical applications. This review synthesizes recent studies to critically examine the role of transformational leadership in driving project success and enhancing team performance. Although previous studies have explored various mediators linking transformational leadership to project success at the individual level, scholars increasingly emphasize the need for a more comprehensive exploration of team-level mechanisms (Ahmad et al., 2022, Fareed et al., 2022). Given that teams have become the core operational units in project-based organizations (Liu et al., 2022), research has highlighted constructs such as team-building and teamwork quality as facilitators of leadership effectiveness in projects (Pavez et al., 2021). However, there has been limited research on culture, trust and team climate between transformational leadership and project success.

To address this gap, this study reviews contextual factors of culture, trust and team climate. Unlike team-building and teamwork quality, which primarily enhance intra-team coordination, team culture serves as a proactive adaptation process, enabling teams to engage in collective reflection before challenges arise (Liu et al., 2025). Conversely, trust functions as a reactive adaptation activated when teams face challenges and adversity (Pavez et al., 2021). Where reflexivity may fail to anticipate certain challenges, team climate provides the necessary alternative for teams to respond effectively to unforeseen circumstances. By integrating both proactive and reactive adaptation processes, this review offers a more holistic perspective on how transformational leadership influences project success.

In addition, Transformational leaders foster a culture of continuous learning, encouraging teams to embrace setbacks as opportunities for growth and improvement (Sahin & Bilir, 2024). Through observational learning mechanisms, team members internalize leaders' coping strategies when confronting adversities. Project team culture operates as a behavioral adaptation process that allows teams to recover from operational failures and sustain

performance efficacy under volatile conditions (Pavez et al., 2021). Moreover, the relationship between team culture and team climate is well established (Pavez et al., 2021). Consequently, this review also seeks to explore the aspect of trust between transformational leadership and project success.

Summarily, this review is on how transformational leadership in contemporary projects impacts project success and team performance. It makes two primary contributions to literature by establishing how culture, trust and team climate function as critical mechanisms linking transformational leadership to project success. It also deepens the understanding of how transformational leadership fosters project success by analyzing the dynamic interplay between leadership behaviors, team reflexivity, and team climate.

1.1 Statement of the Problem

Transformational leadership is acknowledged for its contribution to project performance, its influence on project success remains understood within the contemporary projects. Studies show that transformational leaders build team competence through mentoring, training, and modelling desired behaviors (Liu et al., 2021), while also fostering innovation, risk-taking, and proactive problem-solving among project members (Fareed et al., 2022; Ahmad et al., 2022). These practices strengthen team resilience and adaptability, qualities that are critical for team performance in uncertain project contexts.

Despite these theoretical foundations, significant empirical gaps persist. Much of the research on transformational leadership has been conducted in general organizational settings, leaving limited evidence on how it directly shapes team resilience and project outcomes. Although scholars highlight that transformational leadership enhances trust, collective efficacy, and learning from adversity (Jiang et al., 2024; Han et al., 2024), the pathways through which these psychological and behavioral processes contribute to sustained project success are not clearly established. Contextual factors such as team culture, trust, and team climate may further influence how transformational leadership operates, yet these remain underexplored, even though project environments differ substantially in their cultural and relational dynamics (Sahin et al., 2024).

Inadequacy of clarity limits the practical application of transformational leadership principles in contemporary project. While transformational leadership is assumed to enhance project success by building resilient, cohesive, and adaptive teams, the specific interactions among leadership behaviors, team culture, trust, and team performance are not sufficiently defined. As a result, project managers lack evidence-based guidance on how transformational leadership can be leveraged to consistently drive successful project outcomes. It is on this breathe that a need for empirical review to clarify how contextual factors—such as trust, team climate, and project team culture—shape the relationship between transformational leadership and project success in contemporary projects.

1.2 Research Objective

To examine how transformational leadership practices influence project success and team performance in contemporary project environments between 2020 and 2025.

II. METHODOLOGY

2.1 Desk Review Approach

This review adopts a desk-based integrative approach to evaluate empirical studies on transformational leadership, project success, and team performance. The goal was to synthesize findings across diverse contexts. The approach involves consolidating findings from multiple independent studies to generate a comprehensive understanding of how transformational leadership operates across different project environments. By integrating diverse perspectives, methodologies, and contexts, the review seeks to identify patterns, theoretical consistencies, and unresolved gaps in the literature. This method is particularly suited for synthesizing contemporary research, as it enables the extraction of broader insights without the constraints of primary data collection.

2.2 Data Sources

Databases including Scopus, Web of Science, and Google Scholar were searched for peer-reviewed journal articles published between 2020 and 2025. A structured search strategy was implemented using reputable academic databases to ensure broad and credible coverage of current research. The databases consulted included Scopus, Web of Science, and Google Scholar, all of which provide access to high-impact, peer-reviewed scholarly publications. Searches targeted articles published between 2020 and 2025 to capture the most recent developments in leadership research and contemporary project management practices.

2.3 Inclusion and Exclusion Criteria

Inclusion criteria consisted of peer-reviewed articles, empirical studies, and meta-analyses within project management settings. Excluded from analysis were non-peer-reviewed materials, opinion pieces, purely theoretical or conceptual papers lacking empirical evidence, and studies focused on unrelated fields where project management was not a central component. This filtering process ensured that the selected literature directly contributed to the research focus.

2.4 Synthesis and Analysis

A thematic synthesis approach was employed, categorizing findings into themes such as direct effects, mediators, moderators, and team processes. Quality assessment was guided by methodological rigor and relevance. A thematic synthesis approach was utilized to analyze the selected studies, allowing the review to group findings into meaningful categories aligned with the research objectives. The themes were organized around the direct effects of transformational leadership on project outcomes, mediating mechanisms such as team trust, motivation and resilience, moderating factors including team climate and organizational culture, and broader team processes that influence performance. Each study was assessed for methodological rigor, sample relevance, analytical robustness, and contextual applicability. The synthesis facilitated the identification of dominant trends, contradictory findings, and research gaps, forming the basis for the study's conclusions and recommendations.

III. FINDINGS & DISCUSSION

3.1 Transformational Leadership and Project Success

Transformational leadership is a leadership style that motivates members to transform their beliefs and values to increase their performance over self-interest and prioritize the organization's needs (Shao et al., 2022). Transformational leadership theory, which Burns proposed in 1978, envisions as the ideal relationship between team members and project Implementers. Bass developed the theory into the research of organizations, stating that transformational leadership could encourage members to sacrifice their personal interests by allowing them to recognize the importance of their task. Based on this research, a lot of effort has been made by numerous scholars to study transformational leaders' characteristics and their positive effects on organizational outcomes. Since then, transformational leadership has acquired wide acceptance in leadership studies and project management (Zimmermann et al., 2020). Transformational leadership positively impacts project team performance by developing team members' skills and acting as performance models. Transformational leaders prioritize the development of team members by providing training, mentoring, and growth opportunities, which equip individuals with the necessary skills to handle adversity (Zhu et al., 2021). This focus on skill-building not only enhances individual competencies but strengthens collective team performance. By empowering team members through skill development, transformational leaders contribute to building a resilient team capable of overcoming uncertainty. Additionally, transformational leaders foster a culture where risk-taking and innovation are seen as positive responses to adversity (Fareed et al., 2022). Team members observe how their leader handle challenges and are encouraged to adopt similar strategies (Ahmad et al., 2022). Leaders model how setbacks can be viewed as learning experiences, thereby promoting a growth mindset within the team. This process of modeling behaviors, reinforced by feedback and social support, encourages team members to approach difficulties proactively rather than defensively. A resilient project team is better equipped to handle the dynamic nature of contemporary projects. Fareed et al. (2022) emphasize, robust project team culture enables teams to effectively adapt to challenges and stay on track toward achieving project goals. Thus, project team culture directly contributes to project success by fostering the capacity to overcome obstacles and sustain performance. In addition, when a project team encounters unexpected challenges, its ability to contain and recover from these difficulties is vital for maintaining project success. Jiang et al. (2024) suggests that overcoming adversity boosts collective efficacy beliefs, which increases team trust in the face of future obstacles. Additionally, successful recovery serves as a learning opportunity, where team members observe and replicate problem-solving behaviors through observational learning. This cyclical process of recovery and learning fosters trust and enhances the team's ability to solve problems effectively.

Transformational leaders act as models, exhibiting culture behaviors and trust that team members can observe and emulate (Han et al., 2024). This observational learning process is particularly efficacious due to the reverence and esteem typically accorded to transformational leaders Jiang et al. (2024). Further assertion is made by Sahin and Bilir (2024) who observes that by fostering innovative thinking and encouraging cognitive diversity transformational leaders strengthen the team's ability to anticipate and adapt to challenges. Furthermore, by enhancing team members' trust and confidence, transformational leaders reinforce the collective belief in the team's capability to overcome adversity. As a result, the team develops greater resilience, enabling it to effectively manage stressors and maintain stability in contemporary project (Jiang et al., 2024). Trusted teams demonstrate the ability to contain and recover from setbacks, maintaining performance stability in dynamic project environments (Han et al., 2024). Their capacity to withstand and

overcome stressors enables the sustainment of long-term project success (Sahin & Bilir, 2024). By fostering resilience through their leadership behaviors, transformational leaders create an adaptive team culture, equipping members to better manage the complexities inherent in project environments. Ultimately, this cultivated culture serves as a crucial driver of project success to contextual factors such as culture, trust and team climate and project team performance between transformational leadership and project success.

3.1.1 Direct Effects

Evidence from Recent Empirical and Meta-Analytical Studies

Recent empirical and meta-analytical studies consistently demonstrate that transformational leadership exerts significant direct effects on project outcomes in contemporary project settings. Evidence from research conducted between 2020 and 2025 shows that transformational leaders positively influence key project success indicators such as timely delivery, quality performance, stakeholder satisfaction, and overall project efficiency. These leaders provide clear vision, articulate high expectations, and inspire commitment, which directly enhance team focus and alignment with project goals. Meta-analytical findings further confirm that transformational leadership is strongly associated with improved team performance, heightened motivation, and greater adaptability, particularly in dynamic and technology-driven project environments. Overall, the direct effects highlight that transformational leadership remains a powerful predictor of project success independent of mediating or contextual factors, reinforcing its relevance in modern project management practice.

3.1.2 Mediators and Team Level Mechanisms

Empowerment, Self-leadership, Team-building and Team Quality

Empowerment, trust, and collaboration mediate the relationship between transformational leadership and project success (Liu et al., 2022). Leaders who foster autonomy encourage self-leadership and proactive problem-solving (Nguyen et al., 2023). Mediators and team level mechanisms play a central role in explaining how transformational leadership translates into project success. Recent studies show that empowerment, trust, and collaboration function as critical mediators that strengthen the influence of transformational leader on project outcomes (Liu et al., 2022). By cultivating a climate of psychological empowerment, transformational leaders enable team members to exercise autonomy, take initiative, and engage in self-leadership, which enhances their capacity for proactive problem-solving in complex project environments (Nguyen et al., 2023).

Trust further reinforces these behaviors by creating a secure relational climate where individuals feel valued and confident in sharing ideas, while collaboration supports knowledge exchange and coordinated action. Together, these mediating mechanisms reveal that the effectiveness of transformational leadership is not solely derived from leader behaviors but also from the dynamic interpersonal processes they activate within teams.

3.1.3 Contextual Moderators

Culture, Team Climate, Trust and, Emotional Intelligence

Recent empirical and meta-analytical studies consistently demonstrate that transformational leadership exerts significant direct effects on project outcomes in contemporary project settings. Evidence from research conducted between 2020 and 2025 shows that transformational leaders positively influence key project success indicators such as timely delivery, quality performance, stakeholder satisfaction, and overall project efficiency. These leaders provide clear vision, articulate high expectations, and inspire commitment, which directly enhance team focus and alignment with project goals. Meta-analytical findings further confirm that transformational leadership is strongly associated with improved team performance, heightened motivation, and greater adaptability, particularly in dynamic and technology-driven project environments. Overall, the direct effects highlight that transformational leadership remains a powerful predictor of project success independent of mediating or contextual factors, reinforcing its relevance in modern project management practice.

Contextual moderators such as organizational culture, team climate, trust, and emotional intelligence significantly shape the strength and direction of the relationship between transformational leadership and project outcomes in contemporary project environments. Studies show that supportive and innovative-oriented cultures amplify the positive effects of transformational leadership by encouraging openness, shared learning, and risk-taking (Kim & Park, 2021). A positive team climate—characterized by cohesion, psychological safety, and open communication further enhances leaders' ability to inspire, motivate, and align team members around project goals (Muriithi & Ahn, 2023). Trust functions as a critical contextual buffer, allowing team members to respond more strongly to leaders' vision and guidance, thereby increasing commitment and performance (Liu et al., 2022). Additionally, leaders with high emotional intelligence are better positioned to understand team needs, manage conflict, and foster deeper relational bonds, which strengthens the impact of transformational behaviors on project success (Rahman & Al-Khalifa, 2024). Collectively,

these moderators reveal that transformational leadership is most effective when embedded within supportive socio-emotional and cultural contexts that enable teams to internalize and act on transformational cues.

3.2 Transformational Leadership and Team Performance

Transformational leadership has been widely shown to enhance team performance in contemporary project environments, particularly where teamwork, innovation, and rapid decision-making are essential. Empirical studies conducted between 2020 and 2025 demonstrate that transformational leaders strengthen team performance by articulating a compelling vision, stimulating intellectual engagement, and fostering a climate of psychological safety that encourages knowledge sharing and collaboration (Alharbi & Zakaria, 2020). Such leaders also model high ethical standards and individualized consideration, which increases team cohesion, mutual support, and collective efficacy—factors strongly linked to improved project team outcomes (Hwang et al., 2021). Furthermore, recent evidence highlights that transformational leadership boosts team adaptability and resilience, enabling members to navigate uncertainty and project complexity more effectively (Liu et al., 2022). Emotional intelligence plays a reinforcing role, with leaders who exhibit strong emotional awareness promoting better conflict management, motivation, and team harmony, ultimately translating into superior team performance (Nguyen et al., 2023). Overall, the literature affirms that transformational leadership remains a critical determinant of high-performing project teams in modern project contexts.

3.2.1 Empowerment and Motivation

Transformational leadership enhances team motivation by inspiring members to align with organizational goals, leading to improved productivity and cohesion (Ali et al., 2023). Empowerment and motivation are central mechanisms through which transformational leadership enhances team effectiveness in contemporary project environments. Transformational leaders empower team members by delegating authority, encouraging autonomy, and fostering a sense of ownership over project tasks, which strengthens individual confidence and decision-making capacity (Alharbi & Zakaria, 2020). This empowerment cultivates intrinsic motivation, as team members feel trusted, valued, and capable of contributing meaningfully to project goals. Studies conducted between 2020 and 2025 further indicate that leaders who articulate a compelling vision and provide intellectual stimulation elevate employees' internal drive to perform beyond expectations, particularly in dynamic and uncertain project settings (Hwang et al., 2021). By creating a supportive psychological climate and recognizing individual contributions, transformational leaders activate motivational processes that enhance creativity, persistence, and proactive behaviour (Nguyen et al., 2023). Overall, empowerment and motivation operate as key conduits through which transformational leadership strengthens team capacity, commitment, and sustained high performance in modern project contexts.

3.2.2 Team Processes

Communication, Cohesion and Coordination

Effective communication, trust, and coordination are strengthened under transformational leadership, resulting in better problem-solving and performance (Hwang et al., 2021). Team processes play a pivotal role in shaping the relationship between transformational leadership and successful project outcomes, particularly in complex and collaborative work environments. Transformational leaders enhance team processes by fostering open communication, establishing clear role expectations, and promoting a shared vision that aligns individual efforts with collective goals (Shao et al., 2022). These leaders also encourage knowledge sharing, joint problem-solving, and constructive feedback loops, which strengthen team coordination and adaptability critical elements for managing dynamic project conditions (Liu et al., 2022). Additionally, transformational leadership cultivates psychological safety, enabling team members to voice concerns, experiment with new ideas, and engage in high levels of interpersonal cooperation without fear of negative repercussions (Rahman & Al-Khalifa, 2024). Such supportive conditions improve cohesion, trust, and mutual accountability, thereby elevating overall team efficiency and performance. Evidence from recent studies indicates that robust team processes amplify the positive effects of transformational leadership, making them essential mechanisms for achieving high-performing contemporary project teams.

3.2.3 Adaptability, Reflexivity and Innovative

Creativity, Problem-solving and Resilience

Transformational leaders encourage reflexivity and innovation, helping teams adapt to dynamic project environments (Nguyen et al., 2023). These behaviors foster resilience during uncertainty. Adaptability, reflexivity, and innovation are critical mechanisms through which transformational leadership drives superior project outcomes. Transformational leaders foster adaptability by encouraging teams to respond flexibly to changing requirements, emerging risks, and dynamic stakeholder expectations (Nguyen et al., 2023). Reflexivity in the capacity of teams to critically evaluate their processes, assumptions, and performance enhances learning, continuous improvement, and problem-solving under transformational leadership (Liu et al., 2022). Simultaneously, innovation is stimulated when

leaders provide intellectual stimulation, promote creative thinking, and cultivate psychological safety, enabling experimentation with novel approaches without fear of failure (Rahman & Al-Khalifa, 2024). Studies show that transformational leadership's encouragement of adaptability, reflexivity, and innovation not only improves team performance but also strengthens project success in environments characterized by uncertainty, technological advancement, and competitive pressures.

3.3 Boundary Conditions and Critiques

While transformational leadership has been widely recognized as a powerful driver of project success and team performance, recent studies highlight important boundary conditions and critiques that moderate its effectiveness. Contextual factors such as organizational culture, team climate, trust, and emotional intelligence significantly influence the extent to which transformational leadership translates into positive outcomes (Rahman & Al-Khalifa, 2024). For instance, in highly rigid or hierarchical cultures, transformational behaviors may be constrained, limiting the capacity of leaders to empower and motivate teams (Alharbi & Zakaria, 2020). Similarly, teams with low cohesion or weak psychological safety may not respond optimally to transformational leadership, highlighting the moderating role of team-level conditions (Hwang et al., 2021). Critiques of transformational leadership also emphasize its potential overreliance on leader charisma, which may overshadow the development of structural processes or lead to dependency on the leader (Liu et al., 2022). Additionally, some scholars argue that the universality of transformational leadership is context-dependent; what works in one project environment may not generalize to others, particularly across diverse cultural and technological settings (Nguyen et al., 2023). These critiques and boundary conditions underscore the need for a nuanced understanding of transformational leadership, emphasizing that its effectiveness is contingent upon both contextual and relational factors within project teams.

3.3.1 Culture and Organizational Moderators

Critiques highlight cultural and organizational moderators that constrain the universality of transformational leadership (Zhu et al., 2021). Virtual project settings also reveal limitations, where lack of face-to-face interaction weakens leader influence (Shao et al., 2022). Methodological concerns such as reliance on cross-sectional data and potential construct overlap with transactional leadership persist (Müller et al., 2022). Cultural and organizational factors serve as critical moderators in the relationship between transformational leadership and project outcomes, influencing the degree to which leadership behaviors translate into team performance and project success. Empirical evidence suggests that organizational culture, including innovation orientation, hierarchy, and support for learning, can either amplify or constrain transformational leadership effectiveness (Alharbi & Zakaria, 2020; Rahman & Al-Khalifa, 2024).

In cultures that value collaboration, open communication, and employee empowerment, transformational leaders are more likely to inspire engagement, motivate team members, and foster innovative solutions, resulting in higher project performance. Conversely, in rigid or highly hierarchical organizational contexts, transformational behaviors may be limited by structural constraints, reducing leaders' ability to empower and motivate their teams effectively (Hwang et al., 2021). Cross-cultural differences also shape the perception and impact of transformational leadership; leaders who exhibit cultural intelligence and adapt their style to diverse team norms and values enhance trust, cohesion, and knowledge sharing among multicultural teams (Nguyen et al., 2023). These findings underscore the importance of considering both cultural and organizational moderators when evaluating the effectiveness of transformational leadership in contemporary project environments, highlighting the context-dependent nature of leadership impact.

3.3.2 Limitations in Virtual/Remote Contexts

Transformational leadership faces distinct limitations in virtual and remote project environments. First, the reduced richness of computer-mediated communication weakens leaders' ability to convey core behaviors such as idealized influence and inspirational motivation, which typically rely on face-to-face presence, emotional cues, and relational immediacy (Purvanova, 2021). The absence or delay of non-verbal feedback tone, facial expressions, and gestures can hinder trust-building and reduce the leader's capacity to accurately gauge team morale and individual needs (Zimmermann et al., 2020). In addition, virtual settings often lead to communication overload, digital fatigue, and fragmented interactions, which complicate individualized consideration and diminish opportunities for informal mentorship (Liao, 2022). Remote work also amplifies cultural and temporal differences across globally distributed teams, making it harder for transformational leaders to create shared vision, collective identity, and psychological safety (Plotnick et al., 2023). Finally, technological disparities, unequal access, skills, or reliability can further constrain leaders' influence and weaken the consistency of transformational behaviors across the team.

3.3.3 Methodological Concerns

Common Method Bias

Research on transformational leadership and project outcomes often relies heavily on self-reported or single-source survey data, raising concerns about common method bias (CMB). When predictors and outcomes are collected from the same respondents at the same time, the observed relationships may be artificially inflated due to shared measurement context rather than true theoretical associations (Podsakoff et al., 2012). Factors such as social desirability, consistency motifs, and respondents' mood states can distort results, making transformational leadership appear more strongly related to team performance or project success than it is. Many studies inadequately address CMB, often relying solely on post-hoc statistical checks such as Harman's single-factor test, which is insufficiently sensitive. Methodological rigor can be enhanced by using multi-source data by collecting leadership ratings from team members and performance outcomes from supervisors, temporal separation of measures, or statistical techniques such as latent method factor modeling to minimize CMB risks.

Construct Overlap

Another methodological concern arises from construct overlaps between transformational leadership and related concepts such as empowering leadership, ethical leadership, or charismatic leadership. These leadership constructs often share conceptual domains—e.g., vision communication, motivation, and individualized support which can lead to redundancy in measurement instruments. Overlapping items blur theoretical boundaries, making it difficult to attribute observed effects specifically to transformational leadership. This overlap reduces discriminant validity and increases the likelihood of multicollinearity in regression and structural equation models, thus complicating interpretation. In project contexts, where leadership behaviors interact with team dynamics, context variables, and task characteristics, construct contamination may inflate or mask the true relationships between transformational leadership and project outcomes. To address this, scholars emphasize using validated measurement tools, conducting confirmatory factor analyses to test discriminant validity, and integrating theoretically distinct constructs into more comprehensive leadership models.

3.4 Synthesis and Directions for Future Research

The reviewed studies affirm that transformational leadership enhances both project success and team performance. However, gaps remain in longitudinal and experimental designs that could better establish causality. Future research should explore hybrid and virtual project teams, cross-cultural comparisons, and industry-specific applications. The reviewed literature from 2020 to 2025 demonstrates that transformational leadership exerts a profound influence on project outcomes and team performance through mechanisms such as empowerment, motivation, team processes, adaptability, reflexivity, and innovation (Alharbi & Zakaria, 2020; Liu et al., 2022; Nguyen et al., 2023; Rahman & Al-Khalifa, 2024). Evidence consistently indicates that transformational leaders enhance team cohesion, psychological safety, and proactive problem-solving, resulting in improved project efficiency, effectiveness, and overall success. However, the literature also highlights several boundary conditions, including organizational culture, team climate, trust, and emotional intelligence, which moderate the effectiveness of transformational leadership and underscore its context-dependency (Hwang et al., 2021; Rahman & Al-Khalifa, 2024). Critiques point to potential overreliance on leader charisma, challenges in sustaining influence across diverse cultural and technological environments, and gaps in understanding long-term impacts on project sustainability and innovation (Liu et al., 2022; Nguyen et al., 2023).

Future research should explore how transformational leadership interacts with emerging digital tools and hybrid project structures, particularly in technology-intensive and multicultural teams. Longitudinal studies are recommended to assess the enduring effects of transformational behaviors on team resilience, innovation, and project sustainability. Additionally, there is a need to investigate context-specific moderating variables, such as sectoral differences, virtual team dynamics, and organizational complexity, to provide a more nuanced understanding of when and how transformational leadership produces optimal outcomes. By addressing these gaps, future studies can inform evidence-based leadership practices that enhance project performance, team effectiveness, and adaptability in increasingly volatile, uncertain, complex, and ambiguous (VUCA) project environments.

3.5 Practical Implications

The accumulated evidence on transformational leadership offers several practical implications for project managers, organizations, and policymakers aiming to enhance team performance and project success in contemporary environments. First, leaders should prioritize empowerment and motivation strategies, such as delegating authority, fostering autonomy, and recognizing individual contributions, to enhance intrinsic motivation and proactive engagement among team members (Alharbi & Zakaria, 2020; Nguyen et al., 2023). Second, cultivating robust team processes, including open communication, knowledge sharing, and coordinated problem-solving can translate transformational behaviors into tangible improvements in project performance, particularly in complex and dynamic settings (Hwang et

al., 2021; Liu et al., 2022). Third, organizations should consider context-specific factors, such as culture, team climate, and emotional intelligence, when designing leadership development programs, as these moderators significantly influence the effectiveness of transformational leadership (Rahman & Al-Khalifa, 2024). Additionally, fostering adaptability, reflexivity, and innovation within teams is essential for responding to rapidly changing project demands and technological advancements. Practically, this may involve training leaders to provide intellectual stimulation, encourage reflective practices, and support creative experimentation. By implementing these evidence-based strategies, organizations can create high-performing project teams that are resilient, innovative, and capable of achieving sustainable project outcomes in volatile, uncertain, complex, and ambiguous (VUCA) environments.

IV. CONCLUSION

4.1 Conclusion

The review concludes that contemporary projects require transformational leadership for both project success and team performance. Its ability to inspire, motivate, and develop team members enables project teams to navigate complexity and achieve superior outcomes. However, existing research remains constrained by methodological limitations and insufficient exploration of contextual variables that influence leadership effectiveness. Strengthening future studies through longitudinal designs, experimental approaches, and a focus on virtual and multicultural project teams will provide a more comprehensive understanding of how transformational leadership operates across different contexts. Overall, organizations and project managers stand to benefit greatly from adopting transformational leadership practices that cultivate empowered, innovative, and high-performing teams.

Recap of Main Message

The literature from 2020 to 2025 demonstrates that transformational leadership significantly influences project outcomes by enhancing team performance, motivation, empowerment, adaptability, reflexivity, and innovation (Alharbi & Zakaria, 2020; Liu et al., 2022; Nguyen et al., 2023). Transformational leaders foster psychological safety, knowledge sharing, and creative problem-solving, which contribute to improved team cohesion, efficiency, and overall project success. Team processes and contextual moderators, including organizational culture, trust, team climate, and emotional intelligence, further determine the effectiveness of transformational leadership, emphasizing that its impact is contingent upon both team- and organization-level factors (Hwang et al., 2021; Rahman & Al-Khalifa, 2024).

Final Remarks on the Importance and Context-Sensitivity of Transformational Leadership in Projects

Transformational leadership is both highly important and context-sensitive in contemporary project settings. Leaders who adapt their behavior to cultural, organizational, and technological contexts are better positioned to achieve sustained project success, particularly in remote, multicultural, and complex environments. By integrating empowerment, innovation, and adaptive strategies, transformational leaders enhance team resilience, engagement, and long-term sustainability. These findings highlight the necessity for organizations to develop leadership development programs that are sensitive to contextual nuances, equipping leaders to navigate volatile, uncertain, complex, and ambiguous (VUCA) project landscapes effectively (Rahman & Al-Khalifa, 2024; Nguyen et al., 2023).

4.2 Recommendations

Project managers should also apply transformational leadership behaviors that build trust, promote innovation, and strengthen team cohesion, while organizations invest in leadership development programs to ensure adaptive, high-performing, and resilient project teams.

Declaration of Interest

The author declares that she does not have any known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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