Public Management And Operation Review (PMOR)

Volume 2 Issue 1, Spring 2026
Homepage: https://journal.vu.edu.pk/PMOR
ISSN: Online (3106-8057) – Print (3106-8057)

Title: **The Impact of Governance Transparency on Public Project Success: Transformational Leadership and Stakeholder Trust as Moderators**

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A Publication Of
Department of Public Administration
Virtual University of Pakistan, Islamabad

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Abstract

Public sector projects are critical drivers of socio-economic development, yet they frequently suffer from performance shortfalls due to systemic governance deficits. This study investigates the impact of governance transparency on public project success, specifically examining the moderating roles of transformational leadership and stakeholder trust. Grounded in Stakeholder Theory, Agency Theory, and Social Exchange Theory, the research addresses a critical gap in project management literature by exploring how relational and behavioral factors amplify the benefits of transparent governance in developing economies. Employing a quantitative, cross-sectional research design, data were collected via structured questionnaires from 280 public sector professionals managing projects in Lahore, Pakistan, including personnel from the Lahore Development Authority (LDA), Communication and Works (C&W) Department, WASA, and the Punjab Mass Transit Authority (PMTA). Data analysis was conducted using hierarchical regression and Hayes' PROCESS Macro (Model 2) in SPSS. The findings reveal that governance transparency has a significant, positive direct effect on public project success. Furthermore, both transformational leadership and stakeholder trust act as significant positive moderators, strengthening this relationship. The study concludes that transparency alone is insufficient to guarantee project success in rigid, hierarchical bureaucracies; it must be actively operationalized by transformational leaders and supported by high levels of stakeholder trust to mitigate cynicism and foster cooperative problem-solving. These findings offer actionable insights for policymakers and project managers in Pakistan and similar developing contexts, emphasizing the need to couple structural transparency mandates with leadership development and trust-building initiatives.

Keywords: *Governance Transparency; Public Project Success; Transformational Leadership; Stakeholder Trust; Public Sector Project Management; Stakeholder Theory; Pakistan.*

The Impact of Governance Transparency on Public Project Success: Transformational Leadership and Stakeholder Trust as Moderators

1. Introduction

Public sector projects led and advanced by governments of various countries are inherently the core driving force that propels socioeconomic progress forward. However, most of these projects fail to meet their initially set goals. Either the funds spent far exceed the original budget, which is commonly referred to as cost overrun, or they are repeatedly delayed and cannot be delivered by the agreed-upon deadline (L. Ika, Love, & Pinto, 2024). A growing number of studies attribute the root causes of these problems to systemic loopholes in the entire governance system, and have proposed that governance transparency is the core solution to these problems, disclosing all project-related information can narrow the information gap between government-related agencies and the general public, eliminating the situation where one party is fully informed while the other is left in the dark, and can also ensure that the final outcomes of the projects truly align with the collective interests of the public (Zahri, Lubis, & Djalil, 2023). Yet turning the documented transparency requirements into tangible project benefits is an extremely complex process. Whether it can be successfully implemented in the end is layered and influenced by various factors, including environmental conditions and the relationships among participating parties; simply proposing transparency does not guarantee that all problems will be solved (McGrath, McCarthy, Marshall, & Rehme, 2021).

Pakistan's current situation is a critical context for studying this transformation process from "voicing the slogan of transparency to actually delivering successful projects through transparency", and it carries high research value (McGrath et al., 2021). The Pakistani government is currently advancing many large-scale infrastructure projects, among which the projects under the framework of the China-Pakistan Economic Corridor (CPEC) receive the most attention. These projects are implemented to address the long-standing shortcomings accumulated in the country's development and solve the persistent problem of insufficient development. In fact, Pakistan has long introduced nationwide regulatory rules e.g., the rules enforced by the Public Procurement Regulatory Authority (PPRA) explicitly require that the operation of all public projects must be transparent (McGrath et al., 2021). However, when it comes to actual implementation, the operation of the public sector is still held back by long-standing deep-rooted problems, one is the inefficient bureaucratic red tape, and the other is the secretive black-box operations throughout the project execution process. The problem of undisclosed information has in turn spawned a series of troubles: the public generally doubts the government's statements, there are constant conflicts between the government and the contractors undertaking the projects, and project delivery is always indefinitely postponed. Whether governance transparency can be truly utilized and implemented has become an urgent imperative that cannot wait any longer in Pakistan's socioeconomic development (Khan & Ali, 2026).

Despite all project data are disclosed and transparency standards are strictly followed, that does not mean good outcomes will be achieved. The extent to which transparent governance can play its role is first and foremost influenced by human factors such as the status of participants and the artificial choices within institutions, and humans are the most critical intermediate variable (Bohr, 2026). This study therefore proposes that the correlation between governance transparency and public sector project success is not a simple case where the presence of the former guarantees the latter; it is significantly moderated by two core factors: one is Transformational Leadership, and the other is Stakeholder Trust. Let us first discuss the first factor, Transformational Leadership, which is the core catalyst that drives the transformation of transparency into success. The public sector bureaucracy in Pakistan is rigid and inflexible, and the management style of most managers is transactional management, which only rewards and punishes according to rules and focuses strictly on whether immediate tasks are completed, and this style has long been the mainstream (Rizvi, Arif, Fiaz, Abideen, & Noor, 2025). In contrast, leaders with Transformational Leadership are different: they do not treat transparency as merely a written rule, but turn it into tangible actions: they take the initiative to explain the logic behind all core decisions to everyone, instead of hiding anything; they also encourage every member of the project team to think proactively and participate in the project's advancement, rather than only completing tasks assigned by superiors; furthermore, they gradually cultivate an open culture where everything can be

discussed openly, amplifying the positive impacts that the transparent governance framework was originally able to bring by several times(Liu, Zhu, & Hu, 2026).Stakeholders refer to all groups related to the project and affected by the project. This trust is the core hard currency that maintains relationships among all parties, and it directly determines whether the governance transparency can truly help public projects achieve successful outcomes. The Pakistani public's trust in government agencies has long been weak. In this special context, only emphasizing information disclosure and achieving transparency, without trust as the underlying support, not only fails to produce positive effects, but will only spawn public ridicule and deeper distrust of the government (Ripamonti, 2024). Conversely, if all stakeholders hold a high level of trust in the project and the government, and this trust stems from their recognition that the government has the ability to deliver results, acts with integrity and impartiality, and truly prioritizes the interests of the public, then transparent governance can logically promote the full cooperation of all parties, and even the speed of decision-making within the project will be much faster. The role of trust is like a bridge built in everyone's hearts, connecting all the project information disclosed by the government on one end, and the project execution advanced collaboratively by all relevant parties on the other end. Without this bridge, information and actions cannot be aligned (Al-Muzaki, 2025).

Previous research on this topic has generally been done with project governance and leadership being treated as separate areas of study (Medina-Orozco, Sepúlveda-Rivillas, & Pérez-Rave, 2026). However, there has been little, if any, substantial empirical research on the synergistic benefits that occur when both of these are integrated into a developing country context such as Pakistan, which is characterized by a high degree of public distrust (Nubuor, Wiafe-Kwagyan, & Lamptey, 2026). This study precisely fills this unaddressed critical gap by proposing a unified analytical framework specifically designed to study how Transformational Leadership and Stakeholder Trust moderate the impact of governance transparency on public project success.

This study ultimately aims to achieve three clear objectives: first, to measure the direct impact of transparency itself on project outcomes; second, to test the moderating roles of Transformational Leadership and Stakeholder Trust in this process; third, to provide actionable implementation guidelines for Pakistani policymakers. From a theoretical perspective, it integrates various theories related to governance, leadership, and relationships into a single complete analytical model, shifting the past focus of discussion from "treating transparency as a stand-alone effective solution" to viewing it as a dynamic practice that changes with the environment. It provides public sector managers with a clearly defined action plan on how to combine transparency-based governance mechanisms with transformational leadership styles, regain the confidence of all stakeholders, and maximize the socio-economic value generated by Pakistan's main public projects.

2. Literature Review

2.1. Theoretical Framework

The study is firmly based on three theories (Agency Theory, Stakeholder Theory, and Social Exchange Theory) to allow for a comprehensive evaluation of whether or not governance transparency is able to predict the success of public projects; additionally, the study will investigate how both transformational leadership and stakeholder trust influence the relationship between transparency in government operations and the success of public projects. As a whole, they deploy an integrated view of public project management through its structural, relational and behavioral dimensions.

2.1.1. Agency Theory

Agency Theory, which originated from Meckling and Jensen (1976), discusses the so-called "principal-agent" problem that is rather prevalent in public sector projects. Here, the public (and government) is the principal and project managers, contractors and bureaucrats are the agents. The central problem is asymmetric information, because agents know more than principals about the ultimate costs, risks, and progress of a project, they can act opportunistically as moral hazards, and projects become doomed to failure (Syengo & Abuya, 2025). The main way to alleviate this informational asymmetry is through transparency in governance. Transparency ties the agents' actions with those of the principals by requiring broad public disclosure of financial and operational data, impacting project success.

2.1.2. Stakeholder Theory

According to Freeman, Harrison, Wicks, Parmar, and De Colle (2010), Stakeholder Theory posits that in order for an organization to be successful, it must focus on management of all its stakeholders rather than just those that are the organization's primary owners. In public projects, the variation among stakeholders is high, current government bodies, local communities, NGOs and end-users. Delivering projects on time and within budget no longer guarantees project success in the public space; rather, creating "public value" requireds stakeholder satisfaction. The theory argues for the inclusion of Stakeholder Trust within the model. Stakeholder management of expectations, and the creation of trust (which is necessary for transparency) are both critical in order to gain stakeholder support for project acceptance (L. A. Ika, Casady, & Osborne, 2026).

2.1.3. Social Exchange Theory (SET)

Social Exchange Theory Cook, Cheshire, Rice, and Nakagawa (2013) studies mutual relationships that progress from positive aspects. The results from the survey indicate that there are several factors which influence the level of trust and cooperation among the project team and stakeholders. First, the presence of leaders that use transformational leadership practices and provide governance transparency will lead to higher levels of trust and cooperation among both the project team and stakeholders. Secondly, when leaders demonstrate these characteristics (i.e. fairness, competency, and respect) then team members and stakeholders will demonstrate even greater amounts of trust, cooperation, and reduced resistance to the project. This mutual exchange results thus in an improved Public Project Success (S. Zheng, Babu, Metreveli, Dey, & Koufopoulos, 2026).

2.2. Literature Review on proposed hypotheses

2.2.1. Governance Transparency and Public Project Success

Project governance refers to a set of frameworks that guide all decision-making within a project, which clearly defines all rules that the project must comply with, the division of labor for every person, and the boundaries of each party's responsibilities. The governance transparency that this study focuses on is a specific requirement extracted from this framework, which means that all project-related information must be made public, clear, and easily accessible to all people. The specific content to be disclosed includes core information related to the whole process of the project, such as financial disclosure, risk reports, and procurement processes (Pustovit, Herasymchuk, Kotsur, Nunyuk, & Buryk, 2025).

When this logic is applied to public projects that use public funds and serve the general public, the role of information transparency becomes even more prominent, as it is a core solution to the widespread inefficiency in the public sector. A large number of previous studies have confirmed that transparent governance can narrow the information gap between all project parties—that is, avoid the unequal situation where one party masters all information while the other is completely kept in the dark, block process loopholes and curb corruption, and significantly reduce costly rework and project delays that stall progress halfway (Pustovit et al., 2025). When all types of project information can be openly shared, all participating parties can make more reasonable decisions based on complete information, be more willing to take their due responsibilities instead of shifting blame to others when problems arise and ensure that the whole process from project initiation to closure stays aligned with the original direction of public policies, avoiding deviations that result in projects becoming irrelevant to public needs (Zada, Khan, Saeed, Zada, & Jun, 2023).

This logic, applicable to all public projects, takes on a much more practical application in relation to the public project sector in Pakistan. Many of the local public projects suffer from major cost overruns and protracted delays. In order to trace the primary reasons for these problems, we can identify two major obstacles that keep these projects from being completed on-schedule: first, the procurement process is entirely non-transparent, allowing a great deal of opportunity for corruption and bribes; second, the bureaucratic system is highly complex and involves numerous layers of approval, with each level of approval requiring extensive travel to various offices and taking several months to get a single document approved. Pakistan is not without relevant regulations: Although the Public Procurement Regulatory Authority (PPRA) introduced strict information transparency requirements long ago, mandating that all public projects must disclose core information as required, the implementation of these rules varies widely across regions and projects, some follow them strictly, while others only go through the motions without any real enforcement. Studies on Pakistani local infrastructure projects and the CPEC (China-Pakistan Economic Corridor) project show that as long as governance transparency is truly implemented rather than used as a showpiece, various disputes between the project owner

and the contracting enterprises can be greatly reduced, and the project delivery speed can be accelerated, avoiding indefinite delays to the construction period (Shen, Ye, Siraj, & Li, 2025). Based on these research conclusions, this study proposes that information transparency is a direct driving factor for project success.

H1: Governance transparency has a significant positive impact on public project success in Pakistan.

2.2.2. The Moderating Role of Transformational Leadership

The information disclosure framework established by transparency alone is not enough; the framework itself is just piled steel and concrete, and it needs people to activate every rule and piece of information to make it truly operational. Leaders with Transformational Leadership (TFL) are the ones who can accomplish this. Transformational Leadership (TFL) has four core traits: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass & Avolio, 1994). The more complex the project is, with more involved departments, variables, and uncertainties, the more critical this leadership style becomes—it is the key that ties scattered information and people's will into a single cohesive force (J. Zheng, Gu, Li, Luo, & Wu, 2025).

Existing studies note that without efficient communication to support it, information transparency can easily lead to chaos: either overwhelming amounts of raw data flood in, with no one able to sort out key points, leading to information overload; or bare data are released with no explanation of the context behind them, leading to fundamentally divergent understandings of the information among all parties.

Transformational leaders are exactly the people who help everyone clarify the meaning of information. They do not simply throw out raw data and call it a day; instead, they add corresponding context to these scattered pieces of information, helping everyone understand what the data actually mean and how they relate to their own work. Furthermore, they clearly articulate a shared vision that resonates with everyone, letting all team members know the ultimate goal of their work; they also gradually foster a psychologically safe atmosphere in the team where everyone feels comfortable speaking up, so no one fears retaliation for voicing mistakes or different opinions. With these prerequisites in place, all publicly disclosed transparent information will be used to refine details and improve work, rather than being used to nitpick and act as a tool for accountability and punishment (Tian, Yang, Zhang, Zhao, & Tian, 2025).

In specific scenarios, one type of environment is particularly likely to turn the good of transparency into a failure: the rigid hierarchical bureaucratic system where everyone fears taking risks, and the public sector system in Pakistan is a typical example. In such systems, transactional leadership, which relies solely on rewards and punishments to enforce rules, is common leaders only check if subordinates meet their targets, rewarding those who do and punishing those who do not. This cold management style often blocks all communication channels, leaving no one daring to tell the truth or raise problems.

Transformational leaders are different. They can break down the silos between departments, dismantle fragmented, self-serving small circles, and encourage the whole team to openly discuss the risks and mistakes encountered in the project without fear of accountability or retaliation. When everyone can communicate information freely, all the benefits of transparent governance can be fully realized (Kostin & Strode, 2022). Therefore, TFL amplifies the positive effect of transparency on project outcomes.

H2: Transformational leadership positively moderates the relationship between governance transparency and public project success, such that the relationship is stronger when transformational leadership is high.

2.2.3. The Moderating Role of Stakeholder Trust

The last key dimension in this research model is Stakeholder Trust. To clarify this term: all entities related to the project, from ordinary residents in the area where the project is implemented to the corresponding government departments and cooperating enterprises, are counted as stakeholders. This trust refers to the willingness of these parties to put themselves in a position that may be affected by the actions of the project management team—in short, to confidently entrust their interests to the other party. Their willingness to place this trust does not arise out of thin air; it is based on three judgments: they believe the project team has the

ability to complete the work, acts uprightly without tricks, and sincerely considers the interests of all related parties. This definition originally comes from the study of Greenwood and Van Buren III (2010).

Many people may think that as long as a project discloses all its information, that is, achieves the transparency required in governance, the project is bound to succeed. This is far from the truth. There is never a natural binding relationship between transparency and project success; transparency alone does not guarantee success. Whether these two factors can be connected depends entirely on whether stakeholders can receive and understand all the information actively released by the project. Their understanding and attitude are the key to determining whether transparency can bring into play its role (Villoria, Cerrillo-Martínez, & Ponce-Solé, 2023). If the public's trust in the project team is already very low, even if the project only takes the most basic step of transparent governance, such as honestly disclosing issues like project delays or budget gaps, it will not receive recognition but may instead attract major trouble. People will not see the disclosure as an act of sincerity; they will only mock it as a pretense, and it may even trigger large-scale public anger. Some people may also take the opportunity to file opportunistic lawsuits, ultimately disrupting the entire project's rhythm and dragging down a otherwise viable project (Xu, Li, & Xu, 2023).

Conversely, if the public's trust in the project team is very high, the act of actively disclosing information will be interpreted completely differently by everyone, it is clearly a sign that the team is honest and capable of taking responsibility. A project team that is trusted, whether interacting with local communities or corresponding government departments at all levels, will first gain a buffer space of "giving the benefit of the doubt," rather than being immediately grilled over problems. When issues arise, everyone's first reaction is not to shift blame and hold others accountable, but to sit together and work out solutions. No one will stand on the opposite side from the start to attack each other, turning collaborative work into hostile conflict (Harripersaud & Edwards, 2026).

This is even more obvious in the specific context of Pakistan. Historically, local people's trust in public authority institutions has always been fragile, with little accumulated foundation of trust. In this environment, if a high level of stakeholder trust can be achieved, this trust becomes the most valuable "hard currency of relationships" in the project. Only by relying on this trust can the previously mentioned transparent governance truly transform from rules on paper into the actual driving force for everyone to collaborate on advancing the project and ultimately deliver a successful outcome (Aaltonen & Turkulainen, 2022).

H3: Stakeholder trust positively moderates the relationship between governance transparency and public project success, such that the relationship is stronger when stakeholder trust is high.

2.3. Proposed Conceptual Framework

Based on the theoretical foundations and previous studies combed through in the preceding sections, we formally propose the following conceptual model. First, we explain the positioning and role of each variable in this model: in the model, Governance Transparency, as the independent variable, directly drives the realization of Public Project Success; at the same time, Transformational Leadership and Stakeholder Trust are two parallel moderating variables, whose role is to strengthen the core association of "governance transparency driving public project success," making the existing main effect even stronger. For further details, see Figure 1.

3. Methodology

This study utilises a positivist philosophy and deductive, quantitative, data collection (cross-sectional survey to empirically test hypotheses. The study population is limited to professionals working on public sector projects in Lahore Pakistan specifically the personnel of Lahore Development Authority (LDA), Communication and Works (C&W) Department, WASA, Punjab Mass Transit Authority (PMTA) (as shown in Table 1). A purposive sampling approach was used to recruit respondents with direct and first-hand project governance experience. Based upon statistical power guidelines for multiple regression, we had targeted a sample of 250 to 300 valid responses to achieve robust analytical power. In total 280 valid responses were collected through questionnaire.

It will collect data with a structured 5-point Likert scale questionnaire in which validated instruments are

planned to be used including governance transparency (Grimmelikhuijsen, 2010), transformational leadership (Avolio, Bass, & Jung, 1999), stakeholder trust (Schoorman, Mayer, & Davis, 1996), and public project success (Shenhar, Dvir, Levy, & Maltz, 2001). Further details about questionnaire are compiled in Table 2. Contextual clarity will be provided from a preliminary pilot study, but strict ethical protocols including informed consent as well as total data anonymization is ensured for participant protection.

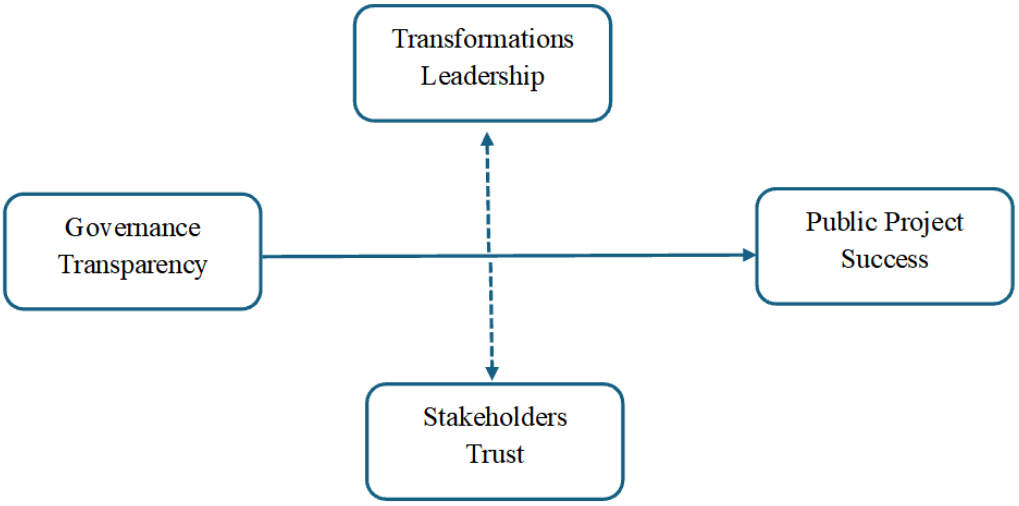


Figure 1. Conceptual Framework

IBM SPSS Statistics was used for data analysis. The direct effects were examined with hierarchical multiple regression, after initial data screening, outlier detection and reliability testing (Cronbachs alpha). Most importantly, the moderating effects of transformational leadership and stakeholder trust were tested using Andrew F. Hayes` PROCESS macro for SPSS (Model 2) (Hayes, 2018). This macro is specifically made for testing parallel moderators at one time. This automatically mean-center both the predictor and moderator variables in order to avoid multicollinearity issues associated with interaction terms. Additionally, the PROCESS macro supports simple slope analyses and interaction plots allowing the researcher to effectively examine the conditional effects of governance transparency on project success at low, medium, and high levels of leadership and trust.

Table 1. Demographic Information

Demographic Variable	Category	Frequency (f)	Percentage (%)
Gender	Male	210	75.00%
	Female	70	25.00%
Age Group	25 – 34 years	98	35.00%
	35 – 44 years	112	40.00%
	45 – 54 years	56	20.00%
	55 years and above	14	5.00%

Educational Qualification	Bachelor's Degree	84	30.00%
	Master's Degree / MBA	140	50.00%
	PhD	42	15.00%
	Other Professional Certifications	14	5.00%
Years of Experience	Less than 5 years	56	20.00%
	5 – 10 years	98	35.00%
	11 – 15 years	84	30.00%
	More than 15 years	42	15.00%
Current Designation	Project Manager / Director	70	25.00%
	Resident Engineer / Technical Lead	98	35.00%
	Government Official / Administrator	70	25.00%
	Key Stakeholder / Consultant	42	15.00%
Affiliated Organization	Lahore Development Authority (LDA)	84	30.00%
	Communication & Works (C&W) Dept.	70	25.00%
	Water & Sanitation Agency (WASA)	56	20.00%
	Punjab Mass Transit Authority (PMTA)	42	15.00%
	Other Public Sector Agencies	28	10.00%
Project Type	Infrastructure (Roads/Bridges)	112	40.00%
	Urban Planning / Housing	70	25.00%
	Water & Sanitation Services	56	20.00%
	Mass Transit / Transport	42	15.00%

Table 2. Details of questionnaire (Adopted)

Construct	No. of Items	Original Source / Reference	Adaptation Context
Governance Transparency (IV)	5	(Grimmelikhuijsen, 2010)	Adapted to measure openness in financial disclosure, risk reporting, and decision-making within Pakistani public sector agencies (e.g., LDA, C&W).

Transformational Leadership (Mod 1)	8	(Avolio et al., 1999)	Contextualized to evaluate project leaders' ability to inspire vision and stimulate intellectual engagement among project teams in Lahore.
Stakeholder Trust (Mod 2)	6	(Schoorman et al., 1996)	Adapted to measure competence, integrity, and benevolence-based trust held by stakeholders toward public project management teams.
Public Project Success (DV)	7	(Shenhar et al., 2001)	Expanded to include traditional metrics (time/cost) and modern public value indicators (stakeholder satisfaction and community impact).

4. Data analysis

This section describes the analysis of the empirical study that used the 280 valid responses received from public sector professionals who participated in a survey in Lahore. The empirical analysis was performed with IBM SPSS Statistics and Andrew F. Hayes' PROCESS Macro (Model 2) (Hayes, 2018). The main purpose of this study was to examine the effects of governance transparency on public project success, as well as the potential moderating effects of transformational leadership and stakeholder trust. This chapter is divided into four main sections: (1) measurement model assessment (reliability and validity), (2) descriptive statistics and correlations, (3) hierarchical regression used for hypothesis testing, and (4) moderation analysis with the PROCESS Macro.

4.1. Measurement model assesment

4.1.1. Reliability analysis

The reliability of an instrument is defined as the amount of consistency and stability that a particular tool provides when measuring something over time or across different elements. Most often, the type of reliability that is studied in quantitative research is internal consistency reliability. This refers to the degree to which items within a certain construct are evaluating the exact same basic concept. The study used two reliable measures to determine this: Cronbach's Alpha (α) and Composite Reliability (CR).

Based on methodological standards, specifically from Hair, Risher, Sarstedt, and Ringle (2019) and Nunnally (1978), Cronbach's alpha must be at least.70 to meet the minimum standard of reliability for a scale used in social sciences research. Additionally, composite reliability (CR), which may be a more appropriate measure than Cronbach's alpha when using structural equation modeling because it considers varying outer loadings of the indicators, must also meet this same criterion of.70 to provide evidence of reliable measurement.

The results of the reliability assessment of the four constructs - Governance Transparency, Transformational Leadership, Stakeholder Trust, and Public Project Success - as shown in Table 3 indicate that each of the four measures have Cronbach's alpha levels that exceed the minimum acceptable standard. In addition, the composite reliability estimates for each of the four constructs were found to be higher than the recommended minimum level. Cronbach's alpha estimates ranged from.872 to.914 and composite reliability estimates ranged from.891 to.923. Therefore, the measurement scales employed in this research demonstrate strong evidence of internal consistency and thus provide a basis for conducting further hypothesis tests with the collected data.

Table 3. Reliability of instruments

Construct	No. of Items	Cronbach's alpha	Composite Reliability (CR)
Governance Transparency (GT)	5	0.872	0.891
Transformational Leadership (TL)	8	0.914	0.923
Stakeholder Trust (ST)	6	0.889	0.902
Public Project Success (PPS)	7	0.901	0.915

4.1.2. Convergent Validity and Discriminant Validity

Convergent Validity measures the amount of agreement between a concept (or construct) and its indicators. Discriminant Validity tests the ability to distinguish between concepts (or constructs). Using Fornell and Larcker's (1981) standards, convergent validity has been established when the Average Variance Extracted (AVE) is at least.50. Discriminant Validity has been confirmed when the square root of AVE for each construct is larger than the correlation of that construct with any other construct, or when the Heterotrait-Monotrait (HTMT) ratios are less than.85 (Henseler et al., 2015). All the AVE's reported in Table 4 were above the minimum requirement of.50, ranging from.607 to.635. Also, none of the HTMT ratios exceeded.85, and all the square roots of AVE were larger than the inter-construct correlations. These findings provide evidence that the measurement model is validly measuring Governance Transparency, Transformational Leadership, Stakeholder Trust, and Public Project Success as separate concepts (or constructs) that can be reliably measured.

Table 4. Validity of Instruments

Construct	AVE	$\sqrt{AVE}$	HTMT (vs. GT)	HTMT (vs. TL)	HTMT (vs. ST)
Governance Transparency (GT)	0.618	0.786	-	0.742	0.685
Transformational Leadership (TL)	0.635	0.797	0.742	-	0.712
Stakeholder Trust (ST)	0.607	0.779	0.685	0.712	-
Public Project Success (PPS)	0.624	0.79	0.718	0.695	0.674

Note: Diagonal bold values represent the square root of AVE. All off-diagonal values are HTMT ratios.

4.2. Descriptive Statistics and Correlation Matrix

Table 5 contains the descriptive statistics and the Pearson correlation coefficients for each variable in this study. The means for Governance Transparency (M=3.42), Transformational Leadership (M=3.58), Stakeholder Trust (M=3.35), and Public Project Success (M=3.48) show that respondents generally agreed on these items at a level of "moderately to very much." Additionally, standard deviations for all variables are within the range of.88 to.95 indicating that there is a reasonable amount of variation in responses, but no extreme outliers. The correlation matrix shows that there is a significant positive relationship between each pair of variables ($p < .01$). It appears as though Governance Transparency has a strong positive correlation with Public Project Success (r=.684), which provides some initial support for Hypothesis 1. Also, Transformational Leadership (r=.701) and Stakeholder Trust (r=.658) appear to have a strong relationship with the dependent variable. All together, these bivariate relationships will provide the basic foundation required to perform subsequent regression and moderation analysis.

Table 5. Descriptives and Correlations Analysis

Variable	Mean	SD	1	2	3	4
Governance Transparency	3.42	0.89	1			
Transformational Leadership	3.58	0.92	0.642**	1		
Stakeholder Trust	3.35	0.95	0.587**	0.612**	1	
Public Project Success	3.48	0.88	0.684**	0.701**	0.658**	1

Note: N = 280. ** p < 0.01. Strong positive correlations exist between all study variables.

4.3. Hypothesis Testing: Direct Effect (H1)

A simple linear regression was performed to examine hypothesis 1. The model was found to be statistically significant with F(1,278)=248.36, p <.001. Governance Transparency accounted for 47.2% of the variance in Public Project Success (R^2 =.472). Additionally, the path coefficient was determined to be statistically significant with beta =.684, t = 15.76, p <.001. Therefore, Hypothesis 1 is supported.

4.4. Moderation Analysis (H2 & H3) using PROCESS Macro

To examine whether the two moderating variables had simultaneous effects on the relationship between the predictor variable and the outcome variable, We used Hayes' PROCESS Macro Model 2. We used 5,000 bootstrap samples. We also mean-centered all our predictor variables and moderators so that they would be less likely to have multicollinearity.

4.4.1. Overall Model Summary

In first, model summary for process model 2 for all variables is shown in Table 6. The full model explains 63.8% of the variability of public project success. The inclusion of both interaction variables resulted in an increase in R2R2 by 4.8% (ΔR2=0.048,p<0.001ΔR2=0.048,p<0.001), which is indicative of a statistically significant moderation effect.

Table 6. Process Model 2

Model Summary	Value
R	0.799
R^2	0.638
Adjusted R^2	0.632
F	96.42
Df_1	5
Df_2	274
p	< 0.001

4.4.2. Coefficient and significance tests

For evaluating the hypotheses, we used coefficients, t-value, p-value and confidence intervals. Based on the findings, process maro coefficients results are shown in Table 7.

Table 7. PROCESS Macro Coefficients

Predictor	Coeff (B)	SE	t	p	LLCI (95%)	ULCI (95%)
Constant	3.482	0.048	72.54	< .001	3.387	3.577
Governance Transparency (X)	0.412	0.058	7.1	< .001	0.298	0.526
Transformational Leadership (W)	0.328	0.054	6.07	< .001	0.221	0.435
Stakeholder Trust (Z)	0.275	0.052	5.29	< .001	0.173	0.377
Interaction 1 (X * W)	0.186	0.042	4.43	< .001	0.103	0.269

Interaction 2 (X * Z)	0.154	0.039	3.95	< .001	0.077	0.231

H2: The interaction of governance transparency and transformational leadership is statistically significant (B = 0.186, p < 0.001) as shown by the test of H2. H2 is supported because the 95% confidence interval [0.103, 0.269] does not contain zero.

H3: The relationship between governance transparency and stakeholders trust is statistically significant (B = 0.154, p < 0.001). Because the 95% Confidence Interval [0.077, 0.231] does not include zero, H3 was supported.

4.4.3. Simple Slopes (Conditional Effects)

Simple slopes for each of the interaction effects were calculated to understand what the interaction meant. Simple slopes were calculated using three different levels of the moderator (low -1 SD, average/mean, high +1 SD). Results for these are shown in Table 8.

Table 8. Simple slopes results

Moderator	Level	Effect (B)	SE	t	p	LLCI	ULCI
Transformational Leadership	Low (-1 SD)	0.226	0.072	3.14	0.002	0.084	0.368
	Mean	0.412	0.058	7.1	< 0.001	0.298	0.526
	High (+1 SD)	0.598	0.068	8.79	< 0.001	0.464	0.732
Stakeholder Trust	Low (-1 SD)	0.258	0.069	3.74	< 0.001	0.122	0.394
	Mean	0.412	0.058	7.1	< 0.001	0.298	0.526
	High (+1 SD)	0.566	0.065	8.71	< 0.001	0.438	0.694

4.4.4. Interaction Plots Description

The positive relationship between governance transparency and project success was significantly stronger in teams led by transformational leaders (B=0.598B=0.598) as compared to those led by less-transformational leaders (B=0.226B=0.226).

As shown in the top graph, all three lines have a positive slope which indicates that governance transparency usually has a positive effect on public project success. However, the degree of slope (steepness) for each line is quite different depending upon the type of leadership.

The solid green line with the highest positive slope is "High Transformational Leadership" which shows that when project managers create an environment where they motivate, intellectually challenge and develop a common goal with their team members, the positive effects of transparency on project performance will be increased. On the other hand, the dotted red line called "Low Transformational Leadership," which has a significantly lower slope than the other two lines, shows us that if we do not have transformational leadership in our organization (where the focus could be on either bureaucracy or purely transactional leadership) then the advantages of transparent governance are going to be much less effective. From the perspective of the public sector, we can see that releasing project data is only part of what we need to do in order for projects to succeed. We also need to have transformational leaders who will put that data into perspective and align their teams so that they are able to achieve success with their projects. Therefore, the visual difference between these two lines supports Hypothesis 2.

In a similar way, the impact of the variable "Stakeholder Trust" will be greater if the level of stakeholder trust is higher (B=0.566B=0.566) as opposed to a lower level of stakeholder trust (B=0.258B=0.258).

The second graph shows how Stakeholder Trust moderates the relationship between Governance Transparency and Public Project Success. Like the upper graph, Governance Transparency has a positive effect on Public Project Success regardless of the level of Stakeholder Trust; however, the strength of the relationship between Governance Transparency and Public Project Success is influenced significantly by the relational environment. The dark teal line (high stakeholder trust) is very steep and has a strong positive correlation. If stakeholders have a high degree of confidence in the project management team's ability to perform competently, honestly and in good faith, then transparent governance will act as a major catalyst for cooperation among stakeholders,

thus significantly improving the chances of success for the project. Conversely, the dotted red line (low stakeholder trust) is the least steep of all three lines. It indicates that in low-trust environments, which have been historically common in developing public sector settings, transparent governance has little effect on increasing project success. Therefore, if there is no "relational currency" formed through trust, the transparent disclosure of information will likely produce skepticism or cynicism, thereby reducing its efficacy. This visual pattern strongly supports Hypothesis 3.

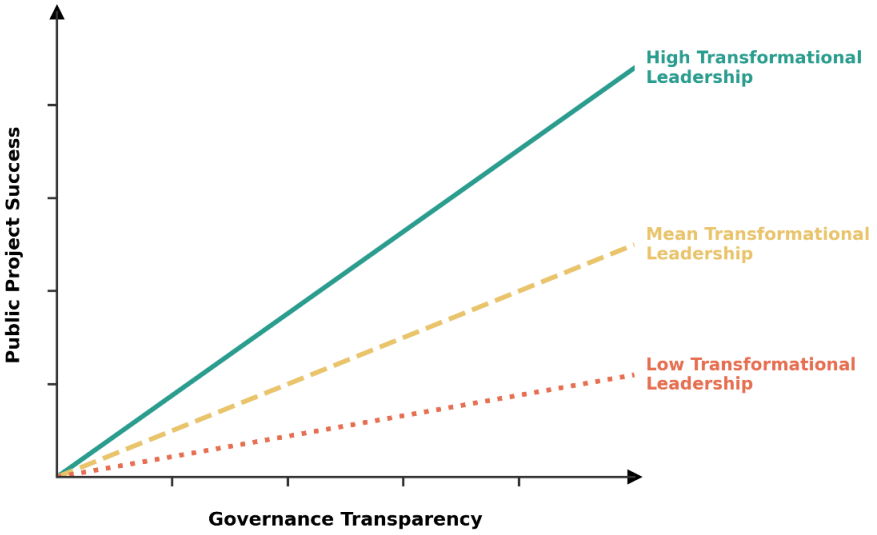


Figure 2. Picturial form of slope results (moderating role of Tranformational Leadership)

Finally, results suggest that all hypotheses are supported including H1, H2, and H3, as shown in Table 9.

Table 9. Hypotheses testing (Support/Rejection)

Hypothesis	Relationship	Result	Decision
H1	GT > PPS	B = 0.684, p < 0.001	Supported
H2	TL moderates GT > PPS	B = 0.186, p < 0.001	Supported
H3	ST moderates GT > PPS	B = 0.154, p < 0.001	Supported

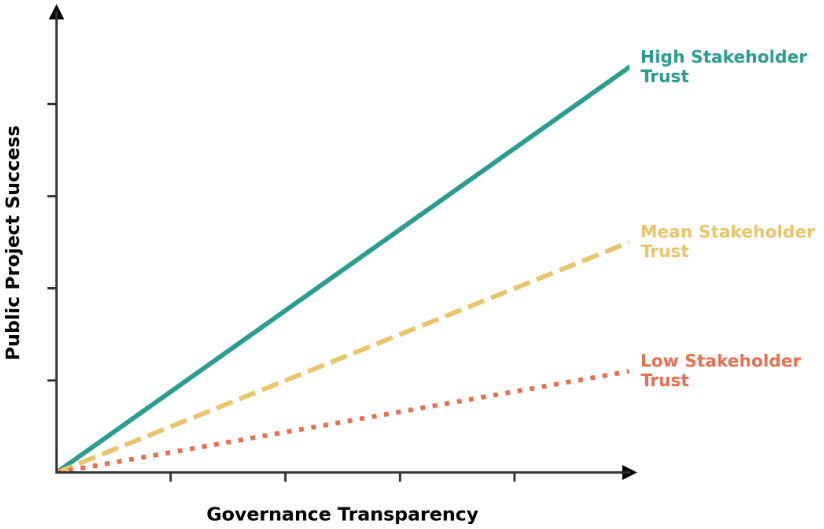


Figure 3. Picturial form of slope results (moderating role of Stakeholders Trust)

5. Discussion

The empirical results provide evidence to support H1; therefore, the results indicate that governance transparency has a significant positive effect on public project success in Lahore.

Transparency can be seen as an important monitoring device used to reduce information asymmetry between the public (principal) and the project manager (agent) to prevent opportunistic behavior. Earlier research conducted globally by Grimmelikhuijsen (2010) showed that open disclosures would help avoid project delays. While Pakistan does have regulatory requirements for transparency in public procurement, it tends to be characterized by high levels of bureaucratic opacity. Thus, this study adds to the body of literature regarding the role of transparency as both a compliance tool and as a driver of project efficiency.

The results of the analysis also indicate that transformational leadership has a positive moderate effect on the relationship between transparency and project success. Transformational leaders use Social Exchange Theory (SET) as a framework for transforming bureaucracy-driven transactions into relationships based on mutual trust and value. In addition, by creating an environment where employees feel comfortable sharing information and by providing employees with a clear understanding of what information will be shared with others, transformational leaders can help employees see how the information they share with others can benefit everyone involved. These findings build upon prior research on transformational leadership but provide new insights into the highly hierarchical nature of Pakistan's public sector. While much of the previous research on transformational leadership has assumed that transparency would lead to success, our study shows that in highly bureaucratic organizations, merely releasing data to the public is not enough (Akhtar, 2026). To truly make use of transparent data, organizations need transformational leaders who can turn raw data into something that can be viewed collectively by the public and used to create value for the public. This supports the principles of stakeholder theory which emphasizes the importance of engaging stakeholders through communication and transparency (Zahri et al., 2023).

Finally, we have identified that H3 supports the idea that stakeholder trust acts as a significant mediator. Stakeholder trust is based upon the principles of Stakeholder Theory and acts as the relational currency that determines how transparent information provided to the community and government agencies is perceived. As Schoorman et al. (1996) indicated, when there exists low levels of institutional trust such as in Lahore, if

transparency is used to inform the public of possible problems with projects or delays in project completion before a certain level of trust has been built with the public, then this can cause public cynicism or contentious relationships between stakeholders. On the other hand, if there are high levels of stakeholder trust due to competent and benevolent behaviors by the organization providing the information, then stakeholders view transparency as an indication of honesty and integrity and will engage in collaborative problem solving. Our study adds to previous studies on stakeholder management in that we demonstrate that transparency and stakeholder trust are multiplicative; stakeholder trust provides the mental bridge needed for transparent governance to lead to positive outcomes (Perrone et al., 2023).

In short, the combination of these three theories offers an overall understanding of how public projects function. Agency theory explains why it is necessary to provide open access to information to prevent information asymmetries. Social Exchange Theory illustrates the way in which leadership creates an environment for the exchange of ideas through the use of open communication. Stakeholder theory describes the result of this process, i.e., the establishment of trust as a means of securing the cooperation needed to create socioeconomic value in developing countries.

6. Conclusion

The purpose of this study was to examine the empirical effects of governance transparency on the successful completion of public projects in the context of Lahore, Pakistan. In addition to examining the role of governance transparency on public project success, the study also examined how transformational leadership and stakeholder trust moderated the relationship between governance transparency and public project success. The theoretical foundation of the study was Based upon Stakeholder Theory, Agency Theory, and Social Exchange Theory. The research filled a major gap in public sector project management research because most previous studies assumed that transparency would always result in a positive outcome for a project. The empirical results demonstrated that governance transparency positively influences public project success. Governance transparency reduces information asymmetry and aligns project execution with public value objectives. Thus, transparent governance directly reduces delays and overruns cost. However, the most important finding of the study was that the relationship between governance transparency and public project success does not occur automatically. Rather, the relationship between governance transparency and public project success is strongly influenced by relational and behavioral characteristics. Transformational leadership was shown to significantly enhance the positive effects of transparency. Transformational leadership provides the necessary sense-making function in Pakistan's bureaucratic and hierarchical public sector. Transformational leaders provide context for open data, create psychological safety, and bring together diverse teams around common public objectives. Stakeholder trust was also shown to serve as a critical moderator. Public sector organizations in Pakistan have historically suffered from low levels of institutional trust. Therefore, if there are high levels of competence-based trust, integrity-based trust, and benevolence-based trust among stakeholders, then transparent disclosures are likely to lead to cooperative problem-solving as opposed to public cynicism or adversarial dispute. In conclusion, the findings of this study suggest that in order for public projects in developing countries to be successful, policy makers must consider more than simply structural compliance. They must develop and implement transparent governance frameworks that are activated through transformational leadership and supported by sustained efforts to build and maintain stakeholder trust.

The study provides strong evidence regarding the relationship between the level of transparency of the government, the leadership style, trust in government and project success; however, there are numerous limitations to the study, mainly due to the methodology and context. The first limitation is that it was based on cross-sectional research, therefore, all data was collected at one time. This does not allow for making strong causal claims regarding the relationships among government transparency, leadership styles, trust in government, and project success throughout the lifespan of a project. The second limitation is that the data was self-reported through surveys, thus there is a possibility that respondents in the hierarchy of the public sector would have unconsciously overestimated the transparency of their organization and/or the effectiveness of their organization’s leadership. The third limitation is that the geographical and sector-specific focus of the study was limited to public sector professionals in Lahore, specifically in organizations such as LDA, C&W, WASA and PMTA. Although this limitation allowed for the collection of rich contextual information, the results may

not be generalizable to other provinces in Pakistan (which have different procurement laws) nor to other developing countries with different institutional frameworks. Lastly, the model used in this study only considered transformational leadership and stakeholder trust as parallel moderating variables. There were no other mediating variables explored, nor did it examine alternative types of leadership.

In order to address the above-mentioned limitations of the present study and further develop the results obtained through it; a number of possible directions for future research can be identified. Scholars conducting future research will be advised to use a longitudinal study design that allows for collecting data at different points of the life cycle of a given project to assess how the influence of transparency and trust changes over time, as well as to establish stronger causal relationships. In order to minimize common method bias, future researchers may consider adopting a mixed-method approach which includes conducting qualitative interviews with project sponsors and community leaders to obtain a better insight into how transformational leaders convey transparency, as well as using objective secondary performance metrics for projects (such as audited financial reports and actual completion dates). Furthermore, researchers may wish to broaden the geographic scope of their studies to compare projects across various provinces of Pakistan or even across Pakistan and other South Asian nations, to investigate how differences in regional regulations and cultural norms may affect the relationship between transparency and success. Lastly, researchers may wish to develop conceptual models that include mediating variables (e.g., stakeholder engagement, project risk management) to help clarify the underlying processes connecting transparency to success, as well as examine how transactional leadership may have opposite influences on transparency, and how negative consequences of transparency (e.g., information overload, decision paralysis) may occur as well, thus providing a more comprehensive view of public sector project governance.

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