The challenge of transactional and transformational leadership in projects

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Abstract

Projects as a form of temporary organizing are different from standard organizational processes. Due to their temporary and unique nature, projects are characterized by discontinuous personal constellations and work contents. Although leadership research has called for a consideration of context factors and their effects on leadership, leadership in a temporary setting has hardly been investigated. We therefore extend transactional and transformational leadership theory by looking at it from the perspective of the temporary organization. We develop a research model with testable propositions on the effects of the temporary organizations’ characteristics on leadership and on followers’ commitment in projects.

Keywords: Leadership; Temporary organizations; Project; Transformational leadership; Transactional leadership

1. Introduction

In leadership theory, transactional leadership and transformational leadership represent two complementary points of view. Transactional leadership focuses on the task-related exchange of actions and rewards between follower and leader. Conversely, transformational leadership emphasizes a person-orientation by aligning followers’ needs with the organization’s (higher) tasks and goals (Bass, 1990). Although several leadership approaches can generally be classified as either transactional or transformational, there are some that more explicitly deal with the decision of whether to focus on the tasks to be pursued or on the people to realize these tasks (Lussier and Achua, 2009). Most of the approaches share an underlying assumption that relatively stable leader–follower constellations are prevalent in permanent organizational structures. This is reflected by the notion of the “emergence” of leadership (Atwater et al., 1999), and the discussion of different temporal sequences in leadership research (Bluedorn and Jaussi, 2008). Both imply a common history and future, as is the case in permanent organizations (Janowicz-Panjaitan et al., 2009). In contrast, a temporary exchange relationship does not include continuity of social relations, which serves as the basis for leader–follower relationships.

The use of temporary forms of organizing is increasing as organizations face growing uncertainties in dynamic environments (Hitt et al., 2007). Owing to these uncertainties, firms often choose flexible organizational structures. Organizational flexibility (Whittington et al., 1999) is realized by temporary organizations in the form of projects and programs (Ekstedt et al., 1999). The literature has identified several characteristics which distinguish temporary organizations from permanent organizations: limited duration, unique outcome, missing/blurred hierarchies, higher uncertainty/risks, and heterogeneous work teams (Bakker, 2010; Brockhoff, 2006; Maaninen-Olsson and Müllern, 2009; Pich et al., 2002). In general, these characteristics pertain to all manifestations of temporary organizations, such as programs and projects, but in a particular case each of the characteristics can be more or less pronounced (Janowicz-Panjaitan et al., 2009).

Effective leadership plays an important role in ensuring the success of temporary organizations facing a high degree of
uncertainty (Waldman et al., 2001). The important role of leadership and the specific characteristics of projects correspond to an increase in studies focusing on leadership in a project context. Whereas earlier studies mainly searched for factors that define successful project leaders (Zimmerer and Yasin, 1998), more recent research draws on more advanced leadership theories such as transformational leadership (Barber and Warn, 2005; Clarke, 2010; Keegan and Den Hartog, 2004; Strang, 2005, 2011) to study leadership in projects. With only few exceptions (Müller and Turner, 2007), existing studies focused on single project types (Keller, 2006; Strang, 2011) or industries/companies (Keegan and Den Hartog, 2004) and did not explicitly consider the effects of temporary organizations’ characteristics and their varying degrees on leadership.

We assume that leadership behavior in temporary organizations causes effects different from those in permanent organizations and that existing leadership theory requires an extension. The aim of this article is therefore to extend transactional and transformational leadership theory by including the characteristics of temporary organizations. For this purpose, we develop a research model comprising propositions on the effects of the temporary organizations’ characteristics on leadership and on its effectiveness. We focus on the project as the unit of analysis and consider transformational and transactional leadership behaviors of the project manager/leader. As transformational leadership is reported to have a particular positive effect on followers’ commitment (Avolio et al., 2004) and commitment is supposed to form a link between leadership behavior and organizational performance (Steyrer et al., 2008), our model also includes propositions on leadership’s effects on employees’ commitment in projects.

The paper is organized as follows. In the next section we discuss the temporary organizations’ characteristics before we elaborate on the implications of these characteristics for leadership. This is followed by Section 4 where we introduce transactional and transformational leadership and develop our research model. In Section 5, we discuss the contribution of our model in light of existing research on leadership in projects and we portray avenues for future research. The sixth section concludes the paper.

2. The rise of temporary organizations and their characteristics

While temporary organizations used to be the domain of project-based industries such as construction, film-making, and software engineering, a far-reaching projectification of organizational work can today be observed in almost every industry (Bakker, 2010; Sydow et al., 2004). Temporary organizations can be seen as aggregates of individuals temporarily collaborating for a shared cause. These undertakings usually represent some form of complexity in terms of roles, number, and interdependencies of participants and they have a predetermined duration after which the participants’ constellation ceases to exist (Packendorff, 1995). These temporary organizations take the form of projects, programs, temporary teams, or task forces.

Given the large variety of manifestations of temporary organizations, their characteristics can be more or less pronounced in every single case (Janowicz-Panjaitan et al., 2009). For instance, all temporary organizations have a limited duration but there can be short-term projects with a comparatively low degree of complexity or complex long-term programs with a duration of several years. The research model we develop in this paper accounts for these differences and the propositions specify the effects of varying degrees of project characteristics on leadership.

Temporary organizations are often formed when a change is made to the organizational structures of a permanent organization (Whittington et al., 1999). This phenomenon reflects the overall dynamics of competition (Ekstedt et al., 1999), which defines the general conditions for leadership in temporary organizations. In addition to peripheral dynamics and uncertainties, project-inherent characteristics pose specific challenges to leadership (Chen et al., 2004): work within temporary organizations is described as a time-limited undertaking (Manninen-Ölsson and Müllerm, 2009) that is unique in set up, tasks, and work contents (Brockhoff, 2006). Projects normally make use of non-routine processes, which differ from standard organizational processes, and therefore cause uncertainty (Pich et al., 2002), discontinuous personnel constellations (Parker and Skitmore, 2005) with heterogeneous backgrounds (Chen et al., 2004) and differing (hierarchical) roles outside the temporary organization (Baccarini, 1996; Packendorff, 1995). Table 1 summarizes the most important characteristics of temporary organizations.

Owing to the stated characteristics, effective leadership is crucial in temporary organizations, especially seeing as project members are often less committed than in permanent organizational settings (Keegan and Den Hartog, 2004). Zimmerer and Yasin (1998) identify poor or misdirected leadership to be one of the most important causes of project failure (Zimmerer and Yasin, 1998). For overall project team performance (Hoegl et al., 2004) and the realization of the projects’ goals (Gällstedt, 2003), it is vital to establish commitment to project objectives, and to adhere to the project’s values. Followers should also be motivated to engage in the actions needed to achieve the project goals. Therefore, leaders should evoke in followers the firm desire to be part of the project team (McDonough III, 2000). In the following section, we therefore elaborate on the

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<tr>
<th>Characteristics of temporary organizations</th>
<th>Implication</th>
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<tr>
<td>Limited and predefined duration</td>
<td>Short time horizon, hampers development of deeper social relations (e.g. trust)</td>
</tr>
<tr>
<td>Unique project outcome</td>
<td>Limited use of experiences and routines; leader must encourage and allow a certain degree of autonomy</td>
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<tr>
<td>Missing hierarchies</td>
<td>Authority gap</td>
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<td>Higher uncertainty and risk involved</td>
<td>Low commitment of project members</td>
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<td>Heterogenous work teams</td>
<td>Role ambiguity of project members</td>
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