Transformational leadership and project success: The mediating role of team-building

D.A. Aga [a,b,*], N. Noorderhaven [a], B. Vallejo [a]

[a] *Tilburg School of Economics and Management (TiSEM), Tilburg University, Tilburg, The Netherlands*
[b] *Ethiopian Civil Service University, Addis Ababa, Ethiopia*

Abstract

Although the effect of transformational leadership on project success is empirically supported, less is known about the mechanisms that explain this effect. To address this issue, we propose the mediating role of team-building as a possible explanation of the relationship between transformational leadership and project success. Based on a field survey of 200 development project managers in the Ethiopian Non-Governmental Organization (NGO) sector, the results of our study indicate that team-building partially mediates the effect of transformational leadership on project success. We discuss the theoretical and practical implications of these findings.
© 2016 Elsevier Ltd. APM and IPMA. All rights reserved.

Keywords: Project success; Team-building; Transformational leadership

1. Introduction

Critical success factors (CSFs) are an important theme of research in the project management literature (Ika et al., 2012; Nauman et al., 2010; Söderlund, 2011). This branch of the literature has increased our understanding of factors critically influencing project success. One of the CSFs identified is the leadership style of the project manager, with specifically a positive effect of transformational leadership (Anantatmula, 2010; Lindgren and Packendorff, 2009; Riaz et al., 2013; Yang et al., 2010).

Although previous research demonstrates that transformational leadership positively influences project success, there is scant work explaining the mechanisms underlying the relationship between transformational leadership and project success (Kozlowski and Ilgen, 2006; Piccolo and Colquitt, 2006; Yang et al., 2010). For instance, Piccolo and Colquitt (2006) point out that the

underlying processes through which transformational leadership exerts its influences on project success have not been adequately addressed in the project management literature. Keegan and Den Hartog (2004) note that the positive effects of transformational leadership behaviors are weaker in a project context than for line managers, and they call for studies of factors moderating or mediating the relationship between transformational leadership and outcomes in order to acquire a better understanding. Similarly, Avolio et al. (2004) emphasize that a more concerted effort is required to explore the process and boundary conditions for transformational leadership leading to beneficial work behaviors.

The present study seeks to contribute to a better understanding of the mechanisms through which transformational leadership behavior of project managers influences project success. Gundersen et al. (2012) call for more research to understand the relationship between transformational leadership and team performance through the use of mediators representing team processes. Similarly, a meta-analysis by Kozlowski and Ilgen (2006) identifies transformational leadership as a promising leverage point for enhancing team processes, such as team-building. Scholars like Scott-Young

and Samson (2008) and Turner et al. (2008) highlight the need for empirical studies on comprehensive team-building practices in a project context. Following up on these calls, this research proposes that team-building plays a significant role in mediating the relationship between transformational leadership and project success. The study assumes that transformational leader behaviors facilitate team-building interventions, which in turn are reflected in project success.

Understanding the mechanisms that cause the effect of transformational leadership on project success helps us to articulate a better theoretical understanding of this relationship. Moreover, understanding how the effect comes about can provide practical guidance for project-based organizations that want to reap the effects of transformational leadership to the fullest extent.

Using a field survey of 200 NGOs implementing diverse development projects in Ethiopia, this study analyzes the relationships between project managers' transformational leadership, team-building, and project success. In the study, we conceptualize development projects as those interventions that aim to reduce poverty and improve the well-being of rural communities (Banks and Hulme, 2012; Khang and Moe, 2008).

2. Theoretical framework

This section presents the theoretical foundations for the three constructs of the study, namely, project success, project leadership, and team-building practices.

2.1. Project success

Traditionally, project management has been associated with the fields of construction and engineering, where the project success criteria are objective, well-accepted, and measurable, usually by the conventional triangle criteria of time, budget, and compliance with the client's terms of reference, or 'quality'. Project management, however, has become ubiquitous nowadays in the service sector, as well as in areas like capacity building and social work projects (Diallo and Thuillier, 2005). The Project Management Institute (PMI) defines project success as balancing the competing demands for project quality, scope, time, and cost, as well as meeting the varying concerns and expectations of the project stakeholders (PMI, 2008, p. 9).

Ika (2015) indicates that while the 'iron triangle' (i.e., cost, time, and quality) dominated the concept of project success criteria in the 1960s to 1980s, many other criteria were added more recently. These include benefit to the organization, end user satisfaction, benefit to stakeholders, benefit to project personnel, strategic objectives of the organization, and business success.

Though there is no consensus on project success criteria in the project management literature, the works by Ika et al. (2012) and Khang and Moe (2008) are comprehensive and relevant for development projects. The criteria set forth by these authors include relevance, efficiency, effectiveness, impact, and sustainability. Relevance refers to the extent to which the project suits the priorities of the target group, the recipient, and the donor. Efficiency refers to the extent to which the project uses the least

costly resources possible to achieve the desired results. Effectiveness refers to the extent to which the project meets its objectives. Impact refers to the positive and negative changes produced by the project, directly or indirectly, planned and unplanned. Sustainability refers to whether the benefits of the project are likely to continue after donor funding has been withdrawn.

2.2. Transformational leadership

Even though the topic of leadership has been under academic study for several decades, there is a dearth of empirical work in project management contexts (Söderlund, 2011; Turner and Müller, 2005; Tyssen et al., 2013). Full-range leadership theory is one of the most widely recognized theories of leadership, and it encompasses transformational, transactional, and laissez-faire styles (Sohmen, 2013). For our purpose, we focus on transformational leadership since studies have indicated its high relevance for project-oriented organizations (Gundersen et al., 2012).

There appears to be general agreement in the literature on four of the dimensions that make up transformational leadership: idealized influence, intellectual stimulation, inspirational motivation, and individualized consideration. Idealized influence is behavior that arouses strong follower emotions and identification with the leader. Inspirational motivation is shown when a leader conveys a vision that is appealing and inspiring for subordinates and provides them challenging assignments and increased expectations. Intellectual stimulation is behavior that increases followers' awareness of problems and influences them to develop innovative and/or creative approaches to solving them. Individualized consideration includes providing support, encouragement, and coaching to followers (Avolio et al., 2004; Lindgren and Packendorff, 2009).

2.3. Team-building

In studies on practices of human resources management (HRM) in project-based organizations, team-building is seen as a core aspect of HRM (Huemann et al., 2007; Turner et al., 2008). We adopt the team-building definition given by Klein et al. (2009, p. 3) as 'the formal and informal team-level interventions that focus on improving social relations and clarifying roles as well as solving task and interpersonal problems that affect team functioning'. In the literature, there is a consensus that there are four distinct approaches, which can also be combined. These approaches are goal-setting, developing interpersonal relations, clarifying roles, and employing problem-solving techniques (Klein et al., 2009; Salas et al., 1999). Each of the team-building practices is briefly presented below.

Goal-setting: This approach involves clarifying for the team members the general goals and specific objectives of the project, sometimes by defining subtasks and establishing timetables. Team members exposed to a goal-setting are expected to become involved in action planning to identify ways to achieve those goals. Studies show that goal-setting intervention combined with performance measurement and