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## Transactional leadership and project success: the moderating role of goal clarity

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### Abstract

Though transactional leadership is considered as a necessary precondition for transformational leadership to be effective, less attention has been paid to the role of transactional leadership in project success. Using 224 development projects of the Non-Governmental Organization (NGO) sector in Ethiopia, the present study examines the relationship between transactional leadership and project success and the moderating role of project goal clarity. The findings of the study indicate that contingent reward in transactional leadership is positively related to project success. Further, project goal clarity moderates the relationship between contingent reward and project success such that contingent reward becomes a stronger predictor for projects that have high goal clarity than low goal clarity. Implications of the findings, limitations of the study and directions for future research are discussed.

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*Keywords:* contingent reward; project goal clarity; project success; transactional leadership

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### 1. Introduction

Critical Success Factors (CSFs) have received ample attention in project management literature during the last five decades. This is because successful project management depends on identifying key determinants of project success, usually termed CSFs [1-3]. Research in this tradition has increased our understanding of factors critically influencing project success. One of the CSFs identified is the leadership style of the project manager. In this respect, several studies [4-7] show that transformational and transactional leadership styles are relevant to project management.

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Previous empirical studies have given special attention to transformational leadership, and these studies demonstrate that transformational leadership has a positive significant effect on project success [8-10]. Though transactional leadership is considered as a necessary precondition for transformational leadership to be effective, less attention has been paid to the role of transactional leadership in project success [11]. One of the reasons that project management literature overlooks the role of transactional leadership in project success could be its negligible positive and/or negative effects on outcome variables including project success [11]. Tyssen and his colleagues conceptualize that project characteristics could accentuate the need for transactional leadership in temporary organizations. They call for empirical studies that could confirm to what extent project goal clarity moderates the association between transactional leadership and project success [12].

Thus, the core argument of this study is that project goal clarity can play a significant role in moderating the effect of transactional leadership on project success. Using a field survey of 224 NGO sector development projects in Ethiopia, the objectives of this paper are, therefore, twofold. The first objective is to investigate the effect of transactional leadership on project success. The second objective is to examine the potential moderating role of project goal clarity in the relation between transactional leadership and project success. In the study, development projects are those interventions that aim to reduce poverty and improve the well-being of rural communities [13].

## **2. Theoretical Framework and Hypothesized Model**

### *2.1. Transactional leadership style*

Leadership style is a relatively stable pattern of behavior exhibited by a leader when dealing with employees [14, 15]. There is no one typology of leadership styles. The Full Range of Leadership Theory, as one of the most widely recognized leadership theories, encompasses the transformational, transactional and laissez-faire styles [16].

Though there are frequent revisions in the theory of full-range leadership, the theory addresses nine single-order factors which cover five transformational leadership factors, three transactional leadership factors and one laissez-faire leadership factor.

Transactional leadership is an exchange process based on the fulfillment of contractual obligations and is typically represented as setting objectives and monitoring and controlling outcomes. It has the following three first-order factors: (a) Contingent reward leadership that focuses on clarifying role and task requirements and providing followers with material or psychological rewards in exchange for the fulfillment of contractual obligations; (b) active management by exception (i.e., active corrective transactions) refers to the active vigilance of a leader whose goal is to ensure that standards are met; and (c) passive management by exception (i.e., passive corrective transactions) is a situation in which leaders take action after a behavior has created serious problems [17, 18].

Tyssen, Wald, and Spieth [12] point out two criticisms on this three-factor measure of transactional leadership. One relates to the overlapping measure between passive management by exception in the transactional and laissez-faire styles. The other concerns the negative correlation between active management by exception and passive management by exception although they are supposed to measure related concepts. As a result, only a two-factor model of transactional leadership (contingent reward and active management by exception) was considered in this study.

### *2.2. Hypothesized model and research hypotheses*

Transactional leadership builds upon contingent reinforcement in which followers are motivated by their leaders' promises, rewards and praises. Transactional leaders seek to inspire followers by appealing to their self-interests. Such leaders motivate subordinates to realize expected performance levels through helping them to recognize task responsibilities, identify goals and develop confidence about performing the desired expected levels of performance [19]. Transactional leadership emphasizes the task-related exchange of actions and rewards between follower and leaders. It relates to path-goal theory, whereby there is a series of leader-follower bargains and exchanges that give the necessary motivation for followers to pursue the path set [12].

Taking the project based-organizations into account, Tyssen et al. [12] mention the importance of contingent reward and active management by exception behaviors of project managers. Through contingent rewards, the leader

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