



# Leadership, regulatory focus and information systems development project team performance

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## Abstract

One primary function of a leader is to motivate followers to achieve project goals. Based on regulatory focus theory, actors may strive to the optional situation (promotion focus) or try to avoid not meeting the minimum requirements (prevention focus). This paper focuses on exploring the effect of leadership styles (transformational and transactional) on the collective regulatory focus of project team (promotion and prevention) and investigate the relationship between regulatory focus and project teamwork outcome. Data collected from 154 IS professionals shows that intelligent stimulation, idealized influence, and inspiration components of transformational leadership lead to promotion focus, and exception management and error-focus components of transactional leadership lead to prevention focus. Promotion focus associates with a higher quality system and less delay. The relationship between regulatory focus and project performance is contingent on the level of uncertainty.

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## 1. Introduction

Information technology serves as a crucial support for business strategy today. However, the high failure rate of information systems development (ISD) projects keeps challenging contemporary organizations. According to Standish group, more than half ISD projects are over budget, behind schedule or unable to meet user's requirements (The Standish Group, 2012). Past research has identified various factors, including technical and managerial issues, as major causes of such a high failure rate (Blau and Scott, 1962; Carson et al., 2007; Gingnell et al., 2014; Howell and Avolio, 1993; Mir and Pinnington, 2014). In the ISD context, team performance is often evaluated as the extent to which project

teams can accomplish predefined goals effectively and efficiently. The importance of goal achieving and potential ways to increase the possibility have been emphasized in past project management studies (Carmeli and Stephens, 2014; DeShon et al., 2004; Locke and Latham, 2006).

Regulatory focus theory explains people's underlying motivation of certain goal setting (Guidice et al., 2016). According to regulatory focus theory (Higgins, 1997, 1998), goals can be classified into "ideal" and "ought to be" two types. Actors may lean on achieving ideal situation (promotion focus) or avoiding not meeting ought-to-be status (prevention focus). Most of past regulatory focus related studies focus on the impact of regulatory focus on individual's behaviors (please see Johnson et al., 2015 for a review). There are only a few attempts on extending this theory into group level and exploring the effects of members' collective regulatory focus on team performance. Extending this concept to team level and applying to ISD area is especially

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essential since teams instead of individuals are often used as a form to accomplish IS projects.

The regulatory focus orientation of one team reflects what the team attempts to achieve and serves as a motivation principle to guide behaviors (Higgins, 1997, 1998; Shin et al., 2016). In an ISD context, promotion focus oriented teams tend to strive for ideal goals (e.g. constructing a high-quality system or accomplishing project much earlier than expected). On the other hand, prevention focus oriented teams tend to pay more attention to preventing project team not meeting expectations specified in the project plans (e.g. not disappointing users or exceeding budget and deadline). Teamwork outcomes may be affected by the regulatory focus orientation of project teams. Furthermore, a specific regulatory focus orientation may associate with a particular teamwork outcome more. For example, promotion focus is more related to unspecified but desired goals and prevention focus is more associated with clearly specified goals. Since past studies are not in an ISD context, it is imperative to explore how collective regulatory focuses of ISD project team are associated with different ISD project teamwork outcomes.

In addition, ISD process is characterized by high uncertainty and risk (Liu and Wang, 2016). Technical and business environmental changes increase the difficulty for project teams to carry out system development work. The regular focus of an ISD team guides team behavior toward distinct outcomes. Goal-directed behaviors driven by regulatory focus may be altered by external conditions. For example, when uncertainty is high, prevention focus project teams may weight explicit project goals more (e.g. meeting deadline or budget). Therefore, the first research question of this study is “*how does regulatory focus (promotion or prevention) impact ISD project performance under the different level of uncertainty?*”

Leadership has been considered as one critical factor in a teamwork context (Banks et al., 2016). A lack of leadership or employing an ineffective leadership style is one top impediment for IS project success (Sumner, 2000). The effectiveness of leadership often lies in the leader’s ability to motivate followers or teams toward the final goal. Regulatory focus theory that explains people’s underlying motivation of certain goal setting can provide insight for leaders on how to motivate project teams. Past studies show that particular leadership styles (e.g. servant and ethical leadership) may lead individual follower to be promotion or prevention focus (Neubert et al., 2008, 2013). However, one leadership style may contain several sub-components. Past studies only focused on overall leadership and didn’t explore the impact of lower level components (e.g. Lai and Hsu, 2013; Neubert et al., 2008). Understanding the impact and relative importance of leadership subcomponents allows practitioners to have a better idea on how to orient project teams to different goals (ideal or ought-to-be). Therefore, the second research question of the study is “*What leadership subcomponents is associated with project team’s regulatory focus in ISD context?*”

The purposes of this study, guided by the above two research questions, are to investigate the effects of collective regulatory focuses on efficiency and effectiveness of project outcome in the condition of high uncertainty and to explore the impact of sub components of transactional and transformational leaderships on

regulatory foci of ISD project team. Exploring the effect of regulatory foci on project performance shows the desirability of each regulatory focus. Understanding the impacts of sub-components of different leadership styles on different regulatory focus allows us to understand how leadership generates impact in an ISD project setting. This study benefits managers by showing what to perform precisely to orientate the team to a particular type of goal.

The remainder of the paper is organized as follows: first, we review the relevant literature about regulatory focus theory and leadership in the ISD context. Subsequently, the theoretical gaps that our study addresses are identified. Next, a theoretical model linking leadership styles, regulatory focus, and project performance is constructed. Meanwhile, hypotheses were also developed. In Section 3, we describe how required data were collected. In the fourth section, data analysis and hypotheses test are provided. Finally, we conclude with implications of our work for both academic and practical areas.

## 2. Literature review and hypotheses development

In this section, we first introduce regulatory focus theory and then review transformational and transactional leadership and their roles in information systems projects. In the next, we build the links between leadership styles components and different regulatory focus and hypothesize the relationship between regulatory focus and project performance.

### 2.1. Regulatory focus theory

Regulatory focus theory was developed through extending the “pleasure approaching and pain avoiding” concept originated from hedonic or pleasure principle in psychology (Higgins, 1997, 1998, 2000). Regulatory focus is a social cognitive explanation of motivation that includes deliberated consideration of needs, goals, and consequences. Self-regulation exerts differently when serving primarily different needs, such as the needs of nurturance and security. All goal-attainment behavior is regulated by two distinct motivational mechanisms, termed promotion and prevention, toward desired end-states (Brockner and Higgins, 2001). Individuals with different focuses are oriented to different types of goals. Promotion is related to nurturance and ideals, and prevention is linked safety and obligations goals. Promotion focus individuals concern accomplishments, growth, advancement, and the presence or absent of positive outcomes. On the other hand, prevention focus individuals pay attention to protection, safety, responsibility, and presence or absent of negative outcomes. Moreover, individual may be orientated to activate both accordingly to different needs and desired outcomes, because promotion and prevention focus are not mutually exclusive (Higgins, 1997).

Due to different ways of approaching pleasure and avoiding pain, each regulatory focus results in various cognition, decision-making, and emotions for individuals’ behavior and performance. The promotion focus individuals pursue advancement and achievement and explore opportunities for creativity and novelty (Brockner and Higgins, 2001; Kark and Van Dijk, 2007). Therefore, promotion-oriented individuals are more likely to use

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