Leadership and Governance of Projects

by
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for
Project Half Double Thought Leader Session
February 28, 2017
Hellerup, Denmark
Agenda

- Leadership and success
  - Leadership versus management
  - Leadership as Critical Success factor in projects
  - The role of sponsors and steering groups
  - Choosing appropriate project managers
  - Reflexivity and leadership
Leadership – definition and positioning

- **Management**
  - Goal oriented activity, being accountable, controlling and accomplishing something – objective/rational
  - Doing things right (Bennis & Nanus, 1985)

- **Leadership**
  - People oriented activity, resonance, giving sense of direction, rapport* - subjective/emotional
  - Doing the right things (Bennis & Nanus, 1985)

- **Situational balance**
  - Balance of leadership and management is contingent on project situation- hence, continuously changing

- **Relative impact on project success**
  - Recent years show the balance moving towards leadership

\* = a close and harmonious relationship in which the people or groups concerned understand each other’s feelings or ideas and communicate well.
Success in the realm of projects

- Continuous evolvement of the understanding of project success (Jugdev & Müller, 2005)
- A matter of worldview and perspective (Müller & Jugdev, 2012)
- A balance of hard and soft measures (Turner & Müller, 2006)

<table>
<thead>
<tr>
<th>PRODUCT LIFECYCLE</th>
<th>PROJECT LIFECYCLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conception</td>
<td>Planning</td>
</tr>
<tr>
<td>Production / Implementation</td>
<td>Hand – Over</td>
</tr>
<tr>
<td>Utilization</td>
<td>Close Down</td>
</tr>
</tbody>
</table>

**Period 1:** Project Implementation and Handover (1960s - 1980s)

**Period 2:** CSF Lists (1980s - 1990s)

**Period 3:** CSF Frameworks (1990s - 2000s)

**Period 4:** Strategic Project Management (21st century)
Does attitude impact success?

<table>
<thead>
<tr>
<th>Importance of Success Criteria</th>
<th>Reoccurring business</th>
<th>Customer satisfaction</th>
<th>End-user satisfaction</th>
<th>Team satisfaction</th>
<th>Other Stakeholder satisfaction</th>
<th>Supplier satisfaction</th>
<th>Self defined criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall success</td>
<td>+**</td>
<td></td>
<td></td>
<td>+****</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meeting user requirements</td>
<td>+*</td>
<td>+*</td>
<td>+*</td>
<td>+***</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meeting project purpose</td>
<td>+***</td>
<td>+*</td>
<td>+*</td>
<td>+***</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reoccurring business</td>
<td>+****</td>
<td></td>
<td></td>
<td>+****</td>
<td>+***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>+****</td>
<td></td>
<td></td>
<td>+****</td>
<td>+***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>End-user satisfaction</td>
<td>+****</td>
<td></td>
<td></td>
<td>+****</td>
<td>+***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Team satisfaction</td>
<td>+****</td>
<td></td>
<td></td>
<td>+****</td>
<td>+***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stakeholder satisfaction</td>
<td>+***</td>
<td></td>
<td></td>
<td>+****</td>
<td>+***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplier satisfaction</td>
<td>+*</td>
<td></td>
<td></td>
<td>+***</td>
<td>+***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meeting self defined criteria</td>
<td>+****</td>
<td>+****</td>
<td></td>
<td>+****</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

+ = positive correlation, * = significant at p < .05, ** = significant at p < .01, *** = significant at p < .005, **** = significant at p < .001

Müller & Turner 2007
The role of the sponsor/owner

• Sponsor sets the vision for the project
  • Visionary project managers compromise time and cost objectives (Turner & Müller, 2006)

• Sponsor’s engagement is decisive for success
  • Skeptical and involved sponsors have more successful projects (Turner & Müller, 2004)

• Sponsor engagement is subject to bounded rationality
  • In fixed-price contracts, engagement is reduced due to risk on supplier side
  • In time & material contracts engagement is high due to risk on buyer side (Müller & Turner, 2005)
Choosing appropriate project managers
# The competency school of leadership

## Group | Competency
--- | ---
**Intellectual (IQ)** | 1. critical analysis & judgment  
2. vision and imagination  
3. strategic perspective  
**Managerial (MQ)** | 1. engaging communication  
2. managing resources  
3. empowering  
4. developing  
5. achieving  
**Emotional (EQ)** | 1. self-awareness  
2. emotional resilience  
3. motivation  
4. interpersonal sensitivity  
5. influence  
6. intuitiveness  
7. conscientiousness  

![Diagram](Turner_Müller_2006)

*Dulewicz & Higgs, 2005*
Competences and leadership styles

Different personal profiles lead to different leadership styles

<table>
<thead>
<tr>
<th>Leadership style</th>
<th>Goal-oriented</th>
<th>Involving</th>
<th>Engaging</th>
</tr>
</thead>
<tbody>
<tr>
<td>Related popular style</td>
<td>Transactional</td>
<td>Transformational</td>
<td></td>
</tr>
<tr>
<td>EQ</td>
<td>M</td>
<td>H</td>
<td>H</td>
</tr>
<tr>
<td>IQ</td>
<td>H</td>
<td>M</td>
<td>M</td>
</tr>
<tr>
<td>MQ</td>
<td>M</td>
<td>M</td>
<td>H</td>
</tr>
<tr>
<td>Project complexity for best performance</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
</tr>
</tbody>
</table>

Dulewicz & Higgs, 2005
Importance of leadership competencies by project type

<table>
<thead>
<tr>
<th></th>
<th>Engineering &amp; Construction</th>
<th>IT</th>
<th>Organizational Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main competencies</strong></td>
<td>Conscientiousness, Sensitivity (vision)</td>
<td>Communication, Self-awareness, Developing others (vision)</td>
<td>Communication, Motivation (vision)</td>
</tr>
<tr>
<td><strong>Situational competencies</strong></td>
<td>Managing resources, empowering, critical analysis &amp; judgement, strategic perspective, emotional resilience, influence, conscientiousness</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Supporting competencies</strong></td>
<td></td>
<td>Achieving, intuitiveness</td>
<td></td>
</tr>
</tbody>
</table>

Turner & Müller 2006
A sense of duty and good interpersonal communication are the leadership attributes contributing to project success in engineering and construction projects.

Conscientiousness - clear commitment to a course of action in the face of challenges. Matches ‘words and deeds’ in encouraging others to support the chosen direction.

Interpersonal sensitivity - aware of, and takes account of, the needs and perceptions of others in arriving at decisions and proposing solutions to problems and challenges.

Müller & Turner, 2010
IT and Telecom projects

• Finding the right ‘tone’ with others, together with good control over their own feelings and helping project team members to take on challenging tasks, are the attributes of successful leadership in these projects.

• Engaging communication – being approachable and accessible, engaging others to win their support through communication tailored for each audience.

• Self-awareness – being aware of the own feelings and able to recognize them

• Developing others - encouraging others to take on ever more demanding tasks and roles

Müller & Turner, 2010
Business and Organizational Change projects

• Actively creating the required dynamics for change, together with accommodation of those involved helps organizational change projects to be successful.

• Engaging communication – being approachable and accessible, engaging others to win their support through communication tailored for each audience.

• Motivation - the project manager shows drive and energy to achieve clear results and make an impact

Müller & Turner, 2010
Predicting project success

15 competencies together

<table>
<thead>
<tr>
<th>Explained project performance</th>
<th>All projects</th>
<th>High performing projects</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All</td>
<td>Engineering &amp; construction</td>
</tr>
<tr>
<td></td>
<td>9%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Turner & Müller, 2006
Agenda

• Governance
  • Governance levels
  • Governance paradigms
  • Governance mechanisms
Governance in the realm of projects

• Management runs the business, governance makes sure that it runs in the right direction and that it runs efficiently (Tricker, 2012)

• Governance, as it applies to portfolios, programs, projects, and project management, coexists within the corporate governance framework.

• This comprises the value system, responsibilities, processes and policies that allow projects to achieve organizational objectives and foster implementation that is in the best interests of all the stakeholders, internal and external, and the corporation itself (Müller, 2009)
Governance layers and corporate governance

Four principles of good corporate governance (OECD 1998, Milstein report):

• Transparency: disclosure of accurate, timely information to stakeholders
• Accountability: clear understanding of roles and rights (e.g. who delivers what and when)
• Responsibility: execute task within the standards of the society
• Fairness: moral principles (e.g. in contractual relationships, ethical business conduct, etc.)

Müller, 2017
Governance paradigms

**Outcome control**
e.g. project outcome
(Brown & Eisenhardt, 1997)

**Shareholder orientation:**
Companies maximize RoI for their shareholders
(Clarke, 2004)

**Stakeholder orientation:**
Companies maximize benefits for a wide set of stakeholders
(Clarke, 2004)

**Behavior control**
e.g. project process
(Brown & Eisenhardt, 1997)

Flexible Economist

Versatile Artist

Conformist

Agile pragmatist

Müller 2009
Predominant governance paradigms by country
Average paradigm by project size

Müller & Lecoeuvre, 2014
Average paradigm by project type

Müller & Lecoeuvre, 2014
Leadership profiles by governance paradigm

High performing PMs relative to all project managers

Müller & Turner, 2010
Müller & Lecoeuvre, 2014
Porthouse & Dulewicz, 2007
PM methodology, paradigms and success

Methodology accounts for about 6% of project success

Governance Paradigms

Companies focus on results, e.g., project outcome (Brown & Eisenhardt, 1997)

Less comprehensive methodologies—likely to be supplemented with methodology elements

Shareholder Theory:
Companies maximize ROI for their shareholders (Clarke, 2004)

Comprehensive methodologies—less likely to be supplemented

Stakeholder Theory:
Companies maximize benefits for a wide set of stakeholders (Clarke, 2004)

Companies focus on compliance, e.g., project process (Brown & Eisenhardt, 1997)

Joslin 2017
Governance mechanisms: Control and trust

• **Control:** ….we all know

• **Trust:** The willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party”.

• Measured as trustworthiness:
  • Ability
  • Benevolence
  • Integrity

Mayer, Davis, & Schoorman, 1995
Consequences of governance: trust

Müller et al 2014
Governance paradigms and mechanisms

Governance mechanism: trust
Governance mechanism: control

Increasing trust
Increasing success of projects

Outcome control
Behavior control

Shareholder orientation
Stakeholder orientation

Müller et al 2014
Joslin & Müller 2015
That’s All Folks

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References


References


References


