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IT Leadership Behavior and Business Process Reengineering (BPR) Outcomes: An Empirical Analysis of Thirty BPR Projects

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Abstract

The breakdown of leadership is a frequent cause for the high failure rate of business process reengineering (BPR). BPR implementation requires a top-down, directive leadership style. Yet, it also requires the management of motivated, skilled people doing non-programmable tasks for which a non-directive leadership style is most suited. This creates an inherent conflict for BPR leaders on choosing the appropriate style to use. Applying the Leadership Effectiveness framework (Flamholtz 1986, 1990), this study conducted in-depth empirical analyses on the relationship between IS leadership behaviors and BPR outcomes for 30 BPR projects. Survey results found that successful BPR leaders use leadership styles that fit the situation better. Also, successful BPR leaders balance their efforts between meeting the needs of the people doing the work and the needs of the work being done. The results of this research provide guidelines for both leadership practices and empirical research.

Introduction

Although BPR has been proclaimed the "single best hope" for restoring competitive advantage, even advocates estimate that 50% to 70% of all BPR efforts fail. While some projects fail from poorly formulated strategy, a breakdown in leadership is typically cited as the major cause of these BPR failures (e.g., Hammer and Champy 1993). Yet, the message to leaders embarking on BPR is inherently conflicted. The assertion is that BPR is a top-down phenomenon where a directed, committed leadership is critical for success particularly in the implementation phase conflicts with the nature of BPR implementation. It is highly non-programmable requiring people who are highly motivated and independent. Actually, there is evidence of a potential conflict between the nature of the BPR and the style of leadership typically used. What is, then, the optimal leadership style that will result in successful BPR projects? Unfortunately, few theoretical analyses and systematic guidelines offer insight to scholars and practitioners.

Theory of Leadership

The first research on leadership looked at the *traits* of successful leaders and compared those traits to those of other less successful leaders. When researchers found no consistent patterns in the attributes, or traits, of successful leaders, their attention turned to the *behavior* of leaders. Later when the velocity of change in organizations significantly accelerated, researchers returned to examining the *attributes* of leaders. Researchers labeled as *transformational* leaders those who were successful in managing their organizations through *radical* change. In contrast, researchers labeled as *transactional* leaders those who lead people through only *incremental* change.

Most leadership studies are now using this last model (Bass 1985). However, this model has several additional shortcomings as a tool for examining BPR behavior. The transformational leadership framework does not examine the role leaders play in facilitating teamwork and interactions between interested parties so common goals are accomplished. Moreover, there is a high intercorrelation between the facets of both forms of leadership (Waldman et al. 1990) which suggests that transformational leadership builds on transactional leadership. That means that transformational leaders are always transactional leaders, but transactional leaders are only sometimes transformational leaders. This suggests that everyone is a transactional leader. Finally, Yammarino and Dubinsky (1994) viewed that transformational leadership is "only in the eyes of the beholder — what one individual perceives differs from what others perceive." Lastly this model assumes the leader has line management authority for dispensing rewards and punishments which is problematic on many BPR projects.

Therefore, another framework on leadership may be much more appropriate for research on the relationship between leadership and innovations enabled by information technology such as BPR. This framework (Flamholtz 1986, 1990) looks at what leaders *do* and under what circumstances they do it. In addition, this framework does not assume that the leader has authority to dispense rewards and punishments. This study tests the framework in an environment of accelerated change.

Theoretical Framework

Drawing on contingency theory, the Leadership Effectiveness framework (Flamholtz 1986, 1990; hereafter LE framework) is based on the notion that no single style is effective in all situations. Rather the situation determines the style that will most

likely be effective (Fiedler 1967; Fiedler and Chemers 1984; Hersey and Blanchard 1984). The overview of the LE framework is shown in Figure 1.

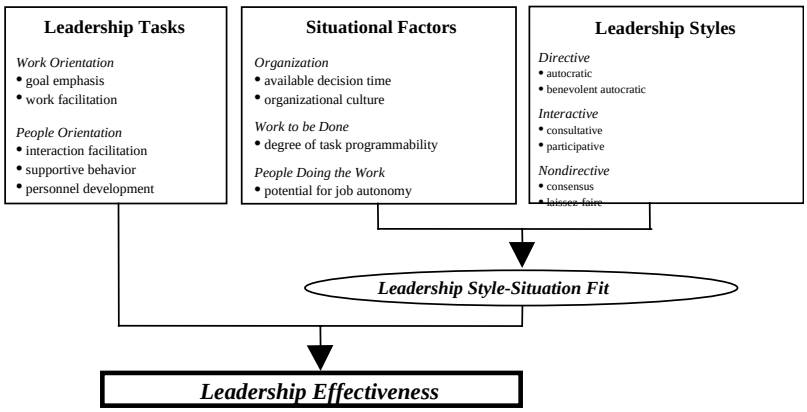

Figure 1. Leadership Effectiveness Framework

This framework has several advantages. It does not assume that for some leaders their sole source for influencing behavior is contingent rewards. Likewise, it does not assume that personal traits such as charisma and intellectual stimulation are essential prerequisites for effective leadership. Rather, it looks at the behavior of leaders in the tasks they perform, the style they use, and the situational factors. It draws from several tested traditional research streams: leadership styles (Likert 1961, 1967; Tannenbaum and Schmidt 1958), leadership tasks (Bowers and Seashore 1966), situational leadership (Hersey and Blanchard 1984), and contingency leadership (Fiedler 1967).

Flamholtz hypothesized that the situational factors of potential for job autonomy and task programmability explain 80% to 90% of the style-situation fit, a critical factor in leadership effectiveness. Therefore, it is hypothesized that leaders, or champions, of successful reengineering projects have a better style-situation fit than leaders of unsuccessful projects.

H1: There is significant difference in the style-situation fit of successful BPR leaders and unsuccessful BPR leaders.

The framework states that both orientations, task and people, are present in effective leaders. Therefore, for optimal performance the emphasis that is placed on the performance of leadership tasks is split evenly between two types of tasks. The first type is geared towards the work to be done (goal emphasis and work facilitation). The second type is geared towards the needs of the people doing the work (interaction facilitation, supportive behavior, and personnel development). When leaders handle problems by performing leadership tasks in both orientations, leaders reinforce their influence on those being lead. An indirect indication is that many of the BPR problems could be influenced by leadership tasks of both orientations. Thus:

H2: There is significant difference in the emphasis successful BPR leaders place on the task and people dimensions (orientations) and the emphasis unsuccessful BPR leaders place on the dimensions.

Many studies (e.g., Popoff and Brache 1994) have stressed the need for committed leadership by the champion. Leadership is needed throughout the reengineering project, not just in its beginning. Many cite the lack of consistent leadership behavior as the major cause for failure.

H3: There is significant difference in the consistency of leadership task performance between successful and unsuccessful BPR leaders.

Method

Data were collected from 30 BPR projects using a two-step survey questionnaire. Survey participants were sought from randomly selected 2,000 IT executives who were subscribing to an IT-oriented magazine, and from BPR leaders on an academically sponsored Internet mailing list. For informant bias concerns, BPR projects were evaluated by using one BPR leader (typically CIO) and several BPR members when possible. The convergence of their ratings was found to be high. The instruments were modified from previously validated instruments. Then the instruments were pretested by volunteers in the UCLA executive MBA program and in the case study site. In addition, I conducted a case study in BPR projects at a securities firm in California prior to survey administration.

Because the failure rate of BPR projects is so high, I assessed the degree of BPR leadership success (i.e., BPR success) at two levels: the attainment of overall BPR goals (comprehensive measurement) and the attainment of primary BPR goals (prioritized measurement). The syle-situation fit was assessed by the discrepancy between (a) the proportion among directive, interactive and non-directive leadership styles actually used, and (b) the proportion that the job autonomy and task programmability of BPR tasks dictate. The balance between task and people orientations was calculated by how much more the BPR leader actually worked on task management than people management. Finally, the consistency of leadership task types was determined by using a factor analysis on what tasks the BPR leader actually did. It identified three primary leader task types: "coach," "coordinator," and "counselor."

Results

Regressions were run to test the first hypothesis that the better the *style-situation fit* then the greater the BPR success as measured by its attainment of goals. The results support the hypothesis with $\beta = .39$ at $\alpha < .05$ when the BPR outcome is the

target attainment for the BPR goals. When the primary BPR goal is the dependent variable, the hypothesis is supported with $\beta = .36$ at $\alpha < .10$. Thus H1 was supported. Regressions also supported the second hypothesis (*the balance between work and people tasks*) for either expression for BPR success: the attainment of BPR goals with $\beta = .37$ at $\alpha < .05$ and the primary BPR goal with $\beta = .46$ at $\alpha < .01$. For testing H3 (*leadership task consistency*), regressions were run using the three independent variables ("coach," "coordinator," and "counselor") against BPR success. The results were not significant, thereby not supporting H3.

Conclusion

The major conclusion is twofold: (1) Successful BPR leaders employ leadership *styles* that fit better with critical situational factors than unsuccessful leaders do; and (2) Successful leaders of BPR projects perform their leadership *tasks* in a more well balanced manner than unsuccessful leaders do. There are several contributions. This research gives BPR leaders guidelines for using the optimal leadership style. It also provides researchers with how to operationalize the fit between style and situation. Finally, it extends tested theory into the area of higher-order change. The concept of fit is now "operational." Although this study used multiple informants for evaluating each BPR project, the small sample size should warn the reader to take the results with caution.

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