

LECTURE 10: TRANSACTIONAL LEADERSHIP THEORY CONTINUED

The main objective of the second part of the lesson is to continue assessing the impact of transactional leadership styles on workforce behaviour. Specifically;

- 1) To know the leadership style among transactional leadership styles that positively affect personnel conduct at workplace than the other
- 2) To understand the differences or similarities between the transactional and transformational (studied earlier) leadership styles

Some Research Questions to think about

- 1) Which of the two leadership styles (transactional/ transformational) positively affect personnel conduct at workplace than the other?
- 2) Are there any differences or similarities between the two leadership styles?

This assessment is so important in that it will portray the impact of both transactional and transformational leadership styles on workforce behaviour at workplace. It will help to project which of the leadership styles have a high positive impact on personnel conduct. This will help management of organizations as well as project organizations to better peruse which of the two leadership styles can better impact the services positively.

Transactional leadership is a leadership that involves an exchange process whereby followers get immediate, tangible rewards or sanctions for carrying out the leader's orders or for failing to do so and that this type of leadership maintains the status quo. On the other hand, transformational leadership is all about initiating change in organizations, groups, oneself and in others. Personnel conduct simply refers to workforce behaviour.

Transactional leaders work within the organizational structure as it is, whereas transformational leaders renew the organizational structure to meet the current leadership environmental demands. In short, transactional leaders motivate followers by appealing to their self-interest and an exchange of benefits. The exchange process used by transactional leaders could result in follower compliance with the leader requests.

transactional leadership

Motivates followers by appealing to their self-interest and exchange of benefits. The exchange process used by transactional leaders is one that could result in follower compliance with the leader requests.

Compliance does not mean the transaction between the leader and the led will generate enthusiasm or commitment to the task or objective by the follower. Transactional leadership does not motivate or increase performance as well as transformational leadership, yet it is an effective method, given the right situation, and is based on followers receiving a contingent reward for their contribution; if the subordinate is not effectively contributing, a more active or direct participation style is required to motivate the employee. If the subordinate is meeting the leader's objectives, a more passive, or laissez-faire, management style may be used.

Differences between Transactional and Transformational Leadership

Compensation and punishment are used in transactional leadership as a basis for correcting the followers but charisma and enthusiasm is used to influence followers by a transformational leadership. In a transactional leadership, stress is placed on the leader's connection with followers meanwhile, stress is laid on the values, beliefs and needs of the leader and followers in the transformational leadership. Transactional leadership is reactive whereas transformational leadership is proactive and also that transactional leadership is best

for a stable setting, while transformational leadership is good for the wild setting. Transactional leadership works for refining the present circumstances of the organization and on the other hand, transformational leadership works for shifting the present circumstances of the organization to a better one. Transactional leadership is bureaucratic while transformational leadership is charismatic. Transactional leadership gives room for only one leader in a group but there can be more than one leader in a group in transformational leadership. Transactional leadership is focused on planning and execution which is different from transformational leadership that focuses on promoting innovation. Followers feel more satisfied and work more effectively under a transformational leadership style than in a transactional leadership style. Transformational leadership leader stimulates followers to do more than originally expected. Furthermore, when employees are motivated to perform more than they could do in normal circumstances, productivity is increased. Comparing transactional and transformational leadership, the differences appear to be huge and placing transformational leadership as the best.

Similarities between Transactional and Transformational Leadership

The similarities of transactional and transformational leadership are first apart from them being of separate domains, a leader can still be both transactional and transformational. Transformational leadership builds on transactional leadership and not vice versa. The similarity is that transformational leadership builds on transactional leadership. Transformational leadership can be viewed as a distinct case (improved) of transactional leadership, though both approaches are linked to the achievement of some goals (normally same goal). For example, both transactional and transformational leadership encourages productivity. Both have a clear structure, and it allows employees to control compensation and make goals achievable which are seen as its advantages.

Empirical Literature

Transactional leadership is a leadership that involves an exchange process whereby followers get immediate, tangible rewards for carrying out the leader's orders and that this type of leadership maintains the status quo. Rewards and incentives play a key role in the motivational level of the employees. Managers using the transactional leadership style, due receive certain tasks to perform and provide rewards or punishments to team members based on performance results. On the other hand, transformational leadership is all about initiating change in organizations, groups, oneself and in others. They set more challenging expectations and typically achieve higher performance. Statistically, transformational leadership tends to have more committed and satisfied followers. Transformational leadership encourages communication. Transformational leadership motivates team members or followers to do more than are expected and this increases productivity.

Following the aforementioned, we find a gap in that no comparison seems to have been drawn between the two to better understand which one affect personnel conduct more and in

what setting can each be better perceived. Secondly, since both leadership styles are geared toward productivity, which one of them brings in better output. This present assessment will bridge the gap.

The Effects of Transactional Leadership on Personnel Conduct

Following the above comparison and contrast, this leadership style maintains or continues the status quo. It is also the leadership that involves an exchange process whereby followers get instant, palpable rewards for carrying out the leader's orders.

Transactional leadership brings leaders and group members together to set planned goals, and workers agree to follow the direction and leadership of the leader to achieve those goals for compensation and as well can choose to disobey the superior as a team. The manager or leader holds authority to appraise results and train or correct personnel when the team members fail to meet goals. Additionally, personnel receive compensation, when they realize goals. Some importance of transactional leadership is that clear instructions are given to subordinates, the team focuses on expectations as well as giving feedback. Northouse (2016) opined that transactional leadership signifies the majority of leadership models, which concentrates on the connections that happen between leaders and their followers. We see politicians who win votes by promising payments such as jobs, good roads and no new levies, as a good example of transactional leadership.

Talking on how transactional leadership affects personnel conduct, Joseph (2015) affirmed that it compensates performance, disciplines those who fail to attain desired goals, and that the leader is passive to the concerns of the personnel and as well, inflexible to change. Also, such a leader places a lot of importance on commercial arrangement and beliefs and wants things to go as scheduled irrespective of whether they were wrongly prearranged. In fact, such a leadership style builds a stiff organizational pyramid that is resistant to change. Report on an issue, is expected to pass through all immediate leaders before reaching the top management (Northouse, 2016). If the hierarchy is avoided, it might be considered as disobedience. This leadership can rather promote egotism than overall interest. For example; the leader's interest is to achieve his goals while the employee's interest is to get their pay or compensation (Bass, 1990). However, the individual worker's inspiration for greater compensation in transactional leadership is determined by his or her input and as such, the personnel work harder to receive higher earnings and this drive for higher earnings equally increases productivity.

Bass (1985) contrasts transformational leaders with transactional leaders, and Conger & Kanungo (1998) contrast charismatic leaders with non-charismatic leaders. While transformational leaders inspire exceptional performance, transactional or non-charismatic leaders aspire to achieve solid, consistent performance that meets agreed upon goals.

Transactional leaders give rewards and punishments to encourage performance, making the leader/worker relationship essentially an economic transaction (Bass, 1985).

Transactional leaders have three primary characteristics. First, transactional leaders work with their team members to develop clear, specific goals and ensure that workers get the reward promised for meeting the goals. Second, they exchange rewards and promises of rewards for worker effort. Finally, transactional leaders are responsive to the immediate self-interests of workers if their needs can be met while getting the work done.

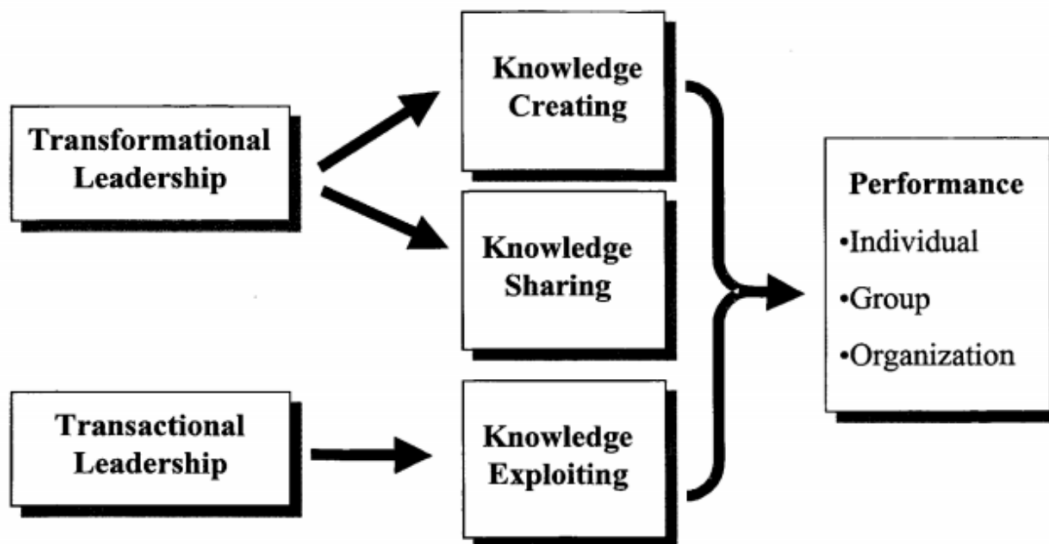
Transactional leadership encourages specific exchanges and a close connection between goals and rewards. Consequently, workers are not motivated to give anything beyond what is clearly specified in their contract. This is especially troubling for knowledge workers for whom it is much more difficult to specify complete job descriptions in advance. Workers may also choose to utilize their excess brain capacity by consulting or starting their own business if they are not challenged and rewarded for extra effort in the firm. According to Bass (1985) and Conger & Kanungo (1998) all leaders exhibit characteristics of both transformational and transactional leadership styles. Individual leaders tend to emphasize one of these styles more than the other. Both types of leaders are required to effectively manage knowledge (Conger, 1999). The next section examines the potential impact of these leadership styles on knowledge creating, sharing and exploiting.

Leadership and Knowledge Model Managing organizational knowledge involves managing the knowledge creating, sharing and exploiting processes. Researchers have begun to explore the relationship between transformational leadership and organizational learning processes. Table 1 illustrates the relationship between leadership, knowledge and performance. Although the model implies a linear process, all learning processes are iterative, with each part feeding back and informing other parts of the process. In order to effectively manage the creating, sharing and exploiting of knowledge, managers need to address the unique demands of managing knowledge at each level of the organization. Individual, group and organizational levels may require different leadership styles in order to leverage knowledge into a competitive advantage. Figure 1 provides a summary of the relationship between leadership styles and knowledge at three levels of the firm. The boxes on the diagonal are shaded and indicate the primary knowledge activities that occur at each level of the firm and their corresponding leadership styles. Knowledge creation occurs primarily at the individual level. Knowledge sharing occurs primarily at the group level, although knowledge is also created through group interaction. Knowledge exploiting occurs primarily at the organizational level, since it takes resources from all parts of the organization to convert good ideas into marketable products or services.

Table 1
Impact of Transformational and Transactional Leadership on Knowledge Cultivation

Level	Knowledge Creating	Knowledge Sharing	Knowledge Exploiting
Individual	Transformational Leadership • Creativity • Innovation		
Group	Transformational Leadership • Innovation	Transformational Leadership • Integration • Shared mental model	Transactional Leadership • Coordination
Organization			Transactional Leadership • Systems (IS, KM) • Institutionalization

Figure 1
Leadership's Effect on Knowledge and Performance



Conclusion

The main focus of this lecture apart from expanding transactional leadership theories was to assess how transactional and transformational leadership affect workforce behaviour or better still, to assess the impact of both transactional leadership and transformational leadership on personnel conduct. Normally, a comprehensive leadership style should have some elements of the other styles in some aspects and for some particular purposes. Transactional leadership style involves an exchange process, which the followers get direct and touchable rewards for carrying out the orders of the leader or receives sanctions for failing to carry out the leader's orders (Khalil, Iqbal & Khan, 2016). Some task work such as in project sites and stable settings need transactional leadership style to meet up with time. The challenge is that poor quality work can be achieved since those on task work will want to focus more on completing the task and undermining quality. It can also demotivate employees especially in large

organization. This leadership style has less positive impact on workforce behaviour and should be practiced with care not to create an environment saturated by position, power, and politics.

On the other hand, transformational leadership is all about motivating/ inspiring workers and initiating change in organizations, and groups to achieve higher performance thereby attracting more committed followers. The differences among the two leadership styles are huge with little similarities (Hater & Bass, 1988). Transformational leadership fit well in any setting if practiced in context. It is good for a wild environment and even unstable systems. It has a positive effect on personnel conduct and productivity at workplace. Transactional leadership negatively affect personnel conduct, but not completely bad because it still promotes hard work, however, transformation leadership is far much appreciated in that it highly positively affects personnel conduct. It initiates change in organizations, groups, and oneself to achieve higher performance thereby attracting more committed followers (Khalil et al., 2016). Following the aforementioned, we believe that our objectives have been satisfactorily met.

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