

Running Head: Transformational versus Transaction Leadership

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### ***Introduction***

*The best executive is the one who has sense enough to pick good men to do what he wants done, and self-restraint to keep from meddling with them while they do it.*

~ Theodore Roosevelt

*Good leaders make people feel that they're at the very heart of things, not at the periphery. Everyone feels that he or she makes a difference to the success of the organization. When that happens people feel centered and that gives their work meaning.*

~ Warren Bennis

In today's ever-changing environment leaders are finding themselves playing major roles.

Today's leaders have to be strategic in every sense of the word. Organizations are looking for that special leader who is not only strategic, but also transformational to take them to the next level.

### ***Transformational Leadership Defined***

According to Bernard Bass, transformational leadership is a form of leadership that occurs when leaders "broaden and elevate the interests of their employees, when they generate awareness and acceptance of the purposes and the mission of the group, and when they stir their employees to look beyond their own self-interest for the good of the group."

### ***Transactional Leadership Defined***

Bass states that transactional leadership is built on reciprocity. The relationship between leaders and their followers develops from the exchange of some reward, such as performance ratings, pay, recognition, and praise. It involves leaders clarifying goals and objectives, and communicating to organize tasks and activities with the cooperation of

their employees to ensure that wider organizational goals are met. Such a relationship depends on hierarchy and the ability to work through this mode of exchange.

***Transformational Leadership versus Transactional Leadership***

To fully understand this process of transformational leadership it is important to differentiate between transformational and transactional leadership. According to Bensimon, transactional leadership considers the relationship between leaders and followers as a two-way process of exchange and mutual influence. Leaders accumulate power through their positions and their personalities, but their authority is constrained by follower expectations.

In regards to transformational leadership, Bensimon presents a one-way view of the relationship between leaders and followers. Bensimon posits that leaders initiate relationships, which raise followers to new levels of morality and motivation. Transactional leadership conjures a managerial image, while transformational leadership evokes images of extraordinary individuals such as Martin Luther King, Jr. or General Colin Powell.

The difference between fulfilling and changing expectations is at the heart of the distinction. Transactional leaders are depicted as accepting and maintaining the culture of an organization as it exists with a belief system, language, and group norms. In contrast, transformational leaders change organizational culture by introducing new beliefs and goals, and by changing how group members define their roles. Bass states that this form of leadership goes beyond traditional forms of transactional leadership. Transactional leadership emphasizes corrective action, mutual exchanges, and rewards only when performance expectations are met. On the other had, transformational leaders trust their

subordinates and leave them space to breathe and grow. The bottom line is that transformational leadership is a more developmental and constructive form of leadership for the employees and the organization as a whole.

### **Qualities of Transformational Leadership**

When looking at the organization as a whole there are several qualities that the transformational leader has that the transactional leader does not. These qualities are charismatic in nature, which the transformational leader uses to achieve his or her organizational goals. The qualities are: focusing attention on planned actions; encouraging risk; listening to employee suggestions; providing feedback; demonstrating consistent trustworthy behavior; and, expressing concern for others.

Jacobs cited Bass as identifying four behaviors, which he considers the qualities of transformational leaders. They are:

**Charismatic Action.** Transformational leaders with great charisma will gain great personal power. They must be extraordinarily mature to avoid the temptation to use that power for personal gain.

**Individual Consideration.** Transformational leaders are personally interested in the success and well being of their individual followers, and show it. They clearly understand individual growth needs and what motivation is all about.

**Inspirational Motivation.** Inspirational motivation involves giving away the vision, in effect, and empowering subordinates to act.

**Intellectual Stimulation.** This is leader behavior that communicates new perspectives and enables fundamental understanding of problems and issues.

Along with these basic qualities of leadership, S. W. Young identified three more

important characteristics in transforming the leader and organization. According to Young, transformational leaders view the ability to provide exceptional services to clients as the key to organization survival. Second, the vision of the organization is clearly defined and communicated. Visions are turned into planned actions, which are continuously measured for goal achievement, and finally, transformational leaders develop action plans that empower subordinates to grow and develop.

The effective leader can identify the needs of the larger group. That is, this leader is adept at seeing the big picture and then meeting the needs of the organization. The transformational leader also serves as the role model in thinking and acting beyond self-interest. Followers are likewise encouraged through this leadership to meet the interests and needs of the larger group.

### **Transformational Leadership and The Strategic Environment**

Within the strategic environment, **transformational leaders** view situations from a new perspective. This is a very important concept especially in today's environment when everything is being looked at from the military's jointperspective. Since the Gulf War, we have seen a new dawn in the area of Jointness. No longer will the Army, Air Force, Navy, and Marines fight their own battles. This new perspective of leadership is filtered down through each service and to each subordinate, and it enhances his or her ability to view change in a positive direction.

In the strategic environment the transformational leader inspires individuals to perform at a higher level. In transforming the organization, strategic leaders will have several challenges. The first thing they will need to do after making certain strategic changes is produce a vision. The vision of transformational leaders is probably the most

important aspect in the organization. Vision gives a sense of direction and purpose. It also gives the leader and the organization a road map on where it wants to go and what it wants to achieve. But, it is the leader's responsibility to ensure that the organization fulfills these strategic goals. It is also important to understand that the success of the leader's vision will depend on the goals and values of the organization as a whole. From there, strategic leaders will group all the components of structure, environment, culture, and values to make the organization more competitive. Consider the way animals hunt. Lions have a specific action plan for hunting their prey. The younger, stronger lions go out into the jungle, while the older, frail lions stay at the opening of the den and roar out into the land. Animals, frightened by the roar, run from it. In the process, they are captured and killed by the young lions. The moral of this story is that taking risks, making different choices, and using different strategies to manage changes in **today's** strategic environment may be the key element that elevates one organization over the next.

Risk taking is another aspect of the strategic environment. The transformational leader is not afraid of making mistakes. According to Buhler, mistakes create opportunities for growth. If mistakes are not made, progress is probably not made either. Failure is not even in the transformational leader's vocabulary. A greater good is always kept in mind replacing self-interests. Buhler further posits that the transformational leader raises the awareness of everyone, not just subordinates. Customers, peers, and even superiors become aware of working toward loftier goals beyond self-interest.

In conclusion, in today's ever-changing environment leaders are finding themselves playing major roles. Today's leaders have to be strategic in every sense of the

word. Small and large organizations alike are looking for that special leader who is not only strategic, but also transformational. As we continue to move forward in this fast-paced world, society will need more leaders who will help transform these organizations and turn them into competitive markets.

References

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