

## **Transformational leadership:**

Transformational leadership is a leadership style in which leaders encourage, inspire and motivate employees to innovate and create change that will help grow and shape the future success of the company. The concept of transformational leadership was initially introduced by James V. Downton and further developed by leadership expert and presidential biographer James MacGregor Burns.

According to Burns, transformational leadership can be seen when "leaders and followers make each other advance to a higher level of morality and motivation." Transformational leadership is said to have occurred when engagement in a group results in leaders and followers raising one another to increased levels of motivation and morality. It is not enough to make the correct choice, but to make the moral choice. In simple words, a transformational leader is not selfish and sees an opportunity of growth in others. Transformational leadership enhances intellectual stimulation through employee training and development.

### **Transformational leadership encompasses several different aspects, including:**

- Emphasizing intrinsic motivation and positive development of followers
- Raising awareness of moral standards
- Highlighting important priorities
- Fostering higher moral maturity in followers
- Creating an ethical climate (share values, high ethical standards)
- Encouraging followers to look beyond self-interests to the common good
- Promoting cooperation and harmony
- Using authentic, consistent means
- Using persuasive appeals based on reason
- Providing individual coaching and mentoring for followers
- Appealing to the ideals of followers
- Allowing freedom of choice for followers

### **Characteristics of transformational leadership:**

- Encourages the motivation and positive development of followers.
- Exemplifies moral standards within the organization and encourages the same of others.
- Fosters an ethical work environment with clear values, priorities and standards.
- Builds company culture by encouraging employees to move from an attitude of self-interest to a mindset where they are working for the common good
- Holds an emphasis on authenticity, cooperation and open communication
- Provides coaching and mentoring but allowing employees to make decisions and take ownership of tasks

**There are 4 components to transformational leadership, sometimes referred to as the 4 I's:**

1. Idealized Influence (II):
  - The leader serves as an ideal role model for followers, The leader "walks the talk" and is admired for this. In this case, the followers see the leader as a model to emulate. For the followers, it is easy to believe and trust in a transformational leader.
2. Inspirational Motivation (IM)

- Transformational leaders have the ability to inspire and motivate followers through having a vision and presenting that vision. Combined, these first two I's are what constitute the transformational leader's charisma. A transformational leader manages to inspire the followers easily with clarity. The transformational leader convinces the followers with simple and easy-to-understand words as well as with their own image.
- 3. Individualized Consideration (IC)
  - Transformational leaders demonstrate genuine concern for the needs and feelings of followers and help them self-actualize. From this perspective, the leader can work towards training and developing a follower who is having difficulties in a job. This is an important element because teams are able to rely on and work together so decisions can be made more quickly.
- 4. Intellectual Stimulation (IS)
  - The leader challenges followers to be innovative and creative, they encourage their followers to challenge the status. A common misunderstanding is that transformational leaders are "soft" but the truth is that they constantly challenge followers to higher levels of performance.

### **Characteristics:**

Five major personality traits have been identified as factors contributing to the likelihood of an individual displaying the characteristics of a transformational leader.

1. Extraversion
  - The two main characteristics of extroverts are affiliation and agency, which relate to the social and leadership aspects of their personality, respectively. Extraversion is generally seen as an inspirational trait usually exhibited in transformational leadership.
2. Neuroticism
  - Neuroticism generally gives an individual an anxiety related to productivity which, in a group setting can be debilitating to a degree where they are unlikely to position themselves in a role of transformational leadership due to lower self-esteem and a tendency to shirk from leadership responsibilities.
3. Openness to experience
  - Creative expression and emotional responsiveness have been linked to a general tendency of openness to experience.[10] This trait is also seen as a component of transformational leadership as it relates to the ability to give big-picture visionary leadership for an organization.
4. Agreeableness
  - Although not a trait which specifically points to transformational leadership, leaders in general possess an agreeable nature stemming from a natural concern for others and high levels of individual consideration. Charisma and idealized influence is a classic ability of individuals who possess agree-ability.
5. Conscientiousness
  - Strong sense of direction and the ability to put large amounts of productive work into tasks is the by-product of conscientious leaders. This trait is more linked to a transactional form of leadership given the management-based abilities of such individuals and the detail oriented nature of their personality. Results suggest that transformational leaders might give greater importance.

### **Advantages:**

1. Transformational leadership lowers turnover costs.
2. It is a leadership style which engages the full person.
3. Transformational leaders create and manage change.
4. New corporate visions can be quickly formulated.
5. Transformational leaders create enthusiasm.
6. It encourages ongoing learning and development.
7. Transformational leaders are excellent communicators.
8. It quickly changes low-morale situations.
9. Transformational leaders understand relationships.
10. It is a leadership style which focuses heavily on ethics.
11. Transformational leaders ask the important questions.
12. This leadership style takes pride in the outcomes achieved.
13. Transformational leaders seek to avoid coercion.
14. People are treated as individuals.

**Disadvantages:**

1. Transformational leaders can develop negative outcomes.
2. There must be continual communication available.
3. It requires constant and consistent feedback.
4. Transformational leaders need their followers to agree with them.
5. Risks taken through transformational leadership can be disruptive.
6. It can lead to employee burnout.
7. Transformational leaders often focus on individual needs.
8. It is a leadership style that can focus on deception.
9. Transformational leaders are not always detail-oriented.
10. It is a leadership style which may ignore certain protocols.

**Transactional leadership:**

Transactional leadership or transactional management is the part of one style of leadership that focuses on supervision, organization, or performance. It is an integral part of the Full Range Leadership Model. Transactional leadership is a style of leadership in which leaders promote compliance by followers through both rewards and punishments. Through a rewards and punishments system, transactional leaders are able to keep followers motivated for the short-term. Unlike transformational leaders, those using the transactional approach are not looking to change the future, they look to keep things the same.

This type of leadership is effective in crisis and emergency situations as well as for projects that need to be carried out in a specific way.

A transactional leader is someone who values order and structure. They are likely to command military operations, manage large corporations, or lead international projects that require rules and regulations to complete objectives on time or move people and supplies in an organized way. Transactional leaders are not a good fit for places where creativity and innovative ideas are valued.

Transactional leadership is most often compared to transformational leadership. Transactional leadership depends on self-motivated people who work well in a structured, directed environment. By contrast, transformational leadership seeks to motivate and inspire workers, choosing to influence rather than direct others. Transactional leadership focuses on results, conforms to the existing structure of an

organization and measures success according to that organization's system of rewards and penalties. Transactional leaders have formal authority and positions of responsibility in an organization. This type of leader is responsible for maintaining routine by managing individual performance and facilitating group performance. This type of leader sets the criteria for their workers according to previously defined requirements. Performance reviews are the most common way to judge employee performance. Transactional, or managerial, leaders work best with employees who know their jobs and are motivated by the reward-penalty system.

*"Transactional leadership is generally attributed to two factors. The leadership of the first conditional reward is viewed as both an efficient and constructive relationship between the leader and the followers. These followers get bonuses, merits, or recognition with the organization that they are with when they meet certain goals depending on what the company is."* -Bycio, P., Hackett, R.D., & Allen, J.S, 1995

*"The rewards, from this contingent reward, is solely based on an agreement between the leader and follower. The second factor transactional leaders is management by exception. This is can be active or passive. Active leaders are always watching to evaluate performances of employees. Passive management only assess after the task has been done and will only let you know about problems after they occurred."*  
-Howell & Avolio, 1993

In the 1980s and 90s, researchers including Bernard M. Bass, Jane Howell and Bruce Avolio defined the dimensions of transactional leadership:

- Contingent reward, the process of setting expectations and rewarding workers for meeting them
- Passive management by exception, where a manager does not interfere with workflow unless an issue arises
- Active management by exception, in which managers anticipate problems, monitor progress and issue corrective measures

#### **Characteristics of transactional leaders:**

1. Focused on short-term goals
2. Favor structured policies and procedures
3. Thrive on following rules and doing things correctly
4. Revel in efficiency
5. Very left-brained
6. Tend to be inflexible
7. Opposed to change

#### **Advantages:**

1. Rewards those who are motivated by self-interest to follow instructions
2. Provides an unambiguous structure for large organizations, systems requiring repetitive tasks and infinitely reproducible environments
3. Achieves short-term goals quickly
4. Rewards and penalties are clearly defined for workers

#### **Disadvantages:**

1. Rewards the worker on a practical level only, such as money or perks
2. Creativity is limited since the goals and objectives are already set

3. Does not reward personal initiative

**Benefits of transactional leadership:**

1. Employees are motivated by reward and punishment.
2. The subordinates have to obey the orders of the superior.
3. The subordinates are not self-motivated. They have to be closely monitored and controlled to get the work done from them.

**Transactional VS Transformational:**

<b>Transactional</b>	<b>Transformational</b>
Leadership is responsive	Leadership is proactive
Works within the organizational culture	Works to change the organizational culture by implementing new ideas
Employees achieve objectives through rewards and punishments set by leader	Employees achieve objectives through higher ideals and moral values
Motivates followers by appealing to their own self-interest	Motivates followers by encouraging them to put group interests first.

- Gaurav Nyaupane