What is “Transactional Leadership”?

- According to Odumeru and Ogbonna (IRMBR, 2013), transactional leadership is a managerial form of leadership which focuses on supervision and sustaining group performance.

- Transactional leaders promote compliance of their followers through a rewards-and-consequences style of organization, in which they provide appropriate incentives to persuade subordinates into following protocol and doing their duty, as well as dissuading followers from shirking their duty through necessary consequences.

- Transactional leadership theory functions very much like a patronage system, in which adherence to procedures, rules, or protocol is promptly rewarded, whilst breaking protocol and practicing insubordination is met with appropriate punishment.
Transactional “Exchange” Model

- Transactional leadership utilizes the “exchange model”, in which rewards are given for good work or positive outcomes.

- Alternatively, poor work is punished and elicits negative outcomes until the action is corrected and the problem is resolved.

- Through these exchanges, a transactional leader is able to establish concise routines and procedures.

- These are most effective in helping organizations or institutions reach maturity, rising above the entrepreneurial development stage that many new organizations go through (Vera & Crossan, 2004). Thus, transactional leaders are most equipped in emphasizing goals, promoting efficiency of operations, and increasing productivity.
Unlike transformational leaders, transactional leaders are not visionaries. They are not forward thinking, out-of-the-box kind of leaders. Instead, they behave more like managers installing structure and order among their followers.

They are less concerned with creating a directive and instead focused on evaluating their followers’ work in order to find fault or deviations.

This type of leadership is most effective in crisis and emergency situations, when order is essential and breaking protocol could prove to be lethal.

Additionally, this type of leadership is ideal for projects that need to be carried out in a very specific manner or time frame.
While transactional leaders are universally centered on the use of a patronage system in order to instill order and efficiency, the style of which these leaders enforce these goals can vary.

Many utilize “contingent rewards”, or cognitive positive reinforcement, which give rewards when goals are accomplished on time in order to keep subordinates fulfilled, appreciated, and supported—which will lead to productive and quality work. Thus, the “reward” is “contingent” on following rules and accomplishing tasks.
Transactional Styles Continued…

- Transactional leaders also utilize a “management-by-exception” style, which come in active and passive forms depending on the individual managing style of the leader.

- Management-by-exception active style involves a leader that continuously monitors their subordinate’s work and delivers swift corrective action if necessary.

- Management-by-exception passive style involves a leader who plays a more “laissez-faire” or hands off approach in monitoring subordinate work and only steps in when corrective action is necessary.

- Regardless of whether a leader practices an active or passive management style, the enforcement of consequences—be they positive or negative—is an essential feature in transactional leadership.
Main Qualities of Transactional Leaders

- The ultimate goal of transactional leaders is to gain compliance from their subordinates, through the use of rewards and punishments, in order to meet an established criteria.

- They are direct, action-oriented, and response driven.

- They work within existing systems and work vigilantly to meet the goals of the organization, rather than restructuring everything.

- Rather than thinking “outside the box”, transactional leaders think “inside the box.”
Transactional Leaders vs. Transformational Leaders

- Transactional leaders differ greatly from their transformational counterpart. While transformational leaders are focused on inspiring their followers in creating foundational change, cultivating new directives, or inspiring innovative thinking, transactional leaders are more focused on ensuring subordinate productivity towards existing (already established) goals.

- However, the two are very much connected and often work harmoniously.

- Most institutions or organizations have an inspired directive, often serviced by a thought leader, to lead the organization. This is especially true in newly formed organizations who are establishing their purpose and identity.

- These organizations are often started or led by a transformational leader, but eventually require transactional leaders to serve as managers so as to keep the organization structured, productive, and growing.
## Transactional vs. Transformational Leadership (Odumeru and Ogbonna, 2013)

<table>
<thead>
<tr>
<th>Transactional Leaders</th>
<th>Transformational Leaders</th>
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</thead>
<tbody>
<tr>
<td>Leadership is responsive</td>
<td>Leadership is proactive</td>
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<tr>
<td>Works within the organizational culture</td>
<td>Works to the change the organizational culture by implementing new ideas</td>
</tr>
<tr>
<td>Employees achieve objectives through rewards and punishments set by the leader</td>
<td>Employees achieve objectives through higher ideals and moral values</td>
</tr>
<tr>
<td>Motivates followers by appealing to their own self-interest</td>
<td>Motivates followers by encouraging them to put group interests first</td>
</tr>
<tr>
<td>Stress correct actions to improve subordinate performance</td>
<td>Promote creative and innovative ideas to solve problems; intellectual stimulation</td>
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Connecting to our readings: Transactional Leadership as exemplified by President Obama and General Petraeus
President Obama in demonstrating Transactional Leadership

- President Obama demonstrated transactional leadership qualities in his decision to fire General McChrystal for undermining his administration through disparaging comments that sullied the civilian-military relationship, which remains a vital institution of American government.

- Though there was pressure to look passed the incident and continue the war effort as planned, President Obama consulted with other advisers in determining what the appropriate recourse would be in reprimanding General McChrystal. It was eventually determined that the appropriate consequence would be General McChrystal’s resignation, for his actions have created a global disruption with regards to allies and adversaries alike seeing the U.S. government appearing to be fractured and divided.

- President Obama’s management of the situation was as swift as it was decisive. Much like the qualities previously explored in a transactional leader, President Obama assessed the situation and promptly issued the appropriate consequence in order to continue both his administration and the U.S. military’s ability to function productively.
“Some people will say Petraeus is way down into details, and I have that capacity. Others will say ‘Man, he just let me do my thing.’ The truth is, it takes all of the above. Leadership styles should vary depending on who is being led, how much detailed guidance and supervision, and their capacity for sound, independent action.” (KSG Case 1834.3, p. 11)
“This is about leadership. This type of endeavor is commander-centric, not staff centric...It’s not an endeavor where the staff tends to have a lot of idle time on its hands and bubbles up lots of ideas to the boss...It really is a situation in which the commanders dream stuff up and develop the vision, and then their staffs turn it into coherent orders and the units carry them out.” (KSG Case 1834.3, p. 23).
Examples of Transactional Leaders

Think about who employs a “transactional” style of leadership. Which individuals in society do you think utilize this managerial method?
Head coach of the New England Patriots football team for almost two decades, Bill Belichick has often been described as the chief architect in managing the Patriots to extraordinary accomplishments.

Because of his immense success as a coach, many have inquired as to what managerial style Belichick utilizes in order to garner such productive and consistent results, to which he is notoriously tight-lipped.

A documentary into the Patriots showed Belichick constantly enforcing a catch phrase amongst the players—"Do your job.” Belichick tells players that they have an expected job to do, and they know how to do it. So long as they understand the job and do it as expected, success is inevitable. Those who “do their job” are promoted, those who don’t are benched.

This managerial style borrows several qualities of the transactional leadership theory and has been largely responsible in cultivating the many achievements of the Patriots under Belichick’s leadership.
Works Cited:


- KSG Case 1834.3: The Accidental Statesman: General Petraeus and the City of Mosul, Iraq