

## Transformational and Transactional Leadership

Transformational leadership is a popular theory of leadership often contrasted with transactional leadership. Transactional leadership is often closely associated with managerialism and ensuring 'business as usual', so for example<sup>1</sup>:

*“Transactional leadership is leadership by appointed managers using their legitimate authority, based on the contract of employment, to pursue organisational goals and motivating employees to achieve these goals using organisational rewards systems.”*

The term "transactional" refers to the fact that this type of leader essentially motivates subordinates by exchanging rewards for performance. A transactional leader generally does not look ahead in strategically guiding an organisation but are solely concerned with making sure everything flows smoothly today. They are able to address operational detail quickly and effectively.

By contrast, transformational leadership is focused on changing and improving an organisation and is not necessarily invested in appointed managers. This form of leadership *“inspires followers, challenges established processes...and enables others to bring positive changes<sup>2</sup>.”* It is more dependent on personal effectiveness than authority and will use team building, motivation and collaboration to deliver change.

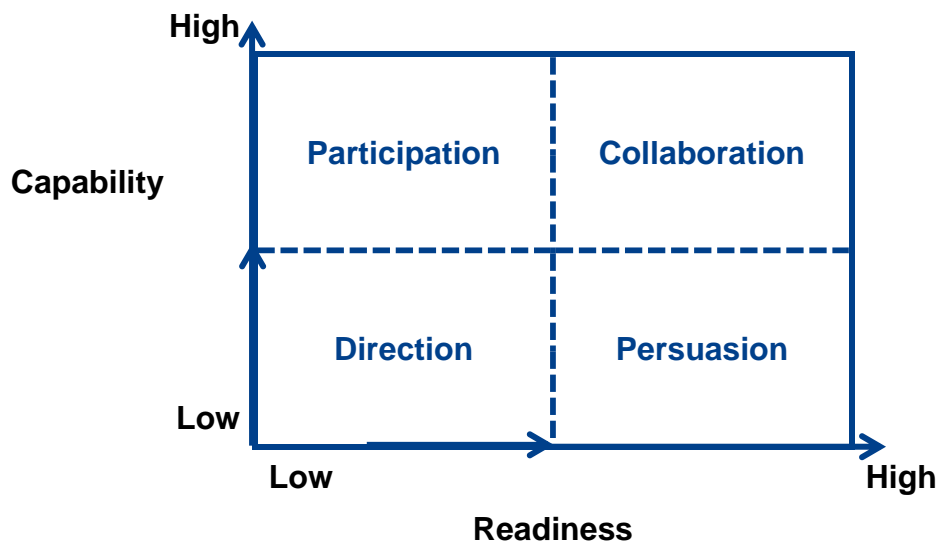
It could be said that transactional leaders work within an organisation's culture, whilst a transformational leader changes that culture.

A transactional leader...	A transformational leader...
Knows the link between effort and reward	Inspires by emotion rather than formal structures
Aware of and responds to today's issues	Is proactive rather than responsive
Motivates by goal setting and reward	Relies on ability to inspire and stimulate – engages hearts and minds
Relies on authority and power	Creates learning opportunities and facilitates innovation
Often uses technical knowledge to reinforce change process	Has good visioning and rhetorical skills

<sup>1</sup> Gray I, Field R, and Brown K (2010). Effective Leadership, Management and Supervision in Health and Social Care. Learning Matters.

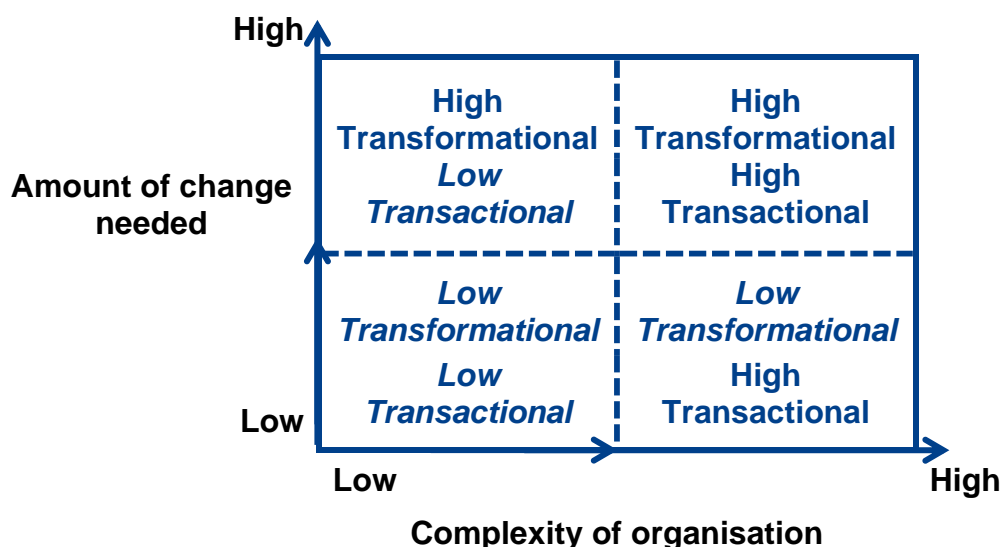
<sup>2</sup> Gray I, Field R, and Brown K (2010). Effective Leadership, Management and Supervision in Health and Social Care. Learning Matters.

Both forms of leadership are important although in different situations. So, for example, one analysis suggests that the organisation's capability and readiness for change will influence the type of leadership that is appropriate:



Johnson G et al (2014) Exploring Strategy. Pearson

It is also important to remember that often it is not an either/or situation in terms of the type of leadership style adopted. One approach considers the complexity of both the organisation and the amount of change needed and what this means for the type of leadership that is appropriate:



Kotter (1990) Force for Change. Free Press.