

## TRANSACTIONAL AND TRANSFORMATIONAL LEADERSHIP STYLE: A CONCEPTUAL REVIEW

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### **Abstract**

Leadership is one of the important approaches in the organization. It consists of several styles and in this research two styles are covered. Transactional leadership and transformational leadership. In this study, several literatures are covered. Comparison were discussed between two leadership styles including dimensions. In this study, transformational leadership was more acceptable and suitable than transactional leadership. Transformational style refers to development and motivation for new ideas and challenging. Transactional style maintains on que status and rewards based on performances. Transformational leadership can be found in successful organizations.

### **Introduction**

Leadership is one of the most important aspects of the organization in current decade. It must play its real tole in managing institutions. A true leaders' duty is to understand perceive the organization properly in order to achieve desired goals. Amanchukwu, Stanley and Nwach stated that to be a capable leader who influences subordinates and satisfaction must be achieved for every individual within the organizational leadership. The leader must has patience and ability to change and consolidate knowledge to be developed (Saleh, Nusari, Ameen, and Alrajawy, 2018). Bass M (1990) stated that true leadership includes training and developing skills to make every individual proficient. Jenkins (2013) stated that the fundamental aspect in leadership is strong character and selfless devotion to the organization. After leadership has been explained, there are two important aspects of leadership. Transactional leadership and transformational leadership. These styles of leadership based on personality of the leader. Transactional leadership based on the personality of the leader. Transformational based on the empowerment and enabling each other to develop the organization's level of motivation. And operational style to achieve goals (M, 1978; Haddad, Ameen and Mukred, 2018). Transformational style of leadership leads to positive transformation of the organization for better stimulation (Saleh et al, 2018). The aim of this article is to demonstrate and discuss the two leadership styles including transactional and transformational leadership, and including comparisons.

**Literature review:**

Over more than two decades, leadership concepts and types have been evolved (Bass and Avolio, 1994). Leadership is one of the important “branch of management”. Ameen, Almari and Isaac, (2018); Ameen and Ahmad, (2012); Wehrich, Cannice, M.V. and Koontz, H, (2008) stated that the concept of leadership is originally related to the human theory, which constantly evolving and becoming more complex over time. Bass M., (1990) established a concept that penetrated this field and noticed that if it is susceptible to be influenced by individuals involved. Bass stated that “leadership is an interaction between two or more members of a group that often involves in structuring or restructuring of the situation and perceptions and expectations of members. Leadership occurs when one group member modifies motivation and competencies of others in the group. Any member of the group can exhibit some amount of leadership”. Saleh et al (2018) stated that “leadership is the ability to persuade others to seek defined objectives enthusiastically. It is a human factor which binds a group together and to improve their performance and to direct them towards goals”. Leadership is a human directing toward achieving goals in group and impact on organizational behavior and performance (Badran and Khalifa, 2016; Mohamed et al., 2018; Al-Shamsi, Ameen, Isaac, Al-Shibami, & Sayed Khalifa, 2018) (Schein, 1992), “Leadership consist of method, not magic”. Good leadership can be achieved with desire and hard work, a good leader do not born by themselves without any effort” (Jago, 1982).

***Transactional leadership:***

Relationships between leaders and subordinates are characterized by satisfaction and cohesion in order to achieve maximum benefits. Additionally, it reaches the desired goals through relational exchange between individuals in the organization (Al-obthani and Ameen, 2018).

The main focus on transactional style of leadership is to lead relationships between leaders and employees. Saleh et al, (2018) stated that “this reciprocal process gives effect to the achievement of organizational goals, moreover the reciprocity process also capable of performing functions to provide conducive conditions and provide encouragement to subordinates as well as provide a good example in term of achieving the vision of organization, this process also provides safe nature from any undesirable risks, and only focus on organizations progress. The main condition of the transactional leadership; reward, penalty, emotional and corporeal exchange and other such as transaction”. Transactional leadership ensures the demonstration of goals, work ethics and regulations, tasks and empowerment. Bass, Waldman and Avolio (1987); Azizah et al (2020) stated that this leadership style maintain on the “status quo” rather than changing. It concentrates on current situation. Antonakis, Avolio and Sivasubramaniam (2003) stated that the transactional style of leadership especially concentrates on “contingent reward” that lead to impact on behavior of individuals by providing subordinates with reward “materialistic or physicalist” based on the needs of tasks.

Transactional style of leadership concentrates on “assignment or tasks completion” and these based on “organizational rewards and punishment” to impact on the individuals’ performance. Transactional leadership style has a role to formulate relationships between leaders and employees. Howell J. M. and Avolio B. J. (1993) stated that this style “transactional leadership is understood to be exchange of rewards and targets between employees and management”. Bass and Avolio (1993) indicated that leaders in transactional leadership use a contingent reward with the subordinates to empower their performance. Also, this style of leadership has punishments for weak or poor performance and efforts (Hargis, 2001).

The transactional style of leadership examines the correlations between “performance and rewards”. If the performance aligns with the rewards according to the requirements, rewards will be provided for improving the performance. Saleh et al (2018) indicated that “transactional style of leadership about correlation between leadership and subordinates is a gratification exchange design and have a purpose to give maximum benefit to each individual in the organization. This style operates between leaders and individuals to achieve satisfaction in their environment. There are several researches are keen to examine and understand regarding the leadership model (Bass and Riggio, 2006; Yazeed, Ali and Al-Shibami, 2018; Klein, 2023). According to Nusari et al, (2008); Qoura and Khalifa, (2016) there are several criticism of the leadership modeu due to “short-term relations between leaders and individuals” and it cannot raise the rate of ideas of followers or individuals.

Advantages and disadvantages of transactional leadership:

Regarding advantages:

- High rate of “rewards” can increase the rate of motivation for the employees.
- The structure is clarified in the organization.
- Clarity between “rewards and penalty” among leaders and subordinates.

**Regarding disadvantages:**

- The creativity is weak and limited by subordinates.
- No self-development.

### ***Transformational leadership***

Transformational leadership one of the styles that includes “inspirational empowerment and motivation” (Antonakis, 2004). One of the important points is considered essential in transformational leadership theory is achieving progress “advancement” and motivation individuals in terms of how to exceed “contenders” expectations and work difficulties (Saleh et al, 2018; Azizah, 2020). According to the theory of transformational leadership, leadership can be accomplished when the leader is able to understand and accommodate the interests of employee, and generate cognitive awareness and the ability to accept the goals of the group, so this enables individuals to generate mad develop awareness within the group (Saleh et al, 2018).

Durga Deri Pradeep (2011) stated that “transformational leadership has significant correlation within performance outcomes”. Previous studies have found that major positive correlations between transformational leadership and employees “subordinates” satisfaction and the performance of the leader (Yuki, 1989; Ameen and Ahmad, 2014; Klein, 2023). In the study of Tracey showed that leaders perception satisfaction is influenced by transformational leadership. Jandaghi and A. Farjami (2008); Purwanto et al (2020) indicated that transformational style of leadership makes leaders become involved in the work and task in a way that inspire employees properly to achieve common goals. They found that transformational leadership can be found in successful companies higher than unsuccessful companies. Edward and Hill in their study referred to that “transformational leadership has the same effectiveness for all levels of hierarchy in the companies especially in UK. So, it enhances all levels as one group in the work environment.

**Advantages and disadvantages of transformational leadership:**

**Advantages:**

- High rate of motivation.
- High rate of enhancement and developing in the organization.
- Individuals are encouraged to solve problems.
- High rates of emotional intelligence “empathy with others”.

**Disadvantages:**

- No limitation in communication process between and with individuals.
- High concentration on effective ideas that ignore problems in the organization.

**Comparison between transactional leadership and transformational leadership: Table 1**

Transactional leadership	Transformational leadership
<ul style="list-style-type: none"> <li>- Transactional leadership is represented by mutual and interactive relationships, and includes loyalty and proper efforts towards achieving goals.</li> <li>- Transactional style refers to maintaining the current status or quo status in the organization.</li> <li>- Transactional style has a high rate of confidence and has an operating attitude to the organization.</li> <li>- Relationships are short-term between leaders and employees.</li> </ul>	<ul style="list-style-type: none"> <li>- Transformational leadership refers to the high rate of empowerment, motivation and providing satisfaction to employees.</li> <li>- Transformational style exploit and leave no room for the current status.</li> <li>- Transformational style includes planning and developing strategy to achieve the required “vision and achieve strong analytical skills” and engage subordinates to the organization.</li> <li>- Relationships are long-term.</li> </ul>

**Dimensions of transactional leadership and transformational leadership: Table 2**

Transactional leadership	Transformational leadership
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<ul style="list-style-type: none"> <li>- Immediate or urgent rewards: rewards are measured by performance, and leaders offer rewards and exchange it with the goals that they achieved. Subordinates will get what is acceptable due to achieving goals, otherwise there will be o rewards and punishment for low performance “contingent punishment” (Odurmeru and Ifeanyi, 2013). Punishment for poor performance.</li> <li>- Administrative expectation method “active and passive”: when individuals make mistakes, leaders take action to correct them. In active management, refers to leaders who predict problems or issues may damage, and performance of work. In passive management, refers to leaders who solute only if the issue that damage or problem exists.</li> </ul>	<ul style="list-style-type: none"> <li>- Effect on idealism: leadership becomes an example to be followed and imitated by individuals. This correlation includes “trust and confidence”.</li> <li>- Intellectual stimulation: it refers to the way of dealing with troubles, and the way of responding subordinates’ minds, additionally individuals able to express thoughts. The main goal is to give a space to develop and challenge future.</li> <li>- Consideration: this style empowers subordinates to work in team, and encourage subordinates to achieve goals and to fill their needs and wants. Developing individuals is the main aspect to achieve sustainability in the organization (Ameen and Kamsuriah, 2017). Yukl (2006) sated that leadership enhance the behavior of subordinates through encouraging and developing them.</li> <li>- Motivation: leaders always seek to engage employees by providing common duties and challenging tasks (McCleskey, 2014).</li> </ul>
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**Implication**

The finding and recommendation in this study are to concentrate on transformational leadership. It is suitable for organizations and developing performance. According to Yukl (2006) stated that transformational leadership compared with transactional leadership is suitable for long-term correlations between leaders and employees. Transformational style of leadership is developer and innovative for subordinates to be able to challenge and become confident. According to the literatures, transformational leadership is more flexible and acceptable than transactional leadership.

**Conclusion**

Organizations should raise the rate of searching and developing in order to achieve effectiveness and efficiency in the organization (Osama Isaac, Abdullah, Ramayah, Mutahar, & Alrajawy, 2018; Osama Isaac, Abdullah, Ramayah, & Mutahar, 2018). According to Dumdum, (2014); Dvir, (2004) stated that leaders in transformational leadership are more generative for new ideas,

innovative with employees, high rate of relationships and satisfaction, developed productivity, and improvement for every weak case and poor performance. For developed environment or organization, it is suitable to follow transformational leadership as an approach from the organization and leaders (A. H. Aldholay, Isaac, Abdullah, Alrajawy, & Nusari, 2018; Abdulrab et al., 2017; Al-Tahitah et al., 2018; Purwanto et al, 2020; Klein, 2023).

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