

10.2: Transformational and Transactional Theories of Leadership

Learning Objectives

- Summarize transformational theories of leadership.
- Summarize transactional theories of leadership.

Transformational Leadership

Transactional leadership theories assume that the desires of the leader and the desires of the follower are not the same. Because of this, the leader must provide some form of extrinsic motivation for the follower. Without this, the follower will not want to do what the leader desires.

The concept of transformational leadership takes a different approach to solving the dilemma. Rather than providing an extrinsic motivation that appeals to the follower's different desires, transformational leadership is committed to changing the desires of the follower so that they match the desires of the leader. If the leader can transform the follower's wants so that he himself shares the leader's vision and desires, the follower will have a greater source of motivation to pursue that vision and goal.

Transforming the follower's desires is not always an easy task, of course. It is generally easier to provide some form of external compensation. What tools can transformational leadership use to accomplish this task? There are four main categories that are usually identified:

- Idealized influence
- Inspirational motivation
- Intellectual stimulation
- Individualized consideration

The following video provides insight into the nature of these four categories and gives some information about the development of both transactional and transformational leadership theories.



A YouTube element has been excluded from this version of the text. You can view it online here: <http://pb.libretexts.org/pom/?p=380>

You can [view the transcript for “Transactional vs. Transformational Leadership Definition” here \(opens in new window\)](#).



Many people are motivated by transactional arrangements to sell beauty products or other items.

Transactional Leadership

Every form of leadership involves some method for motivating employees. With transactional leadership, motivation is derived from an arrangement whereby employees are rewarded for accomplishing goals set for them or tasks assigned to them.

This system is extremely common and familiar. One basic form is when sales representatives are paid on commission or given performance bonuses for the numbers of sales they complete. The leader or organization wants the employee to secure sales, so the motivation is provided in the form of money. This transaction of performance for compensation satisfies the wants of both parties—leader and follower.

? ? PRactice Questions

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