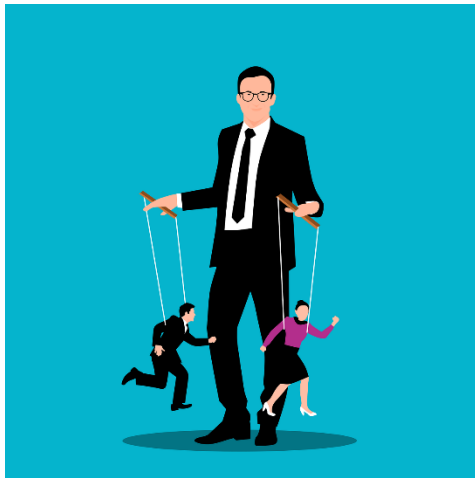


“Transactional Leadership”

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Leadership style plays a crucial role in the development of an organization. Transactional leadership is of the leadership style that is often used by many companies. Transactional leadership believes that punishment and reward motivate people.

This leadership also assumes that when people agree to do a particular assignment, a part of that agreement is that they give up all authority to their boss. The leader holds control and power over the subordinates. The main goal of the employee is to obey the orders of their managers.

The idea is that when a subordinate takes up a job, he or she agrees to obey their manager totally. The ‘transaction’ is the money or any other award that the company pays to its subordinates for their compliance and effort. The relationship between the subordinate and the leader becomes transactional. In transactional leadership the leader has the right to punish his or her subordinates if their performance is not according to the predetermined standard.

Transactional leadership makes clear that what is required and expected from their subordinates. It also mentions that subordinates will get an award if they follow the orders seriously. Sometimes punishments are not mentioned but they are understood. In the early stages of transactional leadership, subordinate is in the process of negotiating the contract. The contract specifies fixed salary and the benefits that will be given to the subordinate. Rewards are given to subordinates for applied effort. Some organization use incentives to encourage their subordinates for greater productivity. Transactional leadership is a way of increasing the performance of its subordinates by giving them rewards. Transactional leadership is also called as ‘true leadership style as it focuses on short term goals instead of long-term goals.

In Transactional leadership, when the leader assigns work to its subordinates, then it is the responsibility of the subordinate to see that the assigned task is finished on time. If the assigned

task is not completed on time or if something, then punishment is given for their failure. But if they accomplish the task in time then the subordinates are given reward for successfully completing the task. Subordinates are also given award and praised for exceeding expectations. A subordinate whose performance is below expectation is punished and some action is taken to increase his or her performance.

Transactional leadership has more of a ‘telling style’. Transactional leadership is based on the fact that reward or punishment is dependent on the performance. Even though researchers have highlighted its limitations, transactional leadership is still used by many employers. More and more companies are adopting transactional leadership to increase the performance of its employees. This approach is prevalent in real workplace.

The main limitation of this leadership is that it assumes that people are largely motivated by simple rewards. Under transactional leadership, employees can’t do much to improve job satisfaction. Transaction leadership has been ineffective in providing skilled employees to their organization. This style of leadership is least interested in changing the work environment.

Experts do not recommend this approach. Transactional leadership focuses more on management of punishments and rewards. The major downside to transactional leadership is that it leads to employee turn over which is costly as well as low morale.

Build individual talent brings its own rewards. It’s up to a leader to foster that talent by being a mentor and helping to guide the process. Letting people fail when you as the leader had the ability to step in makes the leader not a leader in every sense of the word.

Successful business build leaders not robots or puppets.

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Sincerely,

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