


I'm not robot  reCAPTCHA

**Continue**

## Transactional leadership advantages and disadvantages pdf

**Benefits of a transactional leader. Advantages of transactional leadership pdf. Disadvantages of transactional leadership pdf. Disadvantages of transactional leadership.**

Transactional leaders tell their team exactly what to do and motivate employees via perks or rewards. While this leadership style is useful for short-term pushes or emergency situations, transactional leadership should be used with caution. Read on to learn about the pros and cons of transactional leadership, when to use it, and some alternative styles to consider. We talk a lot about leadership at Asana. As a leader, it's your responsibility to inspire, motivate, and encourage your team. You want to provide both the resources they need to succeed and the structure they need to perform well. Yet, according to the Anatomy of Work Index, only 15% of knowledge workers feel completely heard by their organization. Many leaders start a dialogue with their team but have a hard time maintaining the dialogue or turning it into an action plan.

When we fail to act, our team can experience stress, lack of clarity, or even burnout. There is no one right way to lead—and the best leaders use multiple leadership styles. Transactional leadership is one style of leadership that, when used intentionally, can help your team members excel at specific tasks or specific situations. In this article, we'll cover what transactional leadership is and when you can use it—as well as when to avoid it and use other types of leadership styles instead. What is transactional leadership—and where does it fit into all of this? Transactional leadership is a style of leadership that focuses on order, structure, and goal-oriented planning. A transactional leader will directly tell their team what to do—as a result, this leadership style prioritizes maintaining the status quo, rather than challenging it. With this type of leadership, leaders often operate from a system of rewards to motivate their team. Transactional leadership appeals to the self-interest of each team member, encouraging them to do a good job in order to receive perks or incentives. In some cases, transactional leadership theory involves a laissez-faire style, in which a team lead will be hands-off until they're needed. Boost motivation by helping your employees understand why their work matters. In this free ebook, learn how to create a shared sense of purpose on your team. When should I use transactional leadership? At Asana, one of our company values is, "Be real (with yourself and others)," so we'll be real with you—you shouldn't use transactional leadership frequently. Transactional leaders use extrinsic motivation and contingent rewards (i.e. rewards that are dependent on behavior or achievement). The advantage of this type of leadership is that you're initially motivating people with things that might matter to them, like money or recognition. However, the disadvantage of transactional leadership is that team members tend to focus on achieving short-term goals in order to get those rewards. As a result, transactional leadership works in concentrated moments or emergency situations.



With transactional leadership, there is only one decision-maker, which can be beneficial if you and your team need to solve a short-term goal with a tight turnaround time. However, it's important to temper the structured environment of transactional leadership with other leadership styles that recognize employee performance more holistically to ensure you're creating an open and collaborative work environment. What is an example of transactional leadership? Teams that use transactional leadership: Sales teams that have commissions are using a form of transactional leadership. When a member of the sales team hits their quota they receive a reward—but on the inverse, corrective action may be taken if they don't hit their goals for the quarter. Sports teams often use a form of transactional leadership to convince team members to do something unpleasant, like training, in order to hit a personal reward—in this case, doing well in a competition. Emergency or crisis situations can benefit from transactional leadership if everyone needs to band together and get a short-term goal done quickly. This form of managerial leadership works best if a team needs to execute on a problem, rather than iterate on possible solutions. Read: What is a crisis management plan? (6 steps to create one) Advantages and disadvantages of transactional leadership Should you use transactional leadership? Like any leadership style, there are pros and cons to transactional leadership. Here are a few reasons to use transactional leadership—sparingly—and a few tips on when to avoid it. Pro: Teams are laser-focused on goals Transactional leaders execute on specific (usually short-term) goals. Because of this, the teams they lead tend to be laser-focused on those goals. The clarity and short-term focus means team members know how to prioritize in order to get where they need to go. In short bursts, this level of clarity can help your team members focus on particular tasks. In our research, we found that 29% of employees who felt burnout in the last year reported feeling overworked from a lack of clarity on tasks and roles. By giving your team a clear goal and telling them what to do through a transactional leadership style, you can remove those doubts and help them focus on the right priorities. For example, a transactional leader might set a goal to publish a certain number of articles this month or connect with a certain number of customers in a week. Read: Four ways to manage tight schedules and shifting priorities Con: Goals are usually short term When you use transactional leadership, you should communicate clear goals that your team should aim for. But, in order for those goals to feel achievable, they tend to be short-term goals. That's why you should practice different types of leadership at different times.

Transactional leadership can help your team think short-term, but you also need to help your team build long-term goals as well. A key way to do that is to think of yourself not just as a leader, but as a coach. Supporting team members not just as a manager but also as a coach can help your team set concrete long-term goals. To learn more about how to set long-term goals to help your team develop their skills, read our article on how to coach teammates. Pro: Can increase motivation and productivity Depending on how your team members are motivated, transactional leadership can increase motivation by setting a reward at the end of a short-term goal. This method is most frequently used in sales teams in the form of commissions. For example, a sales team might offer a small, immediate bonus for the team member who books the most calls at the end of a sales cycle. Con: Not everyone is motivated in this way Transactional leadership can motivate some team members, but not every team member is motivated by rewards and perks. Additionally, the transactional leadership model doesn't encourage team members to go above and beyond or be creative in their roles. That's why you shouldn't exclusively rely on the transactional leadership model—and avoid implementing this leadership style consistently with your team. Make sure your team is effectively motivated and supported, and always give them opportunities in at least some projects to be creative. This is a critical factor in motivating team members to do their best work—44% of employees cited having work that's engaging and enjoyable as a motivating factor of what would make them work better in 2021. Read: What is intrinsic motivation and how does it work? Pro: Easy to measure success When you set a short-term goal as a transactional leader, you should also set clear goals and guidelines on how to get there. These guidelines can include when the goal should be accomplished, any risks or dependencies that might impact the goal, and any relevant project milestones along the way. Providing all of these details up front can be particularly helpful on teams that don't always have clear-cut goals. Knowing exactly what they're aiming for and how they'll get there can help team members more easily gauge success and effectiveness at the end of a period of time. Con: Doesn't foster creativity or innovation Transactional leadership tends to maintain the status quo—not challenge it. Because there is a clear chain of command on this type of team, this leadership style can be ineffective for creative teams.

# TRANSACTIONAL LEADERSHIP

## GUIDE:

DEFINITION, QUALITIES,  
PROS & CONS,  
EXAMPLES



www.CLEVERISM.com

If your team is relying on you to set the goal post and identify their short-term goals, they'll be less likely to iterate or think outside the box. To combat this, make sure you're creating a supportive work environment that prioritizes diverse ways of thinking.

Advantages and Disadvantages of Transformational Leadership	
Advantages of Transformational Leadership	Disadvantages of Transformational Leadership
• Inspires visionary goals, values and ethical	• Overly idealistic focus on the higher purpose
• Addresses behavior issues	• Can lead to burnout and disengagement
• Encourages and manages change	• Expects increased pressure on team members
• It's an effective form of leadership	• It carries a high potential for abuse
• Promotes results through better communication	• It can lead to emotional burnout
• Sets exemplars as a role model	• Limited communication and feedback loop to members
	• Leaders face greater pressure to change with the times

Encourage your team members to build their teamwork and collaboration skills and build cross-functional relationships within your company. Read: 10 easy steps to boost team collaboration Boost motivation by helping your employees understand why their work matters. In this free ebook, learn how to create a shared sense of purpose on your team. Is transactional leadership effective? At the end of the day, transactional leadership is effective. But depending on the specific scenario, work environment, and team, it might not be the best leadership style. Like most aspects of leadership, you'll want to adjust to fit your team and work. For example, if you manage a team of volunteer firefighters, transactional leadership would be a great fit. That's because a directive approach can help improve group performance and potentially save lives. But if you're leading a team of designers? Probably not. Since they have a creative job by nature, designers need more active management and support in order to function effectively as individual contributors. In that case, taking a more supportive style of leadership will likely be more beneficial. How we think about leadership at Asana The modern workplace is mentally cluttered and "always on." Every day, we lose clarity to the chaos of murky priorities, duplicative work, and work about work. This lack of clarity and stress can lead to burnout —almost one in four of workers experience burnout four or more times per year. Additionally, knowledge workers around the world struggle to focus on the right work at the right time. Over half of workers feel they have to respond to notifications immediately and over a third feel overwhelmed by persistent pings. As a leader, you're empowered to guide your team in the right direction. One of the most powerful things you can do as a leader is to help your team connect daily short-term goals to team and company objectives. By giving your team the big picture about how their work leads back to the company's mission or vision, you can motivate them to get high-impact work done. What is your leadership style? Similar to building your management style, finding your leadership style is a lifelong process. But you can start by considering your current leadership approach—what leadership skills do you already have? And where is there room for leadership development? Don't be afraid to look to leaders you respect for advice, as well. Like these key lessons that Asana's CEO Dustin Moskovitz learned over decades as a leader: Delegating is both good for you as a leader and the people who are receiving the work, getting more autonomy, and learning more skills. Acknowledge that everyone is a partner in what you're trying to do and not an enemy. Recognize that you agree with people more than you think you do.

## Advantages and Disadvantages of Transformational Leadership

Where you disagree is probably a difference of assumptions and not a real conflict. Don't let perfect be the enemy of the good. Make decisions, even if you're unsure of which decision is strictly the best one at that very moment. Letting a decision linger for too long is energy-draining. Make sure there are regular checkpoints for reflection and that there's time to think at a high level—don't just be tactical all the time. Read: Asana CEO Dustin Moskovitz shares his lessons on leadership How does transactional leadership compare to other leadership styles? Transactional leadership is one of many different leadership styles. Here, we compare it to other common leadership styles including transformational, democratic, and servant leadership. What is the difference between transformational and transactional leadership? In transformational leadership, a leader will develop and execute on an idea in conjunction with their team. Transformational leaders prioritize putting autonomy and authority in the hands of their direct reports, instead of centralizing the decision-making process. When should I use transformational leadership? Transformational leaders are always focused on the future—their goal is to think "outside the box" and implement new ideas at their company. Transformational leaders inspire commitment and tend to focus on their charisma to support, encourage, and motivate their employees. If this type of leader sounds magnetic, it's because they typically are—in fact, people sometimes say transformational leaders have "followers" rather than team members or employees, because of the way they tend to become role models for their direct reports.



Like transactional leadership, this has its pros and cons. While transformational leadership puts decision making in the hands of the team—instead of consolidating the decision making at the top—a study published in the Journal of Applied Psychology showed that transformational leadership led to lower job satisfaction and job performance than transactional leadership. What is the difference between servant and transactional leadership? With servant leadership, the leader acts as more of a guide than a commander. The focus is on serving the team and finding ways to be supportive, as opposed to telling them how to work. It's a people-first approach, where the members of the team always come before deadlines, tasks, or goals. When should I use servant leadership? Servant leaders are always focused on their people—what they need comes first even at the expense of work.

As a result, employees with servant leaders typically have high team morale and show a lot of integrity with their work. This comes at the cost of losing some authority as a leader. If your work relies on you being more autocratic, then servant leadership won't be a good fit. If, however, your work is more flexible and can benefit from having a happy, supported team, then servant leadership is a great way to lead. Read: Servant leadership: How to lead by serving your team What is the difference between democratic and transactional leadership? Democratic leadership could be considered the opposite of transactional leadership. This is a team that, by definition is run "by the people." Decisions are made as a group, and you are always encouraged to challenge thoughts and ideas. Employees tend to be highly engaged and work by hosting group brainstorming sessions and cross-collaboration to complete projects. When should I use democratic leadership? Democratic leadership is best for highly integrated and creative teams that don't operate on strict deadlines. It can take a while for the team to decide, and they might use their democratic culture to challenge it even when they have. This can make forward-progress slow. At the same time, team members will feel heard and seen throughout any discussion and can see themselves in all aspects of the work. Which leadership style is right for me? The best leaders vary their leadership styles depending on the situation, their employees, and the particular needs of a project. Every team member is different, which means they'll respond to different styles or situations. As a leader, the best thing you can do is to identify the most effective motivators for each team member and use those to support them. Even still, aim to use transactional leadership sparingly. These leadership qualities tend to foster less creativity and be less flexible than other leadership styles, like transformational leadership. But transactional leadership can bring clarity and goal-oriented focus to your team.

Implementing this leadership style in structured ways can help you better guide your team towards success. Boost motivation by helping your employees understand why their work matters. In this free ebook, learn how to create a shared sense of purpose on your team. Home » Pros and Cons » 16 Advantages and Disadvantages of Transactional Leadership Transactional leadership is a leadership style that values structure and order within each relationship. It is the most common type of leadership style used in large corporate environments, international agreements, and military operations. Transactional leadership requires specific rules or regulations to be followed to complete stated objectives. It moves people and resources in an organized fashion to ensure that specific results can be achieved along a typical timeframe. It is a leadership style which requires people to be self-motivated at all times. Team members with a transactional leader must be able to work within a directed environment that is highly structured. It focuses on producing results above anything else and motivates people to achieve them by offering clear rewards or consequences. Here are some of the key advantages and disadvantages of transactional leadership to consider. List of the Advantages of Transactional Leadership 1. It can effectively motivate team members to maximize productivity. People stay employed because there is a reward in doing so that they find to be valuable. Workers might be passionate about what it is they do. They might enjoy working for a company that can positively influence the lives of others. Even something as simple as earning a paycheck to support their family can be a primary motivator. Transactional leadership structures specific rewards for success that have clearly defined parameters. Workers know when they'll reach that reward and what they'll receive when they do. Simultaneously, workers also know that their team leaders are supervising them to ensure outcomes, good or bad, are distributed. 2. It creates achievable goals for individuals at all levels. Within a creative or innovative environment, it can be difficult to create achievable goals. A goal can only become achievable when there is a defined ending point. Transactional leadership creates these end points as part of their overall organizational structure. That means workers can grow in confidence as they progress toward goals because every step they need to take is outlined for them. That is why transactional leadership struggles in creative environments. There is no wiggle room. Workers either follow the mandated instructions or they do not. People are expected to follow the rules at all times. 3. It eliminates confusion within the chain of command. A transactional leadership style creates a clear chain of command that is easily recognized by the entire team. Structures within a team are implemented with precision. Everyone knows, before they start working, what will be expected of them.

They also know where they fit into the organization chart or command structure, which allows them to access the proper channels should a problem arise during the work phase. This type of structure prevents workers from "going rogue" by attempting to assume leadership roles that they have not earned or to which they have not been assigned. 4. It reduces costs while improving productivity levels. Transactional leaders are typically focused on production improvements while exercising cost-savings measures. Think of it as a "lean and mean" philosophy. Employees typically work harder when short-term, achievable goals are presented to them. Successfully reaching a goal creates internal rewards, such as a feeling of confidence, that makes them want to repeat that process a second time. Motivators are often used to encourage high productivity as well. Incentives are given to workers who figure out new ways to complete their work in a shorter time period. Various rewards are also built into the system to encourage top performers to continue working at their peak output levels. 5. It is a simple process to implement. Transactional leadership is straightforward and simple. It does not require a manager to have extensive training, a high emotional intelligence, or specific personal leadership traits. All a manager must do in this type of environment is be a rules enforcer. That means there is no need to balance the complex needs of a diverse team with a leader who can be inspirational and charismatic. It requires someone who is willing to confront non-conformists and get rid of people who are unable to meet their assigned tasks. 6. It creates a system that is easy to follow. Team members within a transactional environment can quickly implement the instructions they are given. There is rarely any room for misinterpreting the instructions that are offered.

Regulations are rarely ambiguous. People know what they must do. It is up to them as to whether or not they will decide to implement what they have been told to do. 7. It allows workers to choose the rewards they want to achieve. In the typical transactional environment, the workers are allowed to choose which rewards they value the most. Company management and team leaders should allow workers to have some kind of control over the rewards they are able to learn. Incentives can come in a variety of formats. That way, workers who want a bigger paycheck can feel satisfied. Workers who want more vacation time can also feel satisfied. List of the Disadvantages of Transactional Leadership 1. It eliminates individuality from the production process. Transactional leadership is defined by a strict set of rules and regulations. There is no room to bend or break these rules for any reason. They are considered the best practices for the team to follow. People who come from a creative mindset struggle to produce under such a leadership structure because creativity is usually produced through freedom of movement. Under this leadership style, violating policies or refusing to follow instructions can often lead to the termination of a worker. Workers are expected to fulfill their duties without complaint. Without individuality, there is no flexibility, which means this leadership style can fall under certain conditions. 2. It limits the amount of innovation that is achievable. Transactional leaders are rigid and unyielding. They don't bend the rules because the rules are there for a good reason – even if that reason is not known to them. This attitude limits innovation because team members stay focused on assigned tasks. Structured policies dictate actions instead of common sense interactions with the regulations. Even when creativity is permitted within the regulations of a company, regulated creativity does not produce the same results as free creative thinking. That is often why this structure ultimately fails. It is difficult for individuals to be creative when their creativity is being dictated to them. 3. It creates more followers than leaders. Companies can struggle when they focus on transactional leadership above anything else.

If the leader leaves the company, then the rest of the team may not know how to complete their next assignment. Transactional leadership puts all leadership responsibilities in the hands of the team leader. It expects team members to be followers, offering input to the productivity process only if they have been invited to do so. To counter this issue, many teams create an "assistant" that steps in when the leader or manager is away for some reason. Even then, the assistant is more of a follower than a leader. They must follow the direction of the regulations. They must follow the direction of their supervisor. And, when they are not acting in a management role, they must follow the production requirements their position demands. 4. It tends to focus on consequences instead of rewards. Although rewards are part of the transactional leadership process, most leaders focus on the consequences of failure instead.

It places the blame on the people who are assigned a task, rather than placing blame on the leadership in the first place. That blame leads to disciplinary actions, which then leads to higher levels of employee dissatisfaction. Even if rewards are possible, the overall attitude of the transactional environment is that team members are being paid to do their jobs in a specific way. Rewards feel transactional, which reduces the value of them when received. Instead of focusing on employee welfare, the structure of the organization focuses on profitability and success instead. It is for this reason that many teams in a transactional environment tend to have low levels of morale. 5. It places zero value on empathy. Transactional leaders are also working under rules and regulations that cannot be changed. That means their emotions are not considered to be essential to the production process. That attitude is then transferred to their direct reports. As long as the work is being completed, the transactional environment does not care how people think or feel. Over time, these creates an insensitivity within the average worker to anyone but themselves. They focus on their assigned tasks only. If someone needs help, then that means they are a failure and should be removed from the team. 6. It does not motivate some people toward higher productivity. There are many ways for workers to feel motivated by their job. Rewards may not be something that motivates a person. Some workers are motivated by internal triggers, like wanting to be away from their home for some time each day. Some workers might be motivated by social interactions they have with customers. When a team member is not motivated by the rewards that are offered in the transactional environment, then there is no incentive to increase their productivity. 7. It places more value on efficiency. Transactional leadership places the highest value on the efficiency of each worker. That is why it rewards workers who can improve their set routines or their production methods. At the same time, however, experimentation with new methods is rarely encouraged – unless it happens on a worker's time outside of their assigned working hours. Some transactional environments may have a set process in place for developing new products. Far too often, the structure discourages those who could innovate new processes by demanding compliance with the current system. Instead of working smarter, it wants people to work harder. 8. It places success within the hands of the leadership only. Transactional leadership can only be successful when there is an experienced leader at the helm of a team. The leader must be familiar with the transactional style. They must also be comfortable implementing this style with each of their direct reports. Most people who can be successful in this role have dynamic personalities who are not worried about the culture of their team or the vision of their company. 9. It makes leadership incompetence difficult to counter. Under the structure of a transactional environment, subordinates who do not complete an assigned task as indicated are held responsible for their lack of productivity. What if their lack of activity is because of inadequate leadership instead of inadequate skill? With transactional leaders, that does not matter.

Companies place more value on the productivity of the worker than the effectiveness of the leader. It is because of this issue that high-skill employees often shun the transactional environment, as their success is ultimately determined by the competency of their supervisor. The advantages and disadvantages of transactional leadership show that this management style can create fast results that are predictive. It can also create low morale levels within teams, limit creativity, and ultimately put a company at a disadvantage should certain leaders leave. In most situations, a hybrid style of leadership is the most effective approach to use. There are times when transactional leaders are necessary... and times when they are not.