



Transactional Leadership

Transactional Leadership is an exchange-based arrangement. I as your boss agree to pay you, the employee, for agreed upon work. Your hard work will help my bottom line, or the shareholder's, which is the ultimate goal. In non-profits, if you give me your loyalty and vote, and follow my dictates, I will implement policies that serve your interests. It's a quid pro quo; an exchange of mutual self-interest.

Transactionally based organizations have typical hierarchical org charts, with a top-down "command and control" style of leadership. They are often "siloes" where communication goes up and down the department but rarely across to other departments. There are often expectations about receiving clearance from the chain of command before speaking to another department, or the CEO, or the Board of Directors.

Performance management in transactional organizations typically uses "carrots and sticks," resulting in people being extrinsically motivated, rather than intrinsically. During economic downturns, there are likely layoffs. Employee engagement is often low, with high absenteeism and injury rates. Studies show that this results from feeling uncared for and where employees/volunteers feel their needs are unmet.

Transactional Leadership often seeks to maintain the status quo. It arose during industrialization and served that era very well. But it lacks the visionary others-centred leadership of the transformative leader, so needed today, especially with a younger cohort of workers and volunteers.

Transformational Leadership

Transformational Leadership is perhaps most easily understood through a quote by Simon Sinek, author of *Start with Why* and *Leaders Eat Last*:

“Leadership is not about being in charge. Leadership is taking care of those in your charge.”

Often also called “servant leadership,” it is committed to the growth of the organization’s own people, whether paid or volunteer, as the PRIMARY goal. To do so effectively, the leader must first and foremost be committed to develop herself, both as a person and as a leader. When the leader and his people are all committed to growth and development, EXCELLENCE, measurable through metrics such as profit, customer satisfaction and mission impact, always results. **Over 200 published management studies in for-profit and non-profit sectors have documented Transformational Leadership as best practise.**

Transformational Leadership inspires intrinsic motivation, commitment, innovation and creativity. These leaders combine courage with humility, and in turn equip and empower their people, giving them increasing autonomy and decision-making power. This has been shown to reduce burnout, turnover and absenteeism. Transformational leaders build relationally and psychologically safe organizations and workplaces, where both leaders and followers mutually respect one another and feel heard. Transformational organizations are “flatter,” rather than strictly hierarchal. Communication flows freely up and down, and across the organization, and ideas are welcome from anyone, including new recruits.

Today’s cohort of younger workers will more likely flourish under leadership that “coaches” rather than “bosses.” And transformational leaders know how to cascade the mission and purpose of their organization to their people, providing younger team members meaning and fulfillment in their work.

People crave connection and want to be seen and valued, including at work and in the organizations where they volunteer. Transformational leaders build a culture on relationship, resulting in high trust, and robust, resilient, high performing teams. This in turn leads to community impact and health—transformational change.

January 2021

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