

TRANSACTIONAL AND TRANSFORMATIONAL LEADERSHIP

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ABSTRACT

The current study represents a comparative analysis between the transformational and transactional type of management, taking in consideration the two different levels of performance within private organizations in comparison with public ones. There are two indicators for performances' measuring: satisfaction and productivity.

In order to demonstrate the efficiency of the transformational leadership in comparison with the transactional one, the next scientific hypothesis have been established:

HS1: Satisfaction and productivity are increased in transformational leadership in comparison with transactional management style, no matter what is the type and the culture of the organization.

HS2: Transformational leaders on the first level obtained better scores to those on the second level, in the private organizations in comparison with public ones.

HS3: Perception regarding transformational leadership is better than perception about transactional leadership

Keywords: *management, type of leadership, transactional leadership, transformational leadership*

1. INTRODUCTION

Bass (1999) [1] described transformational leadership as being the force of a leader to align the interests of the employees to a common goal of an organization. Transactional leader is that one who could orient and motivate the employees to attend the tasks and the general objectives of the organization.

Transactional leadership and transformational leadership are not two antagonist issues. Transactional leadership is oriented on sustaining the motivation of the members of the team, while transformational leadership will add the capacity of the members of the team to renounce to their immediate own interests and to follow the general interests of the organization. As a result, members of the transformational teams are taking care of each other, stimulate one another and are representing good motivators for the others; each member is identifying himself with the general tasks of the group of the organization. Transformational leadership is increasing the level of involvement and commitment of the employees and it is determining a reactive and proactive attitude of the members of the team. While transactional leadership will improve the level of the conformism, in change with some motivators, transactional leadership will determine the employees to believe in common tasks and to forget about their personal interests. They are establishing a correct vision, they are forecasting and predicting the future. These leaders are implementing changes, are modifying the expectations and are doing everything for improving the performances of the employees, developing the long term performances.

2. THE BEHAVIORAL MODEL

2.1. *Researchers made within Ohio State University*

Research processes started in the 50's within Ohio State University influenced most of the current approaches about the science of managing people and of leadership. Studies have been generally entitled *Ohio*

State Leadership Studies. The main contributions of these studies to the actual level of knowledge have been determined by the two main dimensions of the leadership: the initiative of the structure and consideration. Consideration represents a quantitative measure of the level of cooperation from the executive level to the subordinates, based on trust and strong relationships, respect, consideration, preoccupation for those operational levels that the executives are manifesting.

This dimension doesn't refer to some nonsignificant behaviors (to touch the shoulder of your subordinate to transmit the intent of cooperation), but it refers to a correct answer to your subordinate needs and it includes the developing capacity of the participative way of elaborating decisions. It is similar with the current human relation in management established by Elton Mayo.

The initiative of the structuralizing represents the measure which defines and structures how the group relates for attending the formal tasks of the organization; the role of each employee is very clearly identified. This dimension is associated with the capacity of attending the organizational tasks.

Regarding the relation between these two dimensions, it was considered initially that there is no relation between them, those two dimensions should generate four different types of managers and four different types of leaders.

It has been showed that the two dimensions could relate between them and modify the employees' and subordinates behavior. Leaders are described as manifesting a lower consideration to the subordinates and very low preoccupation to attend the organizational tasks.

In these conditions, every modification of the behavior taking in consideration the dimension of the organization, the dimensions of the leadership should be separate one from another, for generating a greater flexibility in the leader's behavior. In these conditions, every change of behavior determined by one dimension would be associated by the subordinates with a change to the other dimension.

2.2 Instruments for evaluating the leaders' behavior

Studies have started with the elaboration of some important items for questioning the activity of those who are engaged on an executive level within an organization, and items have been established for some general categories: level of domination, system of evaluating, and level of communication.

These instruments have been applied to some different categories of employees: academics, military and industries. Results showed some similitudes regarding the subordinate's categories who are describing the executives, so that a factorial analysis for reducing the large amount of the factors to a smaller one was necessary. So that, the basic determinants of the leader's behavior were consideration and the initiative of the structuralizing.

First of these scales, *The Leadership Opinion Questionnaire*, measured the leadership's perceptions regarding his actions in the process of managing. Scales *Supervisory Behavior Description Questionnaire*, *Leader Behavior Description Questionnaire* and the last reviewed format (LBDQ-XII), measured the subordinates perceptions regarding the actual behavior of a leader, being alternatives to the same measurements. In one of the analysis of this scale, Coger (1994) found that all these four scales are valid in the measurements of the leadership, with good statistics indicators also for LBDQ-XII [2].

Researches initiated by Ohio State University were the starting point for a future research effort determined by the identification of a reduced number of behavioral categories in leadership.

2.3 Researches determined by University of Michigan

Developed during those of Ohio State University, researches of *University of Michigan Institute for Social Research* concentrated on the leaders' behavior within higher working groups, but less productive; the purpose was to identify some indicators of an efficient style of leadership [3]. Results indicated that leaders for high productive groups were centered on the employees, with a great importance offered to the relations within the group, supervising was not a direct procedure, while leaders of nonproductive groups were preoccupied on profitability, a strong direction and an increased attention for employees' problems.

Results have generated *Michigan Continuum* (figure 1).

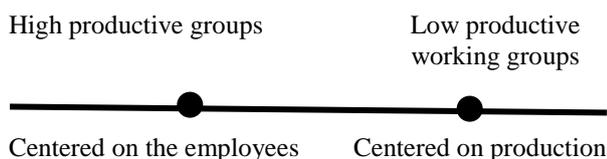


Figure 1. the *Continuum Michigan*

Michigan School, through Likert' studies, showed that the efficiency of managers could be measured within: the self-esteem of the employees, productivity of the group and the reduced cost of this productivity:

- Delegation of the authority and reject of the restrictive authority
- Interest and preoccupation for the subordinates as individuals
- Solving of problems with the participation of the subordinates
- High standards of the performance

2.4 Performance and type of leadership

The question of measuring the performance was launched for the first time in the 50's. Bower and Seashore (1966) [4] discovered a strong relation between leadership and the subordinates' behavior, which will influence performance within the engagement in implementing changes. Singer (1990) [4] argued that this employees' involve could be determined by some positive motivators, together with the increasing level of performance.

2.4.1 Standards of evaluating the performance

Different standards for evaluating the performances have been searched. Taking in consideration their importance, Handy (1993) [5] identified such eight standards: planning, investigation, coordination, evaluation, supervision, staffing, negotiation and representation, offering an average score.

Bass (1976) [1] presented three standards for evaluating the performances:

- a) The last standard- representing, for example, the professional success and recognition as a measure of a long term esteem
- b) The standard of between- representing, for example, the general number of clients
- c) The immediate standard - representing, for example, the level of preparing of young students for a specific domain

2.4.2 Satisfaction as a performance indicator

Bass (1976) [1] in "*Man, work and organizations*" proposed a model of professional satisfaction, as an indicator to the performance. He sustained that there are some fundamental attributes of the organization which could affect the organizational performance. It is very important to know how complex is the division of the tasks within an organization and the ways that the formal and non-formal structures of the organization have been created. In a good relation with these two aspects are the differences between the different managerial levels of the organization.

2.4.3 Productivity as a performance's indicator

The second aspect, productivity or efficiency is measured by input- output relation (Karen, 1997) [6]. There are a few criteria which should be followed by the results:

- Every input-output results should be interpreted in a quantitative manner

- Some results/outputs have the qualitative significance attached (without errors or waste)
- Some results could represent services (the contacted clients)
- Identification of the results determines the evaluation and the measurement of the employees effectiveness
- Elaborating decisions-results are used in measuring the rate of the productivity

3. THE RESEARCH PURPOSES

The current study represents a comparative analysis between the transformational and transactional type of management, taking in consideration the two different levels of performance within private organizations in comparison with public ones. There are two indicators for measuring performances: satisfaction and productivity.

3.1 The research's hypothesis

In order to demonstrate the efficiency of the transformational leadership in comparison with the transactional one the next scientific hypotheses have been established:

HS1: Satisfaction and productivity are increased in transformational leadership in comparison with transactional management style, no matter what is the type and the culture of the organization

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HS3: Perception regarding transformational leadership is better than perception about transactional leadership

A group of subjects was made up of 160 employees, 80 belonging to a public organization and 80 to a private one. They have the task to evaluate eight leaders as following: N=2 leaders by the first level, and N=6 leaders on the second level, taking in consideration gender and the following characteristics:

Table 1. Numerical distribution of the lot

Evaluated lot (leaders)	Men	Women	Total
First level	2	0	2
Second level	2	4	4
Total	4	4	8

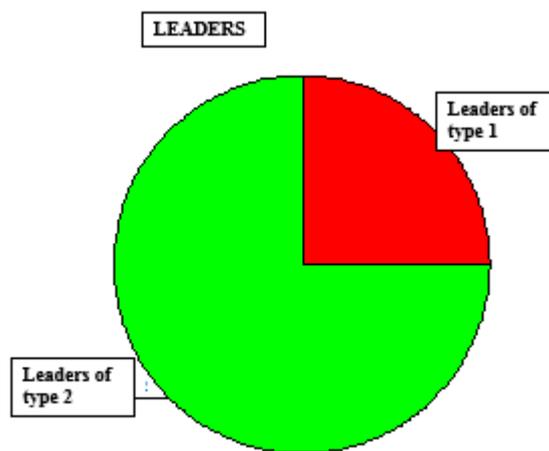


Figure 2-Structure of leaders

From the professional training point of view, the repartition of the group of subjects was as following (see Table 2). Gender distribution was: from the total amount of the lot of subjects, 67% feminine and 33% masculine.

Table 2. Distribution of the group of subjects, taking in consideration professional training

Organization	Secondary education	Superior education
public	31%	69%
private	26%	74%

3.2 Research instruments

1. Questionnaire LBDQ-XII (*Leader Behavior Description Questionnaire*); this specific instrument was used for determining the perception regarding the type of leadership by the subjects of the group.
2. Questionnaire for identification of the leadership TF vs TA; this instrument will clarify the problems regarding the type of leadership generated by each leader. Loyalty coefficient is 0.84.
3. Index of the behavioral reactions. This instrument will show the attitudes and behavioral reactions of the employees regarding the type of leadership implemented by each manager.
4. Productivity's evaluation scale. This scale is determining the employee's opinion regarding productivity, introduced in the group of subjects.

3.3 Experimental design

In this study a complex design was used, by the type: 2 (leader's level) x 2 (type of management) x 2 (type of the organization).

By using this type of design, the effects of the independent variables (leader's level, type of management and type of the organization) to the employees' behavior and to the dimension of the behavior too(consideration, the initiative of the structure) were measured.

Table 3. Experimental design of the study

		TA	TF
Public organization	Level 1		
	Level 2		
Private organization	Level 1		
	Level 2		

Variables manipulated within this study were:

Independent variables (I.V.):

Leader's level

- leaders by the first level
- leaders by the second level

Type of management:

- transactional type of management (TA)
- transformational type of management (TF)
- organizational type: -public organization
- private organization

Dependent variables (D.V):

- Level of the employees' satisfaction
- Firm productivity
- Type of management: consideration and the initiative of the structure

3.4 Working procedure

Research was developed in February 2018, within two different organizations from Constanta, Romania, one from the private sector and another from the public one. Subjects have been investigated with four different types of questionnaires, directly applicable and personal, avoiding situations of non-responses.

The research proved to be a transversal characteristic, and dates have been collected, rated and statistically interpreted by using *Statistical Program for Social Sciences* (SPSS 8.0 Windows). A working plan was developed, generated by the graphical representations on tables and graphics (charts and percentage graphics), followed by the calculation of averages and deviations on each sample and each type of driving. In the end simple correlational analyses were developed (Bravais-Pearson = r) concerning the dimensions of the management (structuring consideration and initiative), performance indicators (satisfaction and productivity), as well as components of the transformational vs. transactional leadership type.

Also, variance analysis (ANOVA) was applied. Components of Transformational Management resulted are:

- Charisma (C)
- Reasoned Inspiration (IM)
- Intellectual Stimulation (IS)
- Individual consideration (IC)

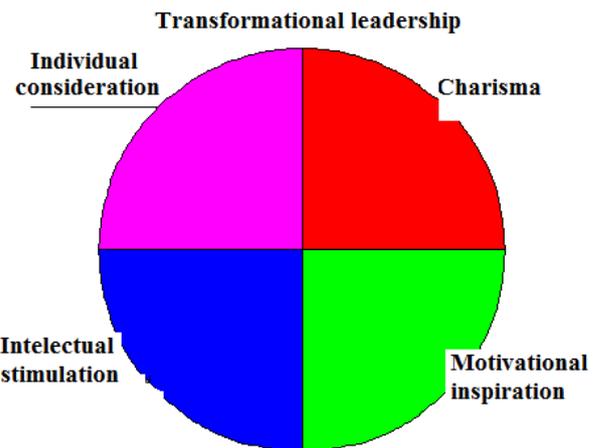


Figure 3. Transformational leadership

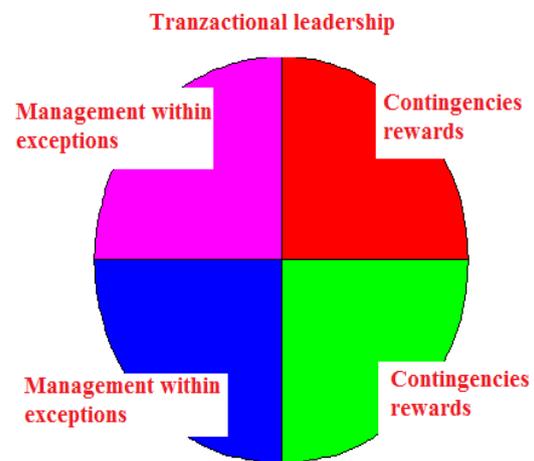


Figure 4. Transactional leadership

4. RESULTS OF THE RESEARCH

In order to achieve the desideratum of the comparability of the results, it was necessary to identify in the leadership group the transactional and the transformational leaders. Thus, following the calculation of the mean (m) and the standard deviation (σ) on the general sample (N = 160), the following data were obtained:

Table 4. Averages and deviations on the total sample

	m	σ
TF Leadership	52.5	8.2
TA Leadership	36.3	7.4

Table 4. Scores obtained from leaders in the public organization

	Leadership TA		Leadership TF	
	M	σ	m	σ
Leaders				
Leader 1	34,3	3,5	52,5	6,8
Leader 2	37,6	2,9	52	11,6
Leader 3	39,8	6,1	50,1	5,9
Leader 4	36,8	2,7	45,3	7,4
Leader 5	41,1	9,2	55,2	6,1
Leader 6	35,9	5,8	45,1	5,2
Leader 7	37	5,6	56,2	7,4
Leader 8	35,5	1,3	42,5	11,8

To divide the leaders into the two categories (TA and TF), in each of the two organizations, we calculated the average (m) and the standard deviation (σ) for the eight leaders rated by the subordinates.

In order to identify the type of driving, the averages with values higher than those obtained on the general sample (N = 160) were chosen, and for the standard deviation the lower values were taken into account than those obtained on the whole sample. Thus, as shown in Table 4 for the public organization, a sample of:

- N = 3 TF leaders (one level 1 and two level 2);
- N = 5 TA leaders (level 1 and 2).

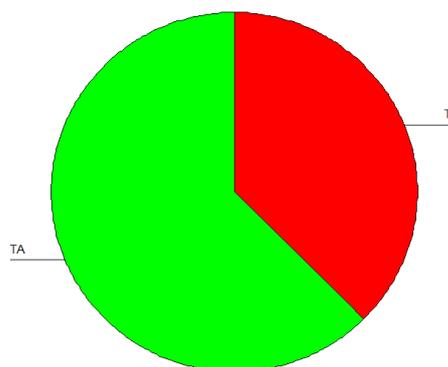


Figure 5. Distribution of transformational and transactional leaders in the private organization

5. CONCLUSIONS

This study is part of the research studies of the type of management through subordinates with both theoretical and practical implications.

The effectiveness of this type of leadership has been demonstrated by studies especially in the political and military and very few studies have been made in industrial field.

Transformational leadership, being a leadership that drives changes to increase performance, intellectually stimulating its employees by being creative, innovative, and solving problems in the organization, and following employees' interests in line with those of the team, we can conclude that it is a leadership superior to the transactional one.

Transformational leaders enjoy greater consideration than transactional leaders, as they set long-term goals, pursuing productivity, and emphasizing responsibility for each employee.

The level of general employee's satisfaction is higher for transformational leaders than for transactional ones. This category of leaders is paying special attention to the individual needs of the employees, for the assimilations they make for their own development.

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