

STUDY ON THE EXISTENCE OF ELEMENTS OF TRANSACTIONAL LEADERSHIP IN ORGANIZATIONS

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Abstract: *The study on the existence of elements of transactional leadership focuses on identifying and evaluating leadership practices adapted to the leadership of the organization. Transactional leadership is characterized by a relationship between leaders and supporters that is based, as is its generic name, on the trading of rewards or sanctions depending on the situations, in the final idea of achieving a "win-win situation" and a status-quo for a normal functioning of the organization. This type of leadership involves carefully monitoring the performance of the members of an organization in order to achieve organizational goals. This type of leadership seems to have gained significant ground, both at the organizational level and at higher levels of coordination, being, it seems, a potential solution for managing activities at several hierarchical levels. The general objective of this study is to identify the elements of transactional leadership within some organizations with a production profile on the industrial platform of the municipality of Sibiu. As a working tool, a questionnaire consisting of 20 closed questions was used, which in itself represents a quantitative analysis, which was distributed directly (online) through the use of the Google Forms platform, resulting in the end a number of 84 valid answers.*

Keywords: transactional leadership, strategies, employee performance

1. Introduction

The leader is an important link within any organization. In most cases, successes or failures in the organization are equated with the leader's ability or inability to lead. He/she is the most visible person within the organization and all his/her actions are carefully analysed when it comes to success or failure. Thus, a connection is created between the leadership style practiced in the organization and organizational performance.

Over time, the evolution of the concept of leadership has gained significant momentum, especially through new leadership methods and techniques adapted

to new changes and requirements.

Undoubtedly, the primary role of leadership is to provide vision, values and connection between leaders and employees, but also to create clear directions meant to influence the actions that lead to the overall success of the organization, through people and based on change [1, 2]. In order to achieve this goal, it is necessary to consider building strong links and relationships between work teams, adaptability to change and decision management [3].

Strengthening leadership skills is an ongoing process that has a significant impact on the managerial ability to manage and inspire the team they lead. Also added

to these skills are the cultivation of self-awareness and effective communication to build trust and transparency. It is proven that leadership by example is a factor that promotes collaboration and determines the team to maximize its potential [4, 5].

Continuous adaptability and resilience are solutions to successfully overcome challenges. By continuously improving leadership skills, the transformation into a leader with impact and influence on the team is intensified. To close this circle, the motivation of the team must not be forgotten either, regardless of its form (extrinsic or intrinsic) [4].

A series of theories have been identified over time and within them several leadership styles have been identified [2]. Within behavioural leadership theories, the main leadership styles identified by various authors are: the authoritarian (autocratic) style or the style focused on work or tasks, the participatory leadership style (democratic), the delegative leadership style (laissez-faire), or the balanced leadership style [6]. Then came the theories on situational leadership, and then the integrative ones that had transactional and transformational leadership as the main styles analysed [2, 7].

2. Transactional leadership – characteristics and typology

In the case of transactional leadership, each team member knows exactly what is expected of them and what their responsibilities are within the organization. Expectations are clearly communicated and set through organizational rules and procedures.

Transactional leadership is based on a cost-benefit exchange between the leader of the organization and its members. This exchange takes place only if the members of the organization accept the position of the leaders and if they can be motivated by a system of rewards and sanctions [8].

Transactional leaders are described by Bernard M. Bass as follows [14, 15]:

- They know what employees want to get for their work and will try to reward them according to their expectations if they achieve the expected performance;
- They make promises to offer benefits and reward their employees based on their effort;
- They meet the needs and expectations of employees as long as they do their job. This type of leadership can be said to be characterized by the relationship between the leader and the group (it is one in which the exchange is reciprocal, in which both the leader and the members of the group seek to satisfy their own interests, and this is for the benefit of all) and is based on the presumption that the members of the group can be motivated by a reward and sanction system.

Transactional leadership has been found to be particularly advantageous in the context of a low-performing organization trying to raise its performance levels [16].

Transactional leadership is a style that emphasizes the exchange of rewards and incentives for performance. Leaders who use this style set clear expectations for their team members and offer rewards or punishments based on performance. This style is characterized by a focus on maintaining the status quo, adhering to established procedures, and managing tasks effectively. [8] Transactional leaders are often task-oriented, focusing on achieving specific goals and ensuring the smooth running of the organization. Transactional leadership is a leadership style that centres primarily on inspiring and motivating subordinates to overcome their own interests and secondly on working for the common good of the organization [9].

It can be seen that transactional leadership is especially based on the attitude that the leader has regarding the fulfilment of objectives and motivation through reward (promotions, recognition, financial bonuses or other forms of reward) and sanction (warnings, diminishment of privileges or other negative consequences) of subordinates. As a result of the studies carried out, it was concluded that

it is not easy to acquire the position of transactional leader in order to be included in this category, moreover, it is necessary for the leader to possess the ability to know the needs and desires of his employees, which is not an easy thing to do, because people have different needs and desires, which means that it must have the capacity to manage the necessary resources to meet these needs, given that resources are limited.

The term “transactional” suggests that the relationship is built on a mutual exchange of benefits, in which both the leader and human resources contribute to the achievement of common goals [10].

Transactional leadership only intervenes when things do not go according to plan or when problems arise. They monitor the team’s work and react when necessary.

Transactional leadership is acquainted as managerial leadership and its activity centre mainly on the supervision, organization of all working groups. Specific to this type of leadership is the focus on specific tasks and the use of rewards and punishments in order to motivate employees. As an advantage of this leadership style, it can be mentioned that employees understand what is expected of them, and the work team can quickly achieve short-term goals. At the same time, the fact that there are clear procedures denotes that there are also ways in which problems can be solved quickly and efficiently. Moreover, the human resource is carefully monitored, which limits the likelihood of errors. Transactional leadership is also suitable in crisis situations. Time is an essential tool when working in an emergency situation, which means speed and precision on the part of the work team. Thus, transactional leadership takes shape in a situation with a high degree of pressure [13].

In conclusion, this leadership style focuses more on the management and organization of current activities, rather than on the long-term development of vision and strategy. Thus, it seeks to maintain stability and not promote organizational change.

3. The Full Range of Leadership Model

Transformational leadership comprises four elements. This model incorporates a variety of components of transactional leadership behaviour, besides with laissez-faire (or non-leadership) behaviour.

Transactional leadership happens when the leader recompenses the subordinate, determined by employee’s performance. It flows on contingent reinforcement, i.e. positive contingent reward (CR), active or passive negative shapes of management by exception (*MBE-A*, *MBE-P*).

All these profiles will be detailed in the following lines [14].

Contingent reward (CR) – it is adequate in encouraging to achieve high zone of evolution, realization. CR leadership requires employee agreement on how promised rewards should be delivered. An example of a contingent reward is the following: the leader clarifies when realization standards are accomplished (e.g. the bonus). At the same time, this compensation is transformative meanwhile the bonus it is natural psychological (e.g. laud).

Management by exception (MBE) – is a healing action which is also inadequate in comparison with CR or transformational leadership elements. The qualification trade can be active (*MBE-A*) what it means that the leadership carefully supervise all non-conformities with the organization's standards and applies corrections. This one can be necessary, too when security is of primary importance. The passive one (*MBE-P*), involves passively expectant for deviations, confusions, bad job to occur and after that taking disciplinary actions. Leaders sometimes need to practice passive MBE when they need to supervise a large number of subordinates who report directly to leaders (e.g. - leaders don’t take any action until they receive complaints).

LF leadership (laissez-faire) – this style highlights the absenteeism of leadership. This style is one characterized by inactivity and inefficiency (e.g. - leadership ignores and avoids problems when they appear).

Unlike transactional leadership, *LF leadership* is a non-transaction. Essential to the FRLM is the fact that each leadership has and manifests its own style. A pattern profile is exemplified in Figure 1. Depth (dimension three) shows how often leadership manifests a unique style. The vertical axis shows two important elements: effective and ineffective (represented by empirical findings). Also

in this figure, the laissez-faire leaders (LF) has an excellent portrait rarely exhibit leadership. Regularity of the MBE-P, MBE-A, CR transactional leadership styles and most frequently exhibits transformational contents. On the other hand, the leader with poor performance tends towards inadequacy and leisure, presenting LF with regularity and transformational contents less often.

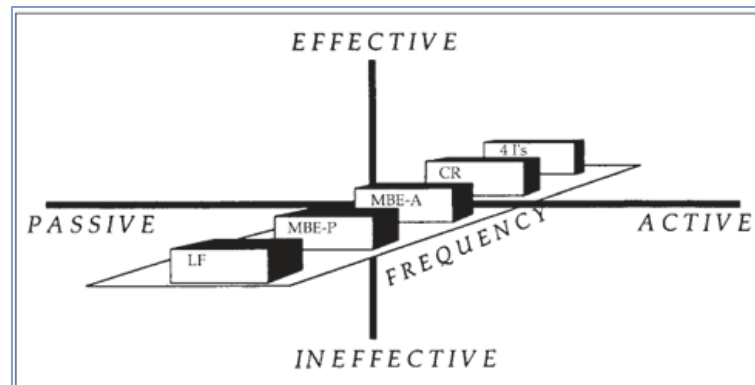


Figure 1: The FRLM suboptimal sketch

Source: Bass, B. M., Riggio, R. E. *Transformational leadership* editor. Second Edition. Lawrence Erlbaum Associates, Publishers, Mahwah, New Jersey London; 2006. Page 9.

In conclusion, the FRLM shows what the key behaviours are and how they are associated with performance.

4. General Elements of Research Methodology

The general objective of this study is to diagnose the characters of transactional leadership within some organizations with a production profile in Sibiu. Thus, the answers of 84 respondents from the companies with a production profile in the industrial platform of the municipality of Sibiu are analysed.

As secondary objectives we list:

- identifying the traits that the analysed leaders have from the employees' perspective;
- identifying the typology of the analysed leaders in accordance with the characteristic features of the transactional leader.

A questionnaire based on a quantitative

analysis was used as a working tool. It consisted of 20 questions, all closed. The questionnaire was distributed directly (online) using the Google Forms platform.

5. Analysis of the main results

Clarity in the communication of team objectives by leaders is essential for the success of any organization. Well-defined and clearly communicated goals help align team efforts, increase motivation, and improve overall performance.

Figure 2 shows the percentage of responses related to the clarity with which the leadership transmits the objectives to the members of the work team. Thus, the majority of respondents believe that the leader does this in a very clear (36%) and clear (36%) way. 14% of them are neutral, while 9% of respondents believe that the leader does not communicate the objectives in a clear way, and 5% in a very unclear way.

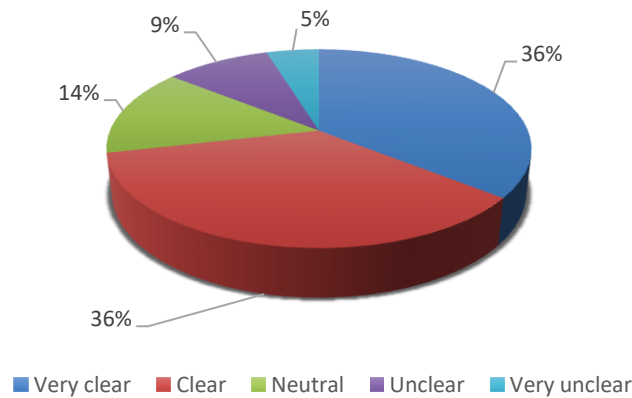


Figure 2: The clarity with which the objectives are communicated by the leader
Source: own creation

Recognizing and rewarding employees for a job well done is essential for maintaining motivation, satisfaction, and performance at work. Assessing the frequency and quality of these recognitions and rewards within the organization provides valuable insights into organizational culture and management strategies. As can be seen in *Figure 3*, respondents consider that they are

occasionally rewarded in a proportion of 45%, 17% very often and often 24%. On the other end of the spectrum, with a percentage of 12%, are those who consider that they are rarely rewarded and appreciated, and 2% who have never been rewarded or received recognition for the work performed.

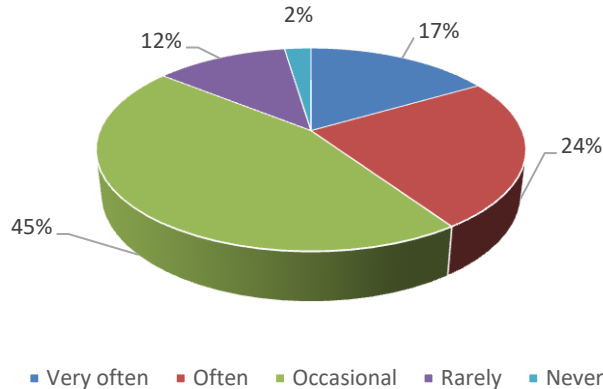


Figure 3: How often respondents are rewarded by leaders
Source: own creation

The frequency and quality of constructive feedback received from leaders has a significant impact on professional development and organizational performance. As can be seen in *Figure 4*, 41% of respondents believe that they

receive occasional feedback from the leader, 26% receive feedback often, 19% very often. The rest of the respondents, i.e. 7%, believe that they receive feedback rarely or even never.

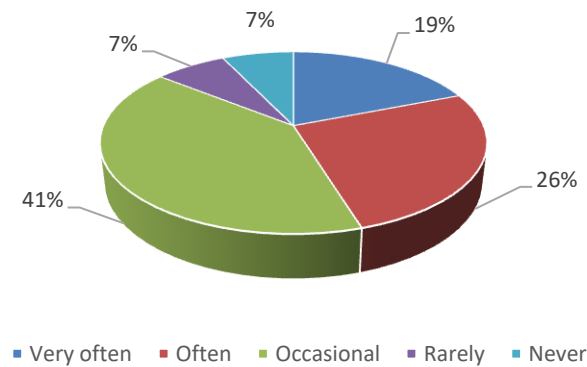


Figure 4: How often respondents receive constructive feedback from the leader
Source: own creation

Leaders taking responsibility for team results is an important aspect that reflects their maturity, integrity, and commitment to the success of the organization and team members. *Figure 5* shows the respondents' opinion about the leaders' assumption of responsibility for the results obtained by them. Taking into account a scale of 1-5 (1 representing "to a small extent" and 5 representing "to a large extent"), the results show that: 40% of respondents consider a

moderate assumption of the leader's responsibility towards the team. A percentage of 26% of respondents largely believe that the leader takes responsibility for the team's results, followed by a percentage of 24% of those who consider this to a very large extent. Only 7% of respondents and 2% believe that their leader takes little or very little responsibility for the team's results.

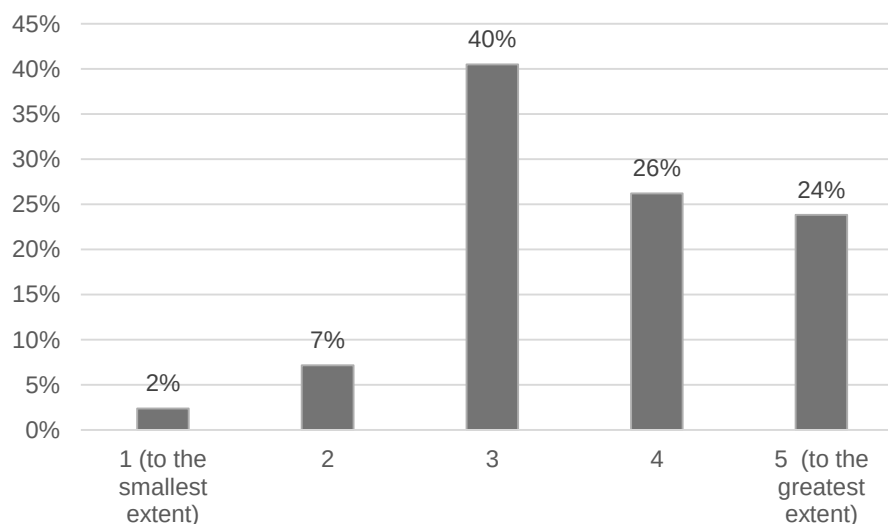


Figure 5: How often respondents receive constructive feedback from leadership
Source: own creation

The questionnaire also includes a question which refers to the intervention of leaders in case there are problems or significant deviations from the standards. *In Figure 6*, you can see the respondents' opinion about the involvement of leaders in certain

situations. 43% of them consider the involvement of leaders occasionally when there are problems or deviations from standards, 31% consider that the leader is often involved and 26% consider that the leader is very involved.

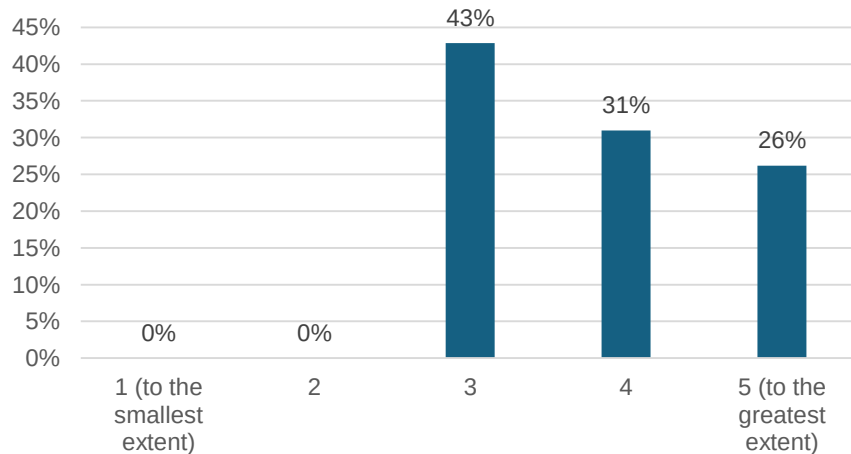


Figure 6: Respondents' opinion on leaders' intervention in case there are significant problems or deviations from standards

Source: own creation

Autonomy in decision-making in the workplace is influenced by several factors, including organizational structure, the specific role of the employee, and the culture of the organization. Assessing the level of autonomy and improving it can significantly contribute to employee satisfaction and performance. Regarding the autonomy in decision-making of the

respondents, it can be seen (*Figure 7*) that the majority (43%) of them have a moderate decision-making power at work in terms of decision-making, followed by a percentage of 29% of those with very high power and those with high power (21%). 7% of respondents believe that they have little autonomy in decision-making.

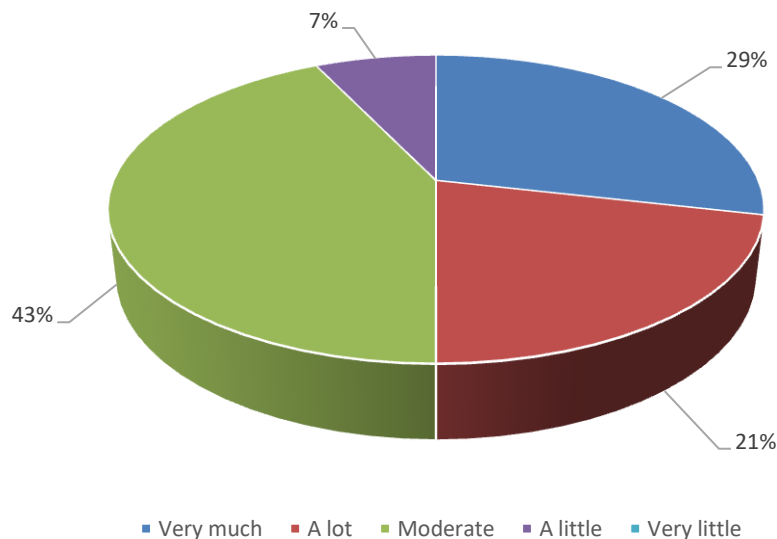


Figure 7: Respondents' autonomy in decision-making

Source: own creation

Effective conflict management by the leader is also essential for maintaining a harmonious and productive work environment. The respondents of this study consider, in a percentage of 40%, that the

leader effectively manages the conflicts that arise at the level of the work group. 29% consider this activity very efficient. A percentage of 21% claim that the way the leader manages conflicts within the team is

moderate due to situations or moments in which he/she was not in control of the situation. The fewest of the respondents,

10%, consider the conflict management by the leader to be inefficient.

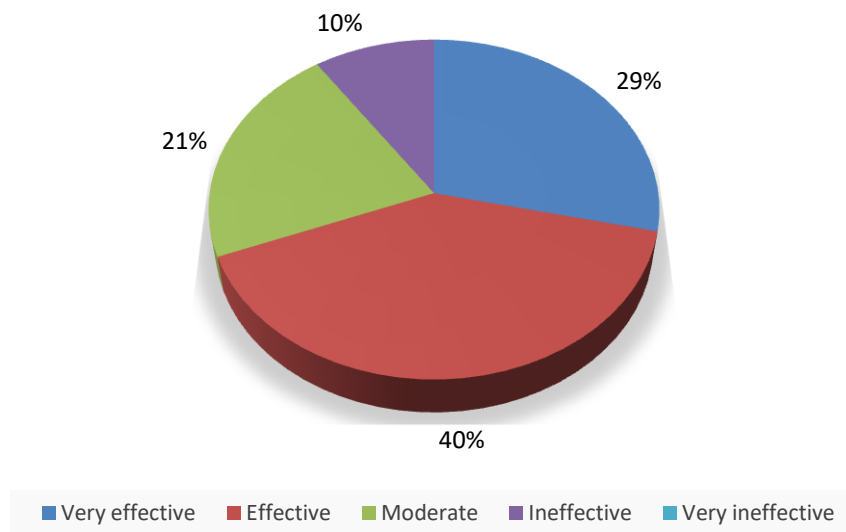


Figure 8: Effective management of conflicts within groups by leadership
Source: own creation

Material rewards play an important role in motivating employees, but the degree of satisfaction varies from individual to individual. As can be seen in Figure 9, material rewards motivate the majority of

respondents to a large extent (43%), the percentage of those who are motivated by rewards to a very large extent being 29%. For 5% of respondents, material rewards are not a reason to achieve their goals.

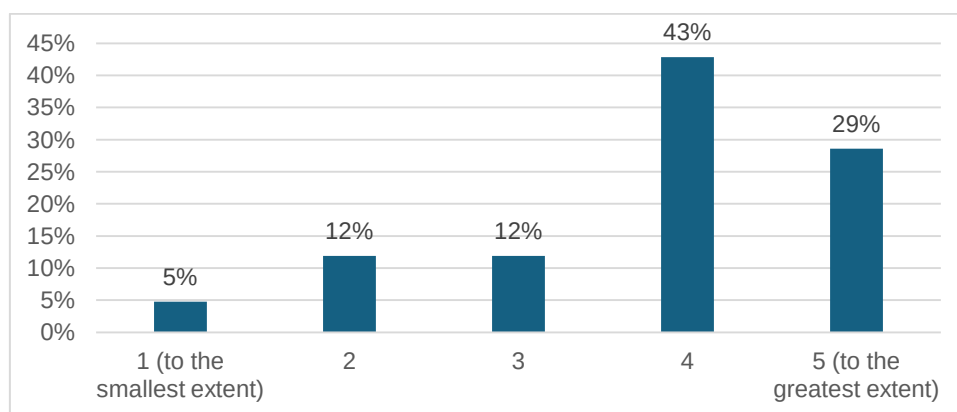


Figure 9: Degree of motivation of respondents through material reward
Source: own creation

The clarity of leaders' expectations and their consistency in applying the rules are essential for the success and effective functioning of an organization. For 52% of respondents, the leader's expectations are moderately clear and consistent in terms of rules and their application in the organization, and for 38% they are clear

and consistent, which means that he/she is very well understood. 7% represents the percentage of respondents who consider that the leader's expectations are unclear and inconsistent due to poor communication and 1% consider them very unclear and inconsistent.

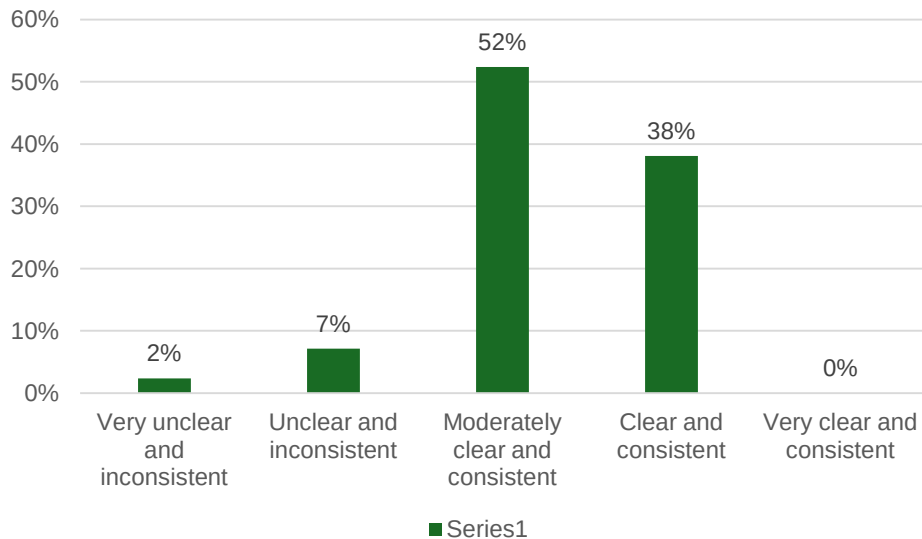


Figure 10: The consistency with which the leader applies the rules
Source: own creation

As can be seen in Figure 11, respondents believe that the leadership style in the organization in which they work is moderately effective (41%), one of the reasons being that the leader is based on a system of rewards and punishments, and this can stop the creativity and initiative of employees. 26% of respondents believe that the leadership style practiced in leadership is an effective one. They receive feedback and support for the implementation of new creative ideas. 31% of respondents believe that the leadership style at the management

of the organization is very effective in terms of the fact that they are motivated and listened to. 9.5% of the participants claim that the leadership style practiced at the head of the organization in which they work is ineffective, due to the lack of direct communication between the leader and the team. The rest of the respondents (2%) believe that the leadership style practiced in the organization in which they work is inefficient because they do not have the right to an opinion in certain situations.

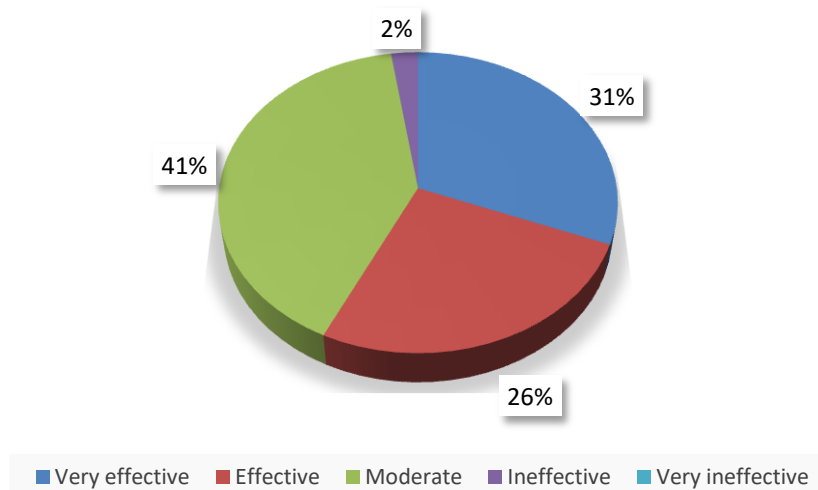


Figure 11: The effectiveness of the type of leadership from the respondents' perspective
Source: own creation

6. Conclusions

A first remark that can be made by analysing the results of this study is that transactional leadership can be effective in setting clear goals and well-defined expectations. Thus, transactional leaders provide specific instructions and expect accurate performance from supporters.

Another remark that can be made is that following the analysis of the results received from the respondents, the characteristics of the leadership identified in the organizations with a productive profile in the industrial platform of the municipality of Sibiu fit, broadly speaking, into the typology of a transactional leadership. The results presented surprise the fact that respondents are satisfied with the way their leaders communicate their objectives at work, this gives them confidence and optimism, so that supporters feel good at work and understand what are the tasks and duties required by leadership to achieve the organization's objectives.

It seems that for the respondents, the recognition of merits and the reward for the work done is important. This recognition can change the way team members think and approach, receiving rewards makes supporters feel more motivated and eager to complete their tasks in the shortest possible time.

Constructive feedback received from the leader can have a significant impact on employees' professional development. Thanks to this, employees can understand where they make mistakes, where they need to focus harder.

There are some interesting aspects that can be highlighted based on the analysis of the answers received, in relation to the characteristics of the typology of transactional leadership:

- Taking responsibility by an organization's leaders for team results can be done through open and constructive communication;
- the leadership of organizations provides regular feedback and receives feedback

from their teams, which helps to identify problems and find solutions.

- autonomy in decision-making in the workplace is influenced by several important factors: including the organizational structure, the specific role of the employee and the culture of the organization.
- effective conflict management by leaders is important for maintaining a harmonious and productive work environment.
- material rewards play an important role in motivating employees to achieve goals, but their effect can vary depending on the individual, the type of work and the organizational culture. Based on these rewards, employees can feel appreciated, motivated and eager to complete tasks.
- the more clearly and transparently leaders' expectations are established and the greater the consistency of leaders in applying the rules, the more they can contribute to the success and efficient functioning of organizations - these elements provide employees with security and confidence due to accurate knowledge of their tasks and needs.

An important aspect of leadership is that this process is done in close connection with supporters, being a mutual process of influence between leaders and supporters, therefore communication is an essential aspect. Thus, the conclusions of this study emphasize the fact that, for an improvement in the quality of leadership in a company, there should be more communication between the team and the leader. This can lead directly proportionally to the reduction of problems related to the activity or the evaluation of the activity of supporters. In general, as many leadership theories show, the leadership style practiced by the management of an organization has a profound impact on the organizational culture, employee motivation and overall performance, and leadership styles can vary from one leader to another or from one situation to another. Thus, a large part of

the respondents believe that, for an improvement in the quality of leadership in the companies they belong to, there should be more communication between the team and the leader, so that there are no privileged people in any way. Supporters want from their leader more involvement, commitment and support for the proper functioning of the team, as well as training and professional development programs to improve the quality of work.

Practically, this study shows that the transactional leader is the one who seeks to motivate employees to help achieve objectives through a reward or sanction system, based on the idea that a win-win system is developed based on this relationship: if group members receive the desired rewards, they will make an effort to perform their work as well and efficiently as possible, and this will benefit the organization. This entire transactional process is also facilitated by the typology of organizations chosen for the study, as they are production processes, it is easier to quantify objectives and evaluate their achievement, so that an MBO (management by objectives) system is natural and easy to introduce, especially in the direct area of production processes. In this way, the mutual influence system, based on the transactional system, can be set up more easily, can be accepted more easily by all those involved and, ultimately, can represent an acceptable system to apply in this type of leadership situation.

Finally, several other important aspects extracted from the responses received can be mentioned:

- Leaders using an exchange of benefits gained from completing tasks by employees can be an effective strategy to motivate the team and improve performance;
- A task-centric approach focuses on the specific achievement of organizational tasks and goals, and leaders who adopt this approach focus their efforts more on managerial aspects – planning,

organizing, and monitoring to ensure that work is completed efficiently and on time;

- The style centered on interpersonal relationships is one that largely emphasizes the development and maintenance of positive, open and supportive relationships between team members, and leaders who adopt this style are concerned with the well-being, satisfaction and motivation of employees, and believe that team performance is directly influenced by the quality of interpersonal relationships;
- Creating a predictable and stable work environment can be beneficial, because advocates can focus on meeting organizational goals and even on personal and professional growth.

It is also important to state that there are a number of limitations of this study: it has a limited sample of participants, the questionnaires were mainly directed towards a work environment with production characteristics where the aspects related to the quantification of objectives is easier, so the extrapolation of the results to the area level and to other types of organizational activities is more difficult to do. So the relevance can be limited to the activity environments with a productive profile, especially the one characteristic of the automotive components industry.

We can however affirm that the defining elements of transactional leadership have been highlighted in the identified results and it can be said that the transactional leadership style can be an efficient one in a productive context, being, to a large extent, agreed by both the managerial area and the employees, so the dyadic relationship between leaders and supporters can develop based on this aspect of transactional construction in which everyone has something to offer and they try to find a reasonable balance for all those involved, so that in the end the synergistic aspect is generated that leads to an increase in organizational performance.

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