A History of Transactional Leadership in Academe: A Cautionary Tale

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With dramatically reduced allocations from their respective states, public institutions now must be increasingly resourceful about how they spend what budget they are granted while experiencing heightened pressure to generate soft money from existing revenue sources and develop new ones (Lasher & Greene, 1993; Whalen, 1996). Under these circumstances university leadership are pressured to enact changes to increase and expand revenue sources. The demand for accountability has also resulted in trends toward cancelling small, specialized, seminar courses and increasing enrollment in existing courses to maximize revenue (Wilson, 2011).

Rapid change is problematic in higher education. Unlike organizations where roles are tightly coupled and boundaries are clearly defined for its members, academe is particularly susceptible to individual influence. Human actions, driven by personal values and agendas, are sometimes the driving force behind how organizations operate (March & Olsen, 1979). Personal factors do not necessarily fit into a rational decision-making framework where individual compliance can be expected (Manning, 1991).

Transactional leadership has been proposed as a means through which to address need for rapid change by employing a style in which leaders promote followers' compliance through both reward and punishment. The transactional leadership style was first described by Max Weber in 1947, and again by Bernard M. Bass in 1981. Transactional leaders are on the opposite end of the theoretical spectrum relative to transformational leaders. The former depends on a system of reward and punishment, while the latter takes advantage of internal motivation.

Anecdotally, practices associated with transactional leadership go back as far as documented history. The idea of a person in a power position trading something in exchange for labor, information, or anything of value with another person seems inseparable from human nature. In contemporary U.S. society, this form of commercial exchange is a cornerstone of our economic foundation, representing what we know as regulated capitalism. Several well-known transactional leaders are Joseph McCarthy, Charles de Gaulle, and Donald Trump.

Scientific management and its technological underpinnings are theoretical antecedents of transactional leadership (Hersey, Blanchard, & Johnson, 1996). Taylor fused the perspective of an engineer into management with a strong emphasis on control, ruthless efficiency, quantification, predictability, and de-skilled jobs (Noble, 1984). The function of the leader under scientific management theory is to establish and enforce performance criteria to meet organizational goals; therefore, the focus of a leader remains on the needs of the organization and not on the individual worker. The goal of scientific management is to make an organization operate in the most efficient manner possible to achieve the highest level of productivity (Morgan, 1997). Scientific theory relies heavily on the machine metaphor and mechanization of jobs while concurrently undermining the human element of organizations and their nature as complex systems that cannot be separated from individual motivations.

Although mechanistic organizations proved productive, there were limits to hierarchical bureaucracy. Emerging theorists encouraged leaders to recognize that humans were not machines and could not be treated as such. A post-bureaucratic shift in the mid-1940s moved toward everyone taking responsibility for the organization's success or failure (Heckscher & Donnellon, 1994). Researchers began to examine the relationship between leader behavior and follower satisfaction levels and between organizational productivity and profitability (Bass, 1990).

Transformational leaders, on the other hand, lead by motivating by their followers. Leaders appeal to their followers' ideals and morals to motivate them to accomplish their tasks. Transformational leaders empower their followers, drawing upon their own beliefs and personal strengths. Simply put, they inspire their followers. These needs are not based on *quid pro quo* transactions, but upon higher-order needs drawn upon as the organization and its members pursue a common goal. Famous transformational leaders include the Rev. Dr. Martin Luther King, Jr. and Abraham Lincoln. As a defined leadership theory, transformational leadership has been a relatively recent entrant into the realm of management thought. In fact, most literature has been published in the past 15 years, though it can be argued transformational leaders have existed across broad human history, as evidence in my earlier examples. That said, those ideas central to transformational leadership are not necessarily new. Many of these constructs can be located within the writings of earlier management theorists and historians (Humphreys & Einstein, 2003).

Transactional Leadership in Academe

Transactional leadership is characterized by several approaches and actions:

Contingent Rewards: Transactional leaders link stated goals to rewards and provide rewards for successful performance. They set discrete and measurable goals clearly tied to mission statements.

Active Management by Exception: Transactional leaders monitor subordinates' performance and utilize corrective action to address deviations from rules and standards.

Passive Management by Exception: Transactional leaders intervene when goals are not met or when performance does not meet expectations. Punishment is considered an appropriate response to unacceptable performance.

These approaches and actions allow leaders to accomplish their performance objectives, complete required tasks, maintain the current organizational situation, motivate followers through contractual agreement, direct behavior of followers toward achievement of established goals, emphasize extrinsic rewards, avoid unnecessary risks, and focus on improving organizational efficiency. Transactional leadership evolved for a marketplace featuring fast, simple transactions among multiple leaders and followers, each moving from transaction to transaction in search of gratification. The marketplace demands reciprocity, flexibility, adaptability, and real-time cost-benefit analysis (Burns, 1978). Moss, McFarland, Ngu, and Kijowska (2007) argue transactional leadership practices lead followers to short-term relationships of exchange with the leader. These relationships tend toward shallow, temporary exchanges focused on gratification and often create resentment between participants. Additionally, a number of scholars criticize transactional leadership because it utilizes a one-size-fits-all approach to leadership theory construction that disregards situational and contextual factors related to organizational challenges (Beyer, 1999; Yukl, 1999; 2011; Yukl & Mahsud, 2010).

Transactional leaders tend to have rigid expectations about work relationships, and expect subordinates to do as they are told. This leader uses formal authority to instruct others on what to do, and relies heavily on traditional organizational hierarchy. Because of this leader's reliance on formal relationships and hierarchy, blame when tasks go wrong is rarely assumed by the transactional leader. Once the leader has assigned the task, that job is solely the responsibility of the employee. If problems occur, the employee is expected to be fully accountable. Transactional leadership, by its very nature, pits leadership against employees, makes them take opposing sides. Constant threats of punishment for failure may inadvertently reward manipulation and game-playing by employees to avoid punishment. Thus, employees may be likely to act deviously when the leader is not present. Because of transactional leadership's task-focused approach, employees do not feel as if they are working towards a shared goal, and they are not motivated by the overall organizational mission (Sarros & Santora, 2001).

One of the most significant limitations to transactional leadership is the disconnect with individual motivations, particularly in organizations where people have considerable freedom in how to interpret and enact policy. Once an individual or group sets a policy, there is no guarantee it will be implemented in the same way it was originally intended. Differences between institutions and individuals are central to understanding how policy can change from development to implementation. Mutation can also occur as policy is processed through the levels of an organization's hierarchy. Levels of a hierarchy differ fundamentally in that some are charged with policy development while others are charged with policy implementation. Policy can be changed or revised by institutional officials from inception to implementation in a manner that more closely meets individuals' conception of what is in their or the institution's best interest (Elster, 1989). Individuals can surreptitiously undermine a policy or initiative or at least decline to work actively toward its implementation, even when they claim to support it (Duemer, 1998; Pressman & Wildavsky, 1984). Furthermore, autonomy provides individuals with various degrees of freedom to impose their own interpretations on the way policy is implemented (Perrow, 1973).

Transactional leaders pay attention to followers' work in order to find faults and deviations. Within the context of Maslow's hierarchy of needs, transactional leadership works at the basic levels of need satisfaction, since transactional leaders focus on the lower levels of the hierarchy. Transactional leaders use a basic exchange model, with rewards being given for good work or positive outcomes. Conversely, people with this leadership style also can punish poor work or negative outcomes, until the problem is corrected. One way transactional leadership focuses on lower-level needs is by stressing specific task performance. Transactional leaders can be very effective in getting specific tasks completed by managing each task portion individually. Transactional leaders are concerned with processes rather than forward-thinking ideas. These types of leaders focus on reward or penalization. Contingent rewards are given when set goals are accomplished on time or ahead of time, and to keep subordinates working at a good pace at different times throughout completion. Contingent punishments are given when performance quality or quantity falls below production standards or goals and tasks are not met at all. Often, contingent punishments are handed down on a management-by-exception basis, in which the exception is something going wrong. Transactional leaders use reward and punishment to gain compliance from their followers, extrinsic motivations that inspire minimal compliance.

Implications

Immanuel Kant argues there is a more foundational principle of duty that encompasses our duties. It is a single, self-evident principle of reason he calls “the categorical imperative.” A categorical imperative, he maintains, is fundamentally different from hypothetical imperatives that hinge on some personal desire. For example, “If you want to get a good job, then you ought to go to college.” By contrast, a categorical imperative simply mandates an action, irrespective of one’s personal desires, such as “You ought to do X.” Kant gives at least four versions of the categorical imperative, but one is especially direct: Treat people as an end, and never as a means to an end. That is, we should always treat people with dignity, and never use them as mere instruments. For Kant, we treat people as an end whenever our actions toward someone reflect the inherent value of that person. We treat someone as a means to an end whenever we treat that person as a tool to achieve something else. Kant argues the morality of all actions can be determined by appealing to this single principle of duty.

One consequence of an overreliance on transactional leadership is that passive resistance can increase in the form of insurrection. Because transactional leadership relies on intervention by exception, subservice behavior becomes a form of resistance without calling attention to the objector. As conspicuous examples of intervention by leadership become common knowledge or are undisguisedly visible, quiet resistance will become more widespread causing further rifts between leadership and faculty, or, in other words, a greater sense of “us versus them” with goals and priorities increasingly divergent from those of the organization.

The idea of “us versus them” is further fueled by an emphasis on formal relations between leadership and subordinates. Formal relations coupled with a transactional dynamic leaves little room for interaction focused on growth. Mentoring and informal relationships that are particularly helpful to tenure-acquiring faculty become secondary to performance expectations.

In all fairness, there is little question that transactional leadership is more effective than transformational leadership when it is necessary quickly to change an organization to respond to unanticipated change or an existential threat. Senior leaders refer to managing faculty as “herding cats,” or complain faculty cannot be counted on to set organizational goals because the culture of academe does not foster them working well in groups (Kreuter, 1996, p. 59). Others compare changing the course of a tradition-bound and conservative institution such as academe to changing the course of a super-tanker. If these analogies are accurate, then fostering organizational change in academe can be likened to reversing the course of a super-tanker crewed by feral cats.

The most serious outcome of an overreliance on transactional leadership is that because faculty are considered a means to an end who can be manipulated through reward and punishment, our most valued and defining principles such as academic freedom, shared governance, and participatory decision-making come to be regarded as obstacles rather than common values we all share. Given the circumstances I detail as I opened this address, it is only logical that under some circumstances transactional leadership becomes necessary for the good of the organization. However, this logic only holds up in the short term. Faculty should be very cautious and concerned, on the other hand, when transactional leadership becomes the norm rather than one tool among many to lead a complex university organization.

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