Transactional versus Transformational

**TRANSACTIONAL LEADER**

- Contingent Reward: Contract involving exchange of rewards for effort, promises rewards for good performance, recognizes accomplishments.
- Management by Exception: Active - Watches and searches for deviations from rules and standards, takes corrective action.
- Passive – Intervenes only if standards are not met.

**TRANSFORMATIONAL LEADER**

- Charisma: Provides vision and sense of mission, instils pride, gains respect and trust.
- Inspiration: Communicates high expectations, uses symbols to focus efforts, expresses important purposes in simple ways.
- Intellectual Stimulation: Promotes intelligence, rationality, and careful problem solving.
- Individualized Consideration: Gives personal attention, treats each employee individually, coaches, advises.