

# Kerry Ryan & Associates Ltd

**CONSULTANTS TO PRIMARY INDUSTRY**

## Leadership Styles – transactional or transformational?

Working with farming teams throughout the primary sector and on both sides of the Tasman has given me a unique chance to observe various approaches to leadership and getting the best out of people. This has got me thinking about teamwork and in particular the merits of different leadership styles. It's a topic that is relevant in New Zealand right now as we celebrate "Leadership Week" in July.

People respond to the leadership challenge in different ways. It's not uncommon for managers and supervisors to express frustration as to why their staff are not simply self-motivated. Many are mystified that employees don't deliver the level of commitment to performance that seems to come naturally to them as business owners or members of farming families.

I find these perspectives are typically based on the assumption that when people are paid well they can be expected to perform. While understandable, this mindset falls short of what is needed to fully release potential through effective leadership. It contrasts with the more positive outcomes generally evident from more democratic, consultative and collaborative management methods.

These two ends of the leadership spectrum are commonly referred to as either ***transactional*** or ***transformational*** of leadership.

Transactional leadership drives from the assumption that staff are paid to do as they are told. It assumes employees are there to work and the boss is there to give instructions and monitor results. In return the business has an entitlement to agreed performance outcomes. The relationship is all about reward for an employee's compliance with requests and commitment to working within agreed systems.

With this approach the leader's time is mostly spent refocusing people and driving solely for the desired outcomes from their role.

This contrasts with the transformational leadership style. This is characterised by mutual commitment to growing the skills and capabilities of team members. While it is just as focused on productivity and performance outcomes, it achieves results by developing people. This is most effective when supported by strategies to achieve synergies through deeper appreciation of each team member's personality, learning and work style. In this environment there is recognition of the importance of training and systems development to secure gains from a culture of continuous improvement.

Transformational leadership is about helping people change to better meet the needs of the business and expand their career pathways. Leaders achieve this by mentoring and collaboration to empower people to a greater understanding of what is expected of them and how they can contribute to deliver results.

Each method has its place. A transactional or more functional focus is valid for short term projects or situations where results from operational tasks are unlikely to benefit from development of wider skills and capabilities. However its output focus tends to limit growth potential within the business and its team.

Transformational leaders recognise that by developing their people they can benefit from a greater level of delegation. The big payback is that this eventually reduces the time they spend on management so they can increase their focus on entrepreneurial or business development activities.

Striking the right balance here is as much an art as a science. Fundamental to the process is for leaders to have a real understanding of how they function themselves. It is vitally important that they have a continuous focus on developing their self-awareness and emotional intelligence to enable them to read what is going on for individuals and the team as a whole.

With this in place, there is greater motivation and enthusiasm to develop people and a team culture which will truly optimise business performance. The big payback is greater confidence to delegate, achieve sustainable profits and protect the business focus and lifestyle of the team and its leaders.

It's another growth area for the modern farming business and well worth learning more about.

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