Transactional and transformational leadership are commonly compared with each other as they are perceived to be at opposite ends. Although they differ greatly, each has its merits in the educational context. This chapter will compare the characteristics of both leadership theories and models.

**TRANSACTIONAL AND TRANSFORMATIONAL LEADERSHIP**

Transactional leadership focuses on the interaction between the follower and the leader, a social exchange which relies on the ability of the leader to effectively motivate the follower either through a system of rewards or punishment (Judge & Piccolo 2004). As Bass & Riggio (2006) noted, there are two factors in transactional leadership, namely contingent reward and management by exception. Contingent rewards require followers to reach agreed levels of performance, while management by exception is used to intervene whenever standards are not met.

Opportunism, responsibility avoidance, underperformance, and goal divergence are some of the problems principals face in schools, especially in the bureaucratic ones (Wilkesmann 2013). Transactional leadership helps in mitigating these issues as followers have what they need, know what is expected and understand the consequences.

James McGregor Burns (1978) defined transformational leadership as the process of engaging with others to create a connection that increases motivation and morality in both leader and followers. Transformational leaders help followers grow and develop into leaders by responding to individual followers’ needs and empowering them, and by aligning the