

# *Linking Various Leadership Styles to Organizational Innovation: A Theoretical Approach*

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## **Abstract**

A growing research on the impact of leadership style on innovation and the mixed results which have been reported complicate the efforts among the academicians and the practitioners to identify the best leadership style whose impact is most facilitative on different innovation types. Although many studies (Al-Husseini & Elbeltagi, 2012; Oke, Munshi, & Walumbwa, 2009; Vaccaro, Jansen, Van Den Bosch, & Volberda, 2012) have reported a positive association of Transformational leadership style on innovation and organizational performance; other studies (Makri & Scandura, 2010; Mejia-Trejo, Sanchez-Gutierrez, & Vazquez-Avila, 2013) have found positive linkages of Transactional leadership, Strategic leadership and Participative leadership respectively with innovation and organizational performance. Since there are contrasting views on the linkages, there is a need to explore the facilitative impact of different leadership styles on different innovation types. Adding to this conversation, we found that the Transformational Leadership style facilitates radical innovation whereas transactional leadership facilitates incremental innovation.

**Keywords:** Transformational leadership, Transactional leadership, Innovation, Performance.

## **1. Introduction**

The beginnings of research on management and innovation can be traced to about five decades ago (Denti & Hemlin, 2012) and since then much has been talked and worked upon innovation and various factors linked to it. Much work explores the linkages between different leadership styles and innovation. It has been agreed that leadership is crucial and has an important role in facilitating innovation in organizations (Mumford, Scott, Gaddis, & Strange, 2002). But which leadership style is more important or facilitates which type of innovation and at what stage of innovation is still a

point of contention. The present study tries to explore these linkages. We argue that innovation in organization is an outcome of the interaction of various factor such as individual, team, leadership and organizational support. The interaction of these factors facilitates radical or incremental changes in products, services or processes. Innovation involves various activities before it comes for implementation or reaches the market for its usage. Throughout the entire journey, the role of the leader is very crucial for the successful creation or implementation of the new innovation relevant to the firm.

In the following section, certain definitions of innovation are provided which might be helpful in understanding the linkage between the leadership and the innovation type. "Innovation is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organisational method in business practices, workplace, organization or external relations" (OECD, 2005:46). According to Tushman & Nadler (1986) "Innovation is a complex and uncertain endeavor which shifts over time and requires the close collaboration of R&D, marketing, sales, and production". Knight(1967) has defined innovation as a process which is "The adoption of a change which is new to an organization and to the relevant environment".

Sometimes creativity and innovation are used interchangeably by the researchers (Basadur, 2004). It is now generally accepted that creativity is restricted only to the stage of idea generation and innovation is implementation of those successful ideas (Amabile, Conti, Coon, Lazenby, & Herron, 1996; Anderson, De Dreu, & Nijstad, 2004).

Leadership has an important role to play while competing in a dynamic and turbulent environment as it helps in enhancing organizational performance (Ireland, Hitt, & Webb, 2005). It has been universally accepted that for survival one needs to innovate and hence the role of

a leader becomes crucial. In this section, we propose the relationships between different leadership types and innovation processes.

Transformational Leadership is considered more facilitative than other leadership styles for budding organizational innovation (Al-Husseini & Elbeltagi, 2012; Oke et al., 2009; Vaccaro et al., 2012). Alternatively, studies of Mejia-Trejo et al. (2013) and Makri & Scandura (2010) have found positive linkages of Transactional leadership and Strategic leadership respectively for the innovation and organizational performance. Further, some previous empirical researches exploring the linkages between innovation and transformational leadership have yielded contradictory results. For example, researchers (Keller, 2006; Vaccaro et al., 2012) have found positive linkages between innovation and transformational leadership whereas, others found a negative linkage between the two (Jaussi & Dionne, 2003). The current study tries to examine the impact of various leadership styles on different innovation types. In the present study, radical & incremental innovation has been taken as the type of innovation.

## 2. Theoretical Framework

There are many researches that study various dimensions of leadership and its impact on innovation. Leadership research has focused significantly on transformational, transactional, strategic and many other leadership forms and studied their impacts on innovation. We strongly believe that leadership is very important for innovation and subsequent organisational performance. The potential reasons for our belief are two-fold.

(a) Leaders are the architects of the environments which facilitates innovation (Hemlin, Allwood, & Martin, 2008). There is a plenty of work on leadership which focuses on the importance of leaders in constructing the context that promotes empowerment such as the bottom-up approach to decision making. Leaders motivate and facilitate problem solving skills in subordinates. They also develop a positive and healthy team climate (Anderson & West, 1998) and serve as role model for maintaining and doing high quality work within the team.

(b) Leaders play crucial roles in the top-down approach; they direct and manage critical activities within the organization. They have control over the organizational resources and hence they manage activities by allocating these resources depending on the need. They encourage individuals and teams towards creativity and innovation by managing the reward system (Mumford & Gustafson, 1988), granting autonomy and freedom to individuals and teams (Hunter, Bedell-Avers, & Mumford, 2007). Thus, a leader play a dual role (a) providing support and an environment so that creative efforts of individuals can be converted to innovation (thus focusing on the facilitator role of the leaders), and (b) Managing organization's objectives and activities (leader as a manager for innovation).

From the above we can conclude that leaders and their leadership style impact innovation and facilitate activities which foster innovation, but which leadership style is best suited and in what stage is it beneficial is still not clear. In an attempt to address these issues, the present paper systematically reviews relevant research articles which have studied the impact of various types of leadership styles on innovation. Many researchers (Jung, Wu, & Chow, 2008; Oke et al., 2009) have addressed the issue in their work. However, very few studies have combined various leadership types and tried to answer the above question. For example, Yoshida, Sendjaya, Hirst, & Cooper (2013) have studied the positive impact of servant leadership on team innovation; Yan (2011) studied the role of participative leadership on innovation, Ryan and Tipu (2013) have studied the impact of active leadership on innovation. Transformational leadership and its impact has been studied by researchers (Paulsen, Callan, Ayoko, & Saunders, 2013; Samad, 2012); the importance of transactional leadership has also been highlighted by the researchers (Mejia-Trejo et al., 2013; Oke et al., 2009). A comprehensive work on leadership style and innovation has been carried out by (Oke et al., 2009) where they conclude that transformational leadership style is more facilitative for exploratory innovation and transactional leadership is more helpful in facilitating exploitative innovation. In this paper we have tried to extend their work by reviewing more recent literature. We have made an attempt to explore

the most facilitative leadership style for radical and incremental innovation.

As discussed earlier leadership and its impact on innovation process and organizational performance has been widely studied in strategy literature and other related management disciplines. But which leadership style is more facilitative for a particular type of innovation has not been studied in much detail. In this work we have tried to contribute to this particular area. We have tried to find out which leadership style is more facilitative for radical innovation and incremental innovation. Radical innovation, incremental innovation, transformational leadership and transactional leadership has been studied in detail and by comparing the common characteristics of the leadership style and the innovation type we have tried to propose the answer to our question (Which leadership style is more facilitative for radical and incremental innovation type?).

### 3. Literature Review

Since this a conceptual paper based on literature review; the methodology revolves majorly on the selection and rejection of research articles. We did our research article search in various steps. We did our search in December 2013 and January 2014 and searched for articles which were published mostly after the year 2000. Only few classic papers like (Knight, 1967; Mumford & Gustafson, 1988; Tushman & Nadler, 1986) and (Anderson & West, 1998) were used in the literature review (mainly for quoting definitions). The articles were searched using the online resources and mainly on EBSCO discovery and Google Scholars. Keywords like leadership, innovation, creativity, transformational leadership, transactional leadership, charismatic leadership, role of leadership; organizational performance etc. were used while doing the online search. The word creativity was searched intentionally since it has been frequently used interchangeably along with innovation. Prior to final selection the abstract of each article was reviewed so that only relevant articles can be kept in the selected pool. All the relevant article which fulfilled the search requirement whether qualitative or quantitative articles

were kept in the pool. Generally a thumb rule was used in which we treated innovation as a dependent variable and leadership type as an independent variable. Only peer reviewed articles were selected in the pool and thus our search excluded working papers and dissertations. At the initial stage we had a gross pool of about 200 articles and after reviewing the abstract along with the abstract about 55 articles were selected in the main pool.

#### 3.1 Leadership and Innovation

Discussing the relationship between leadership style and innovation type a great deal of literature is available. The positive impact of transformational leadership on innovation has been found by majority of researchers (Al-Husseini & Elbeltagi, 2012; Bossink, 2007; Chen & Chen, 2012; Eisenbeiß & Boerner, 2010; Engelen, Schmidt, Strenger, & Brettel, 2013; García-Morales, Jiménez-Barrionuevo, & Gutiérrez-Gutiérrez, 2012; Gumusluoglu & Ilsev, 2009; Jung et al., 2008; Michaelis, Stegmaier, & Sonntag, 2009; Oke et al., 2009; Paulsen et al., 2013; Samad, 2012 and Vaccaro et al., 2012); . In another study Mejia-Trejo et al., (2013) found positive linkage of transactional leadership on innovation and Oke et al., (2009) argued that transactional leadership is facilitating in nature for exploitative innovation. Studies (Bossink, 2007; Elenkov, 2008; and Makri & Scandura, 2010) have found positive linkages of Strategic Leadership with innovation process and on the other hand, Yan (2011) found a positive linkage between Participative Leadership style and innovation.

Some researchers (Ashbaugh, 2013; Rego, Sousa, & Marques, 2012; Ryan & Tipu, 2013 and Yoshida et al., 2013) have found positive linkages of innovation with Servant Leadership, Active Leadership, Authentic Leadership and Personal Leadership style respectively. A detailed literature review on different leadership styles and innovation has been presented in tabulated form down below. (Table 1 to 6)

In the following section I have reviewed the literature linking radical innovation, incremental innovation, transformational leadership and transactional leadership.

### **3.2 Radical Innovation**

Radical innovation has been defined in a number of ways but the core idea remains the same. It is now some what universally accepted among the research and managerial community that, an innovation which establishes a breakthrough benchmark in newness in its category i.e., considered as considerably new in the market or the contextual unit of analysis is radical innovation. But we will consider few classic definitions of radical innovation to identify its critical features. Researchers (Dewar & Dutton, 1986; Ettlíe, Bridges, & O'keefe, 1984) have defined radical innovation in terms of those innovations which lead to fundamental changes and clear cut modifications in the existing activities and lead to adoption of new practices in an organization. Damanpour (1991) has also talked on the same ground and classified that if the degree of change in the existing practices of the organization is high then it is radical and if low then it is incremental innovation. Sorescu, Chandy, & Prabhu (2003) have defined radical innovation as an innovation which is high on offering substantially different technology and significantly higher value to the customers. But in order to expand, business firms always face a demand for new knowledge creation and new routines within the firm and risk failure while entering into new business territories. Radical innovation is highly risky but equally important for the development of industries and organizations. Some other characteristics of radical innovation are longer duration, high cost, meandering, unpredictable in nature, (Bers, Dismukes, Miller, & Dubrovensky, 2009; Rice, O'Connor, Leifer, McDermott, & Standish-Kuon, 2000). Thus we can infer that radical innovation can take place in an environment where the senior leadership promotes risk taking and continuously motivates the team members so that the momentum within the team members is maintained. Further the leadership accepts the failures and is not hesitant in investing in project even if some failures occur in the initial stages. The impact of radical innovation is magnificent in nature and a radical innovation (has the potential to) can transform an organization to a dominant player in the industry (Chandy & Tellis, 2000). Thus, if a company wants to transform into a big giant and enjoy leadership they

should foster radical innovation but at the same time they also need a leader who is capable of facilitating radical innovation and innovative culture in the organization. The leadership should be open to two way communication as it promotes idea generation and decision making among team members. The leadership should not promote centralization and should encourage independence and autonomy in subordinates, because centralization reduces the probability of radical product innovation as it restricts communication networks between the top management and the staff (Jansen, Van Den Bosch, & Volberda, 2006). The leadership should not promote formalization in the decision making and planning of product development, since it is detrimental to radical product innovation (Salomo, Weise, & Gemünden, 2007). Thus, the leadership should be open to ideas from the staff, promoting risk taking behavior and should consistently motivate the team through its inspirational and caring nature.

### **3.3 Incremental Innovation**

Incremental Innovation is generally low on the newness aspect but it is a continuous improvement in the product or process (Ettlíe et al., 1984). Hoonsopon and Ruenrom (2012) have defined incremental innovation as "the development of products that have minor changes in attributes, and the benefits from these changes are minimal from the customer's perspective". Centralization of decision making is positively related to incremental innovation (Cardinal, 2001). The reason for this relationship is faster decision making which does not involve much input from the staff but is focused on a directive from the top management about how to finish the job. It is a market dominated strategy and is generally promote in large organizations which usually enjoy market share and need only small but continuous improvement in the product and processes. Incremental innovation is more facilitative when there is a formalization in decision making as it assists routine jobs, minimizes deviations from rules and procedures and communicates clear cut "what to do" for a known environmental condition (Cardinal, 2001). Thus, in incremental innovation there is routine work and very little risk involved while performing the activities related to incremental innovation. To bring out major difference

between radical and incremental innovation, we use the classification proposed by Chandy & Tellis (1998) (See Table 7).

### **3.4 Transformational Leadership**

Transformational leadership has always been important for innovation and researches (Paulsen et al., 2013; Samad, 2012) have talked about its impact on innovative behavior. In this section, we have tried to understand some of the basic characteristics of transformational leadership and, based on those characteristics, we intend to propose a suitable innovation type.

A great deal of literature is available on transformational leadership, but for this article we will be using the characteristics of transformational leadership as proposed by Bass and his colleagues (Hater & Bass, 1988; Seltzer & Bass, 1990; Bass & Riggio, 2005). According to them, transformational leaders have the Charisma in their personality which is not only capable of creating imagination, long vision and meaning in the project; but also inspires value, respect and confidence in the team. The second characteristic of transformational leaders is Inspiration, by virtue of which they transfer elevated prospects in the team and communicates plans and objectives through simple and plain methods. The third characteristics is Intellectual Stimulation which is capable of promoting rationality, brainpower, decision making, and careful problem solving in the team. The fourth but a very important characteristic is Individualized Consideration which results in personal caring, coaching, advise and attention to each team member. Conger & Kanungo (1998) have mentioned that in a Charismatic domain, the leader articulates an innovative strategic vision, shows sensitivity to the needs of the members, takes personal risks and is highly sensitive to the changing environment. Shamir, House, and Arthur (1993) have mentioned the appealing vision and ideological aspects of work which transformational leaders exhibit. They communicate high performance expectation to subordinates and have immense confidence in themselves and their subordinates. Under a transformational leadership the followers have a feeling of trust, loyalty, admiration and respect. As a result, the

motivation factor is much higher and they perform higher than the expected level (Yukl, 1999). Thus, transformational leadership is grounded in the principles of promoting the decision making and risk taking behaviours of team members, as well as instilling a sense of confidence in them.

### **3.5 Transactional Leadership**

Transactional leadership has also been very impactful for innovation. The works of many researchers have revealed the same (Mejia-Trejo et al., 2013; Oke et al., 2009). In this section we will discuss some significant characteristics of transactional leadership and we will try to propose the kind of innovation it facilitates. Literature has treated transactional leadership as a leadership style which is purely based on transactions and exchange. It has major governing components such as contingent rewards and Management by exception. management by exception means that the manager does not enter the problem situation until it becomes serious and critical (Bass & Avolio, 1990). It includes series of exchanges between leaders and followers (Bass, 1985). The leaders classify the follower's role and if the instructions are followed, the followers are rewarded. Basically, it is oriented towards short-term fulfillment of objectives. Thus, we can conclude that the work environment under transactional leadership is more formal in nature, where subordinates receive clear communication about their routine jobs and a clear chain of command is followed while performing the job. Minimal deviations from rules and procedures take place which results in very little risk taking behavior. The tables below summarize the various key points related to transformational leadership (Table 8), transactional leadership (Table 9) and radical as well as incremental innovation (Table 10).

## **4. Findings**

Based on the literature review and comparing the characteristics of transformational and transactional leadership styles and those needed for facilitating radical and incremental innovation, it was found that there are high degrees of similarities between the characteristics

possessed by a transformational leader and those required for facilitation of radical innovation. From literature, it has been found that a transformational leader possesses innovative strategic vision, trusts and has confidence in subordinates, displays respect and caring for subordinates. She/He is sensitive to the changing environment and is capable of high risk taking initiatives and displays exemplary behavior to motivate her/his subordinates, promotes knowledge sharing and acquisition and at the same time accepts the failure of subordinates. The necessary environment for radical innovation, includes a need for broader vision, unique strategy, high risk taking environment, promoting aggressive experimentation, long term realization, development and application of new technology, high level of knowledge acquisition and sharing, informal structure and trust driven processes which are inspirational in nature.

At the same time, transactional leaders are instrumental in nature and they promote the performance culture by rewarding success and punishing failure. Since there is a culture of punishing failure, very little or no experimentation or risk-taking is promoted under transactional leaders. Leaders have a short-term vision and is interested in short-term realization of goals and objectives. They clearly communicate the expectations to subordinates and the necessary mechanisms to solve the problem. These leaders generally believe in chain of commands and favor centralization of processes. On observing the facilitative conditions for incremental innovation, it was noted that the literature points out that incremental innovation generally requires a narrow focus, traditional approach, low-risk taking environment, short-term realization of profits, contractual nature with employees and suppliers, application of existing technology, low level of knowledge acquisition, formal structure and incentive driven processes. Since the degree of similarity between transformational leadership and radical innovation and transactional leadership and incremental innovation is high, It can be proposed that transformational leadership is facilitative for radical innovation and transactional leadership is facilitative for incremental innovation. Thus

the propositions are as follows.

**Proposition.1.** Transformational leadership facilitates radical innovation.

**Proposition.2.** Transactional leadership style facilitates incremental innovation.

## 5. Conclusion

This study began with the observation that much work has been done in exploring the impact of leadership style and innovation type. In this paper, an attempt has been made to explore the most facilitative leadership style for radical and incremental innovation types separately.

A simple methodology was adopted to study the problem through a comparison of the necessary traits possessed by transformational leaders and transactional leaders while simultaneously studying the necessary environment which facilitates radical and incremental innovation. On comparing the characteristics of leadership style and conditions required to facilitate radical and incremental innovation, it was found that majority of the characteristics of transformational leadership style and radical innovation were compatible. On the other hand, transactional leadership characteristics were found to be aligned with the environment required for incremental innovation. Thus it is proposed that transformational leadership is facilitative for radical innovation whereas transactional leadership is facilitative for incremental innovation.

## 6. Implications for Future Research and Practice

This research has implications for future research and practice. The findings of this research article are propositions which may be tested empirically in Indian firms as well as in MNCs in Indian and international settings. This research proposes that transformational leadership is facilitative for radical innovation and transactional style is facilitative for incremental innovation. It gives a message to managers to maintain the right mix of transactional and transformational leadership styles in the talent pool so that organizations can achieve results for radical as well as incremental innovation processes.

## Appendix

Table.1: Different Leadership Type and Relationship With Innovation

Authors	Leadership Type	Positive Relationship with
Vaccaro et al. (2012)	Transformational Leadership	Innovation in large firms
Samad (2012); Al-Husseini & Elbeltagi (2012)		Product and service innovation
Paulsen et al. (2013)		Innovation in R&D
Oke et al. (2009)		exploratory innovation
García-Morales et al. (2012)		Organizational Innovation
Michaelis, Stegmaier & Sonntag (2009); Bossink (2007)		Innovation
Gumusluoglu & Ilsev (2009); Jung et al. (2008), Engelen et al. (2013)		Organizational Innovation and Creativity
Eisenbeiß & Boerner (2010)		Team innovation
Chen & Chen (2012)		Technological Innovation
Oke et al. (2009)		Transactional Leadership
Mejia-Trejo et al. (2013)	Innovation	
Makri & Scandura (2010); Elenkov (2008) and Bossink (2007)	Strategic Leadership	Product Innovation and Knowledge creation

**Table.2: Linkages between Leadership Style and Innovation Which Have Been Cited Only in One Article**

<b>Authors</b>	<b>Leadership Type</b>	<b>Positive Relationship with</b>
Yoshida et al. (2013)	Servant Leadership	Team innovation
Ryan & Tipu (2013)	Active Leadership	Innovation
Rego et al. (2012)	Authentic Leadership	Employee creativity
Ashbaugh (2013)	Personal Leadership	Innovation
Tsai (2012)	Creative Leadership	Organizational Innovation and Creativity
Miles (2007)	Value Based Leadership	Innovation
Lloréns Montes, Ruiz Moreno & García Morales (2005)	Support Leadership	Innovation
Elenkov & Manev (2005)	Executive Leadership	Innovation
Denti & Hemlin (2012)	Facilitative Leadership	Innovation
Chen & Chen (2012)	Visionary Leadership	Innovation
Carmeli, Gelbard & Gefen (2010)	Innovation Leadership	Innovation
Bossink (2004)	Interactive Leadership	Sustainable to Innovation
Yan (2011)	Participative Leadership	Innovation in small firms

**Table.3: Showing Different Type of Leadership Style Studied in Literatures Which Have Effect on Innovation**

<b>Various Types of Leadership Style Studied in Literature</b>		
Transformational Leadership	Transactional Leadership	Participative Leadership
Servant Leadership	Creative Leadership	Active Leadership
Authentic Leadership	Support Leadership	Charismatic Leadership
Diverse Leadership	Strategic Leadership	Tenure Leadership
Executive Leadership	Facilitative Leadership	Visionary Leadership
Innovation Leadership	Interactive Leadership	Personal Leadership



**Table.4: Showing Relationship of Transformational Leadership with Different Innovation Type**

Leadership Type	Positive Relationship With	Authors
Transformational	Product Innovation	Al-Husseini & Elbeltagi (2012); Samad (2012)
	Process Innovation	Al-Husseini & Elbeltagi (2012)
	Service Innovation	Samad (2012)
	Technological Innovation	Chen & Chen (2012)

**Table 5: Showing Some Moderating Variable Which Affect the Relationship Between Leadership Type and Innovation Leadership Type**

Leadership Type	Relationship with Innovation	Moderator	Type of Paper	Authors
Transformational	Positive	Organizational Size	Quantitative	Vaccaro et al. (2012)
		Organizational Context	Qualitative	Oke et al. (2009)
		Organizational Culture, Structure and external environment	Quantitative	Jung et al. (2008)
Executive	Positive	Social Culture	Quantitative	Elenkov & Manev (2005)
Transactional	Positive	Organizational	Quantitative	Vaccaro et al. (2012)

**Table.6: Showing Some Mediating Variable Which Affect the Relationship Between Leadership Type and Innovation**

Leadership Type	Relationship with Innovation	Mediator	Type of Paper	Authors
Transformational	Positive	Perceived support	Quantitative	Paulsen et al. (2013)
		Follower's commitment	Quantitative	Michaelis et al. (2009)
		Knowledge sharing	Qualitative	Al-Husseini & Elbeltagi (2012)
Authentic	Positive	Psychological Capital	Quantitative	Rego et al. (2012)
Servant Leadership	Positive	Organizational and team climate	Quantitative	Yoshida et al. (2013)

**Table.7: Radical vs. Incremental Innovation**

Types of Product Innovations	Customer-Need Fulfillment		
		Low	High
	Newness of Technology	Low	Incremental innovation
	High	Technological breakthrough	Radical innovation

Source : Chandy and Tellis (1998)

**Table.8: Showing Transformational Leadership Types with its Specific Characteristics**

<p style="text-align: center;"><b>Charisma</b></p> <ol style="list-style-type: none"> <li>1. Innovative strategic Vision</li> <li>2. Unconventional behavior,taking risks</li> <li>3. Sensitive to environment change</li> <li>4. Self confidence and trust in team</li> <li>5. Model Exemplary behavior</li> <li>6. Emphasise collective Identity</li> </ol>	<p style="text-align: center;"><b>Individual consideration</b></p> <ol style="list-style-type: none"> <li>1. Promotes interactive process</li> <li>2. Mutual trust</li> <li>3. Respect for subordinate ideas and feelings</li> <li>4. Coaches, and advises</li> <li>5. Gives private care and attention, treats each follower as an individual</li> </ol>
<p>Transformational Leadership</p>	
<p style="text-align: center;"><b>Intellectual Stimulator</b></p> <ol style="list-style-type: none"> <li>1. Promotes knowledge acquisition and sharing</li> <li>2. Promotes Rationality</li> <li>3. Brainpower,and</li> <li>4. Enhanced problem solving skills</li> </ol>	<p style="text-align: center;"><b>Inspirational</b></p> <ol style="list-style-type: none"> <li>1. Cascades the elevated prospects</li> <li>2. Explains important objects in simple ways</li> <li>3. Inspires by his functional and behavioral traits</li> </ol>

**Table.9: Showing Transactional Leadership Types with its Specific Characteristics**

<p style="text-align: center;"><b>Contingent Reward</b></p> <ol style="list-style-type: none"> <li>1. Rewards are given for following orders</li> <li>2. Punishments are also well-understood</li> <li>3. Incentivising short term goal</li> </ol>	<p style="text-align: center;"><b>Management by exception</b></p> <ol style="list-style-type: none"> <li>1. Expected performance, no attention required</li> <li>2. Praise and reward for exceeding expectation</li> <li>3. Corrective action and punishment for under performance</li> </ol>
<p>Transactional Leadership</p>	
<p style="text-align: center;"><b>Leader-Member Exchange</b></p> <ol style="list-style-type: none"> <li>1. Leaders develop an exchange with each other subordinates</li> <li>2. Subordinate is given a salary and other benefits, and</li> <li>3. Company/Manager gets authority over the subordinate</li> </ol>	<p style="text-align: center;"><b>Clear structures</b></p> <ol style="list-style-type: none"> <li>1. Communicate clearly what is expected</li> <li>2. Clear chain of commands and procedures to achieve it</li> <li>3. Formal set of discipline</li> </ol>

**Table.10: Features of Radical and Incremental Innovation**

<b>Radical Innovation</b>	<b>Incremental Innovation</b>
1. Broader Vision	1. Narrow focus
2. Unique strategy	2. Traditional Approach
3. High Risk	3. Low in risk taking
4. Aggressive policy/ Experimentation	4. Policy aiming to preserve the market share
5. Long term realization	5. Short term realization
6. Development and Application of new technology	5. Contractual nature with employees and suppliers
7. High level of Knowledge acquisition and sharing	6. Application of existing technology
8. Informal structure	7. Generally low level of knowledge acquisition and Sharing
9. Trust driven process	8. Formal structure
10. Specialist cum generalist role	9. Incentive Driven process
11. Inspirational	10. Chain of command
	11. Exchange

### End Note

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