

Transactional Leadership and Its Role in Achieving Institutional Excellence: An Analytical Review of Selected Business Organization Models

القيادة التبادلية ودورها في تحقيق التميز المؤسسي – قراءة تحليلية لبعض نماذج منظمات الأعمال

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Abstract:

This article examines the role of transactional leadership in achieving institutional excellence within business organizations through a theoretical and analytical approach that combines conceptual grounding with an analysis of selected organizational models worldwide. The article begins by clarifying the concept of transactional leadership and its key mechanisms, such as contingent reward and management by exception, then addresses the concept of institutional excellence and its requirements within management thought, leading to an analysis of the nature of the relationship between transactional leadership and the achievement of institutional excellence.

The article is based on an analytical review of the application of transactional leadership in selected business organizations, as well as an analysis of the transactional leadership model at Toyota, a prominent global example that employs it to manage daily operations. The results of the theoretical and applied analysis indicate the presence of supportive evidence for a positive relationship between transactional leadership and the achievement of institutional excellence in business organizations.

The article concludes that transactional leadership represents an effective approach to achieving institutional excellence, particularly when it is employed within an integrated leadership framework that takes into account the specific organizational context of business organizations and their complementarity with other leadership styles.

Keywords: leadership, transactional leadership, institutional excellence, business organizations.

Jel Classification Codes: M12, M10, D23, L20.

الملخص:

يهدف هذا المقال إلى دراسة دور القيادة التبادلية في تحقيق التميز المؤسسي داخل منظمات الأعمال، من خلال معالجة نظرية وتحليلية تجمع بين التأصيل المفاهيمي والقراءة التحليلية لبعض نماذج منظمات الأعمال في العالم، حيث انطلق المقال من توضيح مفهوم القيادة التبادلية وأبرز آلياتها، مثل المكافأة المشروطة والإدارة بالاستثناء، ثم تناول مفهوم التميز المؤسسي ومتطلباته في الفكر الإداري؛ وصولاً إلى تحليل طبيعة العلاقة بين القيادة التبادلية وتحقيق التميز المؤسسي.

اعتمد المقال على قراءة تحليلية لتطبيقات القيادة التبادلية في بعض منظمات الأعمال، إضافة إلى تحليل نموذج القيادة التبادلية في شركة Toyota باعتبارها نموذجاً عالمياً بارزاً يوظف القيادة التبادلية في إدارة العمليات اليومية، وأظهرت نتائج التحليل النظري والتطبيقي وجود مؤشرات داعمة لوجود علاقة إيجابية بين القيادة التبادلية وتحقيق التميز المؤسسي في منظمات الأعمال.

يخلص المقال إلى أن القيادة التبادلية تمثل مدخلاً فعالاً لتحقيق التميز المؤسسي، لا سيما إذا تم توظيفها ضمن مقارنة قيادية متكاملة تراعي خصوصيات السياق التنظيمي لمنظمات الأعمال وتكاملها مع أنماط قيادية أخرى.

الكلمات المفتاحية: القيادة، القيادة التبادلية، التميز المؤسسي، منظمات الأعمال.

تصنيفات Jel: M12, M10, D23, L20.

Introduction:

In the modern era, administrative leadership has become one of the fundamental pillars underpinning the ability of business organizations to achieve institutional excellence and sustain competitive advantage, particularly in light of the rapid transformations affecting the economic and organizational environment. These transformations are accompanied by increasing pressures related to enhancing performance levels, improving the quality of services and products, and strengthening organizational commitment among human resources. Within this context, various leadership styles have emerged seeking to explain the relationship between leaders' behaviors and organizational outcomes, among which transactional leadership continues to attract significant academic and practical interest.

Transactional leadership is based on a clear exchange logic between the leader and subordinates, whereby rewards and incentives are linked to the achievement of predefined objectives, and deviations from standards are addressed through precise monitoring and corrective mechanisms. Numerous studies have demonstrated that this leadership style is particularly effective in organizational environments characterized by relative stability, task clarity, and reliance on standardized procedures and operational guidelines, making it an important approach for improving job performance and enhancing organizational commitment.

On the other hand, institutional excellence represents a central concept in contemporary management thought, as it is not limited to the achievement of short-term financial or operational results. Rather, it encompasses the organization's ability to balance operational efficiency, performance quality, value sustainability, and adaptability to environmental changes. Accordingly, the importance of examining the nature of the relationship between transactional leadership and the achievement of institutional excellence in business organizations becomes evident, especially in light of recent literature emphasizing that organizational success is not tied to a single leadership style, but rather to the extent to which the adopted leadership style aligns with the organizational context.

Based on the above, this article aims to analyze the concept of transactional leadership and its dimensions, highlight the concept of institutional excellence and its key determinants, and examine the nature of the relationship between transactional leadership and the achievement of institutional excellence in business organizations. This is achieved through an analytical review of selected applied organizational models to deepen the practical understanding of this leadership style in shaping organizational culture and supporting continuous improvement.

Accordingly, this study seeks to address the following research question:

What is the role of transactional leadership in achieving institutional excellence in business organizations?

Objectives of the Study:

Through this study, we seek to shed light on the role of transactional leadership in achieving institutional excellence, to accomplish a set of objectives, the most prominent of which are:

- Providing a theoretical grounding of the concept of transactional leadership, with a particular focus on its dimensions such as contingent reward and management by exception, and clarifying how these dimensions contribute to improving organizational performance, as well as elucidating the concept of institutional excellence, its objectives, and its requirements.

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- Demonstrating the relationship between transactional leadership and institutional excellence, thereby enabling the formulation of proposals aimed at improving leadership practices within organizations.
- Presenting an applied analytical review of selected business organization models that have adopted transactional leadership in their managerial practices.

Research Hypothesis

Based on the research problem, the main hypothesis of the study can be formulated as follows: There exists a theoretical correlational relationship between transactional leadership and the achievement of institutional excellence in business organizations.

Structure of the Study

The research problem is addressed through the following sections:

- Section One: Previous Studies
- Section Two: A Conceptual Framework of Transactional Leadership and Institutional Excellence
- Section Three: An Analytical Review of Selected Business Organization Models

First Axis: Previous studies

First study:

Judge, T. A., & Piccolo, R. F. (2004)

Department of Management, Warrington College of Business, University of Florida, USA.

This meta-analytic study examined and compared the relative validity of transformational and transactional leadership styles based on a large number of empirical studies. The findings indicate that transformational leadership generally exhibits stronger relationships with overall effectiveness and satisfaction, whereas the *contingent reward* dimension of transactional leadership shows a significant and positive relationship with task performance and operational effectiveness. (Judge & Piccolo, 2004)

This study provides strong quantitative evidence supporting the role of transactional leadership in enhancing performance outcomes within structured organizational environments.

Second study:

Young, H. R., Glerum, D. R., Joseph, D. L., & McCord, M. A. (2020)

Henry R. Young, National University of Singapore (NUS).

This meta-analysis focuses specifically on transactional leadership and its effects on follower performance. The results demonstrate that transactional leadership positively influences performance through leader–member exchange (LMX). However, the study also highlights potential negative effects when transactional leadership reduces empowerment and autonomy. (Young et al., 2020).

The authors conclude that transactional leadership can significantly enhance operational and institutional performance when appropriately balanced, supporting its relevance in achieving institutional excellence while cautioning against excessive control.

Third study:

Khairy, H. A., Baquero, A., & Al-Romeedy, B. S. (2023)

Faculty of Tourism and Hotels, University of Sadat City, Egypt.

Using a quantitative approach and structural equation modeling (PLS-SEM) on a sample of 532 employees in tourism and hospitality organizations, this study found that transactional leadership has a statistically significant positive effect on organizational agility. (Khairy et al., 2023)

The relationship is partially mediated by organizational trust and ambidexterity. These findings reinforce the role of transactional leadership in fostering organizational capabilities that support institutional excellence, particularly in the service sector.

Fourth study:

Udayanga, M. V. S. S. (2020)

University of Sri Jayewardenepura, Sri Lanka.

This empirical study investigates the impact of transactional leadership practices on organizational productivity indicators, including employee output, attendance, and task completion. The findings reveal a positive association between transactional leadership behaviors and productivity levels in business organizations. (Udayanga, 2020) The study concludes that transactional leadership contributes directly to performance efficiency and institutional effectiveness, particularly in environments characterized by standardized procedures and measurable outputs.

Second Axis: A Conceptual Introduction to Transactional Leadership and Organizational Excellence

First: Transactional Leadership

Leadership is a fundamental element in the success of organizations. Theories of leadership vary according to the different styles of leaders in guiding individuals and motivating them to achieve goals. Among these theories is transactional leadership, which is based on the principle of motivating through rewards and deterring through punishments to ensure compliance and improve performance. (Bass, 1985)

1-Definition of Leadership:

Leadership is defined as: "The process of influencing the behavior of others to achieve common and desired goals." (Northouse, 2021) It is also defined as: "The ability to persuade others to perform certain actions voluntarily or to refrain from certain behaviors".

2- Definition of Administrative Leadership:

Among the definitions of administrative leadership is: "The activity practiced by the administrative leader in the field of decision-making and issuing orders, and administrative supervision of others through formal authority and by influencing and persuading them to achieve a specific goal. Administrative leadership, in this sense, combines the use of formal authority with influencing the behavior of others and persuading them to cooperate in achieving the goal". (Yukl, 2013)

3-Transactional Leadership:

Management leadership encompasses several theories, including transactional leadership, which involves a reciprocal influence relationship between the leader and subordinates. Transactional leadership is defined as: "A series of exchanges of benefits, interests, and shared promises between the leader and subordinates, and among subordinates themselves, regarding tasks and functions to achieve the desired goals of the organization. This is based on the organization's rules and procedures, with the leader clarifying the required work standards and desired objectives". (Bass & Avolio, 1994).

Some define it as: "Those initiatives undertaken by the leader with employees to exchange something of value for both parties. It is a relationship based on the idea of a series of exchanges

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of benefits and shared promises between the leader and employees, and among the employees themselves, regarding tasks and services to achieve the organization's goals." Transactional leadership also expresses management by exception, where the leader allows subordinates to work on a task and only intervenes if the goals are not achieved, and then only within a reasonable timeframe and at a reasonable cost.

4- Characteristics of Transactional Leadership: Transactional leadership has a set of characteristics, including: (Judge & Piccolo, 2004).

- Transactional leadership is based on a process of exchange between the leader and subordinates.
- This exchange is based on clarifying what is required of subordinates and empathizing with them.
- Under transactional leadership, the leader seeks to support subordinates according to the principle of reward and punishment.
- In the framework of transactional leadership, the leader follows a management-by-exception approach, meaning intervention only when necessary, such as in cases of failure and work-related problems.
- Transactional leadership is characterized by its democratic nature.

5- Objectives of Transactional Leadership: Transactional leadership aims to:

- Direct employees' efforts to achieve the organization's goals by clarifying roles and requirements for task completion, applying motivational criteria objectively and fairly, and providing rewards to influence employees.
- Transactional leadership aims to help employees meet their needs, increase confidence and motivation, maintain the organization, ensure the smooth execution of daily tasks, provide opportunities for managers to enhance their skills, foster employee professional development, meet their needs, and maintain order and organizational stability. (Bass, 1985).
- It also aims to provide conditional rewards to employees as a form of reinforcement, define the requirements for obtaining these rewards, and take corrective action against problems before they occur through screening, prediction, early detection of errors, monitoring, and correcting violations of rules and work performance.

6 -Dimensions of Transactional Leadership:

Transactional leadership is based on the logic of rational exchange between the leader and subordinates. The leadership relationship is built on a clear foundation of mutual commitments, where what is required of employees is defined in exchange for the incentives they will receive or the penalties they may face. This leadership style is one of the most common in formal organizations due to its reliance on rules and procedures and its focus on achieving defined goals efficiently and with discipline.

6-1 -The Conditional Reward Dimension:

The conditional reward dimension is the cornerstone of transactional leadership. The leader clarifies the required goals and performance standards, then links their achievement to predetermined rewards. These rewards may be tangible, such as wages, bonuses, and promotions, or intangible, such as appreciation, praise, and recognition of efforts.

This dimension assumes that employees respond positively when the relationship between effort and reward is clear and fair. This enhances motivation and job discipline and contributes to

reducing organizational ambiguity, ensuring that each individual knows what is expected of them and what they will gain upon achieving the required performance. The effectiveness of conditional rewards is particularly evident in stable organizational environments that rely on routine tasks or measurable objectives. (Judge & Piccolo, 2004; Young et al., 2020). They help improve productivity and ensure adherence to standards without requiring constant leadership intervention.

6.2 .Management by Exception Dimension

The management by exception dimension focuses on monitoring performance against established standards, with the leader intervening when deviations or errors requiring correction occur. This dimension is divided into two main patterns (Young et al., 2020).

- **Active Management by Exception:**

In this approach, the leader continuously monitors performance and proactively intervenes to detect potential errors before they escalate, taking the necessary corrective actions in a timely manner. This pattern is often used in sensitive activities that demand high accuracy, such as high-risk industrial, financial, or administrative fields.

- **Passive Management by Exception:**

This pattern relies on the leader's intervention only after an error or deviation has actually occurred, without continuous monitoring. While this approach reduces the degree of direct supervision, it can lead to delayed remediation and higher error costs if not used effectively. This dimension generally aims to maintain organizational stability and ensure adherence to rules and procedures. However, its overuse can stifle employee creativity and initiative, leading to an excessive focus on errors rather than performance improvement.

6.3 .Integration of the Two Dimensions:

The integration of conditional rewards and management by exception contributes to building a leadership system based on control and clarity. Desired behaviors are incentivized by rewards, and deviations are corrected through monitoring and intervention. However, the effectiveness of transactional leadership remains contingent on the fairness of rewards, the leader's flexibility in applying control, and their ability to balance achieving results with maintaining employees' intrinsic motivation. (Bass & Avolio, 1994)

Second: A Conceptual Introduction to Institutional Excellence

Organizations need clear foundations and precise methodologies to ensure their continuity, starting with building a supportive organizational culture, moving through the implementation of effective strategies, and ending with measuring performance according to specific standards. Therefore, institutional excellence requires an integrated environment that combines an ambitious vision, effective leadership, and qualified human resources, enabling the organization to achieve its leadership and reach its desired goals.

1- Definition of Institutional Excellence:

Institutional excellence is defined as: "The ability to align and coordinate the elements of an organization and operate them in an integrated and cohesive manner to achieve the highest levels of effectiveness and thus reach a level of outputs that fulfills the desires, benefits, and expectations of the stakeholders associated with the organization". (EFQM, 2020)

Some define it as: "Seizing the critical opportunity preceded by effective strategic planning and a commitment to realizing a shared vision characterized by clarity of purpose, adequacy of resources, and a focus on performance".

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Others indicate that institutional excellence is: "The ability of organizations to participate and plan strategically, which enhances their performance, enables them to solve the problems they face, and achieve their goals effectively, distinguishing them from other organizations".

2- The Importance of Institutional Excellence:

Institutional excellence is of great importance, which can be summarized as follows: (Oakland, 2020).

- Organizations need a means of gathering information to make critical decisions regarding human resources, such as who should be promoted and which employees demonstrate altruism, initiative, and outstanding performance.
- Organizations need to ensure that decision-makers, whether individuals or groups, possess the necessary skills and are aware of the sensitivity and importance of their role in achieving creativity and excellence within the organization.
- Organizations need to continuously develop their members, both managers and employees, to enable them to contribute to making the organization more distinguished in performance compared to its competitors.
- Organizations need methods and tools to identify obstacles as they arise.

3- Objectives of Institutional Excellence:

Business organizations strive to achieve institutional excellence with the following objectives: (EFQM, 2020)

- Maximizing the capabilities and efficiency of the workforce and increasing the capacity to achieve excellence.
- Raising the performance level of all individuals within the organization and meeting the requirements of the organization's clients on one hand, and the community on the other.
- Improving organizational performance by raising service levels and disseminating excellence management practices and principles.
- Understanding the interrelationships and mutual influences within and outside the organization; achieving a balance between activities and outcomes.
- Encouraging and supporting positive competition and collaboration, and upholding individual and organizational autonomy and freedom.

4- Requirements for Achieving Organizational Excellence:

The main requirements for excellence management are that the organization's administrative orientations be shared and strive to build and develop an organizational culture that fosters opportunities for excellence and superiority. Organizational administrative orientations reflect superior behavioral patterns aimed at providing the best conditions, mechanisms, and tools for performance that adhere to the specifications and requirements of total quality management and align with customer desires and expectations in order to achieve organizational excellence.

To achieve this, the following requirements must be met:

- Vision, Inspiration, and Complete Leadership: Excellent organizations have leaders who shape and implement the future and set an example consistent with organizational and ethical values. The leader's behaviors within the organization provide clarity of purpose, cooperation, and create an environment that enables both the organization and its employees to achieve excellence. (Oakland, 2020; Dahlgaard-Park & Dahlgaard, 2019).

- Process-based management: Excellent organizations are characterized by processes through which evidence-based decisions are made. Organizations perform best when they make decisions related to managing all activities in a structured manner.
- Achieving outstanding results: Excellent organizations meet the short- and long-term requirements of all stakeholders, employees, customers, and the community in a planned way, by meeting their needs and moving toward their vision through balanced results.
- Adding value to customers: The best way to create and retain customer loyalty and gain market share is to focus clearly on the requirements of current and potential customers. Ultimately, it is the customer who evaluates product quality.

Third: The Relationship Between Transactional Leadership and Achieving Organizational Excellence in Business Organizations

Transactional leadership is based on the conditional reward dimension, where employees are motivated by providing incentives that contribute to raising their efficiency and enhancing their ability to achieve organizational goals. (Young et al., 2020).

1-The Concept of Incentives:

An incentive is an external stimulus found in a person's environment that drives them to adopt a specific behavior to satisfy their needs and desires in order to achieve their goals. A motive, on the other hand, represents the internal forces within an individual that drive them to adopt a specific behavior to satisfy their needs and desires and thus achieve their goals. (Judge & Piccolo, 2004).

Transactional leadership relies on two types of incentives that can be used to motivate subordinates, each differing in its nature and impact on individual performance within the organization.

- The first type: This category of incentives depends on the nature of the incentive itself, as it aims to meet individuals' needs and motivations in various ways. This is reflected in their performance level and job satisfaction. This type of incentive is an effective tool used by the transactional leader to reinforce positive behavior and motivate employees to exert more effort by providing rewards commensurate with the level of performance achieved.
- The second type: This category of incentives is based on the nature of its impact on individual behavior within the organization. It can be a motivator to reinforce positive performance or a means to correct undesirable behavior. Transactional leaders use this type of incentive according to the level of employee commitment to organizational goals and the extent to which they achieve the desired results. This helps guide performance towards specific standards and achieve job discipline.

2-Motivation mechanisms that help improve performance and achieve organizational excellence:

- Participation in decision-making: Involving employees in decisions and matters related to their work increases their enthusiasm, belonging, and commitment. One of the most important results of this is streamlining the decision-making process, as participation aligns with individuals' natural inclination to work based on their own decisions rather than what others demand or impose. Therefore, their work reflects their job satisfaction and commitment to performing it to the best of their ability. (Yukl, 2013).
- Behavior Modification by Changing Employees' Actions and Conduct: Through regular encouragement of desired actions and discouragement of undesirable ones, supervisors

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identify unacceptable behaviors that need to be changed and then use appropriate reinforcement methods to encourage employees to make the change.

- **Motivation through Feedback:** This involves providing feedback on aspects of performance that are flawed or deficient. The motivational effect of this feedback depends on the context and the method used. If the information is negative, it should be presented in a way that allows for identifying the causes of the deficiency and outlining how to correct the errors.
- **Goal Planning and Setting:** An individual's participation in setting and achieving goals will increase their motivation, especially if these goals are clear, specific, measurable, fulfill their aspirations, and are valuable.

Third Axis: An Analytical Study of Some Business Organization Models

First: An Analytical Reading of the Application of Transactional Leadership in Some Business Organizations

1-McDonald's: Characterized by process standardization and operational performance measurement, McDonald's is a global fast-food restaurant chain that relies on standardizing its processes (recipes, preparation steps, service times) to ensure a consistent experience across thousands of branches worldwide. (Ritzer, 2018).

1-1- Elements of Transactional Leadership Implemented:

- **Conditional Rewards:** Linking incentives for managers and employees to specific indicators (service time, product quality, adherence to hygiene standards).
- **Frequent Monitoring and Auditing:** Daily/weekly performance reviews and the adoption of checklists to verify compliance with standards.
- **Management by Exception:** Intervening when performance indicators fall below acceptable levels, with rapid corrective actions.

1-2- Results and Practical Data:

Significant improvement in the predictability of productivity and product quality across pilot branches when strict protocols and performance-linked rewards were implemented, according to operational process studies reports for case studies. This helped McDonald's reduce branch variations and improve customer satisfaction and service time indicators. Achieving this excellence was linked to the use of simple and clear performance indicators (KPIs), such as service time in seconds and checklist compliance, as well as linking performance incentives to measurable metrics, with regular reviews and swift corrective actions.

2- Walmart: Characterized by operational control and supply chain efficiency, Walmart is one of the world's largest retailers. Its success is built on operational efficiency, cost control, and inventory management. It relies on multiple leadership styles, including transactional leadership, to manage daily performance.

2.1- Elements of Transactional Leadership Implemented:

- Setting clear quantitative targets, such as inventory levels, time sales, and inventory turnover.
- Rigorous reward and performance appraisal systems: for store supervisors and middle management.
- Standardized work procedures: through performance monitoring via KPIs connected to information systems.

2.2. Results and Practical Data:

Combining clear standards with a performance-based reward system contributes to cost reduction and improved supply and inventory compliance across branch networks. Studies on the company demonstrate how an operational approach incorporating reciprocal elements has been a key factor in competitive sustainability. When implementing reciprocal leadership in large networks, it necessitates an automated reporting system to enable rapid intervention. Rewards should be based on performance outcomes that promote overarching corporate objectives, such as reducing losses and improving inventory turnover, rather than rewarding sub-tasks with no strategic value. (Lichtenstein, 2009).

3. Banco Santander: Characterized by clear expectations and a results-based approach, this bank is one of the largest commercial banks in Europe and Latin America (with over 8,000 branches worldwide). It utilizes a management model heavily reliant on goal-based performance systems within its branches, particularly in the retail banking sector.

3.1. Elements of Transactional Leadership Implemented:

The bank practices transactional leadership by setting clear, quantifiable targets. It relies on monthly sales quotas, customer service quality indicators, and regulatory compliance indicators.

The bank also employs a performance-based reward system, including monthly and quarterly bonuses, as well as career advancements linked to achieving targets. Standardized individual performance evaluations are implemented across all branches, making this a cornerstone of transactional leadership.

Periodic monitoring and evaluation are crucial elements. The bank focuses on regular performance reports and direct management intervention when targets are not met, along with time-bound corrective actions.

3.2. Results and Practical Data:

Adopting this leadership style at Banco Santander has contributed to strengthening organizational discipline, reducing performance variability between branches, and enabling the bank to achieve organizational excellence. This is evidenced by improved measured job performance, higher levels of organizational commitment, and a moderate improvement in employee job satisfaction. On the other hand, excessive reliance on quantitative incentives may reduce innovation in service design and limit individual initiative in the bank's various branches. (García-Morales et al., 2012).

Second: An Analytical Study of the Transactional Leadership Model at Toyota

Toyota relies on the use of transactional leadership practices, adopting standardized operational criteria as a fundamental mechanism for maintaining consistency and quality in daily operations. This helps the company achieve sustainable organizational excellence, measurable through clear operational performance indicators. (Ohno, 1988; Liker, 2004).

1- Organizational and Historical Context:

Founded in 1937, Toyota is now one of the world's largest automotive manufacturers. Its primary distinction stems not only from its technology but also from its management and production system, known as the Toyota Production System (TPS), which is based on:

Operational discipline - Precise standards - Continuous performance measurement.

- Toyota's Production System (TPS): This is an integrated management and operational system developed to achieve the highest production efficiency at the lowest cost and highest quality, through waste elimination, continuous improvement, and human involvement in problem-

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solving. It relies on several tools (Kanban, Andon, Poka, and Yoke). These tools provide an ideal environment for implementing transactional practices because they allow for clear monitoring and measurable indicators (Netland & Powell, 2017).

- Toyota remains a global player in terms of scale: in 2024, it sold approximately 10.8 million vehicles, underscoring its operational size and the importance of performance management through effective leadership systems.
- According to company reports, Toyota relies on clear performance measurement standards and links results to incentive policies and human development within the factory. (Ohno, 1988; Liker, 2004)

2- Manifestations of Transactional Leadership within Toyota

2-1- Direct Link Between Performance and Reward:

In production lines and operational branches, quantitative targets are set (defect rate, cycle time per unit, safety compliance rate) and linked to short-/medium-term incentives (team bonuses, supervisory bonuses, annual evaluations) to achieve these targets, generating a direct incentive for employees to implement operational standards. (Liker, 2004; Liker & Convis, 2011)

2-2- Management by Exception:

Toyota's management culture relies on corrective intervention when clear deviations occur; Since the Andon tool allows workers to immediately halt the production line to report a malfunction, this means that leaders intervene when necessary to correct the problem, rather than engaging in meticulous daily monitoring. This is a practical model of proactive, participatory leadership.

2.3. Standardized Standards and Documentation:

Toyota's reliance on standardized procedures forms the basis of performance evaluation. Deviations are considered measurable and correctable failures, and therefore, incentive and bonus systems are used to link adherence to the standard with career progression. (Spear & Bowen, 1999; Liker, 2004)

3. Quantitative Indicators of Toyota's Business Volume and Corporate Excellence:

3.1. Business Volume and Overall Impact:

- Toyota's sales in 2024 reached approximately 10.8 million vehicles (Toyota remains the world's largest automaker according to 2024 reports). This volume reflects the importance of adopting leadership systems capable of developing consistent performance across thousands of production and distribution points worldwide. (Toyota Motor Corporation, 2024; Statista, 2024)

3-2- Quality and Reliability:

- Quality assessment reports and market dependencies indicate that Toyota brands maintain high rankings in dependability studies, such as the J.D. Power annual reports. This demonstrates the tangible and practical results of the company's quality control system.

3-3- Impact of Lean Management and the Toyota Production System (TPS) on Productivity:

Toyota applies the principles of TPS, which constitute an integrated operational management framework based on value creation, waste elimination, quality integration into the process, and continuous improvement. (Womack et al., 2007; Netland, 2016) This supports the achievement of operational efficiency and sustainable corporate excellence, resulting in measurable improvements in productivity rates, reduced cycle times, and decreased losses.

3-4- Testing System Resilience:

Toyota's product recalls in 2009–2010 served as a true test of the company's corrective and governance mechanisms. (Gawande, 2010; U.S. Department of Transportation – NHTSA, 2011) The analysis of the impact and leadership response yielded lessons on the necessity of balancing operational rigor with broader corporate control systems, as these incidents help to understand potential weaknesses within the company.

4- Analysis of Performance Indicators and Corporate Excellence at Toyota:

To achieve tangible results, Toyota relied on indicators measured periodically across production units. These indicators, which can be linked to incentive models, demonstrate the impact of reciprocal leadership on performance. The indicators are as follows:

- Percentage of units that pass on the first pass.
- Defect rate per 1,000 units (selecting the appropriate unit).
- Cycle time per unit (in seconds/minutes).
- Number of line stoppages per 1,000 operating hours (a measure of disruptions).
- Employee overtime hours are an indicator of operational pressure.
- Customer complaints regarding quality are a measure of the severity of problems that reached the market.
- Organizational compliance, measured by the rate of adherence to procedures and the number of recorded non-compliance incidents.

5 .Results of Transactional Leadership at Toyota

Industry reports and academic studies indicate that Toyota has achieved outstanding operational performance, ranking among the world's lowest manufacturers of defective products and boasting some of the highest quality stability, productivity per worker, and on-time supply chain adherence. These results are directly linked to the rigorous application of transactional leadership in daily operations, contributing to organizational excellence and sustainability.

Despite fierce competition, Toyota has maintained its leading position for decades and weathered major crises such as the 2010 recall crisis and the COVID-19 pandemic. Analytical studies suggest that transactional discipline fosters greater resilience, while clear expectations enhance performance recovery.

Conclusion:

This study concluded that transactional leadership is one of the most effective leadership approaches for achieving organizational excellence within business organizations, especially in organizational environments that rely on clear objectives, operational discipline, and continuous performance measurement. The theoretical and analytical analysis showed that this leadership style contributes to improving job performance by linking effort to results and enhancing organizational commitment through establishing a culture of accountability and compliance with organizational procedures and standards.

The study also demonstrated that the relationship between transactional leadership and organizational excellence is not merely linear, but is influenced by the organizational context, the nature of the activity, and the level of organizational maturity. Transactional leadership appears to be most effective in achieving operational excellence, quality control, and organizational stability, while its limitations may emerge in environments that require high levels of innovation and renewal, necessitating its integration with other leadership styles.

Transactional leadership and its impact on achieving organizational excellence

Through an analytical reading of transactional leadership applications in large business organizations, such as McDonald's, Walmart, and Banco Santander, it became clear that this leadership style is highly effective in large and complex organizational environments. Its mechanisms—namely, clear expectations, linking incentives to quantifiable performance indicators, and management by exception contribute to streamlining processes, enhancing organizational discipline, and stabilizing performance. Practical results confirm that transactional leadership is an effective tool for achieving operational efficiency and improving the quality of outputs, especially when objectives are specific and measurable.

An analytical study of the Toyota model confirmed that sustainable organizational excellence can be achieved through the intelligent combination of transactional rigor in managing daily operations and a transformational vision in building organizational culture and continuous improvement. This model demonstrated that clear expectations, linking performance to incentives, and management by exception are essential elements for ensuring operational efficiency, while organizational values and the progressive empowerment of employees contribute to supporting sustainability and innovation.

In light of the above, the following recommendations can be made to business organizations:

They should adopt a balanced leadership approach that considers the nature of their activity and their organizational context, employing transactional leadership as an effective tool to improve job performance and enhance organizational commitment, while not neglecting the importance of integration with other leadership styles. This work also opens up future research prospects for quantitative and comparative field studies aimed at measuring the actual impact of transactional leadership on organizational excellence indicators in different sectors and organizational contexts.

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