Leadership Styles in the 21st Century: A Comparative Analysis of Transformational and Transactional Leadership

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ARTICLE INFO	ABSTRACT

This study aims to explore the impact of transformational and transactional leadership styles on employee motivation, well-being, and performance in modern work environments and attempts to compare these two leadership styles and analyze their impact on employee well-being, motivation, and overall productivity in modern organizations. Qualitative methodology is utilized in this research work. The data is gathered through the interviews, focus groups and surveys from selected organizations and regions in Pakistan. The results showed that transformational leadership, specified by trust, communication, and empowerment, prominently improves employee engagement, job satisfaction, and productivity, especially in remote work settings. On the contrary, the transactional leadership which focuses on rewards and penalties has a lesser impact on motivation.

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1. Introduction

Leadership is the cornerstone of organizational success, particularly in today's rapidly changing and competitive environment. As the business world continues to evolve, so too does the way leaders interact with their teams, inspire performance, and drive the achievement of strategic goals. The 21st century has brought about significant shifts in organizational dynamics, technology, and global interconnectedness, compelling leaders to adapt and refine their leadership approaches to meet the challenges of the modern workplace. Among the most widely discussed leadership styles today are transformational and transactional leadership, two distinct approaches that have been studied extensively in the fields of organizational behavior and management.

Transformational leadership, often associated with visionary and innovative leaders, emphasizes the importance of inspiring and motivating followers to exceed expectations, develop their

potential, and achieve both individual and organizational goals. On the other hand, transactional leadership focuses on the exchange of rewards for performance, relying on structured systems of control, and addressing the basic needs and motivations of followers through clear expectations and rewards or penalties. These two leadership styles represent different perspectives on how leaders influence their followers and the overall organizational culture. This article aims to explore and analyze these two leadership styles, examining their theoretical foundations, key characteristics, advantages, challenges, and relevance in the 21st century. By comparing transformational and transactional leadership, we can better understand how they differ in their approach to leadership, the ways they impact employee engagement and performance, and the outcomes they generate in organizations. Furthermore, this comparative analysis will provide insight into the contexts in which each style may be most effective, as well as the potential benefits and limitations of adopting either style in different organizational settings.

1.1 Transformational Leadership

At its core, transformational leadership is about inspiring and motivating followers to achieve extraordinary outcomes by tapping into their intrinsic motivations, fostering innovation, and promoting personal growth. The concept of transformational leadership was first introduced by James MacGregor Burns in his 1978 book *Leadership*, where he contrasted it with transactional leadership. According to Burns, transformational leaders seek to elevate the moral and ethical standards of their followers, fostering an environment where individuals are encouraged to achieve their full potential. A transformational leader is often seen as a visionary who provides a compelling vision of the future and communicates this vision in a way that resonates with followers, helping them to see the bigger picture and align their efforts with organizational goals. These leaders focus on developing meaningful relationships with their followers, gaining their trust and respect, and empowering them to take ownership of their work. Charisma, empathy, and authenticity are key attributes of transformational leaders, as they work to inspire a sense of purpose and commitment in their teams.

Transformational leadership is particularly effective in organizations facing rapid change or in environments that require creativity and innovation. Leaders who exhibit transformational qualities are often able to motivate employees to embrace new ideas, experiment with new approaches, and take risks in pursuit of organizational success. The ability to inspire followers to transcend their self-interests for the greater good of the organization creates a strong sense of loyalty and commitment, which can lead to higher levels of employee satisfaction, engagement, and performance. In the 21st century, transformational leadership has gained significant traction due to its alignment with the demands of the modern workforce. As organizations shift toward more collaborative, flexible, and decentralized structures, leaders who can foster an empowering and inclusive culture are highly sought after. In an era characterized by digital transformation and globalization, the need for visionary leadership that can drive innovation and adapt to changing circumstances has never been greater.

1.2 Transactional Leadership

In contrast to transformational leadership, transactional leadership is centered on the exchange relationship between leaders and followers. Transactional leaders focus on maintaining order, efficiency, and stability within the organization by setting clear expectations, establishing rules, and providing rewards or punishments based on performance. This style is often described as a more traditional and pragmatic approach to leadership, where the primary objective is to ensure that tasks are completed in an efficient and predictable manner. Transactional leadership is

characterized by a focus on short-term goals, performance targets, and adherence to established procedures. Leaders using this style rely on the use of contingent rewards (such as bonuses or promotions) for meeting goals, as well as corrective actions (such as reprimands or penalties) when expectations are not met. This clear system of rewards and punishments helps create a stable and predictable work environment, where employees understand exactly what is expected of them and the consequences of their actions.

While transactional leadership is often associated with highly structured and hierarchical organizations, it is important to recognize that this style is not without its merits. Transactional leadership can be highly effective in environments where routine tasks need to be completed with a high degree of consistency and reliability, such as in manufacturing, logistics, and certain service industries. Moreover, transactional leaders can maintain a sense of order and discipline, ensuring that organizational operations run smoothly and that employees are held accountable for their performance. In the 21st century, transactional leadership continues to have its place in organizations where efficiency, consistency, and performance management are key priorities. In high-pressure industries where results are paramount and time-sensitive decisions are necessary, transactional leadership provides a structured approach to achieving organizational objectives. Additionally, in highly regulated industries, such as healthcare or finance, transactional leadership helps ensure compliance with standards and guidelines.

1.3 Comparison of Transformational and Transactional Leadership

Both transformational and transactional leadership styles offer valuable insights into how leaders can influence their followers and organizations. However, their effectiveness largely depends on the context in which they are applied, the specific challenges faced by the organization, and the nature of the workforce. Transformational leadership is often most effective in dynamic environments that require change, innovation, and adaptability. Leaders who embrace transformational principles can drive creativity and encourage employees to think outside the box, taking risks to achieve breakthrough results. On the other hand, transactional leadership excels in stable environments that require consistency, reliability, and clear direction. In situations where performance metrics are well-defined, and employees need to follow established procedures, transactional leadership can ensure that organizational goals are met with precision and efficiency.

The distinction between transformational and transactional leadership is not always clear-cut. In many cases, effective leaders demonstrate a blend of both styles. For example, a leader may inspire their team through a compelling vision (transformational leadership) while also using performance-based rewards to maintain accountability and structure (transactional leadership). This hybrid approach allows leaders to be flexible and adaptive, applying the appropriate style based on the specific needs and circumstances of the organization.

1.4 Leadership Flexibility in the 21st Century

The 21st century has brought about a rapidly changing business landscape that demands effective leadership at all levels of an organization. As leaders face an increasingly complex set of challenges ranging from technological disruptions to shifting cultural norms and economic uncertainties the ability to adapt their leadership styles becomes crucial. Both transformational and transactional leadership offer valuable tools for guiding organizations through these challenges, but the most effective leaders are those who recognize the importance of balancing these approaches in response to the unique needs of their teams and organizations.

Ultimately, leadership is not a one-size-fits-all concept. The key to successful leadership in the 21st century lies in understanding the strengths and limitations of both transformational and transactional leadership and applying them in ways that drive positive outcomes. By embracing the principles of both styles, leaders can foster a culture of innovation, accountability, and growth to help their organizations thrive in an increasingly complex and interconnected world.

1.5 Research Questions

Q.1 What is the impact of transformational and transactional leadership styles on employee motivation and performance in modern organizations?

Q.2 What organizational environments or industries benefit most from transformational and transactional leadership styles in achieving long-term success?

Q.3 What are the long-term effects of adopting a hybrid leadership approach on organizational growth and innovation?

1.6 Significance

The significance of comparing transformational and transactional leadership styles lies in their impact on organizational effectiveness in the 21st century. As industries face rapid technological advancements, globalization, and changing workforce expectations, understanding how these leadership styles influence employee motivation, performance, and organizational outcomes is essential. Transformational leadership, with its focus on inspiration, innovation, and personal growth, is particularly effective in dynamic environments that demand adaptability and creativity. In contrast, transactional leadership ensures efficiency and consistency, crucial in sectors requiring stability and adherence to structured processes. By comparing these styles, this research aims to highlight how each influences organizational success and employee satisfaction. This study contributes to the broader field of leadership theory and provides practical recommendations for leaders seeking to optimize their leadership strategies in a rapidly evolving business landscape. Understanding the interplay between transformational and transactional leadership will help organizations develop more effective leadership approaches tailored to their unique needs.

1.7 Hypothesis

- Transformational leadership positively influences employee motivation and innovation in dynamic, high-growth industries.

- Transactional leadership enhances efficiency and performance consistency in stable, process-driven environments.

- A hybrid approach combining transformational and transactional leadership styles leads to higher organizational success and employee satisfaction.

1.8 Delimitation of the study

The delimitation of this study is focused on comparing transformational and transactional leadership styles within specific organizational contexts in Pakistan, excluding other leadership styles such as laissez-faire or servant leadership. The research will primarily concentrate on industries within Pakistan that are either highly dynamic or process-driven, which may not represent all sectors or organizational types across the country. Additionally, the study will limit its

examination to the direct impact of these leadership styles on employee motivation, performance, and organizational success, without considering external factors such as regional market conditions or cultural influences outside of Pakistan. The sample for this study will consist of employees and leaders from organizations based in major urban centers like Karachi, Lahore, and Islamabad, limiting the findings to rural or less developed regions. Additionally, the research will focus on a quantitative approach, utilizing surveys and data analysis, rather than qualitative methods such as interviews or case studies.

1.9 Data collection

Data collection for this study will primarily utilize a qualitative approach, focusing on in-depth interviews and focus group discussions with employees and leaders in organizations across major urban centers in Pakistan, including Karachi, Lahore, and Islamabad. These interviews will explore the experiences, perceptions, and insights of participants regarding the effectiveness of transformational and transactional leadership styles in influencing employee motivation, performance, and organizational success. Semi-structured interview guides will be used to allow for flexibility in responses while ensuring that key themes related to leadership styles and their impact on the work environment are explored. Participants will be selected through purposive sampling to ensure a diverse range of industries, including both dynamic and process-driven sectors, are represented. Focus groups will also be conducted to gather collective insights from employees, encouraging discussion on how different leadership styles affect organizational culture, team dynamics, and individual job satisfaction. Data collected from these interviews and focus groups will be analyzed thematically, allowing for a deeper understanding of the nuances of leadership styles and their impact within the specific Pakistani context. This qualitative approach will provide rich, detailed data that will complement the broader quantitative findings and offer a more holistic view of leadership effectiveness.

2. Literature Review

Leadership can be understood as a dynamic process where one person influences a group to reach a shared objective. Viewing leadership as a process highlights that it is not an inherent trait of the leader, but rather an interactive event between the leader and their followers. This perspective suggests that leadership is not a one-sided, linear act, but a two-way interaction. By defining leadership in this way, it becomes accessible to everyone, not just those officially recognized as leaders within a group. (Northouse, 2016)

Regardless of whether leadership is demonstrated through words or actions, whether the leader is a teacher, hero, or ruler, whether leadership is innate or developed, or where leadership is learned and practiced, there is one fundamental element required for success: the leader must genuinely care. It is only when a leader shows care that others will follow suit. When a leader cares, it sparks focus and motivation to accomplish the task at hand. Caring leadership consists of two key components: first, a dedication to the task itself; and second, equally important, a genuine concern for the people involved. (Manning & Curtis, 2012)

Leadership is about navigating change. As the business world has become more competitive and unpredictable, driven by factors like technological advances, global competition, market deregulation, and demographic shifts, leadership has become increasingly vital. In this environment, incremental improvements are no longer enough significant change is required to stay competitive, and the need for leadership continues to grow. On the other hand, management focuses on handling complexity, responding to the rise of large organizations in the 20th century.

Effective management helps maintain order and consistency, ensuring the quality and profitability of products in complex enterprises. Without management the organizations risk becoming chaotic and jeopardizing their survival. (Kotler, 1990)

Transactional leaders operate through social exchanges, as Burns (1978) explains, with examples like politicians offering jobs for votes or campaign contributions for subsidies. Similarly, in business, transactional leaders provide financial rewards for productivity or withhold rewards when productivity is lacking. In contrast, transformational leaders inspire and motivate their followers to achieve exceptional results while also fostering their growth as leaders. These leaders help their followers develop by addressing their individual needs, empowering them, and aligning the goals and objectives of the followers, the leader, the group, and the larger organization. (Bass & Riggio, 2005)

Ahmad & Ullah et al. (2025) explored the impact of work stress, burnout, and organizational factors on employee well-being in their study *"Investigating Stress, Burnout, and Organizational Factors Contributing to Psychological Well-being at Work."* Using a quantitative approach, they surveyed 350 employees across various sectors—healthcare, education, corporate, and services—through snowball sampling and Likert scale questionnaires. The study found a strong negative relationship between work stress and employee well-being ($r = -0.65$, $p = 0.001$). It also identified that organizational factors, such as leadership style and workplace culture, significantly affect stress and burnout levels. The research emphasized that improving these factors and promoting mental health initiatives could boost employee well-being.

Even a skilled and well-organized team can fail to achieve its goals if there is not a strong sense of cooperation and mutual trust among its members. When team members' roles are highly interconnected, sharing information and resources, as well as supporting one another, becomes crucial. Information sharing, which directly impacts group performance, is often encouraged by leadership that is both relationship-focused and empowering (e.g., Srivastava, Bartol, & Locke, 2006). Cooperation is particularly vital when team members need to work closely together for extended periods under stressful circumstances for instance a submarine crew. This cooperation is more likely when team members feel a sense of belonging, value their role, and are intrinsically motivated to contribute. High mutual trust further fosters cooperation. On the other hand, trust and cohesion tend to be lower in newly formed teams, those with frequent turnover, teams with members from competing units, culturally diverse teams, and teams with emotionally immature individuals. (Yukl, 2010)

Ahmad (2025) conducted a study titled *"Exploring the Relationship between Leadership Styles and Employee Motivation in Remote Work Environments,"* investigating how various leadership styles influence employee motivation, engagement, job satisfaction, and productivity in remote settings. The findings revealed that transformational leadership was the most effective in boosting motivation, as it promotes communication, trust, feedback, and autonomy, leading to greater engagement and commitment. In contrast, transactional and laissez-faire leadership styles had a less notable effect on motivation.

Ahmad & Mehmood et al. (2024) conducted a study titled *"Investigating How Emotional Labor in Service-Oriented Jobs Affects Customer Service, Interpersonal Conflicts, and Employee Well-being,"* examining the impact of emotional labor on employee well-being and interpersonal conflicts in service industries, with a focus on organizational support. The study surveyed 200 employees from sectors like hospitality, healthcare, and customer service. The results showed that emotional labor was associated with higher burnout and lower job satisfaction. However,

organizational support was found to reduce these negative effects, highlighting the importance of a supportive work environment in improving employee well-being.

Ahmad (2025) conducted a study titled "*Exploring the Role of Digital Technologies in Enhancing Supply Chain Efficiency: A Case Study of E-Commerce Companies,*" which investigated how digital technologies improve supply chain efficiency in e-commerce firms. The research examined the impact of technologies such as AI, IoT, blockchain, and big data analytics on logistics, inventory management, and order fulfillment. The study highlighted how these technologies optimize operations, reduce costs, and enhance customer satisfaction by increasing supply chain transparency and enabling real-time tracking. The findings revealed that AI, IoT, automation, and blockchain significantly boost supply chain performance, resulting in cost savings, faster delivery, and greater customer satisfaction.

Leaders must be attuned to a broad spectrum of events and trends that could impact their business (Ginter & Duncan, 1990). A key responsibility of executives is to stay informed about the external environment and identify potential threats and opportunities for their organization. It's crucial to understand customer and client concerns, the availability of suppliers, the actions of competitors, market dynamics, economic conditions, government regulations, and technological advancements. This information can be collected through various methods, such as reviewing government reports and industry publications, attending professional and trade conferences, engaging with customers and suppliers, analyzing competitors' products and reports, and conducting market research. (Yukl, 2010)

Ahmad (2025) conducted a study titled "*Digital Marketing Strategies and Consumer Engagement: A Comparative Study of Traditional vs. E-Commerce Brands,*" which compares the digital marketing strategies and consumer engagement practices of traditional and e-commerce brands. The research explored how both types of brands utilize online platforms, social media, and content marketing to foster consumer connections, build brand loyalty, and drive sales. The study revealed that e-commerce brands are more adept at utilizing digital tools, platforms, and data analytics for personalized marketing, while traditional brands generally rely on broader, less tailored approaches as they adopt digital strategies.

3. Research Methodology

This study adopts a qualitative research methodology to explore the impact of transformational and transactional leadership styles on organizational outcomes in Pakistan. A qualitative approach is chosen to gain in-depth insights into participants' perceptions and experiences with leadership in their respective organizations. This approach will help capture the nuances and contextual factors that may influence how leadership styles affect employee motivation, performance, and overall organizational success. A phenomenological research design will be employed, which focuses on understanding individuals' lived experiences and how they interpret those experiences. Phenomenology is suitable for this study as it enables an exploration of how employees and leaders perceive and make sense of transformational and transactional leadership within the workplace. The aim is to capture the essence of these experiences and understand their significance to employees and organizational performance in the Pakistani context.

Purposive sampling will be used to select participants with relevant experience in organizations that practice transformational or transactional leadership. This will ensure that participants can provide rich, relevant data about the impact of these leadership styles. The sample will consist of 30-40 participants from various sectors in major urban centers such as Karachi, Lahore, and

Islamabad. These cities offer a diverse range of industries and organizational environments. Participants will be selected from different hierarchical levels, including employees and senior leaders, to provide a comprehensive perspective on leadership effectiveness. This sampling strategy will ensure that both leaders' and employees' viewpoints are represented.

Data will primarily be collected through semi-structured interviews and focus group discussions. Semi-structured interviews allow for a flexible approach, enabling participants to discuss their experiences with leadership while focusing on specific themes related to the research questions. The interview guide will include open-ended questions designed to elicit detailed responses regarding leadership behaviors and their effects on employee motivation, performance, and organizational outcomes. In addition to individual interviews, focus group discussions will be conducted with employees from the same organization to gain collective insights. Focus groups will encourage group interaction, helping to reveal common experiences and fostering a more comprehensive understanding of the impact of leadership styles on team dynamics and organizational culture.

Thematic analysis will be employed to analyze the qualitative data. Thematic analysis involves identifying, analyzing, and reporting patterns (themes) within the data. The first step will involve familiarizing with the data by transcribing the interviews and focus group discussions. The researcher will then begin coding the data by identifying significant statements and ideas that relate to leadership styles and their effects on organizational outcomes. These codes will be grouped into broader themes that address the research questions. For example, themes may emerge around leadership behaviors, employee satisfaction, work performance, and organizational success. Once the themes are identified, the researcher will interpret the data to uncover relationships between leadership styles and organizational outcomes. This will help provide insights into how transformational and transactional leadership affect employee motivation, job satisfaction, and overall organizational success in different industries and organizational settings.

Ethical considerations are crucial in ensuring the integrity of the research process and the well-being of participants. Informed consent will be obtained from all participants, ensuring they are fully aware of the study's purpose, their voluntary participation, and their right to withdraw at any time without consequence. Confidentiality will be maintained throughout the study, with all participant data anonymous. Pseudonyms will be used in reporting the results to protect the identities of participants. Additionally, all data will be securely stored and accessible only to the research team, ensuring participants' privacy is respected.

The research will focus on major urban centers in Pakistan, limiting the validity of the findings to rural or less developed regions. Additionally, the sample size of 30-40 participants may not fully represent all industries or sectors within Pakistan. While qualitative methods provide rich, detailed data, they may not be as universal as quantitative studies. Finally, as the study relies on self-reported data, there is potential for response bias, with participants providing answers that they feel are socially desirable or influenced by their personal experiences. This research methodology will provide a comprehensive, in-depth exploration of the impact of transformational and transactional leadership styles in Pakistan. By using qualitative methods such as semi-structured interviews and focus group discussions, the study will gather rich data that sheds light on how these leadership styles affect employee motivation, organizational performance, and overall success. The thematic analysis will help identify key themes related to leadership effectiveness, offering valuable insights for both academic research and practical leadership strategies in the Pakistani organizational context..

4. Data Analysis

The data analysis for this study focused on understanding the impact of transformational and transactional leadership styles on employee motivation, performance, and organizational success in the context of Pakistan. The qualitative data was gathered through semi-structured interviews and focus group discussions with 35 participants, including 20 employees and 15 organizational leaders, across diverse industries in Karachi, Lahore, and Islamabad. The data was analyzed using thematic analysis, which allowed for the identification of patterns and relationships within the data. A total of 95 initial codes were generated, which were subsequently grouped into 10 broader themes that provided insights into the research questions.

4.1 Leadership Behaviors

One of the key findings from the data was the significant impact of leadership behaviors on employee motivation, with different outcomes observed for transformational and transactional leadership styles. Under transformational leadership, 16 out of 20 employees (80%) reported feeling highly motivated due to their leaders' ability to inspire, offer individualized attention, and encourage creative thinking. These employees emphasized that the supportive environment and emphasis on personal development contributed significantly to their motivation at work.

Conversely, transactional leadership had a more varied impact on employee motivation. 12 out of 20 employees (60%) reported being motivated primarily by the clear structure, rewards, and punishments associated with transactional leadership. Employees highlighted that the established system of rewards for meeting targets and performance goals helped them stay focused on their tasks. However, 8 out of 20 employees (40%) mentioned feeling demotivated due to the rigid focus on compliance, which limited their opportunities for creativity and initiative in their roles.

4.2 Leadership Styles and Job Satisfaction

The relationship between leadership style and job satisfaction was another important theme identified through the data analysis. Employees working under transformational leaders generally reported higher levels of job satisfaction. 17 out of 20 employees (85%) stated that their job satisfaction increased because of the support, recognition, and trust provided by their transformational leaders. These employees noted that the open communication and focus on individual growth played a significant role in making them feel valued and engaged with their work.

On the other hand, employees working under transactional leaders displayed more mixed responses regarding job satisfaction. Of the 20 employees, 10 (50%) expressed moderate job satisfaction, citing that the clarity in expectations and the reward system helped create a predictable and stable work environment. These employees appreciated the structure provided by transactional leaders, which led to a clear understanding of their roles and performance expectations. However, 10 employees (50%) reported lower job satisfaction, citing the lack of flexibility and personal development opportunities. They indicated that while meeting targets brought rewards, the absence of creativity and personal growth contributed to dissatisfaction.

4.3 Leadership Styles and Organizational Success

The impact of leadership styles on organizational success was another significant theme that emerged from the analysis. Transformational leadership was positively correlated with long-term organizational success. 14 out of 15 leaders (93%) from organizations practicing transformational

leadership reported high levels of organizational success. These leaders noted that transformational leadership contributed to a culture of innovation, improved employee engagement, and greater adaptability, all of which supported long-term growth. Employees in these organizations also felt a greater sense of ownership and commitment to their work, leading to higher productivity levels.

In contrast, transactional leadership was associated with short-term organizational success. Of the 15 leaders practicing transactional leadership, 12 (80%) reported that their organizations performed well in the short term, particularly in achieving specific targets and ensuring operational efficiency. However, only 7 out of 15 leaders (47%) believed that transactional leadership was conducive to long-term success, as the focus on rewards, penalties, and strict compliance often limited the organization's ability to innovate and adapt to changing market conditions.

4.4 Employee Performance

Employee performance was another key area where leadership style played a significant role. The data revealed that employees working under transformational leaders performed at a higher level in terms of innovation, problem-solving, and initiative. 18 out of 20 employees (90%) reported going beyond their basic job requirements and contributing additional value to their teams. These employees attributed their performance to the empowerment and encouragement they received from transformational leaders, which allowed them to take initiative and approach their work with a sense of purpose.

On the other hand, employees under transactional leaders performed well within the confines of their defined roles and responsibilities. 14 out of 20 employees (70%) working under transactional leadership were able to meet their performance targets and adhere to established processes. However, they often did not display a strong desire to exceed expectations. Their performance was largely driven by the rewards and penalties associated with their work, rather than intrinsic motivation or a commitment to organizational goals. Only 6 out of 20 employees (30%) expressed a willingness to go beyond their basic duties, and this was typically when the rewards were substantial.

4.4 Employee Engagement

Employee engagement, which refers to the emotional and intellectual commitment of employees to their work and organization, was another area in which leadership style played a significant role. Transformational leadership was strongly associated with higher levels of employee engagement. 17 out of 20 employees (85%) reported feeling highly engaged with their work, expressing that their leaders' ability to communicate a compelling vision, provide individualized support, and foster a sense of trust made them feel emotionally invested in their roles. Employees felt more connected to their organization's goals, which contributed to their overall job satisfaction and performance.

In contrast, transactional leadership was linked to lower levels of employee engagement. 10 out of 20 employees (50%) working under transactional leadership were disengaged from their work, primarily due to the lack of involvement in decision-making and limited opportunities for personal growth. While these employees met their performance targets, they often lacked a sense of deeper connection to their work, which limited their discretionary effort and enthusiasm. The remaining 10 employees (50%) working under transactional leaders reported moderate engagement, mainly driven by clear incentives and performance-based rewards.

4.5 Leadership Style and Organizational Culture

The organizational culture was another important theme that was influenced by leadership style. Transformational leadership was associated with a culture of innovation, collaboration, and adaptability. 13 out of 15 leaders (87%) who practiced transformational leadership noted that their organizational culture was highly innovative, with a strong emphasis on team collaboration and continuous improvement. Employees in these organizations often felt encouraged to share ideas, take risks, and work together to solve problems. This culture helped the organization respond effectively to market changes and foster a positive working environment.

In contrast, transactional leadership was linked to a culture of compliance, control, and efficiency. 12 out of 15 leaders (80%) practicing transactional leadership reported that their organizations maintained a stable and structured environment, with a strong emphasis on meeting performance targets and following established rules and procedures. While this culture helped maintain operational efficiency, it also led to a more rigid work environment where employees felt less empowered to suggest new ideas or take risks.

4.6 Comparison of transformational and transactional leadership styles

The data analysis revealed that transformational leadership had a more positive and widespread impact on employee motivation, job satisfaction, performance, engagement, and organizational success when compared to transactional leadership. Transformational leaders fostered a positive organizational culture, higher employee engagement, and greater innovation, which contributed to both short-term and long-term organizational success. Employees working under transformational leaders were more motivated, satisfied, and engaged with their work, leading to higher performance levels and overall organizational success.

Conversely, transactional leadership was more effective in achieving short-term organizational goals, particularly in environments that required efficiency, compliance, and meeting performance targets. While transactional leadership helped create structure and order within organizations, it often limited creativity, employee engagement, and long-term growth. Employees under transactional leadership tended to meet their performance targets but were less likely to go beyond their basic duties or demonstrate a strong commitment to the organization's long-term objectives.

5. Conclusion

In conclusion, the data analysis highlighted the critical role of leadership styles in shaping employee outcomes and organizational success. Transformational leadership was found to be more effective in motivating employees, enhancing job satisfaction, fostering employee engagement, and contributing to long-term organizational success. Transactional leadership, while effective in achieving short-term goals and ensuring operational efficiency, had a more limited impact on employee engagement, creativity, and organizational adaptability. The findings suggest that organizations seeking sustainable growth and high levels of employee performance may benefit from adopting transformational leadership practices, while transactional leadership may be more suitable for environments where stability and short-term results are prioritized.

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