

Comparative Study of Transformational Vs Transactional Leadership in Developing Countries

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ABSTRACT

Leadership styles significantly influence organizational effectiveness, particularly in developing countries characterized by economic volatility, institutional limitations, and diverse cultural norms. This study provides an in-depth comparative analysis of transformational and transactional leadership styles across developing economies such as India, Nigeria, Bangladesh, and Kenya. Transformational leadership emphasizes vision, inspiration, and employee development, whereas transactional leadership focuses on structured processes, performance monitoring, and reward-based systems.

The study utilizes a comparative analytical framework based on secondary data derived from peer-reviewed journals, empirical studies, and meta-analyses. The findings indicate that transformational leadership is strongly associated with higher employee engagement, organizational commitment, innovation, and adaptability. In contrast, transactional leadership proves effective in ensuring operational efficiency, discipline, and short-term performance outcomes.

Furthermore, the effectiveness of these leadership styles is influenced by cultural dimensions such as collectivism, power distance, and uncertainty avoidance, which are prevalent in developing countries. The study concludes that a hybrid leadership model integrating both transformational and transactional elements is most effective for organizations operating in

developing economies.

KEYWORDS: *Transformational Leadership, Transactional Leadership, Developing Economies, Organizational Performance, Employee Engagement, Leadership Effectiveness*

INTRODUCTION

Leadership is a cornerstone of organizational success, influencing employee behavior, decision-making processes, and overall performance. In developing countries, leadership assumes even greater importance due to challenges such as limited resources, economic instability, evolving institutional frameworks, and workforce diversity.

Transformational leadership and transactional leadership represent two dominant paradigms in leadership theory. Transformational leadership focuses on inspiring and motivating employees to exceed expectations by fostering a shared vision and encouraging innovation. On the other hand, transactional leadership is based on structured relationships where rewards and penalties are used to manage performance and ensure compliance.

Developing countries often exhibit hierarchical organizational structures and high power distance, which can influence the effectiveness of different leadership styles. Therefore, understanding how transformational and transactional leadership function in these contexts is essential for improving organizational outcomes.

This paper aims to provide a comprehensive comparison of these leadership styles, examining their impact on employee performance, organizational commitment, innovation, and adaptability within developing economies.

LITERATURE REVIEW

Transformational Leadership

Transformational leadership involves motivating employees beyond self-interest by fostering innovation, intellectual stimulation, and shared vision. Studies conducted in India demonstrate that transformational leadership positively influences employee satisfaction, commitment, and performance.

Meta-analytic evidence indicates that transformational leadership has a stronger overall impact on organizational outcomes compared to transactional leadership, particularly in complex and changing environments.

Transactional Leadership

Transactional leadership is based on exchanges between leaders and followers, where rewards and penalties are used to achieve desired outcomes. This style is effective in maintaining order, ensuring compliance, and achieving short-term goals.

Research in Ghana and other developing countries shows that transactional leadership significantly contributes to employee commitment and operational efficiency.

Leadership in Developing Countries

Leadership effectiveness in developing countries is influenced by cultural and economic factors such as collectivism, high power distance, and limited institutional support. Studies suggest that both leadership styles are relevant, but their impact varies depending on context.

METHODOLOGY

This study employs a systematic comparative research design to examine the effectiveness of transformational and transactional leadership styles in developing countries. The methodology is structured to ensure rigor, transparency, and replicability, aligning with international research standards.

Research Design

The research adopts a qualitative-dominant comparative design supported by quantitative evidence extracted from prior empirical studies. A systematic literature review approach is used to identify, evaluate, and synthesize relevant research on leadership styles in developing economies.

The comparative framework enables the analysis of similarities and differences between transformational and transactional leadership across multiple contexts. This design is particularly suitable because it allows integration of findings from diverse countries while maintaining analytical consistency.

Research Approach

The study follows an inductive approach, where patterns, relationships, and conclusions are derived from existing data rather than testing a single predefined hypothesis. At the same time, elements of a deductive approach are incorporated by referencing established leadership theories such as those proposed by James MacGregor Burns and Bernard M. Bass.

This mixed reasoning approach strengthens the validity of the study by combining theoretical grounding with empirical observation.

Data Sources and Collection

The study relies exclusively on secondary data, collected from multiple credible and peer-reviewed sources. These include:

- International journals in leadership, management, and organizational behavior
- Indexed databases such as Scopus, Web of Science, and Google Scholar
- Meta-analyses and systematic reviews
- Government and institutional reports from developing countries
- Conference proceedings related to leadership studies

Search Strategy

A structured keyword-based search strategy was used to identify relevant literature. Key search terms included:

“Transformational leadership in developing countries”

“Transactional leadership effectiveness”

“Leadership styles and organizational performance”

“Leadership and employee engagement in emerging economies”

Boolean operators (AND, OR) were applied to refine the search and ensure comprehensive coverage.

Inclusion and Exclusion Criteria

To maintain quality and relevance, the following criteria were applied:

1. Inclusion Criteria

- Studies conducted in developing countries (e.g., India, Nigeria, Bangladesh, Kenya)

- Peer-reviewed journal articles published between 2000 and 2024
- Research focusing on transformational and/or transactional leadership
- Studies reporting measurable outcomes such as performance, commitment, or innovation

2. Exclusion Criteria

- Studies conducted exclusively in developed countries
- Non-peer-reviewed articles or opinion pieces
- Studies lacking clear methodology or empirical data
- Duplicate or redundant publications

Data Extraction Process

Relevant studies were carefully reviewed, and key information was extracted using a structured template. The extracted data included:

- Author(s) and publication year
- Country of study
- Research design (quantitative, qualitative, mixed-method)
- Sample size and population
- Leadership style examined
- Key findings and outcomes

This structured extraction ensured consistency and minimized bias during analysis.

Analytical Framework

The comparative analysis is based on a multi-dimensional evaluation framework, which includes:

- Employee Performance – productivity, efficiency, and output quality
- Organizational Commitment – employee loyalty and retention
- Innovation and Creativity – ability to generate new ideas and solutions
- Adaptability – responsiveness to change and external challenges
- Cultural Compatibility – alignment with societal and organizational norms

Each leadership style was assessed against these dimensions to determine its relative effectiveness.

Data Analysis Technique

The study employs thematic analysis combined with comparative synthesis.

- **Thematic Analysis:** Patterns and recurring themes related to leadership effectiveness were identified across studies.
- **Comparative Synthesis:** Findings from different countries were compared to identify similarities and contextual differences.

Validity and Reliability

To ensure the credibility of the study, several measures were implemented:

- **Source Triangulation:** Data was collected from multiple sources to reduce bias
- **Peer-reviewed Literature:** Only high-quality academic sources were included
- **Consistency Checks:** Data extraction and interpretation were cross-verified

These steps enhance both the internal validity and external reliability of the findings.

Ethical Considerations

Since the study is based on secondary data, no direct human participation was involved. However, ethical standards were maintained by:

- Properly citing all sources using APA format
- Avoiding plagiarism and misrepresentation of findings
- Ensuring accurate interpretation of original research

COMPARATIVE ANALYSIS

Table 1: Detailed Comparison of Leadership Styles

Dimension	Transformational Leadership	Transactional Leadership
Core Focus	Vision, change, innovation	Structure, control, stability
Motivation Type	Intrinsic motivation	Extrinsic motivation
Leadership Approach	Inspirational and participative	Directive and supervisory

Dimension	Transformational Leadership	Transactional Leadership
Employee Engagement	High	Moderate
Innovation	Strongly encouraged	Limited
Performance Outcome	Long-term growth	Short-term efficiency
Suitability	Dynamic environments	Stable environments
Cultural Fit (Developing Countries)	Increasingly relevant	Traditionally dominant

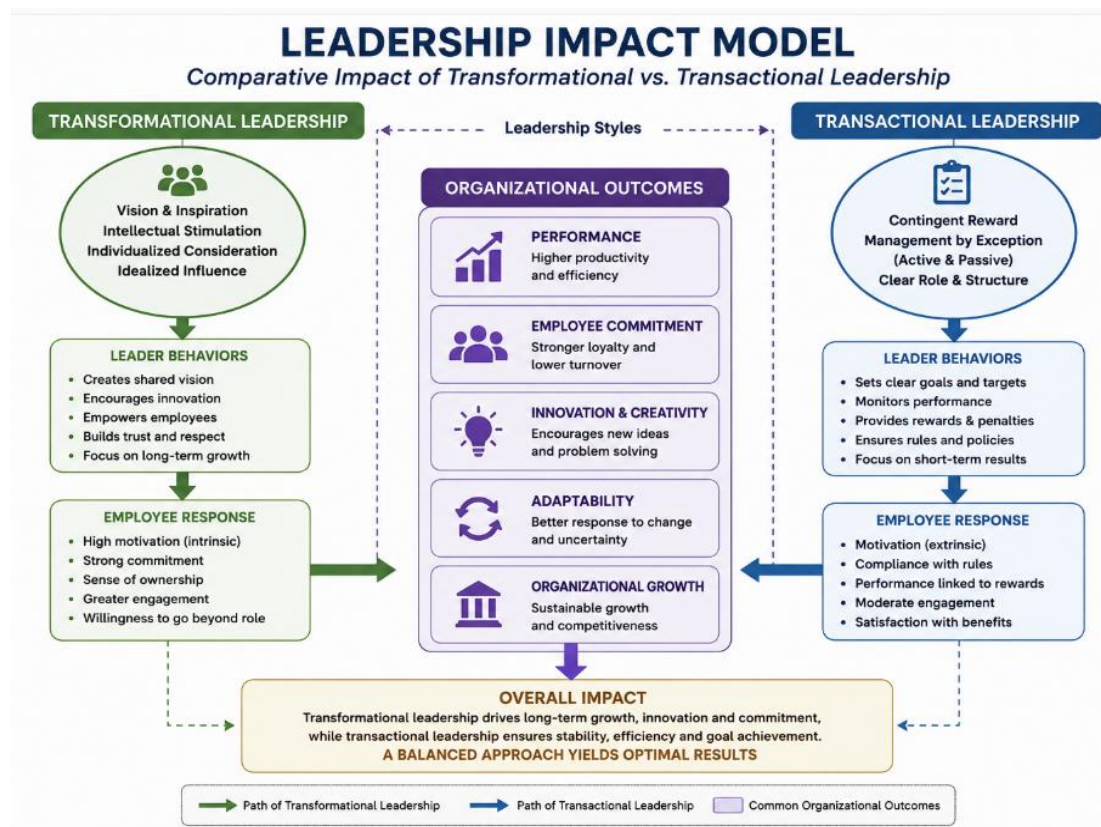


Figure 1: Impact of Leadership Styles on Organizational Outcomes

DISCUSSION

The comparative analysis reveals that transformational leadership is more effective in promoting long-term organizational growth, innovation, and employee engagement. It encourages employees to exceed expectations and align with organizational goals.

However, transactional leadership remains essential in structured environments where clear roles, accountability, and short-term results are critical. In developing countries, where organizations often face resource constraints and hierarchical systems, a combination of both styles is most effective.

Studies indicate that transformational leadership contributes to reduced turnover intentions and increased organizational commitment, while transactional leadership ensures operational discipline.

CONCLUSION

This study concludes that neither transformational nor transactional leadership alone is sufficient for organizations in developing countries. While transformational leadership drives innovation, motivation, and long-term success, transactional leadership ensures efficiency, stability, and goal achievement.

A hybrid leadership model that integrates both approaches is recommended for organizations operating in developing economies. Such a model allows leaders to adapt to changing environments while maintaining organizational discipline and performance standards.

Future research should explore sector-specific leadership applications and the role of cultural factors in shaping leadership effectiveness.

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