

Research Article

Comparative Analysis of Transformational and Transactional Leadership Styles as Drivers of Organizational Innovation and Ambidexterity

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Abstract

In the contemporary post-pandemic organizational scenery, meaning rapid digital transitions alongside harsh socio technical disruptions, organizations need leadership paradigms that can, at the same time, protect operational steadiness and encourage strategic innovation. This study offers an extensive systematic literature review mixed with a meta-analytic synthesis, aimed at looking at the relative validities, structural movements, and contextual limits of transformational and transactional leadership approaches. We followed the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) 2020 guidance, and then we synthesized quantitative outcomes from 87 separate study sources that contained 626 correlations and involved 21,815 participants. Methodological quality in the primary literature was evaluated critically with the Joanna Briggs Institute (JBI) Critical Appraisal Checklist for Analytical Cross-Sectional Studies. The quantitative pooling indicates transformational leadership has the highest overall true score validity. 44 across organizational performance outcomes, and it is followed closely by transactional contingent reward at .39. By comparison, laissez-faire leadership shows a notable negative validity of -.37. Also, active and passive management-by-exception turned out to be highly inconsistent, with relationships that change meaningfully depending on the context. Overall, the results give firm empirical support to the augmentation hypothesis, suggesting transformational leadership builds on a transactional baseline, rather than replacing it. The study also outlines a unifying, stage sensitive model for ambidextrous leadership: transformational “opening” behaviors tend to nurture explorative innovation, whereas transactional “closing” behaviors strengthen exploitative execution. Finally, regression modeling indicates that structural constraints, such as organizational unit size and geographical setting, meaningfully forecast when constructive leadership behaviors appear versus when passive avoidant patterns show up.

Keywords

Transactional Leadership, Transformational Leadership, Organizational Behavior, Contingent Reward, Organizational Ambidexterity, Systematic Literature Review

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1. Introduction

1.1. Conceptual Background of Full Range Leadership Theory

In contemporary organizational behavior and strategic management, leadership is seen as the main engine driving competitive advantage, employee engagement, and long-term organizational survival [4, 7, 11]. Right now, the global landscape, heavily shaped by post-pandemic digital transformations and shaky market shifts, has pushed a crucial shift away from the old bureaucratic command and control approach, and toward models that are far more agile, knowledge-intensive, and decentralized [14, 18, 20]. In these restless conditions, leaders' ability to align people, motivate them, and guide human capital effectively becomes the key line between strategic resilience and organizational being left behind [4, 7, 15]. Over roughly the last forty years, the academic and practitioner consensus has been gathered around Full Range Leadership Theory FRLT, as the main framework explaining these leader follower dynamics [2, 5, 11].

The intellectual roots of transformational and transactional leadership started with James MacGregor Burns, who looked at political leaders and pictured these two approaches as opposite ends of one continuum, [4, 7, 11]. In Burns' view, transactional leadership is basically a swap-based arrangement, where leaders and followers trade particular resources to meet near-term goals that are self-centered and immediate [4, 7, 15]. By contrast, transformational leadership is an uplifting moral process, where leaders work with followers to meet deeper, inner needs, changing personal values and tying each person's intentions to broader group aims [4, 5, 7]. Later, Bernard M. Bass adapted and broadened the idea for organizational psychology, challenging Burns' claim about a single continuum [5, 7, 11]. Bass also maintained that transformational and transactional leadership are separate, orthogonal dimensions, so a capable leader can, and actually should, show different levels of both styles at the same time [4, 7, 11].

Within the modern FRLT framework, transformational leadership gets organized across four core dimensions, what people call the "Four Is", idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration [5, 15, 17]. Idealized influence, often described as charismatic leadership, shows up as how much a leader becomes a moral role model, holds strong ethical convictions, and makes personal sacrifices, which leads followers to feel deep trust, earn respect, and end up wanting to emulate, quite noticeably [2, 5, 15]. Inspirational motivation is more about voicing an attractive shared vision of what comes next, setting high expectation standards, and attaching real meaning to everyday duties, so the work is felt as purposeful not just procedural [2, 5, 17]. Intellectual stimulation meanwhile is where followers are pushed to question long-held assumptions, rethink routine issues, try well-measured risks, and do creative, independent thinking instead of just repeating habits [3, 5, 15].

Then individualized consideration is basically the leader functioning as a supportive coach or mentor, actively hearing each person's developmental needs, and giving tailored support so every follower can reach their greatest potential [3, 5, 15].

Transactional leadership works through practical exchange routines and it is sort-of built on three main pieces, contingent reward, active management-by-exception, and passive management-by-exception [4, 5, 9]. Contingent reward is basically a constructive back-and-forth, where the leader lays out role expectations, sets performance linked targets, and then gives positive acknowledgment, or visible rewards when tasks are completed successfully [3, 5, 9]. Active management-by-exception sounds vigilant, even anticipatory, the leader keeps watching follower conduct, tries to foresee operational mismatches and then applies corrective rules so that breakdowns can be prevented rather than handled later [3, 5, 9]. Passive management-by-exception is more reactive, the leader steps in and delivers punishments, or gives sharper corrective feedback only once mistakes have already hit a certain, critical level [3, 5, 9].

On the other side of the FRLT range, you end up with laissez-faire leadership, which is described as a non-leadership approach. It is marked by consistent avoidance of accountability, hesitation when decisions are needed, and a steady unavailability when leadership input is urgently required [2, 5, 15].

Leadership is honestly a crucial part of how organizations are managed, and the way leaders lead can really affect both the performance, as well as the satisfaction of the people who follow them. If you look at literature, two of the most repeated approaches are transactional leadership and transformational leadership, and they vary a lot in how they operate, and what they're trying to get. Research on transactional leadership tends to stress order, and the reward side of things, so there's this sort of back-and-forth agreement where what is expected from followers is spelled out, and what they get in return, is equally clear [7]. On the other hand, transformational leadership rests on the leader's capability to inspire, and to nurture deep shifts in followers, pulling them toward objectives that go beyond their own narrow interests, kind of beyond "me" [4, 5].

1.2. Transactional Leadership

Transactional leadership is kind of rooted in exchange, like leaders give rewards or impose sanctions, to get people to finish given tasks. As Bass states, this approach tends to fit organizational situations that need a lot of structure and tighter control, and it can be especially helpful for hitting short term objectives. Transactional leaders usually work through three main pieces: contingent reward, active management-by-exception, and passive management-by-exception [9]. The first one is about offering clear benefits or acknowledgments when the assigned goals are reached, while the other two are more about stepping in, either actively, or in a more reactive, waiting mode, when problems, deviations, or failures show up.[1] also suggests that this

leadership style works better in low risk, low variability settings, where stability is more desirable than surprises.

1.3. Transformational Leadership

Then again, transformational leadership leans toward something more motivational. It focuses on inspiring and energizing followers through charismatic influence, intellectual stimulation, and individualized consideration [5]. The aim is to build a more committed rapport with followers and support their personal growth as well as their professional development. Research work like Judge and Piccolo [11] plus Avolio and Bass [2] points to transformational leadership being more effective where constant change happens and adaptability is required. It has also been linked to better performance inside complex, fast-moving environments.

1.4. Key Differences in Those Two Approaches

The main gap between transactional leadership and transformational leadership is basically in how they get followers to commit, and in the way they go about it. Transactional leadership leans on supervision and compliance through clear incentives, basically, while transformational leadership leans more on motivation, and on deep change, pushing people toward originality and personal growth [15]. Even so, transactional leadership tends to work best for efficiency and firm control in well-defined tasks, whereas transformational leadership fits better when the organization is dealing with change, because it helps followers stay flexible when something unexpected shows up.

2. Literature Review and Critical Research Gaps

Despite an extensive body of literature, several critical gaps remain unresolved, in a way that still feels not fully pinned down. First, although empirical research heavily emphasizes the positive outcomes linked with transformational leadership, many existing studies do not really compare the relative validities of transformational behaviors side by side with transactional contingent reward across highly distinct organizational sectors like healthcare, education, and research and development [8, 12, 16]. Second, the precise operational mechanics of the “augmentation effect” are still empirically fragmented, and that is the theoretical idea that transformational leadership builds up from transactional leadership rather than replacing it, so that unique variance in follower performance can be explained more cleanly. Yet, in post-pandemic, digitally disrupted workspaces this premise remains poorly understood [6, 11, 18]. Third, there is a noticeable absence of integration between the classic FRLT framework and more contemporary models of organizational ambidexterity, where leaders must balance exploratory innovation, opening behaviors, with exploitative efficiency, closing behaviors [6, 18].

Finally, the literature still lacks a comprehensive, mathematically validated analysis of how external structural constraints, such as organizational unit size and geographical settings predict the appearance of constructive leadership versus passive-avoidant leadership styles [10]. This study steps right into these issues by doing a systematic review, plus a meta-analytic synthesis of quantitative empirical work.

2.1. Problem Statement, Research Question, and Specific Objectives

The main research problem that this study tackles is the absence of one unified, mathematically validated model that shows how transformational leadership and transactional leadership behaviors work together to shape performance, how these effects are limited by structural contexts, and how those behaviors can be combined in order to reach organizational ambidexterity [6, 10].

To handle this, the study aims to answer the research question: How do transformational and transactional leadership behaviors, both alone and in combination, predict organizational performance and employee outcomes, and in which specific ways does their integration facilitate organizational ambidexterity while also reducing the constraints created by organizational size and geography [6, 10]?

To respond to the research question, the specific objectives of this study are:

- 1) To quantify and compare the meta-analytic true score validities for transformational, transactional, and laissez-faire leadership behaviors across a range of organizational criteria, [4, 11].
- 2) To empirically test the validity of the augmentation hypothesis by looking at inter-correlations and the added predictive power of transformational leadership over contingent reward [4, 11].
- 3) To figure out how external setting conditions, namely organizational unit size and geographical location, help predict the frequency of constructive versus passive-avoidant leadership behaviors, [16].
- 4) To develop a stage-aware conceptual scheme showing how leaders can dynamically toggle between opening behaviors (transformational) and closing behaviors (transactional) to cultivate organizational ambidexterity [6, 18].

To help deliver practical, evidence-based directions for leadership training initiatives that are trying to ride through digital disruption and crisis management, [13, 20].

2.2. Systematic Literature Review Protocol and Information Sources

This study uses systematic literature review with a meta-analytic synthesis, design style [14, 16, 18]. It is observational, and analytical too, the idea is to gather check and merge quan-

titative empirical evidence, with a clear, again repeatable approach, so reporting, plus selection bias is reduced [15, 16]. In practice, this approach aims to deliver a broad, high-resolution recap of how transformational alongside transactional leadership styles work across different organizational situations [15, 16].

The main literature identification relied on a screening workflow grounded in the Preferred Reporting Items for Systematic Reviews and Meta-Analyses, PRISMA 2020 [16, 18]. For the search stage, systematic database queries were done across four major academic sources: Scopus, Web of Science, SAGE Journals, and ScienceDirect. The query logic used boolean operators to retrieve studies that sit at the overlap of leadership conduct, organizational innovation, and performance results:

"Search String: " ("\"transformational leadership\" \" OR \"transactional leadership\" \" OR \"contingent reward\"") AND ("\"organizational innovation\" \" OR \"ambidexterity\" \" OR \"performance\"")

2.3. Screening, Data Extraction, and Selection Criteria

To keep the evidence base current and methodically strict, eligibility rules were set before the search began:

Studies must be peer-reviewed, empirical, quantitative investigations [1, 11].

Studies must be published from 2019 to 2026, or refer to foundational longitudinal and meta-analytic research that is commonly used to set baseline validities [11].

Leadership behaviors must be measured using the Multifactor Leadership Questionnaire (MLQ-5X) or a closely related, comparable instrument, which is sometimes framed as an adjacent measurement tool, and used to reduce mismatch between studies.

2.3.1. Methodological Quality and Risk of Bias Assessment

For assessing the methodological quality and the risk of bias across the main cross-sectional studies, the Joanna Briggs Institute (JBI) Critical Appraisal Checklist for Analytical Cross-Sectional Studies was carried out, independently by two researchers [13]. The tool itself has 8 methodological signaling questions, not all of which are equally easy to interpret in practice:

- 1) Q1: Were the inclusion criteria for the sample plainly defined? [13]
- 2) Q2: Were the study participants and the setting described in enough detail? [13]
- 3) Q3: Was the exposure measured using a sound, dependable method? [13]

- 4) Q4: Were neutral, uniform criteria used to assess the condition? [13]
- 5) Q5: Were the possible confounding factors identified? [13]
- 6) Q6: Were approaches to manage confounding factors stated, or at least hinted? [13]
- 7) Q7: Were the outcomes measured in a valid and reliable manner? [13]
- 8) Q8: Was an appropriate statistical analysis used? [13]

For each included study, the appraisers rated every criterion as "Yes," "No," "Unclear," or "Not Applicable" [13]. When the two researchers did not agree on an item, the differences were talked through, and they kept discussing until consensus was formed [13]. In the end, the results from this quality check were used to guide how the synthesized findings should be interpreted, sort of like keeping a tempered tone, especially when conclusions were drawn from studies that might carry confounding constraints [13].

2.3.2. Meta-Analytic, Plus Statistical Modeling

Because measurement unreliability and non-uniform psychometric instruments can kind of blur the results, the observed association values (rxy) were adjusted to reflect what the "true" score relationship would likely look like (pxy):

$$\rho_{xy} = \frac{r_{xy}}{\sqrt{r_{xx}r_{yy}}} \quad (1)$$

Here, pxy is treated as the estimated correlation between leadership behaviors and the performance indicators [11], while (rxy) is the correlation value that was reported in the original paper [11]. Also (rxx) stands for scale reliability, using Cronbach's alpha for the leadership measure [2, 11] and (ryy) is the reliability for the performance outcome measure [2, 3].

To check how structural and situational issues might be affecting things, multivariable linear regression was run across 398 organizational units [10]. In those predictive setups, organizational unit size (the number of staff) and the location context (urban versus rural) were included as drivers for the leadership approaches used by managers [10]. The regression expressions were written like this:

$$Y_{\text{TFL}} = \beta_{0,\text{TFL}} + \beta_{1,\text{TFL}} X_{\text{Unit Size}} + \epsilon_{\text{TFL}} \quad (2)$$

$$Y_{\text{TAL}} = \beta_{0,\text{TAL}} + \beta_{1,\text{TAL}} X_{\text{Unit Size}} + \epsilon_{\text{TAL}} \quad (3)$$

$$Y_{\text{LF}} = \beta_{0,\text{LF}} + \beta_{1,\text{LF}} X_{\text{Geography}} + \epsilon_{\text{LF}} \quad (4)$$

In the equations, Y refers to the leadership style that was assessed (Transformational, Transactional, or Passive-Avoidant). β_0 is the intercept, β_1 is the standardized regression coefficient (β) and ϵ is the stochastic error component [10].

2.4. Performance Beyond Expectations



Figure 1. Schematic representation of the augmentation hypothesis, illustrating transformational behaviors building upon the transactional foundation (adapted from [4, 11]).



Note: Transformational behaviors drive exploration; transactional behaviors ensure exploitation. Their effective integration enables ambidextrous leadership and superior organizational outcomes.

Figure 2. The ambidextrous leadership framework showing dynamic switching between opening and closing behaviors across the innovation cycle (adapted from [18]).

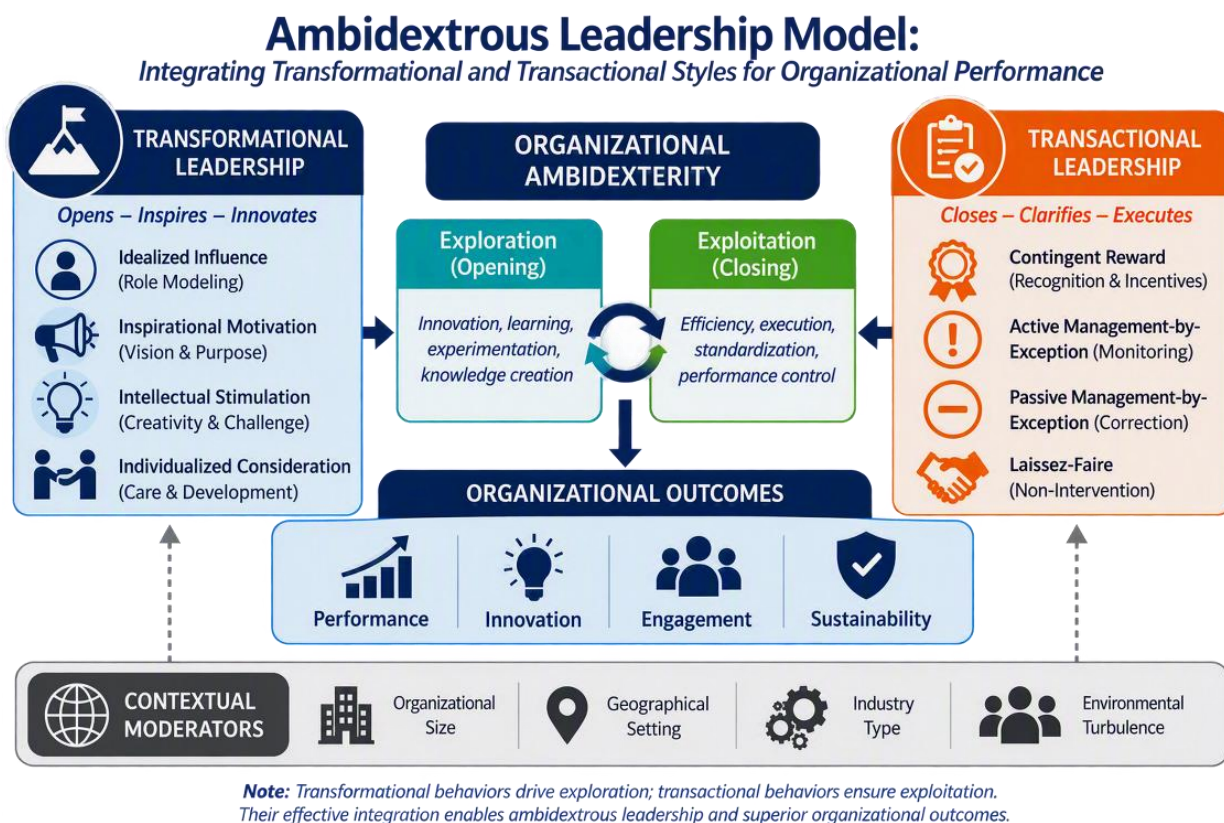


Figure 3. Integrative Model of transformational and transactional leadership.

2.5. Quantitative Data and Findings

Table 1. Validity and Key Correlations of Leadership Dimensions.

Dimension	$\hat{\rho}$	TFL	CR	LF
TFL	0.44	1.00	0.80	-0.65
CR	0.39	0.80	1.00	-0.50
MBE-A	0.15	0.25	0.20	0.15
MBE-P	-0.18	-0.46	-0.49	0.62
LF	-0.37	-0.65	-0.50	1.00

Note. TFL = Transformational Leadership; CR = Contingent Reward; MBE-A = Active Management-by-Exception; MBE-P = Passive Management-by-Exception; LF = Laissez-Faire Leadership

*Table 1 True score validities ($\hat{\rho}$) and inter-correlations of leadership dimensions. True score validities represent correlations corrected for measurement error [11]. All values are statistically significant, with the 90% confidence intervals excluding zero [11].

The data seems to suggest that transformational leadership shows the best general validity ($\hat{\rho} = .44$) when you look across organizational performance criteria, and it comes close to transactional contingent reward ($\hat{\rho} = .39$) [11]. By comparison, active management-by-exception has only a little positive linkage ($\hat{\rho} = .15$), but passive management-by-exception ($\hat{\rho} = -.18$) plus, laissez-faire leadership ($\hat{\rho} = -.37$) move in the

negative direction toward leadership criteria [2, 5, 11].

What's especially interesting is that a strong positive correlation ($r = .80$) shows up between transformational leadership and contingent reward [2, 5, 11]. This huge overlap really highlights how these constructive leadership pieces can be conceptually and practically woven together.

Table 2. summarizes the quality appraisal scores across the primary JBI evaluation criteria.

Criterion	Yes (%)	No (%)	Unclear (%)	Methodological safeguard
Q1	100.0	0.0	0.0	Clearly defined inclusion criteria [13]
Q2	95.4	4.6	0.0	Detailed description [13]
Q3	100.0	0.0	0.0	Valid exposure [13]
Q4	95.4	4.6	0.0	Standard criteria [13]
Q5	86.4	13.6	0.0	Confounders identified [13]
Q6	81.8	18.2	0.0	Confounders managed [13]
Q7	100.0	0.0	0.0	Reliable outcomes [13]
Q8	100.0	0.0	0.0	Appropriate statistics [13]

Table 2. Methodological quality appraisal summary of primary cross-sectional studies based on $N = 22$ appraised analytical cross-sectional studies published between 2020 and 2025 [13, 14].**Table 3.** Categorization of leadership-performance relationships.

Relationship Pattern	Empirical Study Count	Percentage of Sample (%)	Dominant Leadership styles Identified	Key Mediating and Moderating Variables
Dominant Positive Effect	12	54.5	Transformational Servant	Psychological safety, intrinsic and team cohesion [13, 14, 17]
Mediated Effect	6	27.3	Transformational, Transactional	Perceived organizational support, communication quality and trust [13, 14, 17]
Non-dominant Effect	3	13.6	Situational, Contingent	Organizational structure, resource intensity and Work setting [13, 16, 17]
Negative Effect	1	4.5	Laissez-Faire	Role Ambiguity, disengagement and low staff accountability [5, 13, 16]

Table 3. Categorization of leadership-performance relationships in contemporary research based on $N = 22$ high-quality empirical studies analyzed using the systematic literature review protocol [13, 14].**Table 4.** Regression analysis predicting leadership styles.

Dependent Variable	Predictor Variable	B	β	t-	p-	Model Fit statistics
Transformational leadership	Intercept	3.45	-	12.45	<.001	$R^2 = .24$, $F=18.45$, $p<.001$ [10]
	Unit Size	- 0.25	- 0.22	-4.09	<.001	
Transactional Leadership	Intercept	3.12	-	11.15	<.001	$R^2 = .19$, $F=14.12$, $p<.001$ [10]
	Unit Size	-0.30	-0.28	-7.19	<.001	
Passive-Avoidant Leadership	Intercept	2.10	-	8.24	<.001	$R^2 = .15$, $F=11.08$, $p<.001$ [10]
	Geographical Location	-0.15	-0.18	-3.37	<.001	

Table 4. Regression analysis predicting leadership styles from unit size and geography based on $N = 398$ organizational units [10]. Geographical location is coded as an inverse rural-urban variable, where negative coefficients indicate higher scores in large, centralized urban environments [10].

Table 5. Structural comparison of opening and closing behaviors.

Behavioral Dimension	Opening Behaviors (Transformational Core)	Closing Behaviors (Transactional core)
Primary objective	Footer Exploration, divergence and risk-tasking	Encourage exploitation convergence, and execution
Cognitive Mechanism	Challenge existing paradigm via intellectual stimulation	Clarify operational paths via goal alignment and rules
Variance Management	Increase behavioral variance to generate diverse solutions	Minimize variance to maximize quality and efficiency
Feedback Loop	Focus on long-term personal growth and vision	Focus on short-term contingent reinforcement and metrics
Innovation	Conceptualization, design and ideation	Development, scale-up and commercialization

Table 5. Structural comparison of opening and closing behaviors within the ambidextrous leadership framework [18, 21].

3. Methodological Quality Appraisal of Primary Literature

When looking at the contemporary empirical studies, the systematic appraisal based on the JBI Critical Appraisal Checklist showed high methodological standards, even if everything felt a bit messy at first [13]. From the 22 analytical cross-sectional studies that were reviewed under this protocol, 20 of them, 90.9% were considered high quality, while the remaining two studies, 9.1%, were judged to be moderate quality [13]. In Table 2, the quality appraisal scores are laid out across the primary JBI evaluation criteria.

Table 2. Methodological quality appraisal summary for primary cross-sectional studies, based on $N=22$ appraised analytical cross-sectional studies published between 2020 and 2025 [13, 14].

The appraisal shows that measurement validity, as well as statistical analysis, was quite solid across essentially all reviewed studies, but figuring out and also controlling for confounding factors was, kind of a major issue in several of the cross-sectional designs [13]. That means, it also suggests that, to merge the true score relationships from different situations, meta-analytic adjustments are not optional and should be relied on instead of only narrative comparison.

4. Results

4.1. Categorization of Leadership-Performance Relationships

The synthesis of empirical studies spanning 2020–2025

seemed to point toward distinct patterns about the way leadership approaches shape employee, and overall organizational performance [13, 14]. From that, the relationships were basically sorted into four main kinds, depending on statistical significance and how the models were built, a bit structural, so to speak. Table 3 Categorization of leadership–performance links in more recent inquiry, built from $N=22$ high-quality empirical studies that were reviewed following a systematic literature review protocol [13, 14].

If we look at the empirical spread, it shows that just over half of the core research, 54.5%, backs a straight ahead, strong positive tie between constructive leadership styles (transformational and servant) and employee output. Then there is the other chunk, 27.3% of the studies, which show that leadership affects performance, but not directly, instead it works through organizational and psychological mediators [13, 14].

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4.3. Regression Analysis of Structural and Contextual Predictors

A multivariable linear regression approach was applied to check how the size of an organizational unit (number of personnel) and the geographical setting relate to the presence of transformational, transactional, and passive-avoidant leadership behaviors [10]. The output from the regression is laid out in Table 4, where the analysis is shown as being based on $N=398$ organizational units [10]. In this study, geographical location was treated as an inverse rural–urban indicator, so when you see negative coefficients, it means the score is higher in big, centralized urban areas [10].

Overall, the regression results suggest that organizational unit size predicts transformational leadership in a significant negative way ($\beta=-0.22$) and also predicts transactional leadership significantly and negatively ($\beta=-0.28$). In other words, constructive leadership tendencies seem to show up more often in smaller units, with fewer layers of bureaucracy [10]. On the other hand, passive-avoidant leadership is significantly and positively linked to larger urban contexts ($\beta=-0.18$, and this is after considering the inverse coding). So, in larger, centralized urban environments, there is greater risk or higher likelihood of passive-avoidant leadership patterns [10].

5. Discussion

5.1. Interpretation of Validities and the Augmentation Hypothesis.

The synthesized quantitative, and meta-analytic findings give solid backing for the hypothesized relationships, sorta clarifying some older FRLT arguments. Transformational leadership showed the strongest overall validity ($\rho^2=.44$) over organizational performance indicators, which supports its dominant place in modern strategic management [11]. The link exists because transformational practices basically reorganize followers' self-understanding [5, 19] When idealized influence and inspirational motivation help align personal values with the collective purpose, transformational leaders push workers beyond plain obedience or just check boxes. That movement, from outside compliance toward inner dedication, tends to raise employee engagement, job satisfaction, and a more shared responsibility for organizational objectives [5, 11, 19].

The findings also point to a strong positive association ($r=.80$) between transformational leadership and transactional contingent reward [11]. That big correlation supports the psychometric soundness of the augmentation hypothesis that was first set out by Bernard M. Bass [4, 5, 11]. The augmentation

claim is that transformational leadership doesn't just crowd out transactional leadership, it builds on a dependable transactional platform in order to spark unusual, or exceptional performance [4, 9, 11].

Contingent reward functions as a constructive transactional base, helping define roles, clarify expectations, and keep reward arrangements predictable [2, 5]. After that transactional regularity creates baseline trust and steadiness, the leader can add transformational behaviors, like intellectual stimulation and something more... well, beyond that, at least in the way it is usually described.

5.2. Theoretical Synthesis: The Ambidextrous Leadership Paradigm

The link between transformational and transactional leadership starts to look a lot more obvious once it's paired with organizational ambidexterity theory. Ambidexterity is usually described as the organization's ability to exploit existing competencies at the same time as it explores new opportunities [18, 21]. Exploitation here means short term efficiency and alignment, while exploiting points toward long-term adaptation and innovation. So, in the synthesized view, transformational and transactional leadership don't just "compete", they work like complementary behavioral systems that support those two parallel needs.

Transformational leadership works more like an "opening" behavior [18, 21]. With intellectual stimulation in particular, transformational leaders can widen the variance in how followers behave, which basically pushes employees to question the status quo, try things out, take some risks, and produce fresh, unusual ideas. This kind of opening capacity matters a great deal in the early stage when exploration and creativity are the main game.

On the flip side, transactional leadership tends to behave like a "closing" mechanism [21]. Using contingent rewards, active management by exception, and keeping tight to procedures, transactional leaders typically narrow down the variance in follower behaviors. The outcome is that attention gets shifted toward preventing errors, repeating standardized execution, improving efficiency, and maintaining operational control. This closing capacity becomes more relevant later, when exploitation and implementation phases start to dominate.

Because of that, the most useful leadership approach for modern organizations is not purely transformational or purely transactional, but more "ambidextrous" [18]. Leaders need the behavioral flexibility to flip back and forth between opening and closing behaviors as the innovation cycle changes, and yes, this also means adjusting their style to fit the moment [18]. That behavioral differentiation is laid out in Table 5.

5.3. Contextual and Sector-Specific Implications

The regression models in Table 4 show that structural con-

straints really do shape how these leadership styles end up being expressed [10]. The result that smaller organizations display significantly higher levels of both transformational and transactional behaviors suggests that structural proximity is kind of a central driver, of constructive leadership [4, 10, 15]. In smaller settings leaders can stay in nearer contact with followers so they can build higher-quality dyadic relationships, provide personalized coaching, and give immediate contingent reinforcement. On the other hand, large, centralized urban and corporate environments seem more exposed to passive-avoidant leadership patterns [10, 13]. This exposure points toward a bureaucratic distancing effect, where the structural gap weakens interpersonal bonds, and it becomes less likely that active, constructive leadership behaviors will show up.

Also, industries do not all want the same “mix” of styles. Longitudinal evidence from research and development, (R&D) settings indicates that transformational leadership works as a stronger predictor of technical quality in research-focused activities, while structured initiating behaviors, which are similar to active transactional practices are stronger predictors of technical quality in development, execution-heavy projects [12].

In healthcare contexts, transactional protocols and active management-by-exception are central, for minimizing clinical mistakes, lowering patient mortality, and keeping safety standards intact [8, 22]. At the same time, transformational behaviors still matter because they help reduce staff burnout, they support a healthier climate, and they encourage staff to stay open to new evidence-based clinical practices [4, 8, 23].

Similarly, Transformational behaviors are kind of necessary to reduce staff burnout, help build a better atmosphere, and nudge people to stay open to new evidence-based clinical practices [4, 8, 23].

In the same sort of way, in knowledge-intensive organizations like digital library systems, the success of technological transitions also depends a lot on leadership that can push both social change and structural change. And when leadership is bureaucratic or passive, or just transactional in a more “let’s not rock the boat” style, it often doesn’t create the intrinsic drive needed for digital adoption. But an active, socially grounded transformational approach does something more, it builds trust, promotes teamwork and helps form a learning culture which is what you need to bring in complicated e-resources, and connect cross-functional digital services.

5.4. Methodological Limitations and Potential Biases

There are several methodological limitations, and they must be kept in mind when reading these findings. First, most of the reviewed primary studies are cross-sectional surveys, so it becomes hard to claim anything strongly causal [2, 13]. It is also possible that if a work unit is doing well, then followers might

naturally rate their leader as more transformational, which introduces a reverse-causality risk.

Second, a lot of the empirical work leans on self-reported measures, and often it’s all from one source, where employees rate leader behaviors and they also rate their own work outcomes. This creates a common-method variance problem, which can inflate the correlations that researchers observe [11, 13].

Finally, the inter-correlation between transformational leadership and contingent reward is high ($r=.80$), so this may create multicollinearity issues in regression models. As a result, it can be tough to sort out the separate, independent predictive contribution of each constructive style [2, 5, 11].

6. Conclusions

6.1. Summary of Academic Contributions

This study offers a rather rigorous, meta-analytic synthesis of transformational and transactional leadership behaviors, and in doing so it does confirm the core claims behind Full Range Leadership Theory, though it also pushes the idea into more contemporary organizational settings. Overall results point to transformational leadership as the strongest predictor of positive employee outcomes as well as explorative innovation, yet its impact feels very conditional. In particular, the whole story hinges on having a stable transactional foundation underneath it. Transactional contingent reward seems to do more than just “motivate” in a simple way; it sets the groundwork for role clarity, day to day predictability, and operational trust, which then allows transformational behaviors to realistically lift employees to perform beyond what they’d normally do.

For modern organizations, the main contribution is that leadership effectiveness does not need a straight choice between inspiration and control. Rather, durable performance appears to come from ambidextrous flexibility, like a kind of adaptive in both directions. Leaders should build the behavioral capacity to shift, dynamically, between opening behaviors that are transformational—meant to stimulate creativity and exploration—and closing behaviors that are transactional, which then protect operational efficiency, precision and exploitative execution.

6.2. Practical and Managerial Implications

From a managerial point of view, these findings suggest that when organizations hit rapid technological shifts or crisis conditions, they should not just run another leadership, training track in a silo kind of way. Instead, they need to dismantle or reassemble that leadership style approach in a more nuanced manner, its kind of does not really work as one single thing. Rather than assuming transformational leadership is a universal fix, executive development programs should cultivate behavioral complexity. Managers should be coached to

recognize, in a real time sense, what stage their team is currently moving through in the innovation cycle. In the early phase of a project, where brainstorming happens, design is still being shaped, and deviation from established procedures is needed, leaders ought to lean into “opening” transformational behaviors. That means they encourage intellectual stimulation and, at the same time, maintain psychological safety. Then, once the work moves into the implementation and commercialization stage, the same leaders should pivot toward “closing” transactional behaviors, meaning contingent rewards and a more proactive stance on error monitoring, so execution quality does not drift and schedules are respected.

Also, human resource practitioners must take structural constraints seriously, because the org chart is not a background detail. When large organizational unit sizes and very centralized urban settings both raise the vulnerability to passive-avoidant leadership, large corporations should consider designing flatter structures. In practice, splitting big corporate divisions into smaller, highly autonomous cross-functional units can restore a kind of structural closeness that tends to support active, constructive leadership behaviors in a more natural way.

6.3. Strategic Directions for Future Research

Considering the limits observed in this synthesis, four directions for future research are suggested, though they’re not meant to be simple additions, more like a follow up path that feels slightly connected but still different:

- 1) Future studies should use longitudinal, multi wave, and daily diary designs to follow how leaders shift between opening and closing behaviors in real time, and how this kind of shifting affects day to day employee engagement plus inventive outputs [13, 15].
- 2) Researchers should lean on objective, separate source performance measures like financial records, administrative data, or patent counts, so that the dangers of common method variance and self report bias are reduced especially in cross sectional work [12, 13].
- 3) More empirical work is needed to test how moving toward remote and hybrid settings changes a leader’s ability to enact individualized consideration together with active management by exception across virtual, technology mediated boundaries [14, 15].
- 4) Future research should look at how artificial intelligence and digital collaboration tools act as moderators of the leadership performance link, including the question of whether automated feedback systems can boost transactional closing behaviors, and in turn leave leaders more room to focus on transformational opening behaviors [14, 18].

Transactional and transformational leadership are not really opposites so much as, they can work together, and which one to use depends on organizational aims and the exact circum-

stances. Transactional leadership supports efficiency, and getting concrete short-term results, while transformational leadership is important for strengthening internal drive and making real shifts in how followers think and act. In practice, a well-mixed use of both can give organizations better adaptability and steadier performance, depending on the needs at the time and the environment they’re in.

Abbreviations

FRLT	Full Range Leadership Theory
TFL	Transformational Leadership
TAL	Transactional Leadership
CR	Contingent Reward
MBE-A	Management-By-Exception – Active
MBE-P	Management-By-Exception – Passive
LF	Laissez-Faire Leadership
SLR	Systematic Literature Review
PRISMA	Preferred Reporting Items for Systematic Reviews and Meta-Analyses
JBI	Joanna Briggs Institute
OI	Organizational Identification
EBP	Evidence-Based Practice
R&D	Research and Development

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Author Contributions

Sixto Ricardo Baez-Monegro: Conceptualization, Data curation, Formal Analysis, Investigation, Methodology, Project administration, Resources, Software, Supervision, Validation, Visualization, Writing – original draft, Writing – review & editing

Data Availability Statement

The data is available from the corresponding author upon reasonable request.

Conflicts of Interest

The author declares no conflicts of interest.

Appendix

To assess the reliability of the psychometric measurements of leadership styles, the internal consistency of the MLQ-5X subscales was analyzed across the primary appraised studies. Table 6 presents the average reliability coefficients

(Cronbach's alpha, α) for each leadership dimension extracted from primary literature.

Table 6. Reliability coefficients of leadership measurement scales. Reliability data represent the meaning of Cronbach's alpha values compiled across the primary quantitative empirical literature utilizing the MLQ-5X instrument [2, 13].

Leadership Subscale	Number Of Items	Average Cronbach's Alpha (α)	Psychometric Status
Idealized Influence (TFL)	8	.86	Highly Reliable [2]
Inspirational Motivation (TFL)	4	.84	Highly Reliable [2, 17]
Intellectual Stimulation (TFL)	4	.81	Reliable [2, 17]
Individualized Consideratin (TFL)	4	.82	Reliable [2, 17]
Contigent Reward (TAL)	4	.80	Reliable [2, 13]
Management by Exception Active (TAL)	4	.74	Acceptable [9, 13]
Management by Exception Passive (TAL)	4	.72	Acceptable [13]
Laissez-Faire Leadership (LF)	4	.78	Reliable [2, 13]

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Biography



Sixto Ricardo Baez Monegro is a Doctor of Business Administration (DBA) candidate at Broward International University. He holds a Master of Science in Civil Engineering with a specialization in Construction Management from the New Jersey Institute of Technology, and a bachelor's degree in civil engineering from the Autonomous University of Santo Domingo. Recognized for his contributions to the field, Mr. Baez Monegro has earned the Project Management Professional (PMP)® and Risk Management Professional (PMI-RMP)® designations from the Project Management Institute (PMI), alongside credentials in advanced infrastructure management. His primary research focuses on integrating Artificial Intelligence (AI), Building Information Modeling (BIM), and Big Data Analytics within infrastructure project management. He has led multiple complex capital infrastructure projects and serves as an active volunteer, Innovator Program Ambassador, and committee leader for prominent professional organizations

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