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TRANSFORMATIONAL VS. TRANSACTIONAL LEADERSHIP: CULTURAL CONTEXTS AND MANAGERIAL IMPLICATIONS IN GLOBAL ORGANIZATIONS

Ipsita Dash^{1*}, Monica Verma², Vidhu Gupta³, Nguyen Manh Cuong⁴, Raquel Virginia Colcha Ortiz⁵, AH Al Qasem⁶, Manoj P. K⁷

¹Assistant Professor, Biju Patnaik Institute of Information Studies (BIITM), Bhubaneswar, India, Orcid ID: <https://orcid.org/0009-0008-7743-4137>, Email Id: ipsitadash789@gmail.com

²Professor, New Delhi Institute of Management, Email Id: Monica.verma@ndimdelhi.org,
<https://orcid.org/0000-0003-2789-1117>

³Associate Professor & Associate Dean, Chandigarh School of Business, CGC University, Mohali, Punjab, Orcid ID: <https://orcid.org/0000-0001-6836-7739>, Email ID- vidhumahajan685@gmail.com

⁴Professor Dr in Business administration and economics, Berlin school of Business administration and Economic, Orcid ID: 0009-0007-8068-3022, Email Id: nguyencuongberlin@gmail.com

⁵PhD Scholar, Docente Investigador Escuela Superior Politécnica de Chimborazo (ESPOCH), Orcid ID: <https://orcid.org/0000-0002-3252-9158>, Email ID: raquel.colcha@epoch.edu.ec.

⁶Associate Professor, College of Business, University of Al Dhaid, UAE,
Email ID: Aalkassem@uodh.ac.ae, <https://orcid.org/0000-0002-4892-7361>

⁷Professor and Head, Department of Applied Economics, Cochin University of Science and Technology (CUSAT), Kochi, Kerala - 682 022, Orcid ID: <https://orcid.org/0000-0002-5710-1086>, Email Id: manoj_p_k2004@yahoo.co.in

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Corresponding Author: Ipsita Dash
(ipsitadash789@gmail.com)

ABSTRACT

This study examines the cross-cultural perceptions of transformational and transactional leadership across organizational contexts in North America, East Asia, and Europe. The objective was to assess how culturally embedded variables such as individualism, power distance, and uncertainty avoidance influence employees' evaluations of leadership behavior. Using a mixed-method comparative design, the research combined quantitative survey data (n = 300) with qualitative narrative responses (n = 183). Standardized instruments were employed to measure leadership assessments and cultural orientation, while analysis involved Analysis of Variance (ANOVA), t-tests, and multiple regression. The results revealed significant regional variation: North American participants preferred leaders who demonstrated autonomy and inspiration, East Asian respondents favored leaders who emphasized structure and clarity, and European participants leaned toward a balanced model that incorporated both relational and procedural strengths. Thematic analysis of open-ended responses reinforced these findings and illuminated the alignment between sociocultural frameworks and leadership ideals. A joint display matrix integrating both data strands highlighted areas of convergence and

divergence, offering a comprehensive picture of culturally contingent leadership expectations. This study contributes to global management literature by challenging universal leadership prescriptions and demonstrating the need for culturally adaptive leadership development. The findings have practical implications for multinational organizations navigating diverse workforces and inform future inquiry into emerging workplace dynamics.

KEYWORDS: Cross-Cultural Management, Leadership Perception, Organizational Behavior, Cultural Dimensions, Managerial Adaptation, Hybrid Leadership, Employee Expectations, Intercultural Leadership Development.

1. INTRODUCTION

The importance of managerial influence is considered obvious in creating the success of the organization in the conditions of globalization, high cultural diversity, and other challenges. The styles used by managers of the companies as they grow enterprisingly across boundaries have a great influence on the motivation, innovativeness, and collaboration of the employees and long-term performance (Cho et al., 2019). Transformational and transactional approaches are also among the most well-known theoretical frameworks in this area and have significantly influenced the present-day theory and practice. Transformational leadership is commonly differentiated based on its central aspects: inspirational motivation, intellectual stimulation, individualized consideration, and idealized influence (Rockstuhl et al., 2023). This model lays stress on the expression of a powerful vision, the promotion of individual development, and the coordination of individual and corporate objectives. On the contrary, transactional models emphasize structured exchanges, expectations, and rule enforcement. The main features of this style are the focus on compliance, standardized operations, and contingent rewards and correction as performance monitoring (Passakonjaras & Hartijasti, 2020). Although the transformational model is often touted as being used to promote innovation, flexibility, and long-term involvement (Saeed & Mughal, 2019), transactional activities still seem to be effective in environments where clarity, consistency, and efficiency are the key priorities especially in highly regulated sectors (Wang et al., 2021). These approaches can be used strategically instead of being mutually exclusive, since they are used to handle different operational needs. Nevertheless, the effectiveness of every style should be considered in the context of the whole culture. Managerial behaviors are strongly influenced by situational aspects, especially cultural norms and expectations. The Global Leadership and Organizational Behavior Effectiveness (GLOBE) research demonstrated that there are significant variations in the perception and appreciation of power, impact, and organizational leadership (Yaghi, 2017). The dimensions of culture, including the ones of power distance, individualism versus collectivism, and uncertainty avoidance, provide a valuable framework of understanding how various strategies can be interpreted in different contexts (Crede et al., 2019). As an example, more hierarchical cultures, e.g., East Asian or Middle Eastern, can be more receptive to more directive and rule-based practices that transactional models are

characterized by (Ma & Jiang, 2018). Conversely, more transformational styles are welcomed by societies that appreciate autonomy and equality, e.g. U.S, Canada, or the Netherlands (Khan et al., 2021). Interestingly, there is also evidence that transformational approaches can be effective in collectivist settings, provided that leaders use shared values and collective identity (Advani, 2015). These results indicate the possibility of convergence and divergence in the form of influence enactment and reception across cultures. However, it is still lacking systematic, comparative studies that assess these dynamics in various cultural regions.

The review of the existing literature demonstrates the propensity to overstate the universal advantages of the transformational strategies without paying enough attention to the persistence of the transactional principles in the modern context (Baškarada et al., 2017). Moreover, the prevalence of Western-centric views does not allow seeing how these models operate in non-Western or culturally mixed environments (Mittal, 2015). The increased phenomenon of diverse, virtual, and cross-border teams is one reason why culturally responsive and flexible management strategies need to be developed. The new theories are now shifting to more integrative and adaptive theories that integrate different aspects according to the situation. The hybrid frameworks that combine elements of the transformational and transactional frameworks provide a more subtle view of handling the complex needs of modern organizations. The models acknowledge that cultural values, team dynamics, and organizational goals are the factors that determine the effectiveness of any strategy (Budur, 2020). Nevertheless, empirical support for these models, especially cross-cultural, is scarce. Considering these factors, the proposed study will seek to examine and contrast the perceptions of transformational and transactional practices in three culturally diverse locations, that is, North America, East Asia, and Europe. Based on the cultural theory and leadership paradigms, the study will explore the role of context in perception and effectiveness and eventually provide the practical value to organizations that have to work in various sociocultural environments. This investigation was structured around three key objectives. To begin with, it sought to make a comparison between the relative effectiveness of transformational and transactional styles in diverse cultural settings. Second, it explored the role of cultural dimensions like power distance, individualism, and uncertainty avoidance in influencing managerial influence.

Finally, it aimed at offering practical advice to global managers to change their styles to suit the demands of culturally diverse groups.

2. METHODOLOGY

2.1 Research Design

The study design involved a comparative cross-cultural mixed-methods research study, which was adopted in order to compare the perception of transformational and transactional leadership styles across cultures and how they are influenced by the national cultural dimensions. The convergent parallel type of design was selected when the quantitative and qualitative information was gathered at once and analyzed independently, and only during the period of interpretation where they merged. This method allows triangulation of numerical tendencies and cultural perception to be carried out in parallel, and, therefore, the findings of the cross-cultural studies of organizations will be more valid. The study was conducted in three culturally different parts of the world, including North America, East Asia, and Europe. These regions were selected due to their significant differences in cultural dimensions such as power distance, individualism-collectivism, and uncertainty avoidance, as identified in previous empirical frameworks. The North American sample primarily included participants from the United States and Canada; the East Asian group comprised professionals from China, Japan, and South Korea; and the European participants were mainly drawn from Germany, the Netherlands, and France.

2.2 Instruments

Quantitative data were gathered using a refined version of the well-established Multifactor Leadership Questionnaire (MLQ), adapted to evaluate key behavioral dimensions of transformational and transactional leadership. The modified instrument included items targeting core features such as inspirational motivation, individualized consideration, contingent reward, and management-by-exception. To assess cultural context, an additional standardized scale was employed to capture five major cultural constructs: power distance, individualism versus collectivism, uncertainty avoidance, masculinity versus femininity, and long-term orientation. Each construct was represented by multiple items, and all subscales demonstrated high internal reliability across the sampled regions.

To accommodate linguistic diversity among participants, surveys were administered in English

for native speakers. For respondents preferring local languages, a rigorous translation and back-translation procedure was followed by trained bilingual researchers to ensure both semantic and conceptual equivalence across versions.

2.3 Sampling and Data Collection

The stratified random sample of 300 participants (100 participants per region) was selected to reflect the diversity of perspectives across the organizational levels and cultures (managerial and non-managerial) to represent the participants of the three regions. The respondents were recruited to work in the multinational corporations within the technological, financial, and manufacturing industries and had to have a minimum of one year of experience working with multicultural or international teams. Survey administration was conducted online via Qualtrics. Participants in India were selected from domestic subsidiaries of multinational corporations. Ethical clearance was obtained before data collection, and all procedures adhered to established research ethics standards. Participation was voluntary, informed consent was obtained from all respondents, and strict confidentiality was maintained throughout the study. Besides closed-ended survey questions, the questionnaire also contained three open-ended questions that asked the survey participants to explain what they considered to be good qualities of effective leadership, issues that they found problematic in intercultural leadership environments, and whether or not they perceived their leadership in the organization to be culturally responsive. These qualitative data were analyzed on the basis of these open-ended responses. A total of 183 valid narrative responses were obtained. Thematic saturation was achieved after receiving 150 responses because there were no new themes after that number.

2.4 Data Analysis

Quantitative data were analyzed using IBM SPSS Statistics (Version 22). Descriptive statistics were calculated, and regional differences in leadership style preferences were assessed using ANOVA. Median-split procedures were applied to cultural dimension scores, enabling independent-samples *t*-tests and multiple regression analyses to examine the influence of cultural variables on leadership perceptions, controlling for age, gender, job level, and experience. Assumptions of normality, homoscedasticity, and multicollinearity were verified. Thematic analysis of qualitative responses

was conducted using a systematic six-step process, with coding performed in NVivo 12. Key themes included leadership adaptability, cultural expectations, and value alignment. Inter-coder reliability was established with a Cohen's kappa of 0.82, indicating substantial agreement (Hruschka et al., 2004). Quantitative and qualitative findings were synthesized through a joint display matrix to derive meta-inferences linking statistical patterns with culturally grounded insights.

3. RESULTS

3.1 Participant Demographics and Sample

Characteristics

The study sample consisted of 300 participants, carefully selected using a stratified random sampling method to ensure balanced representation across gender, region, and job level. Participants were drawn equally from North America, East Asia, and Europe, and the sample included both managerial and non-managerial professionals. The group represented a diverse cross-section in terms of age and experience with multicultural teams. Mean values for age and cross-cultural experience were further analyzed across gender, region, and job level, as summarized in Table 1.

Table 1: Demographic Characteristics of Participants (N = 300).

Demographic Variable	Category	n	%	Mean Age (Years)	Mean Experience (Years)
Gender	Male	158	52.7%	39.1 ± 8.0	6.5 ± 2.2
	Female	142	47.3%	38.0 ± 7.7	6.1 ± 2.0
Region	North America	100	33.3%	39.4 ± 8.1	6.7 ± 2.3
	East Asia	100	33.3%	37.9 ± 7.6	6.0 ± 2.0
	Europe	100	33.3%	38.6 ± 8.0	6.3 ± 2.1
Job Level	Managerial	144	48.0%	40.2 ± 7.8	7.1 ± 2.1
	Non-managerial	156	52.0%	37.2 ± 7.6	5.6 ± 1.9

3.2 Descriptive Statistics of Leadership Style Scores

Transformational leadership and transactional leadership styles had very different mean scores in different regions. The average score of transformational leadership was highest in North American respondents (M = 4.2, SD = 0.53), second highest in European respondents (M = 4.0, SD = 0.48),

and third highest in East Asian respondents (M = 3.8, SD = 0.61). On the other hand, transactional leadership received the highest level in East Asia (M = 4.1, SD = 0.56), followed by Europe (M = 3.7, SD = 0.51) and North America (M = 3.5, SD = 0.49). Figure 1 represents such differences as the comparative distribution of the average scores in the three regions of both leadership styles.

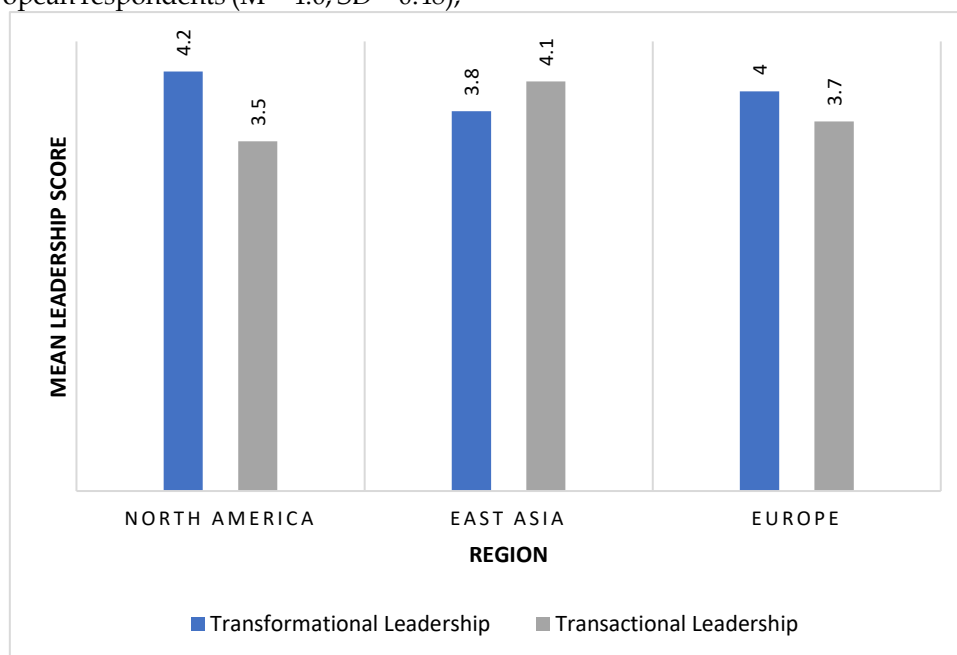


Figure 1: Mean Leadership Style Scores by Region.

3.3 Regional Differences in Leadership Preferences

One-way ANOVAs were conducted to examine whether perceptions of leadership styles varied significantly across regions. The analysis revealed statistically significant regional differences for both transformational and transactional leadership. Post-hoc comparisons indicated that transformational leadership was more strongly endorsed in North America, with significantly lower scores observed in East Asia. European responses fell in between, showing a moderate preference, and were notably

higher than those from East Asia. Conversely, East Asian respondents expressed the highest preference for transactional leadership, scoring significantly above their North American and European counterparts. The observed differences for both leadership styles represented medium effect sizes. A summary of the ANOVA results, including regional rankings and significance levels, is provided in Table 2.

Table 2: ANOVA Results Summary for Leadership Style Perceptions Across Regions.

Variable	Transformational Leadership
Region with Highest Mean	North America (M = 4.2)
Region with Lowest Mean	East Asia (M = 3.8)
F-value	12.86
p-value	< 0.001
Partial η^2	0.08 (medium effect size)
Significant Differences (Tukey's HSD)	NA > EA (p < .001), EU > EA (p = .041)
Variable	Transactional Leadership
Region with Highest Mean	East Asia (M = 4.1)
Region with Lowest Mean	North America (M = 3.5)
F-value	10.54
p-value	< 0.001
Partial η^2	0.07 (medium effect size)
Significant Differences (Tukey's HSD)	EA > NA (p < .001), EA > EU (p = .004)

3.4 High Vs. Low Cultural Dimension Groups

To assess the influence of cultural dimensions on leadership perceptions, participants were categorized into high and low groups using the median-split method, an approach commonly used in applied leadership research for its interpretability, despite limitations in statistical power.

The analysis revealed that individuals with lower power distance and higher individualism were more

inclined toward transformational leadership, whereas those with higher power distance and greater uncertainty avoidance favored transactional leadership. No significant difference in transactional leadership was observed between high and low individualism groups.

These patterns suggest that specific cultural orientations shape preferences for leadership styles. A summary of the t-test results across cultural dimensions is presented in Table 3.

Table 3: T-Test Results Comparing Leadership Style Perceptions by Cultural Dimension Groups.

Cultural Dimension	Group	Leadership Style	Mean Score	Comparison Group Mean	t-value	p-value	Cohen's d
Power Distance	Low	Transformational	4.15	3.89	3.21	0.001	0.37
Power Distance	High	Transactional	4.02	3.61	3.86	< 0.001	0.45
Individualism	High	Transformational	4.12	3.86	2.77	0.006	0.32
Individualism	Low	Transformational	3.86	4.12	2.77	0.006	0.32
Uncertainty Avoidance	High	Transactional	4.08	3.66	3.54	< 0.001	0.41

Note: P < .05 Indicates Statistical Significance; P < .01 Indicates Strong Significance; P < .001 Indicates Very Strong Significance. All Results Reported Are Two-Tailed. Effect Sizes Are Interpreted Using Cohen's D, Where 0.2 = Small, 0.5 = Medium, And 0.8 = Large.

3.5 Predictors of Leadership Style Perception

Multiple regression analyses were conducted separately for transformational and transactional leadership to examine the predictive value of cultural dimensions, while controlling for demographic factors.

The model predicting transformational leadership was statistically significant, with individualism emerging as a strong positive predictor and power distance showing a negative relationship. None of

the control variables (age, gender, job level, and experience) had a significant influence on this model. In contrast, the model for transactional leadership also reached significance, with power distance and uncertainty avoidance serving as meaningful positive predictors.

Among the control variables, only job level showed a minor but statistically significant association, suggesting a slightly greater endorsement of transactional leadership among

managerial participants. A summary of the regression outcomes for both leadership styles is provided in Table 4.

Table 4: Multiple Regression Results Predicting Leadership Style Perceptions.

Predictor Variable	β (Transformational)	p-value (Transformational)	β (Transactional)	p-value (Transactional)
Power Distance	-0.21	0.002	0.31	< .001
Individualism	0.27	< .001	0.06	0.181
Uncertainty Avoidance	0.04	0.421	0.18	0.004
Job Level	0.03	0.617	0.12	0.046
Age	0.01	0.774	-0.02	0.652
Gender	0.02	0.690	-0.01	0.811
Years of Experience	0.05	0.321	0.03	0.512

3.6 Thematic Analysis of Open-Ended Responses

Out of the total sample, 61% of participants contributed valid narrative responses to at least one of the open-ended questions, with thematic saturation reached after approximately 150 responses. A six-step thematic analysis was conducted using NVivo 12, and coding was performed independently by two researchers.

Inter-coder reliability was high, indicating strong consistency across the analysis. Three dominant themes emerged from the data. The first centered on the value of culturally responsive and emotionally intelligent leadership, especially in multicultural teams, where flexibility in communication and decision-making was viewed as essential. The second

theme, cultural misalignment and misinterpretation, reflected challenges such as the misreading of autonomy-based leadership in more hierarchical cultural contexts. The third theme emphasized respect and hierarchical expectations, particularly among East Asian respondents, who favored leadership rooted in formality, authority, and structure traits aligned with transactional leadership styles.

In addition to thematic patterns, a word frequency analysis highlighted the salience of terms related to clarity, vision, autonomy, and discipline, suggesting that participants emphasized both transformational and transactional qualities, depending on their cultural framing.

The most common terms related to the issue of leadership, with the interpretation in the context, are summarized in Table 5.

Table 5: High-Frequency Terms Reflecting Leadership Perceptions.

Term	Frequency (n)	Interpretation
Clarity	88	Often associated with transparent decision-making and communication expectations.
Vision	73	Referenced about goal orientation and strategic foresight.
Autonomy	64	Commonly linked to participative leadership and cultural values of independence.
Discipline	57	Typically cited in hierarchical cultures to reflect order, structure, and control.

3.7 Mixed-Methods Integration

A conjunctive display matrix was used to combine both quantitative and qualitative results, which allowed interpretation convergence and divergence within methodological strands, and more clearly.

The integration demonstrated that there were different leadership preferences in different regions, and the qualitative narratives supported the trends that were identified in the quantitative data.

As an example, North American respondents used ideal leader qualities that were used in relation to transformational characteristics, e.g., visionary and empowering, whereas East Asian stories focused

on the transactional ones, e.g., structure, discipline, and respect for hierarchy.

European responses were much more ambivalent, as they favored a hybrid approach that would combine the aspects of both leadership styles, focusing on shared vision and structural clarity.

The matrix was used to confirm and expand the statistical findings, providing culturally-based descriptions that can be easily missed when the numbers are the only source of information.

Table 6 concludes on the use of this mixed-methods research strategy in shedding some light on region-specific leadership orientation and the usefulness of methodological triangulation in cross-

cultural research on leadership.

Table 6: Joint Display Matrix Integrating Quantitative and Qualitative Findings by Region.

Region	Quantitative Result	Qualitative Themes	Interpretation
North America	High Transformational Leadership (M = 4.2)	"Visionary", "Empowering", "Collaborative"	Strong alignment with transformational ideals; preference for autonomy and inspiration.
East Asia	High Transactional Leadership (M = 4.1)	"Clarity", "Discipline", "Hierarchical Respect"	Strong alignment with transactional norms; structure and authority emphasized.
Europe	Moderate Scores in Both Styles (Transformational M = 4.0, Transactional M = 3.7)	"Balance", "Shared Vision", "Clear Structure"	A preference for hybrid leadership combining vision with operational clarity.

4. DISCUSSION

4.1 Summary of Major Findings in Cultural Context

This research has indicated that leadership perceptions are most mediated by the cultural environment, and leadership is not a universal concept, but it is socially and culturally constructed. The quantitative results reveal that transformational leadership is most appreciated in North America and transactional leadership in East Asia. Europe demonstrates a more balanced orientation toward both styles. These results correspond to the overall trends in cultural frameworks, where low power distance and individualism in North America favor such values as autonomy and innovation, and high-power distance and a collectivist approach in East Asia promote hierarchy and order. Nevertheless, these interpretations are to be considered as the tendencies, not as the absolute cultural specifics, and intra-regional diversity and contextuality are still important (Aboramadan et al., 2020).

4.2 Integration of Cultural Dimensions and Leadership Styles

The regression analysis supports the notion that individualism is strongly related to the prediction of transformational leadership preferences, whereas power distance and uncertainty avoidance are predictors of the higher support of transactional leadership. The results can be compared with the GLOBE study, which claims that societal culture determines the acceptance of the leadership prototypes and behavior (Puni et al., 2021). Culture dimensions were still statistically significant even after controlling for such demographic factors as age and job level, which indicates the formative nature of cultural values in leadership perception. That is why the leadership research should not be limited to trait-based or universalist assumptions (Nurlina, 2022).

4.3 Convergence Between Qualitative Narratives and Quantitative Trends

The qualitative data provided valuable confirmation and supplemented the numerical results. The participants in the North American region listed ideal leaders as transformational, that is, being visionary, empowering, and collaborative. The transactional leadership is supported by the focus on discipline, clarity, and respect in East Asia. The terms that were used in high frequency, such as clarity and vision, were replicated in both strands of data. Such triangulation enhances the validity of the study and shows that mixed methods allow revealing the leadership perception dimensions that cannot be observed in survey data only (Changar & Atan, 2021). Even in the case of high intercoder reliability, the qualitative interpretation can still be affected by cultural framing and language specificity, and it can be helpful to have a multilingual coding team to reduce bias in interpretation in the future (Puni et al., 2021).

4.4 Europe's Hybrid Model: A Case for Contextual Flexibility

One of the most outstanding results was that Europe was inclined to a hybrid leadership style. Transformational and transactional leadership scores were moderate, but in the open-ended responses, both compelling vision and clear structural direction were identified as important. It is an indication of the concept of hybrid leadership, which suggests that both styles of leadership will be used depending on the situation in an organization and the team's needs (Crews et al., 2019). The answers of the European sample are consistent with the findings of other studies, stating that the adaptive leadership models must be based on behavioral flexibility in a multicultural setting (Alrowwad et al., 2020). The results encourage the increased awareness of the fact of the leadership hybridity as a viable and culture-sensitive paradigm.

4.5 Theoretical Contributions

This research contributes to the theory of leadership in that it empirically backs the culturally

contingent models of leadership. As consistent with the GLOBE study and the critique of transformational universality, the results indicate that leadership style performance is culturally contingent and not based on universal rules (Jabeen et al., 2015). The fact that transactional leadership is not only welcome but desired in East Asia contradicts the current discourse that transformational leadership is the superior one (Masa'deh et al., 2016). Moreover, the development of a hybrid leadership preference in Europe also leads to the emergence of scholarly consensus that a flexible, integrative leadership style is more appropriate in a globalized and multicultural workplace (Afsar et al., 2017).

4.6 Managerial Implications for Global Organizations

These results have practical implications for leadership development and International Human Resources (HR) strategy. Training in North America must focus on the empowerment of leadership, articulation of vision, and participative decision making. In East Asia, development programs ought to concentrate on role clarity, order of procedures, and leader-follower hierarchy. The European leaders can probably benefit the most from these dual-skill programs that promote both motivational capacity and structural discipline. Other than regional specificity, global organizations ought to support cultural intelligence as a fundamental skill and embrace flexible instruments like regional onboarding procedures and culturally oriented performance reviews (Klein, 2023). This fact questions the effectiveness of the universal leadership models and supports the necessity of culturally sensitive leadership development (Flatten et al., 2015).

4.7 Limitations and Future Research Directions

Although this research combines various approaches and areas, a number of limitations are present. Self-report surveys can result in social desirability biases and fail to explain cultural differences in the meaning of the Likert scale (Ahmad et al., 2021). Also, despite the qualitative part providing a deep and meaningful narrative understanding, the meaning construction of open-ended answers might change according to different

languages and might need some linguistic and cultural adjustment in subsequent work (Prasad & Junni, 2016). Generalizability could be achieved by increasing intra-regional diversity, particularly in Europe and Asia. The future studies also ought to focus on the evolution of leadership perceptions within virtual teams, the post-pandemic working culture, and AI-driven decision-making environments.

5. CONCLUSION

This study provides compelling evidence that the effectiveness and perception of transformational and transactional leadership styles are not universally applicable but are deeply shaped by cultural context. Through a comparative analysis across North America, East Asia, and Europe, the research reveals that leadership preferences align with culturally embedded values such as individualism, power distance, and uncertainty avoidance. Whereas, in the North America region, the respondents were overwhelmingly in favor of transformational leadership traits like vision and empowerment, the East Asian respondents were more in favor of the transactional traits, which are structure, clarity, and respect for hierarchy. European respondents were inclined to a hybrid model, which strikes the balance between the visionary approach and proceduralism. Such patterns were always confirmed by quantitative data and qualitative descriptions, which proves the necessity of triangulation of methods in the study of cross-cultural leadership. The results have implications for the theoretical aspects: they support culturally contingent models of leadership and underline the overgeneralization of the transformational leadership superiority in all global contexts. To practitioners, the findings support the fact that adaptive leadership development programs should be regionally sensitive and responsive to the expectations of employees. With the growing diversity of global organizations, the ability to adaptively move across various cultural schemas will become an essential component of successful leadership. The further study needs to focus on the hybrid leadership models and evaluate the interaction of the emerging trends in the workplace, such as the remote working environment and the use of AI, with the culturally based leadership patterns.

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