

Transformational and Transactional Leadership Toward the Enhancement of Followers' Trust and Psychological Well-Being

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ABSTRACT

Transformational leadership is becoming increasingly popular, yet little is known about the socio-psychological approach that supports the connection between transformational leadership and followers' well-being. The success of an organization is largely dependent on the leadership of its members. With the strategy and implementation of an organization in the hands of its leaders, they are also responsible for the well-being of their subordinates and allies. The use of transformational leadership teaches people to expand their interests in their work and be more innovative and creative in the workplace. The psychological well-being of employees appears to be linked to the transformational leadership style. However, it is not clear if this is the reason for the enhanced correlation between leadership conduct and physiological well-being findings or a link between leadership behavior and well-being that is filtered by the work role elements of the followers. Employers should expect to see a more productive and healthy work environment if they implement a workplace health strategy based on the socio-psychological elements that were discovered. It is hoped that this review will contribute to the body of knowledge in the field of leadership and well-being.

Keywords: transformational leadership; transactional leadership; psychological well-being; followers' trust

INTRODUCTION

Transformative leadership has been the focus of leadership research for more than two decades since Bass wrote his seminal book on this paradigm in 1985 (Jung et al. 2009). Based on a theory of transformational leadership, it is asserted that certain leadership behaviors might inspire subordinates to think at an advanced rank (Piccolo & Colquitt, 2006). Transformational leaders can inspire their followers to build innovative thinking about challenges by appealing to the beliefs and values of the latter. Values play a significant part in forecasting how followers react to the influence of leaders on their lives (Gabriel, 2021). In terms of relative management by example, transformational leadership positively affects performance and enthusiasm in the job. The charismatic behavior of transformational leaders inspires their followers to attain their maximum potential and produce the best results. In addition, transformational leaders are regarded as more helpful than transactional leaders and laissez-faire leaders (Fok-Yew, 2014).

Organizational top management must devote all of their energy to bringing about organizational transformation in light of recent developments like globalization, social and demographic shifts, improved employee understanding, and rapid technological advancements (Graetz, 2000). One of the most critical elements of a successful change is strong leadership. Compared to the past, the value of leadership in businesses has increased dramatically. The creation of effective and consistent leadership is one of the most essential components in establishing organizational capacity for change (Judge, 2011). These leaders guide and organize followers by establishing the most appropriate behaviors and attitudes to achieve a unified

purpose. They cultivate trusted followers who, in turn, increase the ability of organizations to adapt to new conditions.

There is substantial indication that the corporate environment is constantly altering and becoming spontaneous and erratic. As a result, an organization's ability to adapt to change is always under study and improved upon. Despite their best efforts, organizations often fail to adapt to a rapidly changing environment because of inadequate change management and a deficiency of change leadership. Leadership and organizational implementers are critical to coping with the volatile and competitive workplaces of today (Murphy & Louis, 2018).

A positive feedback loop can be created when managers have few stressed employees because they are more likely to demonstrate effective leadership practices. It is important to consider psychosocial workplace factors when figuring out how employees feel about their jobs. A study revealed that supervisory behaviors account for most of the incremental variance in the psychological well-being of workers after adjusting for demographic, healthy lifestyles, support from coworkers and family, traumatic occasions, and demanding work occurrences (Gilbreath & Benson, 2004). Managing behavior indeed has a significant impact on employee happiness. The current research used a newly formed aggregate of supervisory behaviors and found that "it is likely that some patterns of supervisor behavior... improve employees' psychological well-being." According to Gilbreath and Benson (2004, p. 263), transformational leadership is an indication of a supervisory behavior that can have an impact on the well-being of their subordinates.

LITERATURE REVIEW

Organizations operate for various reasons, from empowering the community to generating and maximizing profits, depending on the type of organization. The leadership of these organizations plays a prominent part in accomplish their goals. It is suggested that transformational leadership is a progression from laissez-faire management, which is a non-effective leadership theory, to transformative leadership, which is a process of producing the best leadership practices in a group of people through the effective management of transactional leadership (Avolio et al 2004; Xirasagar, 2008).

The positive effects of transformational leadership can be seen at the corporate, group, and person levels of analysis (Judge & Piccolo, 2004). There are four components to a leader's ability to inspire and encourage their followers: (1) situational leadership, which is the process of appreciating the contribution of each individual; (2) supportive leadership, which is the design in which the leader strengthens values, ideas, respect, and a strong sense of purpose; (3) a collective meaningful life and (4) cognitive concentration, which is the capacity to acknowledge various perspectives and enhance thinking. These leaders can express substantial expectations, encourage and develop followers to connect with organizational aims to achieve success criteria as well as boost employee happiness and entrepreneurial orientation (Amirullah, 2018).

Another hallmark of laissez-faire leadership is a lack of initiative or a disinterest on the part of the leader (Xirasagar, 2008). Owing to this, transactional leaders are able to achieve their goals by rewarding the people who perform to their expectations. Pay hikes, promotions, and other types of recognition are examples of possible forms of compensation for hard work and dedication. When employees fail to meet expectations, they are subjected to disciplinary action. As a result, these agreements are referred to in the financial world as "transactional leadership." If the occasion calls for it, theoretically, a corporation might benefit from both transformational and transactional leadership styles. Transactional leadership is more appropriate for businesses that are stable (Castiglione, 2006).

A number of previous studies have demonstrated that strong leadership is related to positive outcomes (Yasir & Mohamad, 2016). Leaders have a significant impact on the culture of an organization, and there is compelling evidence to support this assertion (Lutz Allen et al. 2013). Effective change management needs the presence of a leader who places a major emphasis on transformational leadership skills and abilities. Their engaged leadership style has an impact on the change process and helps smooth the transition process for new employees. Leaders like these are effective mentors because they provoke powerful emotions from their followers, create a trusting environment, and give a vision for the future. Lutz Allen et al. (2013) asserted that workers must concentrate on applying the transformational leadership approach in order to properly manage and accomplish organizational change success.

A leadership style encourages change because it recognizes and rewards beneficial results. Academics believe that managers and supervisors should be engaged, encouraging, and dynamic to appreciate and reward the efforts and accomplishments of employees (Harms & Credé, 2010). Aside from that, transactional leaders play a vital role in driving and handling organizational transformation by concentrating on rewards, controlling incentives, and meeting performance requirements. Prior research demonstrates that transactional leadership is associated with increased organizational change (Long & Mao, 2008).

For a company to be successful, its employees' trust in their leadership must be high (Chughtai et al., 2014). Through their leadership actions, successful leaders build and sustain the trust of their people. The same is true of a transformative leader, who can show their followers that they are concerned about their needs and potential and, as a result, can be trusted (Jung & Avolio, 2000). Individual support and approval of team objectives are hallmarks of transformational leaders, and these are connected to higher levels of trust in their abilities as leaders. According to Gillespie and Mann (2004), leaders can be trusted if they conduct in a way that fosters a sense of pride and loyalty among their followers. As a result, employees are more likely to place their faith in their managers if they believe they are exhibiting transformational leadership behavior (Holtz & Harold, 2008).

The influence of transactional leadership on employee trust has been the subject of conflicting reporting. Trust among leaders and followers is weaker under transactional leadership than under transformative leadership. With job satisfaction, transactional leaders can help create trust by rewarding followers for following directives and their leadership style (Gillespie & Mann, 2004). These bosses show their admiration for the accomplishments of their subordinates by rewarding them with contingent bonuses, instilling confidence in their leadership.

METHOD

The criteria used to choose the papers were designed to emphasize those published in their entirety between 2010 and 2021. The keywords “transformational” and “transactional” were used in electronic databases, including PubMed, Web of Sciences, and Scopus, to conduct a comprehensive search. Dozens of websites, all published between 2010 and 2021, provided the data for this study. The titles and abstracts of these publications were revised after duplicates were removed using the criteria for inclusion and exclusion. Accordingly, there was an abundance of studies on how leadership styles might influence trust and psychological well-being in their followers. A list of exclusions includes non-English journals, articles that could not be read in full, and articles produced by distinct clinical groups. The titles and abstracts of 63 publications were selected for a detailed text inspection. Finally, there were 15 papers included in the review. The citations and references of the selected publications were examined, and the study included published papers cited in the selected articles.

FINDINGS

WORKPLACE ENGAGEMENT AND TRANSFORMATIONAL LEADERSHIP

There are four components to a transformational leader. Leaders who support their followers do so by making sure their followers know how important they are and how willing they are to identify with them. They also make sure that the group's higher goals are more important than individual personalities (Antonakis & House, 2013). Second, inspiring motivation means that leaders share their visions with their followers so that they can inspire and motivate the latter to do what they want them to do and reach their goals. Third is idealized influence, which relates to leaders who push their followers to question the current system and are open to innovative and vibrant solutions to challenges. Individual attention is the final component. Leaders here act as moral support and concern for their subordinates, much in the way that mentors do. Transformational leaders use these four dimensions to connect with their followers and achieve significant results. To ensure a sustainable future, corporations must focus on innovation and sustainability at the highest levels. The reduction of pollution and enhancement of our standard of living can be achieved only through the implementation of environmentally friendly and government-regulated technologies and programs (Xin & Senin, 2022).

For employees, both internal and external variables influence the decision of when and how to show up and participate at work. Using these elements, leaders can shape how their followers choose to be present and engaged. Transformational leaders urge their followers to go outside of their self-interests in order to achieve common goals in the workplace. It is the moral foundation and dedication of transformational leaders (Peck & Hogue, 2021) that enable their followers to believe that the general and holistic aims of the organization are more important than their individual goals. As a result, they are deserving of considerable effort. Transformational leaders also devote all of their energy and resources to achieving their goals, as role models do. The intrinsic worth of achieving goals increases, and transformational leaders, who give goals a sense of meaning, increase followers' engagement. Owing to this, members may genuinely think that their mutual priorities are meaningful and attainable through intellectual stimulation and inspirational motivation. They may also be more ready to submit themselves physically, intellectually, and mentally at work.

It is possible for transformative leaders to succeed in taking their followers from self-serving to broad and demanding aims, though there may be problems along the way. As a result of the significant risk that hard and holistic goals entail for its adherents, unexpected failures may occur when performing professional roles. Leaders must create a secure and safe environment in which individuals may express themselves freely without fear of consequences if they are to achieve these aims. Transformational leaders take the time to get to know their team members and provide emotional comfort when things get tough. With these kind gestures, members feel more secure and are more likely to put up their best effort when assigned assignments. There was formerly a belief that transformative leadership may help employees feel more supported by their bosses (Liaw et al., 2010). To put it another way, personalized consideration may help employees feel more secure and more likely to be themselves at work.

Transformational leader's help members cope with difficult aims while improving their problem-solving skills. Moreover, transformational leaders use innovative thinking to urge their employees to question the current system and strategies to solicit their thoughts to increase productivity and save resources. Such leaders inspire their followers to use the competencies and understanding they have gained throughout their careers to solve challenges more creatively and find the most cost-effective solutions. These results suggest that managers can provide members with sufficient resources so that they can experiment with new approaches

to solving work-related challenges. Consequently, the work engagement and psychological readiness of members may be increased.

Transformational leadership behavior and followers' well-being may be connected through various job qualities. Below are some examples.

AN INCREASE IN SIGNIFICANCE

There are varieties of characteristics of transformative leadership that may be linked to followers' assessment of the value of their labor. The latest research has linked transformational leadership and productive work (Kelloway et al., 2012). Giving individuals a sense of purpose, meaning, and importance at work is an effective leadership characteristic. Additionally, leaders are seen as inspiring and motivating individuals to work harder and see the vital link between the vision and their efforts. With the help of intellectual stimulation, an organization's workforce can develop a shared understanding of its mission and goals, a sense of confidence in the future, and a sense of responsibility in the work they are doing. Transformational leaders may help people and their workplaces change by building a common vision and providing a meaningful and innovative foundation for change. To be a transformative leader, you must be able to see the big picture while dealing with the details, which means you must find significance in all you do (Muppidathi & Krishnan, 2021).

MORE CHANCES FOR ADVANCEMENT

Certain characteristics of transformational leadership behavior may be connected to followers' assessment of their development opportunities. Creating organizational frameworks that allow followers to exercise and extend their cognitive talents and grow more capable of creating and implementing their own goals is a description commonly used to define leadership skills (Dust et al. 2013). Leaders may be able to assist followers in unlearning old habits, developing innovative solutions, and responding correctly to new situations. The transformational leader can enable follower development by stimulating their intellectual curiosity and questioning their preconceptions, ideas, and imagination. Transformational leaders may also actively urge followers to take controlled chances, identify opportunities, solve complex control challenges, and take calculated risks themselves. By inspiring their followers to go "far beyond the call of responsibility," leaders can encourage them to take responsibility for their professional development in their place of employment. A supportive leadership likewise entails demonstrating defined principles, and followers can learn from role models how to accept responsibility for their behaviors and development by watching them. Followers may be encouraged to make choices in a positive environment with training and mentoring techniques (Zhang et al., 2020).

INCREASED TRANSPARENCY IN THE ROLE

A clear and positive vision can assist followers to comprehend the purposes to which they are continuing to work: the leadership establishes clear goals. It helps achieve these, for example, by influencing followers to concentrate on certain things and not others. Several "transformational" characteristics of leadership behavior can also influence followers' perception of job characteristics. Followers can learn how to take ownership of their growth and development by seeing a leader embody a defined set of principles and acting as a role model. Working with leaders who have high standards increases employee confidence and ability to participate in task-related decisions (Misra & Srivastava, 2018). Leaders who assist and guide their subordinates toward a similar goal help them develop the analytical abilities

necessary to make sense of the information that can influence their followers' perceptions of role clarity.

CONCLUSION

An organization's success is directly proportional to the efficacy of its leadership style. A transformational leader inspires their people to higher objectives while also encouraging them to be morally upright. Transformative leadership is supposed to boost employees' sense of self-efficacy according to expectations. Workers who believe their efforts will boost productivity are more inclined to believe that their efforts will boost productivity and alter it. Evidence suggests that a transformative leadership style is connected with superior results in particular situations. In their leadership style, transformational leaders employ a creative and imaginative approach to problem solving that has a positive impact on the work qualities and work engagement of their followers. However, while the variables suggested in the model are not comprehensive, they do aim to study the nature of transformational leaders and the work characteristics of followers, as well as their behavior and progress, in the setting of the leader–member exchange idea.

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