Research Article

Transformational Leadership and Employee Psychological Needs

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Abstract: The notion of transformational leadership is a critical component of management study. This type of leadership demands a leader to be able to understand and monitor followers' psychological needs and ideals, as well as to motivate them to work. Four aspects define transformational leadership: individual concern, intellectual stimulation, inspiring motivation, and charisma or idealized impact. A transformative leader's position is intrinsically motivating. The authors highlight the relevance of the fundamental psychological desire for relatedness with others, as well as the sense of personal competence and autonomy in completing a particular activity, within the idea of self-determination. Recent study indicates that perceived transformative leadership helps employees satisfy their basic psychological requirements. Satisfying each of these requirements has a direct influence on the accomplishment of good results and corporate goals. Positive outcomes most frequently reported include employee trust in the organization, positive feedback from managers, belief in one's own ability to contribute to the organization, identifying opportunities for advancement, a sense of security, job satisfaction, and a high level of enthusiasm for work. Transformational leadership enables the business to embrace shared motivating concepts, empowers managers, and elicits support from followers in their attempts to establish a strong and stable organizational culture.

Keyword: Transformational Leadership, Basic Psychological Needs.

A. INTRODUCTION

In the competitive world with turbulent changes within the business environment, it is vital that organizations hire leaders who enable organizations to survive and thrive. The role of the leader is enhanced in conditions of technological advancement, strengthening of globalization process and efforts of businesses to preserve and enhance competitiveness and respond to the challenges of modern business through organizational changes, management structure, technological basis, and product quality.

Current employment trends reflect a new relationship between institutions and workers: job mobility statistics show that the average worker will today change positions almost twice as often in the first five years of work than 30 years ago (Berger, 2017). Gallup's well-known employee engagement and satisfaction survey indicates that only one-third of employees estimate that they are engaged at work (Harter, 2016), despite hundreds of millions of dollars invested annually in employee engagement.

The primary causes of such a trend are related to the lack of adequate leadership as well as the lack of meeting employees' needs. In fact, leaders’ behavior and their relationships with employees are positively correlated with employee engagement and motivation. Workers who positively evaluate the knowledge and expertise of their leaders show higher levels of engagement. In order to maintain positive employee engagement, leaders should provide technical as well as emotional support, but also show real concern for the psychological needs of employees (Yoerger et al., 2015).
B. METHOD

The author's research is a descriptive qualitative study, which means it aims to describe what there is about a variable that exists in the field. The concept of post-positivism underpins qualitative research, which is used to investigate the state of natural things. Qualitative research is conducted in a natural setting and is creative in nature. The researcher is the most important tool in qualitative research. As a result, researchers must have wide theoretical and insightful provisions to be able to ask questions, evaluate, and create the object under study in order to be more clear.

C. RESULT AND DISCUSSION

1. Transformational Leadership

Leadership can be defined as a series of steps, procedures, or processes that guide people's behavior in their working environment (Nelson, 2006). It is a systematic process that involves a specific pattern of hierarchy that starts from the highest authority (leader) and goes to the lowest level of authority (followers) according to the organization's characteristics (Pearce & Conger, 2003). The literature review indicates a number of different approaches to the study of leadership styles. Situational approach, qualities or traits approach, behavioral approach, and power-influence approach are some of the examples, and what they have in common is the study of the role of leaders in creating influential foundations to achieve the organizational goals (Bass & Riggio, 2006).

Leadership is the quality of individuals who inspire followers to achieve common goals. In fact, it is the process by which a person influences other people, inspires them, motivates them, and directs activities to achieve organizational goals. Leadership has been intensively researched for the last thirty years, especially the effects of leadership on performance of employees and organization in general. Literature often speaks of two styles of leadership: transactional and transformational (Bass, 1985; Avolio et al., 2009).

Transactional leadership is based on the process in which followers are rewarded for good performance and punished for poor performance. Therefore, the leader intervenes daily within the leader-follower relationship (Avolio et al., 2009). Bass (1985) defines three dimensions of transactional leadership: contingent reward (a process of exchange between leaders and followers in which the follower's behavior is rewarded with a specific reward i.e. there is a clear definition of what followers can expect when meeting expectations), management by exception - active (active follower work control) management by exception - passive (intervention if mistakes in work already exist). As opposed to transformational leadership, transactional leadership is a more conventional approach that involves use of rewards, focusing on norms and monitoring employee behavior. This leadership style is characterized by corrective criticism, negative feedback, and negative reinforcement.

Transformational leadership theory was first proposed by Burns (1978), and then Bass (1985) made an excellent contribution to the development of this theory. While transactional leaders decide what workers need to do to achieve their own goals and organizational goals, transformational leaders motivate associates to do more than they think they can do, convincing them of the importance and value of tasks, guiding them to cross the boundary of their own interests for the sake of the team, organization or organizational policy. The theory of transformational leadership has evolved into an important topic in management research (Mhatre & Riggio, 2014).

Leaders' influence on followers is sustainable and long-lasting compared to the transactional leadership style that influences followers as long as there is a reward exchange. Follower goals continually expand and increase and in this way, great confidence is gained from every follower. Such a leadership style requires leaders' ability to help meet the
psychological needs of followers, identify their values and encourage working motivation. Four groups of factors affect this phenomenon: 1) individualized consideration; 2) intellectual stimulation, 3) inspirational motivation, 4) charisma or idealized influence.

Individualized consideration is characterized by the degree to which a leader cares about the individual needs of followers. Each employee is paid individual attention, each person is treated individually and mentored. This leader quality motivates followers for training and stimulates them to gain new experiences and make progress. Avolio et al. (2009) found that through the process of transformational leadership, the leader assumes the role of a mentor and assigns responsibilities to followers as an opportunity for growth and development through the self-actualization process. Taking care of the needs of employees ensures support, encouragement, which positively influences and facilitates team building (Yukl, 2020). Respect for the followers includes providing support but also intellectual stimulation.

By creating intellectual incentives, managers enhance employees’ capabilities to experiment with new practices and generate ideas that can significantly affect performance. A transformational leader always directs his followers to find solutions to problems in a new and creative way, encourages them to be active and rational decision-makers. In fact, his job is to encourage creative, critical and logical thinking and promote rationality and thoughtful problem-solving. Thus, intellectual stimulation implies the degree to which the leader encourages followers to innovate and think independently.

The next significant component of transformational leadership is inspirational motivation. Bass (1985) described inspirational motivation as providing followers with challenges and importance in engaging to achieve common goals. Leaders can present their vision in a way that inspires followers to take action and work hard to fulfill the vision. inspirational motivation allows leaders to remain focused on the group’s vision despite all obstacles they may face. Accordingly, leaders define future goals and develop plans to achieve them. In addition to mentoring and empowering followers, a transformational leader encourages them to develop their full potential and thus contribute to the development of the organization but also communicates high expectations, using a dictionary of symbols to direct followers to achieve their goals (Yukl, 2020). Banerji and Krishnan (2000) associate this dimension of transformational leadership with ethical behavior, arguing that when leaders show concern for organizational vision and follower motivation, they are more inclined to making ethical decisions. Leaders motivate followers to achieve optimal results, encourage them to express some new ideas and followers know that leaders will support them.

A transactional leader is a model for followers that inspires them and makes them interested in work. Charisma involves a special form of influence that drives followers to achieve more than is usually expected. This results in confidence followers gain in leaders, evokes strong emotions and identification with the leader. Within this dimension, leaders encourage subordinates to act with the aim of achieving the organizational goals, enable acceptance of the vision and develop a feeling of purpose, instill pride in followers, ensure respect and trust. This develops a sense of belonging, of a collective identity. In this environment, followers execute their task accordingly and they want to make achievements well beyond the specific target (Jung et al., 2003).

Transformational leadership theory is very important in the field of leadership and many studies show a positive correlation between transformational leadership and other variables such as employee satisfaction, commitment, motivation and performance (Crevani et al., 2010). Transformational leadership theory and practice enhance the understanding of teamwork and performances (Dionne, 2016).
2. Psychological Needs within the Self-Determination Theory

Self-determination theory is a broad model of motivation suitable for encouraging employee engagement and motivation in the working environment (Gagne, Deci, & Rian, 2017). In fact, self-determination theory shows how its motivational ‘laws’ anticipate important organizational outcomes such as financial performance (Deci et al., 2017), job commitment (Becker et al., 2015; Olafsen et al., 2017) as and contributes to employee well-being (Gagne & Deci, 2005). Self-determination theory basically distinguishes between two types of motivation that are in a complex interaction relationship: autonomous and controlled motivation (Deci & Ryan, 2008). Within their theory, the authors attempt to explain the nature of intrinsic and extrinsic motivation and to explain their relationship. They take the position that extrinsic and intrinsic motivation cannot be seen as completely separate. The basic premise of this theory is the existence of a continuum of motivation self-regulation. At the left end of the continuum, there is amotivation, followed by different levels of extrinsic motivation, ending in fully developed intrinsic motivation at the right end. The continuum describes the extent to which external regulation is internalized; the higher this degree, the higher the degree of autonomous or intrinsic motivation.

Four types of extrinsic motivation, which vary in degree of autonomy and internalization, are in the middle of the continuum. Internalization is described by three processes: introjection, identification, and integration (Gagne & Deci, 2005). The authors define amotivation as a state of apathy, a state characterized by non-existence of self-regulation. Lack of motivation occurs as a consequence of individuals’ observations that they are not competent enough, that their activities are not important or there is no expectation that they will achieve the desired outcome (Ryan & Deci, 2008).

At the right end of the self-determination continuum, there is intrinsic motivation. Intrinsic motivation arises when a person engages in an activity because this activity itself is a reward. Intrinsic motivation is an essential component of the social and cognitive development of an individual that serves as a major source of enjoyment, autonomy and vitality throughout life (Grant, 2008).

In the process of regulation internalization, and its eventual integration with own self, a very important role is played by the basic psychological need for relatedness with others, a sense of personal competence and autonomy in performing a given behavior. The sense of competence must be accompanied by a sense of autonomy or an inner sense of control over one’s own ability which increases the individual’s intrinsic motivation (Greguras & Diefendorff, 2009).

Guiding practice and organizational principles in work influence employee motivational orientation. It is necessary to note that the role of a transformational leader is motivational by nature. Bass and his colleagues (Bass, 1985) suggested that transformational leadership is an extraordinary and especially motivating style of leadership which implies that the leader acts as a model that influences through visions, uses inspirational motivation, shows individualized consideration, and intellectually stimulates followers.

Transformational leadership enhances the motivation, morale and performance of followers through various mechanisms (Burns, 1978). A positive impact of transformational leadership is identified in the social sector (Mary, 2005), as are the positive effects of this leadership on teacher self-efficacy (Thoonen et al., 2011). Avolio et al. research (2009) shows that transformational leadership has a positive impact on employee motivation and organizational job performance. A positive connection between transformational leadership and employee creativity is also evident (Cheung & Wong, 2011). Transformational leadership is related to employee behavior, including fulfilling duties and numerous examples of positive social behavior (Podsakoff et al. 2000). Transformational leadership is satisfying
basic needs and meeting higher needs though inspiring and motivating followers to provide newer solutions and create a suitable workplace (Claudine, 2015).

Studies show that the needs for relatedness, autonomy, and competence are positively correlated with transformational leadership (Mayer et al., 2008). A central component of transformational leadership involves providing individual support. Therefore, transformational leadership can be expected to be positively correlated with fulfilling three basic psychological needs. In contrast, transactional leadership was found to be negatively correlated with meeting the psychological needs of autonomy, relatedness and competence, which leads to a decrease in employee motivation (Hetland et al., 2011).

When there is an innovative climate and culture in the organization, i.e. an environment that encourages collaboration and experimentation, the positive effects of transformational leadership are greater. Transformational leaders not only empower their employees, but are capable of influencing the organizational climate that can foster creativity and potentially support and motivate individuals to be innovative (Stevanović, 2013). However, there are other factors regarding personal factors and situation that will determine whether an individual will feel able to be innovative, no matter how motivated he is to do it.

3. Transformational Leadership and Employee Autonomy

Perception of internally set goals as well as the need for autonomy are critical in employees work. Deci points out that employees feel autonomous when they have the experience of choosing and the feeling that they are the drivers of their own actions (Deci et al., 2017). Previously conducted research has shown that perceived transformational leadership fosters employee autonomy (Hetland et al., 2011) and autonomous motivation to work (Conchie, 2013; Wang & Gagn'e, 2013). Leaders with this leadership style provide followers with different choices and decision-making options. Active and autonomous employee engagement constitutes an integral part of transformational leadership (Kirkman, et al., 2009).

Transformational leaders show that they value employee work by articulating idealized influence and through inspirational motivation. In defining organizational goals, they are particularly focused on referring to the universalistic values the followers accept (Bass, 1985). As a consequence, followers find those goals consistent with their principles and thus perceive them as their own. However, transformational leaders not only set goals in a way that is appealing to the followers and fosters a perception of autonomy but also respect the opinions of their own followers and their perspective in decision making (Bass, 1985). In addition, they encourage their followers to develop new approaches to get the job done effectively (intellectual stimulation). Therefore, they offer employees freedom and autonomy in work and in performing tasks. Kirkman et al. (2009) define employee engagement as an integral aspect of transformational leader behavior. The other central the aspect of follower autonomy lies in the absence of close control (Rian & Deci, 2008). In contrast to transactional leaders who continuously monitor follower activities and sanction employee behavior through reward and punishment, transformational leaders seek to motivate and inspire followers to achieve group goals (Bass, 1985). Transformational leaders offer opportunities for participation, value engagement, respect the perspective of followers and encourage self-initiation. As a result, transformational leadership is positively associated with a sense of autonomy of followers (Kovjanic et al., 2012).

4. Transformational Leadership and Employee Competences

To meet the need for a sense of competence, transformational leaders use intellectual stimulation to encourage followers to question tried-and-true ways of solving problems and
introduce new, innovative methods and test their value. In addition, leaders use individualized consideration to ensure that every follower’s needs are met and continuously help them develop to their full potential. An empirical study in the IT sector has found a correlation between the perception of transformational leadership and a sense of professional efficiency in employees (Hetland et al., 2011). Accordingly, opportunities for creativity development are evident in organizations where transformational leadership is represented (Hetland et al., 2010). Leader effectiveness implies, according to transformational leadership theory, the importance of developing and improving followers’ capacities. Transformational leaders strive for their followers to thrive, to gain skills and capacities by making significant efforts in their training (individualized consideration). Moreover, transformational leaders ensure optimal learning conditions to followers by providing regular and adequate feedback and by creating a team climate of trust and respect. Therefore, transformational leaders can be seen as highly effective coaches. An environment that provides optimal challenges, adequate feedback, and a supportive climate are considered a central factor in fulfilling the need (Rian & Deci, 2008).

One of the most important factors for employee advancement is the feeling of competence. One of the ways transformational leadership affects follower competence is modeling. As Bass (1985) has pointed out, transformational leaders can be seen as an ideal reference point for social learning. Therefore, transformational leaders need to be trustworthy and successful models that will develop a sense of competence among their followers.

5. Transformational Leadership and Employee Need for Relatedness

The need for relatedness or affiliation is a significant segment of individual socialization. A working environment is a place that can provide social support, especially since a significant amount of time is spent precisely at work. Accordingly, the leader’s relationship to employees, as well as the relationships between employees, is essential. Various studies indicate a positive correlation between charismatic leadership (a style parallel to transformational leadership) and the need for relatedness or affiliation (for example, Den Hartog et al., 2007).

Transformational leadership increases commitment to the group and the leader (Avolio et al., 2004). In addition to supporting personal development, transformational leaders also build trust among employees, influence the development of employees’ sense of competence expressing high expectations (idealized influence) and showing confidence that these expectations can be met (inspirational motivation). One of the key characteristics of transformational leadership is the sense of relatedness that develops among employees that evolves in two ways: (i) by enhancing attraction between leaders and followers and (ii) strengthening the tie between followers.

First, transformational leaders emphasize the importance of morale and adhere to high ethical standards (idealized influence). Because of belief in goals and purpose of the team, they engage, even if this is inconsistent with their personal interests, for the sake of the organizational goals. This behavior causes respect and admiration of employees. Consequently, a quality relationship develops between the transformation leader and his followers, which further contributes to meeting the need for relatedness.

Second, researchers emphasize the importance of the collective identity development process as the goal of transformational leaders. Transformational leaders are especially capable of “convincing” their followers of the importance of realizing the vision and mission of the group (inspirational motivation). They do this by emphasizing the importance of the common goals that cause a sense of relatedness among employees. In addition, by emphasizing the previous achievements of the group, they positively set the team and its
mission apart from other groups (Burns, 1978). In the same time, if transformational leaders behave in such a way, they motivates and inspires followers (Das, 2017). In other words, they have a positive impact on the perception of group members and, therefore, on social identification. The recognition and support of other people who show real interest in employees is an important basis for meeting this need (Rian & Deci 2008). As noted earlier, transformational leaders fulfill these conditions by fostering a connection between leaders and followers and among followers. The findings of the Hetland study (Hetland et al., 2010) are also very important, showing a positive correlation between transformational leadership and the perception of a positive working atmosphere.

D. CONCLUSION

Self-determination theory is a broad motivation model suitable for encouraging employee engagement and motivation in the working environment. In fact, self-determination theory shows how its motivational ‘laws’ predict important organizational outcomes such as financial performance, commitment and contributes to employee well-being in addition to other performance indicators.

If we look at the effects of transformational leadership from a self-determination theory perspective, we conclude that transformational leadership contributes to meeting the needs of employees. Meeting each of these needs directly refers to the perception of positive outcomes by employees and management. The result is, most often, trust in the corporation, perceived good quality of manager feedback, belief in one’s own ability to contribute to the organization, recognizing opportunities for advancement, feeling of security, job satisfaction and great enthusiasm for work. Under conditions of constant support, workers are more satisfied with their work, have greater trust, and show greater creativity and better performance. In addition to these direct positive outcomes, meeting the above needs leads to a reduction in physical illnesses and absenteeism, but also an increase in commitment to the organization, which is very important for organizational advancement.

Significant research findings indicate the importance of effective training and intervention for transformational leadership through key principles that managers and leaders can understand, learn, and then implement. It is important to focus on three basic needs of employees: autonomy, competence, and relatedness. Accordingly, this facilitates the adoption of common motivational principles in the organization, empowering managers in an effort to build a strong, motivated culture. This further develops a favorable organizational culture.

The purpose of the paper is to highlight the importance of introducing transformational leadership into organizations for both future researchers and managers who can improve the functioning of their organizations. Transformational leadership theory implies successful management during dynamic organizational, social and economic circumstances, precisely because this form of leadership can provide organization and its employees with survival but also development, advancement and better performance.

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