

## The Influence of Transformational Leadership Style on Employee Psychological Empowerment: Literature Review

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### ABSTRACT

The effectiveness of a company's performance is determined by the quality of human resources. In this modern era, technological advancements and company competition are getting tougher. Good quality human resources can be a stimulus for companies to compete with other companies. Thus, there is a need for psychological empowerment of employees so that they are motivated so that they can work as effectively as possible. In implementing employee psychological empowerment, leadership style is very influential. Companies can explore the potential of each employee by applying a transformational leadership model. Therefore, this study aims to describe the effect of transformational leadership style on increasing employee psychological empowerment in working in the company. Furthermore, in the process of data acquisition, this study uses a qualitative method through a literature review approach. The reference sources for this research consist of various journals obtained using the Google Scholar feature. The results of this study indicate that one of the factors that have a positive effect on increasing employee psychological empowerment is the transformational leadership model. So in this case it shows that the more optimal the transformational leadership provided by the company leader, the more optimal the psychological empowerment of employees.

**Keywords:** *Psychological Empowerment, Transformational Leadership Style.*

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### INTRODUCTION

As time goes by, competition between companies is becoming increasingly fierce everywhere. Many new companies are being established and competing fiercely to be the best. In order for companies to operate optimally, they need high-quality workers. Therefore, every company will strive to help its workers become individuals with the potential to face competition between companies (Tania, 2017). Companies will find it easier to achieve their goals if their workforce can work as expected (SP & Yuniawan, 2016). Therefore, to achieve a good quality workforce, companies can provide psychological empowerment to their employees. With psychological empowerment, employees will be motivated to work effectively for the company (Taradita & Wibawa, 2019).

Psychological empowerment is an effort to improve employee quality through four cognitions in carrying out their work. The four cognitions are meaning, competence, self-determination, and impact. With this psychological empowerment, employees will work to the best of their potential. In a company, leadership behaviour is one of the factors that influence the psychological empowerment of employees. When company leaders are able to establish good communication with their employees, it will foster a good psychological condition in employees (SI & Satrya, 2020). In addition, the leadership style in a company also triggers the emergence of a good psychological condition in employees. One way for employees to optimally realise their potential is through transformational leadership (Sukrajap, 2019). Efforts made by a leader to influence and direct individuals or groups to carry out their duties in accordance with their authority in achieving the organisation's vision and mission constitute a model of transformational leadership (Sista & Utama, 2019).

Leaders play an important role in developing the psychological empowerment of employees (Baskoro et al., 2021). One factor that motivates employees to work optimally in line with company expectations is the application of transformational leadership style (Sista & Utama, 2019). In this transformational leadership style, superiors implement strategies to make employees feel trusted and loyal to their leaders (Sukrajap, 2019). Leaders who apply a transformational style have good strategies for strengthening emotional bonds with their employees. As a result, employees are emotionally motivated and willing to work in accordance with their leaders' expectations (Sudibyanana & Sintaasih, 2017).

In employee empowerment, the cognitive conditions of employees will be supported by leaders with a transformational style. Thus, the self-efficacy of the workforce will also increase and employees will feel that they are competent (Sukrajap, 2019). Employees who are psychologically empowered will be confident that they are in control of their work and more willing to consciously take on responsibilities (Baskoro et al., 2021). Employees who feel psychologically empowered will feel confident that they have the ability to overcome any problems that arise, perform their work more optimally, be independent, and take on greater responsibilities (Saifullah et al., 2019).

Many researchers have focused on transformational leadership styles to ensure the success of companies (Sudibyanana & Sintaasih, 2017). The psychological empowerment of employees can be enhanced through the application of transformational leadership styles. Employees' self-confidence and potential can be built through the exclusive attention given by transformational leaders. In addition, the psychological empowerment of employees is also enhanced by providing challenging work for employees (D. V. M. Astuti et al., 2017). With empowerment, transformational leadership style plays a role in adjusting employee performance (Putri & Muhdiyanto, 2018).

There is a significant and positive relationship between transformational leadership style and psychological empowerment. The more optimal the leadership style in a company, the more optimal the psychological empowerment of employees (Sista & Utama, 2019). Leaders who use a transformational leadership style will use charisma, dramatic presentations, and impression management tactics to inspire their employees

(Baskoro et al., 2021). If company leaders can apply a transformational leadership style to the fullest, then more new ideas will emerge (Aditya & Ardana, 2016).

Some studies have proven that transformational leadership style is related to psychological empowerment (Sukrajap, 2019). In addition, Kurnaz and Arslan also conducted a study that proved that there is a significant relationship between leaders with transformational leadership style and the psychological empowerment of employees (Sista & Utama, 2019). Psychologically empowered employees are more inspired to perform creative tasks. Thus, transformational leadership style can be used by company leaders to develop the creativity of their employees, thereby positively influencing the psychological empowerment of employees (Baskoro et al., 2021).

Based on the above description of the phenomenon related to employees, the ways to realise employee quality through psychological empowerment, and the influence of transformational leadership style on psychological empowerment, it is very important to answer these questions by describing them in the form of a literature review. Through a literature review, the author can examine, understand, and interpret all significant research related to the above phenomenon. By using this literature review method, the author can systematically review and identify journals.

## METHOD

In this study, the method used was qualitative with a literature review approach. This study used references from various scientific journals based on the research variables. The process of searching for references and data was carried out using Google Scholar. The sources used in writing this article include:

| Judul  | Penulis   | Sumber                |
|--|---|-----------------------|
| Pengaruh Kepemimpinan Transformasional Terhadap Kepuasan Kerja dan Komitmen Organisasional dengan Dimediasi Oleh Pemberdayaan Psikologis | Sukrajap, M.A.  | <i>Google Scholar</i> |
| Peran Budaya Organisasi Memediasi Pengaruh Kepemimpinan Transformasional Terhadap Pemberdayaan Psikologis                                | Sista, N. M. M. A. S., & Utama, I. W. M. (n.d.)             | <i>Google Scholar</i> |
| Kepemimpinan Kewirausahaan, Pemberdayaan Psikologis, Keselamatan Psikologis, dan Kreativitas: Studi pada Karyawan Konstruksi di Jakarta  | Baskoro, B. D., Simanjuntak, R., Jayadi, J., & Suherman, S. | <i>Google Scholar</i> |
| Pengaruh Kepemimpinan Transformasional dan Pemberdayaan  | Sudibiyadnyana, P., & Sintaasih, D. K.                      | <i>Google Scholar</i> |

The search for references in this study used the keywords 'psychological empowerment' and 'transformational leadership style'. After that, a meta-analysis reference matrix table was created for the assessment and selection of relevant articles, followed by an analysis of journals that were in line with the research objectives.

## **FINDING AND DISCUSSION**

### **FINDING**

#### **Psychological Empowerment**

Psychological empowerment is defined as an individual's belief in their potential to work according to their abilities and skills (Adriansyah & Suryani, 2018). Meanwhile, Psychological empowerment can be interpreted as internal motivation manifested in four cognitions, namely: meaning, self-efficacy, self-determination, and impact (Astuti et al., 2019). If employees can feel these four cognitions, then they are psychologically empowered. If one of the four cognitions is missing, the experience of psychological empowerment will not be optimal (Widiasih, 2017). The following is an explanation of the four cognitions, including:

1. Meaning (meaning)

Meaning is the quality of an activity carried out by a person in accordance with their expectations. If a person's assessment is in line with their expectations, the level of meaning will be higher.

2. Self-efficacy or competence

Self-efficacy is also known as competence, which means believing in oneself that one can do something with one's abilities. Employees' self-efficacy drives their motivation, awareness of resources, and strategy for performing specific tasks.

3. Self-determination

Self-determination is a person's perception of their time for activities they want to do from start to finish. Examples include the opportunity to determine performance models, steps to be taken, and efforts to be made. Disempowered employees are those who feel they have no opportunity because they only do the tasks assigned by their superiors.

4. Impact

Impact is a person's belief that what they produce affects the work of others. If employees believe that their work affects the work of others, they can work more effectively than individuals who do not believe this.

#### **Transformational Leadership Style**

Transformational leadership is an authentic leadership style. This means that a leader motivates their subordinates to work hard to achieve the organisation's goals. A leader can be considered transformational if they possess four characteristics, including: (1)

having charisma that is recognised by their employees, (2) being able to inspire their employees, (3) behaving and showing special attention to their employees, (d) being able to develop various ideas from their employees (Italiani, 2018). Leaders with a transformational leadership style tend to accept criticism and suggestions from their subordinates (Paradisani & Putra, 2019). The transformational leadership style is based on trust and responsibility, which consists of a developing relationship between the leader and their employees (Senny et al., 2018).

With the application of the transformational leadership model, employees are inspired to participate, take responsibility, determine the vision and goals of the company, become creative in solving company problems, and are assisted to reach their leadership potential through supervision and guidance (SP & Yuniawan, 2016). This leadership model can help companies and their employees make positive changes in their work or activities (Sudibyadnyana & Sintaasih, 2017). With this transformational leadership model, employee loyalty to their leaders can be fostered. Thus, it can motivate employees to work to their fullest potential, exceeding initial expectations (Paradisani & Putra, 2019).

### **The Relationship between Transformational Leadership Style and Psychological Empowerment**

It is important to empower employees psychologically. In addition to motivating employees to work optimally, psychological empowerment can also improve the quality of employees' work (Taradita & Wibawa, 2019). The emergence of good psychological conditions among employees is influenced by the company's leadership model. In a transformational leadership style, employees are encouraged to reach their potential willingly. Transformational leaders not only develop employees' morale and motivation, but also make them aware of the importance of fostering a sense of togetherness in achieving company goals. Psychologically empowered employees tend to work with intrinsic motivation, so that they work solely for reasons other than extrinsic motivations within the company, such as wages, work facilities, and others (Sukrajap, 2019). Employees' self-concept can be changed with the transformational leadership model, and employees will have an increased sense of meaning, impact, and expertise in completing their work (Sista & Utama, 2019).

Leaders with a transformational leadership style tend to develop closer relationships with their subordinates (Senny et al., 2018). Leaders with a transformational style help employees to have positive feelings, so that employees will feel that they are psychologically empowered. Empowered employees tend to understand that their position in the company has meaning, that they can work to their full potential (self-efficacy or competence), that they are in control of their own destiny (self-determination), and that their position has an impact on the success of the company (Sukrajap, 2019). Psychologically empowered employees will be confident that they control their work and are more willing to consciously take responsibility (Baskoro et al., 2021).

Self-determination, which is one aspect of cognition, is used by leaders with a transformational style to challenge their employees' thinking and creativity. In this way,

employees' knowledge is also challenged to work optimally. In addition, employees will also be ready to take responsibility for developing their capacity, so that they are also committed to the company (Sukrajap, 2019). Through the efforts made by transformational leaders in paying specific attention to their employees, employees will become more confident and develop themselves. That way, employees feel that their psychological empowerment has increased (Astuti et al., 2017). If leaders apply transformational leadership styles very well, constructive ideas will also emerge. With the emergence of many innovations, the process of psychological empowerment of employees can be carried out with various creative ways so that it can be enjoyed and felt more by employees (Aditya & Ardana, 2016).

Now, many researchers are paying attention to the transformational leadership model in advancing companies (Sudibiyadnyana & Sintaasih, 2017). This is proven by several real studies that show the relationship between transformational leadership style and employee psychological empowerment (Sukrajap, 2019). There is also research that proves that transformational leadership style has a relevant and positive relationship with psychological empowerment. This means that if leaders in a company can apply an optimal leadership style, then the psychological empowerment of employees will also be more optimal. In addition, Kurnaz and Arslan conducted a study that found that the transformational leadership style used by company leaders is relevant to the psychological empowerment of employees. Seibert and his colleagues also conducted a recent study that proves that the transformational leadership model is effective for psychological empowerment (Sista & Utama, 2019).

## **DISCUSSION**

Based on the results of research and analysis of various relevant scientific articles, it was found that employee psychological empowerment is an important construct consisting of four main dimensions, namely meaning, competence or self-efficacy, self-determination, and impact. Employees are said to have optimal psychological empowerment when all four dimensions are fully felt in the performance of their work (Widiasih, 2017). The results of the literature review show that psychological empowerment is closely related to an individual's belief in their abilities and potential to complete work tasks (Adriansyah & Suryani, 2018). In addition, psychological empowerment is also understood as a form of intrinsic motivation that encourages employees to work independently, responsibly, and have an impact on the organization (Astuti et al., 2019).

Furthermore, the results of the reviewed studies also show that transformational leadership style is one of the factors that is consistently positively related to employee psychological empowerment. Transformational leaders are characterized by their ability to provide inspiration, individual attention, intellectual stimulation, and ideal influence that can increase employee motivation and self-confidence (Italiani, 2018). Various empirical studies analyzed show that the application of transformational leadership contributes to an increased sense of meaning in work, belief in self-competence, freedom in determining work methods, and the perception that the work being done has an impact on the organization (Sukrajap, 2019). Thus, the results of this literature review confirm the positive

relationship between transformational leadership style and employee psychological empowerment.

The findings in this study reinforce the view that psychological empowerment is not only influenced by individual factors, but also greatly influenced by the leadership context within the organization. Transformational leadership style enables the creation of a work environment that supports the development of employees' intrinsic motivation, so that employees feel valued, trusted, and involved in the process of achieving organizational goals. Transformational leaders play an important role in fostering the dimension of meaning by helping employees understand the value and purpose of their work. When employees feel that their work is meaningful, their involvement and commitment to the organization will increase (Sukrajap, 2019). In addition, through intellectual stimulation and individual attention, transformational leaders are also able to increase self-efficacy, which is employees' belief in their ability to complete tasks and work challenges.

The dimension of self-determination in psychological empowerment is also strengthened through transformational leadership style, as leaders provide space for employees to take initiative, make decisions, and develop creative ways of working. This condition encourages employees to feel in control of their work and responsible for the results achieved (Astuti et al., 2017). In addition, transformational leadership also contributes to an increased perception of impact, which is the belief of employees that their actions and contributions have a real impact on the success of the organization. When employees realize that their role is important, they tend to perform optimally, proactively, and innovatively (Baskoro et al., 2021).

Thus, this discussion confirms that transformational leadership style not only functions as a managerial strategy but also as a psychological mechanism that can improve the quality of human resources through the psychological empowerment of employees. These findings are in line with previous studies that state that transformational leadership is an effective approach in creating employees who are motivated, empowered, and committed to the organization.

## **CONCLUSION**

Based on the results of the above discussion, it can be concluded that transformational leadership style is one effective way to improve employee psychological empowerment. In other words, the more optimal the leadership style in a company, the more optimal the psychological empowerment of employees. Leaders with a transformational style constantly motivate and trust their employees and tend to develop closer relationships with them. This makes employees feel positive about their work, so that they feel psychologically empowered. Thus, employees feel that their presence in the company is meaningful, they have self-efficacy or competence in using their skills at work, they determine their own destiny, and they interpret that their presence has an impact on the company's success.

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