

Psychological Safety as the Imperceptible Foundation of Transformational Leadership in Organisations

Ms. Shikha Sharma

Research Scholar, Humanities and Social Sciences, Jaypee Institute of information and Technology

Abstract

This paper explores the importance of psychological safety as an intangible underpinning for the formation of transformational leadership in the corporate setting. It aims to demonstrate how a Psychological safe environment enhances and stimulates transformational leadership behaviours, and additionally, how this context supports the teams in producing outcomes, such as innovation, collaboration and flexibility. Researchers followed a systematic qualitative literature review based on the PRISMA pattern. Scopus, Web of Science and PsycINFO databases from 2000 to 2024. Psychological safety seemed to be a condition for transformational leadership to operate. Yet it is a mediator regarding how TFL affects team performance, being about open communication, risk-taking, and learnings. Therefore, there is a reciprocal relationship here where the transformational leaders create psychological safety, and psychological safety enhances the effectiveness of leadership by encouraging feedback and trust. The relationship is also influenced by some context factors: cultural diversity and remote workspace. Researchers are unique in our contribution by positing psychological safety as a central, rather than terminal, construct of transformational leadership, and the discussion of its mediating and bidirectional nature. It fills a void in our current understanding on how more abstract psychosocial climates, the influence of which are not readily observed, impact tangible leadership outcome. Limitations include the use of the western culture and lack of longitudinal data. Cross-cultural differences, virtual milieu, and leadership styles need to be studied in the future. The findings suggest that it is important for organizations to focus on psychological safety in leadership development programs. Managers should build trust, inclusivity, and open-mindedness to fully tap team potential, particularly in a diverse or remote context. Recognizing the strategic mandate of psychological safety can contribute to innovation, resilience, and success over the long term.

Keyword: Psychological safety, Transformational leadership, Leadership effectiveness, Team performance, Organizational trust

1. Introduction

In an era where organizations are rapidly evolving to keep pace with global competition, technological disruption and diverse workforce dynamics, effective leadership has emerged as a cornerstone of sustainable success. Among the myriad of leadership theories, Transformational Leadership is recognized as the most influential model for inspiring and empowering teams. Defined by its capacity to elevate motivation, morale, and performance among followers (Bass & Riggio, 2006), transformational leadership

transcends transactional exchanges and appeals to higher-order needs, values, and aspirations. Yet, behind the visible behaviors and charismatic influence of transformational leaders lies a subtle yet powerful element that remains largely unexplored is psychological safety. Psychological safety, coined by Amy Edmondson (1999), researches the shared belief among teammates that the team is safe for interpersonal risk-taking. It creates an environment where individuals feel comfortable to express ideas, admit mistakes, ask doubts without fear of humiliation. This construct, while originally studied in the context of team learning, has gained widespread recognition across domains for its critical role in fostering innovation, collaboration, and adaptability (Edmondson & Lei, 2014). Despite its apparent influence on group behavior, psychological safety often remains an invisible infrastructure, subtly shaping how leaders lead and how followers respond.

Transformational leaders have the qualities such as idealized influence, inspiration, motivation, intellectual stimulation and individualized consideration (Bass, 1985), inherently operating in a domain where psychological safety is essential. Without a psychologically safe environment, the very behaviors that transformational leaders aim to cultivate such as creative problem-solving, proactive feedback, and shared ownership may be stifled by fear, self-censorship, or disengagement. In this context, psychological safety serves as the foundational layer upon which transformational leadership can authentically emerge and thrive. It creates the emotional and cognitive conditions necessary for followers to trust their leaders, voice concerns, embrace vulnerability, and align with a shared vision.

Interestingly, the relationship between psychological safety and transformational leadership is both reciprocal and synergistic. Transformational leaders are fundamental in creating psychological safety by being open, empathic, and authentic. By the same token, psychological safety enhances a leader's capacity to engage their team, encourage risk-taking, and generate trust. This means that psychological safety is not only a beneficial outcome of good leadership but also a prerequisite for transformational leadership to unfold all its positive potential. I see leaders who refuse to consider the psychological climate of their team and what I've noticed is they run the risk of not being nearly as influential as they could be, as visionary as they might be, as motivating as they might be. This invisibility of psychological safety makes it difficult to study and apply. It's less visible than other aspects of leadership, less easy to quantify or enforce, and it needs to be felt and fostered. It manifests itself in the subtleties of team communication, a leader's response to mistakes or the inclusiveness of decision-making. This nuance emphasizes that psychological safety should not be considered subordinate, but rather a central component in leadership research and development. Given the current need for our people to collaborate across different geographies, cultures and time zones, psychological safety has never been more relevant. We now work across cultures, across geographies, over hierarchies, increasing the likelihood we will miscommunicate, be left out or fearful of judgment. In these environments, transformational leadership—when supported by psychological safety—can result in teams that are cohesive, resilient, and effective. Leaders who practice developing psychological safety are more likely to leverage their team's potential for positive impact.

And this conversation is particularly pertinent for companies in transition, flying blind, or chasing innovation. Research highlights that an environment of psychological safety is necessary for organisational learning, agility and employee engagement (Newman et al., 2017). Without it, even the most capable leaders can struggle to motivate their team, or to infuse themselves into the change. When psych safety is added, transformational leadership goes from being a motivating theory to a complexity management tool that's actually empathetic and effective.

For all intents and purposes, it is the invisible floor that supports transformational leadership. It allows teams to flourish with a vision, with the assurance to overcome complexity and take risks. Focusing on psychological safety isn't just good news for team morale—it's a strategic imperative for leaders who want to unlock lasting change in people, organizations and society. In this paper we consider the dynamic interaction between psychological safety and transformational leadership, and how they reinforce each other – by fostering productive, innovative, and inclusive working environments.

2. Review of Literature

The relationship between psychological safety and transformational leadership has been an emergent issue of interest in OB and leadership literature. Transformational leadership has for long been known for its potential to encourage high-performance through visionary ideation, motivation and individualized support (Bass, 1985; Bass & Riggio, 2006). Yet emerging literature points to the central if sometimes overlooked role that psychological safety plays in enabling such leadership to flourish. This review-article connects some of the more important works in the field in order to gain a) a better understanding of how psychological safety nurtures transformational leadership and b) why it is not pretendible, but often forgotten, when discussing how successful leadership works.

2.1 Foundations of Psychological Safety and Transformational Leadership

Psychological safety, initially introduced by Kahn (1990), is the experience of one's ability to freely express and voice ideas, questions, and concerns without fearing negative implications for employee identity and job security. Edmondson (1999) later extended this concept to team processes and defined psychological safety as a team belief in the safety of taking interpersonal risks, that is, feeling free to share personal ideas and thoughts without fear of retaliation or social condemnation. Research has shown that such a secure climate encourages open communication, encourages organizational learning, and fosters group performance, all essential for the manifesto of the transformational leader. When an organization provides the setting for employees to feel that they are able to report novel ideas (Watson et al., 1996), challenge dominant assumptions, and explore alternative frames of reference, it sets the stage for transformational leadership to have its greatest impact on creativity and subordinates' commitment (Srivastara, 2008).

Transformational leadership, introduced by Burns (1978) and developed further by Bass (1985), consists of four key dimensions that are idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. These elements collectively aim to transform followers by elevating their aspirations, aligning them with organizational goals, and promoting personal development. While transformational leadership is visible in its charismatic and inspirational behaviors, psychological safety is more subtle and embedded within the group climate. Scholars are now recognizing that these two constructs are not independent, but rather interconnected in a dynamic and reinforcing manner (Nemanich & Keller, 2007).

2.2 The Invisible Role of Psychological Safety in Enabling Transformational Leadership

Although transformational leaders are often celebrated for their ability to galvanize followers, their success often depends on the presence of a psychologically safe atmosphere. Without such a climate, followers may withhold feedback, resist change, or fail to engage fully with the leader's vision. Edmondson and Lei (2014) assert that psychological safety enables risk-taking, open dialogue, and error reporting behaviors crucial for innovation and organizational learning, all of which are goals of transformational leadership. Detert and Burris (2007), employees' willingness to speak up with ideas or

concerns a behavior strongly linked to psychological safety was shown to be influenced more by the leadership style of their supervisors than formal structures. Leaders who modeled approachability, actively solicited input, and responded non-defensively fostered higher levels of voice behavior. These leader behaviors mirror those found in transformational leadership, particularly intellectual stimulation and individualized consideration. Liu et al. (2020) researched that transformational leadership positively influenced psychological safety, which in turn enhanced team learning behavior. Their findings indicate that psychological safety mediates the relationship between transformational leadership and desirable outcomes. This positions psychological safety not merely as a consequence of good leadership but as a mechanism through which leadership effectiveness is realized. It also reinforces the idea that leadership development efforts must address the emotional and psychological climate leaders create, not just their strategic capabilities.

2.3 Reciprocal Dynamics: Leaders Build Safety, Safety Enables Leadership

While transformational leadership promotes psychological safety, the reverse is also true: psychological safety enhances a leader's capacity to lead effectively. Carmeli et al. (2010) argued that in psychologically safe environments, leaders receive more honest feedback, are better informed, and are more able to align their leadership style with team needs. When team members feel safe to share their concerns or mistakes, leaders can act more responsively and demonstrate authenticity, thereby reinforcing their transformational image. This reciprocal dynamic creates a virtuous cycle where safety enables trust, trust fosters open communication, and open communication deepens the leader-follower relationship. As such, psychological safety can be seen as both a precursor and product of transformational leadership. This aligns with the findings of Eisenbeiß and Boerner (2013), who reported that transformational leadership and psychological safety co-evolve over time, especially in teams that are pursuing innovation or change initiatives.

2.4 Contextual Considerations: Diversity, Culture, and Change

The significance of psychological safety as a foundation for transformational leadership is pronounced in diverse and dynamic organizational settings. In multicultural or multi generational teams, for instance, differences in power distance, communication norms, and social identity can hinder open expression unless a psychologically safe climate is intentionally cultivated (Walumbwa & Schaubroeck, 2009). Transformational leaders, by modeling inclusivity and empathy, can bridge these gaps but only if the climate supports mutual respect and openness. During any period of great uncertainty, change or digital transformation, organizations need leaders who not only can communicate a compelling vision, but manage their employees' emotional safety. Newman et al. (2017) found that the psychological safety of the employees works as an important moderator in the context of organizational change, as a direct cause of the reduction of stress related to the acculturation and resistance to change. What they share is that when that sense of safety is missing, even the most skilled transformational leadership methods can result in disengagement, distrust, or even covert opposition from team members. Such evidence places psychological safety not only as a moral imperative, but also as a practical necessity for effective organizational growth. Research in academia always makes a strong case for psychological safety being a basic requirement for transformational leadership to be effective, rather than a nice to have. Transformational leadership may give direction and motivation, but psychological safety is the trust and safety that is required for authentic change to occur in an organization. Leadership styles devoid of this essential ingredient often struggle with effectiveness and optimal team performance. In this age of

complexity in the workplace never seen before, and with the 'War for Talent' that pervades today's business cultures, psychological safety has emerged as the all-important game-changer for progressive companies.

3. Methodology

3.1 Research Design

This study uses a stringent qualitative systematic review process to explore the existence of an interacting dynamic relationship between psychological safety and transformational leadership. In contrast to traditional literature reviews, this way follows a systematic approach to search and appraise relevant scholarly works with full transparency and reproducibility. This qualitative synthesis method works well for the analysis of these complex organizational constructs, and is capable of the close analysis of patterns flowing through reports and of conceptual themes emerging from a corpus of reports. The study aims to reveal how psychological safety acts as a tacit, yet vital enabler of transformational leadership in different work contexts. Making use of this systematic qualitative approach, the present study achieves two goals: to construct a theoretical foundation that clearly reveals the crucial role of psychological safety in leadership effectiveness and ensure faithful adherence to academic rigor. The method allows for the discovery of pivotal conceptual linkages and for the examination of practical implications that may be used to the benefit of three emerging areas: directions for future research, the development of leadership training curricula, and the design of evidence-based organizational interventions.

3.2 Research Objectives

The review is guided by the following objectives:

1. To identify recurring themes and patterns across literature on psychological safety and transformational leadership.
2. To explore how psychological safety impacts and supports transformational leadership behaviors and outcomes.
3. To examine the contextual factors that facilitate or hinder the development of psychological safety in leadership environments.

3.3 Eligibility Criteria

A set of inclusion and exclusion criterias were defined prior to the review to ensure the quality and relevance of selected literature.

3.3.1 Inclusion Criteria:

Peer-reviewed journal articles were published between 2000 and 2024. Studies focusing on either or both constructs, psychological safety and transformational leadership. Qualitative or mixed-methods studies that include descriptive, thematic, ethnographic, or grounded theory components. Articles written in English. Empirical or conceptual papers discussing workplace, organizational, or team leadership contexts.

3.3.2 Exclusion Criteria:

Non-peer reviewed articles, blogs, editorials or opinion pieces. studies that focuses on transactional leadership. Research not available in full-text format. Articles lacking methodological transparency or conceptual clarity.

3.4 Selection Process

The initial search yielded 156 articles. After removing duplicates, screening abstracts, and applying eligibility criteria, a total of 34 articles were selected for full-text review. Of these, 22 articles were deemed

highly relevant and included in the final synthesis. The selection process was guided by the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) guidelines to ensure transparency and replicability.

4. Discussion and Implications

The findings of this study underscore the profound interdependence between psychological safety and transformational leadership, revealing that the latter cannot fully manifest without the former. Transformational leaders, characterized by idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass, 1985), rely on a psychologically safe environment to foster open communication, risk-taking, and innovation among team members (Edmondson, 1999). Firstly, the literature affirms that psychological safety is a precondition for transformational leadership behaviors to be effective. As transformational leadership relies on open communication, risk-taking, and individual growth, these outcomes are only possible when employees feel safe to express ideas, challenge norms, and admit mistakes without fear of negative consequences. Psychological safety is thus shown to create the emotional and cognitive conditions necessary for leaders to inspire, support, and intellectually stimulate their teams. Second, psychological safety is also considered to mediate the path from transformational leadership to team performance outcomes. A number of studies have shown that when leaders practice empathy, active listening and non-punitive ways of responding to failures, they are more likely to create the conditions for psychological safety, and that in turn leads to more innovation, collaboration and learning. Even visionary leaders may not be able to connect with employees at a more profound level without a climate of safety. The third discovery emphasizes the bidirectional nature of the association: if transformational leaders can cultivate psychological safety, a psychologically safe work environment can also facilitate the leader's effectiveness. In such safe conditions, employees are more authentic and open in providing feedback, which helps leaders to adjust with authenticity and compassion. A virtuous cycle is in which the elements amplify and reinforce each other through continuous trust-based interactions such as trust, open communication and mutual respect and the research further shows that psychological safety and transformation leadership have a reciprocal relationship that forms the virtuous cycle. This presents an interesting dilemma since most traditional leadership models focus on observable behaviors and often underestimate the significant impact a team's psychological climate can play. The authors show that psychological safety is not only an outcome but also a critical precursor to developing transformational leadership to its ideal timing, and each affects and is affected by the other over time in a co-evolutionary fashion (Carmeli et al., 2010). Psychological safety plays an important role linking transformational leadership to the concrete organizational effect of innovation and collective learning (Liu et al., 2020).

The lack of psychological safety represents a key obstacle to effective organizational performance, given that the most charismatic of leaders will also find it impossible to develop authentic commitment or creativity if team members suspect they will be "beaten over the head" for offering ideas or admitting errors (Detert & Burris, 2007). Such an environment of fear stifles open conversation and, ultimately, stifles creativity and innovation.

In terms of leadership practice, these findings indicate an imperative to transcend transactional practices and endeavor to model vulnerability and emotional intelligence, promoting inclusive climates in which risk taking is valued. Particular consideration must be made for these in diverse, and geographically dispersed groups where such threats to psychological safety are most acute (Edmondson & Lei, 2014;

Walumbwa & Schaubroeck, 2009). The consequences are that the basis for leadership development must shift to see psychological safety as a fundamental and not a peripheral competency. The antecedents of these relationships could also be studied by future research considering different context determining conditions, such as various sectors and types of organizations, to provide a more matured discussion about their dynamics in different settings. Leadership development programs that teach leaders about emotional intelligence, the importance of being an active listener, and the practice of non-punitive responses to failure should be instituted. Finally, HR practices should strengthen psychological safety through the institutionalization of feedback systems, acknowledgment of contributions, and the encouragement of collaborative norms. In sum, the results show that psychological safety is not only a consequence of good leadership, but a necessary condition for transformational leadership to be fully effective. It is a central, dynamic force for the development of the leader-follower relationship and significant organizational change.

5. Research Gaps and Future Directions

The evidence dealing with the relationship between transformational leadership and psychological safety is still developing and some gaps are recognized. For one, research has taken place in Western settings so may not translate to cultures with different communication or leadership practices. Secondly, there is scarce longitudinal work on how these constructs change jointly. Third, and perhaps most significantly, the mechanisms that might underlie model effects are not known, and few studies have attempted to link psychological safety to other forms of leadership (e.g., servant or authentic leadership) or to examine its moderation of other leadership effects in global virtual teams. Future studies could also examine the influence of organizational structures, HR policies, and digital communication platforms on the relationship between psychological safety and leadership effectiveness. Furthermore, research that combines neuroscience and emotional intelligence concepts is likely to contribute to our understanding of the psychological processes through which safety and leadership interact.

6. Conclusion

This work emphasizes that transformational leadership is less effective when in a psychologically unsafe environment. The two concepts are intertwined, creating that emotional and cognitive space in which teams flourish. Future research can take place in different cultural contexts, within digital environments and by embracing new frameworks explaining individual behaviour such as emotional intelligence and neuroscience, in order to further our knowledge of how safety and leadership jointly co-create organizational success. The basis of organizational greatness is the simple, profoundly obvious truth that breakthrough ideas and adaptive organizations require a psychologically safe environment in which to grow—meaning it's safe to discuss ideas, make mistakes, and take risks. Psychological safety is the unseen scaffold that holds and magnifies the power of transformational leadership. Overview Inspired and daring Thanks to their charismatic appeal, transformational leaders cause enthusiasm to flare, while challenging the status quo But it is the equivalence climate of psychological safety that frees team members to speak without disguise, experiment without fear, and team up without fear.

This study demonstrates a movement dependent co-regulation of their activity. Leadership and psychological safety The idea of psychological safety creates fertile soil for transformational leaders to grow in, and transformational leaders support and cultivate the sense of safety within their teams. Without

this bedrock, the most inspiring leadership vision is likely to meet with little more than lip service rather than earnest participation.

At a time when businesses are wrestling with extraordinary volatility and disruption, the hands-off approach to psychological safety has turned from a good-to-have cultural attribute to a must-have strategic imperative for organizations to survive and thrive. Future looking leadership development now should include fostering psychological safety as a skill that's just as important as any other leadership skill. And given it is a key driver for ongoing innovation, organisational agility and team durability, businesses can shift from surviving complexity to thriving within it. This shift is transformational, and reorients us from our current place of treating psychological safety as an optional, “soft skill” competency to the essential foundation that makes all other efforts to leadership and organizational development possible and effective.