



Vaasan yliopisto
UNIVERSITY OF VAASA

Atte Mäkelä

The role of leadership in supporting psychological well-being in WFH

School of Marketing and
Communication
Bachelor's thesis in International
Business

Vaasa 2026

UNIVERSITY OF VAASA**School of Marketing and Communication**

Author:	Atte Mäkelä		
Title of the Thesis:	The role of leadership in supporting psychological well-being in WFH		
Degree:	Bachelor of Economics and Business Administration		
Programme:	International Business		
Supervisor:	Rodrigo Mello		
Year:	2026	Sivumäärä:	34

ABSTRACT:

The purpose of this study is to examine the role of leadership in supporting employee's psychological well-being in WFH. As WFH has become more common due to advancements in ICTs and COVID-19 pandemic, understanding how leadership influences employees experience has gained importance. This literature review draws on existing research on leadership theories and psychological well-being.

The theoretical framework focuses on a few key approaches: transformational leadership, e-leadership, LMX and destructive leadership. Additionally, psychological well-being is examined through eudaimonic perspective, which values aspects such as autonomy and meaningfulness. This study also considers physical distance and digitally mediated communication, which are key characteristics shaping leadership practices and employee experiences.

The findings suggest that leadership plays a significant role in shaping employees' well-being in a WFH context. Positive leadership approaches such as transformational leadership and high-quality LMX are associated with increased perceived support and work-engagement that directly affects well-being positively. In contrast, destructive leadership practices negatively affect employees' well-being, particularly in WFH settings. Overall, the study highlights the importance of the quality of leadership in supporting employee well-being.

KEYWORDS: leadership, transformational leadership, psychological well-being, WFH

Contents

1	Introduction	5
1.1	Background and relevance of the study	5
1.2	Objectives and research questions	6
1.3	Definitions of key terms	6
1.3.1	Psychological well-being	6
1.3.2	Leadership	7
1.3.3	Virtual and remote work teams	9
1.4	Structure of the study	10
2	Leadership styles and theories in WFH context	12
2.1	Importance of leadership in WFH settings	12
2.2	Transformational leadership and work engagement in remote teams	13
2.3	E-leadership and digital competence requirements	14
2.4	LMX theory	15
2.5	Destructive leadership and its effects	16
3	Employee psychological well-being in the remote work context	17
3.1	Hedonic and eudaimonic perspectives	17
3.2	Dimensions of well-being in WFH	18
3.3	WFH and psychological well-being	19
4	The impact of leadership on employees' psychological well-being	21
5	Conclusions	25
	References	28
	Appendices	34
	Appendix 1. Use of AI	34

Tables

Table 1. Leadership styles, theories and their associations with (employee) well-being.⁸

1 Introduction

The first chapter of this thesis will introduce the topic by presenting background to the study and by providing the objectives and research questions of this thesis. It also includes the definitions of the key terms used throughout the study and lastly presents the structure.

1.1 Background and relevance of the study

In recent years work-from-home (WFH) has become a major form of work for many white-collar employees (Januario et al., 2025). Due to rapid advancements in technologies and the COVID-19 pandemic, the global work environment has gone through a major transformation shifting employees from offices to their homes or otherwise remote environments (Contreras et al., 2020; Lundqvist & Wallo, 2023). According to studies this geographical dispersion has forced many organizations to adapt to the changing environment e.g. by implementing and developing ways for international virtual collaboration to their operations (Vuchkovski et al., 2023). Companies are also investing in flexible work opportunities to access global talent pools (Inavero, 2018), since by relying on old structural models they risk losing current employees and might miss on future talents (Flood, 2019).

The change poses new challenges particularly for leadership for example in communication with employees, building trust inside teams and supporting well-being of the employees (Contreras et al., 2020). As more and more people work remotely, the role of leadership becomes increasingly important in areas such as upkeeping the engagement, connection and well-being of the employees (Lundqvist & Wallo, 2023). Previous research has emphasized productivity and efficiency related factors of WFH leaving employee's psychological well-being with less attention (Gilson et al., 2015). However, there has been an increasing number of studies done on the topic post

pandemic, but according to Contreras et al. (2020) more research on psychological aspects is needed to better understand the needs of the employees suitable for WFH.

1.2 Objectives and research questions

The purpose of this study is to explore how leadership can support employees' psychological well-being in a WFH context. The thesis aims to identify key leadership styles, communication strategies and other related factors that influence psychological well-being in virtual remote environments.

Research questions of this study:

- 1) Which leadership approaches and behaviours are associated with employees' psychological well-being in WFH settings?
- 2) What factors shape employees' psychological well-being in WFH settings?
- 3) What implications can be drawn from the links between leadership and well-being for leaders and organizations managing remote teams?

1.3 Definitions of key terms

1.3.1 Psychological well-being

Defining psychological well-being is a challenging task within the field of study (Dr. M. Dhanabhakym & Sarath M, 2023). It's not merely about being happy but rather feeling oneself meaningful and in control of their everyday actions (Dr. M. Dhanabhakym & Sarath M, 2023). Ryff (1989) presented that it can be divided into six different dimensions: self-acceptance, positive relations with others, autonomy, environmental mastery, purpose in life and personal growth. In this study the concept of psychological

well-being is observed through three of these dimensions: positive relations with others, autonomy and purpose in life. These dimensions are relevant in the context of WFH. For instance, autonomy in remote work means that employees can influence their working hours and place, giving them flexibility to deal with everyday problems, such as family and other personal matters (Fedáková & Ištoňová, 2017; Wojcak et al., 2016). The ability to directly influence one's physical working location and work hours is also associated with higher productivity and self-motivation (Pavlova, 2019).

The research on well-being usually revolves around two distinct theoretical perspectives: hedonic and eudaimonic well-being (Ryan & Deci, 2001). While the hedonic approach focuses on happiness, the eudaimonic theory prioritizes one's meaning and self-realization (Ryan & Deci, 2001). They both have different views on how well-being is defined: hedonic view defines it to be about avoiding negative emotions and seeking pleasure whereas eudaimonic perspective focuses on personal growth and self-realization, moreover as Ryan and Deci (2001, p. 141) describe "the degree to which a person is fully functioning".

In this study psychological well-being is observed from the eudaimonic perspective, since it focuses on individual employees' sense of meaning, autonomy and self-realization and explores how leadership can support these areas (Ilies et al., 2005; Ryan & Deci, 2001; Ryff, 1989)

1.3.2 Leadership

Like psychological well-being, leadership is a broad and complex concept that is hard to define (Silva, 2016). One highly cited definition (Lundqvist & Wallo, 2023) for leadership is the following by Yukl: "Leadership is the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives" (Yukl, 2013). However,

Stodgill (Silva, 2016) brings up that there are as many definitions for leadership as there are people who try to define it and according to Kellerman there are approximately 1400 different definitions for words “leader” and “leadership” (Volckmann, 2012), although these numbers can vary greatly today. Therefore, there isn’t just one correct definition for leadership (Silva, 2016), but it rather depends solely on the individual researcher’s focus and interests what definition is used (Bass, 2008, as cited in McCleskey, 2014).

In the purpose of this study the focus is on a few leadership styles: **1)** transformational leadership, **2)** e-leadership, **3)** leader-member exchange and **4)** destructive leadership. Each of these theories and styles are associated with well-being (either positively or negatively) in different studies as illustrated in Table 1 (compiled based on findings from Lundqvist & Wallo, 2023) excluding transformational leadership, but there are also strong correlations made between transformational leadership and employee well-being (Arnold, 2017; Arnold et al., 2007; Tautz et al., 2024)

CATEGORY	LEADERSHIP	WELL-BEING	
		ASSOCIATION	NO ASSOCIATION
Communicate and inform	E-leadership	Kelley & Kelloway, 2012; Madlock, 2013	
Control and set boundaries	Destructive leadership	Dolce et al., 2020; Spagnoli et al., 2020	
Comprehensive leadership styles	LMX	Golden, 2006; Golden & Veiga, 2008; Kuruzovich et al., 2021	

Table . Leadership styles, theories and their associations with (employee) well-being.

Transformational leadership is commonly presented to contain four different dimensions: idealized influence, inspirational motivation, intellectual stimulation and individualized consideration (Bass & Riggio, 2006, as cited in Korte et al., 2025;

Hildebrand et al., 2018; Arnold et al., 2007, p. 193-203). By the definition of group of NU editorial contributors (2023) it's a leadership style that increases the inspiration and motivation of the employees by articulating clear visions, showing empathy, providing support for individuals and furthermore fostering collective goals.

Leader-member exchange (LMX) is a theory that bases its foundation on relationships built over time through social exchanges (Sobral & Furtado, 2024). In its core is the observation that leaders behave differently with different people therefore causing varied relationships between the leader and employee (Jr et al., 1975). LMX focuses on the development of these leader-member interactions and their effect on work performance (Graen & Uhl-Bien, 1995).

E-leadership refers to how leaders encourage and support the use of different technologies and leads employees by example (Lundqvist & Wallo, 2023). It also includes how e-leaders prioritize the use of ICTs in their daily operations (Bouassaba, 2022)

Destructive leadership focuses on hostile and harmful behaviour practiced by the leader such as "abusive supervision" (Tepper, 2000) or "petty tyrants" (Ashfort, 1994; Einarsen et al., 2007). Einarsen et al. (2007) define destructive leadership as being behavior that in different ways affects the firm's functioning (e.g. undermining and sabotaging shared goals or decreasing well-being and job performance of the employees).

These styles and their associations with employee well-being are further examined later throughout the study.

1.3.3 Virtual and remote work teams

Virtual teams (VT) are groups formed by people who work together in geographically dispersed environments leveraging ICTs to enable collaboration (Campbell, 2024; Garro-

Abarca et al., 2021). In its early stage, these teams were created to make international collaboration easier, bringing global experts closer together while negating the need for travelling, but nowadays virtual teams and online collaboration is a core way of working for both national and multinational organizations (Garro-Abarca et al., 2021).

While VTs and remote work offer numerous benefits e.g. geographical independence, access to global talent pool and increased autonomy and flexibility (Korte et al., 2025), according to studies it also poses many challenges. These challenges include aspects such as blurred work-family boundaries (Rofcanin & Anand, 2020) and need for advanced ICT skills (Raisiene et al., 2021).

While virtual teams and remote work can take various forms and occur in numerous places, this study primarily discusses virtual work in a WFH context. In this context employees operate remotely from their own homes while being a part of geographically dispersed virtual teams.

1.4 Structure of the study

This thesis consists of five chapters. The first chapter introduces the topic and furthermore examines its background and relevance. It also includes the definitions of key terms used in this study.

The main theory of the topic has been divided into three chapters: 2, 3 and 4. Chapter two examines the leadership styles briefly covered in the first chapter and identifies their role in WFH while the third chapter focuses on employees and covers their well-being while working from home. Lastly for the theory part, chapter four ties these two parts together and observes the linkage between different leadership styles and well-being in the context of WFH.

The final chapter includes conclusions that summarize this thesis and presents answers to the research questions informed in chapter 1.2 and is followed by the list of references at the end.

2 Leadership styles and theories in WFH context

As discussed in Chapter 1, leadership has a significant role to play in supporting employees' psychological well-being in WFH environments (Lundqvist & Wallo, 2023). The work environment also changes how leaders interact with employees thus requiring new approaches for communication and leadership. This chapter further examines the four key approaches identified previously and their relevance for work in WFH. These approaches were selected, because together they capture both the positive and negative mechanisms through which leadership shapes psychological well-being in WFH. The two primary supportive approaches are transformational leadership and LMX, first of which describes how leaders shape well-being through vision and individualized support, while the latter describes how the quality of the relationship between the leader and the employee shapes well-being. E-leadership is treated separately since it does not describe a style in the same sense that transformational leadership, does, but it is also important since leader's digital competences condition how effectively any of the styles mentioned can be practiced in WFH settings. Finally, destructive leadership provides a negative counterpart to transformational leadership and LMX. It illustrates what happens to well-being when these supportive mechanisms fail.

2.1 Importance of leadership in WFH settings

Leadership plays a crucial role in how VTs function and is expected to remain important in the future (Gilson et al., 2015). Leaders are required to reduce the hierarchy within organizations' structures in order to make WFH effective (Contreras et al., 2020). According to this study, it is equally important that leaders genuinely care about their employees' well-being and develop new ways of building strong, trustworthy relationships.

As defined, leadership is the process of influencing people to reach set goals (Contreras et al., 2020; Yukl, 2013). While in the traditional workspaces this influence can be exerted through interaction among workers, in WFH context the role of formal leaders is much larger, making them responsible for building functional teams in order to reach these goals (Contreras et al., 2020). This increased responsibility alongside the findings by Henderson (2008) that imply that employees tend to be more satisfied with their leaders in virtual environments may also partly explain why leadership is often evaluated positively within VTs. The study also finds that leaders are perceived to be more capable of decoding messages when being geographically distant.

Despite the positive perceptions, adapting traditional leadership practices to WFH is challenging and many organizations face a situation where old structures are combined with new ICTs placing leaders in a demanding position (Lynn Pulley & Sessa, 2001). This change drives the need for leaders to adapt and develop new skills to lead dispersed teams (Contreras et al., 2020; Flood, 2019). Based on previous research on virtual leadership, the following sections examine leadership approaches and practices discussed in the literature.

2.2 Transformational leadership and work engagement in remote teams

Transformational leadership (also known as TFL), as outlined in Chapter 1.3.2, is a leadership style that emphasizes leaders' ability to inspire and motivate employees. Originally developed by James MacGregor Burns in the 1970s, the theory was later adapted to management and leadership studies by Bernard Bass (Eaton et al., 2024). According to Bass (1990), transformational leadership shifts focus from an individual level toward the good of the whole group distinguishing it from transactional leadership, where rewards and recognition are primarily awarded in exchange for effort and performance.

The study by Bass (1990) further identifies four different characteristics of transformational leaders, all of which are essential for building trust and confidence within the team: charisma, inspiration, intellectual stimulation and individualized consideration. Charismatic leaders are associated with higher influence and power, increased trust and admiration among employees and a habit to inspire and excite them through clear communication. Unlike transactional leaders, transformational leaders see the employees as individuals with individual needs and focus on their differences. This leads to the ability to offer individualized support for growth rather than threatening with consequences for unmet expectations. Transformational leaders also foster intelligence and growth in the team and challenge employees to find new ways to resolve old problems.

Various studies have established a positive correlation between TFL and work engagement in on-site work (Helalat et al., 2024; Zhang et al., 2025) but the research on this relationship in a WFH context is limited (Boccoli et al., 2024). Boccoli et al. (2024) find that, contrary to earlier assumptions, TFL is associated with high levels of perceived support even in WFH settings, leading to stronger engagement among employees. However, they also show that supervisor's digital competences moderate the correlation between perceived support and work engagement making digital communication skills a crucial competence for leaders.

2.3 E-leadership and digital competence requirements

As stated at the beginning of this study, the global work environment is under a significant transformation due to rapid technological advancements and the COVID-19 pandemic. Even though the pandemic made it compulsory to work remotely only temporarily, WFH arrangements have become an established practice post-pandemic (Contreras et al., 2020). As a result, most of the interactions and leading are occurring digitally, increasing the need for strong digital competences and forcing leaders to adapt to the changing environment.

One such leadership style is e-leadership, which refers to an approach, where most of leading and communication is supported by advanced information technologies (AIT) (Subrahmanyam, 2019). It's also by definition a social influence process aiming to change attitudes, feelings, behavior and performance at the individual or organizational level through the use of AITs (Avolio et al., 2000). According to the study, the AIT-enabled society that we live in, is characterized by vast amounts of real time information as well as quick and improved ways of collaboration and knowledge sharing with different stakeholders creating pressure for leaders to be more responsive (Avolio et al., 2000).

Together with the fact that work is more often done in temporary virtual project teams (Avolio et al., 2000) leaders are required to have strong digital competences in order to provide better support for employees. Furthermore, as Boccoli et al. (2024) pointed out, leaders digital competences enhance perceived support which directly increases work engagement in remote work settings.

2.4 LMX theory

LMX theory, based on the Vertical Dyad Linkage (VDL) (Jr et al., 1975), proposes that leaders behave and treat employees differently depending on the person resulting in varied relationship qualities within an organization or team (Sobral & Furtado, 2024). The relationships differ in terms of trust, respect and support causing employees to have different perceptions of their leader depending on the relationship quality between them.

LMX can typically be divided into high- and low-quality relationships: high-quality relationships are usually associated with increased trust, support and rewards resulting in mutual loyalty and respect whereas lower-quality relationships are more formal and interaction is more task-related (Graen & Uhl-Bien, 1995; Sobral & Furtado, 2024). Unlike

styles such as transformational leadership that describe leader behaviors, LMX focuses purely on the dynamics between leader and employees.

In a WFH context, physical distance and reduced informal encounters between the leader and employees could make relationship development more complicated and slower. As interaction occurs mostly digitally, opportunities for spontaneous social exchange is more limited compared to face-to-face settings (Avolio et al., 2000; Gilson et al., 2015).

2.5 Destructive leadership and its effects

Destructive leadership refers to the systematic violation of organizations interests by repeatedly sabotaging their operations (e.g. bullying and undermining employees leading to reduced well-being and engagement) (Einarsen et al., 2007). To classify actions *systematic*, they must be regular and occur for a set period of time: everyone has bad days and makes mistakes, but the systematic part is what defines leaders as destructive (Einarsen et al., 2007). According to the study, for example sudden bursts of emotions aren't classified as destructive leadership. However, once the bursts become regular and are consistently targeted at a specific group, it can be seen as such. Einarsen et al. (2007) also make an important highlight that the definition does not include intent because even if the actions were not intended, it still causes harm and undermines common goals.

The effects of destructive leadership on employee well-being can be severe. Researchers have linked abusive supervision and destructive leadership to increased stress, reduced job satisfaction and higher turnover intentions (Tepper, 2000). In the context of WFH, these effects may be enhanced. While working from home, employees usually have fewer opportunities to seek help from colleagues and are more dependent on their leader. This dependency suggests that destructive leadership in WFH setting could leave employees with very little support, creating more psychological harm caused by hostile or neglectful behavior.

3 Employee psychological well-being in the remote work context

Chapter 1.3.1 identified and defined key aspects of psychological well-being in general. This chapter aims to further examine psychological well-being, especially in the context of WFH. Core topics closely related to WHF and to the objectives of this study, such as eudaimonic well-being, autonomy and self-realization, are discussed in the following chapters with the aim of explaining how these link to WFH.

3.1 Hedonic and eudaimonic perspectives

The research on well-being can be divided into two distinct theoretical perspectives as stated in Chapter 1.3.1: Hedonic- and eudaimonic well-being. While both offer valuable frameworks for understanding well-being, they differ fundamentally in what they consider their core components.

The hedonic perspective defines well-being primarily through pleasure and the absence of pain. Merriam-Webster (n.d.) defines hedonism as the idea that pleasure or happiness are the main good in life. In work settings this translates to things, such as job satisfaction and positive daily experiences (Ryan & Deci, 2001).

The eudaimonic view is less about how work feels and more about whether it means something. It considers whether employees feel like they are growing and progressing, whether their work has purpose and whether they have real autonomy over what they do (Ryan & Deci, 2001; Ryff, 1989). This distinction matters especially in WFH, because flexible working arrangements can easily improve hedonic well-being through things like reduced commuting times and increased comfort, while eudaimonic well-being depends more on the quality of leadership and relationships within the workplace.

3.2 Dimensions of well-being in WFH

Chapter 1.3.1 introduced the six dimensions of well-being by Ryff (1989). While all these six dimensions are relevant and important for well-being, this study focuses on the following three as mentioned: autonomy, positive relations with others and purpose in life. In the context of WFH, where physical connections and face-to-face interactions are limited, these dimensions have a particularly meaningful role.

Autonomy is often described to be one of the most beneficial aspects of WFH and refers to increased independence that an employee has while working remotely (Fedáková & Ištoňová, 2017; Wojcak et al., 2016). The ability to decide one's own working hours and location also adds flexibility to deal with everyday problems and increases motivation and productivity (Fedáková & Ištoňová, 2017; Pavlova, 2019; Wojcak et al., 2016). However, autonomy is not always guaranteed when working remotely and in practice can vary depending on the organization's habits for managing and monitoring their workforce. Digital monitoring has increased broadly and leaders focus on tracking online presence and screen times instead of actual performance and outputs, therefore reducing and undermining the core benefits that WFH offers (Glavin et al., 2024).

Positive relations with others mean the ability to form and maintain warm and trusting relationships. This dimension is especially challenged by WFH, since the lack of traditional offices reduces informal encounters with co-workers, building meaningful connections can become more difficult. According to researchers, WFH carries a real risk of social isolation and loneliness, which directly undermines this dimension (Bareket-Bojmel et al., 2023; Van Zoonen & Sivunen, 2022; Wojcak et al., 2016). Time-zone and cultural differences can further intensify these challenges in multicultural teams and make informal communication and relationship building harder (Garro-Abarca et al., 2021). Interestingly, the findings of Henderson (2008) point that employees in WFH environments tend to rate their managers more positively compared to traditional

physical work environments. This finding suggests that leader-member relationships, as described in LMX theory, are not weakened by physical distance.

Purpose in life refers to the sense that one's work is meaningful and contributes to something larger than everyday tasks (Ryff, 1989). Meaningful work depends on the individual and can mean, for example, sustainability or something one finds important. WFH challenges this dimension since it particularly depends on leadership and leaders' ability to share the team's progress and goals. Due to the physical distance and reduced informal contact with others, it is increasingly difficult for employees to feel connected to the goals of the organization (Flood, 2019; Harter, 2023). Dong et al (2025) found that job engagement is the mediator between WFH and well-being, which means that the meaningfulness of WFH heavily depends on how engaged the employee is. Furthermore, this engagement is directly shaped by the leader's ability to provide support through digital channels (Boccoli et al., 2024). Simplified, purpose in life does not emerge on its own: it needs active support and work from the leader.

3.3 WFH and psychological well-being

Different WFH arrangements can greatly affect overall well-being on many levels, either negatively or positively. WFH arrangements are one of the popular models that according to Botha et al. (2025) was implemented to counter the growing commuting times and to improve workers' productivity. Even though WFH isn't a new phenomenon and existed long before COVID-19 (Contreras et al., 2020), the pandemic increased its popularity significantly and accelerated the change.

The Productivity Commission (2021) found that WFH has potential positive and negative effects on employees' well-being and that it could substantially influence and improve employees' psychological health and overall productivity by increasing autonomy and flexibility (Dong et al., 2025) and reducing commuting times, leaving more time on other tasks. It can also indirectly increase well-being by enhancing job engagement, which

according to Dong et al. (2025) mediates the relationship between working-from-home and well-being.

Various studies have found that WFH arrangements also carry notable negative effects on psychological well-being. WFH environments can cause social isolation and feelings of loneliness (Bareket-Bojmel et al., 2023; Van Zoonen & Sivunen, 2022) and blur the boundaries between work and private life (Dong et al., 2025). However, based on the findings of Dong et al. (2025) and Kornadt et al. (2025), the statistical correlation between WFH and reduced well-being appears not to be significant. An exception is the period of lockdowns caused by the outbreak of COVID-19, where during the initial stage of the pandemic (April-August 2020) WFH was negatively associated with well-being (Kornadt et al., 2025). Nevertheless, this does not imply that there are no correlations, but rather that the impact of WFH is multifaceted (Dong et al., 2025).

4 The impact of leadership on employees' psychological well-being

While the previous chapters have focused on identifying and examining different leadership styles and theories in WFH context as well as key dimensions of employees' psychological well-being in WFH, this chapter aims to tie everything together and explain how leadership affects well-being. These topics have been talked separately throughout the study even though they are deeply interconnected.

Based on previous research, it is suggested that the relationship between WFH and well-being is not straightforward but depends on other mediating factors such as leadership, autonomy, job engagement and work-life balance (Dong et al., 2025; Kornadt et al., 2025). WFH naturally increases the physical distance and therefore also limits informal interactions and opportunities for individual support making these mediating factors even more critical for well-being.

Leadership influences employee psychological well-being through different mechanisms, that are especially important in WFH settings due to the absence of informal support structures that are usually naturally provided in physical offices. Effective and high-quality communication is one factor consistently identified as one of the most central leadership behaviours for employees' well-being in WFH settings (Lundqvist & Wallo, 2023). While working from home, some employees are highly dependent on their leaders when it comes to connecting them to the organization (Lundqvist & Wallo, 2023). Therefore, ensuring frequent and quality communication is an important aspect of remote leadership. Leaders, who communicate clearly, provide feedback and keep employees informed, create a sense of involvement and reduce the feelings of uncertainty and isolation (Van Zoonen & Sivunen, 2022; Wojcak et al., 2016). If the communication is insufficient, employees may be left feeling helpless and disconnected both from their team and organization (Van Zoonen & Sivunen, 2022).

Closely related to communication is the question of trust and autonomy. According to Pavlova (2019) allowing employees the freedom to influence their own working hours, location and methods is associated with higher productivity, self-motivation and well-being. Additionally trust is an important substitute for physical control: leaders, who trust their employees to perform without constant monitoring and surveillance reduces stress and increases job-satisfaction and autonomy (Glavin et al., 2024).

Equally important mechanisms with trust and communication are managerial support and empathy. According to Dong et al. (2025) employees who receive regular guidance, recognition and emotional support from their managers tend to report higher levels of well-being and engagement compared to those with limited contact with their leader. This dynamic reflects well the core idea behind LMX theory, since it suggests that the quality of the relationship between the leader and the employee directly shapes outcomes, which furthermore mediates the relationship between WFH and well-being (Dong et al., 2025; Sobral & Furtado, 2024). Research suggests that high-quality relationships (usually characterized by trust, support and mutual respect (Sobral & Furtado, 2024)) lead to better experiences for employees, while low-quality relationships result in more formal and transactional interactions (Graen & Uhl-Bien, 1995).

The behaviours described above (such as communicating a clear vision and inspiring employees toward a shared goal) reflect the core dimensions of transformational leadership as identified previously in chapter 2.2. Transformational leadership has been consistently associated with higher levels of employee well-being and engagement in both traditional and WFH settings (Arnold, 2017; Boccoli et al., 2024). Leaders also partly carry the responsibility to help employees manage work-life boundaries, which has been identified as one of the core challenges of WFH and well-being (Dong et al., 2025). By establishing clear guidelines for working hours and availability, and by not contacting employees during their personal time outside working hours, leaders can support the development of a healthy work environment (Lundqvist & Wallo, 2023).

While transformational leadership and the behaviours described above can greatly support employee well-being, the opposite is equally true. Destructive leadership represents a significant risk particularly in WFH environments (Einarsen et al., 2007). Destructive leadership is differentiated from occasional mistakes or bad days (that are inevitable for everyone) by systematicity and patterns rather than isolated incidents (Einarsen et al., 2007). In WFH settings, where the lack of support already creates challenges more than in regular offices, this kind of leadership may have even more significant negative impact on employee well-being, since employees are mostly dependent on the leader as their primary connection to the organization (Lundqvist & Wallo, 2023). Abusive supervision, micromanagement and lack of concern for well-being reduce trust and engagement, increase stress and therefore cause outcomes that ultimately harm every stakeholder (Tepper, 2000).

Whether practicing supportive or destructive leadership, technology has become the primary channel through which leaders connect with and influence their employees (Avolio et al., 2000; Van Wart et al., 2019). To lead effectively in digital environments, leaders must develop good e-leadership competences. This means adapting their communication style, building mutual trust virtually and maintaining some social presence despite the challenges created by physical distance (Contreras et al., 2020). Leaders who manage to achieve this are better equipped to provide support and connection to the organization and according to Boccoli et al. (2024) this directly translates into, for example, higher job engagement among WFH employees, which furthermore mediates the relationship between WFH and well-being as discussed in chapter 3.3 (Dong et al., 2025).

The mechanisms through which leadership affects well-being do not change even in WFH, but research suggests that leadership could have more important role for employee well-being while operating in WFH (Lundqvist et al., 2022). Autonomy

illustrates this double-edged nature well. While the freedom to manage one's own schedules and working locations is commonly cited as one of the core benefits of WFH, it can also become a source of stress when employees lack boundaries or feel unsupported (Dong et al., 2025; Pavlova, 2019). One important difference lies in leaders' capability to support autonomy and whether the given freedom is taken as trust or abandonment. Lundqvist & Wallo (2023) however found that there is conflict whether trust increases happiness and decreases stress.

Social connection follows a similar pattern. Even though informal encounters are often reduced due to the nature of WFH, it does not automatically lead to isolation. It rather means that connections must be actively maintained and that leaders can support this by creating opportunities for interaction and by regularly checking in with the employees (Van Zoonen & Sivunen, 2022). The quality of this communication therefore becomes even more critical in WFH settings (Contreras et al., 2020). This however does not directly mean that remote leadership requires entirely different skills, but rather that leaders need to be more intentional and systematic in how they communicate and connect (Lundqvist & Wallo, 2023).

Together these findings suggest that leadership in WFH is not fundamentally different from traditional on-site leadership, but rather that its effects may carry a greater importance. Every interaction with employees carries more weight and every failure by a leader can have greater consequences. The quality of leadership therefore becomes one of the most notable factors determining how WFH is experienced.

5 Conclusions

This study aimed to explore how leadership affects employees' psychological well-being in WFH environments through reviewing existing literature. Due to the rapid shift in the way we work today, important questions around leadership are emerging. The goal was to identify how leadership styles and individual behaviors relate to employee well-being in a WFH context.

Regarding the first research question, the reviewed literature identifies several leadership approaches and mechanisms that support employees' psychological well-being in WFH settings. Transformational leadership emerges as one of the most supportive style as it emphasizes individual consideration and shared vision linking it to higher engagement and well-being (Arnold, 2017; Boccoli et al., 2024). High-quality leader-member relationships, as described by LMX theory, similarly support well-being through increasing trust and mutual commitment even when physical distance limits informal contact (Graen & Uhl-Bien, 1995; Sobral & Furtado, 2024). Strong e-leadership competences further enable leaders to compensate for the absence of face-to-face interactions (Avolio et al., 2000; Contreras et al., 2020). All of these approaches are supported by high-quality communication and the willingness to trust employees with autonomy, both of which are associated with stronger outcomes for well-being in the literature (Glavin et al., 2024; Lundqvist & Wallo, 2023; Pavlova, 2019). Together these approaches actively compensate for the informal support structures that WFH removes.

The second question concerned what factors shape psychological well-being among employees in WFH settings. The findings indicate that the very things that make WFH appealing (e.g. autonomy and flexibility) can also potentially cause stress and isolation if managed poorly. Autonomy can give employees a feeling of empowerment, but it can also be the root cause for feeling abandoned. Whether autonomy is experienced as a positive or negative aspect is highly dependent on the individual and the leader's way of framing it and their ability to provide support. Even though operating in a WFH

environment, humans still fundamentally need social connections and maintaining it requires active efforts. Purpose and meaning, which are the core aspects of eudaimonic well-being, also become harder to sustain if employees drift away from the organization and are not connected to their goals and progress. All these build well-being and whether it is positive or negative is often dependent on leadership.

The findings of this study point to several practical implications for leaders and organizations managing WFH teams. First, leaders should treat communication as a deliberate and scheduled practice instead of something that happens on incident since WFH reduces informal exchanges. Second, leaders should support autonomy while remaining engaged, since autonomy without support carries the risk of it being experienced as abandonment rather than trust. Organizations should also invest in leaders' digital competences, since most of the interactions happening in WFH are occurring in digital channels and remaining engaged with employees requires skills to navigate in these channels and offer support when needed. Third, leaders should establish clear boundaries around working hours and availability and respect the employee's personal time to prevent blurred work-life balance.

Together all the findings point to the conclusion that effective remote leadership does not require a completely new set of skills (although digital competences could be a challenge, especially for older generations), but rather calls for significantly more intention, systematicity and availability compared to traditional offices. All these mechanisms together define the quality of leadership, which furthermore is one of the most critical things shaping the way WFH is experienced.

This study has a few limitations that should be acknowledged. Findings are based on existing literature, making them dependent on the scope and quality of the studies reviewed. Additionally, a major portion of the research on the topic has been done during the COVID-19 pandemic, which may not fully reflect how these topics are experienced in voluntary remote work. Most studies were also cross-sectional studies

relying on self-reported data making it hard to establish causality. Furthermore, cultural differences, time zone challenges and other nuances of WFH were underrepresented in the reviewed literature so the findings may not be generalizable even though the same principles apply to these teams also.

Future research should prioritize longitudinal designs to find causality between leadership behaviors and well-being outcomes over time. More research is also needed of cultural context, since practices that support well-being in one culture may not transfer directly to another. Finally, one important area for future study is hybrid work arrangements, where the dynamics of leadership and well-being may differ greatly.

References

- Arnold, K. A. (2017). Transformational leadership and employee psychological well-being: A review and directions for future research. *Journal of Occupational Health Psychology, 22*(3), 381–393. (2017-04772-001). <https://doi.org/10.1037/ocp0000062>
- Arnold, K. A., Turner, N., Barling, J., Kelloway, E. K., & McKee, M. C. (2007). Transformational leadership and psychological well-being: The mediating role of meaningful work. *Journal of Occupational Health Psychology, 12*(3), 193–203. <https://doi.org/10.1037/1076-8998.12.3.193>
- Ashfort, B. (1994). *Petty tyranny in organizations—ProQuest*. ProQuest. <https://www.proquest.com/docview/231461665?sourcetype=Scholarly%20Journals>
- Avolio, B. J., Kahai, S., & Dodge, G. E. (2000). E-LEADERSHIP: IMPLICATIONS FOR THEORY, RESEARCH, AND PRACTICE. *Leadership Quarterly, 11*(4), 615–668. [https://doi.org/DOI:%2010.1016/s1048-9843\(00\)00062-x](https://doi.org/DOI:%2010.1016/s1048-9843(00)00062-x)
- Bareket-Bojmel, L., Chernyak-Hai, L., & Margalit, M. (2023). Out of sight but not out of mind: The role of loneliness and hope in remote work and in job engagement. *Personality and Individual Differences, 202*, 111955. <https://doi.org/10.1016/j.paid.2022.111955>
- Boccoli, G., Gastaldi, L., & Corso, M. (2024). Transformational leadership and work engagement in remote work settings: The moderating role of the supervisor's digital communication skills. *Leadership & Organization Development Journal, 45*(7), 1240–1257. <https://doi.org/10.1108/LODJ-09-2023-0490>
- Bouassaba, N. (2022). *The Rise Of E-Leadership And What Can Be Learned From It*. Forbes. <https://www.forbes.com/councils/forbescoachescouncil/2022/12/27/the-rise-of-e-leadership-and-what-can-be-learned-from-it/>
- Campbell, J. (2024). *Virtual and traditional teams | Economics | Research Starters | EBSCO Research*. EBSCO. <https://www.ebsco.com/research-starters/economics/virtual-and-traditional-teams>

- Contreras, F., Baykal, E., & Abid, G. (2020). E-Leadership and Teleworking in Times of COVID-19 and Beyond: What We Know and Where Do We Go. *Frontiers in Psychology*, 11. <https://doi.org/10.3389/fpsyg.2020.590271>
- Dong, J., Tan, Z., Zhang, Y., Sun, Y., & Huang, Y. (2025). Work from home and employee well-being: A double-edged sword. *BMC Psychology*, 13(1), 748. <https://doi.org/10.1186/s40359-025-02994-5>
- Dr. M. Dhanabhakym & Sarath M. (2023). Psychological Wellbeing: Asystematic Literature Review. *International Journal of Advanced Research in Science, Communication and Technology*, 603–607. <https://doi.org/10.48175/IJARSCT-8345>
- Eaton, L., Bridgman, T., & Cummings, S. (2024). Advancing the democratization of work: A new intellectual history of transformational leadership theory. *Leadership*, 20(3), 125–143. <https://doi.org/10.1177/17427150241232705>
- Einarsen, S., Aasland, M. S., & Skogstad, A. (2007). Destructive leadership behaviour: A definition and conceptual model. *The Leadership Quarterly*, 18(3), 207–216. <https://doi.org/10.1016/j.leaqua.2007.03.002>
- Fedáková, D., & Ištoňová, L. (2017). *SLOVAK IT-EMPLOYEES AND NEW WAYS OF WORKING: IMPACT ON WORK-FAMILY BORDERS AND WORK-FAMILY BALANCE* - ProQuest. ProQuest. <https://www.proquest.com/openview/dce6c3b8377c21ba05590a18fd3ef8ef/1.pdf?pq-origsite=gscholar&cbl=28548>
- Flood, Ed. D., Francesca. (2019). *Leadership in the Remote, Freelance, and Virtual Workforce Era*. https://doi.org/10.1007/978-3-319-31816-5_3825-1
- Garro-Abarca, V., Palos-Sanchez, P., & Aguayo-Camacho, M. (2021). Virtual Teams in Times of Pandemic: Factors That Influence Performance. *Frontiers in Psychology*, 12. <https://doi.org/10.3389/fpsyg.2021.624637>
- Gilson, L. L., Maynard, M. T., Jones Young, N. C., Vartiainen, M., & Hakonen, M. (2015). Virtual Teams Research: 10 Years, 10 Themes, and 10 Opportunities. *Journal of Management*, 41(5), 1313–1337. <https://doi.org/10.1177/0149206314559946>

- Glavin, P., Bierman, A., & Schieman, S. (2024). Private Eyes, They See Your Every Move: Workplace Surveillance and Worker Well-Being. *Social Currents*, 11(4), 327–345. <https://doi.org/10.1177/23294965241228874>
- Graen, G. B., & Uhl-Bien, M. (1995). Relationship-based approach to leadership: Development of leader-member exchange (LMX) theory of leadership over 25 years: Applying a multi-level multi-domain perspective. *The Leadership Quarterly*, 6(2), 219–247. [https://doi.org/10.1016/1048-9843\(95\)90036-5](https://doi.org/10.1016/1048-9843(95)90036-5)
- Harter, J. (2023). *Are Remote Workers and Their Organizations Drifting Apart?* Gallup. <https://www.gallup.com/workplace/509759/remote-workers-organizations-drifting-apart.aspx>
- Helalat, A., Sharari, H., Alhelalat, J., & Al-Aqrabawi, R. (2024). Transformational Leadership and Employee Performance: A Further Insight Using Work Engagement. *ECONOMICS*, 13(1), 333–352. <https://doi.org/10.2478/eoik-2025-0015>
- Henderson, L. S. (2008). The Impact of Project Managers' Communication Competencies: Validation and Extension of a Research Model for Virtuality, Satisfaction, and Productivity on Project Teams. *Project Management Journal*, 39(2), 48–59. <https://doi.org/10.1002/pmj.20044>
- Ilies, R., Morgeson, F. P., & Nahrgang, J. D. (2005). Authentic leadership and eudaemonic well-being: Understanding leader–follower outcomes. *The Leadership Quarterly*, 16(3), 373–394. <https://doi.org/10.1016/j.leaqua.2005.03.002>
- Inavero. (2018). *2018 Future Workforce Report: Hiring manager insights on flexible and remote work trends | PDF*. <https://www.slideshare.net/slideshow/2018-future-workforce-report-hiring-manager-insights-on-flexible-and-remote-work-trends/88990990>
- Januario, L. B., Heiden, M., Mathiassen, S. E., Bergström, G., & Hallman, D. M. (2025). The impact of telework allowance and utilization on physiological and perceived stress among Swedish white-collar workers. *Scandinavian Journal of Work, Environment & Health*, 51(5), 404–412. <https://doi.org/10.5271/sjweh.4234>

- Jr, F. D., Graen, G., & Haga, W. (1975). A Vertical Dyad Linkage Approach to Leadership within Formal Organizations A Longitudinal Investigation of the Role Making Process. *Organizational Behavior and Human Performance*, 13(1), 46–78. [https://doi.org/DOI:10.1016/0030-5073\(75\)90005-7](https://doi.org/DOI:10.1016/0030-5073(75)90005-7)
- Kornadt, A. E., Bowen, C. E., Lepinteur, A., D'Ambrosio, C., Ratti, L., & Vögele, C. (2025). Working from home and well-being during the pandemic and beyond: A longitudinal analysis in five countries. *BMC Public Health*, 25(1), 1183. <https://doi.org/10.1186/s12889-025-22349-4>
- Korte, P., Süße, T., Kobert, M., Kries, C., & Voigt, B. F. (2025). Perception of transformational leadership and digital competence with varying degrees of permanence of virtual work: Insights on work virtualization during the COVID-19 lockdown. *Strategy & Leadership*, 54(1), 1–22. <https://doi.org/10.1108/SL-03-2025-0051>
- Lundqvist, D., Reineholm, C., Ståhl, C., & Wallo, A. (2022). The impact of leadership on employee well-being: On-site compared to working from home. *BMC Public Health*, 22(1), 2154. <https://doi.org/10.1186/s12889-022-14612-9>
- Lundqvist, D., & Wallo, A. (2023). Leadership and Employee Well-Being and Work Performance when Working from Home: A Systematic Literature Review. *Scandinavian Journal of Work and Organizational Psychology*, 8(1). <https://doi.org/10.16993/sjwop.199>
- Lynn Pulley, M., & Sessa, V. I. (2001). E-leadership: Tackling complex challenges. *Industrial and Commercial Training*, 33(6), 225–230. <https://doi.org/10.1108/00197850110405379>
- OpenAI. (2026). ChatGPT. Retrieved 24.9.2026 from <https://chatgpt.com/share/6a8c1d34-0348-83eb-8a69-02ef4aeb7a26>
- Pavlova, O. (2019). The impact of flexible working arrangements on competitive advantages of organization. *Vilnius University Open Series*, 55–61. <https://doi.org/10.15388/OpenSeries.2019.18404>

- Raisiene, A., Rapuano, V., Dóry, T., & Varkulevičiūtė, K. (2021). Does telework work? Gauging challenges of telecommuting to adapt to a “new normal.” *Human Technology*, 17, 126–144. <https://doi.org/10.14254/1795-6889.2021.17-2.3>
- Rofcanin, Y., & Anand, S. (2020). Human Relations virtual special issue: Flexible Work Practices and Work-Family Domain. *Human Relations*, 73(8), 1182–1185. <https://doi.org/10.1177/0018726720935778>
- Ryan, R. M., & Deci, E. L. (2001). On Happiness and Human Potentials: A Review of Research on Hedonic and Eudaimonic Well-Being. *Annual Review of Psychology*, 52(Volume 52, 2001), 141–166. <https://doi.org/10.1146/annurev.psych.52.1.141>
- Ryff, C. D. (1989). Happiness is everything, or is it? Explorations on the meaning of psychological well-being. *Journal of Personality and Social Psychology*, 57(6), 1069–1081. <https://doi.org/10.1037/0022-3514.57.6.1069>
- Silva, A. (2016). What is Leadership? *Journal of Business Studies Quarterly*, 8(1), 1–5.
- Sobral, F., & Furtado, L. (2024). *Leader-Member Exchange (LMX)* (pp. 377–381). <https://doi.org/10.4337/9781803921761.00080>
- Subrahmanyam, S. (2019). *E-Leadership for Virtual Teams*.
- Tautz, D., Felfe, J., Klebe, L., & Krick, A. (2024). Transformational leadership and well-being when working from home – the role of ICT demands. *Journal of Managerial Psychology*, 39(7), 915–929. <https://doi.org/10.1108/JMP-04-2023-0235>
- Tepper, B. J. (2000). Consequences of abusive supervision. *Academy of Management Journal*, 43(2), 178–190.
- Van Wart, M., Roman, A., Wang, X., & Liu, C. (2019). Operationalizing the definition of e-leadership: Identifying the elements of e-leadership. *International Review of Administrative Sciences*, 85(1), 80–97. <https://doi.org/10.1177/0020852316681446>
- Van Zoonen, W., & Sivunen, A. E. (2022). The impact of remote work and mediated communication frequency on isolation and psychological distress. *European Journal of Work and Organizational Psychology*, 31(4), 610–621. <https://doi.org/10.1080/1359432X.2021.2002299>

- Volckmann, R. (2012). *Fresh Perspective: Barbara Kellerman and the Leadership Industry* - *Integral Leadership Review*. <https://integralleadershipreview.com/7064-barbara-kellerman-and-the-leadership-industry/>
- Vuchkovski, D., Zalaznik, M., Mitreġa, M., & Pfajfar, G. (2023). A look at the future of work: The digital transformation of teams from conventional to virtual. *Journal of Business Research*, 163, 113912. <https://doi.org/10.1016/j.jbusres.2023.113912>
- Wojcak, E., Bajzikova, L., Sajgalikova, H., & Polakova, M. (2016). How to Achieve Sustainable Efficiency with Teleworkers: Leadership Model in Telework. *Procedia - Social and Behavioral Sciences*, 229, 33–41. <https://doi.org/10.1016/j.sbspro.2016.07.111>
- Yukl, G. A. (2013). *Leadership in organizations* (8th ed). Pearson.
- Zhang, L., Han, L., Liang, X., Wang, R., Fan, H., Jia, Y., Li, S., & Jiang, X. (2025). The relationship between transformational leadership and work engagement among intensive care unit nurses: The mediating function of organizational climate. *BMC Nursing*, 24(1), 398. <https://doi.org/10.1186/s12912-025-03057-1>

Appendices

Appendix 1. Use of AI

During the preparation of this thesis ChatGPT (OpenAI, 2026) was used to support structural development. It was used to outline how the chapters and headings could be organized and developed. Additionally, ChatGPT was used to help structure Chapter 4, which was written without subsections. The role of the AI was to help to structure a logical whole.

The content created was not directly copied to the work but rather analyzed critically, modified and further developed to match the aims of the study. While the AI was used for structural guidance, the written content is my own.