

The Influence of Transformational Leadership on Employee Performance Through Employee Engagement as an Intervening Variable at Class IIB Correctional Institution Muara

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ABSTRACT

This study aims to determine the effect of transformational leadership on employee performance through employee involvement as an intervention variable at the Class IIB Muara Bulian Correctional Institution. The method used in this research is quantitative analysis with a population and sample of all employees in the Muara Bulian class IIB correctional institution as many as 63 respondents. Data collection techniques by distributing questionnaires and using SmartPLS analysis tools. The results of this study indicate that (1) transformational leadership has a positive and significant effect on employee performance. (2) Transformational leadership has a positive and significant effect on employee engagement. (3) Employee engagement has a positive and significant effect on employee performance. (4) Employee involvement as an intervening variable can positively and significantly influence transformational leadership on employee performance. Suggestions in this study are expected to increase employee effectiveness, transformational leadership also needs to increase the leader's attention to his employees, and for employee engagement it is necessary to increase a sense of mental and emotional attachment to work, coworkers, and agencies.

INTRODUCTION

Employee performance is a critical element in determining the success and effectiveness of any organization, including public institutions. In correctional facilities, particularly in Class IIB Correctional Institution Muara Bulian, employee performance is not only a reflection of organizational efficiency but also influences public trust and the quality of inmate rehabilitation services. However, recent performance data indicate that employee output has yet to reach optimal levels, revealing a pressing need to understand underlying factors that affect performance.

One of the most discussed determinants of employee performance is leadership style, especially transformational leadership, which is recognized for its capacity to inspire, motivate, and engage employees beyond routine obligations (Bass & Riggio, 2021). Transformational leadership fosters an environment where employees feel valued, supported, and intellectually stimulated, all of which may lead to higher job satisfaction and improved performance outcomes (Sucahyowati, Gunawan, & Hartono, 2023). Furthermore, effective leadership may significantly influence the psychological attachment of employees to their job, known as employee engagement, which in turn can affect performance (Haerani, Parmitasari, Aponno, & Aunalal, 2019).

Employee engagement refers to the level of enthusiasm, dedication, and involvement employees demonstrate in their work. Previous research suggests that engaged employees are more productive, loyal, and less likely to leave the organization voluntarily (Schaufeli & Bakker, 2021). This engagement becomes especially crucial in institutions dealing with high-pressure environments such as prisons, where emotional and mental resilience are necessary.

Despite numerous studies highlighting the direct influence of transformational leadership on performance or engagement, there remains a knowledge gap in understanding how engagement may function as a mediating variable—especially within the unique organizational context of correctional facilities. Therefore, this paper contributes to the enrichment of leadership and human resource literature by capturing a niche sample and offering insight into how leadership style translates into performance outcomes through the mechanism of employee engagement.

This research aims to examine how transformational leadership influences employee performance at Class IIB Correctional Institution Muara Bulian, and to what extent employee engagement mediates this relationship.

THEORETICAL REVIEW

Transformational Leadership Theory

Transformational leadership theory was first introduced by James MacGregor Burns and later refined by Bernard M. Bass. This theory emphasizes the ability of a leader to inspire, influence, and intellectually stimulate followers to exceed their own self-interests for the sake of the organization. A transformational leader builds commitment through four key dimensions: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass & Riggio, 2021). Transformational leaders are

seen as role models who encourage innovation, challenge existing processes, and support employees' personal and professional growth (Dira, 2022).

Previous studies have shown that transformational leadership positively influences employee performance (Marlius & Mellaguci, 2024; Nugroho, Prakoso, & Simatupang, 2022). However, limited studies have tested this relationship within correctional institution contexts, especially with employee engagement as a mediating variable.

H1: Transformational leadership has a significant positive influence on employee performance.

H2: Transformational leadership has a significant positive influence on employee engagement.

Employee Engagement Theory

Employee engagement theory, as formulated by Schaufeli and Bakker (2021), defines engagement as a positive, fulfilling, work-related state of mind characterized by vigor, dedication, and absorption. Engaged employees exhibit high levels of energy and mental resilience, are enthusiastic about their work, and are often fully immersed in their tasks. In high-stress environments such as correctional facilities, engagement plays a vital role in buffering stress and promoting consistent performance (Sucahyowati, Gunawan, & Hartono, 2023). Prior studies affirm the critical role of engagement as a mediator between leadership and performance (Nurhuda, Hasanah, & Syafitri, 2019; Mubarak & Darmanto, 2020). It has also been found that employee engagement can significantly improve both the quality and quantity of job output.

H3: Employee engagement has a significant positive influence on employee performance.

H4: Employee engagement mediates the relationship between transformational leadership and employee performance.

Conceptual Framework

Below is the conceptual framework of this research:

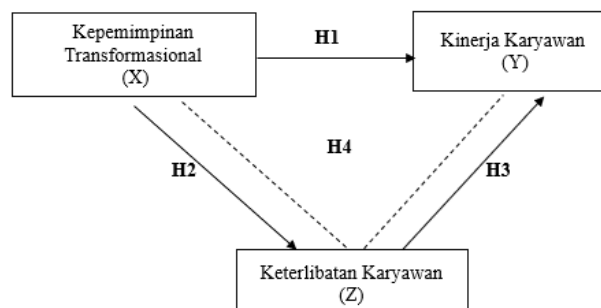


Figure 1. Conceptual Framework

METHODOLOGY

This study employed a quantitative research design using a causal approach to examine the influence of transformational leadership on employee performance, mediated by employee engagement. The research was conducted at Class IIB Correctional Institution Muara Bulian, which was chosen due to its strategic role in correctional rehabilitation and its current performance challenges.

The population of this study comprised all employees working at the correctional facility. A purposive sampling technique was used to select 60 respondents who were considered to have relevant experience and were actively involved in institutional operations. Data were collected through a structured questionnaire adapted from validated scales measuring transformational leadership (Bass & Riggio, 2021), employee engagement (Schaufeli & Bakker, 2021), and employee performance (Hasibuan, 2019).

The questionnaire consisted of Likert-scale items ranging from 1 (strongly disagree) to 5 (strongly agree). Prior to distribution, a pilot test was conducted to ensure instrument reliability and validity. Data collection occurred in November 2024.

For data analysis, the study utilized Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4. This method was chosen due to its suitability for analyzing complex relationships and mediating variables in social science research. Descriptive statistics were used to describe the demographic profile of the respondents, and path analysis was conducted to test the proposed hypotheses.

RESULTS

This study followed several sequential steps to test the proposed hypotheses and evaluate the research model. All statistical analyses were conducted using **SmartPLS 4**, following a **Partial Least Squares Structural Equation Modeling (PLS-SEM)** procedure. The steps included measurement model testing (outer model), structural model testing (inner model), and hypothesis testing.

Step 1: Measurement Model Testing (Outer Model)

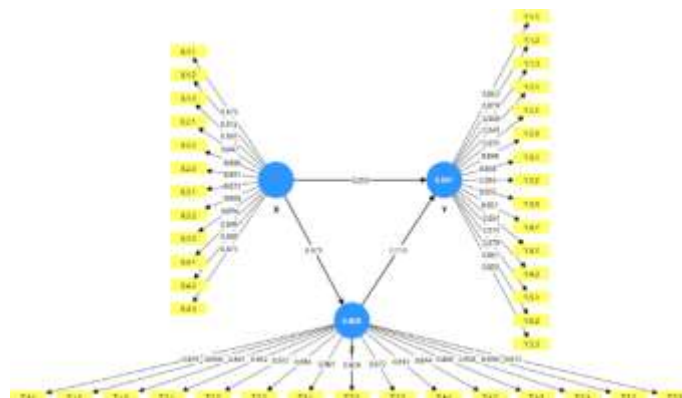


Figure 1. Measurement Model Testing

This step was carried out to assess the reliability and validity of the constructs used in the research. The evaluation involved several indicators:

- **Convergent Validity:** Measured using outer loading and Average Variance Extracted (AVE). Outer loading values > 0.7 and AVE > 0.5 are considered acceptable.
- **Construct Reliability:** Measured by Cronbach's Alpha and Composite Reliability (CR), where both should exceed 0.7.

Results indicated that all indicators had loading factors > 0.7 , AVE values ranged from 0.53 to 0.72, and composite reliability ranged from 0.83 to 0.91, confirming that all variables were valid and reliable.

Table. 1 Results MelasurelmeInt Modell Telsting

	R-square	R-square adjusted
employee performance(Y)	0.981	0.981
employee engagement(Z)	0.950	0.949

Step 2: Structural Model Testing (Inner Model)

After confirming the validity and reliability, the next step was to test the path coefficients and model's predictive relevance. The structural model was evaluated using:

- R^2 values to determine the explained variance in endogenous variables
- Q^2 values to assess predictive relevance
- Path Coefficients for hypothesis testing
- The results showed:
- R^2 for employee performance = 0.981
- R^2 for employee engagement = 0.950

These values indicate that the model has moderate explanatory power.

Step 3: Hypothesis Testing

Using the bootstrapping technique with 5,000 resamples, the path coefficients and t-statistics were obtained. The significance level used was 5% ($\alpha = 0.05$). The following table presents the summary of hypothesis testing:

Table 2. Summary of Hypothesis Testing Results

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
transformational leadership (X) -> employee performance(Y)	0.285	0.299	0.092	3.103	0.002
transformational leadership (X) - employee engagement (Z)	0.975	0.971	0.016	59.554	0.000
employee engagement (Z) - employee performance(Y)	0.710	0.696	0.093	7.627	0.000
transformational leadership (X) - employee engagement (Z) - employee performance(Y)	0.692	0.676	0.092	7.519	0.000

Step 4: Interpretation Based on Three-Box Method

To interpret variable categories, the **Three-Box Method** was used. The variable scores were converted into categories based on the criteria shown below:

Table. 3 Interpretation Based on Three-Box Method

range			
	employee performance(Y)	transformational leadership (X)	employee engagement (Z)
63 – 113,3	Very low	Very bad	Very disengaged
113,4 - 163,7	Low	Bad	Not involved
163,8 - 214,1	Currently	Good shave	Shaving involved
214,2 - 264,5	Tall	Good	Involved
264,6 - 315	Very tall	Very good	Very involved

- employee performance(Y) : 261,3
- transformational leadership (X) : 264,2
- employee engagement (Z) : 264,3

DISCUSSION

The findings of this study confirm that transformational leadership plays a significant role in enhancing employee performance at the Class IIB Correctional Institution Muara Bulian. Employees working in correctional environments often face emotionally demanding tasks, rigid hierarchies, and high operational pressures. In such a context, transformational leaders—those who offer

inspiration, foster a sense of purpose, and attend to employees' individual development—become particularly essential. The results align with prior research that highlights how transformational leadership positively affects employee outcomes across sectors (Bass & Riggio, 2021).

One of the key findings of this study is the confirmed impact of transformational leadership on employee engagement. Leaders who express confidence in their subordinates, stimulate intellectual curiosity, and recognize individual contributions are better able to instill a strong sense of commitment and emotional attachment among their staff. This is consistent with Schaufeli and Bakker (2021), who state that engaged employees are characterized by vigor, dedication, and absorption in their work. In the correctional setting, these attributes are critical not only for individual performance but also for maintaining institutional discipline and service quality.

Interestingly, employee engagement was also found to significantly influence employee performance. This finding suggests that engagement serves as a psychological bridge between leadership and performance outcomes. Employees who are engaged tend to demonstrate higher levels of responsibility, motivation, and personal initiative. They view their work as meaningful, which in turn increases productivity and the quality of service delivery. This aligns with previous research by Haerani et al. (2019), who emphasized the role of emotional attachment in shaping work behavior and organizational loyalty.

Another noteworthy result is the mediating role of employee engagement in the relationship between transformational leadership and employee performance. The presence of this mediation suggests that while effective leadership directly influences performance, its impact is amplified when employees are also emotionally and cognitively committed to their jobs. In practical terms, this means that transformational leadership does not operate in isolation—it fosters a culture of engagement, which subsequently drives performance. This supports the findings of Mubarak and Darmanto (2020), who proposed that psychological variables such as engagement often function as mediators in the leadership-performance linkage.

The implications of these findings are particularly important for human resource and institutional management within correctional facilities. Leadership development programs should not only focus on managerial competence but also on soft skills that enhance communication, emotional intelligence, and motivational capabilities. Furthermore, organizations should invest in initiatives that foster employee engagement—such as recognition systems, opportunities for career development, and an inclusive work environment—to sustain high levels of performance.

In sum, this study enriches the theoretical understanding of leadership dynamics in public institutions by demonstrating how transformational leadership and employee engagement interact to shape performance. It contributes to both theory and practice by emphasizing the need for leadership strategies that are psychologically attuned to employee needs, especially in complex work environments like correctional institutions.

CONCLUSIONS AND RECOMMENDATIONS

This study concludes that transformational leadership has a direct and significant impact on employee performance at the Class IIB Correctional Institution Muara Bulian. More importantly, employee engagement serves as a key psychological mechanism that not only strengthens this relationship but also contributes independently to performance outcomes. Leaders who demonstrate charisma, provide inspiration, intellectually stimulate employees, and show individualized consideration can effectively enhance both engagement and performance.

The presence of engagement as a mediating variable reveals that leadership efforts are more impactful when employees are emotionally and cognitively invested in their roles. This study reinforces the theoretical perspective that transformational leadership must be complemented by strategies that foster meaningful work experiences for employees. To improve organizational performance in correctional institutions:

1. Invest in Leadership Development

Institutions should implement structured leadership training programs that emphasize transformational competencies such as emotional intelligence, empathy, and motivation strategies.

2. Foster Employee Engagement

Management must create a supportive work environment where employees feel valued, trusted, and empowered. This includes recognition programs, involvement in decision-making, and professional development opportunities.

3. Institutionalize Feedback and Communication Channels

Establish open, two-way communication mechanisms to enhance trust and reinforce leadership impact on employee attitudes and behavior.

4. Future Research

Scholars are encouraged to explore other potential mediators or moderators, such as organizational culture or psychological well-being, in different public sector environments to expand the applicability of these findings.

The findings of this study offer practical insights for public institutions aiming to improve employee performance through leadership and engagement-based approaches.

FURTHER STUDY

Like most empirical studies, this research has several limitations that should be acknowledged. First, the study was conducted within a single correctional institution, which limits the generalizability of the findings to other organizations or institutional settings. The specific culture, structure, and leadership climate of Class IIB Correctional Institution Muara Bulian may not fully reflect those of other public-sector agencies or correctional facilities in different regions.

Second, the study employed a cross-sectional design, capturing data at one point in time. As a result, it does not account for changes in leadership practices, employee engagement levels, or performance outcomes over time. A longitudinal study could provide deeper insights into the dynamics and long-term effects of transformational leadership on employee engagement and performance.

Third, this study only focused on three main variables. While engagement proved to be a significant mediator, other factors—such as organizational culture, job satisfaction, work-life balance, or psychological safety—may also play essential roles in shaping employee performance.

Future research should consider expanding the scope of the sample to include multiple institutions or regions to enhance generalizability. Researchers are also encouraged to incorporate additional mediating or moderating variables, adopt mixed-method or longitudinal approaches, and explore sectoral comparisons (e.g., correctional vs. healthcare or education) to enrich the theoretical and practical implications of leadership in public organizations.

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