

# The Role of Transformational Leadership in Employee Productivity in the Sabah Public Sector

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## ABSTRACT

Employee productivity is an underlying contributing factor of organisational effectiveness inside the public service sector. Transformational leadership is found to suit organisations that are undergoing digital transformation and administrative reform in the wake of heightened public organisations demand for service quality, due to its role as an employee motivation factor encouraging organisational commitment and work performance through an ability of leader to give the motivation and inspire employee, ability of leader on become the role model towards employee, ability of leaders to nurture employee thinking skills and also ability on providing the right plans for employee as individuals. However, the limited empirical studies evaluate its applicability to the more specific Sabah public service scenario.

This study observes the relationship between transformational leadership and employee productivity and investigates the moderating role of transformational leadership in the relationship between employee quality and productivity among public servants in Sabah. A quantitative survey research design was employed in this study. A total of 150 questionnaires were distributed to public servants, of which 101 completed questionnaires were returned and included in the analysis. The collected data were analysed using the Statistical Package for the Social Sciences (SPSS) Version 27. The statistical analyses included descriptive statistics, Pearson correlation analysis, multiple linear regression, and Hayes' PROCESS Macro Model 1 to examine the moderating effect of transformational leadership.

The result of the analysis shows that the transformational leadership has a positive relationship with employee productivity. However, transformational leadership did not significantly act as a moderator in the relationship between employee quality and employee productivity. The findings indicate that transformational leadership does not play a moderating role in strengthening the relationship between employee quality and employee productivity in public sector in Sabah, as employee productivity is more strongly influenced by factors such as employee competency, a supportive work environment, and emotional well-being. Therefore, public sector organisations should focus on strengthening leadership development together with competency development, effective human resource management practices, and organisational support in order to improve employee productivity in Sabah Public Service Sector.

**Keywords:** Transformational Leadership, Employee Productivity, Moderator, Employee Quality, Public Service, Sabah.

## INTRODUCTION

Public service sector is essential for government policies, delivering services and the country's socio-economic development. The quality of services provided by public sector organisations is important in terms of meeting public demands and public confidence in government institutions. Thus, the public service sector's performance is very much dependent on how effective its employees are in terms of organisational efficiency, service quality and the achievement of national development targets. Human resource management is more difficult in Sabah because of the wide geographic area of the state, government offices are spread across rural and island communities and infrastructure development. In those situations, effective leadership is needed for

the public service sector to work efficiently and deliver excellent public service. As Malaysia's public service transforms, government organisations are placing more emphasis on human capital development, high-performance work culture and good leadership. Burns (Burns, 1978; Bass, 1985) and Bass and Avolio (Pitichat & Riggio, 2025), first introduced the concept of transformational leadership as a field of leadership which focuses on leaders who inspire employees, create a shared vision, encourage innovation and provide support to individuals. These are the leadership behaviours that are most effective and enhance motivation, commitment to the organisation and work performance and thus lead to better productivity. Transformational leadership is a combination of Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration (Pitichat & Riggio, 2025). The productivity of employees is an important indicator of organisational performance. In the public sector, productivity is measured not only by the work completed but by performance of services (quality, efficiency, innovation, compliance with procedures, timely delivery of services and public satisfaction). There are various research papers that reveal the importance of employee productivity to the organization in terms of employee competency, supportive work environment, emotional health, motivation and organisational support, and leadership effectiveness. Therefore, the organisation must have a holistic human resource management strategy that will enhance employee capability and organisational performance. Transformational leadership is positively related to employee motivation, job satisfaction, organisational commitment, organisational citizenship behaviour and team productivity (Setiarlan et al., 2022). Leaders who practice transformational leadership create a workplace environment where innovation, collaboration and continuous learning are encouraged. However, some studies are inconsistent in their findings. Organisational culture, bureaucratic structure, reward systems, administrative processes and employee attributes can play a role in transformational leadership (Nisa & Yuniawan, 2025). Based on the literature review, the impact of transformational leadership varies across different organisational backgrounds. Therefore, further research should be conducted in organisations with different backgrounds to better understand the impact of transformational leadership in different organisational contexts.

The Sabah public service provides a useful context for examining this issue because workplaces are geographically dispersed and may differ in organisational culture and infrastructure. Although transformational leadership has been examined extensively in relation to employee outcomes, fewer studies have considered whether it changes the strength of the relationship between employee quality dimensions and productivity in the Sabah public service. This study addresses that gap by examining both the direct relationship between transformational leadership and employee productivity and its proposed moderating role between four employee quality dimensions which is employee competency, supportive work environment, emotional well-being, and physical health and employee productivity. The findings are intended to contribute empirical evidence to public-sector human resource management and to provide practical information for managers and policymakers who are responsible for leadership development and employee productivity initiatives in Sabah.

## METHODOLOGY

### Research Design

This research used a quantitative research approach with a survey research design to investigate the relationship between transformational leadership and employee productivity in the Sabah public service sector. The quantitative approach was chosen because it allows us to collect data from the respondents and analyse it using statistical means to validate the proposed hypotheses and to study the relationship between the independent variables, moderating variable, and dependent variable based on the proposed conceptual framework. A cross-sectional survey design has been used in this study, and data were collected at one point in time. The data were collected using a structured questionnaire given to public servants of different government departments and agencies in Sabah. This approach is selected as it provides first-hand information on the respondents' perceptions of transformational leadership, employee quality, and employee productivity.

### Population and Sample

The target population of this study comprised public sector employees working in Sabah. The study surveyed employees from five selected public service organisations, namely Jabatan Air Negeri Sabah, Jabatan

Pendaftaran Negara, Jabatan Kerja Raya, Pejabat Pendidikan Daerah, and Klinik Kesihatan. These organisations were selected because they represent different types of public services, including technical, administrative, educational, healthcare, and utility services. Employees within these organisations are directly involved in delivering public services to the community and therefore provide a relevant population for examining employee quality and productivity in the public sector.

The respondents were selected using simple random sampling. Eligible respondents were public sector employees working in the selected organisations in Sabah who met the predetermined inclusion criteria of the study. Simple random sampling was considered appropriate because it provided eligible employees with an equal opportunity to be selected and reduced the potential for systematic selection bias. Furthermore, employees from the selected organisations possessed direct experience of the public sector working environment, making their responses relevant to the assessment of employee quality and productivity. A total of 150 questionnaires were distributed to the selected respondents and 101 of them were returned and used for the data analysis with a response rate of 67.3%.

### Research Instrument

As a research instrument, this project used a structured questionnaire. Two sections of the questionnaire were based on the respondents' demographics and measurement items for the study variables as the surveys. All items were measured on a five-point Likert scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree. The questionnaire was developed using measurement instruments that have been validated in previous works. The transformational leadership construct was developed from the Multifactor Leadership Questionnaire (MLQ-5X) by Bass and Avolio (1995). The employee quality construct was built on four dimensions: employee competence, supportive work environment, emotional well-being, and physical health. The respondents had to assess their work productivity based on the level of completion, work achievement, and work efficiency.

### Data Analysis

The data collected through the questionnaires were analysed using the Statistical Package for the Social Sciences (SPSS) version 27. The statistical analyses were conducted to address the research objectives and test the hypotheses developed in the study. The data analysis process comprised several stages. First, descriptive statistical analysis was conducted to summarise the demographic characteristics of the respondents and the main study variables. Second, reliability analysis using Cronbach's alpha was performed to assess the internal consistency of the measurement instruments. Third, Exploratory Factor Analysis (EFA) was conducted to examine the underlying factor structure of the measurement items. Fourth, Harman's single-factor test was conducted using an unrotated principal component analysis to assess the potential presence of common method variance arising from the use of the same questionnaire and respondents. The percentage of variance explained by the first factor was examined, with a value below the commonly applied 50% criterion indicating that no single factor accounted for the majority of the variance.

Next, Pearson's product-moment correlation analysis was conducted to examine the direction and strength of the relationships between the independent variables and employee productivity. Multiple linear regression analysis was subsequently employed to determine the extent to which the employee quality dimensions predicted employee productivity. Finally, Hayes' PROCESS Macro Model 1 was employed to examine whether transformational leadership moderated the relationship between employee quality and employee productivity. Statistical significance was evaluated using a significance level of  $p < 0.05$ .

### Research Hypotheses

The following hypotheses were tested in this study:

H<sub>1</sub>: There is a positive relationship between transformational leadership and employee productivity in the Sabah public service sector.

H<sub>2</sub>: Transformational leadership act as moderator for the relationship between employee quality factors and employee productivity in the Sabah public service sector

## Conceptual Framework

There are two theoretical foundations of this study which is Transformational Leadership Theory developed by Burns (1978) and further advanced by Bass (1985), and then Social Exchange Theory (SET) introduced by Blau (1964). In this study, the theoretical framework was design by allocating competency, supportive work environment, emotional well-being, and physical health as independent variables, while employee productivity serves as the dependent variable. Transformational leadership is the moderator variable in this study where supposes to influence the strength or direction of the relationship between the dimensions of employee quality and employee productivity.

## RESULT

### Respondents' Demographic Profile

In Sabah, 150 questionnaires were sent out to public servants from various government departments. Out of these questionnaires, 101 were completed and used for the analysis, giving an average response rate of 67.3%. Table 1 shows the demographic profile of the respondents. Most of the respondents are male (53.5%), aged between 46 and 55 years (34.7%), employed in Grade 41 and above (54.5%), held a bachelor's degree (50.5%), and have more than 16 years of experience (60.4%). This indicates that most of the respondents were experienced public servants and gave valuable information for the study.

**Table 1. Demographic Profile of Respondents (N = 101)**

| Variable          | Category           | n  | %    |
|-------------------|--------------------|----|------|
| Age               | Below 25 years     | 4  | 4.0  |
|                   | 26–35 years        | 23 | 22.8 |
|                   | 36–45 years        | 20 | 19.8 |
|                   | 46–55 years        | 35 | 34.7 |
|                   | Above 55 years     | 19 | 18.8 |
| Gender            | Male               | 54 | 53.5 |
|                   | Female             | 47 | 46.5 |
| Service Grade     | Grade 41 and above | 55 | 54.5 |
|                   | Grade 29–38        | 23 | 22.8 |
|                   | Grade 19–26        | 17 | 16.8 |
|                   | Grade 11–16        | 6  | 5.9  |
| Educational Level | PhD                | 2  | 2.0  |
|                   | Master's Degree    | 19 | 18.8 |
|                   | Bachelor's Degree  | 51 | 50.5 |
|                   | Diploma            | 16 | 15.8 |
|                   | Certificate        | 10 | 9.9  |
|                   | Others             | 3  | 3.0  |
| Years of Service  | Less than 5 years  | 20 | 19.8 |
|                   | 5–10 years         | 9  | 8.9  |
|                   | 11–15 years        | 11 | 10.9 |
|                   | More than 16 years | 61 | 60.4 |

### Exploratory Factor Analysis (EFA) and Reliability Analysis

Exploratory Factor Analysis (EFA) was performed using Principal Component Analysis (PCA) with Varimax rotation to investigate the underlying factor structure of the adapted measurement instrument before



conducting the main statistical analysis. EFA is appropriate when the objective is to investigate the underlying structure of a set of observed variables and to investigate how items group together in the context of the study (Fabrigar et al., 1999). In this study, EFA was used as the primary objective of the measurement assessment was to investigate and assess the factor structure of the adapted measurement instrument rather than to confirm a well-established measurement model. The initial EFA for the Employee Quality construct comprised 22 items. We extracted four factors with eigenvalues greater than 1.0. The Kaiser-Meyer-Olkin (KMO) value was 0.882 and Bartlett's Test of Sphericity was statistically significant ( $p < 0.001$ ), implying that the correlation matrix was suitable for factor analysis. These initial tests are often used to determine whether the data are appropriate for factor analysis before the factor structure is interpreted (Fabrigar et al., 1999). However, BD18 had a communality below 0.50 and hence was not analyzed further. An EFA was then conducted using the other 21 items. Again the KMO was slightly increased to 0.886 and Bartlett's Test of Sphericity was significant ( $p < 0.001$ ). These results were evidence that the data were suitable for factor analysis.

The final factor structure comprised four factors: Employee Competency with seven items, Supportive Work Environment with five items, Physical Health with five items, and Emotional Well-being with two items. The four factors accounted for more than 60% of the variance, and the extracted factors were sufficient for the differences in the items we observed. Particularly important is that the two items for Emotional Well-being loaded on the same factor in the final EFA, and this provides evidence of dimensional structure for the construct in our sample. Therefore, we do not focus solely on Cronbach's alpha for the Emotional Well-being construct. Instead, we assessed the adequacy of the measures based on the combined evidence from the factor structure, internal consistency, and theoretical validity of the items. However, the retention of only two items was not ideal as a small number of items could provide only a limited coverage of the overall Emotional Well-being construct. After the EFA, we conducted a reliability assessment using Cronbach's alpha to assess the internal consistency of the measurement scales. Employee Competency was found to be the most reliable ( $\alpha = 0.947$ ), Supportive Work Environment was also reliable ( $\alpha = 0.919$ ), Emotional Well-being as a whole ( $\alpha = 0.891$ ), Physical Health was also reliable ( $\alpha = 0.889$ ), Transformational Leadership was the most reliable ( $\alpha = 0.964$ ), and Employee Productivity was also reliable ( $\alpha = 0.819$ ). All these constructs had Cronbach's alpha above a standard level of 0.70 for internal consistency. For the Emotional Well-being construct, we have a Cronbach's alpha coefficient of 0.891, reflecting high internal consistency between the two items in our sample. However, Cronbach's alpha can vary with the number of items in a scale. Thus, we did not consider the relatively high alpha value as the sole valid evidence of measurement adequacy. Eisinga, te Grotenhuis, and Pelzer (2013) highlighted the specific aspects of assessing the reliability of two-item scales and suggested that we should also take into account the inter-item relationship and Spearman-Brown coefficient when evaluating such measures. In this study, we considered the reliability evidence for Emotional Well-being together with the EFA results and theoretical relevance of the two retained items. The fact that both items loaded on the same factor in the final EFA strengthens the belief that they are connected in a common dimension. Thus, we saw that the two-item Emotional Well-being construct was supported by the factor structure and internal consistency, as well as Cronbach's alpha (Eisinga et al., 2013). This is in line with the view that two-item scales should be interpreted carefully when we need to look beyond Cronbach's alpha. Overall, the results of the EFA are very informative regarding the factor structure of the adapted Employee Quality measure. The overall measure suggests a four-factor structure of Employee Competency, Supportive Work Environment, Physical Health, and Emotional Well-being. The removal of BD18 also improved the measurement structure, as the KMO value increased from 0.882 to 0.886. The two Emotional Well-being items were also present as a separate factor that supports the dimensionality that was expected in our study. EFA was chosen as a different factor structure from CFA as the purpose of the measurement evaluation was to explore and evaluate the factor structure of an adapted instrument in the study context for the purposes of EFA analysis. EFA plays a role in studying the group of items and is useful to us to identify issues of the factor structure (Fabrigar et al., 1999). The study is concerned with the exploratory analysis of an adapted instrument for the study context. Therefore, the EFA results and the reliability and theoretical justification are sufficient for a first assessment of the measurement instrument.

## Common Method Bias

Harman's single-factor test was conducted to assess the potential presence of common method variance. The unrotated principal component analysis showed that the first factor accounted for 37.847% of the total

variance. As this value was below the commonly applied 50% criterion, no single factor accounted for the majority of the variance. Therefore, the results did not indicate that common method variance was a substantial concern in the present study.

### Pearson Correlation Analysis

Pearson correlation analysis was used to examine the relationship between employee quality dimensions, transformational leadership, and employee productivity among public servants in Sabah. The results are presented in Table 3. Employee competency had the highest positive correlation with employee productivity ( $r = 0.681$ ). Transformational leadership also had a positive relationship with employee productivity ( $r = 0.513$ ), followed by supportive work environment ( $r = 0.490$ ) and emotional well-being ( $r = 0.432$ ). These factors are related to employee productivity so when these factors are good, employee productivity is high. Physical health was not significantly associated with employee productivity among the respondents in this study ( $r = -0.126$ ). We found that employee competency, supportive work environment, emotional well-being and transformational leadership were positively related to employee productivity. Among all the variables, employee competency was the best linked to employee productivity and therefore it is very important to improve the worker performance in the Sabah public service sector.

**Table 2. Reliability Analysis of Study Constructs**

| Construct                   | Number of Items | Cronbach's Alpha | Interpretation |
|-----------------------------|-----------------|------------------|----------------|
| Employee Competency         | 7               | 0.947            | Excellent      |
| Supportive Work Environment | 5               | 0.919            | Excellent      |
| Physical Health             | 5               | 0.889            | Good           |
| Emotional Well-being        | 2               | 0.891            | Good           |
| Transformational Leadership | 5               | 0.964            | Excellent      |
| Employee Productivity       | 7               | 0.819            | Good           |

**Table 3. Pearson Correlation Analysis**

| Variables                                           | Pearson Correlation (r) | Strength of Relationship |
|-----------------------------------------------------|-------------------------|--------------------------|
| Employee Competency – Employee Productivity         | 0.681                   | Strong Positive          |
| Supportive Work Environment – Employee Productivity | 0.490                   | Moderate Positive        |
| Emotional Well-being – Employee Productivity        | 0.432                   | Moderate Positive        |
| Physical Health – Employee Productivity             | -0.126                  | Weak Negative            |
| Transformational Leadership – Employee Productivity | 0.513                   | Moderate Positive        |

Note: Correlation coefficients were interpreted according to Cohen (1988), where  $r = 0.10$ – $0.29$  indicates a weak relationship,  $r = 0.30$ – $0.49$  indicates a moderate relationship, and  $r \geq 0.50$  indicates a strong relationship.

### Multiple Regression Analysis

Multiple linear regression analysis has been performed to investigate how the employee quality dimensions and transformational leadership impact the productivity of the employees in the Sabah public service sector. The results are shown in Table 4. Employee competency is the strongest predictor of employee productivity. It explained 46.0% of the variation in employee productivity ( $R^2 = 0.460$ ,  $F = 85.553$ ,  $\beta = 0.681$ ). This shows that employees with higher competency are more likely to achieve higher work productivity. The results also show that a supportive work environment had a positive effect on employee productivity. The model explained 24.0% of the variation in employee productivity ( $R^2 = 0.240$ ,  $F = 31.307$ ,  $\beta = 0.336$ ). In this way, employees who are working in a supportive work environment are better in their job performance. For emotional well-being, the regression coefficient was positive ( $\beta = 0.432$ ).

However, the model explained only a small proportion of the variance in employee productivity ( $R^2 = 0.010$ ,  $F = 22.659$ ). This indicates that emotional well-being had only a small contribution to employee productivity in this study. On the other hand, physical health was not found to be a significant predictor of employee productivity. The regression model explained only 1.6% of the variance ( $R^2 = 0.016$ ,  $F = 1.632$ ,  $\beta = -0.240$ ). This result shows that physical health had little impact on employee productivity among the respondents. Transformational leadership also had a great positive impact on employee productivity. The model explained 26.3% of the total variance in employee productivity ( $R^2 = 0.263$ ,  $F = 35.414$ ,  $\beta = 0.513$ ). The positive beta coefficient indicates that higher transformational leadership was a good indicator of higher employee productivity. Indeed, the regression result suggests that employee competency is the strongest predictor of employee productivity, followed by transformational leadership and the supportive work environment. While emotional well-being was found to be a positive factor in employee productivity, it was relatively small. Physical health did not have any impact on employee productivity in this study.

**Table 4. Summary of Multiple Regression Analysis**

| Dependent Variable    | Independent Variable        | $\beta$ | $R^2$ | F      | Interpretation                 |
|-----------------------|-----------------------------|---------|-------|--------|--------------------------------|
| Employee Productivity | Employee Competency         | 0.681   | 0.460 | 85.553 | Strong positive predictor      |
| Employee Productivity | Supportive Work Environment | 0.336   | 0.240 | 31.307 | Moderate positive predictor    |
| Employee Productivity | Emotional Well-being        | 0.432   | 0.010 | 22.659 | Weak positive predictor        |
| Employee Productivity | Physical Health             | -0.240  | 0.016 | 1.632  | Not a significant predictor    |
| Employee Productivity | Transformational Leadership | 0.513   | 0.263 | 35.414 | Significant positive predictor |

Note:  $\beta$  = Standardised regression coefficient;  $R^2$  = Coefficient of determination; F = F-statistic.

### Moderation Analysis

We examined the moderating effect of transformational leadership using Hayes' PROCESS Macro Version 4.2 (Model 1). Specifically, this analysis investigated whether transformational leadership moderates the relationship between the employee quality dimensions, namely employee competency, supportive work environment, emotional well-being, and physical health, and employee productivity. The results are presented in Table 5.

The findings showed that none of the interaction effects between transformational leadership and the employee quality dimensions were statistically significant ( $p > 0.05$ ). The interaction between employee competency and transformational leadership was not significant ( $\beta = -0.0643$ ,  $p = 0.3653$ ). Similarly, the interaction effects involving supportive work environment ( $\beta = -0.0028$ ,  $p = 0.7120$ ), emotional well-being ( $\beta = -0.0837$ ,  $p = 0.4340$ ), and physical health ( $\beta = 0.1293$ ,  $p = 0.2956$ ) were also not statistically significant.

These findings indicate that transformational leadership did not significantly moderate the relationship between employee quality and employee productivity. In other words, transformational leadership did not strengthen or weaken the effects of employee competency, supportive work environment, emotional well-being, or physical health on employee productivity. Therefore, transformational leadership was not found to be a significant moderating variable in this study.

**Table 5. Moderation Analysis Using Hayes' PROCESS Macro Model 1**

| Independent Variable        | $\beta$ | SE     | t       | $R^2$  | F       | p-value | Decision        |
|-----------------------------|---------|--------|---------|--------|---------|---------|-----------------|
| Employee Competency         | -0.0643 | 0.3810 | -0.7043 | 0.5420 | 31.2280 | 0.3653  | Not Significant |
| Supportive Work Environment | -0.0028 | 0.4150 | -0.0671 | 0.2999 | 13.8550 | 0.7120  | Not Significant |
| Emotional Well-being        | -0.0837 | 0.4950 | -1.6899 | 0.3318 | 16.0553 | 0.4340  | Not Significant |
| Physical Health             | 0.1293  | 0.0576 | 2.2447  | 0.3517 | 17.5372 | 0.2956  | Not Significant |

## DISCUSSION

The results of this study show transformational leadership has a positive effect on employee productivity in the Sabah public service sector. In fact, transformational leadership explained 26.3% of the variation in employee productivity ( $R^2 = 0.263$ ). This suggests that leaders who motivate employees, communicate a clear vision, encourage new ideas, and provide individuals with personal support can increase employee commitment and motivation, and work performance. This is consistent with Transformational Leadership Theory which states that transformational leaders encourage employees to work in the service of the organisation beyond their personal interests (Burns, 1978; Bass, 1985). The results also show that employee competency was the strongest predictor of employee productivity followed by transformational leadership and supportive work environment. Employees with better knowledge, skill set and professional capabilities are more likely to perform well at work. While transformational leadership has a positive impact on productivity, employees' competency is the most important factor in their performance at work.

However, that transformational leadership did not significantly moderate the relationship between employee competency, supportive work environment, emotional well-being, physical health and employee productivity. All interaction effects were not statistically significant in the moderation analysis, that is, transformational leadership did not enhance or decrease the relationship between employee quality factors and employee productivity. One possible explanation is that public sector organisations are often more formal than private organisations, where the systems of reporting are well established and processes are well established (Setiarlan et al., 2022). These organisational characteristics may reduce the impact of leadership behaviour on employee performance because so much work is done according to established policies and standard operating procedures, and leaders cannot make decisions about how the quality of workers affects productivity. This is also in line with previous work that established transformational leadership is driven by the organisational environment. With rigid structures and centralised decision-making in organisations, leaders may have fewer opportunities to drive innovation and organisational change (Kelarisah et al., 2025). Recent research has also found that bureaucratic structures and limited managerial autonomy may reduce the effect of transformational leadership on employee behaviour and organisational performance (Fitriyah et al., 2024) and transformational leadership in organisations that are conducive to innovation, collaboration and flexible decision making (Putri & Herachwati, 2025), and so on. Another potential reason might be that public sector workers are more concerned with the practical side of their work in the jobs, like job security, workload, resources and rewards system, instead of leadership style (Ding & Wang, 2024). Even when leaders are transformational leaders, those organisational factors may have an impact on employee productivity as well. The results are partly supportive of Transformational Leadership Theory from a theoretical perspective (Gunawan et al., 2024). The study finds that transformational leadership has a direct correlation with employee productivity. However, its moderation role was not supported. This indicates that organisational context should also be taken into account when explaining employee productivity in public sector organisations (Setiarlan et al., 2022). The findings should not be interpreted as showing that transformational leadership is not important. Instead, transformational leadership may affect employee productivity through the factors of motivation, support from the organisation, job satisfaction, and work engagement. Transformational leadership enhances these outcomes and thus we have better employee performance (Prasetio & Prasetio, 2025). Future research might analyse transformational leadership as an independent or mediating variable rather than as moderating variable. Public sector organisations should not only focus on leadership development but also on improving employee competency, organisational support, reward system and the culture. At the same time, less bureaucracy and more collaboration can create a more conducive environment for transformational leadership to work effectively (Darussalam et al., 2025). In general, it is seen that transformational leadership has a strong impact on employee productivity and does not have any impact on the association of employee quality with employee productivity in the public service sector in Sabah. Our study shows the importance of organisational context when assessing leadership effectiveness. Other organisational aspects (for example organisational culture, work freedom and reward systems) will be considered in future studies in order to understand employee productivity in the public sector.



## CONCLUSION

In this study transformational leadership impacted productivity of employees in the Sabah public service sector. It examined the relationship between transformational leadership and employee productivity and the moderating effect of transformational leadership on employee quality and employee productivity and the effect of transformational leadership on employee productivity. Transformational leadership is a strong predictor of employee productivity. Leaders who motivate, inspire and support their team members to perform better can enhance productivity and organisational performance and organisational effectiveness. This is in line with Transformational Leadership Theory (FTT), which states that transformational leaders motivate and inspire their employees to achieve higher performance in the face of high performance through motivation and inspiration (Burns, 1978; Bass, 1985). The study also found that employee competency was the strongest predictor of employee productivity. The result shows that knowledge, skills and competencies are the key factors that must be improved in order to drive good organisational performance. But transformational leadership did not significantly affect the relationship between employee competency, workplace environment, emotional well-being, physical health and productivity. This means that the productivity of the public sector is affected not only by the leadership but also organisational structure, administrative procedure and workplace culture (Kelarisah et al., 2025). Our work contributes to the literature on transformational leadership in Sabah public service. Although transformational leadership has a strong impact on employee productivity, it has yet to be shown in the literature that it is moderating the behaviour of employees. These results show the organisational context should be taken into account when it comes to productivity and leadership effectiveness. Public sector organisations need to not only focus on leadership development programmes but also on the performance of employees, and organisational support, workplace culture and reward systems and human resources management. A balanced approach to these elements will increase the overall efficiency of public services delivery and the quality of public service

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