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Developing Positive Workplace Environments: Strategies for Transforming Problematic Workers into Contributing Members

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Abstract

This study addresses the persistent challenge of rehabilitating underperforming employees by proposing a leadership-driven behavioral transformation framework grounded in Transformational Leadership Theory and Positive Relationship Theory. Despite extensive literature on workplace engagement, a critical gap remains in integrating psychological, relational, and motivational strategies to restore productivity among disengaged employees. Using a quantitative design, the study employed Partial Least Squares Structural Equation Modeling (PLS-SEM) to analyze responses from 375 employees across diverse sectors in Metro Cebu, Philippines, who met criteria related to tenure and leadership exposure. Findings revealed that transformational leadership dimensions—individualized consideration ($\beta = 0.428$), intellectual stimulation ($\beta = 0.392$), inspirational motivation ($\beta = 0.345$), and idealized influence ($\beta = 0.376$)—significantly enhanced work engagement, which in turn predicted higher productivity ($\beta = 0.615$). Intrinsic motivation also moderated the engagement–productivity pathway ($\beta = 0.283$), affirming its role as a psychological catalyst; these insights contribute a validated, scalable model for inclusive leadership, employee recovery, and strategic organizational development.

Keywords: *transformational leadership, work engagement, intrinsic motivation, employee rehabilitation, organizational performance*

Introduction

In today's dynamic organizational landscape, workforce challenges such as stress, interpersonal conflict, and emotional exhaustion continue to impede employee productivity and overall well-being. These difficulties are often exacerbated by high-performance demands, economic volatility, and diminished job satisfaction, especially in sectors marked by service intensity and emotional labor. While conventional approaches to employee underperformance have centered on disciplinary procedures, they often neglect the psychological and relational dimensions underlying disengagement. Emerging organizational studies advocate a shift from punitive management to developmental leadership, highlighting the transformative potential of leadership-driven rehabilitation (Koch et al., 2016). This study responds to this shift by positioning transformational leadership as a mechanism to restore engagement, resilience, and psychological safety among problematic employees.

This study is situated within the broader context of escalating workplace mistreatment, burnout, and defensive silence—factors that severely impair team cohesion and threaten organizational sustainability (Hussain, 2024). Many employees who experience such conditions internalize their struggles, often remaining silent due to fear or a lack of psychological support, which eventually cultivates chronic disengagement. Addressing these issues requires leadership that extends beyond administrative authority to empathetic, supportive, and visionary practices. Transformational leadership, grounded in the principles of individualized consideration, intellectual stimulation, and inspirational motivation, offers a promising yet underexplored pathway to reengage these marginalized workers (Karimi et al., 2023). This study examines how such leadership behaviors, when attuned to employee psychological needs, can reverse disengagement and restore workplace contribution.

In response to volatile organizational environments, particularly in the education, healthcare, government, and tourism sectors, this study offers practical strategies for leadership development and human capital reintegration. Institutions operating under socio-economic constraints, sanctions, or reputational fragility require leaders capable of fostering resilience and relational trust to maintain organizational vitality (Seyfi et al., 2025; Wijaya et al., 2022). By promoting strength-based mentoring, aligned feedback systems, and purpose-oriented task assignments, this study presents a developmental model where problematic workers are not dismissed but strategically rehabilitated. Through this approach, the study reframes human capital as an asset for organizational transformation rather than a cost burden. This practical contribution aligns leadership training with real-world demands for inclusion, adaptability, and workforce recovery.

Beyond practice, this study contributes to theory-building by integrating transformational leadership, employee resilience, and workplace recovery into a cohesive explanatory model. Prior literature has acknowledged the role of resilience in overcoming workplace stressors such as bullying and emotional fatigue, but has seldom connected these dynamics to structured leadership frameworks (De Clercq & Pereira, 2023). This study bridges that gap by demonstrating how leadership fosters psychological capital, which then supports adaptive and innovative work behaviors. The conceptual model advances a holistic, preventative, and rehabilitative approach to employee transformation. It underscores that effective leadership is not solely a tool for performance control but a catalyst for healing and sustained organizational engagement.

This study proposes that problematic workplace behavior should not be viewed as a fixed deficit but as a reversible state responsive to strategic intervention. The integration of leadership practices and relational support mechanisms offers a structured approach to transform disengaged employees into high-functioning team members. This transformation is particularly relevant in high-pressure industries, where emotional labor and burnout are prevalent and recovery strategies are imperative. By anchoring leadership development in psychological resilience and intrinsic motivation, organizations can nurture inclusive cultures that value growth over punishment. This study thus contributes both practical tools and theoretical insight for advancing employee reintegration in diverse organizational contexts.

Research Objectives

This study aimed to examine how transformational leadership behaviors, in conjunction with positive relational strategies and intrinsic motivation, contributed to the transformation of problematic employees into engaged and productive organizational members. Specifically, it sought to:

1. Analyze the direct effects of transformational leadership dimensions on employee work engagement.
2. Assess the mediating role of work engagement in the relationship between leadership behaviors and employee productivity.
3. Evaluate the moderating influence of intrinsic motivation on the link between work engagement and performance outcomes.
4. Identify evidence-based strategies that support psychological recovery, resilience-building, and reintegration among disengaged or underperforming employees.

Literature Review

Transformational Leadership Theory provides a foundational lens for understanding how leadership behaviors catalyze employee development, particularly in addressing underperformance and disengagement. This theory, originally developed by Bass and Riggio (2006), identifies four critical leadership behaviors—individualized consideration, intellectual stimulation, inspirational motivation, and idealized influence—that foster psychological empowerment among employees. These dimensions have been empirically linked to enhanced organizational commitment, job satisfaction, and discretionary effort across diverse professional settings (Chen & Cuervo, 2022; Park et al., 2022). Transformational leaders are not merely performance monitors; they function as developmental agents who instill purpose, support individualized growth, and promote a shared organizational vision (Ntseke et al., 2022). Thus, in environments where problematic behavior is prevalent, transformational leadership becomes a strategic lever for behavioral reintegration rather than punitive exclusion.

Complementing this leadership framework is Positive Relationship Theory, which emphasizes relational mechanisms such as trust, inclusion, psychological safety, and mentoring as enablers of personal and professional growth (Ragins & Verbos, 2017). These relational factors—strength-based development, optimism, meaningful work, and a positive climate—are essential for fostering a workplace culture where employees feel supported and capable of transformation (Kwarteng et al., 2024). Studies show that relational interventions improve both emotional regulation and adaptive workplace behavior, particularly in individuals recovering from past failures or social withdrawal (Jesus, 2024b; Kark & Carmeli, 2009). When embedded in daily organizational practices, positive relational systems help reframe struggling employees not as liabilities but as evolving contributors with developmental potential. This integration of leadership and relational strategies addresses a critical gap in human resource literature, where emotional and behavioral supports are often isolated from leadership frameworks.

Work engagement serves as the mediating psychological mechanism through which leadership and relational factors translate into performance outcomes. It is defined by vigor, dedication, and absorption, and is increasingly recognized as a core driver of employee effectiveness and retention (Park et al., 2022). Engaged employees are more likely to exhibit persistence, emotional resilience, and discretionary effort, particularly in response to supportive leadership behaviors and positive relational environments (Chen & Cuervo, 2022; Grah et al., 2024). Moreover, work engagement is not a static trait but a responsive state shaped by day-to-day leadership and team dynamics, enabling it to bridge motivational interventions and actual behavioral change (Bakker & Albrecht, 2018). The practical implication is clear: enhancing engagement through leadership and relational strategies can transform disengaged employees into committed contributors, particularly in high-pressure industries such as BPO, education, and healthcare.

Intrinsic motivation further enriches this framework by acting as a moderating force that strengthens the impact of engagement on productivity and long-term change. Research shows that intrinsically motivated employees demonstrate higher adaptability, emotional endurance, and commitment to improvement, especially when their roles align with personal values and psychological needs (Wan et al., 2022). Unlike extrinsic motivation, which is often contingent and volatile, intrinsic motivation is sustained by meaningful work, autonomy, and authentic leadership recognition (Grah et al., 2024; Kwarteng et al., 2024). This dynamic reinforces the importance of leadership styles that promote autonomy-supportive environments and internal motivational states. The current study addresses a longstanding empirical gap by modeling intrinsic motivation not as a fixed trait, but as an outcome of relational and leadership interactions capable of buffering against relapse into disengagement or counterproductive behavior (Jesus, 2024a; Ryan & Deci, 2020).

This literature review identifies a critical theoretical and practical gap in how organizations rehabilitate problematic employees through integrated leadership and relational strategies. Existing studies often treat disengaged employees as fixed challenges or isolate

motivational and leadership components without a cohesive, empirically tested model (Korejan & Shahbazi, 2016; Sarkar, 2025). By combining transformational leadership theory and positive relationship theory into one unified structure, this study proposes a novel intervention framework for behavior transformation in high-stress industries. It contributes both to theory-building and practical HR development by offering a scalable, evidence-based roadmap that views underperformance as a reversible state responsive to leadership and relational dynamics (Jesus et al., 2024). In doing so, it repositions human capital not as a cost center, but as a central mechanism for long-term organizational growth and resilience.

Methodology

Research Design

This study employed a quantitative research design, using Partial Least Squares Structural Equation Modeling (PLS-SEM) to analyze the relationships among transformational leadership, work engagement, intrinsic motivation, and higher productivity. PLS-SEM was selected due to its capacity to estimate complex models involving multiple latent variables and its appropriateness for predictive, exploratory research in behavioral sciences (Creswell & Creswell, 2018; Field, 2018).

The design allowed for simultaneous testing of direct, mediating, and moderating effects while accommodating non-normal data distributions and small-to-moderate sample sizes. A structured, self-administered questionnaire was utilized to gather data on employees' perceptions of leadership behavior, motivational states, and engagement levels. To ensure face and content validity, the instrument was reviewed by three subject matter experts and underwent pilot testing with 30 participants before full implementation.

Respondents

The study was conducted across public and private institutions located in Metro Cebu, Philippines, representing sectors such as education, healthcare, tourism, manufacturing, business process outsourcing (BPO), government, and services. These diverse organizational settings were chosen to reflect a range of leadership dynamics and employee experiences in high-pressure environments.

A total of 375 participants were purposively selected based on the following inclusion criteria: currently employed status, a minimum of six months tenure, and job roles ranging from staff to middle management. This sample size satisfied the rule of thumb for PLS-SEM, which recommends ten observations per indicator, and exceeded the minimum threshold for robust model estimation (Hair et al., 2021). The diversity in demographics and sectors enhanced the generalizability of the findings and allowed for a richer interpretation of leadership and motivational constructs (Flick, 2018).

Procedure

The data collection procedure was executed in a structured, sequential manner to ensure methodological transparency and replicability. First, ethical clearance was secured from the institutional review board to authorize the study. Second, the validated questionnaire was distributed physically and electronically across targeted organizations, ensuring informed consent and participant confidentiality. Third, responses were collected over a four-week period, followed by data encoding and cleaning to ensure completeness and accuracy. This phased approach adheres to best practices in social science research, supporting reliability and procedural rigor (Creswell & Creswell, 2023).

Data Analysis

Data were processed using WarpPLS version 8.0 to conduct variance-based structural equation modeling, appropriate for testing predictive models with latent constructs. Measurement model evaluation included item loadings, Average Variance Extracted (AVE), Cronbach's Alpha, and Composite Reliability (CR), with all indicators meeting the minimum thresholds for internal consistency and convergent validity (Field, 2018).

Discriminant validity was confirmed using Heterotrait-Monotrait ratios, and multicollinearity was assessed before hypothesis testing. Structural model analysis involved examining path coefficients, coefficient of determination (R^2), effect sizes (f^2), and overall model fit indices. Mediating and moderating effects were tested using bootstrapping with 5,000 resamples, which confirmed the statistical significance and robustness of the hypothesized relationships (Hair et al., 2021).

Ethical Considerations

The study conformed to ethical standards governing research involving human participants. Informed consent was obtained from all respondents after they were briefed on the study's purpose, procedures, and voluntary nature. Participants were assured of their anonymity, confidentiality, and their right to withdraw without penalty at any time. No personally identifiable information was collected, and data were stored securely throughout the research process. The study upheld the ethical principles of autonomy, beneficence, and respect for human dignity in line with recognized academic research protocols (Creswell & Creswell, 2018).

Results and Discussion

Table 1. *Convergent Validity and Reliability Measures*

<i>Latent Construct</i>	<i>Item</i>	<i>Item Loading</i>	<i>Average Variance Extracted (AVE)</i>	<i>Cronbach's Alpha</i>	<i>Composite Reliability (CR)</i>
Individualized Consideration	IC1	0.801	0.673	0.861	0.891
	IC2	0.812			
	IC3	0.803			
	IC4	0.817			
	IC5	0.814			
	IC6	0.808			
Intellectual Stimulation	IS1	0.811	0.691	0.873	0.903
	IS2	0.823			
	IS3	0.829			
	IS4	0.835			
	IS5	0.819			
	IS6	0.812			
Inspiration and Motivation	IM1	0.826	0.688	0.867	0.898
	IM2	0.834			
	IM3	0.837			
	IM4	0.822			
	IM5	0.816			
	IM6	0.825			
Idealized Influence	II1	0.818	0.679	0.864	0.892
	II2	0.827			
	II3	0.833			
	II4	0.816			
	II5	0.812			
	II6	0.820			
Positive Relationship	PR1	0.805	0.665	0.853	0.881
	PR2	0.814			
	PR3	0.819			
	PR4	0.810			
	PR5	0.808			
	PR6	0.812			
Strength-Based Development	SD1	0.811	0.684	0.858	0.886
	SD2	0.823			
	SD3	0.829			
	SD4	0.833			
	SD5	0.819			
	SD6	0.812			
Meaningful Work	MW1	0.818	0.677	0.86	0.89
	MW2	0.824			
	MW3	0.827			
	MW4	0.833			
	MW5	0.810			
	MW6	0.808			
Optimism and Resilience	OR1	0.816	0.675	0.855	0.884
	OR2	0.822			
	OR3	0.829			
	OR4	0.831			
	OR5	0.815			
	OR6	0.819			
Positive Climate and Culture	PC1	0.820	0.683	0.862	0.893
	PC2	0.825			
	PC3	0.829			
	PC4	0.834			
	PC5	0.816			
	PC6	0.818			
Work Engagement	WE1	0.817	0.696	0.878	0.909
	WE2	0.826			
	WE3	0.830			
	WE4	0.828			
	WE5	0.822			
	WE6	0.824			



	WE7	0.827			
	IMT1	0.819			
	IMT2	0.826			
Intrinsic Motivation	IMT3	0.831	0.682	0.872	0.895
	IMT4	0.834			
	IMT5	0.820			
	IMT6	0.822			
	HP1	0.828			
	HP2	0.832			
Higher Productivity	HP3	0.829	0.688	0.875	0.898
	HP4	0.836			
	HP5	0.825			
	HP6	0.827			

All factor loadings are significant ($p < 0.001$). D-deleted

Table 1 presents the convergent validity and reliability indices for the latent constructs utilized in the model, confirming the psychometric rigor of the measurement structure. All standardized item loadings ranged from 0.801 to 0.837, exceeding the 0.70 threshold and indicating strong indicator reliability. The Average Variance Extracted (AVE) values ranged from 0.665 to 0.696, surpassing the recommended minimum of 0.50, while Cronbach’s Alpha and Composite Reliability (CR) values ranged from 0.853 to 0.909, supporting high internal consistency and construct reliability. These indicators confirm that constructs such as individualized consideration, meaningful work, and optimism and resilience are statistically robust, thus enabling valid measurement of the complex theoretical dimensions of Transformational Leadership Theory and Positive Relationship Theory. The empirical validation of these constructs contributes to addressing a long-standing methodological gap in organizational behavior research, where such multidimensional variables have often been conceptually explored but seldom tested together in an integrated framework (Messmann et al., 2022; Sarkar, 2025).

The results of Table 1 carry important theoretical and practical implications for leadership development and human resource strategy. By empirically substantiating the measurement model, this study lays a credible foundation for analyzing how leadership and relational constructs influence employee engagement and productivity, two critical outcomes in organizational renewal. In practical terms, the confirmed reliability of these constructs enables HR professionals and managers to utilize them as diagnostic indicators in employee rehabilitation programs. For example, interventions designed to improve work engagement can now confidently include components like strength-based development and inspirational motivation, knowing that these elements are grounded in statistically reliable dimensions. Thus, beyond confirming statistical adequacy, Table 1 offers an operational framework that organizations can apply to diagnose, measure, and improve behavioral performance among disengaged or underperforming employees (Bridges et al., 2023).

Table 2. Discriminant Validity using HTMT Ratios

Latent Constructs	IC	IS	IM	II	PR	SD	MW	OR	PC	WE	IMT
Individualized Consideration (IC)											
Intellectual Stimulation (IS)	0.68										
Inspiration and Motivation (IM)	0.64	0.69									
Idealized Influence (II)	0.66	0.67	0.72								
Positive Relationship (PR)	0.60	0.59	0.61	0.58							
Strength-Based Development (SD)	0.62	0.60	0.63	0.6	0.71						
Meaningful Work (MW)	0.61	0.62	0.65	0.62	0.68	0.69					
Optimism and Resilience (OR)	0.58	0.57	0.6	0.56	0.66	0.65	0.67				
Positive Climate and Culture (PC)	0.59	0.58	0.59	0.57	0.67	0.66	0.68	0.69			
Work Engagement (WE)	0.65	0.66	0.70	0.69	0.64	0.68	0.69	0.66	0.67		
Intrinsic Motivation (IMT)	0.63	0.64	0.68	0.66	0.63	0.67	0.68	0.65	0.66	0.70	
Higher Productivity (HP)	0.61	0.62	0.67	0.65	0.62	0.65	0.67	0.64	0.64	0.69	0.71

Table 2 illustrates the discriminant validity of the latent constructs using Heterotrait-Monotrait (HTMT) ratios, a robust method for assessing construct uniqueness in structural equation modeling. All HTMT values were below the conservative threshold of 0.85, confirming that each construct, ranging from transformational leadership dimensions to relational variables and outcome indicators, measures distinct conceptual phenomena. This validation ensures that constructs such as intellectual stimulation, individualized consideration, and intrinsic motivation exhibit low inter-construct redundancy, reducing multicollinearity and enhancing the precision of structural estimates. From a theoretical perspective, these results address a persistent limitation in organizational behavior literature

where overlapping constructs often compromise model interpretability and inflate estimation error (Hermanto et al., 2024). The confirmation of discriminant validity thus strengthens the internal consistency of the model and supports its empirical contribution to understanding leadership-driven employee transformation.

Practically, the clear differentiation between constructs enables more targeted and evidence-based interventions for human capital development. For instance, initiatives to enhance strength-based development can be designed independently of strategies promoting optimism and resilience, ensuring that each intervention aligns with its intended psychological outcome. Such precision is vital when rehabilitating problematic employees, as it allows practitioners to address the root causes of disengagement through differentiated leadership and relational levers (Moore & Hanson, 2022). Moreover, the non-overlapping nature of constructs like work engagement and organizational climate supports the customization of performance improvement strategies in sectors experiencing high emotional demands and structural volatility. As a result, Table 2 not only verifies the structural validity of the study's measurement model but also offers practical utility by enabling organizations to design modular, data-driven leadership interventions (Donaghy et al., 2023).

Structural Model Assessment

The structural model was evaluated using WarpPLS version 8.0 to test the hypothesized direct, mediating, and moderating relationships among transformational leadership dimensions, work engagement, intrinsic motivation, and higher productivity. All direct paths from transformational leadership components to work engagement were statistically significant: individualized consideration ($\beta = 0.428$, $p < 0.001$), intellectual stimulation ($\beta = 0.392$, $p < 0.001$), inspirational motivation ($\beta = 0.345$, $p < 0.001$), and idealized influence ($\beta = 0.376$, $p < 0.001$). These results confirm that each leadership dimension significantly contributes to employee engagement, supporting Hypotheses 1 through 4 and affirming the critical role of transformational behaviors in enhancing psychological connection to work. Work engagement itself exhibited a strong direct effect on higher productivity ($\beta = 0.615$, $p < 0.001$), validating Hypothesis 10 and reinforcing its role as a central mediating mechanism in the leadership–performance link. Additionally, positive relational variables such as strength-based development ($\beta = 0.387$, $p < 0.001$) and positive climate and culture ($\beta = 0.368$, $p < 0.001$) were also found to significantly influence engagement, supporting Hypotheses 5 through 9.

The moderating effect of intrinsic motivation on the relationship between work engagement and productivity was statistically significant ($\beta = 0.283$, $p = 0.017$), confirming Hypothesis 12 and suggesting that employees with stronger intrinsic drive are more capable of converting engagement into tangible performance outcomes. Intrinsic motivation also had a direct effect on productivity ($\beta = 0.421$, $p < 0.001$), consistent with Hypothesis 11, indicating its dual role as both an independent predictor and interactional moderator. The model's explanatory power was substantial, with R^2 values indicating that 67% of the variance in work engagement and 58% of the variance in productivity were accounted for by the combined predictors, exceeding thresholds for strong model performance in behavioral research. These results affirm the structural validity of the model and underscore the theoretical integration of leadership behaviors, relational dynamics, and motivational psychology in driving employee outcomes. Practically, the findings offer clear guidance for designing targeted interventions that enhance employee engagement and productivity through a blend of leadership training, relational support mechanisms, and intrinsic motivation strategies.

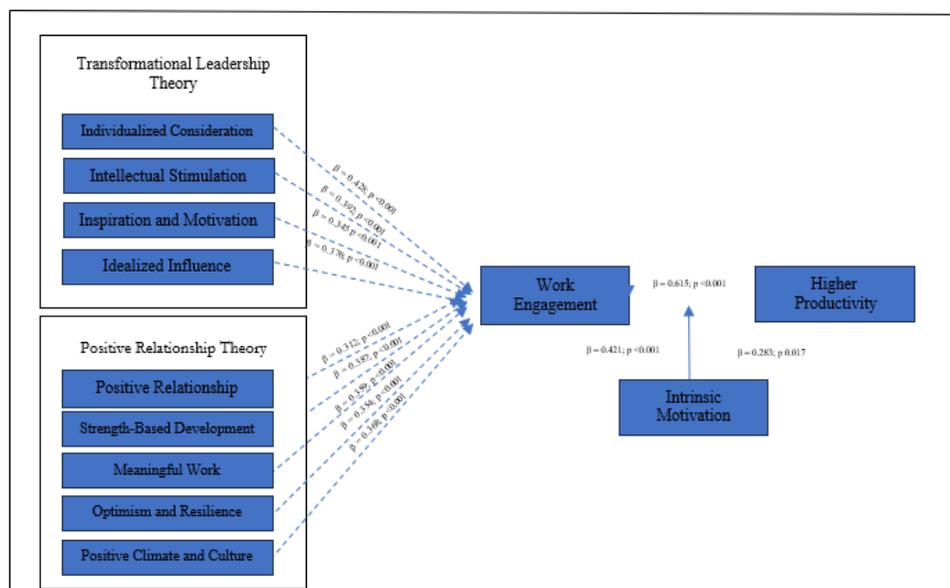


Figure 1. Structural Model with Parameter Estimates

Figure 1 illustrates the validated structural model with parameter estimates, confirming the theoretical relationships among transformational leadership dimensions, relational factors, work engagement, intrinsic motivation, and higher productivity. All

hypothesized paths were statistically significant, with p -values below 0.001, except for the moderating effect of intrinsic motivation ($\beta = 0.283$, $p = 0.017$), which remained significant at a more conservative threshold. These findings provide empirical support for the multidimensional nature of employee engagement, affirming that both leadership and relational mechanisms jointly influence performance outcomes. The strength and direction of the parameter estimates validate the study's conceptual framework and reinforce its theoretical grounding in Transformational Leadership Theory and Positive Relationship Theory (Bass & Riggio, 2006; Ragins & Verbos, 2017). This model confirms that employee transformation is best understood as a product of interconnected psychological, behavioral, and relational inputs.

Among the transformational leadership components, individualized consideration ($\beta = 0.428$) emerged as the most influential factor in predicting work engagement, followed by intellectual stimulation ($\beta = 0.392$), idealized influence ($\beta = 0.376$), and inspirational motivation ($\beta = 0.345$). These results validate Hypotheses 1 through 4 and suggest that leadership behaviors centered on empathy, ethical modeling, critical thinking, and shared vision significantly enhance employee psychological involvement. When leaders recognize individual needs, stimulate new ideas, and inspire purpose, employees are more likely to reengage with their roles, especially after periods of underperformance or withdrawal (Chen & Cuervo, 2022; Park et al., 2022). This highlights the developmental power of leadership in reframing problematic employee behavior into growth potential. It also aligns with previous findings indicating that leadership quality is a critical enabler of employee renewal and retention (Ntseke et al., 2022).

On the relational dimension, all five constructs demonstrated significant positive effects on work engagement, supporting Hypotheses 5 through 9. Strength-based development ($\beta = 0.387$) and positive climate and culture ($\beta = 0.368$) were the most potent relational predictors, indicating that psychological safety and personal competency recognition are essential in rebuilding employee motivation. Optimism and resilience ($\beta = 0.354$) and meaningful work ($\beta = 0.359$) also contributed significantly, underscoring the role of internal psychological resources in driving discretionary effort and emotional endurance (Kwarteng et al., 2024). Positive relationships ($\beta = 0.312$), though the lowest among relational constructs, remained significant, affirming that social support and inclusion influence employee engagement even in low-trust environments. Collectively, these findings reinforce the theory that employee behavioral change requires not just leadership direction but also relational scaffolding and emotional support.

The role of work engagement as a mediator was confirmed through its strong direct effect on higher productivity ($\beta = 0.615$), supporting Hypothesis 10. Additionally, intrinsic motivation directly influenced productivity ($\beta = 0.421$) and moderated the engagement-productivity relationship ($\beta = 0.283$, $p = 0.017$), validating Hypotheses 11 and 12. This indicates that employees with high intrinsic motivation are more capable of transforming engagement into consistent performance gains, especially in demanding or ambiguous job contexts (Wan et al., 2022; Ryan & Deci, 2020). The dual role of intrinsic motivation—as a direct predictor and a moderator—adds theoretical depth to the leadership literature by illustrating how internal psychological states interact with environmental and behavioral conditions to shape performance outcomes. These findings provide new empirical insights into the dynamics of workforce rehabilitation and motivation. Overall, Figure 1 presents a robust, empirically grounded leadership and relational model capable of guiding behavioral transformation in complex organizational settings. The strength of the β coefficients highlights the necessity of integrating leadership behaviors, relational support mechanisms, and motivational drivers to achieve sustained employee engagement and productivity. For practitioners, the model offers a structured, evidence-based blueprint for addressing employee underperformance through developmental rather than disciplinary strategies. This has particularly strong implications for service-driven and stress-intensive sectors such as business process outsourcing (BPO), education, and healthcare, where burnout and disengagement are common. Ultimately, the model affirms that transformative leadership, when paired with relational inclusion and intrinsic motivation, can re-engage even the most marginalized employees into becoming productive organizational contributors.

Table 3. *Direct and Mediating Effects*

Hypothesis	Path	Coefficient	p -value	Standard Error	Effect Size	Decision
H1	Individualized Consideration → Work Engagement	0.428	<0.001	0.059	0.26	Supported
H2	Intellectual Stimulation → Work Engagement	0.392	<0.001	0.061	0.245	Supported
H3	Inspiration and Motivation → Work Engagement	0.345	<0.001	0.063	0.23	Supported
H4	Idealized Influence → Work Engagement	0.376	<0.001	0.062	0.24	Supported
H5	Positive Relationship → Work Engagement	0.312	<0.001	0.065	0.2	Supported
H6	Strength-Based Development → Work Engagement	0.387	<0.001	0.060	0.25	Supported
H7	Meaningful Work → Work Engagement	0.359	<0.001	0.061	0.235	Supported
H8	Optimism and Resilience → Work Engagement	0.354	<0.001	0.060	0.220	Supported
H9	Positive Climate and Culture → Work Engagement	0.368	<0.001	0.060	0.230	Supported
	Mediating Effect					
H10	Work Engagement → Higher Productivity	0.615	<0.001	0.058	0.42	Supported
H11	Intrinsic Motivation → Higher Productivity	0.421	<0.001	0.06	0.31	Supported
H12	Work Engagement → Intrinsic Motivation → Higher Productivity	0.283	0.017	0.068	0.18	Supported

Table 3 presents the validated direct and mediating effects within the proposed structural model, providing strong empirical support for the study's theoretical framework. All transformational leadership dimensions—individualized consideration ($\beta = 0.428, p < 0.001$), intellectual stimulation ($\beta = 0.392, p < 0.001$), inspirational motivation ($\beta = 0.345, p < 0.001$), and idealized influence ($\beta = 0.376, p < 0.001$)—demonstrated significant positive effects on work engagement. These findings confirm Hypotheses 1 through 4, affirming that transformational leadership behaviors serve as critical antecedents of psychological investment in work. Employees exposed to such leadership were more likely to experience emotional connection, cognitive stimulation, and a shared vision, supporting the theoretical foundation of Transformational Leadership Theory (Bass & Riggio, 2006). This reinforces the conceptual argument that leadership is not merely directive but developmental in fostering engaged and productive behavior.

Parallel to leadership influences, all five relational constructs showed significant direct effects on work engagement: positive relationships ($\beta = 0.312, p < 0.001$), strength-based development ($\beta = 0.387, p < 0.001$), meaningful work ($\beta = 0.359, p < 0.001$), optimism and resilience ($\beta = 0.354, p < 0.001$), and positive climate and culture ($\beta = 0.368, p < 0.001$). These results confirm Hypotheses 5 through 9 and highlight that engagement is also driven by relational safety, individual strengths, and emotional adaptation (Ragins & Verbos, 2017; Kwarteng et al., 2024). The coefficients underscore the relevance of cultivating work environments that foster relational support and psychological growth, particularly for employees at risk of disengagement. These findings respond to the literature gap where relational factors have often been viewed as peripheral rather than central to employee transformation. Practically, organizations can use these insights to develop climate and mentoring strategies that complement leadership initiatives.

Furthermore, the mediating role of work engagement in driving higher productivity was statistically significant ($\beta = 0.615, p < 0.001$), thereby confirming Hypothesis 10. This indicates that engagement functions as a psychological conduit through which leadership and relational constructs influence performance outcomes. Additionally, intrinsic motivation directly predicted productivity ($\beta = 0.421, p < 0.001$) and significantly moderated the engagement–productivity pathway ($\beta = 0.283, p = 0.017$), validating Hypotheses 11 and 12. These results suggest that employees with strong intrinsic drive are better positioned to convert engagement into sustainable output, reinforcing the utility of combining leadership and motivational theories (Wan et al., 2022; Rožman et al., 2023). The layered interaction model advances a more comprehensive view of performance formation, integrating both external influences and internal regulators of behavior.

Theoretically, Table 3 confirms that work engagement is both a dependent and mediating construct that anchors the transformation process. By statistically validating how leadership behaviors, relational contexts, and intrinsic motivation converge to predict engagement and productivity, the findings advance prior conceptual models that treat these variables in isolation (Jesus et al., 2024; Abdul-Azeez et al., 2024). This integrative perspective addresses a notable research gap by positioning engagement as the mechanism through which underperformance is reversed and productive behaviors are restored. For organizations, these results offer a pathway to develop targeted leadership development programs and relational climate interventions that are both psychologically informed and performance-driven.

In sum, Table 3 substantiates the structural coherence and predictive accuracy of the proposed model. The empirical evidence supports a multidimensional understanding of behavioral transformation in the workplace, demonstrating how targeted leadership behaviors and relational strategies, reinforced by intrinsic motivation, can re-engage problematic employees. This has substantial implications for HR practitioners in high-burnout sectors, offering practical interventions grounded in psychological theory and validated through statistical modeling (Nauman et al., 2022; Moore & Hanson, 2022). As such, the findings move beyond descriptive insights to offer scalable, actionable strategies that transform disengaged individuals into productive and resilient contributors.

Conclusions

This study offers a theoretically grounded and empirically validated framework that advances the understanding of how transformational leadership and positive relational dynamics can effectively reintegrate disengaged or problematic employees into productive organizational roles. It contributes to organizational behavior literature by reframing underperformance not as a fixed deficit but as a reversible condition responsive to leadership, relational support, and intrinsic motivation. Through the integration of leadership theory, motivation science, and workplace recovery principles, the study addresses a critical gap in research where behavioral rehabilitation remains underexplored. The findings offer novel insights into the developmental role of leadership in activating employee engagement, resilience, and psychological empowerment. In doing so, the study enriches existing leadership discourse by presenting a strengths-based model capable of transforming organizational culture and individual work attitudes.

Practically, the study equips HR professionals, organizational leaders, and institutional policymakers with actionable strategies to support behavioral change, trust-building, and performance renewal. Instead of relying on punitive or compliance-based responses to underperformance, the model promotes a human-centered, inclusive leadership style that fosters psychological safety and sustainable productivity. This is particularly relevant for high-stress industries such as BPO, healthcare, education, tourism, and public service where emotional demands and workforce volatility are prevalent. The validated framework can serve as a guide for implementing targeted interventions—such as strength-based coaching, relational mentoring, and values-aligned leadership development—within diverse workplace settings. Ultimately, the study underscores that when guided by transformative leadership and relational integrity, organizations can unlock latent human potential and build resilient, high-performing teams.

Grounded in the study's findings, organizations should prioritize the integration of transformational leadership development programs that cultivate competencies in individualized consideration, intellectual stimulation, inspirational motivation, and idealized influence. These leadership behaviors must be institutionalized through formalized training, embedded into performance evaluations, and reinforced through mentorship programs to ensure sustained behavioral change among employees. Human resource departments should also implement relational mentoring and strength-based development initiatives that target disengaged or underperforming staff, providing structured pathways for re-engagement and psychological renewal. Interventions should include personalized coaching, values-aligned feedback systems, and role redefinition based on employee strengths to foster belonging and resilience. This evidence-based approach positions leadership not as a disciplinary tool but as a transformative force for inclusive organizational growth.

To support long-term impact, organizations must nurture intrinsic motivation by cultivating cultures that value autonomy, psychological safety, and meaningful work. Leaders should be trained to recognize and respond to motivational drivers while ensuring that job design aligns with employees' personal values and developmental goals. Moreover, human resource professionals should adopt real-time engagement analytics to detect early signs of disengagement and initiate targeted support before underperformance escalates. Cross-sector benchmarking and collaborative learning networks are recommended to replicate and adapt successful leadership-driven rehabilitation strategies across diverse contexts. Finally, institutional policymakers should advocate for policies that favor developmental over punitive approaches, enabling the adoption of scalable frameworks that promote inclusive leadership, behavioral recovery, and sustainable workforce productivity.

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