THE IMPACT OF TRANSFORMATIONAL LEADERSHIP STYLE ON EMPLOYEE JOB SATISFACTION IN IT ENTERPRISES IN VIETNAM

PhD. Do Thi Bich Ngoc* - PhD. Nguyen Tuong Lan - PhD. Nguyen Thi Anh Tram*****

Abstract: ***This study focuses on the relationship between transformational leadership style and job satisfaction of employees in IT enterprises in Vietnam. In this sector, employee job satisfaction plays a fundamental role in enhancing employee motivation and contribution to the success of the organization. Data were used from a survey of 405 employees working in IT enterprises in Vietnam. The results from the SEM model show that there are 3 dimensions of transformational leadership style that have a positive impact on job satisfaction of employees in the IT industry: Idealized Influence, Inspirational motivation and Intellectual stimulation. Meanwhile, the dimension "Individual Consideration" has no significant impact on job satisfaction of employees in IT enterprises in Vietnam.***

• Keywords: *transformational leadership style, job satisfaction, IT enterprises.*

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1. Introduction

Leadership is widely recognized as a key determinant of organizational effectiveness and employee well-being. In modern organizations, leadership is valued not only for its impact on performance but also for its ability to shape employee attitudes, motivation, and job satisfaction. In volatile and competitive environments, effective leadership helps organizations maintain resilience, encourage creativity, and sustain long-term success. Among major leadership approaches, transformational leadership has attracted considerable attention because it emphasizes vision, inspiration, trust, and intellectual stimulation (Bass & Avolio, 1997; Burns, 1978).

Job satisfaction is another central concept in organizational behavior. Locke (1976) described it as a positive emotional state resulting from the evaluation of one's job or job experiences. High job satisfaction is associated with stronger commitment, lower turnover, and higher productivity, whereas low satisfaction may lead to absenteeism, burnout, and employee withdrawal (Robbins et al., 2019; Spector, 1997). These issues are particularly important in knowledge-intensive sectors such as information technology (IT), where employees often work under high pressure and rapid change.

The Vietnamese IT sector offers a highly relevant context for examining this relationship. IT professionals are expected to adapt continuously, solve complex problems, and maintain creativity in demanding work settings. Such characteristics make transformational leadership especially suitable, as employees in this sector often value autonomy, development opportunities, and meaningful work (Jain et al., 2020). At the same time, Vietnam's ICT industry has become an important driver of economic growth and digital transformation, increasing the strategic value of human capital.

However, research on the relationship between transformational leadership and job satisfaction in Vietnamese IT enterprises remains limited. Most previous studies have focused on other sectors, while IT organizations have received less attention. Therefore, this study examines how the four dimensions of transformational leadership influence job satisfaction among employees in Vietnamese IT enterprises, thereby contributing both theoretical and practical insights for leadership and workforce management.

2. Literature review

2.1. Transformational leadership

The concept of transformational leadership was first introduced by Burns (1978), who described it as

** Vietnam Maritime University; email: ngocdtb@vimaru.edu.vn*
*** University of Science and Technology of Hanoi; email: nguyen-tuong.lan@usth.edu.vn*
**** University of Labour and Social Affair; email: tramnguyen@ulsa.edu.vn*

a process in which leaders and followers elevate one another to higher levels of motivation and morality. Burns distinguished transformational leadership from transactional leadership, noting that the latter is based on exchange relationships, while the former emphasizes vision, inspiration, and meaningful organizational change. Transformational leaders motivate employees to transcend personal interests and strive toward collective goals, thereby fostering innovation and organizational effectiveness.

Bass and Avolio (1997) further developed this theory by identifying four core dimensions of transformational leadership. Idealized influence refers to leaders acting as ethical role models who earn trust and respect (Bass & Riggio, 2006). Inspirational motivation involves inspiring followers through a compelling vision and clear goals. Intellectual stimulation encourages creativity, critical thinking, and innovation. Individual Consideration highlights leaders' attention to individual needs through mentoring and coaching. Collectively, these dimensions enhance employee motivation, satisfaction, and performance, making transformational leadership a widely adopted framework in contemporary organizational research.

2.2. Job satisfaction

Job satisfaction is defined as "a pleasurable or positive emotional state resulting from one's job or job experiences" (Locke, 1976). Job satisfaction is the most frequently studied issue in the organizational research (Spector, 1997) assessment, causes, and consequences</title></titles><dates><year>1997</year></dates><pub-location>Thousand Oaks, California</pub-location><publisher>Sage Publications, Inc.</publisher><urls></urls></record></Cite></EndNote>.

Job satisfaction can be affected by many factors such as leadership, remuneration policy, working condition, training and development, the work itself, work place motivators, recognition (Castillo & Cano, 2004; Hosie et al., 2013; Mishra & Gupta, 2009; Whysall et al., 2009). Among these factors, leadership style is a key determinant of job satisfaction since the leader-employee relationship and the leadership behaviors have a great influence on follower's self-esteem and motivation (DeCremer, 2003; Yulk, 2003).

2.3. Relationship between Leadership style and Job satisfaction in IT sector

In IT organizations, where innovation and adaptability are crucial, transformational leadership is particularly relevant. Transformational leaders stimulate intellectual curiosity, encourage risk-taking, and foster psychological safety, thereby enhancing job satisfaction among IT professionals. Gitoho et al. (2016) found that leaders who involve employees in decision-making and align them with organizational values significantly improve job satisfaction. This aligns with the nature of IT work, which emphasizes autonomy, recognition, and continuous professional development.

Beyond transformational leadership, transactional leadership has also been examined. While contingent rewards can enhance satisfaction, management-by-exception - especially in its passive form - often reduces it (Gitoho et al., 2016). In IT environments, where creativity and problem-solving are essential, purely transactional approaches may not fully address employees' motivational needs.

Comparative studies highlight that leadership effectiveness is context-dependent. Jain et al. (2020) reported that both transformational and transactional leadership positively influence job satisfaction, with transformational leadership exerting a stronger impact due to its alignment with modern organizational demands. Previous research typically examines either the overall effects of leadership styles or the influence of specific transformational dimensions.

Table 1: Summary of research on the Relationship between Transformational Leadership style and Job satisfaction

Leadership style	Positive effect (+)	Negative effect (-)	No effect
Transformational leadership	Boamah et al. (2018), Munir et al. (2012), Bogler (2001), Emery and Barker (2007), Shibru and Darshan (2011), Wang et al. (2011), Hamidifar (2009)		Çetin et al. (2012)
Idealized Influence	Rothfelder et al. (2012), Emery and Barker (2007), Shibru and Darshan (2011) Hamidifar (2009)		J. R. M. Hanaysha et al. (2012) Long et al. (2014)
Individual Consideration	Long et al. (2014) , Shibru and Darshan (2011), Hamidifar (2009)	J. R. M. Hanaysha et al. (2012)	
Inspirational Motivation	Rothfelder et al. (2012), Hamidifar (2009)		Long et al. (2014), Shibru and Darshan (2011)
Intellectual Stimulation	Rothfelder et al. (2012) (Emery & Barker, 2007; J. R. M. Hanaysha et al., 2012), Hamidifar (2009)		Long et al. (2014) , Shibru and Darshan (2011)

In general, the literature suggests that leadership style is a critical antecedent of job satisfaction in IT organizations. Transformational leadership consistently emerges as the most effective style, particularly in fostering innovation, motivation, and commitment. Given the competitive IT sector's reliance on knowledge workers, cultivating

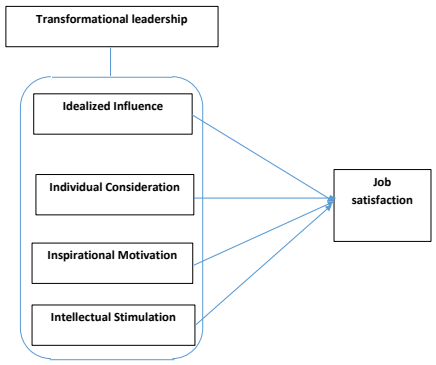
transformational leadership capabilities among managers is vital for sustaining high levels of job satisfaction and reducing turnover.

3. Research methodology

3.1. Research framework and research hypothesis

To study the relationship between transformational leadership style and employee job satisfaction in IT enterprises, the research model is proposed as follows:

Figure 1: Research framework



From this research framework and empirical studies presented in Table 1, the research hypotheses are given as follows:

H1: Idealized Influence has a positive impact on employee job satisfaction in IT enterprises.

H2: Individual Consideration has a positive impact on employee job satisfaction in IT enterprises.

H3: Inspirational Motivation has a positive impact on employee job satisfaction in IT enterprises.

H4: Intellectual Stimulation has a positive impact on employee job satisfaction in IT enterprises.

3.2. Data

This study uses data from 405 employees working in various IT companies in both North, Center and South Vietnam. The respondents involved in this study are all employees, not managers. The questionnaire is delivered to them via online channels such as mail or Google doc link. This is a fully online questionnaire and hence they are free to express their idea about their manager. The respondents were selected using the snowball method.

3.3. Research Instrument

The questionnaire includes 3 parts including respondent's demographic characteristics, their manager's leadership style and their job satisfaction. Manager's leadership style is reflected by the modified leadership scale based on MLQ - 5X scale (Multifactor Leadership Questionnaire - 5X) proposed by Bass and Avolio (2004). This questionnaire contains high validity items which effectively predict leadership behaviors (Judge & Piccolo, 2004). In particular, the transformational leadership style is revealed by 4 following factors: Idealized Influence (includes both Idealized Influence - Attributes (IIA) and Idealized Influence - Behaviors (IIB); Inspirational Motivation (IM); Intellectual Stimulation (IS) and Individual Consideration (IC). These scales are used as Likert scale ranged from 1 to 5, where level 1 is "never", and level 5 is "always". Employee's job satisfaction is measured by the short form of job satisfaction scale proposed by Brayfield and Rothe (1951). This scale includes only 5 LIKERT questions, with 5 levels, ranging from level 1 is "very disagree" to level 5 is "completely agree".

3.4. Research method

In this study, the authors use confirmatory factor analysis (CFA) and structural equation modeling (SEM) to study the influence of transformational leadership style on IT employee's job satisfaction.

4. Result and discussion

4.1. Description of the research sample

Table 2: Participant's demographic characteristics

Sample= 405	Category	No. of observations	Frequency (%)
Gender	Female	166	41.0
	Male	239	59.0
Age	<30	87	21.5
	30-45	254	62.7
	>45	64	15.8
Educational level	Under graduate	56	13.8
	Graduate	250	61.8
	Post graduate	99	24.4
Working location	North Vietnam	160	39.5
	Center Vietnam	103	25.4
	South Vietnam	142	35.1
Total		405	100

Source: Data collected by authors

The data in the table above shows that the number of employees participating in the study has a much higher proportion of men than women, which is also a typical feature of workers in the IT sector in developing countries. The rate of respondents with university education reached the highest rate with 61.8%. In term of age, only 15.8% of respondents are older than 45, reflecting that online survey is not attractive for old persons. Respondents from companies in Northern Vietnam take part in the study much more than those from Center of Vietnam.

4.2. Data reliability and Internal Consistency

Data reliability and internal consistency tests are conducted by means of Cronbach's alpha using SPSS statistics and counter checked by calculation of composite reliability using SPSS Amos, the result is presented in the following table:

Table 3: Data Reliability and Internal Consistency

Variables	No. of items	Cronbach's Alpha	Composite Reliability
Idealized Influence (II)	6	0.762	0.94
Individual Consideration (IC)	4	0.841	0.98
Inspirational Motivation	4	0.851	0.95
Intellectual Stimulation	4	0.837	0.99
Job satisfaction	5	0.866	0.89

The results in table 3 confirm that all constructs demonstrate satisfactory reliability. Cronbach's Alpha values range from 0.762 to 0.866, exceeding the recommended threshold of 0.70, indicating strong internal consistency. Similarly, Composite Reliability values range from 0.89 to 0.99, surpassing the acceptable benchmark and confirming excellent convergent reliability. Notably, Individual Consideration, Inspirational Motivation, and Intellectual Stimulation exhibit exceptionally high CR values. Overall, these findings validate the reliability of the measurement scales and provide a solid foundation for subsequent confirmatory factor analysis and structural equation modeling.

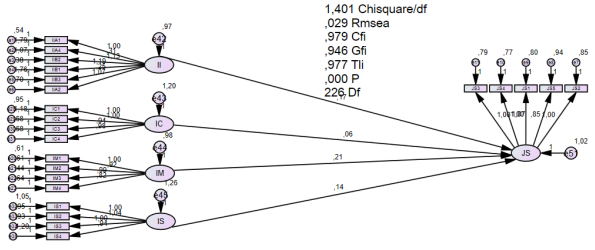
4.3. Convergent Validity (Confirmatory Factor Analysis -CFA)

To verify the reliability and validity of the collected data, the author conducted confirmatory factor analysis (CFA). The results obtained had model fit indices TLI, CFI, GFI of 0.979, respectively; 0.982 and 0.95 are both greater than 0.9, RMSEA = 0.027 (< 0.08) allowing to conclude that the model is suitable for the research data. To test the research hypotheses, the data set is used to run the SEM model.

4.4. SEM model result

The SEM model result is presented in the following figure:

Figure 2: The SEM model result



The Model fit indicators of the model are shown in table 4 as follows:

Table 4: The SEM model fit

Indices	Value
CFI	0.979
RMSEA	0.029
Chi-square/df	1.401
GFI	0.946
TLI	0.977

The SEM results indicate that the proposed research model demonstrates an excellent fit with the empirical data. All goodness-of-fit indices satisfy recommended thresholds: $\chi^2/df = 1.401$, RMSEA = 0.029, CFI = 0.979, GFI = 0.946, and TLI = 0.977, confirming the model's suitability. All standardized factor loadings exceed 0.70, ensuring strong reliability and convergent validity. Regarding structural relationships, Inspirational Motivation ($\beta = 0.21$) has the strongest positive impact on Job Satisfaction, followed by Idealized Influence ($\beta = 0.17$) and Intellectual Stimulation ($\beta = 0.14$). However, Individual Consideration shows an insignificant effect ($\beta = 0.06$). These findings highlight the dominant role of transformational leadership dimensions in enhancing job satisfaction. The results of the correlation between the factors are shown in the following table:

Table 5: The SEM model result

	Estimate	S.E.	C.R.	p
JS <---II	0.17	0.055	3.804	0.02
JS <---IC	0.057	0.050	1.137	0.255
JS <---IM	0.209	0.050	2.808	0.005
JS <---IS	0.14	0.056	3.735	0.000

From this result, with a significance level of 5%, we can conclude as follows:

Hypothesis H1 is accepted: Idealized Influence has a positive impact on employee job satisfaction in IT enterprises.

Hypothesis H2 is rejected: Individual Consideration has no impact on employee job satisfaction in IT enterprises

Hypothesis H3 is accepted: Inspirational Motivation has a positive impact on employee job satisfaction in IT enterprises

Hypothesis H4 is accepted: Intellectual Stimulation has a positive impact on employee job satisfaction in IT enterprises

4.5. Discussions

The findings of this study provide valuable insights into how different dimensions of transformational leadership influence job satisfaction among employees in IT enterprises. The acceptance of H1 confirms that Idealized Influence positively affects job satisfaction, indicating that leaders who demonstrate integrity, credibility, and a clear vision

foster trust and positive work attitudes. This result is consistent with prior studies (J. Hanaysha et al., 2012; Metwally et al., 2014), particularly in IT environments characterized by rapid technological change and uncertainty.

The rejection of H2 reveals that Individual Consideration does not significantly impact job satisfaction. Contrary to expectations and earlier research (Bass, 1985; Gitoho et al., 2016), this finding suggests that IT professionals prioritize autonomy, technical competence, and opportunities for innovation over personalized support. Given the knowledge-intensive nature of IT work, employees tend to value professional development and recognition of expertise more than socio-emotional mentoring.

The acceptance of H3 highlights the significant role of Inspirational Motivation in enhancing job satisfaction. Leaders who communicate a compelling vision and inspire enthusiasm create a sense of purpose and engagement among employees. This finding aligns with Jain et al. (2020), who identified inspirational motivation as a key determinant of satisfaction in dynamic and high-pressure environments.

Similarly, the acceptance of H4 underscores the importance of Intellectual Stimulation. Leaders who encourage creativity, critical thinking, and innovation foster higher levels of engagement and satisfaction. This result supports previous research (Unguren & Kacmaz, 2022) and reflects the innovative nature of IT organizations.

Overall, the study demonstrates that Idealized Influence, Inspirational Motivation, and Intellectual Stimulation significantly enhance job satisfaction, while Individual Consideration appears less influential. These findings emphasize the importance of visionary, innovative, and intellectually stimulating leadership in promoting employee satisfaction within the IT sector.

Conclusion

This study examined the impact of transformational leadership on employee job satisfaction in IT enterprises in Vietnam, offering both theoretical and practical contributions. The findings reveal that three dimensions Idealized Influence, Inspirational Motivation, and Intellectual Stimulation have significant positive effects on job satisfaction. Leaders who act as ethical role models, communicate a compelling vision, and foster intellectual curiosity are more likely to build trust, enhance morale, and create motivating work environments for IT professionals. In contrast, Individual Consideration plays a less significant role, suggesting that employees in highly technical and autonomy-oriented contexts value innovative and intellectually stimulating leadership over personalized attention. Overall, the study highlights the importance of cultivating transformational leadership capabilities to enhance employee satisfaction, reduce turnover, and strengthen competitiveness. It also enriches leadership literature by providing empirical evidence from Vietnam's dynamic and rapidly growing IT sector.

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