

## PalArch's Journal of Archaeology of Egypt / Egyptology

### IS TRANSFORMATIONAL LEADERSHIP HAVING ANY IMPACT ON EMPLOYEE MOTIVATION IN VIETNAM?

*Hong Van Pham<sup>1</sup>, Huynh Xuan Nguyen<sup>2</sup>, Dinh Tran Ngoc Huy<sup>3</sup>, Huong Thanh Thi Le<sup>4</sup>*

<sup>1</sup>Vietnam Institute of Science, Technology and Innovation.

<sup>2</sup>Hanoi School of Business and Management, Vietnam National University.

<sup>3</sup>Banking University HCMC, Ho Chi Minh city Vietnam- International University of Japan, Japan.

<sup>4</sup>Dai Nam University, Vietnam.

<sup>1</sup>phamvanhong1973@gmail.com, <sup>2</sup>huynhnx@hsb.edu.vn, <sup>3</sup>dtanhuy2010@gmail.com, <sup>4</sup>lethanhhuong@dainam.edu.vn

Hong Van Pham, Huynh Xuan Nguyen, Dinh Tran Ngoc Huy, Huong Thanh Thi Le. Is Transformational Leadership Having any Impact on Employee Motivation in Vietnam? – Palarch's Journal of Archarology of Egypt/Egyptogy 17(2), 30-43. ISSN 1567-214X

Keywords: Transformational leadership, Employee motivation, Financial sector, Vietnam.

#### **ABSTRACT**

The study aimed to identify the impact of transformational leadership on employee motivation. The study considered the case of the financial sector of Vietnam. The study adopted the quantitative research design while the instrument used to gather the responses was a survey questionnaire. The data was gathered from 366 respondents working in the financial sector of Vietnam. The analysis was carried out on Smart PLS while the technique to achieve the aim was Structural Equation Modelling (PLS-SEM). The data was analyzed using the path assessment and measurement model. The results revealed that the overall effect of transformational leadership on employee motivation was significant. However, there was partial mediation of commitment and engagement, confidence and employee wellbeing among transformational leadership on employee motivation. The study is limited to the financial sector only that is operating within Vietnam. Nevertheless, the research has various implications for the financial sector of Vietnam, its managers and workers.

## INTRODUCTION

With the advancement of technology and rapid globalisation, firms are striving hard to retain their employees and motivate them to work productively. In this scenario, the role of leaders is highly effective as they ensure that employees are encouraged, motivated and devoted towards their work. Transformational leadership is a unique style of leadership where leaders are expected to influence and inspire their employees to work in a way that is ethically and morally fruitful for the organisation (Li & Wang, 2019). Also, transformational leaders are responsible for increasing employee engagement where employees participate and share their views.

With regards to the findings of Arslan and Staub (2012) different leadership styles and theories are being discussed at the corporate and academic level that further enhances the importance of following an appropriate leadership style within the organisational context. However, transformational leadership has been identified and discussed as one of the widely discussed leadership styles which are being frequently discussed and acknowledged for different underlying reasons. Among these, one of the underlying factors is concerned with employee motivation. Drawing on the literature, it can be stated that considerable importance has been provided by prior researchers to employee's motivation and factors that lead to the motivation of an employee. One of the findings such as Gehlert, Hall, and Palinkas (2017) discusses that the challenges for contemporary businesses are becoming intensified. Businesses are required to simultaneously adhere to several factors that can provide them with a competitive edge in a highly competitive and challenging business environment. In realisation of this, considerable importance has also been given by prior researchers while identifying those factors that lead to improving productivity and performance of an individual and unit.

In light of the findings of D'Annunzio-Green (2018) a motivated employee is considered as the cornerstone of a competitive workforce. An employee full of motivation cannot merely be efficient and productive however, at the same time, this kind of employee also helps in fostering creativity and innovativeness in a workforce. In this aspect, it becomes important to mention that some certain reasons or drivers drive this motivation among employees. With regards, to the findings of Bedwell et al. (2012) a collaborative and supportive work environment is critical for driving motivation among employees. However, through the findings of Naile and Selesho (2014) it can also be stated that while approaching the motivation driven through the workplace environment, it becomes essential to state that leadership quality and attributes are also considered as the major driven force of motivation among employees. Further, different leadership style can be related to the level of motivation among employee however, transformational leadership is considered as one of the essential leadership styles which are being greatly discussed concerning employee motivation.

Similarly, the following study strives towards examining the impact of transformational leadership on employee motivation with regards to the case of the financial sector of Vietnam. With support to the statistics provided by Vietnam News (2020), the financial sector of Vietnam is considered as the highest generator for revenue (15.1 % as per 2019). Further, in accordance with the findings of Das (2018) the sectors that were had high labour productivity during the year 2008 to 2016 were mining, gas and electricity, finance, real state and water supply. Through the findings Ng (2017) it has already been established that leadership style especially, transformational leadership establishes the link with employee productivity and performance. In realisation of this, the current study intends to examine the implications of transformational leadership on employee motivation concerning the case of the highly competitive and challenging sector, the financial sector.

## LITERATURE REVIEW

Drawing on the literature, it can be observed that prior studies have given considerable importance on the appropriateness of the leadership style. Concerning the findings of Mittal and Dhar (2015) it can be witnessed that transformational leadership is an essential dimension of a leadership style. Moreover, it has also been discussed that this form of leadership style has also been widely discussed among academicians because of its characteristics feature of motivating employees and which consequently influences organisational performance. In relation to the findings of Shu (2015) the effectiveness of leadership is behind the ability of the leader to provoke and encourage their followers towards collective goals. This indicates that one of the characteristics quality of effective leadership is concerned with the ability of a leader to provoke and motivate its followers. In light of the findings suggested by Zareen, Razzaq, and Mujtaba (2014) employee motivation is essential for the accomplishment of organisational goals. In this scenario, it becomes important for leaders and managers to enhance the motivation level of employees which is centric around various factors. One of the underlying factors that enhances the motivation level of employees is the increased commitment and engagement among employees. Concerning the findings of Lee, Chen, and Lee (2015) the business environment is becoming more and more competitive. It has been because businesses are striving towards improved profitability and for this, businesses are focused on such measures that can enhance and improve the internal competitiveness of a firm. In realisation of this, businesses are inclined towards improved individuals' competitiveness by realising the fact that the workforce is the major driving force behind improving the competitiveness of a firm. In realisation to enhance the commitment and engagement among the workforce, the employees are facilitated through measures like empowerment, training and other factors that foster the commitment and engagement level of an employee.

However, with regards to the findings of Shahid and Azhar (2013) one of the effective ways to enhance the commitment and engagement of a workforce is to provide such working place to the employees where they are valued and empowered. By considering one of the prior findings, the usefulness of a transformational leadership style cannot be neglected while discussing the factors that motivate a workforce. It has also been discussed in the findings of Hoon, Kolb, Hee, and Kyoung (2012) leadership within the workplace plays a clinical role in enhancing the motivation level of employees. Since a skilled and motivated workforce is considered as one of the significant force for achieving a competitive edge therefore, considerable importance has been given by the prior researcher towards the adoption of an appropriate leadership style. In the findings of Safiullah (2014) it has been argued that employee motivation is vitally important for achieving organisational goals. In this sense, the relationship between managers or employees must be supportive. It becomes the foremost responsibility of a leader to direct employees towards achieving organisational objectives. Nonetheless, a leader or manager is also required to adhere to the problems that an employee faces or that hinders its commitment and engagement towards the work.

*H1: Transformational leadership has a significant impact on employee's motivation through commitment and engagement*

In the findings of van Beek, Hu, Schaufeli, Taris, and Schreurs (2012) it has been argued that different factor drives motivation among employees. The major classification for these factors is concerned with intrinsic and extrinsic rewards. Further, extrinsic rewards are considered to be as drivers that are related to financial rewards and incentives. On the other hand, the intrinsic rewards are considered to be as those motivators that employees get when they are being valued and their morale is increased due to the support and encouragement provided by the leadership. Apart from this, it has also been discussed that the provision of intrinsic rewards in the form of moral support and encouragement is the continuous process and is recommended to foster in the workplace environment under

different kinds of leadership styles. However, with regards to the findings of Odumeru and Ogbonna (2013) different leadership theories and styles can support the idea of employee motivation while approaching improved productivity of a workforce nonetheless, the transformational leadership style has the characteristic quality of enhancing the motivational level of an employee and which is generally fostered through the intrinsic rewards that an employee is provided with through the transformational leadership style.

*H2: Transformational leadership has a significant impact on employee's motivation by Improving employee's morale*

The findings of Dobre (2013) discuss that employee motivation can be dependent on several internal and external motivators in light of financial rewards, encouragement, appreciation, value provided by an employee and others. However, it has also been discussed through the findings of Ek and Mukuru (2013) when employees have the vision and purpose of performing their jobs, the employees show a greater tendency to perform with more dedication and which ultimately improved the individual and collective performance of employees. It is notable that while harnessing the effectiveness of transformational leadership, the leader needs to have a clear vision and purpose so that it can be translated to his followers that can eventually help them in maintaining their motivation and dedication. In this sense, it can also be stated that transformational leadership enables leaders and managers to translate their mission and vision which eventually helps employees to remain dedicated, committed and motivated with their work.

*H3: Transformational leadership has a significant impact on employee's motivation by inspiring employees with vision.*

With reference to the findings of Long, Yusof, Kowang, and Heng (2014) transformational leadership has a different set of characteristic qualities. Among which one of the underlying factors that signify the importance of transformational leadership is concerned with confidence building. As also stated by Anitha (2014) confidence is considered as the key factor while driving high employee performance. It has been due to the reason that when employees are provided with a supportive and collaborative working environment, they feel more confident while performing their tasks. Meanwhile, their performance and efficiency also increase when they find such kind of collaborative working environment. Regarding the findings of Gillet and Vandenberghe (2014) transformational leadership has the characteristic quality of building confidence among employees. It is because a transformational leader adheres to the issues and problems of its workforce. Apart from this, a transformational leader through its vision keeps the workforce motivated and dedicated. This consequently improves the confidence level of employees hence; it can also be stated that transformational leadership through confidence building helps employees to stay motivated.

*H4: Transformational leadership has a significant impact on employee's motivation by improving employee's confidence.*

Further, the study of Kelloway, Turner, Barling, and Loughlin (2012) identifies a unique dimension for transformational leadership thereby suggesting that transformational leadership also motivates employees by improving employees' well-being from both physical and mental perspectives. Notably, employees feel motivated when they find they are being cared and valued by the employer. Apart from this, it has also been discussing that transformational leaders inspire their workforce. The personality and way of tackling situations inspire the workforce which leads to the improvement of their physical and mental well-being. In this sense, it can also be summarised that transformational leaders through different attributes of their leadership motivate their employees. The factors in

light of commitment and engagement, improved morale, vision, confidence and employee well-being are considered as underlying factors that are driven through transformational leadership and influence the motivational level of employees.

*H5: Transformational leadership has a significant impact on employee's motivation by improving their well-being.*

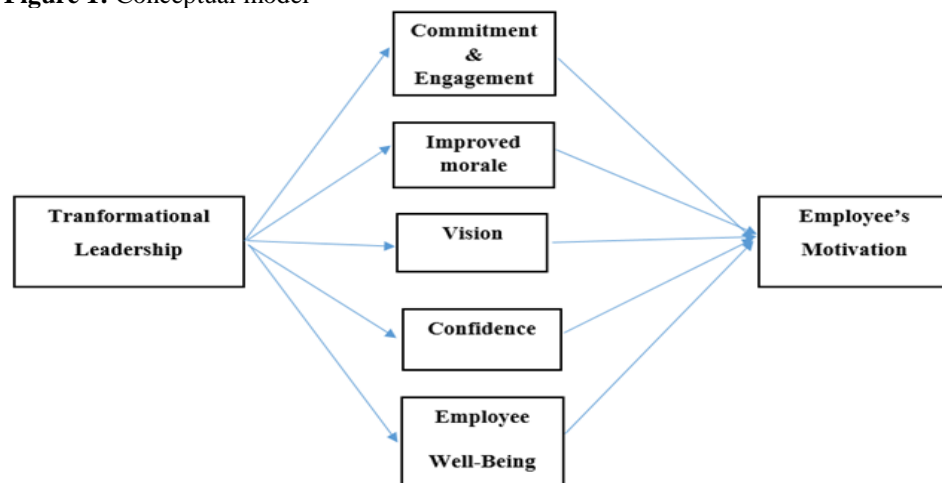
### ***Theoretical framework***

The current study that is transformational leadership and its impact on employee motivation can be supported by Theory X and Theory Y. The theory proposed by Douglas McGregor is considered to be an essential theoretical construct in the context of human work motivation and management. In light of Theory X, it is perceived that employees are generally and resist to take challenges unless they are motivated (Heldman, 2018). In contrast, Theory Y suggests that employees are generally motivated self-starters are inclined towards taking challenges. In the context of the current research, Theory X fits in a manner that employees are required to be motivated through different measures. Meanwhile, it can also be validated through the literature findings that transformational leadership is considered to be as essential leadership style that enhances the motivational levels of employees and consider the fact that for improved productivity and performance, employees are required to be motivated.

### ***Conceptual framework***

The model of the study has been presented in [Figure 1](#). In this concern, the independent constructs of the study are commitment and engagement, vision, improved morale, confidence and employee well-being. Cumulatively, they are indicating transformational leadership. However, the dependent construct of the research is employee motivation.

**Figure 1:** Conceptual model



## **METHODOLOGY**

### ***Research design and data collection process***

This study has been supported by the quantitative design in which the analysis of data has been carried out based on numbers and figures. For this reason, the primary method of data collection has been adopted by the researcher in which the data has been gathered using a survey questionnaire. In this manner, the closed-ended survey questionnaire has assisted in the collection of data which was developed upon the 5 points Likert scale

ranging from strongly disagree to strongly agree. The data has been collected from the employees and managers working in the financial sector of Vietnam. In order to approach the participants, the various platforms were used by the researchers in which questionnaires were floated over the internet and were also distributed physically or the purpose of achieving a high response rate.

### *Sampling technique and sample size*

Since the study underpins impact of transformational leadership on employee motivation in the financial sector, therefore, the employees and managers associated with the financial sector of Vietnam have been considered only. In this manner, the sampling strategy which has been adopted by the researcher is purposive sampling which is the type of non-probability sampling. This is because of the reason that the study has focused on the financial sector and in this manner, only the employees associated with the financial sector of Vietnam have been considered. In addition to this, 400 respondents were approached by the researcher those are working in the financial sector of Vietnam out of which 366 responses were gathered. Therefore, the response rate for this study has been 91.5%.

### *Data analysis technique*

In order to analyse the data to obtain the results, the Structural Equation Modelling (SEM) has been used by the researcher in which the path analysis and Confirmatory Factor Analysis (CFA) have been employed. This is due to the reason that these techniques identify the validity and reliability of the instrument while identifying the impact of each variable. In addition to this, the blindfolding has also been carried out for the purpose of determining the predictive relevance of the model that has been analysed using Q square. Moreover, the quality of the model has also been determined with the assistance of R-square and adjusted R-square. In this regard, the analysis has been carried out on the SmartPLS which does not require the normality of data as it is based on PLS-SEM.

## **RESULTS**

### *Measurement model- partial least square algorithm (PLS)*

In this section of the study, the CFA analysis has been conducted by the researchers for the purpose of determining the measurement model. In this manner, the reliability of each latent construct has been tested. The study of Avkiran and Ringle (2018) suggests that the threshold for Cronbach Alpha and composite reliability is 0.6. In relation to this value, it can be determined from [Table 1](#) that the least value of Cronbach Alpha is computed to be 0.809 whereas, in terms of the composite reliability, the minimum value is computed to be 0.886. In addition to this, the other significant aspect of CFA analysis which is the assessment of outer loading has also been analyzed. According to the study of Vinzi, Chin, Henseler, and Wang (2010) the threshold for outer loadings is 0.6. In this manner, it can be asserted on the basis of [Table 1](#) that there is no need to drop any variable as all the outer loadings have been computed to be above the threshold of 0.6. Moreover, the significance of those outer loadings has also been determined using the bootstrapping which was determined to be statistically significant. With respect to the convergent validity, the relatedness and association of all the latent constructs have been tested. In this regard, according to Jefferies and Cubric (2015) the AVE is among the most used metrics which has the threshold of 0.5. [Table 1](#) determines that the least AVE calculated to be 0.722. This model includes the reflective constructs in which the latent variables cause the indicators (Hair, Hult, Ringle, & Sarstedt, 2016).

**Table 1:** Reliability and convergent validity

Variables	Indicators	Outer Loadings	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Commitment and Engagement	CE1	0.881***	0.859	0.914	0.780
	CE2	0.907***			
	CE3	0.861***			
Confidence	CON1	0.851***	0.866	0.918	0.788
	CON2	0.912***			
	CON3	0.898***			
Employee Motivation	EM1	0.928***	0.925	0.952	0.869
	EM2	0.935***			
	EM3	0.933***			
Employee Well-Being	EWB1	0.864***	0.845	0.905	0.761
	EWB2	0.860***			
	EWB3	0.893***			
Improved Morale	IM1	0.768***	0.809	0.886	0.722
	IM2	0.897***			
	IM3	0.879***			
Transformational Leadership	TL1	0.894***	0.884	0.928	0.811
	TL2	0.922***			
	TL3	0.886***			
Vision	V1	0.899***	0.901	0.938	0.834
	V2	0.935***			
	V3	0.906***			

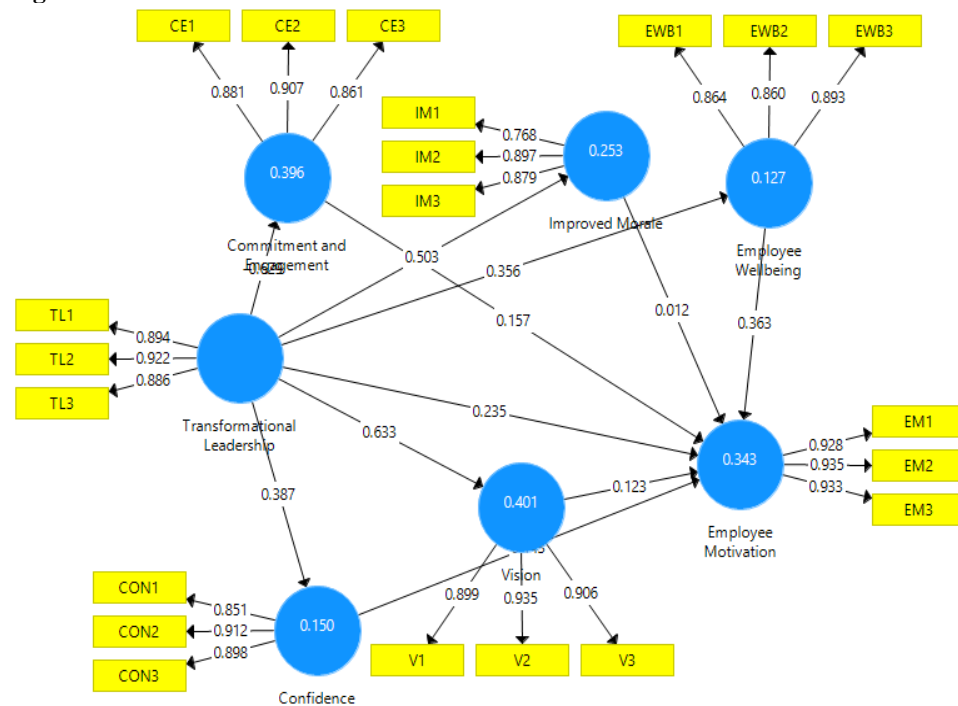
Note: \*\*\*: depicting significance at 1%.

Along with the determination of convergent validity and reliability, it is also essential to identify the distinctiveness of the variables (Ahram, Karwowski, & Taiar, 2018). In this manner, the HTMT ratio has been utilized to determine that either the two variables are distinct or not while the maximum acceptable value is 0.85 which is the most conservative criterion (Kergroach, 2017). Therefore, the results presented in Table 2 determines that none of the value is exceeding the criteria of HTMT ratio which suggests that the variables can be further used for path analysis as maximum value computed to be is 0.708.

**Table 2:** Discriminant Validity using HTMT Ratio

	Commitment and Engagement	Confidence	Employee Motivation	Employee Wellbeing	Improved Morale	Transformational Leadership
Commitment and Engagement						
Confidence	0.287					
Employee Motivation	0.242	0.423				
Employee Wellbeing	0.365	0.402	0.548			
Improved Morale	0.665	0.269	0.308	0.483		
Transformational Leadership	0.720	0.439	0.447	0.405	0.582	
Vision	0.631	0.572	0.410	0.353	0.495	0.708

**Figure 2: Measurement model**



**Path assessment**

After the assessment of the measurement model which assisted in the determination of the validity and reliability of latent constructs and factors, the SEM model has been used to test the significance of hypothesised paths. In this manner, the bootstrapping has been used to test the effect and significance. The results can be identified in [Table 3](#) and [Figure 3](#). According to Hair et al. (2016) the bootstrapping is considered as the process of subsampling and resampling to determine the significance. Based on the results presented in [Table 3](#), it can be determined that the effect of commitment and engagement is significant on the financial sector’s employee motivation in Vietnam ( $B = 0.157$ ;  $p\text{-value} = 0.036 < 0.05$ ). This is due to the reason that the  $p$ -value or significance value is below the level of 5%. Moreover, this effect is computed to be positive based on coefficient value and it implies that the improvement in the commitment and engagement of employees can lead towards employee motivation in the financial sector of Vietnam. In addition to this, the effect of confidence has also computed to be positive and significant on the employee motivation which means that improving the confidence ( $B = 0.143$ ;  $p\text{-value} = 0.034 < 0.05$ ) can lead to employee motivation. On the other hand, [Table 3](#) also depicts that there is a positive and significant impact of employee wellbeing on employee motivation ( $B = 0.363$ ;  $p\text{-value} = 0.000 < 0.01$ ). Moreover, the effect of improved morale was also found not found to be significant ( $B = 0.012$ ;  $p\text{-value} = 0.851 > 0.1$ ). Therefore, the most prominent factors of transformational leadership are commitment and engagement, confidence and employee wellbeing. In contrast to this, the effect of vision was also found to be statistically insignificant ( $p\text{-value} > 0.05$ ). Following the application of bootstrapping with the  $p$ -values, the results in [Figure 3](#) have been presented as well.



**Table 3:** Direct effect testing

Path	Path Coefficient	T Statistics	P Values
Commitment and Engagement -> Employee Motivation	0.157**	2.095	0.036
Confidence -> Employee Motivation	0.143**	2.116	0.034
Employee Wellbeing -> Employee Motivation	0.363***	5.190	0.000
Improved Morale -> Employee Motivation	0.012	0.188	0.851
Transformational Leadership -> Commitment and Engagement	-0.629***	18.459	0.000
Transformational Leadership -> Confidence	0.387***	7.134	0.000
Transformational Leadership -> Employee Motivation	0.235***	3.287	0.001
Transformational Leadership -> Employee Wellbeing	0.356***	7.057	0.000
Transformational Leadership -> Improved Morale	0.503***	10.521	0.000
Transformational Leadership -> Vision	0.633***	17.240	0.000
Vision -> Employee Motivation	0.123	1.523	0.128

Note: \*\*\*: showing significance at 1%; \*\*: showing significance at 5%; \*: showing significance at 10%.

To test the mediation, the specific indirect effect has also been included. It has been identified from [Table 4](#) that the mediating effect of commitment and engagement between transformational leadership and employee motivation ( $B = -0.099$ ;  $p\text{-value} = 0.037 < 0.05$ ) along with the mediation of confidence between transformational leadership and employee motivation ( $B = 0.055$ ;  $p\text{-value} = 0.046 < 0.05$ ) is partial in the context of financial sector of Vietnam. It has been inferred because both direct and indirect effects are significant. In furtherance, the employee wellbeing partially mediates the relationship between transformational leadership and employee motivation ( $B = 0.129$ ;  $p\text{-value} = 0.000 < 0.01$ ). This has been due to the reason that both the direct and indirect effects were significant among the variables.

**Table 4:** Specific indirect effect

Path	Path Coefficient	T Statistics	P Values
Transformational Leadership -> Commitment and Engagement -> Employee Motivation	-0.099**	2.084	0.037
Transformational Leadership -> Confidence -> Employee Motivation	0.055**	1.992	0.046
Transformational Leadership -> Employee Wellbeing -> Employee Motivation	0.129***	4.228	0.000
Transformational Leadership -> Improved Morale -> Employee Motivation	0.006	0.185	0.853
Transformational Leadership -> Vision -> Employee Motivation	0.078	1.496	0.135

Note: \*\*\*: showing significance at 1%; \*\*: showing significance at 5%; \*: showing significance at 10%.

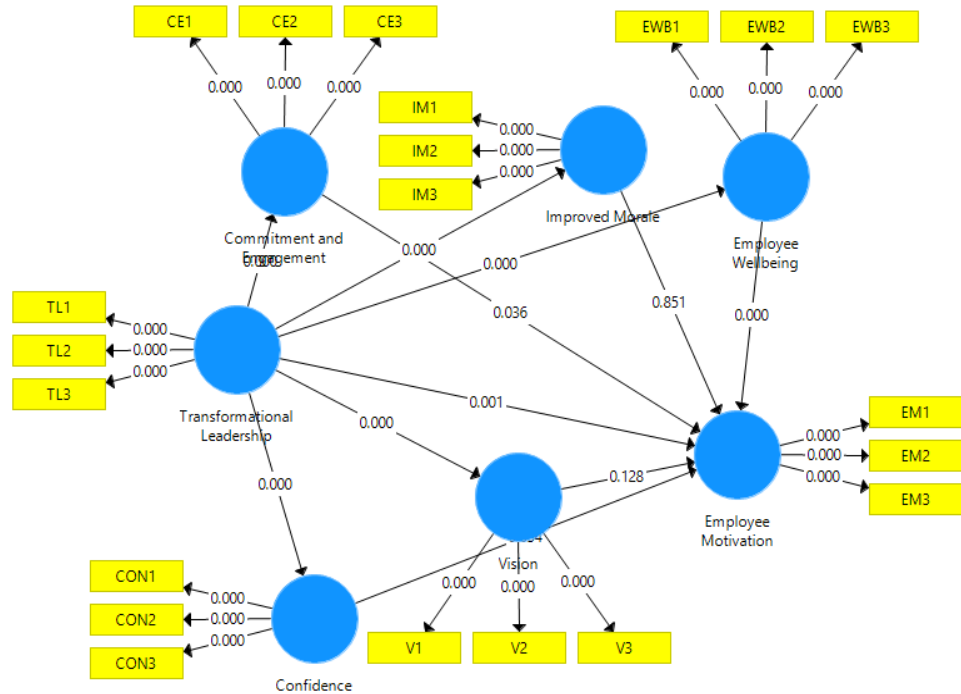
With respect to the results in [Table 5](#), the total effect of transformational leadership and employee motivation is significant. The results are depicted in [Figure 2](#).

**Table 5:** Total indirect effect of the study

Path	Path Coefficient	T Statistics	P Values
Transformational Leadership -> Employee Motivation	0.170***	2.707	0.007

Note: \*\*\*: showing significance at 1%.

**Figure 3:** Bootstrapping with p-values.



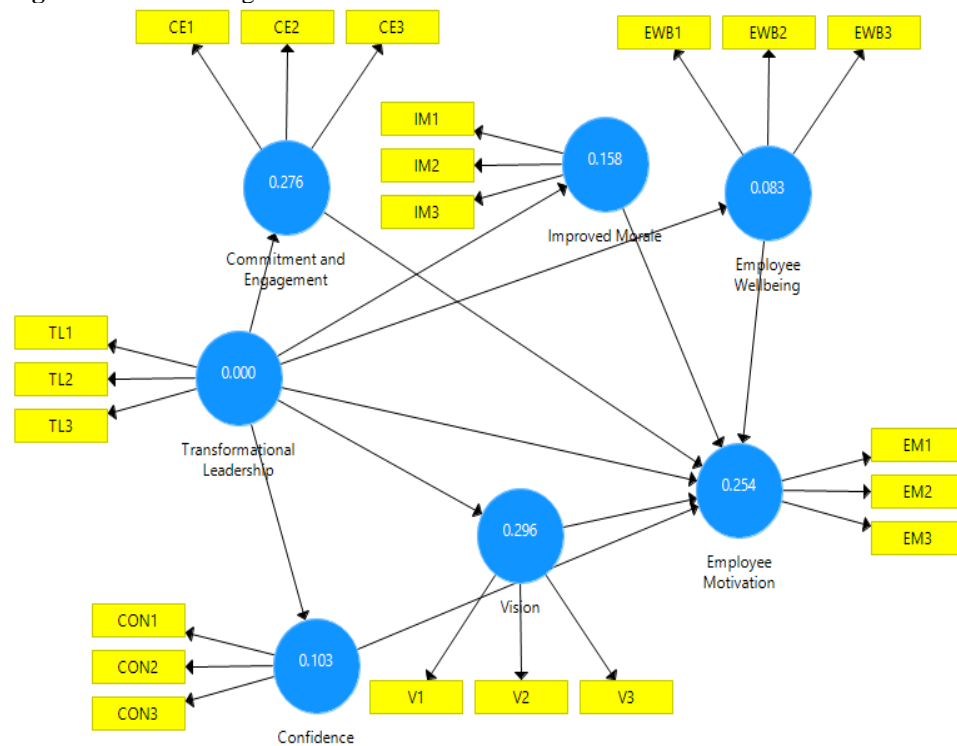
**Quality criterion of the model and predictive relevance**

After assessing the path analysis and measurement model, it is essential and significant to evaluate the predictive relevance and quality of the model. It has been argued in the study conducted by Miller (2014) that R-squared and adjusted R-squared assists in the evaluation of the model’s quality. With respect to this study, the results have been depicted in Table 6 which shows that the variance in all the factors of transformational leadership including CE, CON, EWB, IM and V is explaining 34.3% of the variance in the employee motivation of financial sector in Vietnam. However, this variance has been computed after the adjustment as 33.2%. Moreover, the study conducted by Wong (2011) argued that the value of Q must be greater than 0 to declare the model which has predictive relevance. Therefore, the results depicted in Table 6 and Figure 4 shows that the value of Q square is computed to be 0.254 which is well above 0. In this manner, the model of this study holds predictive relevance.

**Table 6:** Quality assessment of the model

	R Square	R Square Adjusted	Q Square
Employee Motivation	34.3%	33.2%	0.254

**Figure 4: Blindfolding**



**Summary of hypotheses**

The hypotheses which were developed in the prior section of this study have now been summarised in this section based on results obtained. In this manner, the two hypotheses underpinning the employee’s morale and vision were rejected whereas, all the other hypothesis have been accepted which has been summarised in Table 7 below:

**Table 7:** Table of hypotheses assessment summary.

Propositions	Decision
H1: Transformational leadership has a significant impact on employee’s motivation through commitment and engagement	Accepted
H2: Transformational leadership has a significant impact on employee’s motivation by Improving employee’s morale	Rejected
H3: Transformational leadership has a significant impact on employee’s motivation by inspiring employees with vision.	Rejected
H4: Transformational leadership has a significant impact on employee’s motivation by improving employee’s confidence.	Accepted
H5: Transformational leadership has a significant impact on employee’s motivation by improving their well-being.	Accepted

**DISCUSSION**

To achieve the objective of the study, the path analysis has been carried out by the researcher. With the help of the overall analysis of path assessment, it has been identified that there is a significant impact of commitment and engagement on employee motivation in the financial sector of Vietnam. This has also been supported in the study of Hoon et al. (2012) that commitment and engagement through leadership within the workplace play a clinical role in enhancing the motivation level of employees. On the other hand, the analysis identified that there is an insignificant impact of employee morale on the motivation of employees. However, the study of Odumeru and Ogbonna (2013) stated

that the transformational leadership style has the characteristic quality of enhancing the motivational level of an employee which is usually raised through the intrinsic rewards. Concerning the vision, it has been identified that there is an insignificant impact of vision on the motivation of employees. Conversely, it also contradicts with the findings of Ek and Mukuru (2013) that if employees have the vision and purpose of performing their jobs, they show a greater tendency to perform with more dedication. Moreover, the analysis identified the significant impact of confidence on the motivation of employees. This has also been supported in the study of Anitha (2014) that confidence is deliberated as the key factor while driving high employee performance. Furthermore, the impact of wellbeing on employee motivation was found to be significant which also aligns with the findings of Kelloway et al. (2012) which identifies that transformational leadership also motivates employees by improving employees' well-being from both physical and mental viewpoints. In view of these aspects, the study has certain implications for the finance sector of Vietnam.

### CONCLUSION

The major purpose of this study was to identify the impact of transformational leadership on employee motivation in the financial sector of Vietnam. For that reason, the quantitative research design has been adopted in this study while the analysis has been carried out through a measurement model and path assessment on SmartPLS. The factors of transformational leadership included in this study were commitment and engagement, improved morale, vision, confidence and employee wellbeing. Based on the analysis of this study, it has been determined that commitment and engagement, confidence and employee wellbeing have partial mediation between transformational leadership and employee motivation. However, the other variables including improved morale and vision were identified to have an insignificant impact on employee motivation. Conclusively, the overall effect of transformational leadership is significant on employee motivation and therefore, the organizations in the financial sector of Vietnam must adopt them.

### LIMITATIONS AND FUTURE RESEARCH DIRECTION

This study has identified the impact of transformational leadership on employee motivation in the financial sector of Vietnam. However, there are certain limitations of this study which must be considered by the future researchers. Firstly, this study has focused on identifying the impact in one sector only i.e. the financial sector. Therefore, it is recommended for future researchers to include other sectors of the country. Secondly, this study has only focused on identifying the impact of transformational leadership in Vietnam. In this manner, it is also recommended for future researchers to include other countries from the region.

### References

- Ahram, T., Karwowski, W., & Taiar, R. (2018). *Human systems engineering and design*. Paper presented at the In Conference Proceedings IHSED
- Anitha, J. (2014). Determinants of employee engagement and their impact on employee performance. *International Journal of Productivity and Performance Management*, 63(3), 308-323. Available at: <https://doi.org/10.1108/ijppm-01-2013-0008>.
- Arslan, A., & Staub, S. (2012). *Theory X and theory Y type leadership behavior and its impact on organizational performance: Small business owners in the Sishane Lighting and Chandelier District*. Paper presented at the In 2nd International Conference on Leadership, Technology and Innovation Management, Istanbul, Turkey.
- Avkiran, N., & Ringle, C. (2018). Partial least squares structural equation modeling. *Handbook of Market Research*, 267, 1-29. Available at: [https://doi.org/10.1007/978-3-319-71691-6\\_1](https://doi.org/10.1007/978-3-319-71691-6_1).

- Bedwell, W. L., Wildman, J. L., DiazGranados, D., Salazar, M., Kramer, W. S., & Salas, E. (2012). Collaboration at work: An integrative multilevel conceptualization. *Human Resource Management Review*, 22(2), 128-145. Available at: <https://doi.org/10.1016/j.hrmr.2011.11.007>.
- D'Annunzio-Green, N. (2018). Cornerstones of talent management as a strategic priority in the hospitality. *Worldwide Hospitality and Tourism Themes*, 10(1), 5-13. Available at: <https://doi.org/10.1108/whatt-10-2017-0070>.
- Das, K. (2018). Labor market trends in Vietnam - Vietnam briefing news. Retrieved from: <https://www.vietnam-briefing.com/news/labor-market-trends-vietnam.html/>. [Accessed 3 April 2020].
- Dobre, O.-I. (2013). Employee motivation and organizational performance. *Review of Applied Socio-Economic Research*, 5(1).
- Ek, K., & Mukuru, E. (2013). Effect of motivation on employee performance in public middle level Technical Training Institutions in Kenya. *International Journal of Advances in Management and Economics*, 2(4), 73-82.
- Gehlert, S., Hall, K. L., & Palinkas, L. A. (2017). Preparing our next-generation scientific workforce to address the grand challenges for social work. *Journal of the Society for Social Work and Research*, 8(1), 119-136. Available at: <https://doi.org/10.1086/690659>.
- Gillet, N., & Vandenberghe, C. (2014). Transformational leadership and organizational commitment: The mediating role of job characteristics. *Human Resource Development Quarterly*, 25(3), 321-347. Available at: <https://doi.org/10.1002/hrdq.21192>.
- Hair, J. J. F., Hult, G. T. M., Ringle, C., & Sarstedt, M. (2016). *A primer on partial least squares structural equation modeling (PLS-SEM)*: Sage Publications.
- Heldman, K. (2018). *PMP: Project management professional exam study guide*: John Wiley & Sons.
- Hoon, S. J., Kolb, J. A., Hee, L. U., & Kyoung, K. H. (2012). Role of transformational leadership in effective organizational knowledge creation practices: Mediating effects of employees' work engagement. *Human Resource Development Quarterly*, 23(1), 65-101. Available at: <https://doi.org/10.1002/hrdq.21120>.
- Jefferies, A., & Cubric, M. (2015). Paper presented at the ECEL2015-14th European Conference on e-Learning: ECEL2015. Academic Conferences and Publishing Limited.
- Kelloway, E. K., Turner, N., Barling, J., & Loughlin, C. (2012). Transformational leadership and employee psychological well-being: The mediating role of employee trust in leadership. *Work & Stress*, 26(1), 39-55. Available at: [10.1080/02678373.2012.660774](https://doi.org/10.1080/02678373.2012.660774).
- Kergroach, S. (2017). Industry 4.0: New challenges and opportunities for the labour market. *Форсаїм*, 11(4 (eng)).
- Lee, W. I., Chen, C. C., & Lee, C. C. (2015). *The relationship between internal marketing orientation, employee commitment, charismatic leadership and performance*. Paper presented at the Proceedings of the 17th International Conference on Electronic Commerce 2015.
- Li, P., & Wang, Z. (2019). Household leverage and stock market investment decisions. *Asian Economic and Financial Review*, 9(1), 30-41.
- Long, C. S., Yusof, W. M. M., Kowang, T. O., & Heng, L. H. (2014). The impact of transformational leadership style on job satisfaction. *World Applied Sciences Journal*, 29(1), 117-124.
- Miller, T. W. (2014). *Modeling techniques in predictive analytics with Python and R: A guide to data science*: FT Press.
- Mittal, S., & Dhar, R. L. (2015). Transformational leadership and employee creativity. *Management Decision*, 53(5), 894-910.
- Naile, I., & Selesho, J. M. (2014). The role of leadership in employee motivation. *Mediterranean Journal of Social Sciences*, 5(3), 175.

- Ng, T. W. (2017). Transformational leadership and performance outcomes: Analyses of multiple mediation pathways. *The Leadership Quarterly*, 28(3), 385-417. Available at: <https://doi.org/10.1016/j.leaqua.2016.11.008>.
- Odumeru, J. A., & Ogbonna, I. G. (2013). Transformational vs. transactional leadership theories: Evidence in literature. *International Review of Management and Business Research*, 2(2), 355-361.
- Safiullah, A. B. (2014). Impact of rewards on employee motivation of the telecommunication industry of Bangladesh: An empirical study. *Journal of Business and Management*, 16(12), 22-30. Available at: <https://doi.org/10.9790/487x-161222230>.
- Shahid, A., & Azhar, S. M. (2013). Gaining employee commitment: Linking to organizational effectiveness. *Journal of Management Research*, 5(1), 250. Available at: <https://doi.org/10.5296/jmr.v5i1.2319>.
- Shu, C.-Y. (2015). The impact of intrinsic motivation on the effectiveness of leadership style towards on work engagement. *Contemporary Management Research*, 11(4), 327-350. Available at: <https://doi.org/10.7903/cmr.14043>.
- van Beek, I., Hu, Q., Schaufeli, W. B., Taris, T. W., & Schreurs, B. H. (2012). For fun, love, or money: What drives workaholic, engaged, and burned-out employees at work? *Applied Psychology*, 61(1), 30-55. Available at: <https://doi.org/10.1111/j.1464-0597.2011.00454.x>.
- Vinzi, V. E., Chin, W. W., Henseler, J., & Wang, H. (2010). *Handbook of partial least squares* (Vol. 201). Germany: Springer.
- Wong, K. K.-k. (2011). Book review: *Handbook of partial least squares: Concepts, methods and applications*.
- Zareen, M., Razzaq, K., & Mujtaba, B. G. (2014). Impact of transactional, transformational and laissez-faire leadership styles on motivation: A quantitative study of banking employees in Pakistan. *Public Organization Review*, 15(4), 531-549. Available at: [10.1007/s11115-014-0287-6](https://doi.org/10.1007/s11115-014-0287-6).