

## Transformational and Transactional Leadership Styles and Employees' Job Satisfaction in Vietnamese Local Companies

**VAN-THAI HO**

Larideped, Université du Québec à Trois-Rivières, Canada

Email: [ho.van.thai@larideped.org](mailto:ho.van.thai@larideped.org)

**THANG LE DINH**

Larideped, Marketing and Information System Department, Université du Québec à Trois-Rivières, Canada

Email: [thang.ledinh@uqtr.ca](mailto:thang.ledinh@uqtr.ca)

**MANH-CHIEN VU**

Larideped, Université du Québec à Trois-Rivières, Canada, 3351, Boulevard des Forges, C.P. 500, Trois-Rivières (Québec) G9A 5H7.

Email: [manh.chien.vu@uqtr.ca](mailto:manh.chien.vu@uqtr.ca)

Tel: +1-819-376-5011, Ext: 3124;

Fax +1-819-376-5210

---

### *Abstract*

*The purpose of this paper is to study the impact of leadership style on job satisfaction in Vietnamese Local Company. In order to investigate before mentioned problem, the representative quantitative empirical research was conducted in 2015. It includes 121 staffs and managers from Vietnamese local company. The Multifactor Leadership Questionnaire (MLQ-5X) and the Minnesota Satisfaction Questionnaire - Short Form were used to measure the two leadership styles and the three scales of job satisfaction, respectively. The empirical research suggested a positive and significant relationship between the two groups of variables. Multiple regression results suggested that transformational leadership was better than transactional leadership as a predictor of intrinsic, extrinsic and general job satisfaction. The transformational leadership may play an important role in increasing job satisfaction of employees at local companies in Ho Chi Minh, Da Nang, and Hanoi, Vietnam.*

**Key Words:** Vietnam, Local Company, Job Satisfaction, Transformational, Transactional, Leadership Style.

---

### **Introduction**

Job satisfaction is one of the topics that many scholars in the organizational field are interested in (Muscalu et al., 2015, Chiang et al., 2014, Adhikari and Deb, 2013). Job satisfaction plays an important role in an organization (Wong and Laschinger, 2013, Liu et al., 2012, Farhadi, 2012), as it relates to various organizational behaviours in the workplace (Newman et al., 2015, Valentine et al., 2011, Sooksan and Gayle, 2007, Parker, 2013).

The Vietnamese government set the ambitious goal to make Vietnam become an industrialized country by 2020 (Truong et al., 2010). However, Vietnam has faced the challenge of deficiency of a qualified work

force (Truong et al., 2010). The level of job satisfaction of employees in local companies in Vietnam was low (Duong and Swierczek, 2008, Yu and Lyons, 2012), which may have caused the lack of skilled workers in these companies (Henderson and Tulloch, 2008). The productivity of employees at local companies in Vietnam was very low and work productivity was impacted by employees' job satisfaction (Pham and Hara, 2011). Employees' job satisfaction in these local companies needs to be improved to increase the employees' productivity (Pham and Hara, 2011).

Inappropriate leadership style may contribute to the low job satisfaction of employees in Vietnamese companies (Nguyen, 2011, Henderson and Tulloch, 2008, Dieleman et al., 2003). Dieleman et al. (2003) conducted a study on health care employees in Vietnam and found that ineffective leadership style was the main factor that affected employees' satisfaction. Henderson and Tulloch (2008) examined the reasons for low levels of job satisfaction and high levels of turnover in Asian countries, including Vietnam, and found that inadequate supervision and management was one of the key reasons for job dissatisfaction. Nguyen (2011) conducted a study with 184 Vietnamese workers and found that leadership style may impact employees' job satisfaction in Vietnam. In this study, the relationship between leadership style and employees' job satisfaction in local companies in Vietnam was examined.

## Theoretical Framework and Hypothesis

The focus of this article is the concept of leadership, which is the capability to influence and motivate employees to attain organizational goals (Robbins and Judge, 2008, Newstrom, 2008, Northouse, 2007, Caillier, 2014). Numerous leadership theories have been addressed, including trait theory, behavioural style's theory, situational leadership theories, and transactional and transformational leadership theory (Graham et al., 2015, Doci et al., 2015, Northouse, 2007). Among these theories, transactional and transformational leadership theory has received the most attention (Graham et al., 2015, Northouse, 2007) and has provided the theoretical framework for this study. This section describes the transactional and transformational leadership theory, job satisfaction, and job satisfaction in the context of transactional and transformational leadership theory.

According to the transformational and transactional theory, leaders can influence the work of subordinates by ensuring that the work being done by them has meaning (Kastenmüller et al., 2014, Purvanova et al., 2006). This influence can increase job satisfaction, where job satisfaction is defined as an emotional response by an employee to different aspects of a job (Kinicki and Kreitner, 2008). Aspects of job satisfaction are summarized in terms of intrinsic, extrinsic, and general job satisfaction (Weiss et al., 1967). The intrinsic and extrinsic satisfaction scales are derived from Herzberg (1966) theory. Intrinsic job satisfaction relates to motivators, such as working with others and job content; extrinsic job satisfaction pertains to work aspects like compensation, supervision, and company policies (Weiss et al., 1967).

Although many researchers have concluded that transformational leadership is more strongly linked to employees' job satisfaction than transactional leadership, not all researchers have drawn this conclusion (Burns, 2007). Many studies have demonstrated that transformational leadership was vigorously correlated with employees' job satisfaction (Munir et al., 2012, Kim and Lee, 2011). Other studies were conducted in different countries to examine the impact of transformational and transactional leadership on job satisfaction (Top et al., 2015, Hamidullah and Sait, 2015, Neil, 2014). Many of these studies showed that employees' job satisfaction may be more closely related to transformational than to transactional leadership (Ivey and Kline, 2010, Emery and Barker, 2007, Ejimofor, 2007, Chen and Baron, 2006, James, 2004). However, several studies failed to demonstrate that transformational leadership is more correlated with employees' satisfaction than transactional leadership (Chen et al., 2005, Burns, 2007, Ho et al., 2009). Few of these studies have focused on employees in Vietnam, and, given Vietnamese workers' low level of job satisfaction (Duong and Swierczek, 2008, Yu and Lyons, 2012), it is important to study these relationships. An empirical study on the relationship between transformational and transactional leadership and

employees' job satisfaction in local companies in Vietnam may contribute to the theory of transformational and transactional leadership.

Based on this theoretical background, the following hypotheses were proposed.

**Hypothesis 1.** Transformational leadership predicts intrinsic job satisfaction of employees at local companies in Vietnam better than transactional leadership.

**Hypothesis 2.** Transformational leadership predicts extrinsic job satisfaction of employees at local companies in Vietnam better than transactional leadership.

**Hypothesis 3.** Transformational leadership predicts general job satisfaction of employees at local companies in Vietnam better than transactional leadership.

## Methodology of the Empirical Research

### Sample and Procedure

The population of the study consisted of employees at local companies in three key cities: Hanoi, Da Nang, and HoChiMinh City. These are the largest cities in Vietnam and have the most local businesses and employees (General Statistics Office, 2015).

The sampling frame consisted of employees working at local companies that were listed in the 2015 Vietnam Business Directory (Vietnam Chamber of Commerce and Industry, 2015). These companies represent all industries in Vietnam. Samples were taken only from companies located in Hanoi, Da Nang, and HoChiMinh City. This study used purposeful sampling, meaning that the researcher intentionally selected individuals who were relevant to develop an understanding of the phenomenon under consideration (Light et al., 1990). Given that the purpose of this study was to examine the relationships among several variables in local companies in Vietnam, employees of these companies were in the best position to offer relevant information. The companies selected in these cities were chosen to represent a broad range of companies in terms of company size and industry.

Participants in this study were full-time employees (managers, workers, and administrative staff) in local companies in Hanoi, Da Nang, and HoChiMinh City that were listed in the 2015 Vietnam Business Directory. Sixteen companies in three large cities in Vietnam, Hanoi, Da Nang, and HoChiMinh City, were contacted, and 200 surveys were sent. The survey response rate was 60.5 %. This resulted in a final sample of 121 respondents. A post-hoc test was performed to determine the power of the statistical tests in this study. *F* tests were used to test the statistical significance of the regression models. Using G\*Power 3 with an alpha level of 0.05, the number of predictor variables of two, and an effect size of 0.15 (Faul et al., 2007), the statistical power of 0.97 was achieved with 121 participants.

### Measurement

The current version of the MLQ-5X, developed by Bass and Avolio (1997), was used to assess transformational and transactional leadership. The MLQ-5X has a leader form and a rater form (Bass and Avolio, 1997). The purpose of this study was to determine which leadership style was the best predictor of employees' job satisfaction; therefore, we used the rater form of the MLQ-5X.

Employees' job satisfaction was assessed using 20 questions of the short form of the MSQ (Weiss et al., 1967). The intrinsic and extrinsic job satisfaction scales for the MSQ-SF were derived from Herzberg's (1966) two-factor theory of job satisfaction. The reliability and validity of the MSQ-SF were also demonstrated in many studies with participants in different countries (Johanna and Sebastiaan, 2009,

Michael, 2009, Martins and Proença, 2012, Abugre, 2014), although not in Vietnam. Therefore, internal consistency reliability coefficients were computed in this study. All three measures of job satisfaction were included in this study because a past research has shown that the intrinsic, extrinsic, and general job satisfaction were differentially related to other measures (Calvo-Salguero et al., 2011).

## Results and Findings

Table 1 shows the means and standard deviations of the independent leadership variables and the dependent job satisfaction variables. For job satisfaction, a 5-point Likert-type scale was used with possible values ranging from one to five, with higher scores indicating greater levels of satisfaction. For leadership style, the values ranged from zero to four, indicating how frequently the leader showed the leadership style.

Overall, respondents' average responses on the MSQ-SF were between 3 (*neutral*) and 4 (*satisfied*), indicating a medium level of job satisfaction. Intrinsic job satisfaction got the highest rate (3.88), followed by general job satisfaction (3.80), while extrinsic job satisfaction got the lowest (3.62). Respondents' average responses on the MLQ-5X were between 2 (*sometimes*) and 3 (*fairly often*). Of the two leadership styles, transformational leadership was higher (2.82) than transactional leadership (2.42).

Table 1: Means and Standard Deviations of Leadership and Job Satisfaction (N = 121)

Variable	<i>M</i>	<i>SD</i>
IS	3.88	0.47
ES	3.62	0.63
GS	3.80	0.45
TF	2.82	0.52
TS	2.42	0.52

**H1.** Transformational leadership predicts intrinsic job satisfaction of employees at local companies in Vietnam better than transactional leadership.

The correlations among transformational leadership, transactional leadership, and intrinsic job satisfaction are shown in Table 2. The correlations between transformational and transactional leadership and intrinsic job satisfaction were positive and significant ( $p < 0.001$ ). Table 2 also shows the Pearson's correlation between transformational leadership and transactional leadership. The correlation between two independent variables was 0.54, which is less than 0.7; therefore, two independent variables were retained in the multiple regression model (Pallant, 2010).

Table 2: Correlations between Leadership and Intrinsic Job Satisfaction

Variable	IS	TF	TS	<i>p</i> (1-tailed)
IS		0.42	0.39	<0.001
TF	0.42		0.54	<0.001
TS	0.39	0.54		<0.001

Table 3 shows that  $R^2$  value was 0.22. This means that the model (transformational and transactional leadership) explains 22 % of the variance in intrinsic job satisfaction. The model reaches statistical significance ( $F(2,118) = 16.44, p < 0.001$ ). This model would still be statistically significant with a Bonferroni-adjusted alpha level of 0.017 (computed as 0.05 divided by 3 because there are three regression models in this study). The unstandardized coefficient values (B) were used to form the regression equation. The constant B value was 2.61. The B values of transformational leadership and transactional leadership in this model were 0.27 and 0.21 respectively. Therefore, the regression model was:  $IS = 2.61 + 0.27 * TF + 0.21 * TS$ .

Table 3: Model Summary of Multiple Regression Analysis for Transformational and Transactional Leadership and Intrinsic Job Satisfaction

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. error of the estimate
1	0.47	0.22	0.21	0.42

Table 4: ANOVA for Transformational and Transactional Leadership and Intrinsic Job Satisfaction

Model	Sum of Squares	df	Mean Square	F	P
Regression	5.74	2	2.87	16.44	<0.001
Residual	20.60	118	0.175		
Total	26.34	120			

In order to determine which independent variable included in the model contributed the most to the prediction of the dependent variable, the standardized coefficients were used. The largest  $\beta$  coefficient was 0.30, which is for transformational leadership. This means that the transformational leadership variable made the strongest unique contribution to explaining intrinsic job satisfaction, when the variance explained by the transactional leadership variable in the model was controlled. The  $\beta$  value for transactional leadership was lower (0.23), indicating that this variable made less of a unique contribution. The  $t$  value was checked for each variable. Significant levels of both variables were less than 0.05, suggesting that both variables made significant unique contributions to the prediction of the dependent variable ( $p = 0.003$  for transformational leadership and  $p = 0.018$  for transactional leadership).

Another piece of information used to check the contribution of the independent variables in the prediction of the dependent variable is the part correlation coefficients. The square of this value indicates the contribution of this variable to the total  $R^2$  (Pallant, 2010). In Table 5, transformational leadership had a part correlation coefficient of 0.25. The square of this is 0.06, indicating that transformational leadership uniquely explains 6% of the variance in intrinsic job satisfaction. For transactional leadership, the corresponding value is 0.19. The square of this value is 0.04, indicating a unique contribution of 4% to the explanation of variance in intrinsic job satisfaction. The null hypothesis that transformational leadership does not predict intrinsic job satisfaction of employees at local companies in Vietnam better than transactional leadership was rejected. The results of the analysis presented above help to answer research question 1. The model, which includes transformational leadership and transactional leadership, explains 22% of the variance in intrinsic job satisfaction. Of these two variables, transformational leadership made the largest unique contribution ( $\beta = 0.30$ ), although transactional leadership also made a statistically significant contribution ( $\beta = 0.20$ ).

Table 5: Coefficients Table for Transformational and Transactional Leadership and Intrinsic Job Satisfaction

Model	Unstandardized coefficients		Standardized coefficients	T	P	Correlations
	B	Std. error	$\beta$			Part
1 (Constant)	2.61	0.22		11.67	<0.001	
TF	0.27	0.09	0.30	3.09	0.003	0.25
TS	0.21	0.09	0.23	2.39	0.018	0.19

**H2.** Transformational leadership predicts extrinsic job satisfaction of employees at local companies in Vietnam better than transactional leadership.

The correlations between transformational leadership, transactional leadership, and extrinsic job satisfaction are displayed in Table 6. The correlations between transformational and transactional leadership and extrinsic job satisfaction were positive and significant ( $p < 0.001$ ). Table 6 also shows the

Pearson's correlation between transformational leadership and transactional leadership. The correlation between two independent variables was 0.54, which is less than 0.7; therefore, two independent variables were retained in the multiple regression model.

Table 6: Correlations between Leadership and Intrinsic Job Satisfaction

Variable	IS	TF	TS	<i>p</i> (1-tailed)
ES		0.58	0.56	<0.001
TF	0.58		0.54	<0.001
TS	0.56	0.54		<0.001

Table 7 shows that  $R^2$  value was 0.42. This means that the model (which includes transformational leadership and transactional leadership) explains 42 % of the variance in extrinsic job satisfaction. The model reaches statistical significance ( $F(2,118) = 42.92, p < 0.001$ ). This model would still be statistically significant with a Bonferroni-adjusted alpha level of 0.017. The unstandardized coefficient values (B) were used to form the regression equation. The constant B value was 1.25. The B values of transformational leadership and transactional leadership in this model were 0.49 and 0.42 respectively. Therefore, the regression model was:  $ES = 1.25 + 0.49 * TF + 0.42 * TS$ .

Table 7: Model Summary of Multiple Regression Analysis for Transformational and Transactional Leadership and Extrinsic Job Satisfaction

Model	<i>R</i>	$R^2$	Adjusted $R^2$	Std. error of the estimate
1	0.65	0.42	0.41	0.49

Table 8: ANOVA for Transformational and Transactional Leadership and Extrinsic Job Satisfaction

Model	Sum of squares	<i>df</i>	Mean square	<i>F</i>	<i>P</i>
1 Regression	20.25	2	10.12	42.92	<0.001
Residual	27.84	118	0.24		
Total	48.09	120			

In order to determine which independent variable included in the model contributed the most to the prediction of the dependent variable, the standardized coefficients were used. The largest  $\beta$  coefficient was 0.40, which is for transformational leadership. This means that the transformational leadership variable made the strongest unique contribution to explaining extrinsic job satisfaction, when the variance explained by the transactional leadership variable in the model was controlled. The  $\beta$  value for transactional leadership was lower (0.34), indicating that this variable made less of a unique contribution. The *t* value was checked for each variable. Significant levels of both variables were less than 0.05, suggesting that both variables made significant unique contributions to the prediction of the dependent variable ( $p < 0.001$  for both transformational leadership and transactional leadership).

Another piece of information used to check the contribution of the independent variables in the prediction of the dependent variable is the part correlation coefficients. The square of this value indicates the contribution of that variable to the total  $R^2$  (Pallant, 2010). In Table 9, transformational leadership had a part correlation coefficient of 0.37. The square of this is 0.14, indicating that transformational leadership uniquely explains 14 % of the variance in intrinsic job satisfaction. For transactional leadership, the value is 0.29. The square of this value is 0.08, indicating a unique contribution of 8 % to the explanation of variance in intrinsic job satisfaction. The null hypothesis that transformational leadership does not predict extrinsic job satisfaction of employees at local companies in Vietnam better than transactional leadership was rejected. The results of the analysis presented above help to answer research question 2. The model, which includes transformational leadership and transactional leadership, explains 42 % of the variance in extrinsic job satisfaction. Of these two variables, transformational leadership made the largest unique contribution ( $\beta = 0.40$ ), although transactional leadership also made a statistically significant contribution ( $\beta = 0.34$ ).

Table 9: Coefficients Table for Transformational and Transactional Leadership and Extrinsic Job Satisfaction

Model		Unstandardized coefficients		Standardized coefficients	<i>t</i>	<i>p</i>	Correlations Part
		B	Std. error	$\beta$			
1	(Constant)	1.25	0.26		4.80	<0.001	
	TF	0.49	0.10	0.40	4.79	<0.001	0.37
	TS	0.42	0.10	0.34	4.07	<0.001	0.29

**H3.** Transformational leadership predicts general job satisfaction of employees at local companies in Vietnam better than transactional leadership.

The correlations among transformational leadership, transactional leadership, and general job satisfaction are displayed in Table 10. The correlations between transformational and transactional leadership and general job satisfaction were positive and significant ( $p < 0.001$ ). Table 10 also shows the Pearson's correlation between transformational leadership and transactional leadership. The correlation between two independent variables was 0.54, which is less than 0.7; therefore, two independent variables were retained in the multiple regression model.

Table 10: Correlations between Leadership and General Job Satisfaction

Variable	GS	TF	TS	<i>p</i> (1-tailed)
GS		0.55	0.50	<0.001
TF	0.55		0.54	<0.001
TS	0.50	0.54		<0.001

Table 11 shows that  $R^2$  value was 0.36. This means that the model (which includes transformational leadership and transactional leadership) explains 36 % of the variance in general job satisfaction. The model reaches statistical significance ( $F(2,118) = 33.57, p < 0.001$ ). This model would still be statistically significant with a Bonferroni-adjusted alpha level of 0.017 (computed as 0.05 divided by 3 because there are three regression models in this study). The unstandardized coefficient values (B) were used to form the regression equation. The constant B value was 2.23. The B values of transformational leadership and transactional leadership in this model were 0.34 and 0.26 respectively. Therefore, the regression model was:  $GS = 2.23 + 0.34 * TF + 0.26 * TS$ .

Table 11: Model Summary of Multiple Regression Analysis for Transformational and Transactional Leadership and General Job Satisfaction

Model	<i>R</i>	$R^2$	Adjusted $R^2$	Std. error of the estimate
1	0.60	0.36	0.35	0.36

Table 12: ANOVA for Transformational and Transactional Leadership and General Job Satisfaction

Model		Sum of squares	<i>df</i>	Mean square	<i>F</i>	<i>P</i>
1	Regression	8.83	2	4.42	33.57	<0.001
	Residual	15.52	118	0.13		
	Total	24.35	120			

In order to determine which independent variable included in the model contributed the most to the prediction of the dependent variable, the standardized coefficients were used. The largest  $\beta$  coefficient was 0.39, which is for transformational leadership. This means that the transformational leadership variable made the strongest unique contribution to explaining intrinsic job satisfaction, when the variance explained by the transactional leadership variable in the model was controlled. The  $\beta$  value for transactional leadership was lower (0.29), indicating that this variable made less of a unique contribution. The *t* value

was checked for each variable. Significant levels of both variables were less than 0.05, suggesting that both variables made significant unique contributions to the prediction of the dependent variable ( $p < 0.001$  for transformational leadership and  $p = 0.001$  for transactional leadership).

Another piece of information used to check the contribution of the independent variables in the prediction of the dependent variable is the part correlation coefficients. The square of this value indicates the contribution of this variable to the total  $R^2$  (Pallant, 2010). In Table 13, transformational leadership had a part correlation coefficient of 0.33. The square of this is 0.11, indicating that transformational leadership uniquely explains 11 % of the variance in intrinsic job satisfaction. For transactional leadership, the value is 0.25. The square of this value is 0.06, indicating a unique contribution of 6 % to the explanation of variance in general job satisfaction. The null hypothesis that transformational leadership does not predict general job satisfaction of employees at local companies in Vietnam better than transactional leadership was rejected. The results of the analysis presented above help to answer research question 3. The model, which includes transformational leadership and transactional leadership, explains 36 % of the variance in general job satisfaction. Of these two variables, transformational leadership made the largest unique contribution ( $\beta = 0.39$ ), although transactional leadership also made a statistically significant contribution ( $\beta = 0.29$ ).

Table 13: Coefficients Table for Transformational and Transactional Leadership and General Job Satisfaction

Model	Unstandardized coefficients		Standardized coefficients	<i>t</i>	<i>p</i>	Correlations	
	B	Std. error	B				
1	(Constant)	2.23	0.19		11.46	<0.001	
	TF	0.34	0.08	0.39	4.48	<0.001	0.33
	TS	0.26	0.08	0.29	3.35	0.001	0.25

## Discussion

This study was designed to determine which leadership style (transformational or transactional style) better predicted employees' job satisfaction at local companies in three cities, Hanoi, Da Nang, and HoChiMinh City, Vietnam. Three research questions and three associated sets of hypothesis were addressed based on the literature and theoretical construct.

Pearson's correlation results showed that both transformational and transactional leadership significantly and positively correlated to intrinsic job satisfaction of employees at local companies in Vietnam. The results of multiple regression analysis provided the regression equation for intrinsic satisfaction and the two leadership styles: Intrinsic Job Satisfaction = 2.61 + 0.27 \* (Transformational Leadership) + 0.21 \* (Transactional Leadership). The coefficient of determination ( $R^2$ ) of the regression suggested that approximately 22 % of the variance of intrinsic job satisfaction can be attributed to its linear relationship with transformational and transactional leadership styles. The model was statistically significant with  $F(2,118) = 16.44$ ,  $p < 0.001$ . Both transformational and transactional leadership styles were positively correlated to intrinsic job satisfaction. The standardized coefficients  $\beta$  of the two leadership styles (0.30 and 0.23) also showed that transformational leadership contributed to the model more than transactional leadership. Multiple regression results showed that the null hypothesis that transformational leadership does not predict intrinsic job satisfaction of employees at local companies in Vietnam better than transactional leadership can be rejected. Results of this study suggest that transformational leadership predicts intrinsic job satisfaction of employees at local companies in Vietnam better than transactional leadership.

The findings from this study are consistent with the results obtained from previous studies in different countries: transformational leadership positively influences intrinsic job satisfaction (M. Yang, 2012; Y. Yang, 2009). Further, transformational leadership predicts intrinsic job satisfaction better than transactional



leadership (Parkinson, 2008). The results of this study suggest that the level of intrinsic job satisfaction of employees may be higher when leaders use the transformational leadership style.

Pearson's correlation results of this study showed that both transformational and transactional leadership significantly and positively correlated to extrinsic job satisfaction of employees at local companies in Vietnam. The results of multiple regression analysis provided the regression equation for extrinsic job satisfaction and the two leadership styles:  $\text{Extrinsic Job Satisfaction} = 1.25 + 0.49 * (\text{Transformational Leadership}) + 0.42 * (\text{Transactional Leadership})$ . The coefficient of determination ( $R^2$ ) of the regression suggested that approximately 42 % of the variance of extrinsic job satisfaction can be attributed to its linear relationship with transformational and transactional leadership styles. The model was statistically significant with  $F(2,118) = 42.92, p < 0.001$ . Both transformational and transactional leadership styles were positively correlated to extrinsic job satisfaction. The standardized coefficients  $\beta$  of the two leadership styles (0.40 and 0.34) also showed that transformational leadership contributed to the model more than transactional leadership. Multiple regression results showed that the null hypothesis that transformational leadership does not predict extrinsic job satisfaction of employees at local companies in Vietnam better than transactional leadership can be rejected. Results of this study suggest that transformational leadership predicts extrinsic job satisfaction of employees at local companies in Vietnam better than transactional leadership.

The results of this study coincide with findings from other studies in different countries. Transformational leadership was demonstrated to influence extrinsic job satisfaction positively (Yang, 2009, Yang, 2012). Transformational leadership was also demonstrated to predict extrinsic job satisfaction better than transactional leadership (Parkinson, 2008). The results of this study suggest the important role of transformational leadership in extrinsic job satisfaction in local companies in Vietnam. Transformational leadership may predict extrinsic job satisfaction of employees at local companies in Vietnam better than transactional leadership.

Pearson's correlation results showed that both transformational and transactional leadership significantly and positively correlated to general job satisfaction of employees at local companies in Vietnam. The results of multiple regression analysis provided the regression equation for general job satisfaction and the two leadership styles:  $\text{General Job Satisfaction} = 2.23 + 0.34 * (\text{Transformational Leadership}) + 0.26 * (\text{Transactional Leadership})$ . The coefficient of determination ( $R^2$ ) of the regression suggested that approximately 36 % of the variance of general job satisfaction can be attributed to its linear relationship with transformational and transactional leadership styles. The model was statistically significant with  $F(2,118) = 33.57, p < 0.001$ . Both transformational and transactional leadership styles were positively correlated to general job satisfaction. The standardized coefficients  $\beta$  of the two leadership styles (0.39 and 0.29) also showed that transformational leadership contributed to the model more than transactional leadership. Multiple regression results showed that the null hypothesis that transformational leadership does not predict general job satisfaction of employees in local companies in Vietnam better than transactional leadership can be rejected. Results of this study suggest that transformational leadership predicts general job satisfaction of employees in local companies in Vietnam better than transactional leadership.

The results of this study are consistent with findings from many studies in the existing literature (Nguni et al., 2006, Bennett, 2009, Chen and Baron, 2006, Emery and Barker, 2007). Transformational leadership was demonstrated to predict general job satisfaction better than transactional leadership based on studies conducted in various countries including developed countries (Emery and Barker, 2007, Bennett, 2009) and developing countries (Chen and Baron, 2006, Nguni et al., 2006). Transformational leadership style was considered an important factor in improving general job satisfaction (Shibru and Darshan, 2011). The results of this study suggest that transformational leadership may play an important role in increasing general job satisfaction of employees at local companies in HoChiMinh, Da Nang, and Hanoi, Vietnam.

The conclusions were only drawn from the responses of 121 employees working at local companies in HoChiMinh City, Da Nang, and Hanoi, Vietnam. Therefore, the responses may not be representative of the population. The responses may not be generalized to other populations. However, the findings from this study may help to understand the perception of employees at local companies in HoChiMinh City, Da Nang, and Hanoi, Vietnam on transformational and transactional leadership styles and job satisfaction. The findings may also contribute to the theory of transformational and transactional leadership in a typical culture context like Vietnam.

## Conclusions, Limitations, Further Research Topics and Practical Implications

A limitation of the study is that it did not obtain inputs from all employees in Vietnam, limiting the results to the number of subjects surveyed. Only employees working in HoChiMinh City, Da Nang, and Hanoi, participated in this study. The results of the study were depending on the subjects who agreed to participate voluntarily. The key methodological limitations for the study involve potential issues regarding the truthfulness of survey participants, which can affect the survey results. Another limitation of this study is that only employees at local companies that registered at the Vietnam Chamber of Commerce and Industry and who volunteered to participate were included. Therefore, the findings from this study may not necessarily be generalized to all employees in Vietnam.

A recommendation for future research is to examine the relationship between four factors of transformational leadership and three factors of transactional leadership and employees' job satisfaction at local companies in HoChiMinh City, Hanoi, and Da Nang, Vietnam. The relationship between four factors of transformational leadership (idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration) and three factors of transactional leadership (contingent reward, management by exception active, and management by exception passive) and three scales of employees' job satisfaction at local companies in Vietnam may, indeed, be an interesting topic to study. Although the current study has provided evidence of the relationships between the broad transformational and transactional leadership scales and job satisfaction, each of these leadership scales is composed of several subscales and one or more of these subscales may be more or less strongly related to employees' job satisfaction. A study to determine which leadership behavior best predicts employees' job satisfaction at local companies in HoChiMinh City, Hanoi, and Da Nang, Vietnam may expand the findings of this study.

## References

- Abugre, J. 2014. Job Satisfaction of Public Sector Employees in Sub-Saharan Africa: Testing the Minnesota Satisfaction Questionnaire in Ghana. *International Journal of Public Administration*, 37, 655.
- Adhikari, K. & Deb, P. 2013. Factors Influencing Job Satisfaction of Bank Employees. *Sumedha Journal of Management*, 2, 22-31.
- Bass, B. M. & Avolio, B. J. 1997. *Multifactor Leadership Questionnaire*, Redwood City, Calif., Redwood City, Calif. : Mind Garden.
- Bennett, T. M. 2009. A study of the management leadership style preferred by its subordinates. *Journal of Organizational Culture, Communications and Conflict*, 13, 1-25.
- Burns, J. 2007. Analyses of transactional and transformational leadership on job satisfaction of college faculty. In: Oedekoven, O. (ed.). ProQuest Dissertations Publishing.
- Caillier, J. G. 2014. Toward a better understanding of the relationship between transformational leadership, public service motivation, mission valence, and employee performance: a preliminary study. *Public Personnel Management*, 43, 218.
- Calvo-Salguero, A., Carrasco-Gonzalez, A.-M. & Martinez-De-Lecea, J.-M. S. 2011. Work-family and family-work conflict: Does intrinsic-extrinsic satisfaction mediate the prediction of general job satisfaction? *Journal of Psychology: Interdisciplinary and Applied*, 145, 435-461.

- Chen, H.-C. & Baron, M. 2006. Nursing directors leadership styles and faculty members job satisfaction in Taiwan. *The Journal of nursing education*, 45, 404.
- Chen, H.-C., Beck, S. L. & Amos, L. K. 2005. Leadership styles and nursing faculty job satisfaction in Taiwan.(Health Policy and Systems). *Journal of Nursing Scholarship*, 37, 374.
- Chiang, F., Birtch, T. & Cai, Z. 2014. Front-line Service Employees Job Satisfaction in the Hospitality Industry: The Influence of Job Demand Variability and the Moderating Roles of Job Content and Job Context Factors. *Cornell Hospitality Quarterly*, 55, 398.
- Dieleman, M., Cuong, P. V., Anh, L. V. & Martineau, T. 2003. Identifying factors for job motivation of rural health workers in North Viet Nam. *Human Resources for Health*, 1, 10-10.
- Doci, E., Stouten, J. & Hofmans, J. 2015. The cognitive-behavioral system of leadership: cognitive antecedents of active and passive leadership behaviors. *Frontiers In Psychology*, 6.
- Duong, M. C. & Swierczek, W. F. 2008. Corporate culture, leadership competencies, job satisfaction, job commitment, and job performance: A comparison of companies in Vietnam and Thailand. *Journal of American Academy of Business Cambridge*, 13, 159-165.
- Ejimofofor, f. 2007. Principals transformational leadership skills and their teachers job satisfaction in Nigeria. In: HAMPTON, F. (ed.). ProQuest Dissertations Publishing.
- Emery, C. & Barker, K. 2007. The effect of transactional and transformational leadership styles on the organizational commitment and job satisfaction of customer contact personnel. *Journal of Organizational Culture, Communication and Conflict*, 11, 77-90.
- Farhadi, H. 2012. Understanding employees deviant behaviour: The role of job satisfaction and conscientiousness. *International Journal Of Psychology*, 47, 497-497.
- Faul, F., Erdfelder, E., Lang, A. G. & Buchner, A. 2007. G\*Power 3: A flexible statistical power analysis program for the social, behavioral, and biomedical sciences.
- General Statistics Office. 2015. Available: [https://www.gso.gov.vn/default\\_en.aspx?tabid=774](https://www.gso.gov.vn/default_en.aspx?tabid=774) [Accessed].
- Graham, K., Ziegert, J. & Capitano, J. 2015. The Effect of Leadership Style, Framing, and Promotion Regulatory Focus on Unethical Pro-Organizational Behavior. *J. Bus. Ethics*, 126, 423-436.
- Hamidullah, B. & Sait, D. 2015. Role of Transformational Leadership on Employee's Job Satisfaction: the Case of Private Universities in Bosnia and Herzegovina. *European Researcher*, 93, 270-281.
- Henderson, L. & Tulloch, J. 2008. Incentives for retaining and motivating health workers in Pacific and Asian countries. *Hum. Resour. Health*.
- Herzberg, F. 1966. *Work and the nature man*, Cleveland, OH: The World Publishing Company.
- Ho, J. S. Y., Fie, D. Y. G., Ching, P. W. & Ooi, K. B. 2009. Relationship between the Full-Range Leadership and Insurance Salesperson's Job Satisfaction. *International Journal of Business and Management Science*, 2, 43-60.
- Ivey, G. W. & Kline, T. J. B. 2010. Transformational and active transactional leadership in the Canadian military. *Leadership and Organization Development Journal*, 31, 246-262.
- James, G. 2004. Relation of principal transformational leadership to school staff job satisfaction, staff turnover, and school performance. *Journal of Educational Administration*, 42, 333-356.
- Johanna, H. B. & Sebastiaan, R. 2009. The validation of the Minnesota Job Satisfaction Questionnaire in selected organisations in South Africa. *South African Journal of Human Resource Management*, 7.
- Kastenmüller, A., Greitemeyer, T., Zehl, S., Tattersall, A. J., George, H., Frey, D. & Fischer, P. 2014. Leadership and information processing: The influence of transformational and transactional leadership on selective information search, evaluation, and conveying. *Social Psychology*, 45, 357-370.
- Kim, J. G. & Lee, S. Y. 2011. Effects of transformational and transactional leadership on employees' creative behaviour: Mediating effects of work motivation and job satisfaction. *Asian Journal of Technology Innovation*, 19, 233-247.
- Kinicki, A. & Kreitner, R. 2008. *Organization behavior: Key concepts, skills & practices*, New York, NY: McGraw-Hill.
- Light, R. J., Singer, J. & Willett, J. 1990. *By design: Conducting research on higher education*, Cambridge, MA: Harvard University.
- Liu, S. B., Hu, W. & Lin, X. 2012. How followers unethical behaviour is triggered by leader-member exchange: The mediating role of job satisfaction. *International Journal Of Psychology*, 47, 507-507.

- Martins, H. & Proença, T. 2012. Minnesota Satisfaction Questionnaire - Psychometric Properties And Validation In A Population Of Portuguese Hospital Workers. *IDEAS Working Paper Series from RePEc*.
- Michael, A. 2009. Job attribute preferences, person-environment fit, job satisfaction and turnover intentions in Cyprus. In: SINGH, D. (ed.). ProQuest Dissertations Publishing.
- Munir, R. I. S., Rahman, R. A., Malik, A. M. A. & Ma'amor, H. 2012. Relationship between Transformational Leadership and Employees' Job Satisfaction among the Academic Staff. *Procedia - Social and Behavioral Sciences*, 65, 885-890.
- Muscalu, E., Hulpuş Ioana, A. & Faloba, V. 2015. Management analysis regarding the employees' engagement factors as motivational tools for increasing job satisfaction and commitment to the organisation. *Analele Universităţii Constantin Brâncuşi din Târgu Jiu : Seria Economie*, 2, 259-263.
- Neil, P. R. 2014. Transformational Leadership and Employee Job Satisfaction: The Case of Philippines Savings Bank Batangas Branches. *Asia Pacific Journal of Multidisciplinary Research*, 2, 6-14.
- Newman, A., Nielsen, I., Smyth, R. & Hooke, A. 2015. Examining the Relationship Between Workplace Support and Life Satisfaction: The Mediating Role of Job Satisfaction. *An International and Interdisciplinary Journal for Quality-of-Life Measurement*, 120, 769-781.
- Newstrom, J. W. 2008. *Organizational behavior: Human behavior at work*, Singapore.
- Nguni, S., Slegers, P. & Denessen, E. 2006. Transformational and transactional leadership effects on teachers' job satisfaction, organizational commitment, and organizational citizenship behavior in primary schools: The Tanzanian case. *Sch. Eff. Sch. Improv.*, 17, 145-177.
- Nguyen, T. L. A. 2011. *A comparative study on the perceived leadership styles and trust in leader in France and Vietnam*.
- Northouse, P. G. 2007. *Leadership: Theory and practice*.
- Pallant, J. 2010. *SPSS survival manual : a step by step guide to data analysis using SPSS*, Maidenhead, Angleterre, Maidenhead, Angleterre : McGraw Hill/Open University Press.
- Parker, T. 2013. The relationship between transformational leadership and employee job satisfaction in a virtual workplace. In: VOGELE-WELCH, D., BOSTAIN, N. & TRUNK, B. (eds.). ProQuest Dissertations Publishing.
- Parkinson, K. 2008. An examination of the relationship between the perceived leadership style of the principal and late career teacher job satisfaction in selected elementary schools. In: HENDRICKS, R. (ed.). ProQuest Dissertations Publishing.
- Pham, Q. T. & Hara, Y. 2011. KM approach for improving the labor productivity of Vietnamese enterprises. *International Journal of Knowledge Management*, 7, 27-42.
- Purvanova, R. K., Bono, J. E. & Dzieweczynski, J. 2006. Transformational leadership, job characteristics, and organizational citizenship performance. *Human Performance*, 19, 1-22.
- Robbins, S. P. & Judge, T. A. 2008. *Organizational behavior*.
- Shibru, B. & Darshan, G. M. 2011. Effects of transformational leadership on subordinate job satisfaction in leather companies in Ethiopia. *International Journal of Business Management & Economic Research*, 3, 284-296.
- Sooksan, K. & Gayle, C. A. 2007. Vision effects in customer and staff satisfaction: an empirical investigation. *Leadership & Organization Development Journal*, 28, 209-229.
- Top, M., Akdere, M. & Tarcan, M. 2015. Examining transformational leadership, job satisfaction, organizational commitment and organizational trust in Turkish hospitals: public servants versus private sector employees. *The International Journal of Human Resource Management*, 26, 1259.
- Truong, Q., Van Der Heijden, B. & Rowley, C. 2010. Globalisation, competitiveness and human resource management in a transitional economy: the case of Vietnam. *International Journal of Business Studies*, 18, 75-100.
- Valentine, S., Godkin, L., Fleischman, G. & Kidwell, R. 2011. Corporate Ethical Values, Group Creativity, Job Satisfaction and Turnover Intention: The Impact of Work Context on Work Response. *J Bus Ethics*, 98, 353-372.
- Vietnam Chamber of Commerce And Industry 2015.

- Weiss, D. J., Dawis, R. V., England, G. W. & Lofquist, L. H. 1967. *Manual for the Minnesota satisfaction questionnaire*, Minneapolis, MN: University of Minnesota Press. .
- Wong, C. A. & Laschinger, H. K. S. 2013. Authentic leadership, performance, and job satisfaction: the mediating role of empowerment. *Journal of Advanced Nursing*, 69, 947-959.
- Yang, M.-L. 2012. Transformational leadership and Taiwanese public relations practitioners&#039; job satisfaction and organizational commitment. *Social Behavior and Personality: an international journal*, 40, 31-46.
- Yang, Y.-F. 2009. An investigation of group interaction functioning stimulated by transformational leadership on employee intrinsic and extrinsic job satisfaction: An extension of the resource-based theory perspective. *Social Behavior and Personality*, 37, 1259-1278.
- Yu, D. & Lyons, L. 2012. Chinese among least likely in Asia to see their job as ideal.

