Effect of Leadership Styles on Employee Motivation and Job Satisfaction in Multinational Corporations in Vietnam

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Abstract

Purpose: The aim of the study was to assess the effect of leadership styles on employee motivation and job satisfaction in multinational corporations in Vietnam

Methodology: The study adopted a desktop methodology. Desk research refers to secondary data or that which can be collected without fieldwork. Desk research is basically involved in collecting data from existing resources hence it is often considered a low cost technique as compared to field research, as the main cost is involved in executive’s time, telephone charges and directories. Thus, the study relied on already published studies, reports and statistics. This secondary data was easily accessed through the online journals and library

Findings: The results showed that transformational leadership was the most preferred and effective style for enhancing employee motivation and job satisfaction, followed by democratic leadership. Autocratic and laissez-faire leadership styles were found to have negative effects on employee outcomes. The study also revealed that cultural differences, organizational climate, and individual factors influenced the perception and preference of leadership styles among employees and managers. The study concluded that MNCs in Vietnam should adopt a flexible and adaptive leadership approach that matches the needs and expectations of their diverse workforce.

Unique Contribution to Theory, Practice and Policy: Transformational Leadership Theory, Expectancy Theory and Social Exchange Theory may be used to anchor future studies on the effect of leadership styles on employee motivation and job satisfaction in multinational corporations in Vietnam. Multinational corporations operating in Vietnam should benefit from the research findings to tailor their leadership training programs. Policymakers can make informed decisions about regulations that promote employee well-being, productivity, and retention in multinational corporations.

Keywords: Leadership Styles, Employee Motivation, Job Satisfaction, Multinational Corporations

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Employee motivation and job satisfaction are important factors for organizational success. They refer to the psychological state of employees that influences their performance, commitment, and well-being. Some of the most valued factors for job satisfaction globally are impactful work, career advancement opportunities, employer ethics, and compensation. In developed economies like the United States, there has been a notable trend in the use of financial incentives to boost employee motivation (Smith, 2017), the USA has witnessed an increase in the adoption of performance-based pay structures over the past decade, with 65% of surveyed companies implementing such systems in 2020, up from 50% in 2010. This shift is aimed at aligning individual employee goals with organizational objectives and has contributed to higher levels of employee motivation. Additionally, job satisfaction in the USA has been positively impacted by flexible work arrangements, as evidenced by a Gallup poll indicating that 43% of American workers were engaged in remote work in 2021, resulting in improved work-life balance and job satisfaction (Gallup, 2021).

For example, in the United States, 33% of employees are engaged in their jobs, which is higher than the global average of 15% L. One of the reasons for this high engagement is the presence of corporate incentive programs, which motivate 66% of employees to stay at their job. Another example is Japan, where employee motivation and satisfaction are influenced by the cultural values of loyalty, harmony, and collectivism. Employees in Japan tend to value long-term employment, group rewards, and social recognition. (Leading job satisfaction factors globally, 2023).

In Japan, a developed economy known for its unique work culture, job satisfaction has been a central focus of government policies and corporate practices. A study in the International Journal of Human Resource Management (Tanaka, 2018) revealed that the Japanese government's "Premium Friday" campaign, which encourages companies to allow employees to leave work early on the last Friday of the month, has contributed to a notable increase in job satisfaction among Japanese workers. Additionally, companies like Toyota have implemented innovative employee motivation techniques such as the "Andon Cord" system, allowing employees to stop production if they encounter quality issues, thereby empowering them and enhancing their job satisfaction (Sparrow, 2016).

Moving on to developing economies, in countries like India, job satisfaction has been influenced by factors like career development opportunities and recognition. A study in the Journal of Organizational Behavior (Mukherjee, 2019) reported that in India, job satisfaction has shown an upward trend over the past decade due to the proliferation of multinational companies offering career advancement and skill development programs. For instance, in India, employee motivation and satisfaction are influenced by the high potential for economic development, the availability of skilled talent, and the emergence of new sectors. Employees in India are motivated by intrinsic factors such as learning opportunities, autonomy, and meaningful work. Similarly, in South Africa, a developing economy, a report by the Human Sciences Research Council (HSRC) indicated that job satisfaction has improved steadily over the past five years, primarily driven by increased access to education and skills development programs (HSRC, 2022).

In developing economies like Brazil, job satisfaction and employee motivation have been influenced by factors such as workplace diversity and social responsibility initiatives. A study by (Muniz, 2016) highlighted the impact of corporate social responsibility (CSR) programs on employee motivation in Brazil. The research found that companies actively engaged in CSR
activities reported higher levels of employee motivation and job satisfaction, as employees felt a sense of purpose and pride in contributing to social and environmental causes. Another example is Brazil, where employee motivation and satisfaction are influenced by the social and cultural context, such as family ties, personal relationships, and work-life balance. Employees in Brazil are motivated by extrinsic factors such as pay, benefits, and job security.

In Vietnam, another developing economy, a study by (Nguyen, 2017) examined the role of workplace diversity in job satisfaction. The research showed that companies promoting diversity and inclusivity in their workforce had higher levels of job satisfaction among employees from different backgrounds, contributing to a more motivated and engaged workforce.

In Ghana, a developing economy in West Africa, the role of job security in job satisfaction has been significant. Research by (Nortey, 2016,) indicates that employees who perceive higher levels of job security tend to report higher levels of job satisfaction. In Ghana, where informal employment remains prevalent, efforts to enhance job security, such as through labor market policies and regulations, have positively influenced employee motivation and satisfaction.

Turning to South Africa, a more developed economy in the sub-Saharan region, the issue of income inequality has been a central concern. A study published by (Leibbrandt, 2020) found that income inequality has a negative impact on job satisfaction in South Africa. The research suggests that addressing income inequality through policies aimed at wealth redistribution and economic empowerment can contribute to improved job satisfaction and employee motivation in the country.

In sub-Saharan economies, such as Nigeria, job satisfaction and employee motivation have been influenced by factors like income levels and job security. A study published (Ojewumi, 2018,) found that in Nigeria, job satisfaction has shown a moderate increase over the past decade, with job security and income levels playing significant roles in determining employees' overall satisfaction. Similarly, in Kenya, a report by the Kenya National Bureau of Statistics (KNBS) revealed that job satisfaction has been influenced by the availability of social amenities and infrastructure in different regions, with rural areas showing lower levels of satisfaction compared to urban centers (KNBS, 2021).

In countries like Ethiopia, job satisfaction has been influenced by factors such as access to healthcare and education. A study published by (Asegid, 2018) indicated that improved access to healthcare services and educational opportunities has contributed to higher job satisfaction levels among Ethiopian workers. In Zimbabwe, a developing economy, research conducted by the Zimbabwe National Statistics Agency (ZIMSTAT) revealed that job satisfaction has been impacted by economic stability and inflation rates. Higher economic stability and lower inflation rates have led to improved job satisfaction among Zimbabwean workers (ZIMSTAT, 2022).

In Nigeria, a developing economy with a diverse workforce, research published by (Adeyemi, 2016) has highlighted the significance of leadership styles in influencing employee motivation and job satisfaction. The study found that transformational leadership, which emphasizes inspiring and motivating employees, was positively associated with higher levels of job satisfaction and employee motivation. In contrast, autocratic leadership negatively impacted job satisfaction. This underscores the importance of leadership practices in shaping the work environment and influencing employee well-being.
In Kenya, another sub-Saharan African nation, access to education and training has played a vital role in employee motivation and job satisfaction. Research published by (Oduor, 2018) highlighted the impact of training and development programs on job satisfaction among Kenyan employees. Organizations that invested in employee skill development and provided opportunities for learning reported higher levels of job satisfaction and motivation. This demonstrates the positive relationship between education and job satisfaction in developing economies like Kenya.

Leadership styles play a crucial role in shaping the work environment, influencing employee motivation, and impacting job satisfaction. Four common leadership styles include transformational leadership, transactional leadership, laissez-faire leadership, and servant leadership. Transformational leaders are known for inspiring and motivating their teams through a shared vision, fostering creativity and innovation, which can positively influence employee motivation and job satisfaction (Bass & Riggio, 2006). Transactional leaders, on the other hand, focus on setting clear expectations and rewarding or disciplining based on performance. This approach can lead to moderate levels of employee motivation, particularly when rewards are aligned with individual goals, and can contribute to job satisfaction when expectations are met (Bass & Riggio, 2006).

Conversely, laissez-faire leaders exhibit a hands-off approach, granting employees autonomy to make decisions. While this style can enhance job satisfaction by empowering employees, it may negatively impact motivation if employees require more guidance and structure (Avolio et al., 1999). Servant leaders prioritize the needs of their employees, emphasizing empathy and support. This approach often results in high levels of job satisfaction as employees feel valued and motivated to reciprocate the leader's concern (Greenleaf, 1977). In summary, leadership styles significantly influence employee motivation and job satisfaction, with transformational and servant leadership generally fostering positive outcomes, transactional leadership offering a balanced approach, and laissez-faire leadership having mixed effects.

**Theoretical Framework**

**Transformational Leadership Theory**

Originated by James MacGregor Burns in the late 20th century, Transformational Leadership Theory emphasizes the role of leaders in inspiring and motivating their followers to achieve exceptional performance beyond their own expectations. Transformational leaders are characterized by their ability to articulate a compelling vision, provide intellectual stimulation, offer individualized consideration, and serve as role models. In the context of "Assessing the Effect of Leadership Styles on Employee Motivation and Job Satisfaction in Multinational Corporations in Vietnam," this theory is relevant because it suggests that leaders who exhibit transformational traits can significantly enhance employee motivation and job satisfaction by fostering a sense of purpose and enthusiasm among employees (Bass & Riggio, 2006).

**Expectancy Theory**

Originated by Victor Vroom in the 1960s, Expectancy Theory posits that individuals are motivated to act in a certain way when they believe that their efforts will lead to a desired performance, which in turn will result in a valuable outcome. This theory is highly applicable to the research topic as it suggests that leadership styles can influence employees' expectations about the relationship between their efforts, performance, and rewards. In multinational corporations in Vietnam, leaders'
behaviors, such as setting clear expectations and providing appropriate rewards, can significantly impact employee motivation and job satisfaction based on the principles of Expectancy Theory (Vroom, 1964)

**Social Exchange Theory**

Developed by George Homans and expanded by Peter Blau, Social Exchange Theory posits that individuals engage in social relationships and exchanges based on the expectation of reciprocity and mutual benefit. In the context of multinational corporations in Vietnam, leaders' actions and leadership styles create a social exchange environment where employees assess the costs and benefits of their relationship with the organization. Leaders who are supportive, fair, and responsive are likely to foster positive social exchange relationships, leading to increased employee motivation and job satisfaction (Blau,1964).

**Empirical Studies**

Nguyen and Pham (2017) assessed the effect of transformational leadership on employee motivation and job satisfaction in multinational corporations (MNCs) operating in Vietnam. The researchers conducted a cross-sectional survey using questionnaires to collect data from employees in various MNCs. They employed regression analysis to analyze the relationship between transformational leadership behaviors and employee motivation and job satisfaction. The study found a significant positive relationship between transformational leadership and employee motivation and job satisfaction. Specifically, employees who perceived their leaders as exhibiting transformational behaviors reported higher levels of motivation and job satisfaction. The study recommended that MNCs operating in Vietnam should invest in leadership development programs to foster transformational leadership behaviors among their managers. This, in turn, would enhance employee motivation and job satisfaction, contributing to increased productivity and retention of talented employees.

Tran and Nguyen (2018) investigated the influence of transactional leadership on job satisfaction and organizational commitment in Vietnamese subsidiaries of multinational corporations. The researchers used a mixed-methods approach, combining surveys and interviews. Surveys were administered to employees, and follow-up interviews were conducted with selected participants. Multiple regression analysis was employed to analyze the data. The study found that transactional leadership had a positive influence on job satisfaction and organizational commitment among employees in Vietnamese subsidiaries of MNCs. Clear communication of expectations, rewards for performance, and structured work environments were key factors contributing to these positive outcomes. The research recommended that MNCs should consider implementing transactional leadership practices in their Vietnamese subsidiaries, emphasizing clear communication, performance-based rewards, and well-defined organizational structures to enhance employee job satisfaction and commitment.

Le & Nguyen (2019) investigated into the relationship between laissez-faire leadership and employee job satisfaction and turnover intentions in Vietnamese multinational corporations. Methodology: The study employed a quantitative research design, collecting data through structured surveys from employees in various Vietnamese MNCs. Statistical analysis, including correlation and regression, was used to analyze the data. The research found that laissez-faire leadership had a negative impact on employee job satisfaction and was positively associated with
turnover intentions. Employees under laissez-faire leaders reported lower satisfaction levels and expressed a greater likelihood of leaving their jobs. The study suggested that MNCs should actively avoid laissez-faire leadership practices and instead promote more engaged and proactive leadership styles to enhance employee job satisfaction and reduce turnover intentions.

Tran and Nguyen (2018) influenced of transactional leadership on job satisfaction and organizational commitment in Vietnamese subsidiaries of multinational corporations. The researchers used a mixed-methods approach, combining surveys and interviews. Surveys were administered to employees, and follow-up interviews were conducted with selected participants. Multiple regression analysis was employed to analyze the data. The study found that transactional leadership had a positive influence on job satisfaction and organizational commitment among employees in Vietnamese subsidiaries of MNCs. Clear communication of expectations, rewards for performance, and structured work environments were key factors contributing to these positive outcomes. The research recommended that MNCs should consider implementing transactional leadership practices in their Vietnamese subsidiaries, emphasizing clear communication, performance-based rewards, and well-defined organizational structures to enhance employee job satisfaction and commitment.

Vo and Nguyen (2020) provided insights into this leadership style and the impact of paternalistic leadership on employee motivation and job satisfaction in Vietnamese multinational corporations. The researchers employed a mixed-methods approach, conducting surveys among employees and in-depth interviews with managers. Quantitative data were analyzed using statistical techniques, while qualitative data were subjected to thematic analysis. The study revealed that paternalistic leadership had a positive influence on employee motivation and job satisfaction in the context of Vietnamese MNCs. Employees perceived this leadership style as caring and supportive, leading to increased motivation and overall job satisfaction. The research suggested that MNCs operating in Vietnam should consider incorporating elements of paternalistic leadership into their leadership practices to create a more motivating and satisfying work environment.

Truong (2017) examined the relationship between democratic leadership and employee job satisfaction and creativity in Vietnamese multinational corporations. The research employed surveys to collect data from employees in Vietnamese MNCs and used structural equation modeling to analyze the relationships between democratic leadership, job satisfaction, and creativity. The study found that democratic leadership positively influenced both employee job satisfaction and creativity. Employees who perceived their leaders as democratic reported higher levels of job satisfaction and were more likely to engage in creative problem-solving. The study recommended that MNCs in Vietnam consider adopting more participatory leadership approaches to foster job satisfaction and creativity among their employees.

Bui and Phan (2016) explored the effects of autocratic leadership on employee job satisfaction and turnover intentions in Vietnamese multinational corporations. The researchers collected data through surveys administered to employees and employed statistical techniques such as regression analysis to examine the relationships between autocratic leadership and job satisfaction and turnover intentions. The study found that autocratic leadership negatively impacted employee job satisfaction and was positively associated with turnover intentions. Employees working under autocratic leaders reported lower job satisfaction levels and a higher likelihood of considering leaving their jobs. The research suggested that MNCs operating in Vietnam should promote more
participatory and inclusive leadership styles to enhance employee job satisfaction and reduce turnover.

Nguyen and Hoang (2018) examined the relationship between charismatic leadership and employee motivation and job satisfaction in Vietnamese multinational corporations. The study collected data through surveys administered to employees in Vietnamese MNCs and used regression analysis to investigate the impact of charismatic leadership on employee motivation and job satisfaction. The research revealed a positive relationship between charismatic leadership and employee motivation and job satisfaction. Employees who perceived their leaders as charismatic reported higher levels of motivation and job satisfaction. The study recommended that MNCs operating in Vietnam should encourage and develop charismatic leadership behaviors among their leaders to enhance employee motivation and job satisfaction.

**METHODODOLOGY**

This study adopted a desk methodology. A desk study research design is commonly known as secondary data collection. This is basically collecting data from existing resources preferably because of its low-cost advantage as compared to field research. Our current study looked into already published studies and reports as the data was easily accessed through online journals and libraries.

**FINDINGS**

The results were analyzed into various research gap categories that is conceptual, contextual and methodological gaps

**Conceptual Gaps:** While some studies have acknowledged the importance of culturally sensitive leadership styles, such as Hoang and Nguyen, (2016), there is a lack of in-depth exploration into how cultural nuances in Vietnam may affect the effectiveness of various leadership approaches. Research that delves deeper into the cultural dimensions that interact with leadership behaviors could provide a more nuanced understanding of how to tailor leadership styles to maximize employee motivation and job satisfaction in the Vietnamese context. Several studies have explored the impact of various leadership styles, including transactional, laissez-faire, and paternalistic leadership. However, there is a noticeable gap in research addressing more inclusive leadership styles, such as servant leadership or inclusive leadership, and their influence on employee motivation and job satisfaction in Vietnamese MNCs. Investigating these alternative leadership approaches can offer a broader perspective on effective leadership strategies.

**Contextual Gaps:** The existing research predominantly focuses on leadership styles and their impact on employee behavior in a general context. Future research could benefit from narrowing its focus to specific industries within Vietnamese multinational corporations. Different industries may have unique challenges and requirements, and understanding how leadership styles interact with industry-specific factors could provide valuable insights for practitioners. While some studies, such as (Tran and Le, 2018), have employed longitudinal approaches, there is a need for more extended longitudinal research with diverse sample sizes across various Vietnamese MNCs. Long-term data collection can reveal trends and patterns that may not be apparent in shorter studies and allow for more robust generalizations.
Geographical Gaps: While some studies conducted by Truong, 2017 focused on leadership and its impacts in the Vietnamese context, there is a research gap in comparative studies that examine how leadership practices and their consequences differ between Vietnamese multinational corporations and those in other countries or regions. Such cross-cultural comparisons would provide valuable insights into the generalizability of findings and highlight unique characteristics of leadership in Vietnam. Vietnam is a diverse country with varying regional characteristics and economic development levels. Research gaps exist in exploring whether the effects of leadership styles on employee behavior differ across regions within Vietnam. Investigating regional variations can help tailor leadership practices to specific local contexts.

CONCLUSION AND RECOMMENDATIONS

Conclusion

The assessment of the effect of leadership styles on employee motivation and job satisfaction in multinational corporations (MNCs) in Vietnam reveals a complex interplay of factors that significantly impact the organizational dynamics. Leadership styles play a pivotal role in shaping the work environment and, consequently, employee motivation and job satisfaction. Autocratic leadership tends to stifle motivation and satisfaction by limiting employee autonomy, while transformational leadership fosters a positive atmosphere that encourages intrinsic motivation and higher job satisfaction. The study underscores the importance of aligning leadership styles with the cultural context of Vietnam, recognizing the significance of collectivism, hierarchical values, and respect for authority in the workplace.

Moreover, the findings emphasize the need for MNCs operating in Vietnam to adopt a flexible leadership approach that accommodates local cultural norms while promoting employee empowerment and engagement. This research also highlights the dynamic nature of leadership, suggesting that leaders must adapt their styles to meet evolving employee expectations and market conditions. Ultimately, it becomes evident that leadership styles have a profound impact on employee motivation and job satisfaction within Vietnamese MNCs, with transformational leadership emerging as a particularly effective approach to fostering a motivated and satisfied workforce in this context.

Recommendations

Theory

Vietnam's unique cultural context provides an ideal setting to develop and test cross-cultural leadership models that can expand existing theories. Researchers should explore how leadership styles that integrate elements of Vietnamese culture, such as collectivism and hierarchy, impact employee motivation and job satisfaction. This can enrich existing leadership theories by providing insights into the cultural nuances that influence leadership effectiveness. The study can contribute by developing integrated theoretical frameworks that consider various leadership styles in tandem with motivation theories (e.g., Self-Determination Theory or Expectancy Theory) and job satisfaction models. By doing so, it can help establish a comprehensive understanding of the intricate relationships among leadership, motivation, and job satisfaction, which can be applied beyond Vietnam to multinational contexts.

Practice
Multinational corporations operating in Vietnam should benefit from the research findings to tailor their leadership training programs. This can help leaders better adapt their styles to local cultural norms and employee expectations, ultimately enhancing their ability to motivate and satisfy their workforce. Practical recommendations stemming from the study can be used to develop employee engagement initiatives, which can foster a positive work environment, strengthen employee motivation, and improve overall job satisfaction. Such initiatives can include mentorship programs, leadership development seminars, and feedback mechanisms to ensure employees' voices are heard.

Policy
The study's findings can inform government policies related to labor and employment practices in Vietnam. By understanding the impact of leadership styles on employee motivation and job satisfaction, policymakers can make informed decisions about regulations that promote employee well-being, productivity, and retention in multinational corporations. Multinational corporations can align their CSR initiatives with the research findings. These initiatives may involve investing in employee well-being, fostering leadership development, and promoting corporate cultures that prioritize motivation and job satisfaction. This not only benefits employees but also enhances a corporation's reputation and social impact.

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