

Unlocking Employee Performance in the Vietnamese Banking Sector: The Interplay of Transformational Leadership, Organizational Culture, and Organizational Commitment

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Abstract. This study investigates the impact of transformational leadership and organizational culture on employee performance in the Vietnamese banking sector, with organizational commitment as a mediator. Using survey data from 675 employees across commercial banks in Vietnam and structural equation modeling (SEM), the results reveal that transformational leadership and organizational culture have significant direct and indirect effects on employee performance. The findings highlight the crucial role of transformational leadership in shaping organizational culture, fostering employee commitment, and ultimately driving employee performance. The study contributes to the limited research on these relationships in the banking context of developing countries and offers practical implications for bank managers to enhance employee performance through leadership and culture-building strategies. However, the cross-sectional design and single-source data limit causal inferences, and future research should adopt longitudinal and multi-source approaches to establish causality and mitigate common method bias.

Keywords: Transformational leadership, organizational culture, employee performance, organizational commitment

1. Introduction

Enhancing employee performance remains a critical focus for organizational leaders due to its significant impact on business outcomes (Abdullah & Wan, 2013). When employees are productive, they produce quality products and services, improve customer satisfaction, increase sales, and reduce operating costs. Conversely, if performance is poor, businesses may face a decline in quality, increased costs, and loss of customers. Leadership styles play a crucial role in shaping employee efficiency, with skilled leaders able to boost subordinate performance and promote talent retention within the organization. Effective leadership fosters employee motivation, driving individuals to exceed job expectations and ultimately improving organizational performance and profitability. Leadership profoundly affects employee performance, while the research by Muhoho & Margret (2016) confirms that inappropriate leadership styles directly hinder employee performance. Transformational leadership, in particular, has garnered significant attention from scholars for its positive influence on employee performance (Baig et al., 2021; Top et al., 2020; MacKenzie et al., 2001). Transformational leadership is a leadership style that focuses on inspiring and motivating followers to achieve extraordinary outcomes and develop their potential. Leaders who employ this style often exhibit charisma, vision, intellectual stimulation, and individualized consideration for their team members. By empowering employees with autonomy, transformational leadership optimizes performance compared to other leadership styles (McCleskey, 2014). Besides, organizational culture also plays a crucial role in influencing employee performance, not only directly but also indirectly through organizational commitment. Studies by Khalili (2014), Aranki et al. (2019) showed that organizational culture has a positive relationship with organizational commitment, indicating that culture plays an important role in keeping employees. Organizational culture is the foundation for employees' behaviors and decisions, shaping their attitudes toward work. Organizations with positive cultures often create a supportive, motivating work environment that assists employees in completing tasks and achieving personal and organizational goals. Therefore, building and maintaining a positive organizational culture is crucial in improving employee commitment and work performance. Although there have been a number of studies evaluating the impact of transformational leadership style and corporate culture on employee performance, research results differ based on industry and country. Therefore, more in-depth research is needed for each occupational field, in different countries around the world.

In the banking industry, the influence of transformational leadership on employee performance remains unexplored despite the sector's significant role in the economy, particularly in developing nations like Vietnam. According to a report by the State Bank of Vietnam (2024), domestic investment demand depends heavily on bank credit capital, and Vietnam's outstanding credit debt to GDP in 2023 reached 133%, up from about 125% at the end of 2022 - at the highest level in the world. Banks, functioning as financial service providers, are crucial in facilitating capital flow, focusing on safety, security, and efficiency. Internal marketing theory is a theory that refers to marketing managers developing a long-term marketing campaign aimed at employees, viewing employees as internal customers and implementing activities that make employees satisfied and loyal to the organization (Berry et. al., 1976). According to internal marketing theory, bank employees, viewed as internal clients, wield considerable influence over service delivery and operational efficiency within these establishments (Ennew & Wait, 2013). Vietstock's report (2023) shows that the work efficiency of banking industry employees is not really good, and there is significant differentiation between banks. Accordingly, employee work efficiency based on net profit/employee and pre-tax profit/employee shows signs of decreasing at small banks in 2022 compared to 2021, such as NVB, MSB, ABB. The above information shows that research is needed to improve the work efficiency of banking industry employees. Conducting a review of research on the influence of leadership style on employee performance in the banking sector, we found that this is a topic that has been conducted in a number of countries around the world such as Research by Kesto & Aregawi (2021) in Ethiopia,

Asrar-ul-Haq & Kuchinke (2016) in banks in Pakistan, Belonio (2012) in Bangkok. Corporate culture is also a factor that clearly affects employee performance through research by Nwakoby et al. (2019), Nazir & Zamir (2015). In particular, Mahfouz et al. (2020) lays the foundation for evaluating the mediating role of employee commitment in the impact of transformational leadership style on employee performance. Rantesalu et al. (2016) also showed that there exists a mediating role of employee commitment in the impact of organizational culture on employee performance. However, we have not found research evaluating research that simultaneously evaluates the impact of transformational leadership style and organizational culture on employee performance through the mediating role of employee commitment. This reason highlights the need for further in-depth research into the effects of transformational leadership styles and organizational culture on employee performance within Vietnam's banking industry.

The practical necessity and the scientific gap indicate the need for focused research to assess the direct and indirect impacts of transformational leadership style and organizational culture, mediated through organizational commitment, on employee performance in the banking sector. In other words, the study was conducted to answer the question whether there exists a mediating role of employee commitment in the impact of transformational leadership style and corporate culture on employee performance in the banking industry in Vietnam. The research findings serve as crucial evidence for banking managers to gain profound insights into the effects of transformational leadership, organizational culture, and organizational commitment on employee performance, thereby making appropriate adjustments to enhance employee job performance.

2. Literature Review and Hypothesis Development

2.1. Transformational leadership and employee performance

Leadership is a multifaceted concept encompassing the ability to influence, inspire, and guide individuals or groups toward achieving common goals. Within leadership theory, transformational leadership stands out as a particularly impactful approach. Several theoretical frameworks, including the Path-Goal theory proposed by House & Mitchell (1974), Campbell (1990), and Borman & Motowidlo (1993), elucidate how various leadership behaviors and approaches influence employees' motivation, satisfaction and, ultimately, their performance outcomes within the organizational context. Transformational leaders inspire and motivate their followers by articulating a compelling vision, fostering a sense of purpose, and empowering them to reach their full potential (Cavazotte et al., 2013). Transformational leaders, with the four characteristics of idealistic behavior, inspiration, intellectual stimulation, and personal concern, strongly emphasize the needs and values of their communities, help subordinates develop themselves, and create an attachment to the organization (Bass, 1998; Bass & Avolio, 1993; Díaz-Sáenz, 2011).

Research consistently demonstrates the positive impact of transformational leadership on employee performance, such as Breevaart et al. (2016), Kishen et al. (2020), Sürücü et al. (2022), Baig et al. (2021). Employees under transformational leaders tend to exhibit higher levels of job satisfaction, engagement, and commitment, resulting in improved productivity, creativity, and overall organizational effectiveness. By cultivating a supportive and empowering work environment, transformational leaders unlock their team members' intrinsic motivation and potential, leading to enhanced individual and collective performance. Transformational leadership entails inspiring and motivating employees (Phillips & Gully, 2012), exerts both direct and indirect positive effects on employee job performance through the enhancement of job satisfaction (Kishen et al., 2020), inspiring and stimulating their employees to foster heightened commitment and enhanced performance outcomes (Breevaart et al., 2016).

Research Hypothesis H1: Transformational leadership positively influences employee performance directly.

2.2.Organizational culture and employee performance

The Resource-Based View (RBV) theory is considered a strategic administrative theory, highlighting the significance of internal and external resources in organizations, with management dedicating attention to these resources. Bandura's Social Cognitive Theory (1991) elucidates the intricate linkages among behavior, individual factors, and the environment. These theories underscore the substantial impact of organizational culture on employee behavior, thus indicating the presence of the influence of organizational culture on employee performance. According to Awad & Saad (2013), corporate culture strongly influences work performance because it helps enhance employee productivity. Organizational norms and values based on different cultures influence workforce management. In an organization, a strong culture allows for effective management of employees.

Research Hypothesis H2: Organizational culture exerts a favorable impact on employee commitment

2.3.The mediating role of organizational commitment in the influence of transformational leadership on employee performance

Organizational commitment entails identifying with and engaging oneself in an organization and expressing a desire for long-term membership (Mowday et al., 1979; Thamrin, 2012). Based on Allen and Meyer (1990), organizational commitment comprises three components: (a) affective commitment, where employees willingly involve and identify themselves with the organization due to shared organizational values; (b) continuance commitment, which arises from concerns about losing organizational benefits; and (c) normative commitment, stemming from employees feeling a sense of obligation to remain with the organization. Transformational leadership likely exhibits a strong positive correlation with affective loyalty because it instills a sense of purpose and provides adequate support to motivate subordinates to remain within the organization. Transformational leadership profoundly impacts organizational commitment, fostering a strong sense of dedication and loyalty among employees toward their organization. This leadership style, characterized by administrators who inspire and motivate their followers to achieve beyond their self-interests, is pivotal in shaping the organizational culture and climate conducive to commitment (Bass & Avolio, 1993). This leadership style emphasizes collaboration, innovation, and personal development, creating a culture of continuous improvement within the organization (Yukl, 1989). By underlining empowerment, intellectual stimulation, and individualized consideration, transformational leaders create an environment where employees feel valued, supported, and motivated to contribute to the organization's success (Bass, 1998). Consequently, staffers are more likely to develop a strong emotional connection with the organization, resulting in advanced organizational commitment (Allen & Meyer, 1991). Overall, transformational leadership acts as a driving force behind enhancing organizational commitment.

Organizational commitment represents a valued orientation toward the organization, indicating individuals' high regard for and prioritization of their work and the institution's goals. Organizational commitment is critical in strengthening performance during employees' tenure because it sets the tone for staffers' engagement and dedication to their roles and the organization. Research conducted by Pitaloka & Putri (2021) emphasizes the favorable impact of organizational commitment on employee performance. Similarly, Jufrizen et al. (2021) have corroborated these results, highlighting the beneficial influence of organizational commitment on employee performance. Other investigators have encountered that employee commitment influences employee performance, including productivity, absenteeism, and turnover rates (Beloor et al., 2017; Rahmayanti et al., 2017). Therefore, based on the above findings, organizational commitment positively and significantly impacts staffer performance.

Research Hypothesis H3: Transformational leadership has a positive influence on employee commitment.

2.4. The mediating role of organizational commitment in the influence of Organizational culture on employee performance

According to cognitive theory, organizational culture is an external environmental factor that has been demonstrated to influence employee behavior significantly. It is understood as the amalgamation of values, standards, and adaptive behaviors aligned with the external environment, undergoing internal changes shared among members within the organization, thereby giving each organization its distinct cultural characteristics (Schein, 2010). Various researchers have developed different instruments to measure Organizational Culture. Organizational Culture Assessment Instrument (OCAI), proposed by Cameron & Quinn (2006), has been widely used in research. The findings of Nguyen Hai Minh (2015) demonstrate that the OCAI model developed by Cameron & Quinn (2006) offers numerous notable advantages, such as measuring organizational culture at the highest two levels and having standardized and adaptable scales suitable for application across various industries. Organizational culture enhances organizational commitment (Khalili, 2014; Aranki et al., 2019). Employees tend to engage with enterprises that value their job effectiveness and focus on organizational development, underscoring a positive relationship between organizational culture and employee commitment.

Employees who are committed to the organization often have higher job performance because they feel motivated and committed to the organization's goals. This attachment creates loyalty and satisfaction, encouraging employees to work harder, be more creative, and be more proactive in their daily work (Beloor et al., 2017; Rahmayanti et al., 2017).

Research Hypothesis H4: Organizational commitment positively mediate in the relationship of organizational culture and employee performance..

2.5. Transformational leadership and organizational culture

Transformational leadership positively influences organizational culture, as evidenced by works of Paais & Pattiruhu (2020), Abbasi & Zamani-Miandashti (2013). Serving as guides, managers with a transformative style positively adjust organizational culture, increasing complexity within the organizational culture, as demonstrated by experimental studies by Bass (1998), Mullins (2007). Leadership styles within organizations are the most decisive factor influencing organizational culture, as through the management process, leaders shape the culture of the organization. Bass & Avolio (1993) assert that transformative leaders serve as role models, endorsing the organization's goals and encouraging employees' commitment to the organization's purpose and vision, while also restructuring the organizational culture with a new perspective.

Research Hypothesis H5: Transformational leadership exerts a positive impact on organizational culture.

Based on theoretical foundations, literature review, notably works by Dewi & Wibow (2020), Diana et al. (2021), and Virgiawan et al. (2021), the article proposes the research model as follows as displayed in Figure 1:

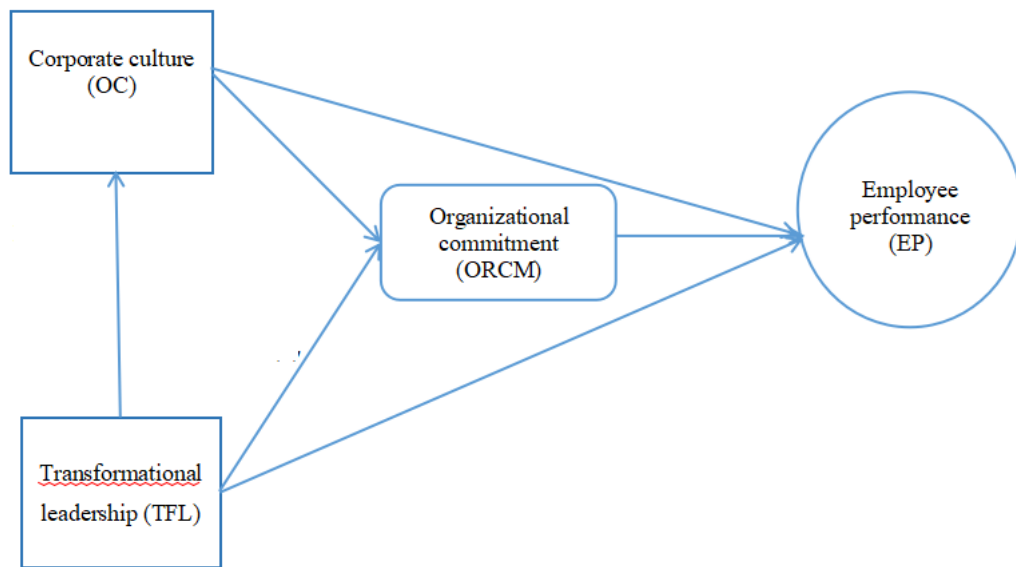


Fig. 1: Proposed research model

Source: Author's recommendation

3. Research Methodology

The selection of the scale is based on discussions with experts in the field of human resources at bank branches in Vietnam and lecturers at universities. The article inherits measurement scales from previous studies to design a survey questionnaire and collect data from employees of commercial banks in Vietnam, specifically: (1) transformational leadership (TFL) comprises 6 items following Erlina (2020); (2) organizational culture (OC) consists of 24 items with 6 items for each type of culture in OCAI model by Cameron and Quinn (2006); (3) organizational commitment (ORCM) includes 3 items similar to Tsui et al. (2018); (4) employee performance (EP) is measured through 4 items according to Calos and Rodrigues (2016).

The research utilized a random sampling method to conduct a survey among employees in the banking industry who held contracts lasting more than a year in Ho Chi Minh City. Surveys were distributed to human resources departments in various branches and transaction offices of banks throughout the city. In addition, the survey was designed to be anonymous to ensure objectivity during the data collection process. A total of 746 surveys were distributed, out of which 675 were deemed valid, resulting in a response rate of 90.5%. The research sample ensures gender diversity, with males comprising 52% of the total. The majority of survey participants hold undergraduate degrees (43%) or postgraduate degrees (25%). Participants have varying lengths of experience in the banking industry, with 32% having worked for 5 years or less, 40% having worked between 5 and 10 years, and the remainder having more than 10 years of experience. The surveyed employees predominantly earn salaries above 15 million VND, with 37% earning above 15 million VND, 20% earning above 20 million VND, and the remainder earning below 15 million VND. Thus, the survey sample ensures diversity across demographic factors.

The study utilized the SPSS software to perform: (1) descriptive statistics of the data, (2) Cronbach's Alpha coefficient testing, (3) exploratory factor analysis (EFA). The hypotheses of the research were examined through Confirmatory Factor Analysis (CFA) and covariance-based Structural Equation Modeling (CB -SEM) analysis using the AMOS 24 software.

4. Result

4.1. Evaluation of the Measurement Model

The Cronbach's Alpha coefficient ($C\alpha$) values (Table 1) all exceeding 0.9 but below 0.95 indicate high reliability. Additionally, all correlation coefficients surpassing the standard threshold of 0.3 suggest the absence of redundant variables in the scales, with all variables meeting the requirements. The exploratory factor analysis (EFA) results with Eigenvalue coefficients reveal that the variables in the scale separate into 7 factors as per the initial design. The research employed the Principal Axis Factoring method with Promax rotation for Exploratory Factor Analysis (EFA) to construct a Pattern Matrix for Confirmatory Factor Analysis (CFA) and Structural Equation Modeling (SEM) regression testing. The outcomes of the EFA analysis are summarized as follows: (1) The Kaiser-Meyer-Olkin (KMO) test yielded a value of 0.898, exceeding the recommended threshold of 0.5; (2) Bartlett's test demonstrated a significance value of 0.000, less than the conventional alpha level of 0.05; (3) The total variance extracted accounted for 71.977%; (4) The Eigenvalue coefficients of the extracted factors all surpassed 1; (5) All variables exhibited factor loadings exceeding 0.5 in the Pattern Matrix. Consequently, EFA analysis extracted all 7 factors from the initially observed variables, aligning with the anticipated number of variables used in the study.

Table 1: Summary table of Cronbach's Alpha and EFA analysis results

No.	Factor	Component	No. Of items	Item	Corrected item-total correlation	Ca if item deleted	Ca	Eigenvalue
1	Transformational leadership (TFL)	TFL	6	TFL1	.838	.911	0.934	4.295
				TFL2	.852	.916		
				TFL3	.836	.917		
				TFL4	.830	.915		
				TFL5	.853	.915		
				TFL6	.874	.923		
2		Adhocracy Culture (AC)	6	AC1	.708	.879	0.920	2.277
				AC2	.754	.872		
				AC3	.767	.870		
				AC4	.757	.872		
				AC5	.716	.878		
				AC6	.623	.893		
3	Organizational Culture (OC)	Clan Culture (CC)	6	CC1	.709	.912	0.929	13.967
				CC2	.796	.900		
				CC3	.794	.900		
				CC4	.818	.897		
				CC5	.810	.898		
				CC6	.689	.914		
4		Hierarchy Culture (HC)	6	HC1	.669	.907	0.927	3.244
				HC2	.874	.895		
				HC3	.764	.901		
				HC4	.889	.893		
				HC5	.886	.897		

				HC6	.858	.897		
5		Market Culture (MC)	6	MC1	.823	.888	0.932	1.598
				MC2	.859	.875		
				MC3	.885	.901		
				MC4	.872	.905		
				MC5	.792	.875		
				MC6	.820	.866		
6	Organizational commitment (ORCM)	ORCM	3	ORCM1	.766	.885	0.908	1.235
				ORCM2	.771	.883		
				ORCM3	.790	.903		
7	Employee Performance (EP)	EP	4	EP1	.850	.882	0.949	1.811
				EP2	.806	.898		
				EP3	.810	.897		
				EP4	.881	.906		

Source: Author's research results

Based on the 7 factors identified through exploratory factor analysis (EFA), the study conducted confirmatory factor analysis (CFA) affirming that organizational culture variable is a second-order latent variable. The evaluation indices of the CFA analysis, presented in Figure 2, include: (1) Chi-square/df ratio = 4.711, below the recommended threshold of 5; (2) Goodness-of-Fit Index (GFI) = 0.815, surpassing the acceptable criterion of 0.8; (3) Comparative Fit Index (CFI) = 0.915, exceeding the recommended threshold of 0.9; (4) Tucker-Lewis Index (TLI) = 0.905, surpassing the acceptable criterion of 0.9; (5) Root Mean Square Error of Approximation (RMSEA) = 0.074, below the conventional cutoff of 0.08. These test statistics confirm the adequacy of the CFA model in the study.

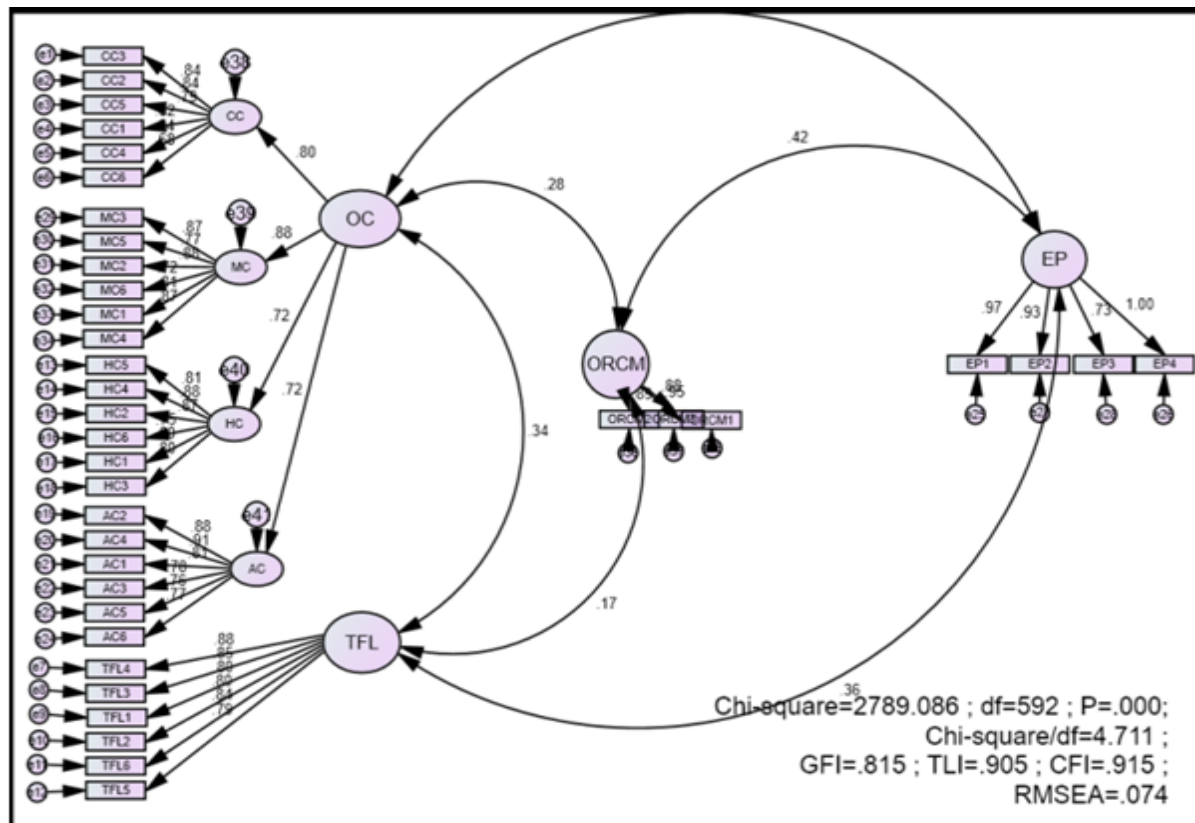


Fig. 2: Results of CFA analysis

Source: Author's research results

The composite reliability (CR) and average variance extracted (AVE) were computed based on the results of standardized regression weights presented in Table 2. The CR values for all scales met the requirement (greater than 0.7). Similarly, all AVE values exceeded the threshold (greater than 0.5) and were higher than the squared correlation between constructs (MSV), indicating convergence and high reliability of the variables. The diagonal values in the Fornell-Larcker analysis represent the square root of the extracted variances (AVE), which are greater than the values in the same row and column, demonstrating discriminant validity of the constructs.

Table 2. Results of CFA analysis

	CR	AVE	MSV	ASV	TFL	OC	EP	ORCM
TFL	0.934	0.702	0.142	0.101	0.838			
OC	0.867	0.622	0.183	0.129	0.360	0.789		
EP	0.953	0.837	0.183	0.168	0.377	0.428	0.915	
ORCM	0.932	0.821	0.180	0.095	0.180	0.272	0.424	0.906

Source: Author's research results

The SEM model was utilized to test the research hypotheses. Bootstrapping analysis was conducted using the AMOS method, employing 95% bias-corrected (BC) confidence intervals and 2000 bootstrap samples. The bootstrap procedure aims to iteratively resample the dataset to derive estimates of the complete sampling distribution of the indirect effect. This method holds an advantage over alternative approaches as it accounts for non-normality assumptions, ensuring greater precision in estimating confidence intervals. The evaluation indices of the SEM model, presented in Figure 3, all meet the validation thresholds, affirming the suitability of the SEM model in the study. The SEM model evaluation indicators to test the hypotheses are presented in Figure 3. In particular, the value of

the Chi-square/df ratio = 4.711 is less than 5. The CFI and TLI indicators reach 0.905, respectively. and 0.915 is greater than the threshold of 0.9 and GFI reaches 0.815, greater than the threshold of 0.8. These factors show that the SEM model results are acceptable for the observational data set. The research hypotheses are addressed through the results of unstandardized and standardized regression coefficients in Table 3.

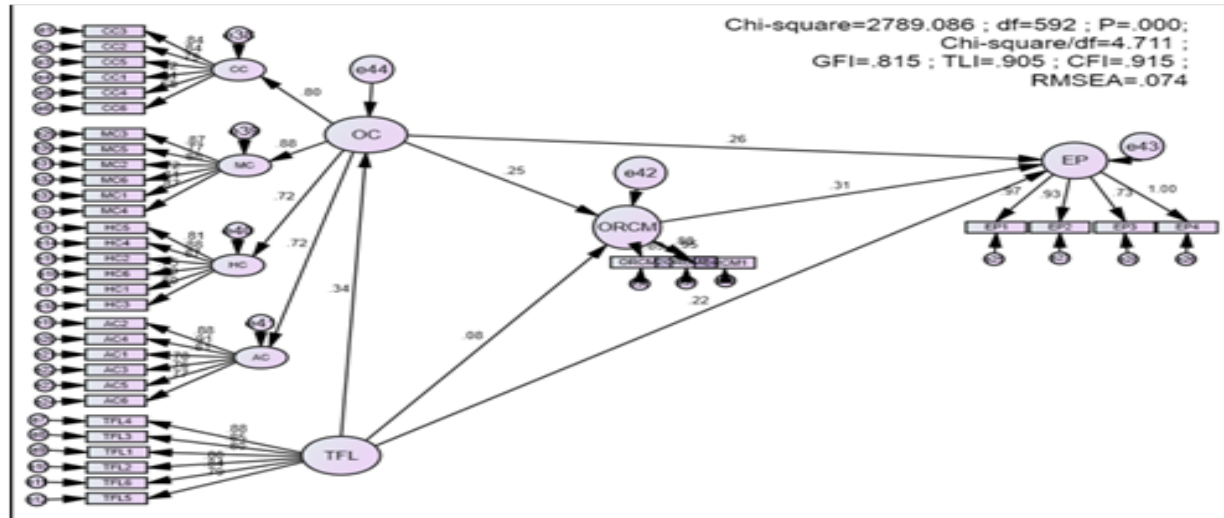


Fig. 3: Results of SEM analysis

Source: Author's research results

Table 3. Results of SEM analysis

Research Results			Regression Weights				Standardized Regression Weights	
			Estimate	S.E.	C.R.	P	Estimate	P
EP	<--	TFL	0.227	0.039	***	***	0.220	***
ORCM	<--	TFL	0.110	0.056	0.049	0.049	0.085	0.049
OC	<--	TFL	0.333	0.044	***	***	0.340	***
ORCM	<--	OC	0.325	0.061	***	***	0.246	***
EP	<--	OC	0.275	0.044	***	***	0.261	***
EP	<--	ORCM	0.248	0.029	***	***	0.310	***

Source: Author's research results

The results of analyzing the indirect role of organizational commitment in the influence of two independent variables, transformational leadership style TFL and organizational culture OC, on EP employee performance are shown in Table 4.

Table 4: Direct, Indirect and Total Effect of Mediation Table

Relationship	Direct Effect		Indirect Effect		Result
	Standardized Estimate	P	Standardized Estimate	P	
EP <-- ORCM <-- TFL	0.220	0.000	0.141	0.002	Partial mediation
EP <-- ORCM <-- OC	0.261	0.000	0.076	0.002	Partial mediation

Source: Author's research results

The estimated direct and indirect standardized coefficients through ORCM of TFL to EP are 0.220 and 0.141, respectively, at the 5% significance level, showing that transformational leadership not only directly influences but also creates motivation to improve performance of employees through increasing employee attachment to the organization. In other words, there exists a mediating role of organizational commitment in the influence of transformational leadership on employee job performance in the banking industry. In addition, organizational culture is a factor that both directly impacts and strengthens employee commitment to the organization, thereby motivating employees to improve work performance. This conclusion is shown by the standardized regression coefficient of the variable OC to EP in the direct and indirect effects of 0.261 and 0.076, respectively, with 95% confidence.

4.2.Hypothesis analysis

Transformational leadership is shown to directly enhance subordinates' job efficiency, as reflected by the regression coefficient of TFL reaching 0.740 with a significance level of 1%. Core components such as charisma, inspiration, personalized attention, and intellectual stimulation, integral to this leadership style, significantly contribute to substantial improvements in work performance. Charismatic leaders instill trust and enthusiasm, fostering a positive work environment—their ability to inspire and motivate individuals toward a common vision leads to increased dedication and effort. Personalized attention ensures that employees feel valued and supported, promoting morale and commitment. Intellectual stimulation encourages innovative thinking and problem-solving, ultimately enhancing work quality. These findings provide evidence of the leadership's role at the lower levels as outlined in the path-goal theory and the employee performance theory. These results are also consistent with prior experimental studies by international scholars such as Baig et al. (2021), Greiman, (2009). Practice in Vietnam shows that leaders tend to pursue a transformational style to positively impact employees, especially in the context of digital transformation across the industry. If you want employees to increase their work efficiency, bank leaders themselves must be pioneers and become role models in not being afraid to accept new things. Through ideal and inspirational behavior, they also play the role of encouraging employees to study to improve knowledge and skills suitable for the bank's digital transformation process. Consequently, hypothesis 01, regarding the positive direct impact of transformational leadership on employee performance, is affirmed.

Research hypothesis H2 regarding the influence of corporate culture on employee performance is validated by the regression coefficient of OC to EP. The results indicate significance at the 1% level and economically meaningful coefficients greater than 0.2. This relationship has been demonstrated in works by Nwakoby et al. (2019), Sivakami & Samitha (2018), Nazir & Zamir (2015), Shahzad et al. (2013). In the context that the entire Vietnamese banking industry is undergoing digital

transformation, promoting corporate culture is becoming an undeniable trend. Banks have realized that to improve employee performance and adapt to the new environment, promoting corporate culture is extremely important. Some Vietnamese banks such as VCB, TPB, ACB, TCB have begun to take measures to create a positive and creative corporate culture. They are focusing on building a positive and supportive work environment, where employees are encouraged to express their opinions, suggest new ideas and work effectively as a team. This not only helps increase work morale but also promotes creativity and innovation in daily work. At the same time, the bank is also focusing on building a foundation of value and respect. By creating a fair and transparent environment where every member is evaluated based on their work and contributions, the bank is encouraging consensus and positive interaction between teams. When employees share the standards and values of the organization, they align their objectives with those of the organization, fostering stronger bonds among members and a greater commitment to development within the organization (Shahzad et al., 2013; Gunaraja, 2014; Diana et al., 2020).

The empirical results demonstrate that organizational commitment serves as a partial mediating factor in the relationship between transformational leadership and bank employee performance. This finding indicates that the transformational leadership style not only has a direct impact but also exerts an indirect influence through organizational commitment, thereby enhancing employee performance. The result supports hypothesis H3 in the model and is consistent with experimental research by Mahfouz et al. (2020). The coefficient of the impact of transformational leadership (TFL) on organizational commitment (ORCM) in both standardized and unstandardized models is 0.110 and 0.085 respectively, with a confidence level of 95%. Furthermore, the results of indirect effect analysis based on bootstrap also reveal the indirect effect of TFL on EP through ORCM. In the Vietnamese banking industry, the transformational leadership style profoundly influences employees' commitment to the organization. Leaders of major banks in Vietnam adopt a transformational style, consistently encouraging employee creativity and innovation in the process of implementing digital banking services. They empower employees to propose and execute innovative projects such as new mobile applications, advanced payment systems, or blockchain technology to enhance customer experience. Consequently, employees feel motivated and supported in contributing their ideas and efforts to the bank's development, fostering stronger attachment to the organization. Consistent with prior studies by Avolio et al. (2004), Thamrin (2012), this study underscores the significant positive impact of transformational leadership on organizational commitment. As employees' commitment to the organization deepens, their work performance improves due to their heightened sense of responsibility and the long-term rewards they receive from the organization (Jufrizen et al., 2021; Atika et al., 2022).

The fourth hypothesis of this study shows that there exists a partial mediating role of organizational commitment in the relationship between organizational culture and the dependent variable EP. This conclusion is drawn from: (1) the regression coefficients of OC on EP and OC on ORCM as well as ORCM on EP are all statistically significant, and (2) the results of analysis of direct and indirect effects of the bootstrap model. Increased employee adherence to organizational cultural values is correlated with increased commitment to the organization (Khalili, 2014; Aranki et al., 2019; Rantesalu et al., 2016). Organizational culture includes the standards and values that guide the behavior of members, recognizing the individuality of each member of the organization. According to cognitive theory, the external environment, including organizational culture, plays an important role in individual behavior. Corporate culture that creates friendliness, cooperation as well as promotes creativity, ensures fair competition as well as appropriate control in banks will create employee attachment to the organization. When employees feel attached to the organization, they will be more motivated to contribute, thereby increasing their work efficiency.

Our study also provides evidence that transformational leadership contributes to improving the performance of indirect executors through its impact on organizational culture. The regression coefficients of transformational leadership (TFL) on organizational culture (OC) in the two models,

with a confidence level of 99%, are 0.333 and 0.340. Paais & Pattiruhu (2020) support the role of leadership styles in shaping and developing the corporate culture of organizations. Transformational leadership contributes to creating the distinct culture of an organization associated with the work environment of employees, thereby promoting employee development (Deal & Peterson, 1993). These results are also consistent with the research hypothesis H5 regarding the positive relationship between transformational leadership and organizational culture.

5. Conclusion

This article aims to assess the impact of transformational leadership, organizational culture on employee performance in commercial banks in Vietnam. The study utilizes data from 675 employees with at least 1-year employment contracts, combined with structural equation modeling analysis. The regression coefficient of the TFL variable in the three research hypotheses concerning the influence of transformational leadership indicates that leadership pursuing transformational styles is a crucial factor in enhancing employee performance. The characteristics of transformational leadership not only have a direct impact but also influence organizational culture and increase employees' organizational commitment, significantly contributing to improving job performance. These findings provide evidence of the role of leadership at the subordinate level as outlined in path-goal theory, employee job performance theory also consistent with previous experimental studies by Baig et al. (2021); Top et al., (2020); MacKenzie et al., (2001). Normative behavior, inspirational motivation combined with attention to each employee's strengths, create an environment for employee development leading to employees feeling valued and motivated to perform better. This not only impacts individual employees but also contributes to creating a distinctive organizational culture, fostering cohesion between employees and the organization. When feeling connected to the organization, employees strive to excel in their assigned tasks to achieve the organization's goals. Hence, managers in the banking sector consider adopting transformational leadership styles to enrich the effectiveness of lower-level operations. Transformational leaders must articulate a clear vision and realistic mission, comprehend the bank's objectives, and ensure consistency in decision-making. Through this, managers can create attraction and admiration from subordinates. Understanding, credibility, and consistency in leaders' actions combined with sincere assistance to employees will lay the groundwork for inspiring subordinates, encouraging them to be optimistic and strive to their fullest potential. Transformational management creates conditions for employees to successfully resolve difficulties by stimulating and harnessing their potential through appreciation and communication without interfering with employees' decisions. Particularly, transformational supervisors must understand employees' differences, listen to them, and fully support them in leveraging each individual's strengths. Vietnamese banks implement transformational leadership development programs. These programs may include mentoring opportunities, leadership training workshops, and executive coaching sessions to develop essential leadership skills such as communication, strategic thinking, and decision making.

The study also provides evidence that organizational culture directly impacts employee performance and indirectly through organizational commitment. This statement indicates that improving organizational culture affects increasing employee job performance. This result is evidence to support Resources Based View theory, in which, corporate culture is a unique value of the company because it represents the common values, thinking, beliefs and behaviors of members of the organization (Ojo, 2009; Awad & Saad. The finding is also related empirical studies of Nwakoby et al. (2019), Nazir & Zamir (2015). Therefore, management must establish and promote a positive and supportive work environment where innovation and creativity are encouraged and respected. Fostering consensus and collaboration among departments and work teams is a crucial factor in creating a positive work environment. Secondly, managers need to ensure that the values and goals of the organization are clearly and consistently communicated, helping employees understand the

meaning and purpose of their work. Personal development and advancement opportunities must also be provided to promote employee commitment and motivation. Lastly, management should promote fairness, transparency, and honesty in their management and decision-making, helping build employee trust and respect to enhance their commitment to the organization's goals and values. In this way, improving organizational culture can be a powerful tool for enhancing work performance and sustainable development of the organization.

Despite its scientific and practical contributions, the research still has some limitations that can open up further research directions. First, the article only focuses on the transformational leadership style and has not researched other leadership styles such as liberal and transactional to compare the level of influence of leadership style on performance. employee productivity. Second, this work has not performed multi-group analysis to determine whether there are differences between banking groups according to ownership form and bank size. Finally, although our study collected anonymous data to ensure objectivity, it has limitations as we have not implemented a cross-sectional single-source research design. Based on those limitations, we propose to expand the research by adding other leadership styles to compare the impact of different types of leadership styles as well as deploy multi-Grouping analysis for types of banks according to many different classification criteria.

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