



(RESEARCH ARTICLE)



## The influence of transformational leadership on employee knowledge sharing in small and medium-sized enterprises

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World Journal of Advanced Research and Reviews, 2025, 25(02), 805-813

Publication history: Received on 04 December 2024; revised on 04 February 2025; accepted on 07 February 2025

Article DOI: <https://doi.org/10.30574/wjarr.2025.25.2.0137>

### Abstract

The theory of transformational leadership is quite commonly applied in developed countries. This concept is still quite new to developing countries like Vietnam. The objective of the study is to evaluate the influence of transformational leadership on employee knowledge sharing in small and medium-sized enterprises in Hanoi city. The study uses a linear structural model based on primary data surveyed from 98 small and medium-sized enterprises in Hanoi city to test the hypotheses in the proposed research model. Research results show that transformational leadership has a positive influence on the knowledge sharing behavior of employees in small and medium-sized enterprises. Transformational leadership practices have created a positive environment that promotes knowledge sharing behavior. Thereby, it has helped enhance intellectual capital and competitive advantage for small and medium-sized enterprises.

**Keywords:** Leadership; Transformational Leadership; Knowledge Sharing; Knowledge Management; Small and Medium Enterprises

### 1. Introduction

In today's integrated and developed economy, small and medium-sized enterprises have become important factors as a driving force for economic growth. Therefore, studying the effects of transformational leadership on employees' knowledge sharing is always of interest to researchers and policy practitioners. Research by Noruzy and colleagues shows that transformational leadership and knowledge management are key factors, playing an important role in improving innovation capacity and organizational performance [13]. In particular, employees' trust in leadership and fairness in the organization play an important mediating factor, positively linking the effects of transformational leadership on knowledge sharing behaviors of employees [14]. In particular, applying and practicing transformational leadership will help managers create positive effects on knowledge sharing [8].

The results of knowledge management depend mainly on the effectiveness of knowledge sharing activities in an organization through the following factors: 1) ideal influence, intellectual stimulation, 2) inspiration, 3) personal attention to employees. Therefore, studying the influence of transformational leadership on knowledge sharing in small and medium-sized enterprises has practical and urgent significance. At the same time, improve knowledge management capacity and create competitive advantages for organizations and businesses.

From the perspective of a theoretical approach to transformational leadership, researchers are constantly exploring and identifying effective solutions as well as important factors that have a positive impact on knowledge management. In particular, it is the influence on knowledge sharing for businesses in general and small and medium-sized enterprises in Hanoi city in particular. The theory of transformational leadership is developed and applied quite commonly in many countries around the world, but is still quite strange to Vietnam. Therefore, research on the influence of

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transformational leadership on employee knowledge sharing in small and medium-sized enterprises contributes to creating valuable theoretical and practical insights on the path to success. innovation of businesses.

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## 2. Theoretical base and research model

The development of science and technology has created changes in global economic issues, thereby urging leaders and businesses to apply appropriate leadership styles. Adjust your business model to achieve organizational efficiency and sustainability [11]. 1978, Burn, J. M, the first study on "Transformational leadership in organizations"[3]. He coined the term "transformational leadership" to describe the relationship between leaders and employees. In 1985, Bass inherited and developed the transformational leadership style of Burn, J. M, (1978). He has researched by expanding the model, improving and clarifying the transformational leadership style through typical characteristics such as: integrity and fairness, always setting clear goals with expectations. High ambitions, guiding people to overcome self-interest and inspiring employees to work better, helping them achieve things that they previously thought impossible. Research by Garcia-Morales and colleagues shows the positive impact of transformational leadership on knowledge-based organizational innovation and performance. Transformational leadership acts as a moderator of the relationship between knowledge management and organizational performance [4].

Transformational leadership directly and indirectly impacts organizational innovation through the mediating role of knowledge management [10]. The objective is to explore important antecedent factors to evaluate the influence of transformational leadership on knowledge sharing through the mediating role of fairness and employees' trust in leadership. Research shows that individual trust in leadership and organizational justice act as important mediating factors, positively linking the effects of transformational leadership on knowledge sharing behaviors. individual's consciousness [7]. The research results of Al-Husseini & colleagues confirmed the direct and positive impact of transformational leadership on knowledge sharing and innovation processes [1]. In particular, knowledge sharing was identified as a mediating factor between transformational leadership and innovation capacity. Besides, Le & Lei's research shows that knowledge sharing among employees plays a mediating role in the effects of leadership on the innovation ability of the enterprise [8]. In addition, the influence of leadership and knowledge sharing on different types of enterprise innovation capabilities is different and depends on the level of employee perception of organizational support.

- Transformational leaders motivate and encourage followers to take new risks and results, which in turn will create a creative environment and stimulate employees to work creatively. In addition, transformational leaders also motivate employees to find alternative ways to complete tasks, thereby developing innovative and creative ideas [6]. Transformational leadership affects the sharing of tacit and explicit knowledge for the following four reasons:
- Ideal influence (ID): Leaders act as ideal role models for their employees. Employees will tend to be influenced by their supervisor's way of working and thinking. Through the influence of leadership, employees are motivated to share knowledge, thereby contributing to improving the efficiency of the business.
- Intellectual stimulation (IS): Leaders encourage employee creativity to give employees the opportunity to discover new things, new opportunities and solve problems effectively.
- Inspiration (IM): Leaders motivate employees to work, encourage employees to develop themselves and complete set goals beyond expectations. These leaders are not afraid to challenge employees. They believe in their employees' ability to solve problems, and create conditions for individuals to break through their own limits and develop the skills necessary for the job.
- Individualized concern (IC): Leaders listen to employees' concerns and needs so they can provide timely support. Each individual has their own needs and difficulties. Therefore, leaders can adapt their management styles to suit the different individuals on their team.

According to Northouse, transformational leaders accomplish the above tasks by challenging and transforming the individual's emotions, values, ethics, standards, and long-term goals through cultivating charisma. and expanding vision throughout the leadership process [11]. Research by Le Ba Phong, transformational leadership is the leadership style of leaders full of energy and enthusiasm, capable of transforming behavior, attracting and convincing employees to act beyond expectations. The aspiration to achieve organizational goals is based on ideal influence, ability to inspire, intellectual stimulation and deep personal concern [8]. Most previous research works agree that transformational leadership is a way to influence through attractive qualities and behaviors, arouse motivation, inspire, and stimulate creative intelligence. Create and care for each individual, convincing employees to act beyond expectations to achieve organizational goals.

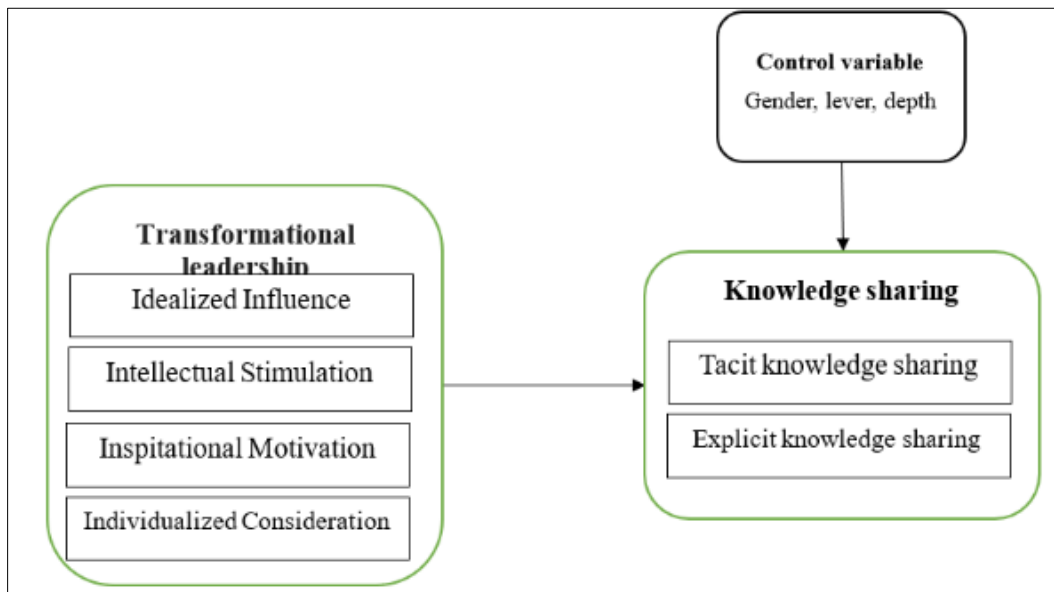
Researchers have devoted a lot of effort to research and point out the positive impact of transformational leadership on employee knowledge sharing to help businesses improve the knowledge management capacity of organizations and businesses, create competitive advantage [9]. Based on those studies, the author hypothesizes the influence of transformational leadership on knowledge sharing through the following factors:

- H1: Ideal influence has a positive impact on employees' tacit knowledge sharing and explicit knowledge sharing.
- H2: Intellectual stimulation has a positive impact on employees' tacit knowledge sharing and explicit knowledge sharing.
- H3: Inspiration has a positive impact on employees' tacit knowledge sharing and explicit knowledge sharing.
- H4: Personal concern has a positive impact on employees' tacit knowledge sharing and explicit knowledge sharing.

### 3. Research methods

#### 3.1. Research model

knowledge sharing From previous research hypotheses, the author proposes the following research model



**Figure 1** Proposed research mode

The research model includes elements of transformational leadership and sharing tacit knowledge, sharing current knowledge of small and medium-sized enterprises in Hanoi City. Specifically, the ideal influence factor (ID) is measured through 5 observed variables, the intellectual stimulation factor (IS) is measured through 5 observed variables, and the inspiration factor (IM) is measured through 5 variables. observed variable, personal interest factor (IC) measured through 5 observed variables, tacit knowledge sharing (TK) measured through 7 observed variables, explicit knowledge sharing (EK) measured through through 6 observed variables.

#### 3.2. Statistics describe research data

The research was conducted based on a sample of 98 small and medium-sized enterprises. General information about the study sample is shown in Table 1.

**Table 1** Information about research data

<b>Employee information</b>			
<b>Characteristic</b>	<b>Classify</b>	<b>Frequency</b>	<b>Rate (%)</b>
Sex	Male	110	37.3
	Female	185	62.7
Age	Under 25 years old	97	32.9
	25 - 35 years old	100	33.9
	35 - 50 years old	81	27.5
	Over 50 years old	17	5.8
Education level	Popular	17	5.8
	Secondary/College	52	17.6
	University	175	59.3
	Postgraduate	51	17.3
Working time	Under 5 years	99	33.6
	From 5 to 10 years	126	42.7
	Over 10 years	70	23.7
Tổng		295	100%
<b>Enterprise information</b>			
The criteria		Quantity	Rate (%)
Business Field	Service	66	22.4%
	Manufacture	48	16.3%
	Construction	45	15.3%
	Commerce	80	27.1%
	Other fields	56	19.0%
Business sector	Real estate	32	10.8%
	Consumer goods	60	20.3%
	Transportation	20	6.8%
	Pharmaceutical and medical	52	17.6%
	Information technology	12	4.1%
	Electricity - Electronics	46	15.6%
	Build	55	18.6%
	Raw materials	18	6.1%
Enterprise size	Under 10 workers	35	11.9%
	From 10 - 50 workers	60	20.3%
	From 50 - 100 workers	95	32.2%
	Over 100 employees	105	35.6%
Total		295	100.0%

(Source: Author's compilation)

### 3.3. Data processing method

In the research, the author mainly uses qualitative and quantitative methods. Qualitative methods are used to develop research hypotheses, research models and scales in the research model. Quantitative methods are used to: (i) Cronbach's Alpha reliability test evaluates the reliability of the scale and observed variables in each scale; (ii) Exploratory factor analysis (EFA) to identify factors representing observed variables of the scales in the model; (iii) Confirmatory factor analysis CFA to measure the appropriateness of the research model and test the developed research hypotheses.

## 4. Research results

### 4.1. Test the reliability of the scale

To test the reliability of the scale of variables in the research model, the author uses Cronbach's Alpha coefficient and total variable correlation coefficient. The results of analyzing the reliability of the scale show that the above variables have a Cronbach's Alpha coefficient greater than 0.7, and the total variable correlation coefficient of the scales in the research model is greater than 0.3 (table 2). Therefore, all scales ensure reliability to conduct EFA analysis.

KMO coefficient =  $1 > 0.958 > 0.5$ , showing that exploratory factor analysis is suitable for the data. The Bartlett test has a sig value of 0.000, which is less than the 1% significance level, so the observed variables are correlated with the representative factor.

The results of EFA exploratory factor analysis extracted 6 factors representing 33 observed variables in the scales at Eigenvalues = 2,187 > 1. Besides, 6 representative factors explain 85,395 > 50 % level of variation of 33 observed variables in the scale. These results show that all scales included in the model meet the requirements and are used for subsequent tests.

**Table 2** Reliability of the scale

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	Cronbach's Alpha
ID1	0.844						0.94
ID2	0.822						
ID3	0.845						
ID4	0.879						
ID5	0.879						
IS1		0.890					0.95
IS2		0.858					
IS3		0.893					
IS4		0.889					
IS5		0.883					
IM1			0.894				0.95
IM2			0.873				
IM3			0.881				
IM4			0.867				
IM5			0.893				
IC1				0.868			0.95
IC2				0.895			
IC3				0.888			

IC4				0.875			
IC5				0.894			
TK1					0.875		0.96
TK2					0.891		
TK3					0.845		
TK4					0.893		
TK5					0.910		
TK6					0.893		
TK7					0.915		
EK1						0.902	0.96
EK2						0.839	
EK3						0.892	
EK4						0.907	
EK5						0.906	
EK6						0.902	
Total extracted variance	20.541	2.187	1.871	1.297	1.220	1.064	KMO = 0.958 Sig = 0.000

(Source: Author's survey results)

#### 4.2. CFA confirmatory factor analysis

To analyze the confirmatory factor CFA, the author uses AMOS software with P coefficients, Chi-square/df, GFI coefficients, CHI, TLI, RMSEA to evaluate the appropriateness of the measurement model. The analysis results (Figure 2) show that, with an acceptable value of GFI = 0.853 > 0.8, the Chi-square/df coefficient = 1.767 satisfies the condition < 3, TLI = 0.968 satisfies the condition > 0.9, CFI = 0.970 satisfies the condition > 0.9, RMSEA coefficient = 0.051 satisfies the condition < 0.08, coefficient P = 0.000 satisfies the condition < 0.05. Thus, the measurement model of the relationship between the latent factors is consistent with the survey data, achieving unidirectionality, ensuring convergent validity, ensuring reliability and discriminant validity.

To test the research hypotheses, multivariate regression analysis aimed to test the influence of transformational leadership on employees' tacit and explicit knowledge sharing. The analysis results are presented in Table 3 and Table 4 below:

**Table 3** Results of regression model analysis for tacit knowledge sharing

Independent variable	$\beta$ is not standardized	$\beta$ normalization	t value	Significance level Sig	VIF
Constant	0.980		7.169	0.000	
Ideal Influence (ID)	0.156	0.162	2.920	0.004	2.398
Intellectual Stimulation (IS)	0.142	0.162	3.291	0.001	1.902
Personal Concern (IC)	0.345	0.383	6.422	0.000	2.785
Inspirational (IM)	0.180	0.201	3.479	0.001	2.600
R <sup>2</sup>	0.629				
R <sup>2</sup> correction	0.624				

Significance level (Sig in Anova)	0.000 <sup>b</sup>				
F value (F in Anova)	122.963				
Durbin - Watson coefficient	1,847				

(Source: Author's survey results)

**Table 4** Results of regression model analysis for existing knowledge sharing

Independent variable	$\beta$ is not standardized.	$\beta$ normalization	t value	Significance level Sig	VIF
Constant	0.840		5,931	0.000	
Ideal Influence (ID)	0.174	0.173	3.145	0.002	2.398
Intellectual Stimulation (IS)	0.100	0.109	2.229	0.027	1.902
Personal Concern (IC)	0.352	0.375	6.338	0.000	2.785
Inspirational (IM)	0.234	0.251	4.385	0.000	2.600
R <sup>2</sup>	0.636				
R <sup>2</sup> correction	0.631				
Significance level (Sig in Anova)	0.000 <sup>b</sup>				
F value (F in Anova)	126.455				
Durbin - Watson coefficient	1.746				

(Source: Author's survey results)

The results in Table 3 and Table 4 show that the influence of transformational leadership on knowledge sharing, in which knowledge sharing currently has a significance level of Sig = 0.00 < 0.05 can confirm that the regression model has meaning. Adjusted R2 coefficient of TK = 0.624 and EK = 0.636. Thus, the independent variables included in the regression run affect 63% of the change in the dependent variable, which shows that the rate of 63% of the variation in tacit knowledge sharing and explicit knowledge sharing is 63%. influenced by transformational leadership style.

The regression results also show that all variables measuring transformational leadership have an impact on the employees' tacit knowledge sharing and explicit knowledge sharing variables, due to the sig t-test of each independent variable are all less than 0.05.

Correlation test of adjacent errors (Durbin - Watson) for tacit knowledge sharing = 1.847; Current knowledge sharing = 1.746 is in the range from 1.5 to 2.5, so no first-order serial autocorrelation occurs. Proving that tacit knowledge sharing and explicit knowledge sharing are positively influenced by transformational leadership.

The variance inflation factor (VIF) is < 4, so serious multicollinearity does not occur (Hair et al. 1998). Regression analysis results show that transformational leadership measurement variables for tacit knowledge sharing and explicit knowledge sharing have a strong linear regression correlation.

Standardized regression coefficient ( $\beta$ ) compares the level of impact of independent variables on the dependent variable. The results in the table above show that personal interest affects tacit knowledge sharing = 0.383 and explicit knowledge sharing = 0.375; Next is the inspirational variable that has an impact on tacit knowledge sharing = 0.201 and explicit knowledge sharing = 0.251; are the ideal influence and intellectual stimulation variables for tacit knowledge sharing = 0.162, for tacit knowledge sharing = 0.173 and 0.109, respectively. The analysis results show that the standardized regression coefficients ( $\beta$ ) all have positive values, so the independent variables (transformational leadership) all have the same impact as the dependent variable (knowledge sharing).

Thus, the research hypotheses given above all have a positive impact relationship. Besides, the regression coefficients corresponding to the variables all have positive values. This shows that the research factors all have a positive impact on employee knowledge sharing in small and medium-sized enterprises in Hanoi city.

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## 5. Conclusion and implications

Research on the influence of transformational leadership on employees' knowledge sharing has confirmed the role and influence of transformational leadership on employees' tacit knowledge sharing and explicit knowledge sharing in the enterprise. At the same time, it helps businesses have specific bases in creating competitive advantages and improving organizational performance. The theoretical and practical contribution of the study is to confirm the relationship between transformational leadership and knowledge sharing of small and medium-sized enterprises in different business fields and industries. Besides, empirical research results show that transformational leadership, tacit knowledge sharing and explicit knowledge sharing all have a positive impact on the innovation ability of businesses. The study builds the relationship between transformational leadership, tacit knowledge sharing and explicit knowledge sharing using a unique research model to clearly show the direct impact of transformational leadership on knowledge sharing. Hidden and explicit knowledge of employees in the enterprise. Empirical findings show that knowledge sharing has a positive, positive impact on a business's competitive advantage.

Research results show that transformational leadership in corporate management can help managers arouse employee motivation, stimulate employees to work more enthusiastically, and inspire employees and managers. Personal focus to motivate employees to be willing and proactive in sharing knowledge and information with each other. At the same time, more attention is needed from business directors in building and developing a friendly working environment, creating a comfortable and happy atmosphere. Inspiring and forming a knowledge-oriented cultural model will help small and medium-sized enterprises promote the process of collecting, sharing and applying knowledge within the organization, thereby increasing opportunities for innovation to help improve management capacity, organizational level, reputation and image of the business. However, besides the results achieved, the research still has certain limitations such as the small number of survey samples, only focusing on Hanoi city. Therefore, future studies should be conducted with larger enterprise scales to provide more accurate empirical results. However, the research results have contributed significantly to opening up a new strategy to help small and medium-sized enterprises be less costly and more effective in improving innovation capacity based on developing values. The core of transformational leadership is knowledge sharing.

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## Compliance with ethical standards

### *Disclosure of conflict of interest*

No conflict of interest to be disclosed.

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