



**The Effect of Transformational Leadership on Career Satisfaction: The Mediating Roles of Psychological Empowerment, Trust and Work Engagement and the Moderating Effect of Emotional Exhaustion**

A Thesis Submitted in Partial Fulfillment of the Requirements for the Degree of Master of Business Administration, Specialization in Management

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**June 2025**

## Declaration

I hereby declare that this thesis entitled “**The Effect of Transformational Leadership on Career Satisfaction: The Mediating Roles of Psychological Empowerment, Trust and Work Engagement and the Moderating Effect of Emotional Exhaustion**” has been carried out by me under the guidance and supervision of Dr. Zelalem G/tsadik. The thesis is original and has not been submitted for any degree or diploma award to any university or institution.



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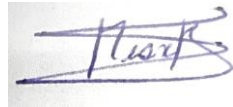
## Statement of Certification

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This is to certify that the thesis prepared by Yodit Teshome, entitled “The Effect of Transformational Leadership on Career Satisfaction: The Mediating Roles of Psychological Empowerment, Trust and Work Engagement and the Moderating Effect of Emotional Exhaustion” submitted for the in partial fulfilment of the degree of Master of Business Administration Specialization in Management complies with the regulations of the university and meets the accepted standards with respect to originality and quality.

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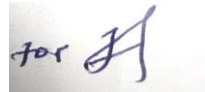
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## **List of Acronyms**

**AVE:** Average Variance Extracted

**CS:** Career Satisfaction

**EE:** Emotional Exhaustion

**IC:** Individualized Consideration

**II:** Idealized Influence

**IM:** Inspirational Motivation

**IS:** Intellectual Stimulation

**PE:** Psychological Empowerment

**PLS:** Partial Least Square

**PLS-SEM:** Partial Least Squares Structural Equation Modeling

**SEM:** Structural Equation Modeling

**TL:** Transformational Leadership

**TR:** Trust

**WE:** Work Engagement

## **Abstract**

This study explores the theoretical framework of Transformational Leadership (TL) and Career Satisfaction (CS) in employees of fintech company in Addis Ababa, incorporating the mediating effects of Psychological Empowerment (PE) and Work Engagement (WE) and how Emotional Exhaustion (EE) moderates these processes. Employing a cross-sectional survey design, data were gathered from 211 employees and analyzed through Partial Least Squares Structural Equation Modeling (PLS-SEM) using SmartPLS 4. Model 1 tested the direct effects of TL components (Idealized Influence, Inspirational Motivation, Intellectual Stimulation, Individualized Consideration) on CS, revealing only Individualized Consideration as significant with weak explanatory power. Model 2 examined TL as a higher-order construct, finding significant indirect effects through PE and WE but not Trust, with moderate explanatory power. The EE strongly moderated TL effects on PE and WE, diminishing these at high levels of EE. Results confirm that TL influences CS through PE and WE, with EE moderating these effects, thereby contributing to the theoretical understanding of leadership mechanisms and suggesting practical strategies for improving CS through empowerment, engagement, and exhaustion management.

## **1. Chapter One: Introduction**

### **1.1. Background of the Study**

Transformational leadership is one of a leadership approach that motivates and inspires followers to achieve exceptional outcomes by aligning their values and goals with those of the organization. This leadership style emphasizes vision, inspiration, and personal development, fostering an environment where followers are encouraged to transcend their self-interests for the collective good. Recent studies have highlighted the positive impact of transformational leadership on organizational performance, innovation, and employee satisfaction (Agazu et al., 2025)

Career satisfaction refers to an individual's contentment with their professional life, encompassing factors such as job fulfillment, work-life balance, career progression, and alignment with personal values. A study by (Aggarwal et al., 2024) explored the association between psychological empowerment, affective commitment, resilience, and career satisfaction among Indian service sector employees. The research found that psychological empowerment significantly influences career satisfaction, with affective commitment acting as a mediator and resilience as a moderator in this relationship. This highlights the complex interplay of psychological factors in determining career satisfaction.

Transformational leadership is a leadership approach that emphasizes inspiring and motivating followers to achieve exceptional outcomes by aligning their values and goals with those of the organization. This leadership style fosters an environment where individuals feel empowered, valued, and supported in their professional growth. A study by (Raza & Qamar, 2023) examined the relationship between transformational leadership, psychological empowerment, organizational commitment, and career satisfaction among bank employees. The findings indicated that transformational leadership significantly influences psychological empowerment and organizational commitment, which in turn positively affect career satisfaction. The study also highlighted the moderating role of emotional exhaustion in this relationship, suggesting that the positive effects of transformational leadership on career satisfaction are more pronounced when emotional exhaustion is low. Transformational leadership is comprised of four key factors: Idealized Influence, Inspirational Motivation, Intellectual Stimulation and Individualized

Consideration. Idealized Influence refers to the degree to which a leader acts as a role model and earns the trust, admiration, and respect of followers. Leaders who exhibit idealized influence set high ethical standards, demonstrate integrity, and are often seen as being selfless and committed to the greater good. By embodying these qualities, transformational leaders inspire others to follow their example and contribute to the success of the organization (Bass & Avolio, 1994).

Inspirational Motivation refers to the ability of transformational leaders to inspire and motivate followers by articulating a clear and attractive vision of the future. This leadership behavior fosters enthusiasm and commitment to organizational goals by communicating high expectations and encouraging followers to transcend their own self-interests for the collective good. Inspirational Motivation promotes a sense of purpose, confidence, and collective effort among followers, ultimately contributing to increased engagement and performance (Nemanich & Keller, 2007).

Intellectual stimulation, which is one of the transformational leadership dimensions, is the capacity of a leader to challenge followers to question assumptions, problem-solve, and think through new, innovative solutions to organizational issues. Leaders who adopt such behavior have the capability to establish a culture where people can problem-solve and think creatively and stimulate employees to bring forward new ideas and opinions. It is not just an issue of worker motivation and activation, but also generating innovation and enhancing the top and bottom line performance of the corporation. (Bass & Riggio, 2005) state that "transformational leaders help followers grow and develop into leaders by responding to individual followers' needs by empowering them and by aligning the individual and the organizational goals towards the common good of the organization.

Individualized Consideration refers to a leader's ability to provide personalized support and attention to each follower, recognizing their unique needs, strengths, and developmental goals. Leaders who exhibit individualized consideration mentor and coach their employees, helping them grow both professionally and personally. This aspect of transformational leadership fosters a supportive environment where followers feel valued, empowered, and motivated to achieve their full potential (N. A. Njiraini et al., 2018).

Psychological empowerment is expressed by meaning, competence, self-determination and impact which increases employees sense of being in control of the job they do (Spreitzer, 1995). Researches done by (Raza & Qamar, 2023) states that transformational leadership increase psychological empowerment which leads to higher organizational commitment and career satisfaction.

Trust in leadership also play a huge role in giving employees an environment where they feel secured and valued. Researches done by (Nemanich & Keller, 2007) also states that the effect of leadership on satisfaction increases, when trust is high.

Work engagement which is characterized by vigor, dedication, and absorption, which explain how transformational leadership affects the energy, the inspiration and productivity which affects in increasing career satisfaction (Aggarwal et al., 2024).

Emotional exhaustion: a state of depleted emotional and physical resources derived from stresses, and strains at work. Emotional exhaustion among workers is characterized by feelings of listlessness, helplessness and inability to manage tasks at work, and tends to result in lower levels of motivation and performance. As one of the core dimensions of burnout, emotional exhaustion impairs the well-being of employees and their response to leadership behaviors, including transformational leadership that aims to promote engagement and satisfaction. (Maslach et al., 2001)

While transformational leadership is well-documented in academic literature, however, many organizations, particularly in Ethiopia's rapidly expanding FinTech sector, face significant challenges related to employee dissatisfaction, high turnover, low engagement, and emotional exhaustion. Despite the industry's technological growth, there remains a practical leadership gap that affects employees' career development, sense of empowerment, and retention.

In Fintech companies' employees are required to operate in high-pressure, innovation-driven environments. Yet, there is often limited emphasis on leadership development, employee empowerment, or structured career satisfaction initiatives. This creates a disconnect between organizational growth ambitions and the workforce's ability to remain motivated, engaged, and committed.

While previous studies, including Raza and Yousuf (2023), have demonstrated the role of transformational leadership in career satisfaction, the majority of this research has been concentrated within the banking sector. In fact, Raza and Yousuf (2023) specifically recommended that future studies explore these relationships in other industries to enhance the generalizability of findings. Responding to this research gap and recommendation, the present study investigates these dynamics within Ethiopia's FinTech sector, which remains largely underexplored in existing literature despite its rapid growth and strategic importance. Therefore, this paper is going to try to see the effect of transformational leadership on career satisfaction: the mediating role of psychological empowerment, trust and work engagement, & moderating role of emotional exhaustion in Kifiya Financial Technology PLC.

Kifiya Financial Technology PLC is a pioneering AI ecosystem and technology company in Ethiopia, specializing in intelligent, data-driven solutions across financial services, digital agriculture, and smart mobility infrastructure. Established in 2012, Kifiya began its journey as a payments company, laying the groundwork for Ethiopia's national digital payment infrastructure by unifying utility bill payments and digitizing social protection programs such as the Productive Safety Net Program (PSNP).

From 2015 to 2022, the company shifted its focus toward addressing systemic financial inclusion barriers, particularly the lack of access to credit for individuals and micro, small, and medium-sized enterprises (MSMEs). Through innovative platforms and services such as agent networks, agricultural micro-insurance, diaspora remittance systems, and rural travel platforms Kifiya utilized alternative data and machine learning to provide credit access in the absence of traditional financial histories.

In 2023, Kifiya officially evolved into an AI-powered technology infrastructure company. With this transformation, it intensified its mission to democratize access to financial services, promote economic resilience, and drive inclusive growth across Africa. Currently, the company is scaling its technology ecosystem, launching nine innovative products that empower low- to middle-income consumers, smallholder farmers, and MSMEs. Through these efforts, Kifiya continues to demonstrate the transformative potential of data, AI, and purpose-driven technology in solving systemic market failures and creating a sustainable future.

## **1.2. Statement of the Problem**

Transformational leadership significantly contributes to employees' sense of career fulfillment by creating a work atmosphere that emphasizes motivation, personal development, and recognition. When leaders demonstrate traits, such as articulating a compelling vision, supporting individual needs, and encouraging innovative thinking, employees are more likely to feel engaged and aligned with their professional aspirations. This type of leadership not only boosts employees' confidence in their career progression but also fosters stronger organizational loyalty. As noted by (Jeo et al., 2024) there is a clear positive link between transformational leadership and career satisfaction, as such leadership practices help individuals enhance their skills and grow within a supportive environment.

(Jo & Lim, 2013) found that transformational leadership positively influences career satisfaction, with psychological empowerment serving as a mediating factor in this relationship. Transformational leadership has been shown to significantly enhance career satisfaction by fostering an environment that promotes personal growth, recognition, and motivation. Leaders who exhibit transformational qualities such as inspiring a shared vision, offering individualized support, and encouraging intellectual stimulation can help employees feel more valued and aligned with their career goals. This supportive leadership style enhances employees' perceptions of career success and satisfaction, ultimately contributing to higher levels of organizational commitment and retention.

All the above scholars' statement can show us how transformational leadership development can positively affect employee career satisfaction, and the researcher needs to prove that. This provides a foundation for the researcher to further investigate and substantiate this relationship. The researcher identified that many related studies had been conducted related with this title, but this paper has tried to be including some mediating variables in addition to the independent and dependent variables those are psychological empowerment, trust and work engagement and also moderating variable of emotional exhaustion. Also the researcher studied two models Direct and indirect effect of TL on CS, which has a unique approach to add to related studies.

The rapid growth of Ethiopia's FinTech sector, exemplified by companies like Kifiya Financial Technology PLC, has opened new economic opportunities but also introduced critical workforce challenges. Employees often face unclear career progression paths, low job satisfaction, high

stress levels, and an increased risk of emotional exhaustion due to the demands of innovation and technological disruption.

The other strong point here is that, moreover, most existing research in Ethiopia focuses on the banking and traditional finance sectors, leaving a significant gap in understanding how leadership affects employee outcomes in the FinTech industry. Therefore, this paper is conducted on one of the leading fintech company in Ethiopia, Kifiya Financial Technology PLC, which offers a relevant and timely context for this study. As it is expanding its services across the world in services like digital lending, payment platforms and AI technologies, Kifiya increasingly demands a workforce capable of high adaptability, creativity, and resilience. The findings from this research will give leaders in the fintech industry an insight to develop strategies that enhance satisfaction, reduce turnover, and strengthen innovation capacity.

In addition, since this study was conducted recently, the researcher is confident that it offers a valuable contribution by presenting up-to-date insights and relevant findings within the current context.

### **1.3. Research Questions**

This research gives answer for the following questions:

- What is the impact of Transformational Leadership dimensions (Idealized Influence, Inspirational Motivation, Intellectual Stimulation, Individualized Consideration) on employees' career satisfaction?
- To what extent do Psychological Empowerment, Trust, and Work Engagement mediate the relationship between Transformational Leadership and career satisfaction?
- How does Emotional Exhaustion moderate the effects of Transformational Leadership on Psychological Empowerment and Work Engagement?

### **1.4. Objective of the Study**

This study has two major objectives, general objective and specific objectives.

### **1.4.1 General Objective**

The major objective of the study is to see the effect of transformational leadership on career satisfaction: the mediating role of psychological empowerment, trust and work engagement & moderating role of emotional exhaustion in Kifiya Financial Technology PLC.

### **1.4.2. Specific Objective**

The followings are specific objectives of the study:

1. To examine the effect of Transformational Leadership dimensions (Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration) on employees' career satisfaction.
2. To investigate the mediating role of Psychological Empowerment, Trust, and Work Engagement in the relationship between Transformational Leadership and career satisfaction.
3. To assess the moderating role of Emotional Exhaustion on the relationship between Transformational Leadership, Psychological Empowerment, and Work Engagement.

### **1.5. Significance of the Study**

Since research aims to generate new insights or enhance existing studies, this paper holds significance for various stakeholders, including the researcher, the company, the college, students, related sectors, the country, and even international communities. The primary beneficiary is the researcher. As this paper is being conducted for educational purposes, the researcher gains practical experience that complements theoretical knowledge.

Secondly, the Fintech sector such as Kifiya Financial Technology plc stands to benefit. Since the research is being conducted within the company, it may provide solutions to problems identified during the study. As Fintech companies are in consistence innovation and digital transformation cycle, finding from this study can help in leadership development and employees engagement strategies for a better growth in the sector.

The college and its students are also key stakeholders, as they can use this paper as a reference for future academic work. Lastly, scholars, researchers, competitors, and professionals in other countries who want to study specially the financial technology sector may find value in the findings and insights presented in this study.

### 1.6. Scope of the study

This paper has tried to dwell on the effect of transformational leadership on career satisfaction: the mediating role of psychological empowerment, trust and work engagement, & moderating role of emotional exhaustion in fintech sector. This paper states Transformational Leadership with its 4 factors suggested by Bass and Avolio: Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration.

For data collection, a cross-sectional survey design using structured questionnaires was used and Partial Least Squares Structural Equation Modeling (PLS-SEM) for data analysis. Geographically The study is conducted within Kifiya Financial Technology PLC, headquartered in Addis Ababa, Ethiopia. It does not include other FinTech companies, although the findings may offer valuable insights for them as well.

### Operational Definition of Terms

**Table 1 : Terms Definition**

Term	Definition	Operationalization	Source
Transformational Leadership	A style of leadership that inspires and motivates followers to exceed expectations through creating a shared vision, intellectual stimulation, and individualized consideration.	In this study, transformational leadership is measured using four dimensions: Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration.	(Bass & Avolio, 1994) , (Northouse, 2019)

Career Satisfaction	The level of job satisfaction that individuals feel about their career progress, development, and professional success.	Career satisfaction for the purposes of this study refers to employees' self-description of their career development, growth, and achievements in Kifiya.	(Greenhaus et al., 1990) ,(Judge et al., 1995)
Psychological Empowerment	A psychological state of being significant, capable, self-directed, and effective in the workplace.	Psychological empowerment in this study is gauged based on the degree to which employees feel they are competent, independent, and competent in the workplace.	(Spreitzer, 1995)
Trust in Leadership	The belief of employees that the leaders are honest, fair, and able to lead and support them.	In this study, trust in leadership is used to indicate the extent of trust of the employees in their leaders to be equitable, transparent, and competent.	(Dirks & Ferrin, 2002)
Work Engagement	A good, significant, work-related state that is characterized by vigor, dedication, and absorption.	Here, in this research, work engagement is measured in terms of the employees' emotional involvement, vigor, and concentration on their daily tasks and organizational goals.	(Schaufeli et al., 2002)
Emotional Exhaustion	A state of feeling emotionally overextended and depleted of emotional resources.	Emotional exhaustion in this research is measured in terms of employees' feelings of fatigue, burnout, and low energy resulting from their work demands and responsibilities.	Maslach & Jackson (1986)

### 1.7. Organization of the Study

This paper is going to be organized into five chapters. Chapter one deals with an introduction, chapter two summarizing the theoretical and empirical literature reviews conducted related to the thesis, chapter three present the methodology of the research, chapter four present data, analysis,

interpretation, and discussion of results and interpretation of the study, finally, the last chapter also presented summary, conclusions, and recommendations from the finding.

## **2. Chapter Two: Related Literature Reviews**

### **2.1. Introduction**

This section of the research presents theoretical and empirical reviews of linked literatures and studies, as well as a conceptual framework that depict the relationship between independent and dependent variables as well as the mediation variables based on the review. The theoretical review of this study demonstrates scholars' theories, while the empirical review demonstrates actual research results relating to this topic.

### **2.2. Theoretical Reviews**

#### **2.2.1. Leadership**

Leadership is a dynamic process that involves influencing and guiding individuals or groups toward achieving common goals. Modern leadership theories emphasize adaptability, emotional intelligence, and ethical decision-making. (Northouse, 2024) provides an in-depth exploration of various leadership models, including transformational, servant, and authentic leadership. Also discusses how these approaches can be applied in diverse organizational contexts to foster collaboration, innovation, and ethical conduct. The book also highlights the importance of self-awareness and continuous learning for effective leadership. By integrating theoretical frameworks with practical applications, Northouse offers valuable insights for both aspiring and current leaders seeking to navigate the complexities of modern organizational environments.

#### **2.2.2. Leadership styles**

Leadership styles refer to the various methods leaders use to guide and motivate their teams. According to (Bass & Bass, 2008), leadership styles include transformational, transactional, and laissez-faire leadership. Transformational leaders inspire and stimulate their followers through vision and innovation, while transactional leaders focus on structured tasks and rewards for performance. The laissez-faire style, on the other hand, is characterized by a hands-off approach, allowing followers considerable autonomy. The effectiveness of each style depends on situational factors such as organizational culture and the nature of the tasks at hand.

Leadership styles refer to the distinct approaches leaders use to influence, guide, and motivate their teams. These styles play a crucial role in shaping organizational culture, employee performance, and decision-making processes. According to (Northouse, 2024), leadership styles can be broadly categorized into approaches such as authoritative, democratic, laissez-faire, transformational, transactional, and servant leadership. Each style has its own strengths and situational effectiveness for example, transformational leaders inspire innovation and commitment through vision and charisma, while transactional leaders focus on structured tasks and clear rewards. Northouse emphasizes that no single leadership style fits all contexts; rather, effective leaders must assess their organizational environment, team dynamics, and goals to adapt their style accordingly. This flexibility in leadership approach is especially important in today's fast-paced, diverse, and often unpredictable work environments.

### **2.2.3. Transformational Leadership**

Transformational leadership is a style where leaders inspire and motivate their team to go above and beyond by creating a shared vision and encouraging growth. (Kouzes & Posner, 2017) explain that transformational leaders help their followers see the bigger picture, push for new ideas, and empower them to achieve great things. These leaders lead by example, build strong relationships, and create an environment where trust and collaboration are key. By inspiring their team and encouraging creativity, transformational leaders help drive change and keep their organizations moving forward, especially in times that require fresh ideas and improvements.

Transformational leadership is a style where leaders motivate and inspire their followers to achieve more than they thought possible. According to (Robbins & Judge, 2019), transformational leaders encourage their team members to be creative, think outside the box, and work toward a shared goal. They lead by setting a strong example, building trust, and creating a sense of purpose within the team. This leadership style helps organizations grow and change by fostering a positive, forward-thinking culture. It works particularly well in situations that require new ideas or when teams need to adapt to changes.

## **2.2.4. Factors of Transformational Leadership**

Transformational leadership is shaped by several important factors that help leaders inspire and motivate their followers. According to (Bass & Bass, 2008) key factors include individualized consideration, intellectual stimulation, inspirational motivation, and idealized influence.

### **2.2.4.1. Individualized consideration**

Individualized consideration is a critical component of transformational leadership, where leaders focus on the personal development and well-being of their followers. According to (Goleman, 2017) leaders practicing individualized consideration take time to understand the unique needs, skills, and goals of each team member, offering tailored support and mentoring. This leadership style helps foster a deeper connection between leaders and followers, promoting trust and encouraging growth. By showing empathy and providing personalized feedback, transformational leaders inspire their team members to reach their full potential, which in turn boosts both individual and organizational performance.

Individualized consideration is an essential aspect of transformational leadership where leaders focus on meeting the individual needs and development of their followers. According to (Northouse, 2024), this factor involves leaders recognizing each team member's unique strengths and challenges and providing tailored support and mentorship to help them grow. Leaders who practice individualized consideration listen to their followers, offer constructive feedback, and encourage personal development. By fostering a supportive environment where each person feels valued, leaders strengthen team morale and loyalty, leading to higher levels of motivation and performance.

### **2.2.4.2. Intellectual stimulation**

Intellectual stimulation is a key aspect of transformational leadership where leaders encourage creativity, problem-solving, and innovation among their followers. According to (Bass & Avolio, 1994), leaders who practice intellectual stimulation challenge their team members to think critically and question existing assumptions, which promotes a culture of innovation and

continuous improvement. These leaders support followers in exploring new ideas, taking calculated risks, and finding creative solutions to problems. By fostering an environment that values curiosity and learning, leaders can inspire followers to expand their thinking and contribute to the organization's success in novel ways.

Intellectual stimulation is a key component of transformational leadership, where leaders encourage creativity and critical thinking among their followers. Transformational leaders promote innovation by challenging existing assumptions and encouraging followers to explore new ideas and solutions. This approach fosters a culture of continuous learning and adaptability, which is essential in dynamic organizational environments. By stimulating intellectual curiosity, leaders empower their teams to think outside the box, leading to enhanced problem-solving capabilities and improved organizational performance (Teoh et al., 2021).

#### **2.2.4.3. Inspirational motivation**

Inspirational Motivation is a core element of Transformational Leadership, where leaders articulate a compelling vision and foster enthusiasm among followers. (Pawar, 2016) emphasizes that transformational leaders inspire their teams by setting high standards, communicating optimism about future goals, and providing meaning for the tasks at hand. This approach not only motivates followers but also enhances their commitment and performance. By leading with passion and clarity, leaders can energize their teams to strive toward shared objectives.

According to (Arnold et al., 2007), leaders who demonstrate inspirational motivation can create excitement and enthusiasm within their teams. They communicate a shared vision that connects followers' personal values to organizational goals, making the work feel meaningful. This form of motivation encourages followers to pursue higher performance and achieve objectives they might not have thought possible. Inspirational leaders also emphasize optimism and confidence, even in difficult situations, which helps to maintain morale and drive.

#### **2.2.4.4. Idealized influence**

(Afshari, 2022) emphasizes that leaders exhibiting idealized influence demonstrate behaviors that align with organizational values, fostering a sense of pride and commitment among employees. This dimension is divided into two aspects: Idealized Influence—Attributed, which

pertains to the leader's perceived charisma and confidence, and Idealized Influence—Behavior, which reflects the leader's actions and ethical conduct. The study found that both aspects positively impact employees' organizational commitment, highlighting the importance of leaders embodying the values they wish to instill in their teams.

Transformational leaders earn influence not through authority alone, but through authenticity, integrity, and a clear alignment between their words and actions. This behavior fosters deep loyalty, encouraging followers to internalize the leader's values and goals as their own. Idealized influence helps shape a shared identity within teams, where individuals feel inspired to perform not just for rewards, but out of belief in the mission and confidence in their leader's character (Piccolo & Colquitt, 2004).

### **2.2.5. Mediation Variables**

The followings are selected mediation variables and going to be reviewed too: Psychological empowerment, Trust and Work engagement.

#### **2.2.5.1. Psychological empowerment**

Psychological Empowerment is a critical aspect of Transformational Leadership, where leaders inspire and motivate followers by providing them with a sense of meaning, competence, self-determination, and impact in their work. According to (Saira et al., 2021), transformational leaders enhance employees' psychological empowerment by fostering an environment that encourages autonomy, skill development, and a clear connection between individual roles and organizational goals. This empowerment leads to increased organizational citizenship behaviors and reduced turnover intentions among employees. By cultivating psychological empowerment, transformational leaders not only improve individual performance but also contribute to the overall success of the organization.

#### **2.2.5.2. Trust**

According to (Hasel & Grover, 2017), trust plays a mediating role between leadership behavior and follower outcomes, such as motivation, job satisfaction, and performance. When trust is established, followers are more willing to take risks, collaborate, and show commitment to shared goals. Conversely, a lack of trust can hinder communication, reduce morale, and lead to resistance or disengagement. The development of trust is especially vital in transformational

leadership, where the leader's vision and inspiration rely heavily on the belief and confidence of their followers. Thus, trust is not only a result of good leadership—it is also a critical driver of leadership effectiveness.

### **2.2.5.3. Work engagement**

Work Engagement refers to a positive, fulfilling, and work-related state of mind characterized by vigor, dedication, and absorption. It signifies an employee's emotional and cognitive investment in their work, leading to higher productivity, job satisfaction, and well-being. Transformational leadership, which involves inspiring and motivating employees toward achieving higher levels of performance, has been shown to significantly influence work engagement.

Studies indicate that transformational leaders enhance work engagement by fostering an environment that provides employees with meaningful tasks, autonomy, and opportunities for personal growth (Meng et al., 2021). For instance, research has demonstrated that transformational leadership positively affects work engagement through the mediating role of psychological empowerment, highlighting the importance of leaders enabling employees to feel competent and autonomous in their roles (Duțu & Butucescu, 2019).

Furthermore, transformational leadership has been linked to increased work engagement by enhancing job resources such as social support and feedback, which in turn facilitate employees' engagement with their work. Additionally, the alignment between an individual's values and the organization's mission, often promoted by transformational leaders, can lead to higher levels of work engagement (Grah et al., 2022).

## **2.2.6. Moderation Variable**

### **2.2.6.1. Emotional Exhaustion**

One dimension that figures prominently in burnout is emotional exhaustion, which refers to fatigue (i.e. with emotionally depleted resources and energy) and results from exposure to stressors at work over a substantial period of time (Maslach et al., 2001). Conceptually rooted in the Job Demands-Resources (JD-R) model (Bakker & Demerouti, 2007), emotional exhaustion results from higher job demands than available resources, thereby fueling chronic stress and depletion of emotional and psychological resources. It is understood as an initial phase in the

burnout process (Maslach et al., 2001) and is strongly associated with diminished work performance, low engagement and compromised well-being (Schaufeli et al., 2002).

In organizational contexts, emotional exhaustion undermines employees' ability to respond positively to leadership behaviors, such as transformational leadership, by limiting their capacity to feel empowered and engaged, thereby hindering the realization of positive outcomes like career satisfaction (Cropanzano et al., 2003).

### **2.2.7. Career Satisfaction**

Career satisfaction reflects how individuals perceive their professional lives and is influenced by multiple factors, including job characteristics, organizational support, and personal expectations (Avolio et al., 2001), career satisfaction is often linked to the alignment between an individual's job and their personal values, with a strong emphasis on meaningful work and recognition. Employees who perceive their jobs as rewarding and fulfilling are more likely to experience higher levels of career satisfaction. Additionally, factors such as career advancement opportunities, compensation, and job security contribute significantly to overall satisfaction. These elements not only enhance the motivation and engagement of employees but also reduce turnover intentions. When employees feel that their career development is supported and that they are valued within their organization, their satisfaction levels tend to increase, fostering a more positive and productive work environment.

## **2.3. Empirical Review and Hypothesis Development**

### **2.3.1. Direct Effect**

#### **2.3.1.1. Idealized Influence and Career Satisfaction**

Idealized Influence refers to leaders acting as role models and earning respect and trust from their followers (Bass & Avolio, 1994). Empirical studies (Aggarwal et al., 2024) & (Raza & Qamar, 2023) have shown that when leaders display strong moral and ethical conduct, employees tend to express higher satisfaction with their career progress and trajectory. Other research, conducted in a Korean conglomerate, found that employees who perceived high levels of idealized influence from their leaders and experienced psychological empowerment reported higher career satisfaction (Joo, 2013). According to the study by (Emu & Umeh, 2014), the perception of Idealized influence attributes has positive impact on job satisfaction and

specifically concluded their research that there is strong evidence to suggest that customer relationship officers who perceive the marketing manager to have a high level of idealized influence attributed leadership style, tend to be more satisfied with their job.

In Ethiopia, research conducted by (Tesfaw, 2014) examined the impact of transformational leadership on job satisfaction among government secondary school teachers in Ethiopia. The findings indicated a positive relationship between transformational leadership and teachers' job satisfaction.

***H1: Idealized Influence has a significant and positive effect on employee career satisfaction***

#### **2.3.1.2. Inspirational Motivation and Career Satisfaction**

Inspiring Motivation involves leaders sharing an inspiring vision and hope in the future. (Walumbwa et al., 2008) propose this factor enhances employees' sense of purpose, resulting in more engagement and career satisfaction. A study explored how transformational leadership affects job satisfaction among civil servants in Vietnam. The research highlighted that inspirational motivation significantly contributed to employees' positive perception of their work and future career paths. Leaders who communicated clear goals and inspired a shared vision helped employees feel more connected to their roles, which enhanced their long-term career satisfaction. (Dong et al., 2021). (N. A. Njiraini et al., 2018) research conducted in Commercial banking sector in Kenya studied the impact of Inspirational Motivation on job satisfaction on 424 employees from 10,310 population. The findings showed that Inspirational Motivation was positively and significantly correlated with job satisfaction. Further analysis showed a significant association through chi-square tests and that Inspirational Motivation explained 34% of the variance in job satisfaction, highlighting its strong influence on employees' career satisfaction.

In Ethiopia, a study conducted by (Shibru & Darshan, 2011) examined 145 participants sampled from 10 different leather companies in Ethiopia, the Pearson correlation analysis showed that while all the four component of Transformational Leadership are positively related to

subordinate job satisfaction, Idealized Influence and Individual Consideration have shown more significant impact on subordinate job satisfaction.

***H2: Inspirational Motivation has a significant and positive effect on employee career satisfaction***

### **2.3.1.3. Individualized Consideration and Career Satisfaction**

Individualized consideration refers to a leader's attention to each employee's needs, acting as a mentor or coach and promoting individual growth. This leadership behavior has been positively associated with job and career satisfaction (Bass & Avolio, 1994). An empirical study by (J. Njiraini, 2018) found a significant positive relationship between individualized consideration—a component of transformational leadership—and job satisfaction among employees in commercial banks in Kenya. The study, which surveyed 424 managerial employees, revealed that leaders who provided personalized support and mentorship significantly enhanced employee satisfaction, with individualized consideration explaining 35.2% of the variance in job satisfaction. These findings suggest that when leaders attend to the individual needs and development of their employees, it positively impacts career satisfaction. A Thesis done by (Khalil, 2024) on ten private sector universities located in KPK showed that Individualized Consideration and Employee Job Satisfaction is statistically significant, indicated through Pearson product correlation of ( $r = 0.894$ ) and a positive and significant relationship ( $\beta = 0.865$ ) between Individualized Consideration and Employees' Job Satisfaction. The statistically strong connection showed that employee satisfaction improves significantly when leaders pay special attention to the needs of improvement for every fan, establishing an intimate bond (Bass & Avolio, 1994).

***H3: Individualized Consideration has a significant and positive effect on employee career satisfaction.***

#### **2.3.1.4. Intellectual Stimulation and Career Satisfaction**

Intellectual stimulation, is one of the most important dimensions of transformational leadership, enables critical thinking and creativity by challenging employees to question assumptions and create new solutions (Bass & Avolio, 1994). Empirical evidence shows that intellectual stimulation has a positive effect on employee learning, motivation, and career satisfaction. In a study conducted among Chinese primary school teachers, intellectual stimulation was found to significantly enhance job satisfaction. Teachers reported that when their leaders encouraged them to think independently and explore new teaching strategies, they experienced a stronger sense of professional fulfillment. Although the study primarily focused on job satisfaction, the findings are relevant to career satisfaction, as intellectual growth and stimulation often correlate with long-term career contentment and motivation (Gao et al., 2024).

A study on job satisfaction and leadership styles between coordinators and organizational participants on nursing leaders in healthcare organizations, showed Coordinators favored a more active, employee-development approach, scoring higher in intellectual stimulation and individualized consideration, (Notarnicola et al., 2024).

*H4: Intellectual Stimulation has a significant and positive effect on employee career satisfaction*

#### **2.3.2. Mediating Effect**

##### **2.3.2.1. Psychological Empowerment Mediating Transformational Leadership and Career Satisfaction**

Psychological Empowerment includes meaning, competence, self-determination, and impact (Spreitzer, 1995). (Raza & Qamar, 2023) examines the relationship between transformational leadership and career satisfaction, considering the mediating roles of psychological empowerment and organizational commitment, and the moderating role of emotional exhaustion. Conducted among 513 bank employees, the findings suggest that while transformational

leadership significantly relates to empowerment and organizational commitment, it is insignificantly associated with career satisfaction.

A study with the title Transformational Leadership and Career Satisfaction: The Mediating Role of Psychological Empowerment assesses that Idealized Influence positively affected career satisfaction through psychological empowerment (Joo, 2013)

***H5: Psychological empowerment plays a significant mediating role in the relationship between transformational leadership and career satisfaction.***

#### **2.3.2.2. Trust Mediating Transformational Leadership and Career Satisfaction**

Trust creates a sense of psychological safety and reduces uncertainty in the work environment, contributing to employee satisfaction (Dirks & Ferrin, 2002). An empirical study by (Siswanto & Yuliana, 2022) investigated the mediating roles of trust and team cohesiveness in the relationship between transformational leadership and job satisfaction among school employees in East Java, Indonesia. The study found that trust and team cohesiveness fully mediated the effect of idealized influence on job satisfaction. Additionally, the dimensions of transformational leadership—idealized influence, inspirational motivation, and individualized consideration—were found to directly affect job satisfaction. These findings underscore the importance of trust in leadership as a critical mechanism through which transformational leadership influences career satisfaction.

***H6: Trust plays a significant mediating role in the relationship between transformational leadership and career satisfaction.***

#### **2.3.2.3. Work Engagement Mediating Transformational Leadership and Career Satisfaction**

Work engagement, characterized by vigor, dedication, and absorption, has been empirically linked to transformational leadership (Tims et al., 2011). An empirical study by (Gözükara & Şimşek, 2015) investigated the mediating role of work engagement in the relationship between transformational leadership and job satisfaction. The study utilized structural equation modeling

to analyze data collected from employees, revealing that work engagement fully mediated the effect of transformational leadership on job satisfaction. This indicates that transformational leaders, by fostering a sense of meaning and purpose in their followers' work, enhance work engagement, which in turn leads to higher job satisfaction. The findings underscore the importance of work engagement as a critical mechanism through which transformational leadership influences career satisfaction.

*H7: Work engagement plays a significant mediating role in the relationship between transformational leadership and career satisfaction.*

### **2.3.3. Moderating Effect**

#### **2.3.3.1. Emotional Exhaustion Moderating Transformational Leadership and Psychological Empowerment**

According to empirical research, the relationship between Transformational Leadership (TL) and Psychological Empowerment (PE) is moderated by Emotional Exhaustion (EE). Because emotional exhaustion hindered employees' ability to absorb TL's empowering behaviors, Li et al. (2017) discovered that the positive impact of TL on PE, which is defined by autonomy and meaning, was smaller among nurses with high EE in Chinese hospitals. In the same direction, (Hildenbrand et al., 2018) found that among German service workers, high EE reduced the effect of TL on PE, with worn-out workers responding less well to TL's encouragement. These results confirm the study's expected moderating role by showing that EE functions as a boundary condition, reducing TL's capacity to promote PE when employees are emotionally exhausted.

*H8: Emotional Exhaustion plays a significant moderating role in the relationship between transformational leadership and psychological empowerment.*

#### **2.3.3.2 Emotional Exhaustion Moderating Transformational Leadership and Work Engagement**

In a study of 388 community mental health providers, (Green et al., 2013) found that emotional exhaustion significantly moderated the relationship between transformational leadership and work engagement. Specifically, transformational leadership had a weaker positive effect on

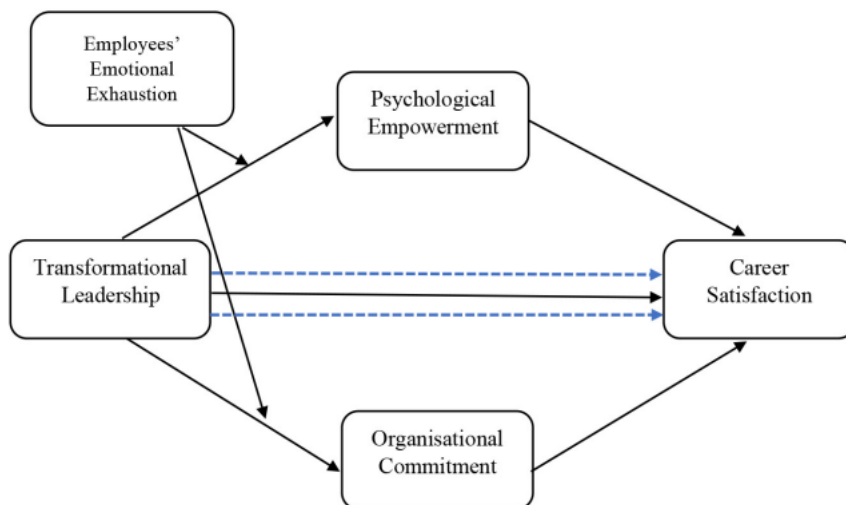
engagement among employees experiencing high emotional exhaustion, suggesting that depleted emotional resources constrain the motivational impact of leadership behaviors. Conversely, when exhaustion levels were low, transformational leadership was associated with higher work engagement, underscoring the importance of follower well-being in enabling leaders to foster engagement effectively.

***H9: Emotional Exhaustion plays a significant moderating role in the relationship between transformational leadership and work engagement.***

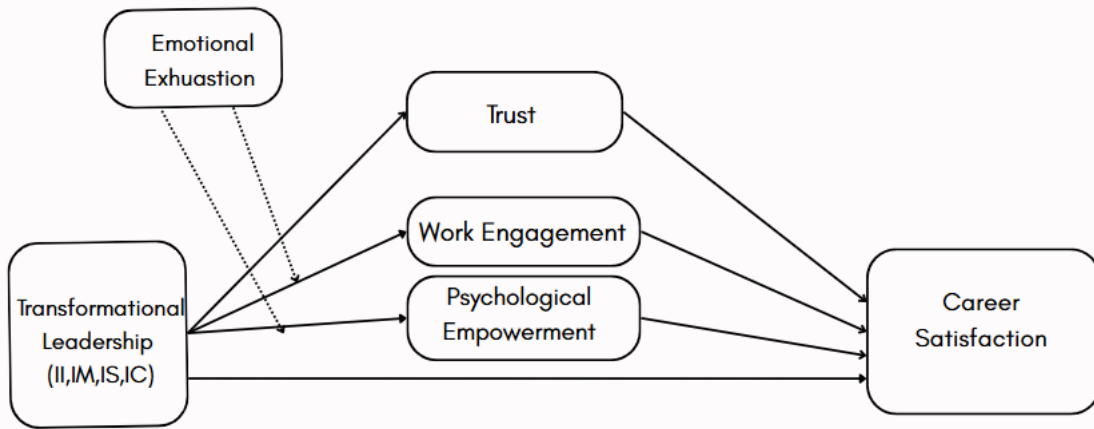
#### **2.4. Conceptual Framework**

Based on the above literatures and scholar definition the following conceptual model has been developed to see the relationship between independent variable, and the dependent variable as well as the mediation & moderator role of the variables.

The framework for this study is taken from the study by (Raza & Qamar, 2023), Trust and work engagement has been added as mediators according to the future research recommendation, to make the study unique and investigate it deeply.



**Figure 1: Conceptual Framework. Source Raza and Qamar (2023) and the author**



**Figure 2: Study Model**

### **3. Chapter Three: Research Methodology**

#### **3.1. Introduction**

This part describes the methodologies that are used in this study: the choice of particular research designs, sample and sampling techniques, sources of data and data collection tools, and data analysis method along with an appropriate justification associated with each approach.

Research Methodology defined as “dictates the particular tools” i.e., mechanisms or strategies used to “collect, manipulate, or interpret data” that are utilized in the research (Leedy & Ormrod, 2010).

#### **3.2. Research Design**

A research design is an outline or sketch that used for fulfilling research objectives and answering research questions. It can be also referred to as a master plan that specifies the methods and procedures for collecting and analyzing the required information or data in a given study (Neuman, 2007). The researcher employed descriptive and explanatory approaches of research design. Descriptive research are those research studies, which concerned with recounting the characteristics of a particular individual or of a group (Kothari, 2004). Descriptive research is used by gathering data from individuals or group. Data were collected through questionnaire from employees and the responses were analyzed in the descriptive analysis using various descriptive means. Explanatory research design helps to determine cause and effect relationships with a primary purpose of determining new events that occur and which events affects or influence a particular outcome (Algozzine & Hancock, 2006). Casual relationships answers questions by explaining which variables are the causes or the independent variables and which variables are being affect or dependent variable.

#### **3.3. Research Approach**

The study is going to be used quantitative approach. Quantitative approach is based on the measurement of quantity or amount. Quantitative data is applicable to phenomena that can be expressed in terms of quantity (Kothari, 2004). Qualitative research is a research approach usually emphasizes words rather than quantification in the collection analysis of data (Bryman & Bell, 2011). The quantitative method was chosen since its applicable for examining structured

relationships between variables and testing research hypotheses based on statistical facts (Creswell, 2014).

### **3.4. Research Method**

A survey is a research method used for collecting data from a predefined group of respondents to gain information and insights into various topics of interest. They can have multiple purposes, and researchers can conduct it in many ways depending on the methodology chosen and the study's goal. Therefore, this paper is going to use questioner as a survey method.

### **3.5. Population and Sampling Design**

#### **3.5.1. Target Population**

The target population of this study shows the total number of people that the research is going through while conducting the survey. Then, this paper tried to investigate the effect of transformational leadership and career satisfaction in case of Kifiya Financial Technology, Addis Ababa, Ethiopia which has 450 number of employees, from this the researcher distributed for the selected employees of headquarter. Kifiya Financial Technology, one of the leading FinTech companies in Ethiopia, has grown to employ approximately 450 staff members across its core business functions, including technology, operations, customer service, product development, finance, and digital credit services.

#### **3.5.2. Sampling Frame & Sampling Location**

Sampling frame shows a means for choosing the particular members or a sample from the target population that are going to be included in the survey (Kothari, 2004). Therefore, this paper has sample frame with variety of respondents.

##### **3.5.2.1. Sampling Technique**

Sampling is one of the technical processes of selecting a suitable sample for determining parameters or characteristics of the whole population (Adams et al., 2007). Sample is the part, which have items so selected, constitute what is technically called a sample. (Sekaran, 2016) Stated, as sample is a portion of the population that has attributes as the entire population. The study is going to use random sampling method. For convenience of the researcher, the target was

selected from Head office. Finally, respondents were selected randomly. (Saunders et al., 2019) explain that random sampling is recommended where the sampling frame exists and the researcher is aiming to produce statistically valid and generalizable findings from the population.

### **3.5.2.2. Sample Size determination**

To undertake this customer survey, the sample size for the study must be defined first. An estimation of appropriate sample size was calculated by using the most known formula developed by Taro (Yamane, 1967). The total population as indicated above shows 450 employees of Kifiya.

Formula;  $n = \frac{N}{1 + N(e)^2}$

Then,  $450 / (1 + (.05)^2 * 450) = 450 / 2.25 = n = 212$

**Where;**

- 'n' implies number of sample to be selected
- 'N' indicates population size
- 'e' stands for acceptable error level.

### **3.6. Source of Data**

This paper used both primary and secondary sources of data. Secondary data can be shown information or data collected by other researchers or institutions, usually for different reasons (Blumberg et al., 2008). In addition, primary data is when the information is gathered for the purpose of the research specifically (Sekaran, 2016). Consequently, this paper used both primary and secondary sources of data. The primary source of data collected from direct answers from

the respondents' using questioners and the secondary data collected from the other institutions or scholars stated before this paper.

### **3.7. Measurement Development**

The study investigates the effect of transformational leadership on career satisfaction, mediating variables of psychological empowerment, trust, and work engagement & Moderating variable of Emotional exhaustion. The items from tested instruments in the literature were modified to measure each construct to suit the organizational context of Kifiya Financial Technology.

The four dimensions of **transformational leadership**: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration were measured with items drawn from (Bass & Avolio, 1994) Multifactor Leadership Questionnaire (MLQ-6S). These items have been used frequently in leadership research and demonstrate strong psychometric properties across a variety of organizational settings.

**Career satisfaction** was assessed with items borrowed from (Greenhaus et al., 1990) that capture individuals' subjective evaluations of their career progress, satisfaction with career goals, and overall satisfaction with career growth.

**Psychological empowerment** was measured using the scale developed by (Spreitzer, 1995) that included four subdimensions: meaning, competence, self-determination, and impact. The scale has been tested for validity in organizational behavior research and is sufficient to test employees' feelings of empowerment in their work.

**Trust** was measured using adapted items from Podsakoff et al. (1990), which studies employees' confidence in their leader's fairness, honesty and concern for their well-being. Trust is an important mediating construct in leadership effectiveness and employee satisfaction.

**Work engagement** was measured by (Schaufeli et al., 2002) Utrecht Work Engagement Scale (UWES -3), which is a validated ultra small version of the original UWES, which measures the three core dimension of work engagement vigor, dedication, and absorption.

**Emotional Exhaustion** was measured by (Maslach & Jackson, 1986), Maslach Burnout Inventory (MBI), which measures the core dimension of emotional exhaustion—feelings of emotional depletion and fatigue caused by chronic work demands.

**Table 2: The Source of questionnaire items**

S.no	Variables to be studied	Source of Question
1	Transformational Leadership	12 items adopted from Bass and Avolio's MLQ-6S (Short Form) (1995) including: Idealized Influence (3 items), Inspirational Motivation (3 items), Individualized Consideration (3 items), Intellectual Stimulation (3 items)
2	Psychological Empowerment	12 items adopted from Spreitzer (1995), Psychological empowerment scale including: Meaning (3 items), Competence (3 items), Self-determination (3 items), Impact (3 items).
3	Trust	6 items adopted from Podsakoff et al. (1990), Podsakoff et al. Trust Scale,
4	Work Engagement	3 items adopted from Schaufeli et al. (2019), UWES-3 (Short Form)
5	Career Satisfaction	5 items adopted from Greenhaus et al., 1990, Career Satisfaction Scale
6	Emotional Exhaustion	9 items adapted from Maslach, C., & Jackson, S. E. (1986), Maslach Burnout Inventory (MBI)

### 3.8. Data Collection

The data was collected using questionnaire method. A questionnaire is a pre-formulated written set of questions to which respondents record their answers. A questionnaire is a competent data collection tool when the researcher knows exactly what is required and how to measure the variables of interest. Questionnaires can be administered personally, mailed to the respondents, or electronically distributed (Sekaran, 2016). Therefore, this paper distributed a close-ended questioner to the respondents.

Questionnaire was distributed primary using google form to have high response rate and for situations where google form is not possible, questionnaire was shared through personal delivery and filled manually. The questionnaire consists of demographic information and structure items to measure the main constructs in the research framework, where a a seven-point Likert scale ranging from “Strongly Disagree” (1) to “Strongly Agree” (7) are used.

### **3.9. Data Treatment**

When respondents miss or fill out an item incorrectly, missing data frequently results(Muijs, 2010). However, missing data is expected to be limited because the Google Forms survey used in this study requires completion of every item. Yet, where the percentage of missing data was less than 10%, (Hair et al., 2019) advised that mean substitution be used to handle the missing data if necessary. There is little chance of outliers as a result of miscoding because all responses were gathered electronically and were based on a 7-point Likert scale.

### **3.10. Data Analysis Technique**

Partial least squares structural equation modeling (PLS-SEM) was used in this study with SmartPLS 4 to analyze the data. This method suits the data characteristics and supports moderation and mediation analysis. PLS-SEM is widely used in fields like human resource management and marketing (Iqbal et al., 2021) and is effective for modeling complex cause-effect relationships involving latent variables (Karnadi, 2023). Unlike covariance-based SEM, PLS-SEM is a component-based, second-generation technique that handles complex models and varying sample sizes (Hair et al., 2019). SmartPLS software offers an intuitive interface and advanced features like bootstrapping for data exploration, theory testing, and prediction. This study employs the latest SmartPLS version based on these advantages (Karnadi, 2023).

Data were analyzed using PLS-SEM in SmartPLS 4, following (Hair et al., 2019). The analysis proceeded in two stages:

#### **1. Measurement Model Assessment:**

- **Reliability:** Assessed via Cronbach’s alpha ( $\alpha > 0.70$ ) and composite reliability (CR  $> 0.70$ ).

- **Convergent Validity:** Evaluated using average variance extracted (AVE > 0.50) and outer loadings (> 0.70).
- **Discriminant Validity:** Confirmed through Heterotrait-Monotrait (HTMT) ratios (< 0.90) and Fornell-Larcker criterion.
- TL in Model 2 was modeled as a higher-order construct, with II, IM, IS, and IC as reflective lower-order components.

## 2. Structural Model Assessment:

- **Path Coefficients:** Estimated using the PLS algorithm with 5,000 bootstrap resamples to test significance ( $p < 0.05$ ).
- **Variance Explained:** Assessed via  $R^2$  (CS: Model 1, Model 2; PE, TR, WE: Model 2).
- **Effect Sizes:** Measured using  $f^2$  (0.02 = small, 0.15 = medium, 0.35 = large).
- **Predictive Relevance:** Evaluated with  $Q^2$  (> 0) via blindfolding.
- **Collinearity:** Checked using Variance Inflation Factors (VIF < 5).
- **Mediation:** Tested for PE, TR, and WE in Model 2 using specific indirect effects
- **Moderation:** Examined EE's moderating role

### 3.11. Ethical Considerations

The study was conducted by considering ethical responsibility. This includes providing information to the respondents the purpose of the study and the use of the information as well. Every person involved in the study entitles to the right of privacy and dignity of treatment, and no personal harm was not be caused to subjects in the research. Information that was obtained was and will be held in strict confidentiality by the researcher. The following ethical considerations were at the base of this research such like fairness, openness of intent, disclosure of methods, respect or the integrity of the employee's informed willingness on the part of the subjects to participate voluntarily in the research are highly considered and also following the procedures of the university and the company.

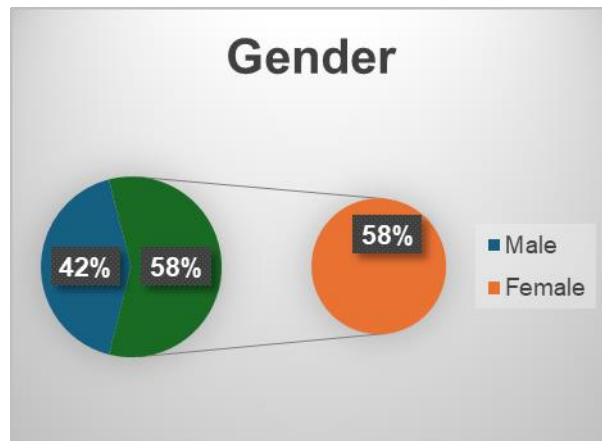
## 4. Chapter Four: Results and Discussion

### 4.1. Introduction

This chapter focuses on two models and investigates the connections between transformational leadership (TL) and Career Satisfaction. The direct effects of TL components on Career Satisfaction are examined in Model 1 (Idealized Influence [II], Inspirational Motivation [IM], Intellectual Stimulation [IS], and Individualized Consideration [IC]). Model 2 examines the relationship between TL and career satisfaction as a higher-order concept, with emotional exhaustion acting as a moderator and psychological empowerment, trust, and job engagement acting as mediators. Partial Least Squares Structural Equation Modeling (PLS-SEM) in SmartPLS 4 was used to evaluate the data. Descriptive statistics, measurement model evaluation, structural model results for Models 1 and 2, control variables, and a summary of findings comprise the chapter's structure.

### 4.2. Respondents' Demographic Characteristics

#### 4.2.1. Gender



**Figure 3: Gender**

A total of 212 respondents from various professional backgrounds took part in the study. of them, 97 (42.2%) were men and 133 (57.8%) were women, suggesting that the study's findings are shaped by a slightly larger proportion of women's opinions.

#### 4.2.2. Education Background

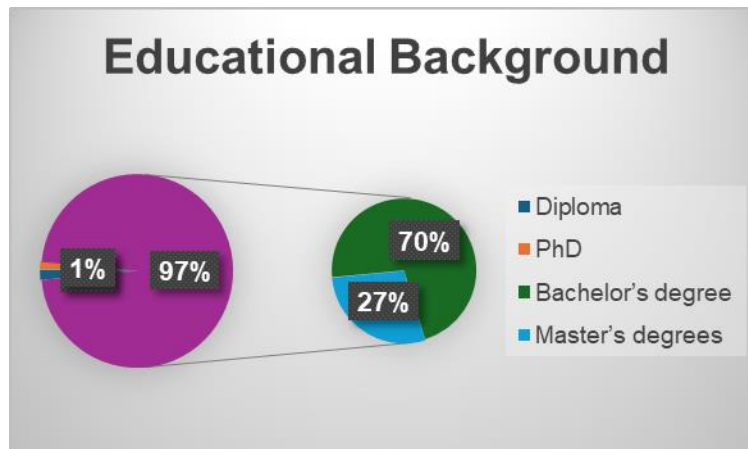


Figure 4: Education Background

In terms of educational background, the majority of respondents held a bachelor's degree (69.6%), followed by those with master's degrees (27.4%). A smaller proportion of participants had a diploma (1.7%), while PhD holders represented 1.3% of the respondents. This implies that the survey captured insights from a diverse range of educational backgrounds.

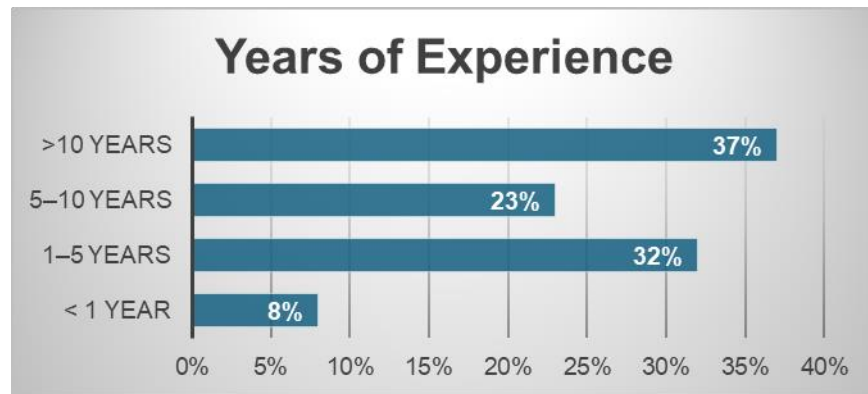
#### 4.2.3. Job Level



Figure 5: Job-level

Regarding job level, 23.9% of the respondents were Entry Level employees, while the largest group, 52.6%, occupied Mid- Level positions. Managers comprised 21.7%, and executives represented 1.7% of the sample. This distribution ensures that a balanced viewpoint from various organizational levels is represented in the survey.

#### 4.2.4. Years of experience



**Figure 6: Years of Experience**

In terms of years of experience, 8.3% of respondents had less than one year, while 31.7% reported 1–5 years of experience. 23.5% had 5–10 years, and the largest group, 36.5%, had more than ten years of experience. This demonstrates that the study’s conclusions are firmly grounded in the perspectives of seasoned professionals.

#### 4.3. Descriptive Statistics

Table 3 below displays the findings of the descriptive statistics. The results of the survey indicate that respondents generally agreed with the claims, as indicated by the average ratings for the items over 5. These findings are further supported by the median results, which are likewise 5 or higher. The study found that respondents had positive opinions of transformational leadership, work engagement, psychological empowerment, and trust all of which enhance employee outcomes. The respondents' mean score of roughly 5 indicates that they largely agreed with the survey's content. Last but not least, respondents did not think highly of the survey questions if their mean ratings were less than five, such as those for emotional exhaustion. The data distribution appears to be skewed to the left, according to the skewness scores ranging from -0.994 to -0.068. Conversely, the excess kurtosis values, which range from 0.322 to 1.303, indicate that the distribution is flatter than what would be considered typical.

**Table 3: Descriptive statistics result**

Name	No.	Type	Mean	Median	Scale min	Scale max	Observed min	Observed max	Standard deviation	Excess kurtosis	Skewness	Cramér-von Mises p value
II1	5	ORD	5.143	5.000	1.000	7.000	2.000	7.000	1.112	1.047	-0.994	0.000
II2	6	ORD	5.113	5.000	1.000	7.000	2.000	7.000	1.185	0.593	-0.788	0.000
II3	7	ORD	5.126	5.000	1.000	7.000	2.000	7.000	1.062	0.434	-0.781	0.000
IM4	8	ORD	5.048	5.000	1.000	7.000	2.000	7.000	1.135	0.783	-0.884	0.000
IM5	9	ORD	5.126	5.000	1.000	7.000	2.000	7.000	1.114	0.397	-0.708	0.000
IM6	10	ORD	5.152	5.000	1.000	7.000	2.000	7.000	1.079	0.898	-0.851	0.000
IS7	11	ORD	5.078	5.000	1.000	7.000	2.000	7.000	1.151	0.597	-0.774	0.000
IS8	12	ORD	5.113	5.000	1.000	7.000	2.000	7.000	1.159	0.443	-0.812	0.000
IS9	13	ORD	5.100	5.000	1.000	7.000	2.000	7.000	1.105	1.007	-0.862	0.000
IC10	14	ORD	5.139	5.000	1.000	7.000	2.000	7.000	1.114	0.538	-0.752	0.000
IC11	15	ORD	5.087	5.000	1.000	7.000	2.000	7.000	1.135	0.322	-0.711	0.000
IC12	16	ORD	5.135	5.000	1.000	7.000	2.000	7.000	1.117	0.344	-0.702	0.000
TR13	17	ORD	5.165	5.000	1.000	7.000	3.000	7.000	0.727	-0.066	-0.129	0.000
TR14	18	ORD	5.161	5.000	1.000	7.000	3.000	7.000	0.682	-0.033	-0.050	0.000
TR15	19	ORD	5.165	5.000	1.000	7.000	3.000	7.000	0.709	-0.576	-0.250	0.000
TR16	20	ORD	5.200	5.000	1.000	7.000	3.000	7.000	0.713	-0.049	-0.241	0.000
TR17	21	ORD	5.109	5.000	1.000	7.000	3.000	6.000	0.699	-0.675	-0.230	0.000
TR18	22	ORD	5.222	5.000	1.000	7.000	3.000	7.000	0.715	-0.253	-0.141	0.000
PE19	23	ORD	5.965	6.000	1.000	8.000	4.000	8.000	0.879	-0.368	0.107	0.000
PE20	24	ORD	5.900	6.000	1.000	8.000	4.000	8.000	0.886	-0.535	-0.255	0.000
PE21	25	ORD	5.943	6.000	1.000	8.000	4.000	8.000	0.885	-0.436	-0.267	0.000
PE22	26	ORD	5.957	6.000	1.000	8.000	3.000	8.000	0.941	-0.094	-0.197	0.000
PE23	27	ORD	5.922	6.000	1.000	8.000	4.000	8.000	0.866	-0.344	-0.130	0.000
PE24	28	ORD	5.961	6.000	1.000	8.000	4.000	8.000	0.915	-0.553	-0.093	0.000
PE25	29	ORD	5.909	6.000	1.000	8.000	4.000	8.000	0.897	-0.645	-0.146	0.000

<b>PE26</b>	30	ORD	5.983	6.000	1.000	8.000	4.000	8.000	0.913	-0.298	-0.172	0.000
<b>PE27</b>	31	ORD	6.035	6.000	1.000	8.000	3.000	8.000	0.955	-0.307	-0.100	0.000
<b>PE28</b>	32	ORD	5.987	6.000	1.000	8.000	4.000	8.000	0.916	-0.469	-0.179	0.000
<b>PE29</b>	33	ORD	5.983	6.000	1.000	8.000	4.000	8.000	0.928	-0.441	-0.360	0.000
<b>PE30</b>	34	ORD	5.952	6.000	1.000	8.000	3.000	8.000	0.920	-0.240	-0.175	0.000
<b>WE31</b>	35	ORD	5.961	6.000	1.000	8.000	4.000	8.000	0.876	-0.467	-0.080	0.000
<b>WE32</b>	36	ORD	5.904	6.000	1.000	8.000	4.000	8.000	0.894	-0.492	-0.214	0.000
<b>WE33</b>	37	ORD	5.935	6.000	1.000	8.000	4.000	8.000	0.923	-0.685	-0.237	0.000
<b>CS34</b>	38	ORD	7.417	7.000	1.000	9.000	5.000	9.000	0.802	1.034	-0.695	0.000
<b>CS35</b>	39	ORD	7.483	8.000	1.000	9.000	5.000	9.000	0.806	0.750	-0.495	0.000
<b>CS36</b>	40	ORD	7.452	8.000	1.000	9.000	5.000	9.000	0.837	0.822	-0.565	0.000
<b>CS37</b>	41	ORD	7.478	8.000	1.000	9.000	5.000	9.000	0.817	0.876	-0.556	0.000
<b>CS38</b>	42	ORD	7.457	8.000	1.000	9.000	4.000	9.000	0.832	1.303	-0.706	0.000
<b>EE39</b>	43	ORD	3.565	4.000	1.000	7.000	1.000	6.000	1.323	-0.337	-0.068	0.000
<b>EE40</b>	44	ORD	3.617	4.000	1.000	7.000	1.000	6.000	1.316	-0.313	-0.061	0.000
<b>EE41</b>	45	ORD	3.635	4.000	1.000	7.000	1.000	6.000	1.298	-0.120	-0.089	0.000
<b>EE42</b>	46	ORD	3.587	4.000	1.000	7.000	1.000	6.000	1.308	-0.244	-0.103	0.000
<b>EE43</b>	47	ORD	3.604	4.000	1.000	7.000	1.000	6.000	1.334	-0.359	-0.121	0.000
<b>EE44</b>	48	ORD	3.583	4.000	1.000	7.000	1.000	6.000	1.309	-0.302	-0.023	0.000
<b>EE45</b>	49	ORD	3.600	4.000	1.000	7.000	1.000	6.000	1.324	-0.341	-0.105	0.000
<b>EE46</b>	50	ORD	3.574	4.000	1.000	7.000	1.000	6.000	1.293	-0.143	-0.091	0.000
<b>EE47</b>	51	ORD	3.587	4.000	1.000	7.000	1.000	6.000	1.318	-0.351	-0.064	0.000

#### **4.4. The PLS-SEM Algorithm and Bootstrapping**

The partial least squares structural equation modeling (PLS-SEM) approach was used in this paper to examine the data. Since PLS-SEM is excellent at doing regression studies that assess complex relationships between components, it is a perfect fit for this study. Neither a large sample size nor an assumption of normalcy is required because it is non-parametric (Hair et al., 2011). PLS-SEM is a multivariate method that simultaneously evaluates the measurement and

structural models to get estimates with low error variance. This method is especially appropriate since it shows and validates relationships between constructs at the same time (Hair et al., 2020).

A resamples of 5000 were used in the bootstrapping technique to evaluate the structural model. The structural model and the measurement model are the two primary parts of the structural equation model in PLS-SEM.

The results of the descriptive statistics are shown in Table 3 below. Based on the average ratings for the items over 5, the survey's findings show that respondents largely agreed with the claims. The median values, which are also 5 or higher, provide additional support for these conclusions. According to the survey, respondents viewed psychological empowerment, trust, job engagement, and transformational leadership favorably, all of which improve career satisfaction. Respondents did not think highly of a survey question if its mean rating was less than five, such as the one for emotional exhaustion. In reflective measurement models, the indicators are viewed as manifestations of the latent concept that underlies them, and modifications to the construct result in modifications to the indicators. The coefficients that capture these connections are called outer loadings, and the arrows in the model point from the latent construct to the indicator variables. In contrast, the latent construct in formative measurement models is believed to be caused by the indicators. Here, the coefficients are referred to as outer weights, and the arrows point from the indicator variables to the latent construct. The ability of PLS-SEM to handle both types of measurement models demonstrates its versatility and suitability for our study.

#### **4.5. Measurement Model Assessment (Outer Model)**

Achieving the validity and reliability of our measurements is the aim of the measurement model assessment. The items' content validity, reliability, discriminant validity, consistency reliability, and convergent validity are some of the components that make up the measuring model (Hair et al., 2020). By looking at their outside loadings, the individual constructs' reliability is assessed (Hair et al., 2020). When assessing measurement models, it is crucial to distinguish between formative and reflecting models (Karnadi, 2023).

Models of reflective measurement are used to assess validity and reliability. In terms of construct reliability, composite reliability is primarily utilized to evaluate a construct's internal consistency. Since composite reliability takes into account the fluctuating reliability of numerous

indicators, it is more appropriate for PLS-SEM than Cronbach's alpha, where indicators are ranked based on their reliability during model estimation. While values between 0.70 and 0.90 are advised in subsequent stages of the investigation, composite reliability values between 0.60 and 0.70 are considered sufficient in exploratory research (Hair et al., 2019). A result below 0.60 indicates a lack of reliability.

Each indication's dependability should also be taken into account; strong reliability is indicated by standardized loadings larger than 0.70. Indicator values with loadings between 0.40 and 0.70 may be removed from the scale if doing so raises composite reliability above the suggested level. But it's also important to think about how removing signs can compromise their validity. Weaker indicators may be retained if they demonstrate content validity. Indicators with loadings of 0.40 or less should often be eliminated by reflective scales.

When assessing the validity of reflective measurement models, convergent and discriminant validity are important considerations. Convergent validity can be checked using the average variance extracted (AVE). An AVE value of 0.50 or above, which shows that the dependent variable shows more than half of the variance in its indicators, is indicative of sufficient convergent validity. Discriminant validity can be confirmed by the Fornell-Larcker criterion and cross-loadings. The Fornell-Larcker criterion states that a latent concept should show more variance with its assigned indicators than any other unobserved variables in the structural model. The AVE values of any latent variable should, in terms of statistics, be greater than the squared correlation between it and any other construct. The second criteria for discriminant validity is that the indicator's factor loading with its associated latent concept must be greater than its loadings with all other constructs (i.e., the cross-loadings).

#### **4.5.1. Internal consistency Reliability/ Composite reliability**

When evaluating a construct's internal consistency in terms of construct reliability, composite reliability is commonly utilized. In social science research, internal consistency dependability has traditionally been assessed using "Cronbach's alpha." However, when combined with PLS-SEM, this measurement tends to be cautious. To get around this issue, previous studies have proposed adopting "Composite Reliability" as a substitute metric (Hair et al., 2020). A composite reliability reading of greater than 0.7 is considered excellent, according Karnadi (2023). C.R. values greater than 0.7 indicate internal consistency across items, indicating that each construct

assesses unique concepts. Similarly, Cronbach alpha values greater than 0.7 have an impact on the structures.

**Table 4: Reliability Test Result**

	<b>Cronbach's alpha</b>	<b>Composite reliability (rho_a)</b>	<b>Composite reliability (rho_c)</b>	<b>Average variance extracted (AVE)</b>
<b>IC1</b>	0.936	0.956	0.959	0.885
<b>II</b>	0.931	0.939	0.956	0.879
<b>IM</b>	0.935	0.939	0.959	0.886
<b>IS</b>	0.937	0.942	0.959	0.888
<b>CS3</b>	0.930	0.931	0.947	0.782
<b>EE</b>	0.990	0.991	0.991	0.927
<b>PE</b>	0.958	0.958	0.963	0.685
<b>TR</b>	0.920	0.922	0.938	0.715
<b>WE3</b>	0.849	0.851	0.909	0.768

For Model 1, all items for II, IM, IS, IC, and Career Satisfaction had loadings ranging from [e.g., 0.70 to 0.90]. For Model 2, items for all constructs, including the first-order components of TL, met the threshold.

#### **4.5.2. Convergent validity**

Convergent validity assesses the degree of relationship between indicators measuring the same construct. This suggests that all indicators measure shared variance as hypothesized and accurately reflect the intended latent variable. Each latent variable's Average Variance Extracted (AVE) is computed in order to evaluate convergent validity. According to (Fornell & Larcker, 1981), an AVE value of 0.50 or higher is considered acceptable, indicating that more than half of the variance in indicators is explained by the latent construct rather than by measurement error.

As seen in Table 6, all AVE values exceed the recommended threshold of 0.50, ranging from 0.685 to 0.927. For Model 1, AVE values ranged from 0.781 (CS) to 0.888 (IS). For Model 2,

AVE values ranged from 0.685 (PE) to 0.927 (EE). These results support the convergent validity of the constructs, suggesting that the indicators consistently measure their underlying concepts. This finding aligns with (Hair, et al., 2020), who recommend using AVE as a robust indicator of convergent validity.

Convergent validity is evaluated utilizing construct reliability metrics and outer loadings in addition to AVE. According to Composite dependability (CR) and Cronbach's alpha, all constructions demonstrated satisfactory levels of dependability. A Cronbach's alpha value greater than 0.70 indicates sufficient internal consistency, as per Hair et al. (2011). Similarly, a composite reliability (rho\_c) score greater than 0.70 signifies that the construct is measured consistently.

As summarized in Table 6 (Reliability Test Result), for Model 1, Cronbach's alpha ranged from 0.930 to 0.937, and CR ranged from 0.947 to 0.959. For Model 2, Cronbach's alpha ranged from 0.849 (WE) to 0.990 (EE), and CR ranged from 0.909 (WE) to 0.991 (EE). All constructs met the thresholds, confirming high internal consistency. Therefore, based on the high AVE values, strong outer loadings (ranging from 0.807 to 0.968 across both models), and robust reliability coefficients, it can be concluded that the measurement model demonstrates adequate convergent validity and construct reliability.

**Table 6: Validity Test Result**

Construct	Model	Outer Loadings (Range)	Cronbach's $\alpha$	CR (rho_c)	AVE
Idealized Influence (II)	1	0.927–0.945	0.931	0.956	0.879
Inspirational Motivation (IM)	1	0.924–0.952	0.935	0.959	0.886
Intellectual Stimulation (IS)	1	0.934–0.954	0.937	0.959	0.888
Individualized Consideration (IC)	1	0.931–0.947	0.936	0.959	0.885
Career Satisfaction (CS)	1, 2	0.863–0.901	0.93	0.947	0.781/0.782
Transformational Leadership (TL)	2	0.830–0.875	0.968	0.971	0.738
Psychological Empowerment (PE)	2	0.807–0.846	0.958	0.963	0.685
Trust (TR)	2	0.829–0.871	0.92	0.938	0.715
Work Engagement (WE)	2	0.866–0.882	0.849	0.909	0.768
Emotional Exhaustion (EE)	2	0.956–0.968	0.99	0.991	0.927

### 4.5.3. Discriminant validity

A measure of how different notions differ from one another is called discriminant validity (Cable & DeRue, 2002). Cross-loading, the Heterotrait-Monotrait (HTMT) ratio, and the three criteria put out by (Fornell & Larcker, 1981), (Leguina, 2015) were used in this work to evaluate discriminant validity.

#### 4.5.3.1. The Fornell-Larcker criterion of testing

According to (Fornell & Larcker, 1981), When the square root of each construct's Average Variance Extracted (AVE) is greater than its correlations with any other construct, discriminant validity is demonstrated. Strong discriminant validity is indicated by Table 5, which displays that the square root of the AVE (on the diagonal, in bold) for each construct is greater than the equivalent correlations (off-diagonal) (Hair, et al., 2020).

For Model 1, the square root of AVE (0.884–0.942) exceeded correlations (e.g., CS–IC = 0.297). For Model 2, the square root of AVE (0.828–0.963) exceeded correlations (e.g., CS–PE = 0.682). Discriminant validity was confirmed (Table 5).

**Table 5: Fornell-Larcker Criterion for Discriminant Validity**

<b>Model 1</b>	<b>CS</b>		<b>IC</b>	<b>II</b>	<b>IM</b>		<b>IS</b>	
CS	<b>0.884</b>							
IC	0.297		<b>0.941</b>					
II	0.236		0.791	<b>0.938</b>				
IM	0.222		0.755	0.792	<b>0.941</b>			
IS	0.295		0.774	0.8	0.752		<b>0.942</b>	
<b>Model 2</b>	<b>CS</b>	<b>EE</b>	<b>PE</b>	<b>TL</b>	<b>TR</b>		<b>WE</b>	
CS	<b>0.884</b>							
EE	-0.135	<b>0.963</b>						
PE	0.682	-0.361	<b>0.828</b>					
TL	0.284	-0.524	0.633	<b>0.859</b>				
TR	0.524	-0.195	0.647	0.376	<b>0.846</b>			
WE	0.608	-0.314	0.736	0.627	0.56		<b>0.877</b>	

*Note:* Square root of AVE is on the diagonal. Off-diagonal values are correlations.

#### 4.5.3.2. Heterotrait-monotrait (HTMT) ratio matrix

HTMT ratio matrix in PLS-SEM evaluates the discriminant validity of a measurement model . The squared correlation between two constructs is divided by the product of their AVE values to determine the HTMT ratio. For discriminant validity to be demonstrated, the HTMT ratio values must be less than 0.90.

Since each HTMT ratio is less than 0.90, as shown in (Table 6), the discriminant validity requirements have been met. For Model 1, HTMT ratios ranged from 0.235 (IM–CS) to 0.859 (IS–II). For Model 2, HTMT ratios ranged from 0.140 (EE–CS) to 0.816 (WE–PE). This finding aligns with (Ahmed et al., 2023), who state that achieving HTMT values below the threshold indicates acceptable discriminant validity between constructs. Therefore, it is concluded that the constructs in both models support the measurement model under consideration.

The HTMT ratio matrix can be calculated using the following formula:

$$HTMT = r_{ij}^2 / (AVE_i * AVE_j)$$

where the average variance extracted for construct i is denoted by  $[AVE]_i$ , the average variance extracted for construct j by  $[AVE]_j$ , and the squared correlation between constructions i & j by  $r_{ij}^2$ .

**Table 6: HTMT Ratio Matrix**

<b>Model 1</b>	<b>CS</b>	<b>IC</b>	<b>II</b>	<b>IM</b>	<b>IS</b>	
CS	-					
IC	0.31	-				
II	0.251	0.848	-			
IM	0.235	0.806	0.848	-		
IS	0.309	0.829	0.859	0.804	-	
<b>Model 2</b>	<b>CS</b>	<b>EE</b>	<b>PE</b>	<b>TL</b>	<b>TR</b>	<b>WE</b>
CS	-					
EE	0.14	-				
PE	0.72	0.37	-			
TL	0.297	0.533	0.657	-		
TR	0.565	0.205	0.687	0.396	-	
WE	0.683	0.342	0.816	0.689	0.631	-

### 4.5.3.3. Cross-loading

Each item loading (bolded) of the latent variables is bigger than the cross loading (with other scale items), as seen in Table 7 below.

Table 7: Cross-loading result

	CS3	EE	PE	TL	TR1	WE3	EE x TL
CS34	<b>0.888</b>	-0.157	0.61	0.275	0.507	0.572	-0.005
CS35	<b>0.882</b>	-0.142	0.619	0.275	0.467	0.565	-0.003
CS36	<b>0.871</b>	-0.103	0.576	0.208	0.404	0.492	-0.007
CS37	<b>0.9</b>	-0.081	0.631	0.234	0.465	0.507	-0.02
CS38	<b>0.879</b>	-0.113	0.575	0.258	0.469	0.549	0.017
EE39	-0.119	<b>0.967</b>	-0.368	-0.523	-0.188	-0.312	-0.175
EE40	-0.14	<b>0.96</b>	-0.364	-0.508	-0.199	-0.289	-0.161
EE41	-0.133	<b>0.96</b>	-0.359	-0.533	-0.187	-0.332	-0.153
EE42	-0.143	<b>0.965</b>	-0.329	-0.5	-0.188	-0.306	-0.172
EE43	-0.113	<b>0.968</b>	-0.324	-0.494	-0.176	-0.307	-0.166
EE44	-0.127	<b>0.961</b>	-0.339	-0.511	-0.175	-0.314	-0.172
EE45	-0.124	<b>0.956</b>	-0.344	-0.48	-0.173	-0.282	-0.171
EE46	-0.149	<b>0.962</b>	-0.354	-0.5	-0.209	-0.303	-0.17
EE47	-0.123	<b>0.965</b>	-0.346	-0.481	-0.193	-0.277	-0.174
IC10	0.228	-0.483	0.563	<b>0.859</b>	0.342	0.551	0.275
IC11	0.278	-0.49	0.56	<b>0.858</b>	0.304	0.533	0.289
IC12	0.311	-0.5	0.582	<b>0.86</b>	0.362	0.591	0.276
II1	0.234	-0.41	0.544	<b>0.865</b>	0.286	0.516	0.318
II2	0.228	-0.47	0.548	<b>0.864</b>	0.313	0.504	0.325
II3	0.196	-0.445	0.548	<b>0.875</b>	0.304	0.525	0.323
IM4	0.218	-0.366	0.534	<b>0.866</b>	0.345	0.539	0.337
IM5	0.208	-0.401	0.519	<b>0.848</b>	0.324	0.53	0.344
IM6	0.195	-0.378	0.514	<b>0.831</b>	0.289	0.514	0.402
IS7	0.248	-0.465	0.55	<b>0.875</b>	0.37	0.569	0.318
IS8	0.286	-0.462	0.516	<b>0.849</b>	0.315	0.526	0.378
IS9	0.284	-0.513	0.544	<b>0.856</b>	0.31	0.55	0.349
PE19	0.521	-0.304	<b>0.809</b>	0.521	0.521	0.569	0.038
PE20	0.531	-0.317	<b>0.85</b>	0.556	0.549	0.605	0.069
PE21	0.574	-0.301	<b>0.811</b>	0.531	0.478	0.59	0.077
PE22	0.549	-0.268	<b>0.825</b>	0.508	0.556	0.614	0.077

<b>PE23</b>	0.624	-0.319	<b>0.835</b>	0.536	0.552	0.636	0.063
<b>PE24</b>	0.576	-0.322	<b>0.807</b>	0.544	0.546	0.66	0.09
<b>PE25</b>	0.557	-0.272	<b>0.809</b>	0.523	0.556	0.619	0.071
<b>PE26</b>	0.619	-0.303	<b>0.824</b>	0.498	0.5	0.581	0.077
<b>PE27</b>	0.534	-0.276	<b>0.836</b>	0.492	0.53	0.585	0.025
<b>PE28</b>	0.518	-0.323	0.846	0.54	0.57	0.628	0.054
<b>PE29</b>	0.602	-0.268	0.837	0.495	0.533	0.652	0.082
<b>PE30</b>	0.558	-0.311	0.844	0.542	0.53	0.568	0.042
<b>TR13</b>	0.462	-0.16	0.582	0.352	<b>0.871</b>	0.535	-0.056
<b>TR14</b>	0.428	-0.173	0.525	0.281	<b>0.831</b>	0.463	-0.076
<b>TR15</b>	0.403	-0.215	0.498	0.294	<b>0.829</b>	0.477	-0.042
<b>TR16</b>	0.464	-0.147	0.58	0.341	<b>0.854</b>	0.445	0.014
<b>TR17</b>	0.456	-0.178	0.561	0.345	<b>0.858</b>	0.493	-0.004
<b>TR18</b>	0.442	-0.122	0.526	0.286	<b>0.829</b>	0.423	-0.111
<b>WE31</b>	0.51	-0.31	0.663	0.53	0.451	<b>0.866</b>	0.034
<b>WE32</b>	0.542	-0.197	0.643	0.529	0.509	<b>0.882</b>	0.081
<b>WE33</b>	0.547	-0.318	0.632	0.587	0.509	<b>0.882</b>	0.066
<b>EE TL</b> <sup>x</sup>	-0.004	-0.175	0.078	0.38	-0.053	0.069	<b>1</b>

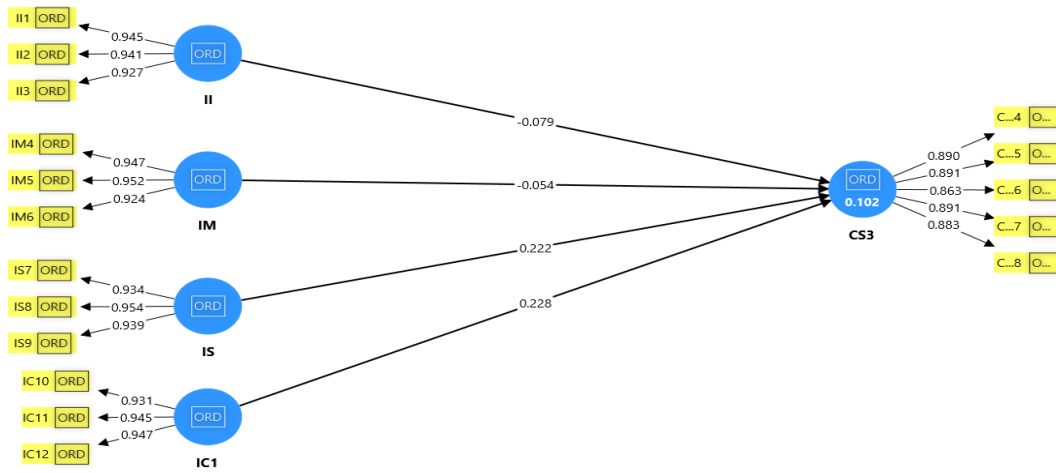
#### 4.6. Structural model Analysis (Inner Model)

After confirming the measurement model for its reliability and validity, the next step is testing the structural model to determine the relationship amongst the different latent constructs as well as the overall explanatory power of the model and test for the proposed hypotheses (Hair et al., 2019).

##### 4.6.1. Path Coefficients and Hypothesis Testing

This section presents the results of the structural model, focusing on the direct effects between constructs. Path coefficients ( $\beta$ ) were estimated using the PLS Algorithm in SmartPLS, and their significance was evaluated using a bootstrapping procedure with 5000 resamples (Hair et al., 2019).

#### 4.6.1.1. Model1 – Direct Effect



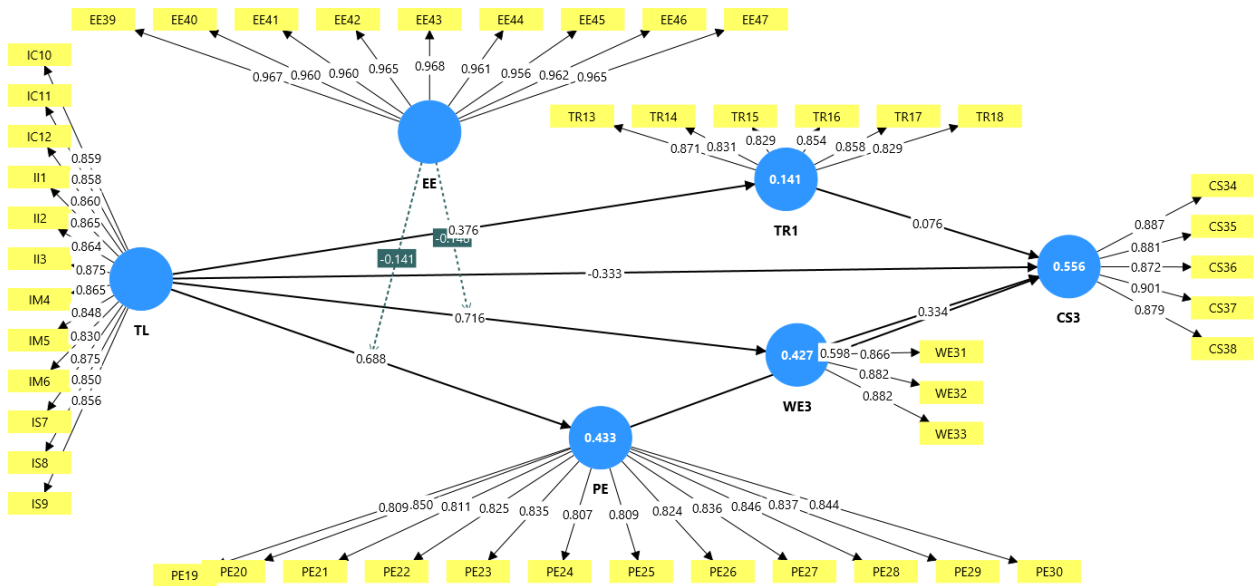
**Figure 7: Model1 – Direct Effect**

(Table 8) summarizes the path coefficients, t-values, and p-values for Model 1, testing the direct effects of II, IM, IS, and IC on Career Satisfaction (CS). For Model 1, IC ( $\beta = 0.228$ ,  $t = 2.151$ ,  $p = 0.031$ ) significantly predicted CS, supporting H4. IS was marginally significant ( $\beta = 0.222$ ,  $t = 1.944$ ,  $p = 0.052$ ), providing weak support for H3. II and IM were non-significant ( $p > 0.05$ ), rejecting H1 and H2.

**Table 8: Hypothesis Testing of Direct Effects (Model 1)**

Hypothesis	Path	$\beta$	t-value	p-value	Conclusion
H1	II → CS	-0.079	0.647	0.518	Not Supported
H2	IM → CS	-0.054	0.515	0.606	Not Supported
H3	IS → CS	0.222	1.944	0.052	Supported
H4	IC → CS	0.228	2.151	0.031	Supported

#### 4.6.1.2. Model 2 – Indirect Effect



**Figure 8: Model 2 – Indirect Effect**

(Table 9) summarizes the direct effects for Model 2. TL significantly predicted PE ( $\beta = 0.688$ ,  $t = 9.461$ ,  $p < 0.001$ ), TR ( $\beta = 0.376$ ,  $t = 6.820$ ,  $p < 0.001$ ), and WE ( $\beta = 0.716$ ,  $t = 11.921$ ,  $p < 0.001$ ), supporting hypotheses for these paths. PE ( $\beta = 0.598$ ,  $t = 8.191$ ,  $p < 0.001$ ) and WE ( $\beta = 0.334$ ,  $t = 4.795$ ,  $p < 0.001$ ) significantly predicted CS, while TR did not ( $\beta = 0.076$ ,  $t = 1.289$ ,  $p = 0.198$ ). The direct effect of TL on CS was significant but negative ( $\beta = -0.333$ ,  $t = 5.409$ ,  $p < 0.001$ ), suggesting a suppressor effect in the presence of mediators. EE had non-significant direct effects on PE ( $\beta = -0.034$ ,  $p = 0.586$ ) and WE ( $\beta = 0.026$ ,  $p = 0.665$ ).

**Table 9: Hypothesis Testing of Direct Effects (Model 2)**

Path	$\beta$	t-value	p-value	Conclusion
TL → CS	-0.333	5.409	0	Supported
TL → PE	0.688	9.461	0	Supported
TL → TR	0.376	6.82	0	Supported
TL → WE	0.716	11.921	0	Supported
PE → CS	0.598	8.191	0	Supported
TR → CS	0.076	1.289	0.198	Not Supported
WE → CS	0.334	4.795	0	Supported
EE → PE	-0.034	0.545	0.586	Not Supported
EE → WE	0.026	0.433	0.665	Not Supported

Note: Negative effect suggests suppression. Bootstrapping (5,000 resamples) was used.

#### 4.6.2. Mediation Analysis

This section shows the findings of the mediation analysis, which looks at how TL indirectly affect Career Satisfaction (CS) through PE, TR, and WE in Model 2. The bootstrapping findings, including path coefficients, t-values, and significance levels, are compiled in (Table 10).

(Table 10) shows that the indirect effect of TL on CS via PE is significant ( $\beta = 0.411$ ,  $t = 5.677$ ,  $p < 0.001$ ), indicating that PE partially mediates this relationship, supporting H5. Similarly, the indirect effect of TL on CS through WE is significant ( $\beta = 0.239$ ,  $t = 4.319$ ,  $p < 0.001$ ), supporting H7 with partial mediation. The indirect effect of TL via TR was not significant ( $\beta = 0.028$ ,  $t = 1.241$ ,  $p = 0.214$ ), rejecting H6. The indirect effects of EE via PE ( $\beta = -0.020$ ,  $t = 0.541$ ,  $p = 0.589$ ) and WE ( $\beta = 0.009$ ,  $t = 0.419$ ,  $p = 0.676$ ) were not significant. Additionally, moderated mediation effects were significant:  $EE \times TL \rightarrow PE \rightarrow CS$  ( $\beta = -0.085$ ,  $t = 3.120$ ,  $p = 0.002$ ) and  $EE \times TL \rightarrow WE \rightarrow CS$  ( $\beta = -0.049$ ,  $t = 3.048$ ,  $p = 0.002$ ), indicating that EE weakens the mediated effects of TL on CS via PE and WE.

**Table 10: Hypothesis Testing of Indirect Effects (Mediation Analysis)**

Hypothesis	Path	$\beta$	t-value	p-value	Conclusion
H5	TL $\rightarrow$ PE $\rightarrow$ CS	0.411	5.677	0	Supported
H6	TL $\rightarrow$ TR $\rightarrow$ CS	0.028	1.241	0.214	Not Supported
H7	TL $\rightarrow$ WE $\rightarrow$ CS	0.239	4.319	0	Supported
-	EE $\rightarrow$ PE $\rightarrow$ CS	-0.02	0.541	0.589	Not Supported
-	EE $\rightarrow$ WE $\rightarrow$ CS	0.009	0.419	0.676	Not Supported
-	EE $\times$ TL $\rightarrow$ PE $\rightarrow$ CS	-0.085	3.12	0.002	Supported
-	EE $\times$ TL $\rightarrow$ WE $\rightarrow$ CS	-0.049	3.048	0.002	Supported

Note: Bootstrapping (5,000 resamples) was used. Mediation type is partial due to significant direct TL  $\rightarrow$  CS path ( $\beta = -0.333$ ,  $p < 0.001$ ).

### 4.6.3. Moderation Analysis

This section shows the results of the moderation analysis, with particular attention to the interaction effects of Transformational Leadership (TL) and Emotional Exhaustion (EE) on Work Engagement (WE) and Psychological Empowerment (PE) in Model 2. By developing interaction terms ( $EE \times TL$ ) and determining their significance through bootstrapping, moderation was examined. The findings, including path coefficients, t-values, and significance levels, are compiled in (Table 11).

The results indicate that the interaction term  $EE \times TL$  significantly and negatively moderates the relationship between TL and both PE ( $\beta = -0.141$ ,  $t = 3.516$ ,  $p < 0.001$ ) and WE ( $\beta = -0.148$ ,  $t = 3.885$ ,  $p < 0.001$ ), supporting H8 and H9. These findings suggest that when EE is high, the positive impact of TL on PE and WE is weakened. This is supported by a study finding that emotionally exhausted employees are less responsive to transformational leadership's empowering efforts due to reduced capacity to engage (Wang et al., 2023).

**Table 11: Moderation Analysis Results**

Hypothesis	Path	$\beta$	t-value	p-value	Conclusion
H8	$EE \times TL \rightarrow$ PE	-0.141	3.516	0	Supported
H9	$EE \times TL \rightarrow$ WE	-0.148	3.885	0	Supported

*Note:* Bootstrapping (5,000 resamples) was used. Significant negative moderating effects indicate that high EE weakens TL's influence on PE and WE.

### 4.6.4. Coefficient of Determination ( $R^2$ )

According to Table 12, Model 1 has weak explanatory power, explaining 10.2% of the variation in Career Satisfaction (CS) ( $R^2 = 0.102$ , adjusted  $R^2 = 0.095$ ). This implies that a small percentage of the variance in CS can be explained by the direct impacts of Idealized Influence (II), Inspirational Motivation (IM), Intellectual Stimulation (IS), and Individualized Consideration (IC), perhaps as a result of the lack of intermediaries. Model 2 demonstrated moderate explanatory power, accounting for 55.6% of the variance in CS ( $R^2 = 0.556$ , adjusted

R2 = 0.548). Both Work Engagement (WE) and Psychological Empowerment (PE) had moderate explanatory power, with R2 values of 0.427 (adjusted R2 = 0.419) and 0.433 (adjusted R2 = 0.426), respectively. With an R2 of 0.141 (adjusted R2 = 0.138), trust (TR) exhibited poor explanatory power, indicating that more factors could be required to fully account for TR's variance. In line with theoretical assumptions of mediated relationships, these findings show that Model 2, which includes mediators (PE, TR, WE) and a moderator (Emotional Exhaustion [EE]), has a much higher explanatory power for CS than Model 1 (Hair et al., 2017).

**Table 12: Coefficient of Determination (R<sup>2</sup>) Values**

Construct	Model	R <sup>2</sup>	Adjusted R <sup>2</sup>
CS	1	0.102	0.095
CS	2	0.556	0.548
PE	2	0.433	0.426
TR	2	0.141	0.138
WE	2	0.427	0.419

#### 4.6.5. Effect Sizes (f<sup>2</sup>)

In order to determine the relative contribution of predictors, the effect size (f<sup>2</sup>) evaluates the influence of each exogenous variable on the R2 value of an endogenous construct. (Cohen, 1988) states that small, medium, and large effects are represented by f<sup>2</sup> values of 0.02, 0.15, and 0.35, respectively. SmartPLS calculates f<sup>2</sup> effect sizes for all predictor paths in the model, including those not formally hypothesized in this study (e.g., EE → PE). While these paths provide additional insights into the model's structure, only the f<sup>2</sup> values for hypothesized paths were interpreted in this report to align with the study's objectives.

(Table 13) summarizes the f<sup>2</sup> values from the SmartPLS analysis. For Model 1, the hypothesized paths (IL, IM, IS, IC → CS) showed small effects (f<sup>2</sup> = 0.001–0.017), indicating minimal contributions to CS's variance. For Model 2, the hypothesized paths showed varied impacts: TL had large effects on PE (f<sup>2</sup> = 0.534) and WE (f<sup>2</sup> = 0.572), highlighting its central role in driving these mediators. PE had a medium effect on CS (f<sup>2</sup> = 0.269), and WE had a small-to-medium effect (f<sup>2</sup> = 0.101), both supporting their hypothesized roles (H5, H7). TL's direct effect on CS (f<sup>2</sup> = 0.134) and TR (f<sup>2</sup> = 0.165) were medium, though the TL → TR → CS path (H6) was not supported (f<sup>2</sup> = 0.007, small). The hypothesized moderation paths (EE × TL → PE, WE) showed

small effects ( $f^2 = 0.054$  and  $0.059$ , respectively), supporting H8 and H9 but with limited impact. Non-hypothesized paths (e.g.,  $EE \rightarrow PE$ ,  $f^2 = 0.001$ ;  $EE \rightarrow WE$ ,  $f^2 = 0.001$ ) were minimal and not interpreted, as they were not central to the study's objectives. These results suggest that TL is the most influential predictor in Model 2, particularly for PE and WE, while Model 1's predictors have negligible effects.

**Table 13: Effect Sizes ( $f^2$ )**

Relationship	Model	$f^2$	Interpretation
II $\rightarrow$ CS	1	0.002	Small
IM $\rightarrow$ CS	1	0.001	Small
IS $\rightarrow$ CS	1	0.016	Small
IC $\rightarrow$ CS	1	0.017	Small
TL $\rightarrow$ CS	2	0.134	Medium
TL $\rightarrow$ PE	2	0.534	Large
TL $\rightarrow$ TR	2	0.165	Medium
TL $\rightarrow$ WE	2	0.572	Large
PE $\rightarrow$ CS	2	0.269	Medium
TR $\rightarrow$ CS	2	0.007	Small
WE $\rightarrow$ CS	2	0.101	Small
EE $\rightarrow$ PE	2	0.001	Small
EE $\rightarrow$ WE	2	0.001	Small
EE $\times$ TL $\rightarrow$ PE	2	0.054	Small
EE $\times$ TL $\rightarrow$ WE	2	0.059	Small

*Note:* Ascendancy Non-hypothesized path, not interpreted.  $f^2$  values of 0.02, 0.15, and 0.35 indicate small, medium, and large effects, respectively (Cohen, 1988).

#### 4.6.6. Collinearity Assessment (VIF)

In the structural models, multicollinearity between predictor constructs was evaluated using the Variance Inflation Factor (VIF). According to (Hair et al., 2019), VIF values greater than 5.0 (or conservatively above 3.3) suggest possible multicollinearity problems that could distort path coefficients.

Table 14 displays the VIFs for CS predictors for Model 1, which varied from 3.195 (IM) to 4.017 (II). Due to the significant correlations between the TL components (0.752–0.800), II's VIF (4.017) indicates moderate multicollinearity and exceeds the conservative 3.3 criterion. All VIFs, however, are below 5.0, suggesting that there are no serious problems.

For Model 2, VIFs ranged from 1.000 (TL → TR) to 2.995 (PE → CS). Since every value is less than 3.3, there are no multicollinearity issues at the construct level. With a low VIF (1.170), the interaction term (EE × TL) supports stable estimates for moderation paths.

While Model 1 has significant collinearity for II, which is not severe enough to jeopardize path estimations, Model 2 generally demonstrates no collinearity problems.

**Table 14: Construct-Level Variance Inflation Factor (VIF) Values**

<b>Model 1</b>	<b>CS</b>	<b>IC</b>	<b>II</b>	<b>IM</b>	<b>IS</b>		
CS	-	3.346	4.017	3.195	3.43		
<b>Model 2</b>	<b>CS</b>	<b>EE</b>	<b>PE</b>	<b>TL</b>	<b>TR</b>	<b>WE</b>	<b>EE × TL</b>
CS	-	-	2.995	1.867	1.788	2.498	-
EE	-	-	1.379	-	-	1.379	-
PE	-	-	-	-	-	-	-
TL	-	-	1.563	-	1	1.563	-
TR	-	-	-	-	-	-	-
WE	-	-	-	-	-	-	-
EE × TL	-	-	1.17	-	-	1.17	-

*Note:* VIF values < 3.3 indicate no multicollinearity issues; values > 5.0 suggest concerns (Hair et al., 2019). Model 1 shows moderate collinearity for II (VIF = 4.017).

#### **4.7. Comparison of Models**

A comparison between Model 1 and Model 2 reveals:

Variance Explained: Model 1 explained only 10.2% of the variance in Career Satisfaction (CS) ( $R^2 = 0.102$ , adjusted  $R^2 = 0.095$ ), indicating weak explanatory power. In contrast, Model 2 explained 55.6% of the variance in CS ( $R^2 = 0.556$ , adjusted  $R^2 = 0.548$ ), demonstrating that the inclusion of mediators (PE, TR, WE) and moderation effects (EE × TL) substantially enhanced the model’s explanatory power.

Direct vs. Indirect Effects: In Model 1, only Individualized Consideration (IC) significantly predicted CS ( $\beta = 0.228$ ,  $p = 0.031$ , H4 supported), with Intellectual Stimulation (IS) marginally significant ( $\beta = 0.222$ ,  $p = 0.052$ , H3 weakly supported). Idealized Influence (II) and Inspirational Motivation (IM) were non-significant (H1, H2 rejected). In Model 2, TL's direct effect on CS was significant but negative ( $\beta = -0.333$ ,  $p < 0.001$ ), suggesting a suppressor effect. TL's effects were primarily indirect, operating through Psychological Empowerment (PE;  $\beta = 0.411$ ,  $p < 0.001$ , H5 supported) and Work Engagement (WE;  $\beta = 0.239$ ,  $p < 0.001$ , H7 supported), but not Trust (TR;  $\beta = 0.028$ ,  $p = 0.214$ , H6 rejected).

Moderation Effects: In Model 2, Emotional Exhaustion (EE) significantly weakened the impact of TL on PE ( $\beta = -0.141$ ,  $p < 0.001$ , H8 supported) and WE ( $\beta = -0.148$ ,  $p < 0.001$ , H9 supported). These negative moderation effects highlight EE's critical role in reducing TL's positive influence on mediators, particularly at high EE levels.

## **5. Chapter Five: Conclusions and Recommendations**

### **5.1 Introduction**

The results from Chapter 4 are summarized in this chapter, which also interprets the findings in light of the study's objectives and research hypotheses. It discusses how the findings or results align with, diverge from, or expand upon existing literature. The chapter also identifies theoretical and practical implications, acknowledges limitations, and offers recommendations for future research and practice.

### **5.2 Discussion of Findings**

#### **5.2.1 Transformational Leadership and Career Satisfaction**

The significant positive effect of IC on career satisfaction in Model 1 aligns with transformational leadership theory, which suggests that leaders who provide individualized attention and care enhance employees' development and satisfaction (Bass & Avolio, 1994). The fact that IM, II, and IS were not significant, however, raises the possibility that these dimensions alone would not be enough to directly affect career happiness in the absence of other elements like psychological empowerment and professional engagement.

The benefits of TL on career satisfaction were mostly indirect in Model 2, indicating that TL works by improving employees' psychological states as opposed to just exerting direct impact. This lends credence to the notion that transformational leaders develop the resources of their workforce, such as engagement and empowerment, which ultimately result in increased career satisfaction ((Spreitzer, 1995); (Bakker & Demerouti, 2007)).

#### **5.2.2 The Role of Psychological Empowerment and Work Engagement**

TL and career satisfaction were found to be significantly mediated by PE and WE. This result is consistent with previous research indicating that transformational leaders establish an atmosphere that supports workers' perception of competence, autonomy, and meaning at work, all of which lead to increased job satisfaction (Avolio et al., 2001). The impact of TL on work engagement is also consistent with research showing that motivated workers are more enthusiastic and dedicated to their jobs, which improves their perception of professional accomplishment (Schaufeli et al., 2002).

### **5.2.3 The Moderating Role of Emotional Exhaustion**

Employees with high degrees of burnout are less able to convert transformational leadership into psychological empowerment and work engagement, according to the strong negative moderation by EE. The Job Demands-Resources (JD-R) model, which holds that high demands, such as emotional exhaustion, can reduce the benefits of job resources, such as supportive leadership, is consistent with this finding (Bakker & Demerouti, 2007). Practically, this implies that emotionally exhausted workers may be less receptive to even the most motivating or inspiring leadership when it comes to improving their career satisfaction.

### **5.3 Theoretical Implications**

By emphasizing transformational leadership's profound effects on psychological empowerment and work engagement in relation to employee career satisfaction, this study contributes to the body of literature on the subject. Additionally, this study adds subtlety to the Job Demands-Resources (JD-R) model by using EE as a moderator in the interactions between TL and PE & WE. The JD-R model's claim that job resources like leadership improve engagement and well-being is supported by the important mediation functions of PE and WE. Extending prior research, the conclusion that EE reduces the effects of TL implies that emotional states are important contextual elements. The lack of a substantial direct relationship between TR and CS suggests that the role of trust may be more nuanced, possibly mediated by PE or WE, and that more theoretical research is necessary. These findings refine our understanding of how leadership influences career outcomes in varying emotional contexts.

### **5.4. Practical Implications**

The results suggest that in order to improve CS, as seen in Model 1, organizations should give priority to leadership training that emphasizes IC (e.g., mentoring, customized feedback). For broader impact, leaders should foster PE (e.g., through autonomy, meaningful tasks) and WE (e.g., by promoting dedication and vigor), as these mediate TL's effects on CS in Model 2. Given EE's moderating effect, interventions to lower EE—such as stress management programs or task adjustments—are essential to maintaining TL's advantages. Regular well-being assessment, for instance, can detect elevated EE levels, allowing for focused assistance to sustain PE and WE.

### **5.5. Limitations of the Study**

Although the study's robust structure and rigorous methods, a number of limitations could affect its applicability and interpretation.

1. The use of cross-sectional data restricts the ability to establish causal relationships, as data was collected at a single point in time. Consequently, the study cannot capture changes in employee perceptions or behaviors over time. Future research is encouraged to adopt longitudinal or experimental designs to better explore causality.
2. The study's sample was limited to employees of Kifiya Financial Technology PLC, located in Addis Ababa, Ethiopia. While this focus provides context-specific insights into the FinTech sector, it limits the generalizability of the results to other industries, regions, or cultural settings. Expanding the geographic and sectoral scope in future studies would enhance the external validity of the findings.
3. Although validated measurement scales were used, reliance on self-reported data introduces the potential for social desirability bias and response distortion. Anonymity and confidentiality measures were implemented to mitigate this issue; however, incorporating multi-source data, such as supervisor ratings or objective performance metrics, is recommended for future research.
4. Time constraints during data collection limited the breadth of participation, which may have affected the comprehensiveness of the insights obtained. Future studies with extended timelines may yield richer and more representative data.
5. The study focused on specific constructs within the transformational leadership and career satisfaction frameworks, Transformational Leadership, Psychological Empowerment, Trust, Work Engagement, Emotional Exhaustion, and Career Satisfaction. While this focus enhances conceptual clarity, other relevant factors, such as organizational culture, alternative leadership styles, or external economic conditions, were not considered. Including these variables in future studies could provide a more holistic understanding of employee career satisfaction and leadership dynamics.

## 5.6. Recommendation

In light of the study's findings, the following practical and managerial recommendations are proposed to enhance employee career satisfaction and leadership effectiveness, particularly within Kifiya Financial Technology PLC and similar organizations operating in fast-paced, technology-driven environments:

### 1. Enhance Individualized Consideration Through Leadership Development

The study revealed that Individualized Consideration (IC) has a direct, significant impact on employee career satisfaction. Organizations should therefore prioritize leadership development programs that strengthen IC behaviors, including mentoring, providing personalized feedback, recognizing individual contributions, and offering tailored professional development opportunities.

### 2. Promote Psychological Empowerment Through Work Design and Autonomy

Given the significant mediating role of Psychological Empowerment (PE) in the relationship between transformational leadership and career satisfaction, organizations should:

- Redesign jobs to enhance employee autonomy and decision-making authority.
- Create meaningful work experiences that foster employees' sense of purpose, competence, and impact.
- Equip leaders with tools to involve employees in strategic discussions and initiatives.

### 3. Foster Work Engagement to Strengthen Career Satisfaction

The findings highlighted that Work Engagement (WE) is a critical pathway through which transformational leadership enhances career satisfaction. To promote work engagement, leaders should:

- Cultivate a work environment that encourages energy, dedication, and absorption.
- Recognize and celebrate employee contributions regularly.
- Provide opportunities for employees to work on challenging, stimulating tasks that align with their skills and aspirations.

#### 4. Implement Strategies to Reduce Emotional Exhaustion

The moderating effect of Emotional Exhaustion (EE) indicates that high levels of burnout diminish the positive influence of transformational leadership on PE and WE. Organizations should:

- Introduce regular stress management programs, mental health awareness campaigns, and employee assistance initiatives.
- Monitor employees' well-being through periodic assessments and provide targeted interventions where elevated EE levels are detected.
- Adjust workloads, deadlines, and task demands to prevent burnout, ensuring employees remain receptive to leadership efforts.

#### **5.7 Future Research Directions**

In order to improve generalizability, future research should replicate the study in various industries and cultural contexts and use longitudinal designs to establish causality (Hair et al., 2020). A more thorough understanding of the effects of transformational leadership (TL) may be possible by investigating additional moderators, such as job resources or organizational support (Bakker & Demerouti, 2007). Investigating the indirect effects of Trust through Psychological Empowerment (PE) or Work Engagement (WE) could clarify its role in career outcomes (Nguyen & Tran, 2023). The quantitative results could be enhanced by qualitative research, which could provide more in-depth understanding of how workers perceive TL and emotional exhaustion (EE).

Future studies should look at how industry-specific mediators, such innovation and preparedness for digital transformation, influence the relationship between leadership styles and important employee outcomes in the Fintech setting. For instance, given the dynamic nature of technology development in Fintech organizations, researchers could investigate whether innovation atmosphere mediates the relationship between TL and employee outcomes like psychological empowerment or work engagement. Given the importance of digital skills in Fintech environments, further research into how leadership affects employee engagement and career happiness through the development of digital skills could be a beneficial direction.

Moreover, scholars should consider examining other leadership styles relevant to Fintech, such as Digital Leadership, which emphasizes agility, technological proficiency, and adaptability. Comparing Digital Leadership with TL could shed light on their relative effectiveness in fostering employee outcomes like trust, psychological empowerment, and career satisfaction within fast-paced, technology-driven contexts.

By integrating these Fintech-specific factors and leadership styles, future research can build a more nuanced understanding of leadership dynamics in the digital age, offering valuable insights for both academia and industry.

### **5.8 Conclusion**

In conclusion, this study shows that transformational leadership has a favorable impact on work engagement and psychological empowerment, both of which raise career satisfaction. The effectiveness of transformative leadership is moderated by emotional exhaustion, highlighting the significance of taking employees' emotional health into account when evaluating leadership effectiveness. These findings contribute to theory and practice by offering actionable insights for leadership development and employee well-being.

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## Appendix A. Survey Questionnaire

### Questionnaire to be filled-in by Kifiya Financial Technology PLC Employees

Dear Respondent,

I am studying for Master of Business Administration degree at Addis Ababa University . Currently I am conducting a research for the fulfillment of a partial requirement of a master's degree in Business Administration. **The Effect of Transformational Leadership on Career Satisfaction: The Mediating Roles of Psychological Empowerment and Work Engagement and the Moderating Effect of Emotional Exhaustion.** Based on your experience and knowledge, please indicate the most appropriate response to the questions presented in the questionnaire attached herewith. Your participation is essential to this study and will enhance our knowledge of the impact of the transformational leadership on the employees' career satisfaction.

Your responses will remain confidential and will help improve leadership strategies in the sector. The survey will take about 3-5 minutes to complete.

Thank you for your valuable input!

Yodit Teshome

#### Part I-General Information (Demographic details)

1. Gender

Male

Female

2. Educational Qualification

Diploma

BA Degree

Masters Degree

PHD

Other

**3. Job Level/Position**

Entry Level  Mid Level  Manager  Executive

**4. Years of Experience**

Less than 1 year  1–5 years  5-10 years  More than 10 years

**Part II – Research Variables Questionnaire**

For questions indicated below, kindly rate or indicate your agreement by ticking at the box in rating column the statements under the first column with the provided rating scales as follows:

- 1 = Strongly disagree**
- 2 = Disagree**
- 3 = Somewhat Disagree**
- 4 = Neutral**
- 5 =Somewhat agree**
- 6 = Agree**
- 7 = Strongly agree**

No.	Statement	1	2	3	4	5	6	7
<b>Transformational Leadership</b>								
<b>Idealized Influence</b>								
1	My leader makes others feel good to be around him/her.							
2	Others have complete faith in my leader.							
3	Others are proud to be associated with my leader.							
<b>Inspirational Motivation</b>								
4	My leader expresses with a few simple words what we could and should do.							
5	My leader provides appealing images about what we can do.							
6	My leader helps others find meaning in their work.							
<b>Intellectual Stimulation</b>								
7	My leader enables others to think about old problems in new ways.							
8	My leader provides others with new ways of looking at puzzling things.							
9	My leader gets others to rethink ideas that they had never questioned before.							

<b>Individualized Consideration</b>								
10	My leader helps others develop themselves.							
11	My leader lets others know how he/she thinks they are doing.							
12	My leader gives personal attention to others who seem rejected.							
<b>Trust</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
13	I feel quite confident that my leader will always try to treat me fairly.							
14	My supervisor would never try to gain personal advantage by deceiving employees.							
15	I have complete faith in the integrity of my manager.							
16	I feel a strong loyalty to my manager.							
17	I would support my leader in almost any emergency.							
18	I have a divided sense of loyalty toward my leader.							
<b>Psychological Empowerment</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
<b>Meaning</b>								
19	The work I do is very important to me.							

20	My job activities are personally meaningful to me.							
21	The work I do is meaningful to me.							
<b>Competence</b>								
22	I am confident about my ability to do my job.							
23	I am self-assured about my capabilities to perform my work activities.							
24	I have mastered the skills necessary for my job.							
<b>Self-Determination</b>								
25	I have significant autonomy in determining how I do my job.							
26	I can decide on my own how to go about doing my work.							
27	I have considerable opportunity for independence and freedom in how I do my job.							
<b>Impact</b>								
28	My impact on what happens in my department is large.							
29	I have a great deal of control over what happens in my department.							
30	I have significant influence over what happens in my department.							
<b>Work</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>

<b>Engagement</b>								
31	At my work, I feel bursting with energy.							
32	I am enthusiastic about my job.							
33	I am immersed in my work.							
<b>Career Satisfaction</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
34	I am satisfied with the success I have achieved in my career.							
35	I am satisfied with the progress I have made toward meeting my overall career goals.							
36	I am satisfied with the progress I have made toward meeting my goals for income.							
37	I am satisfied with the progress I have made toward meeting my goals for advancement.							
38	I am satisfied with the progress I have made toward meeting my goals for new skill development.							
<b>Emotional Exhaustion</b>								
39	I feel emotionally drained from my work							
40	I feel used up at the end of the workday							

41	I feel fatigued when I get up in the morning and have to face another day on the job							
42	Working with people all day is really a strain for me							
43	I feel burned out from my work							
44	I feel frustrated by my job							
45	I feel I'm working too hard on my job							
46	Working with people directly puts too much stress on me							
47	I feel like I'm at the end of my rope							

**Thank you very much for your participation! Your efforts are greatly appreciated!**