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LEADERSHIP STYLES' EFFECTS ON BUSINESS PERFORMANCE OF THE ENTERPRISES IN VIETNAM

Nguyễn Thị Thu Trang
Faculty of Accounting and Business Management,
Vietnam National University of Agriculture, Hanoi, Vietnam
trangnguyenthithu@vnua.edu.vn

Đặng Thị Thanh Nhàn
Faculty of Banking and Finance, Foreign Trade University, Hanoi, Vietnam
dangthinhan@ftu.edu.vn

Lê Đình Tân
University of Economics and Business, Vietnam national Unirversity, Hanoi, Vietnam
letanp102@gmail.com

Abstract

The purpose of the study is to identify leadership styles affecting the business performance of enterprises in Vietnam. The survey was conducted on a database of 500 enterprises with 1482 samples, collected data was analyzed by discovery factor (EFA), the results will be used further for confirmatory factor analysis (CFA) and tested research hypotheses by research model by linear structure (SEM), Bootstrap analysis. The results have shown that there are three groups of leadership style factors Which Transactional Leadership (PCGD) and Transformational leadership (PCCĐ) have a positive influence, but Laissez-faire leadership (PCTD) has a negative effect on the financial performance and non-financial performance of enterprises in Vietnam. Based on the findings, some recommendations are proposed to enhance the business performance of enterprises in Vietnam.

Keywords: Leadership styles, Business performance, enterprise, Transactional Leadership, Transformational leadership, Laissez-faire leadership

INTRODUCTION

Leadership style is a decisive factor for the growth and development of an organization. A leader is someone who inspires, influences, and guides an individual or a group of people to do work effectively to achieve specific organizational goals. Leadership style is an approach to guiding, implementing plans, and motivating members of a group to voluntarily contribute towards the achievement of the common goals of the organization (Mwita, 2000) and to achieve those goals. For this purpose, leadership style is one of the most important factors. Leadership style plays an important role in organizations, being a motivating factor, stimulating thinking, and helping them achieve good results (Northouse, 2007). This has confirmed that the performance of any organization depends largely on the leadership style of the leader in which organization (Jones and Rudd, 2008).

Renovating and improving the performance of state-owned enterprises is a major undertaking and policy of the Party and the State of Vietnam in the current socio-economic development. Up to now, in Vietnam, there has been almost no research to build a complete model of leadership style factors affecting business performance. Stemming from the above problem, the study was conducted to identify the leadership style factors, analyze the degree of influence on the performance of enterprises, from which to propose some recommendations to improve the performance of Vietnamese enterprises.

With this goal in mind, the article is divided into 5 parts. In addition to the introductory part 1, in part 2, the authors will generalize the theoretical basis and build a theoretical model. In part 3, the authors will build and test a model to analyze the influence between leadership style and business performance. On that basis, section 4 will discuss the results of the model and section 5 will present recommendations and conclusions.

FUNDAMENTAL THEORIES AND RESEARCH MODEL

Leadership style is an issue studied by many authors in both theory and practice. According to historical development, there are many theories on leadership style and there are many studies in the world on leadership style mainly based on 3 approaches: approach according to the characteristics of leadership, approach behavior, and modern approach. However, in the face of changes in science and technology, under the influence of macro and micro factors in organizations, traditional leadership styles are not enough to show the relationship between leaders and employees and make effective results. organization performance is improved. The modern approach indicates that leadership theory models are continuously developed more fully than previous studies. Bass's (1985) model of leadership style has extended the theoretical model of leadership style to include three leadership styles:

transformational leadership, transactional leadership, and laissez-faire leadership. Each leadership style model comes from leadership theory and the corresponding leadership style tool and has certain impacts on business performance. Much of the research on leadership styles since the late 1980s has focused on the positive effects of transformational leadership (Avolio, 1999; Bass, 1985; Lowe & Gardner, 2000; Tickle, Brownlee, & Nailon, 2005). The authors have inherited the multifactor leadership questionnaire MLQ (Multifactor Leadership Questionnaire - 5X developed by Bass and Avolio (2004) with a transformational leadership style with 4 main components (Intellectual Stimulation, Interest Personal, Influence, Inspiration); transactional leadership style uses 2 components: (Reward and Exception Management) and laissez-faire leadership style uses 1 component of Passive Management.

Measuring the performance of businesses is chosen by many businesses in the world and Vietnam today, it is the Balanced Score Card (BSC). This is a tool that can link strategies and actions, in addition, it is also a merger of two traditional measurement tools (financial and non-financial performanace) Robert Kaplan (1993). The main results are the results of the activities that can be collected from the data through the financial statements of the enterprises. Indicators to measure the financial performance of enterprises include enterprise profits, enterprise market share, and enterprise market share growth rate. Non-primary results according to the model based on 3 aspects: customers, internal management, training, and development. From the basis of theories and related studies, the author builds a theoretical model and research hypotheses (Table 1).

Table 1 Research hypotheses

H1: Transformational leadership style has a positive effect on non-financial performance	H5: Transactional leadership style has a positive effect on financial performance of enterprises
H2: Transactional leadership style has a positive effect on non-financial performance	H6: Laissez-faire leadership style has a positive effect on financial performance of enterprises
H3: Laissez-faire leadership style has a positive effect on non-financial performance	H7: Non-financial performance has a positive relationship with financial performance of enterprises
H4: Transformational leadership style has a positive effect on financial performance of enterprises	

RESEARCH METHODS

This study is descriptive in nature. The study used the convenience sampling method. The period of collection is from August 2018 to October 2020. Primary data is collected by direct survey and indirect survey. Selecting the survey sample size according to the Slovin method (1960) the minimum required sample size is 400 enterprises. The author surveyed 500 enterprises, so the research results were guaranteed to be representative of the population

(95% confidence level) and the quality of the research was expressed through the allowable error level +/- 5% as well as the requirements. The demand for the number of research samples. The above sample size is also consistent with the method of proving the research hypothesis by multivariate regression according to Hair et al (2006). For the multivariable regression method, the minimum sample size is calculated by the formula: 50 + 8*m (m is the number of independent variables). In this study, the number of independent variables is 27, so the minimum sample size is 50 + 8 * 27 = 266 observations. Therefore, the author collected feedback from 500 enterprises. Direct surveys were carried out at enterprises, in the areas of Hanoi, Son La, Thai Binh, Nam Dinh, Nghe An, Hue, Dak Lak, Can Tho, Hue, and Ho Chi Minh City. The results of the direct survey of 175 enterprises in Ho Chi Minh City received 525 observations. Indirect investigation of the contact form, telephone and mail interviews (using the interview form on google docs) resulted in 957 observations at 325 enterprises. The collected research sample is distributed to the following subjects: Directors, departmental managers, employees with more than 3 years of seniority.

Collected data is processed through SPSS 20.0 and AMOS 24. The study has 27 independent variables and 14 dependent variables, and the scales are tested based on 4 tests: discovery factor (EFA), reliability test - Cronbach's alfa, normal distribution test, and confirmatory factor analysis CFA.

Use Cronbach's alpha coefficient to remove the non-conforming variable in each previous group. Use Cronbach's Alpha reliability coefficient method before analyzing EFA factors to eliminate unsuitable variables because these garbage variables can create pseudo-factors (Nguyen Dinh Tho & Nguyen Thi Mai Trang, 2009). Cronbach's Alpha reliability coefficient only indicates whether the measures are linked or not; but does not indicate which observable variables should be removed and which observed variables should be kept. Then, the calculation of the correlation coefficient between the variable-total will help to exclude those observed variables that do not contribute much to the description of the concept to be measured (Hoang Trong & Chu Nguyen Mong Ngoc, 2005). For this study, the evaluation standard in Cronbach's Alpha analysis is that the variables with the total correlation coefficient of less than 0.3 will be eliminated and a scale with an alpha reliability of 0.6 or higher can be used. case the concept under study is new or new to the respondent in the research context (Nunnally, 1978; Peterson, 1994; Slater, 1995). After selecting the variables belonging to each group, the EFA method is used to select the variables that affect the performance of DN (variable Y). Variables with a factor loading value of 0.4 in EFA will continue to be excluded. Along with that is the KMO test (Kaiser- Meyer- Olkin) and Bartlett's Test to check the relevance of the data. If the KMO value < 0.5, then the factor analysis is likely, not suitable for the data, the variables used are not

correlated with each other. In the study after discovery factor (EFA), the results will be used further for confirmatory factor analysis (CFA) to assess the influence of leadership style on the performance of Vietnamese enterprises.

To evaluate the sustainability of the theoretical model, the author uses the Bootstrap analysis method. This is a method of repeated sampling with substitution from the original sample, in which the primary sample plays the role of the crowd (Schumacker & Lomax, 1996). This Bootstrap test is used to check the reliability of the regression coefficients in the model. In this study, the author chose the number of repeat sampling times when running the Bootstrap test to be 2000 samples. According to the Bootstrap test method, the author compares the CR column value (Bias/SE- Bias) with 1.96 (since 1.96 is a normally distributed value at 0.9750, which means 2.5% one-sided, two-sided would be 5%). If P-value < 5%, the conclusion is that the non-zero Bias hypothesis is statistically significant. Due to hypothesis H0: Bias = 0, H1 = Bias <> 0. If CR value > 1.96, then infer P-value < 5%, accept H1, conclude non-zero deviation statistically significant at 95% confidence level. If CR value < 1.96, then infer P-value > 5%, reject H1, accept H0, conclude that non-zero deviation is not statistically significant at 95% confidence level, and the model estimates can be trusted.

RESULTS

Survey sample characteristics

Table 2 Statistics on characteristics of surveyed enterprises

Criteria		Frequency (n)	Proportion (%)
Enterprise size	Small and medium	457	91.4
	Large	43	8.6
Type of business	State-owned enterprises	42	8.4
	Non-State Enterprises	303	60.6
	FDI enterprises	155	31
Industry	Agriculture, forestry, and fishery	42	8.4
	Construction and industry	128	25.6
	Trade and services	330	66.0
Total		500	100

The survey results show that the surveyed enterprises are the size of enterprises, out of the total of 500 surveyed enterprises, mainly small and medium enterprises account for the majority (over 90%). In terms of business, enterprises are distributed in different fields. The survey results are mainly enterprises in the field of trade and services (accounting for 66%).

Table 3 Statistics of enterprise survey data

Targets	Criteria	Frequency (person)	Proportio (%)
Working time at the enterprise	3 - 5 years	1298	87.58
	5 - 10 years	146	9.85
	>10 years	38	2.57
Working position at the enterprise	Director	116	7.83
	Departmental management staff	368	24.83
	Staff	998	67.34
Total		1482	100

According to the statistical results, the collected data shows that all of the research design requirements are met. The research sample collection includes subjects including Directors, Managers of departments, Employees. Based on data collection through the synthesis of individual opinions, after checking and evaluating the quality of the survey questionnaires, it ensures that the data analysis will follow the overall results of enterprises without distorting the results when analyzing.

Scale reliability

The study evaluates Cronbach's Alpha coefficient based on the results of the official survey sample collected by the author, with 1482 valid questionnaires used for interviews (Table 4).

Table 4 Results of Cronbach's Alpha test

Observed variables	Factors	Scale average if excepted variable	Scale variance if excepted variable	Total variable correlation	Cronbach's Alpha if excepted variable
About "Inspire" (T) Cronbach's Alpha = 0.713					
T1	Leaders always speak optimistically about the future of the organization	11.25	3.332	0.643	0.556
T2	Leaders enthusiastically convey the experience necessary for success	11.25	3.292	0.596	0.586
T3	Leaders always show employees an attractive future	10.79	5.372	0.162	0.796
T4	Leaders demonstrate confidence in achieving their goals	11.36	3.181	0.616	0.571
About "Intellectual stimulation" (K) Cronbach's Alpha = 0.852					
K1	Leaders stimulate people to think about old problems with new methods/views	10.82	6.699	0.672	0.821

K2	Leaders help employees come up with ideas they've never previously questioned	10.70	6.755	0.634	0.837
K3	Leaders encourage employees to consider and solve problems with different approaches	10.84	6.144	0.735	0.794
K4	Leaders create ideas for employees that they haven't previously mentioned	10.68	6.350	0.734	0.795
	About "Personal Interest" (Q) Cronbach's Alpha = 0.835				
Q1	Leaders always guide and care for their employees	10.54	6.351	0.640	0.804
Q2	Leaders care about the needs, abilities, and aspirations of the employees	10.95	5.981	0.606	0.818
Q3	Leaders create a friendly working environment for employees to work most comfortably	10.78	5.695	0.628	0.810
Q4	Leaders participate in problem-solving with employees	10.77	5.273	0.804	0.726
	About "Influence on individuals" (A) Cronbach's Alpha = 0.846				
A1	Leaders make employees feel comfortable when working together	10.91	6.281	0.710	0.789
A2	Leaders are trusted by employees	10.88	6.249	0.684	0.801
A3	Leader are respected by employees and colleagues	11.00	6.504	0.658	0.811
A4	Leaders have employees associate organizational goals with personal goals	11.02	6.538	0.666	0.808
	About "Reward" (H) Cronbach's Alpha = 0.778				
H1	Leaders have a specific bonus level for employees	7.15	2.615	0.616	0.700
H2	Leaders timely reward employees for a job well done	7.10	2.790	0.627	0.685
H3	Leaders recognize merit or reward employees when they achieve their goals	7.19	2.911	0.601	0.714
	About "Exception Management" (L) Cronbach's Alpha = 0.798				
L1	Leaders show satisfaction when employees complete the work according to the set standards	15.64	6.990	0.656	0.737
L2	Leaders set standards for employees before implementation	15.82	7.040	0.606	0.751
L3	Employees are handled daily activities according to the plan	16.03	6.697	0.612	0.749

	given by the leaders				
L4	Leaders clearly explain to employees when they have not completed, do not complete the work before giving disciplinary action.	15.95	6.830	0.590	0.756
L5	Leaders only focus on employee flaws	15.86	7.605	0.444	0.800
About "Passive management/conflict avoidance" (N) Cronbach's Alpha = 0.763					
N1	Leaders allow employees to do whatever they want to do	5.61	3.571	0.543	0.751
N2	Leaders only ask employees what is necessary	5.78	4.018	0.563	0.717
N3	Leaders make their employees comfortable doing the usual way	5.65	3.586	0.693	0.575
About "Customer" (Customer) Cronbach's Alpha = 0.735					
KH1	The number of satisfied customers increases	8.00	1.862	0.634	0.558
KH2	Increased customer confidence	8.12	2.181	0.557	0.657
KH3	Willingness to buy	7.33	1.880	0.502	0.730
About "Internal Management" (QTNB) Cronbach's Alpha = 0.796					
QTNB1	The capacity of enterprises' machinery and equipment reached the target	10.85	3.619	0.541	0.790
QTNB2	Improvements in the service process of enterprises	11.49	3.864	0.662	0.721
QTNB3	Effective business information system	11.57	4.056	0.606	0.747
QTNB4	Security of customer management information	11.53	3.845	0.647	0.727
About "Training & Development" (DTPT) Cronbach's Alpha = 0.851					
DTPT1	High number of trained workers	13.20	2.122	0.564	0.826
DTPT2	High level of employee satisfaction	13.45	1.843	0.679	0.777
DTPT3	Employee readiness to learn	13.52	1.878	0.682	0.776
DTPT4	Low turnover rate	13.60	1.845	0.713	0.761
About "Finance" (TC) Cronbach's Alpha = 0.747					
TC1	Enterprise sales reached the target	7.58	2.148	0.570	0.666
TC2	Profits of enterprises reached the target	7.77	2.122	0.624	0.605
TC3	The growth rate of market share of enterprises reaching the target	7.65	2.212	0.528	0.715

After the variables T3 (correlation coefficient of total variables < 0.3) were removed from the model, a second run was conducted for the unsatisfactory scales. The results of the second

run (table 3) show that Cronbach's alpha coefficients are all greater than 0.6, the correlation coefficients of all variables are greater than 0.3, so it can be concluded that the scale has high reliability.

Discovery factor EFA and confirmatory factor analysis CFA

The results of the reliability analysis of the scale removed 1 variable, T3. So, we have, 26 observed variables are belonging to 3 scales of leadership style factors and 2 business performance scales with 14 observed variables included in EFA analysis. The results of the discovery factor analysis of EFA are shown as follows (Table 5).

Table 5 KMO and Bartlett's test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.809
Bartlett's Test of Sphericity	*Approx. Chi-Square*	23823.629
	Df	780
	Sig.	.000

According to the results of factor analysis in Table 5, the coefficient KMO = 0.809 > 0.5. Thus, factor analysis is suitable for the research data. The results of Barlett's test are 23823 with significance level sig=0,000 < 0.05 (This confirms the rejection of hypothesis H0: The observed variables are not correlated with each other in the population) and so the hypothesis about the inappropriate factor model will be rejected, which proves that the data used for factor analysis is completely appropriate. The total variance extracted is 55.510% > 50%, so the condition of product EFA is satisfied.

Table 6 Factor Rotation Matrix

L4	0.591			
L5	0.494			
DTPT4		0.820		
DTPT3		0.781		
DTPT2		0.758		
DTPT1		0.612		
QTNB2			0.822	
QTNB1			0.689	
QTNB4			0.672	
QTNB3			0.605	
H2				0.746

H3	0.737				
H1	0.719				
N3		0.900			
N2		0.661			
N1		0.627			
KH1			0.864		
KH3			0.640		
KH2			0.584		
TC2				0.809	
TC1				0.676	
TC3				0.602	
T4					0.749
T1					0.740
T2					0.633

The results of EFA factor analysis show 11 factors, the items all converge to the correct factors according to the research model. And the convergence coefficients (Factor loading) are all greater than 0.5, so they both ensure the convergence level of factor analysis. Except for the variable L5 with a convergence coefficient, less than 0.5 does not guarantee the degree of convergence, so this variable will be excluded and run EFA again for the 2nd time. EFA results in 2nd time after removing the L5 variable according to table 7.

Table 7 The Second test of KMO and Bartlett

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.809
Bartlett's Test of Sphericity	Approx. Chi-Square	23357.176
	df	741
	Sig.	.000

Table 8 The second factor rotation matrix

Pattern Matrix											
	1	2	3	4	5	6	7	8	9	10	11
K3	.885										
K4	.851										
K1	.660										
K2	.599										
A1		.798									
A4		.766									

A2	.758								
A3	.745								
Q4		.955							
Q1		.735							
Q2		.662							
Q3		.660							
DTPT4			.820						
DTPT3			.780						
DTPT2			.759						
DTPT1			.612						
L2				.793					
L1				.737					
L3				.706					
L4				.583					
QTNB2					.822				
QTNB1					.689				
QTNB4					.672				
QTNB3					.604				
H2						.747			
H3						.742			
H1						.720			
N3							.900		
N2							.661		
N1							.627		
KH1								.864	
KH3								.640	
KH2								.584	
TC2									.807
TC1									.677
TC3									.603
T4									.753
T1									.739
T2									.633

The results of the CFA confirmatory factor analysis showed that the Chi-square index = 2554,039; CMIN/DF = 3.948 (< 3); CFI = 0.916 (≈1); TLI = 0.904 (≈1) and RMSEA=0.045 (<0.08). These indicators all satisfy the condition of good fit, so it can be concluded that the measurement model is suitable for survey data at enterprises.

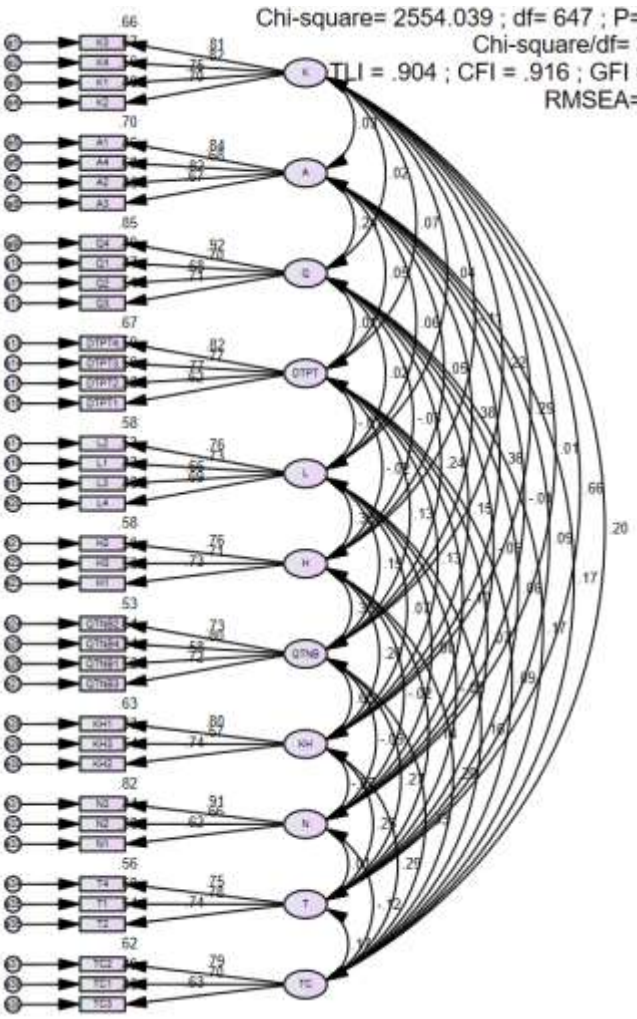

Figure 1 Normalized CFA confirmatory factor analysis results

After analyzing the reliability using Cronbach's Alpha coefficient, discovery factor EFA and confirmatory factor analysis CFA, the author removed that inappropriate observed variable: T3 (Cronbach's Alpha) and L5 (in the EFA section). The remaining variables converge on the same factors as the original research model and ensure reliability and convergence, so all the remaining variables are kept to analyze the linear structural model SEM.

Analyze and test the model's suitability with survey data in Vietnamese enterprises

After analyzing the SEM model, the analysis results show that the Chi-square index = 2651,525; Chi-square /df = 3,865 (< 5); CFI = 0.914(~1); TLI = 0.907 (~1) and RMSEA= 0.044 (<0.08). These indicators all satisfy the condition of good fit, so it can be concluded that the measurement model is suitable for survey data at enterprises.

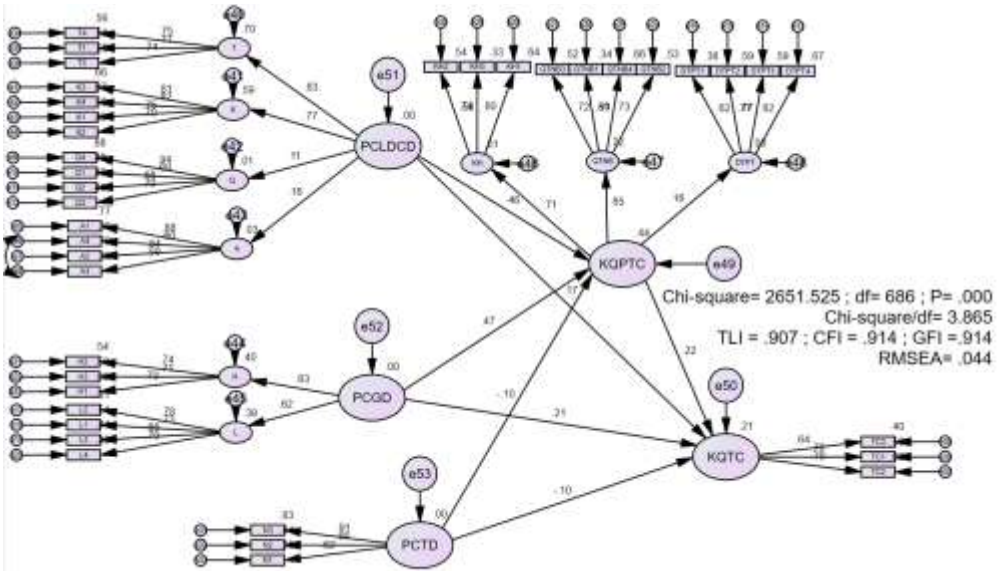

Figure 2 SEM linear structural model analysis results

Bootstrap Analysis

To evaluate the robustness of the author's theory model, the Bootstrap analysis method is used. In this study, the author chooses the number of repeat sampling times when running the Bootstrap test to be 2000 samples, the performance results are in Table 9.

Table 9 Bootstrap Analysis

Correlation			SE	SE-SE	Mean	Bias	SE-	C.R
KQPTC	<---	PCLDCD	0.048	0.001	0.464	0.001	0.001	1
KQPTC	<---	PCGD	0.038	0.001	0.467	0.001	0.001	1
KQPTC	<---	PCTD	0.033	0.001	-0.104	0	0.001	0
T	<---	PCLDCD	0.04	0.001	0.832	-0.002	0.001	-2
K	<---	PCLDCD	0.043	0.001	0.77	0.002	0.001	2
Q	<---	PCLDCD	0.04	0.001	0.109	-0.001	0.001	-1
A	<---	PCLDCD	0.045	0.001	0.161	0.001	0.001	1
H	<---	PCGD	0.034	0.001	0.628	-0.001	0.001	-1
L	<---	PCGD	0.034	0.001	0.622	0	0.001	0
KH	<---	KQPTC	0.05	0.001	0.715	0.001	0.001	1
QTNB	<---	KQPTC	0.039	0.001	0.846	0	0.001	0
DTPT	<---	KQPTC	0.042	0.001	0.164	-0.001	0.001	-1
KQTC	<---	PCLDCD	0.059	0.001	0.167	0.002	0.001	2
KQTC	<---	PCGD	0.065	0.001	0.21	0.001	0.001	1
KQTC	<---	PCTD	0.03	0	-0.097	0	0.001	0
KQTC	<---	KQPTC	0.078	0.001	0.223	-0.001	0.002	-0.5

The results of Boostrap analysis (table 8) show that the value of CR is mostly very small (<1.96), in other words, the estimated results from the original sample are averaged and this value tends to close to the population estimate, the resulting bias and standard deviation have small and stable values. Therefore, we can conclude that the estimates in the SEM model after correction are reliable.

Test of research hypotheses

After checking the compatibility of the research model with the data, the school. The research hypotheses are put to the test. In this study, 7 hypotheses were posed and tested by the SEM linear structure model, resulting in Table 10.

Table 10 Results of testing the research hypotheses

	Hypothesis	Normalized regression coefficient	P	Relationship	Results
H1	Transformational leadership style has a positive impact on the non-financial performance of enterprises	0.464	***	Positive	accept
H2	Transactional leadership style has a positive effect on the non-financial performance of enterprises	0.467	***	Positive	accept
H3	Laissez-faire leadership style has a positive effect on the non-financial performance of enterprises	-0.104	***	Negative	accept
H4	Transformational leadership style has a positive effect on financial performance of enterprises	0.165	***	Positive	accept
H5	Transactional leadership style has a positive effect on financial performance of enterprises	0.209	***	Positive	accept
H6	Laissez-faire leadership style has a positive effect on financial performance of enterprises	-0.097	0.002	Negative	accept
H7	Non-financial performance has a positive relationship with financial performance of Vietnamese enterprises	0.224	***	Positive	accept

(Note: *** <0.001)

In the results of SEM model analysis (Table 10), for all relationships have a P-Value less than 0.05, so these hypotheses are accepted.

DISCUSS THE RESULTS

Firstly, the transactional leadership style in Vietnamese enterprises has the strongest and positive direct influence on non-financial performance (with $\beta = 0.467$, $p < 0.05$) as well as results. financial performance (with $\beta = 0.209$, $p < 0.05$) of the enterprise. Transactional leadership style has a great influence on improving performance of enterprises. Accordingly, business leaders often have a transactional leadership style that will help positively impact the financial and non-financial performance of enterprises. Second, transformational leadership style in Vietnamese enterprises has a direct and positive influence on non-financial performance ($\beta = 0.464$) and financial performance with $\beta = 0.165$, $p < 0.05$, then the value usefulness has a direct effect on performance of enterprises. Accordingly, when studying the analysis of the influence of leadership style on performance of enterprises, it is found that the use-value when leaders regularly use the transformational leadership style will improve non-financial performance as well as financial performance of enterprises.

Third, Laissez-faire leadership style in Vietnamese enterprises. The study also showed a negative impact with non-financial performance ($\beta = - 0.104$, $p < 0.05$) and financial performance ($\beta = - 0.097$, $p < 0.05$). This result shows that when leaders regularly use a laissez-faire leadership style, the impact of reducing the business performance (financial and non-financial performance).

Finally, an increase in the non-financial performance of enterprises will increase the financial performance ($\beta = 0.224$ $p < 0.05$). This has been shown to improve customer satisfaction, customer trust, improve machine capacity, improve service processes, develop effective business information systems, and increase volume. As well as the level of labor training in appropriate enterprises, it will help increase sales, profits, and market share growth rate for businesses. Thus, the better and more relevant non-financial performance, higher financial performance of enterprises.

CONCLUSION AND RECOMMENDATIONS

According to the research results, the three leadership styles according to the above leadership model affect the performance of Vietnamese enterprises. Research results show that the transactional leadership style, the transformational style has an impact on business performance (financial and non-financial performance). However, the laissez-faire leadership style had a negative effect on performance of enterprises. This result is completely consistent

with previous studies and with practice because the job characteristics in enterprises are specific both from the nature of the work and the products created the customs and habits and corporate culture effective. According to this leadership style model, transactional leadership has a greater positive effect on performance of enterprises than the other leadership styles.

From the research results, the authors suggest the following recommendations: First, business leaders should eliminate the laissez-faire leadership style by participating more in the guidance of their subordinates; Second, leaders should regularly follow the transactional leadership style of building and implementing effective reward & recognition systems; Third, leaders need to show interest in undertakings, policies, and actions in improving the qualifications of employees by encouraging them to study and improve their qualifications through financial support, reduce work norms, or send them to attend refresher courses to improve their skills; Fourth, increase intellectual stimulation for employees through annual talent and creativity competitions or employee competency assessments.

This study focuses on analyzing the influence of leadership style on business performance, although Vietnamese enterprises are currently following different production methods and the degree of specialization in production with different areas, so leadership style requirements can affect the performance of the business differently. This leads to some limitations and suggests directions for further research in the future.

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