

The Impact of Transformational Leadership and Organizational Culture on Employee-Based Brand Equity in Vietnamese Small and Medium Enterprises

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Abstract. Small and medium enterprises (SMEs) are vital to Vietnam's economic development but face challenges competing for resources. The purpose of this study examined how transformational leadership style and organizational culture influence employee-based brand equity in Vietnamese SMEs. Surveys from 618 employees at 60 SMEs were analyzed using structural equation modeling. Results showed transformational leadership and cultures emphasizing employee development have positively impacted the employee brand equity. However, cultures focused on profits had negligible effects. These findings suggest that SME managers should adopt transformational leadership approaches and employee-supportive cultures that invest in employees to build stronger internal brand equity as a competitive advantage. More research on fostering favorable leadership and cultures in emerging market SMEs is warranted.

Key words: Transformational leadership; Employee-supportive cultures; Employee-based brand equity; Vietnamese SMEs.

1. Introduction

Small and Medium-sized Enterprises (SMEs) play a crucial role in the economies of countries around the world (Obi, et al 2018; Stefan, et al 2020). Vietnam have had more than 840,000 SMEs, employed over 52 million workers and contributed approximately 40% to the country's GDP (Vietnam Association of SMEs, 2022; Vietnam General Statistics Office, 2023). SMEs play a significant role in Vietnam's economic development and are regarded as one of the four key engines of the country's economy. In the process of entering the market economy and international economic integration, Small and Medium Enterprises have more challenges and higher competition with large enterprises to survive and develop sustainably. The biggest challenge for SMEs is the investment capital and skilled labor. Retaining and developing skilled labor is not only a resource but also a valuable asset to support successful business development (Chiara Pellegrini et al, 2018). Therefore, to enhance the competitive capability and operational efficiency of small and medium-sized enterprises, managers need to focus on investing more in their workforce and increasing their value in the workplace. According to empirical research by (Darius & Isaac, 2020; Biljana et al, 2020; Abayomi, 2021), it is believed that there are many factors that affect employee motivation, but they all agree that the leadership and organizational culture influence employee attitudes, commitment, and the value of their contributions at work, which lead to enhanced competitiveness, performance and organizational success.

Enterprises operate in a market economy, brand value is a competitive advantage that helps attract more customers, better revenue and business results (Aaker, 1991; Cretu et al, 2007; Baumgarth et al, 2010; Jing et al, 2015). Scientists have proposed many concepts about an organization's brand equity (Aaker, 1991; Keller, 1993; King & Grace, 2009), and according to them there are 3 main approaches to an organization's brand equity including: (1) employee-based, (2) customer-based, (3) financial-based approach. The key to the competitiveness of small and medium-sized enterprises lies in leveraging and exploiting the diverse potential of employees operating in many different market segments. Therefore, this study focuses on enhancing employee-based brand equity in SMEs. Employees always play an important role directly in production and business, with their awareness and behavior about the organization's brand, they commit to the organization and enhance their own brand value. These things have a significant impact on the process of forming an organization's reputation and business performance (Han et al, 2008; You et al, 2013).

There are different leadership styles (Odumeru, 2013). According to Thakre and Mishra (2010), each leadership style has certain advantages and disadvantages. SMEs in Ho Chi Minh City exist and intertwine many leadership styles. This study approaches transformational leadership style to consider the interaction between leaders and employees. Transformational leadership is one of the leadership theories, according to which managers work with groups of people to aim for necessary organizational changes through inspiring subordinates (Triraharjo, et al., 2020). Transformational leadership can promote employee awareness of learning and innovation to enhance work performance and employee values at work (García et al, 2012). In recent years, transformational leadership has been commonly used in businesses and plays an important role in management (Triraharjo, 2020; Arif, 2018; Mutahar, 2015; Adam, 2020). Because Transformational leadership always cares about the value of employees in developing, stimulating learning, innovation and sharing knowledge. Naguib and Naem (2018), also emphasized that transformational leadership plays an active role in the innovation work of businesses, especially SMEs in the context of limited resources.

Organizational culture plays an important role in shaping the work environment and influencing employees' work behavior and attitudes (Schein, 2010). Many research results showed that organizations with good and strong organizational cultures will operate very effectively and achieve their goals more successfully than organizations with weak organizational cultures (K. S Cameron et al, 1991; Deshpande et al, 1989; Schein, 1996; Zeyada, 2008). A good and strong organizational culture will positively impact employee motivation, satisfaction and performance, which helps the organization develop sustainably in the period of international integration.

To enhance the competitiveness and sustainable growth of small and medium-sized enterprises through the effective performance of the workforce by increasing employee-based brand equity. Inheriting King & Grace (2009, 2010) on employee-based brand value, the questions posed for this research are: (1) What criteria are used to measure the employee-based brand equity? (2) How does the role of transformational leadership influence employee-based brand equity? (3) How does organizational culture influence employee-based brand equity?

2. Literature Review and research hypotheses

2.1 Brand value and Employee-based brand value

A brand is a combination of tangible and intangible attributes of a product/service and organization (Levitt, 1981). Brands provide customers with both functional and psychological benefits, it provides tangible and intangible values that customers expect and demand (Hankinson & Cowking, 1996; Amber & Styles, 1996; David, 2002). Brand equity is an important concept both in academic research and commercial activities, businesses can gain competitive advantage through brand equity to have strong brands (Aaker, 1991; Keller, 1993 and 2000). There are many different definitions of brand value, Keller (1993) believes that brand value is a consensus set of opinions and behaviors of customers and members of the business. It allows the brand name of a product/service to sell more and earn greater profits than products/services without a brand name. Brand value creates strength, resilience as well as a distinct competitive advantage for the organization. There are three main approaches to organizational brand value (Keller, 1993; King & Grace, 2009), including: (1) employee-based approach, (2) customer-based approach, (3) financial-based approach. Employee-based brand equity is an approach based on the theory of internal marketing, it views employees as internal customers. Employees play an important role in delivering services to customers through the interaction process (King & Grace, 2009). Employee-based brand equity is measured through criteria of employee attitudes and behaviors with job satisfaction, satisfaction with the organization, commitment to the organization and high performance (King & Grace, 2010).

2.2 Transformational leadership

Transformational Leadership Theory was proposed by Burns (1978). The theory states that transformational leadership is a management process by leaders to attract and satisfy the needs of employees to motivate people in the organization. Transformational leadership style helps managers enhance the interrelationships and commitment levels between employees in the organization and those involved to achieve common organizational goals.

Based on the development of transformational leadership theory, Bass (1995) emphasized the importance of the human factor as a valuable resource of every organization. And he further explained, Transformational leadership style affects people by psychological factors, therefore, leaders play an important role in attracting, inspiring, motivating and bringing together members in the organization. Bass (1995) offers key contents about transformational leadership style including: Be ethical and take the lead in setting an example for everyone; Ability to convey and motivate organizational members to have confidence in themselves; Able to create a positive work environment and encourage innovation; Know how to care about the needs of others and be willing to share and support to complete the organization's mission. Many researchers also supported the above point of view, and believed that transformational leadership style has a positive influence on employee behavior and business performance (Arif, 2018; Triraharjo, 2020; Odumeru, 2013; García, 2012; Mutahar, 2015; Naguib, 2018). They believed that Transformational Leadership is an effective leadership style for businesses today, because it can help employees enhance motivation, creativity, and better cohesion with the organization in the face of a business environment undergoing numerous changes. Small and medium-sized enterprises (SMEs) in developing countries like Vietnam, operating under limited resource conditions, are functioning in a market economy with high international integration. Therefore, it is necessary to consider how transformational leadership and its factors affect employees' perceptions,

attitudes and behaviors on the business performance of the enterprise. Some of the following hypotheses are posed:

Hypothesis (H1): Inspirational factor of leaders in SMEs has a positive impact on transformational leadership style.

Hypothesis (H2): The stimulating factor for innovation of leaders in SMEs has a positive impact on the transformational leadership style.

Hypothesis (H3): The support and sharing factor of leaders in SMEs has a positive impact on transformational leadership style.

Hypothesis (H4): Transformational leadership style has a positive influence on employee-based brand equity in small and medium-sized enterprises.

2.3 Organizational culture

There are many different concepts of organizational culture, due to different research approaches and purposes. According to Schein (2009), organizational culture is a fundamental set of conventions devised and constructed by a group of individuals to help the organization sustain and evolve, adapting to internal integration with external changes. He believes that organizational culture includes three levels: The external level is the tangible behavior and structure of the business; The deeper level is the espoused values; The deepest level is the general concepts of basic assumption and beliefs. O'Reilly et al (1991) introduced the model Organizational Culture Profile (OCP) to measure organizational culture through employee adaptation to 8 factors: Innovation and risk; Working according to standards; Orientation toward Results; Aggressiveness and competitiveness; Supportiveness; Growth and reward; Collaborative and team; Decisiveness. Research by Lau and Idris (2001) suggests that organizational culture is determined by four components that help employees have high productivity: (1) concern for information exchange within the organization; (2) pay attention to employee training and development; (3) rewards and recognition of achievements, (4) interest in teamwork and creativity. This article inherits Lau's concept and scale of organizational culture. Lau and Idris's research has been agreed upon by many previous researchers (Zeyada, 2008; O'Reilly, 1991; Recardo, 1997; Deshpande, 1989), These authors further emphasize that leaders always want to accomplish goals and the end result is business profits. But the attitude and productivity of employees are always the foundation for business performance, therefore, the construction of a culture that cares about workers to bring commitment and accompanying values within the organization is necessary for long-term development in an economy with many fluctuations. SMEs need a suitable organizational culture to both motivate and stimulate employees to work productively and bring high benefits to the business. Some of the following hypotheses are set for the study:

Hypothesis (H5): Employee-supportive culture has a positive influence on organizational culture in small and medium-sized enterprises.

Hypothesis (H6): Profit-oriented culture has a positive influence on organizational culture in small and medium-sized enterprises.

Hypothesis (H7): Organizational culture has a positive influence on employee-based brand equity in small and medium-sized enterprises.

3. Research model

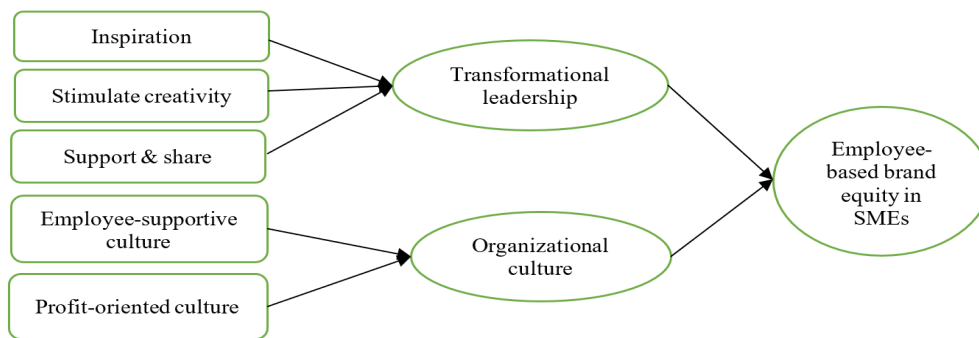


Fig 1: Proposed research model
Source: by the author

4. Research Methodology

4.1 Research Methods

This article uses qualitative and quantitative research methods. Qualitative research method is carried out through 2 steps of group discussion: Step 1, carry out in-depth discussions with 7 experts who are long-time managers of SMEs and they are currently members of the Executive Committee of the Vietnam Business Association. The discussion content is prepared with related questions, in which the Employee-based brand equity scale is inherited by King & Grace (2010); Transformational leadership scale is inherited by Arif (2018); Organizational culture scale inherited by Lau (2001). Step 2, conduct discussions with 11 people who are union presidents and representatives of workers at enterprises, they volunteer to participate in discussions and represent trade unions of small and medium enterprises. The content of the second discussion is based on the results of group 1 to redefine observed variables and add relevant items to suit the actual situation in the enterprises. The discussion results have narrowed the scales down to 36 variables, of which the employee-based brand equity scale has 6 items, the transformational leadership scale has 6 items, and the organizational culture scale has 5 items. Adding cultural orientation factors related to caring for employees (3 items) and cultural orientation that pays attention to the profit goals of the business (4 items). Adding inspirational factors (4 items), creative stimulation factors (3 items), support and sharing factors (4 items) have an impact on the transformational leadership style of SMEs operating in market economy in Vietnam. Quantitative research method, this article uses the SEM structural model to reflect the cause-and-effect relationship of factors affecting employee-based brand equity. Data collected through a practical survey with 618 questionnaires were processed using SPSS 26 and AMOS 22 software. The results of the data were measured according to the criteria of (Hair, 2009; Hu & Bentler, 1999).

4.2 Sampling method

Select samples by convenient method at small and medium-sized enterprises in Vietnam. Sample criteria for the survey are employees who have worked for 1 year or more and do not survey the Board of Directors or Board of Directors of the enterprise. The survey was designed on Google form and with the support of trade union organizations sent to employees at businesses. The number of responses was 700. After checking, there were only 618 valid answer sheets, and there were 82 answer sheets lacked information or scored multiple answers for one question, so these were eliminated. This study used the SEM structural equation, the number of survey samples is selected at a ratio of 5/1. With the number of practical surveys collected being 618, this number satisfactory for analysis and evaluation (Hair et al., 2009).

5. Research results

5.1 Characteristics of the sample

Table 1: Sample's characteristics

	Characteristic	Number	%
Business characteristics (N = 60)			
Types of enterprises	Private enterprises	27	45
	Private limited enterprises	15	25
	Partnership enterprises	10	17
	Joint Stock enterprises	8	13
Number of years in operation	From 3 years or less	7	12
	Over 3 years - 5 years	21	35
	Over 5 years	32	53
Employees' main characteristics (N = 618)			
Sex	Female	248	40
	Male	370	60
Age	from 22 to 30 years old	167	27
	from 31 to 40 years old	240	39
	from 41 to 50 years old	130	21
	Over 50 years old	81	13
Education	Secondary education degree	291	47
	Bachelor	289	47
	Post-university degree	38	6
Number of years of work	3 years or less	168	27
	from 4 - 7 years	187	30
	from 8 - 10 years	142	23
	Over 10 years	121	20
Job title	Salesperson	293	44
	Technical employee	190	27
	Group leader	135	18

Source: Author's Statistics, 2023

5.2 Cronbach's Alpha reliability test

The test results (Tab 2) show that the scales all achieve Cronbach's Alpha coefficient greater than 0.8, and the observed variables have Corrected Item-Total Correlation greater than 0.3. Conclusion: All measurement scales ensure reliability (Hair et al., 2009).

Table 2: Test the scale with Cronbach's Alpha

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Employee-based brand equity (EB), Cronbach's Alpha: 0,935				
EB_1	18.29	18.500	0.812	0.922
EB_2	18.27	18.501	0.800	0.923
EB_3	18.50	18.840	0.700	0.936
EB_4	18.33	17.969	0.857	0.916
EB_5	18.25	18.108	0.854	0.916
EB_6	18.21	18.424	0.821	0.921
Organizational culture (OC), Cronbach's Alpha: 0,828				
OC_1	15.33	9.055	0.671	0.781
OC_2	15.21	9.173	0.615	0.797
OC_3	15.22	9.087	0.619	0.796
OC_4	15.16	9.317	0.598	0.801

OC 5	15.27	9.181	0.620	0.795
Transformational leadership (TL), Cronbach's Alpha: 0,931				
TL 1	16.27	19.900	0.751	0.924
TL 2	16.54	19.797	0.798	0.919
TL 3	16.29	19.045	0.855	0.911
TL 4	16.32	19.412	0.818	0.916
TL 5	16.38	19.163	0.822	0.915
TL 6	16.25	19.750	0.746	0.925
Employee-supportive culture (CE), Cronbach's Alpha: 0,878				
CE 1	7.55	3.786	0.752	0.839
CE 2	7.47	3.632	0.790	0.804
CE 3	7.51	3.795	0.753	0.838
Profit-oriented culture (CP), Cronbach's Alpha: 0,896				
CP 1	10.03	8.357	0.779	0.862
CP 2	10.11	8.096	0.798	0.855
CP 3	10.02	8.388	0.799	0.855
CP 4	9.79	8.263	0.703	0.889
Inspiration (IS), Cronbach's Alpha: 0,878				
IS 1	10.62	6.408	0.709	0.853
IS 2	10.56	6.039	0.776	0.827
IS 3	10.54	6.759	0.782	0.825
IS 4	10.58	6.562	0.680	0.864
Stimulate creativity (SC), Cronbach's Alpha: 0.861				
SC 1	6.83	2.624	0.743	0.808
SC 2	6.77	2.542	0.773	0.771
SC 3	6.74	2.717	0.705	0.835
Support & share (SE), Cronbach's Alpha: 0.878				
SE 1	14.40	9.638	0.664	0.863
SE 2	14.54	9.270	0.758	0.840
SE 3	14.36	9.672	0.721	0.850
SE 4	14.58	9.425	0.721	0.849
SE 5	14.71	9.239	0.688	0.858

Source: Results of data analysis, 2023

5.3 Confirmatory factor analysis (CFA)

The results of CFA analysis of the model are as follows: (1) Chi-square/df = 2.5 < 3; (2) GFI = 0.881 > 0.8; (3) CFI = 0.947 > 0.9; (4) TLI = 0.941 > 0.9; (5) RMSEA = 0.049 < 0.06; (6) PCLOSE = 0.633 > 0.05. Based on the evaluation criteria of Hu & Bentler (1999), the results of the coefficients are all satisfactory. Conclusion, the model meets the requirements with the collected statistics.

5.4 Assess reliability, convergence and discrimination

Evaluation results (Tab 3) showed: (1) Composite Reliability (CR) of all factors are greater than 0.7. (2) The average variance is extracted (AVE) of all factors are greater than 0.5. (3) Maximum Shared Variance (MSV) of the factors are smaller than (AVE). Conclusion, the model achieves reliability, convergence and discrimination.

Table 3: The results assessed reliability, convergence and discrimination

	CR	AVE	MSV	SC	EB	TL	SE	CP	OC	IS	CE
SC	0.863	0.677	0.498	0.823							
EB	0.936	0.711	0.462	0.579	0.843						
TL	0.932	0.696	0.507	0.605	0.652	0.834					
SE	0.880	0.594	0.498	0.706	0.598	0.671	0.771				
CP	0.897	0.686	0.437	0.590	0.481	0.640	0.661	0.828			
OC	0.801	0.503	0.282	0.361	0.531	0.439	0.375	0.248	0.709		
IS	0.880	0.647	0.507	0.535	0.470	0.712	0.600	0.544	0.387	0.804	
CE	0.879	0.708	0.462	0.562	0.680	0.604	0.646	0.498	0.462	0.533	0.841

Source: Results of data analysis, 2023

5.5 Results of SEM analysis

SEM analysis results for the following indicators: (1) Chi-square/df = 2.715 < 3; (2) GFI = 0.870 > 0.8; (3) CFI = 0.940 > 0.9; (4) TLI = 0.935 > 0.9; (5) RMEA = 0.053 < 0.06; (6) PCLOSE = 0.082 > 0.05. Conclusion, this model is compatible with data collected from the market (Hu & Bentler, 1999).

5.6 Regression results

Table 4: Regression results

Path	Estimate		S. E	C.R	Pvalue	Results
	B	B standardized				
IS -----> TL	0.466	0.445	0.044	10.527	***	Supported H1
SC -----> TL	0.189	0.162	0.056	3.371	***	Supported H2
SE -----> TL	0.376	0.315	0.062	6.086	***	Supported H3
TL -----> EB	0.512	0.529	0.036	14.399	***	Supported H4
CE -----> OC	0.418	0.505	0.048	8.752	***	Supported H5
CP -----> OC	0.016	0.022	0.035	0.439	0.661	Not Supported H6
OC -----> EB	0.463	0.353	0.053	8.678	***	Supported H7

(Note *** is equivalent to 0.000)

Source: Structural model test results

According to the results of Table 4, with 7 hypotheses given, 6 hypotheses are accepted with P value less than 0.05. As follows:

Hypothesis (H1) is approved with p.value less than 0.05 and the path normalization coefficient being 0.455. The Inspirational factor influences Transformational leadership style in SMEs.

Hypothesis (H2) is approved with p.value less than 0.05 and the path normalization coefficient being 0.162. The Stimulating Creativity factor influences Transformational leadership style in SMEs.

Hypothesis (H3) is approved with p.value less than 0.05 and the path normalization coefficient being 0.315. The Support and sharing factor influences Transformational leadership style in SMEs.

Hypothesis (H4) is approved with p.value less than 0.05 and the path normalization coefficient being 0.529. Transformational leadership style influences Employee-based brand equity in SMEs.

Hypothesis (H5) is approved with p.value less than 0.05 and the path normalization coefficient being 0.505. Employee-supportive culture affects the Organizational culture of SMEs.

Hypothesis (H6) is rejected with p.value = 0.661 more than 0.05 and the path normalization coefficient being 0.022. Profit-oriented culture is less well received in relation to Employee-based brand

equity of SMEs.

Hypothesis (H7) is approved with p.value less than 0.05 and the path normalization coefficient being 0.353. Organizational culture has an impact on Employee-based brand equity of SMEs.

6. Discussion

According to (King & Grace, 2010), employee-based brand equity is measured through criteria of employee behavior, motivation, satisfaction, and commitment to the organization. And studies by (Purwanto, 2021; Triraharjo, 2020; Arif, 2018), they have emphasized transformational leadership as a style that has a very significant impact on employee motivation, job satisfaction, and organizational commitments. The results of this experimental study show similarities with some previous studies. And this study demonstrated that transformational leadership style has both a positive and direct influence on the employee-based brand equity of small and medium-sized enterprises, with a very large impact path coefficient of 0.529. In addition, the research results show similarities with the research of (García-Morales, 2012; Mutahar, 2015; Naguib, 2018; Triraharjo, 2020), which is the factor Stimulates innovation, the factor Inspires and the Support & Sharing factor, they have a positive relationship with Transformational Leadership Style in SMEs. The highlight of the research findings shows that the leader's inspirational factor has the greatest influence on transformational leadership style with a path effect coefficient of 0.455.

Regarding organizational culture: The results of this study are similar to those of (Lau, 2001; Zeyada, 2008; O'Relly, 1991; Recardo, 1997; Deshpande, 1989), organizational culture has a significant impact on the performance, behavior and brand value of employees at businesses. According to research by (O'Relly, 1991; García-Morales, 2012; Naguib, 2018; Triraharjo, 2020), organizational culture needs to focus on taking care of employees such as sharing and supporting to improve work performance. But the goal of managers is high profits, which is also a trend in the market economy. When an organization's leaders focus solely on profits, that is, focusing employee evaluations on Key Performance Indicators (KPIs). If KPIs system lack scientific and practical basis, it will often create pressure for employees. Employees will lose creativity, cope with work and reduce commitment to the organization. The results of this experimental study indicate that Employee-supportive culture significantly influences the Organizational culture of small and medium-sized enterprises, with a very high impact coefficient of 0.505. Employee-supportive culture enhances the brand value of each employee and motivates them to work more creatively and effectively. On the other hand, the findings of this research indicate that the profit-oriented culture factor has a very low impact on employee commitment to organizational culture, with a path coefficient of only 0.022 and a statistical Value greater than 0.05. It is likely to reduce the quality of work and the creativity of employees.

7. Conclusion and Implications

7.1. Conclusion

Leadership style and organizational culture have been widely researched and proven to be important factors that greatly affect employee performance. However, there is no research that emphasizes the role of transformational leadership and employee-supportive culture in influencing employee-based brand equity in businesses. Through a survey of 618 employees working at SMEs in Vietnam and the analysis results show that 6/7 hypotheses are accepted with a confidence coefficient of 95%. The findings of this empirical study have shown that transformational leadership style and organizational culture have both positive and direct impacts on the employee-based brand equity in small and medium-sized enterprises, which many previous studies have not mentioned. The results also further demonstrate that factors such as inspiration, creative stimulation, support & sharing are necessary factors that have a positive impact on transformational leadership style. Research has found that the inspirational factor is most prominent in transformational leadership style. The highlight of the research findings is that an employee-supportive culture contributes positively to employee satisfaction, creativity, and work

motivation, which in turn positively impacts the employee-based brand value in small and medium-sized enterprises. The next highlight of this finding pertains to a profit-oriented culture. The implication is that a culture solely focused on profit metrics and assessing employees based on KPI accomplishments has a significantly low impact on employee engagement and the employee-based brand value in SMEs. This finding has shown that organizations that consistently emphasize building Key Performance Indicators (KPIs) and consider them the most effective solution in business may not always yield positive results for the enterprise. Results are as follows:

The transformational leadership style and organizational culture have a direct and significant impact on employee-based brand value in small and medium-sized enterprises. The transformational leadership style has a greater impact with a path coefficient of 0.529, while the impact coefficient of organizational culture is 0.353.

The findings of this study show that among the three factors affecting transformational leadership style in SMEs, the inspirational factor has the strongest and most positive impact, with a path coefficient of 0.455. Next is the Support factor with a path coefficient of 0.315 and finally the stimulating factor with a path coefficient of 0.162.

The results of this study also indicate that among the two factors of employee-supportive culture and profit-oriented culture, the employee-supportive culture has the strongest impact on the positive nature of organizational culture, with a path coefficient of 0.505. Conversely, the profit-oriented culture does not contribute significantly to the positive aspects of organizational culture, with a path coefficient of 0.022.

7.2 Implications

The results of this empirical study show a direct and significant relationship of transformational leadership style and organizational culture to the employee-based brand equity. This implies that a business looking to improve performance needs to focus on policies that satisfy the legitimate demands of employees in carrying out their tasks, in order to create motivation and enhance the job satisfaction of individuals. A competitive strategy with a higher likelihood of success requires comprehensive research into both the external environment and the internal environment of the enterprise to create differentiation. Small and medium-sized enterprises often struggle with competing for capital and skilled labor, so managers need to recognize that employees are not only resources but also valuable assets contributing to differentiation and enhancing competitiveness.

Transformational leadership style plays a positive role in the innovation process of SMEs in resource-constrained environments. Implications for small and medium-sized business managers to pay attention to the elements of transformational leadership style. Transformational leaders must be pioneers, leading with concrete efforts and actions to build trust with employees. Furthermore, the elements of transformational leadership reflect care for each individual, focusing on positive inspiration to enhance employee motivation and performance. Some of the recommendations for managers include establishing motivational policies to empower employees to be creative and enhance personal value in the workplace, as follows: (1) Establish a skills development fund to invest in continuous learning and development opportunities for employees. Equip them with the necessary skills and knowledge to adapt to changes in market trends, technology and customer needs; (2) Policy of empowerment and autonomy. Empower employees by delegating authority and giving them autonomy in decision making in their areas of expertise. This not only fosters a sense of ownership but also encourages creativity and initiative, leading to more agile and responsive operations; (3) Policy of recognition and reward. A clear and transparent policy that acknowledges and rewards employee contributions and achievements will strengthen a culture of excellence and encourage employees to continue achieving high performance; (4) Life care policies. Implement health care programs and support policies that demonstrate commitment to employee welfare. Strive to maintain a healthy balance between work and family life for employees to contribute to long-term competitiveness.

Research results have also shown that employee-supportive culture has a positive impact on enhancing employee brand equity in SMEs in Vietnam. The implication of this finding is that an appropriate culture will increase employee trust, maximize productivity and enhance commitment and alignment with organizational values. The research results also point out the profit-oriented culture, implying that an organization overly emphasizes KPI metrics to evaluate employees. If the KPI system lacks scientific basis and is not aligned with the practicalities of the business, it can lead to reduced employee commitment and work efficiency.

Some recommendations on organizational culture at SMEs: (1) Establish rules for sharing and feedback. Set up open channels for employees to feel comfortable sharing their ideas, concerns, and feedback. Actively listen to their perspectives and incorporate their input into the decision-making process; (2) Develop regulations on culture and engagement. Foster a positive work culture where employees feel valued, engaged and motivated. Engaged employees are more likely to go the extra mile, contribute innovative ideas, and foster the collaborative environment needed to compete; (3) Embrace diversity and inclusion in the workplace. Diversity enriches decision-making and drives innovation. Inclusion creates a sense of belonging, motivating employees to fully utilize their unique talents and skills; (4) Adaptability and flexibility. Nurture a culture of adaptation and flexibility in the face of challenges such as technological disruption, market volatility and changing work tasks.

By prioritizing employee roles and implementing strategies to unlock their potential, administrators of small and medium enterprises can create a motivated and competitive workforce that drives sustainable growth and success in today's ever-evolving business landscape.

Limitations of the study: (1) The number of businesses surveyed is not large; (2) has not compared the positivity of different leadership styles. (3) have not analyzed businesses in the same business group. Further research will clarify the remaining issues.

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