

ANALYZING THE DIFFERENCE IN CORPORATE OWNERSHIP STRUCTURE IN THE RELATIONSHIP BETWEEN LEADERSHIP STYLE AND BUSINESS PERFORMANCE OF ENTERPRISES IN VIETNAM

Nguyễn Thục Anh, Vietnam National University

Đặng Thị Nhàn, Foreign Trade University

Lê Thục Anh, Foreign Trade University

Lê Đình Tân, Vietnam National University

ABSTRACT

The purpose of the study is to analyze the difference in ownership structure (State-owned enterprises (SOEs- DNNN), non-state-owned enterprises (NSOEs- DNNNN) and foreign direct investment enterprises (FDIs- DN FDI)) in the relationship between leadership style (transformational leadership style (PCDCD), transactional leadership style (PCLDGD) and Laissez-faire leadership style (PCLDTD) and business performance of enterprises in Vietnam. The study was conducted at 500 enterprises, data was analyzed by exploratory factor (EFA), confirmatory factor analysis (CFA) and tested research hypotheses by research model by linear structure (SEM), multi-group structure analysis on SPSS 20.0 and AMOS24 software. The analysis results show that PCLDGD has a difference between enterprises in the form of ownership. PCLDGD is assessed to be stronger in SOEs than in other enterprises while PCLDGD is assessed to be stronger in NSOEs and FDIs. Based on the findings, some recommendations on leadership styles are proposed to enhance the business performance, especially for SOEs.

Keywords: Ownership Structure, Enterprise, Leadership Style, Business Performance

INTRODUCTION

The rapidly changing practical context requires more and more new, more flexible and appropriate leadership style models, bringing high efficiency to the organization's activities. Therefore, when applying any leadership style model, the organization also needs to carefully consider specific factors such as: geography, culture, religion, custom, etc. to adapt and achieve organizational goals (Karin et al., 2010). In the same spirit, inheriting the research of Downton, et al., (1973) in 1985 Bass expanded the models of transformational leadership style and transactional leadership style. Laissez-faire leadership style is a continuous process and the continuous leadership style model was given birth. In this style, Bass shows that leaders inspire their employees to do better work by raising employees' awareness of the organization's goals; enhancing the interests of each individual on the basis of the common interests of the organization; addressing higher-level needs. This leadership style model demonstrates the link among transformational leadership, transactional leadership, and Laissez-faire leadership styles has a direct impact on organizational performance. The research by Maria (2014) has shown the influence of leadership style on organizational performance when applying the continuous leadership style model, it shall be the model that has many advantages over the other models.

Therefore, theoretically, it is necessary to have empirical research on leadership styles of enterprises to clarify the influence of leadership styles on business performance.

Restructuring, innovating and improving the performance of State-owned enterprises is a major undertaking and policy of the Party and State of Vietnam in the current socio-economic development and one of the three pillars of the economic restructuring process. State-owned enterprise restructuring is carried out through the process of reorganization, equitization and divestment of state capital in enterprises. In the past time, with the active participation from the central to local levels, many positive results have been brought, but compared with the requirements set out by the plan, the progress is still slow, requires many positive and synchronous solutions. Decree No. 126/2017/ND-CP of the Government on conversion from state-owned enterprises and single-member limited liability companies with 100% of charter capital invested by state-owned enterprises into joint-stock companies. The Prime Minister issued Decision No. 26/2019/QĐ-TTg dated August 15, 2019 regarding list of enterprises under equitization by end of 2020. Thus, the current policy mechanism has ensured equal competition between SOEs and non-state-owned enterprises. This is not only an opportunity but also a great challenge for state-owned enterprises. At that time, the role of leaders in enterprises is extremely important, it is necessary to have a way to create new ones based on old foundations to catch up with the general development trend of the country. In the context of international integration and the global market dominated by multinational and transnational companies, it has been posing great challenges to the competitiveness of Vietnamese enterprises. Therefore, improving the business performance of enterprises in Vietnam is a big problem that needs to be focused on in the current context. Stemming from the above problem, the study analyzed the difference in ownership structure in the relationship between leadership style and business performance of enterprises in Vietnam, from which there are some specific recommendations for SOEs.

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

THEORETICAL BASIS AND RESEARCH MODEL

Enterprise means an organization that has its own name, assets, office, and is registered in accordance with law to do business (According to Section 7 Article 4 Chapter 1 of the 2019 Law on Enterprises). There are many ways to classify enterprises based on different criteria

Based on the form of ownership, enterprises are divided into types: State-owned enterprise; Non-state-owned enterprise and Foreign-invested enterprise (FDI).

In Vietnam, in terms of large ownership ratio in enterprises, there is a tendency to participate in controlling the activities of enterprises, affecting the goal of improving the performance of enterprises. State-owned enterprises play an important role in the economy. Foreign enterprises also contribute to improving the way the company is run, administered and managed due to the dynamism gained from investment experience and the application of more advanced standards. In fact, enterprises have a high percentage of foreign ownership and through corporate governance, enterprises will improve their performance and efficiency.

Ongore (2011) studying the influence of different types of ownership on the operating system of firms in Kenya; Koo & Maeng (2006) studying Korean manufacturing firms both confirmed that foreign ownership had a positive impact on company's performance. Research by Muniandya, et al., (2016) showed that institutional ownership had a significant and positive

impact on total assets. However, there are still empirical studies showing that institutional ownership has little effect, even without clear evidence, on company's performance (Black, 1998; Sarkar & Sarkar, 1999; Sarkar & Sarkar, 2000). Dwivedi & Jain (2003) found a positive impact of institutional ownership in companies on company's profitability. In empirical studies, Poudel & Hovet (2012) concluded that there was a positive relationship between the level of organizational ownership and business performance.

In Germany, state-owned enterprises are understood as ones in which the Government or the State owns the majority of capital. The United Nations defines SOEs as "enterprises wholly or partly owned by the state and controlled to a certain extent by the state in the decision-making process of enterprises". Meanwhile, the World Bank accepts the concept: "SOE is an economic entity whose ownership or control is vested by the government and whose income is largely generated from the sale of goods and services" (World Bank, 2012).

Regulations on establishment and dissolution of SOEs were issued together with Decree No. 388/ND-HDBT dated November 20, 1991 of the Council of Ministers, stipulating that SOEs are enterprises directly established, organized and administered by the State in order to realize the State's socio-economic objectives (Article 1). The 1995 Law on SOEs defines: State-owned enterprise is an economic organization invested, established and managed by the State, conducting business or public-utility activities, in order to realize socio-economic objectives assigned by the State (Article 1). SOEs have legal status, civil rights and obligations, and are solely responsible for all business activities within the amount of capital managed by the enterprise.

The 2003 Law on SOEs stipulates: "SOE is an economic organization in which the State owns the entire charter capital or has controlling shares or contributed capital, organized in the form of a State-owned company, joint stock company, or limited liability company" (Article 1). In order to clearly define ownership in the capital structure, the 2005 Law on Enterprises stipulates that "SOEs are enterprises in which the State owns more than 50% of the charter capital" (Clause 22, Article 4). The State can hold 100%, more than 50% of the charter capital or less than 50% of the charter capital. The 2014 Law on Enterprises stipulates: "only enterprises in which 100% charter capital is held by the State are SOEs" (Clause 8, Article 4). However, this definition has so far revealed many inadequacies, because most of enterprises with controlling shares of the state also have the same roles and functions and enjoy preferential treatment like SOEs with 100% state capital.

2014 Law "State enterprises include ones in which more than 50% of charter capital is held by the State and the total number of voting shares as prescribed in Article 88 of this Law" (Article 4, Clause 11). Non-state-owned enterprise is understood as an enterprise with domestic capital, in which the capital source is owned by a collective, privately by one person or a group of people, or owned by state but the State accounts for only 50% of the charter capital or less. Non-state-owned enterprises includes: Private enterprises, partnerships, limited companies (limited companies with State capital < 50%), joint stock companies without state capital, or with state capital accounting for < 50%.

According to the definition of the IMF and OECD, FDI enterprises are ones with foreign direct investment capital. The FDI enterprise establishes the rights and obligations of the investor to the place where it is invested, establishes ownership and management rights over the invested capital, and the operation of the FDI enterprise can also be considered as a market expansion, multinational and transnational activities, demonstrating long-term investment relationship with the host country, and commitments on technology and technical transfer and local economic development. Currently, in the legal documents of Vietnam, the type of FDI enterprise is outlined in Clause 17, Article 3 of the 2014 Law on Investment or Clause 22, Article 3 of the 2020 Law on Investment as follows: "Foreign-invested economic organization means an economic

organization whose foreign investors are members or shareholders”. Enterprises with foreign direct investment capital include: Enterprises with 100% foreign capital; Joint venture between foreign and domestic partners.

Non-financial results include customer satisfaction results, input quality internal process results, business operating systems and business development training results.

Non-financial results including Barcons (1999); Boesso (2004) (Figure 1) showed that the authors focus their research on the aspects that information users are interested in such as information about investors, customers, suppliers, information about learning and growth, internal processes, employees and corporate social responsibility.

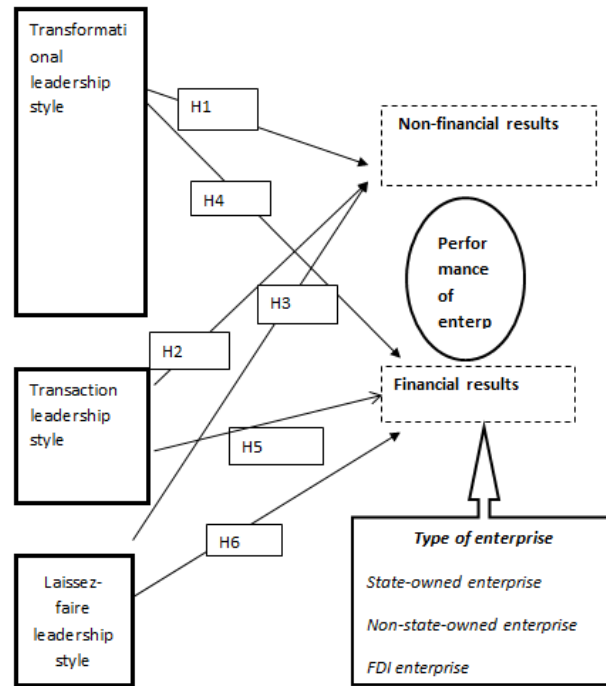


FIGURE 1
PROPOSAL RESEARCH MODEL

RESEARCH METHODOLOGY

The study used convenience sampling method. The collection period was from August 2018 to October 2020. Primary data was collected by direct survey and indirect survey. Selecting the survey sample size according to Slovin method (1960), the minimum required sample size is 400 enterprises. The study surveyed 500 enterprises, so the research results were guaranteed to be representative of the overall population (95% confidence level) and the quality of the research was expressed through the allowable error level $\pm 5\%$ as well as requirements on 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). Data collection in this study was carried out by survey method through online questionnaires and paper questionnaires. Results of direct survey of 175 enterprises, indirect survey of contact form, telephone and email interviews (using the interview form on googledoc) at 325 enterprises. The number of specific enterprise types selected according to the percentage of labor structure in each type of enterprise in Vietnam is detailed in the following table 1:

No.	Enterprise in form of ownership	Labor structure (%)	Survey form	Survey score	Respondents,
1	State-owned enterprise (SOE)	8.3	42	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 HCMC	Directors, department managers, employees with more than 3 years of seniority
2	Non-state-owned enterprises	60.63	303		
3	FDI Company	31.07	155		

From previous studies, the study synthesizes a model consisting of 27 factors with 3 groups of subjects: Transformational Leadership, Professional Leadership, and Laissez-faire Leadership styles. Bass (1992, 1994). The transformational leadership style consists of four components: Inspirational Motivation, Intellectual Stimulation, Individualized Consideration, Idealized Influence; Professional leadership style includes 2 components Reward and Exceptional Management; the Laissez-faire style has one component, which is Passive management/conflict avoidance. Dependent variables include 4 groups of finance, customers, internal processes, Training-Development. Control variables include: dominant ownership in the enterprise (State, Private, Foreign).

Multi-group structural analysis method will be carried out to see if there is a difference in the impact relationship of leadership style on business performance (financial and non-financial results) according to the ownership structure of the types of enterprises (state-owned enterprises, non-state-owned enterprises, FDI enterprises) has an influence on the impact of leadership style on business performance. Therefore, the study that will test the difference in form of ownership will be carried out to know its influence on the relationships.

RESULTS OF RESEARCH AND DISCUSSION

Survey Sample Characteristics

Target		Quantity (enterprise)	Proportion (%)
Enterprise size	Small and medium	457	91.4
	Large	43	8.6
Field	Agriculture, Forestry and Seafood	42	8.4
	Industry and construction	128	25.6
	Trade and services	330	66
Total		500	100

The survey results (Table 2) 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 over 70%).

Business Performance in Form of Ownership

According to the type of enterprise (legal form upon business registration), for domestic enterprises, the number of enterprises operating in the form of non-state-owned enterprises accounts for a high proportion with an average increase of 18.9%. Meanwhile, State-owned enterprises are on a downward trend. By 2015, the number of enterprises will decrease by nearly 50% and the average decrease of 4.4% in the years in the period 2000-2018. The number of FDI enterprises increased the most with an average annual increase of 17.6%. Enterprises play an important role in our economy, creating jobs and contributing more and more to the national budget (Table 3).

Criteria	Type of enterprise	Unit	2010	2014	2015	2016	2017	2018
Average trading capital	Total	VND billion	10,841	17,764	19,677	22,144	26,050	30,705
	SOE		3,702	5,793	6,251	6,945	7,609	9,089
	Non-state-owned enterprise		5,452	8,628	9,614	11,021	13,713	16,116
	FDI enterprise		1,688	3,343	3,813	4,178	4,728	5,500
Value of fixed assets and long-term financial investment	Total	VND trillion	4,659	7,623	8,450	10,467	12,551	13,962
	SOE		1,759	2,973	3,359	4,600	4,367	4,567
	Non-state-owned enterprise		2,130	3,231	3,456	3,862	5,857	6,892
	FDI enterprise		770	1,419	1,636	2,005	2,328	2,504
Net revenue from production and business	Total	VND trillion	7,448	12,202	13,516	14,949	17,436	20,664
	SOE		2,034	2,994	2,961	2,722	2,866	3,126
	Non-state-owned enterprise		4,086	6,204	7,004	8,075	9,762	11,737
	FDI enterprise		1,386	3,054	3,516	4,152	4,809	5,801
Profit before tax of the enterprise	Total	VND billion	356,301	488,273	556,695	552,747	711,975	876,676
	SOE		115,193	201,603	185,116	157,064	197,253	200,892
	Non-state-owned enterprise		115,654	78,727	122,522	150,528	188,092	291,635
	FDI enterprise		125,454	207,943	249,057	245,155	323,630	384,149
Enterprise profit ratio	Total		4.53	3.91	4.04	3.63	3.99	4.24
	SOE		5.31	6.5	6.04	5.57	6.62	6.43
	Non-state-owned enterprise		2.71	1.25	1.72	1.84	1.88	2.48
	FDI enterprise		8.84	6.7	6.95	5.8	6.68	6.62
Number of employees in the enterprise	Total	Thousand people	9,742	11,645	12,049	12,857	14,012	14,512
	SOE		1,603	1,559	1,451	1,372	1,286	1,202
	Non-state-owned enterprise		5,983	6,855	7,148	7,713	8,572	8,800

	FDI enterprise		2,156	3,051	3,449	3,773	4,154	4,510
Income of employees in the enterprise	Total	VND billion	465,782	788,571	892,348	1,036,081	1,208,357	1,401,187
	SOE		125,071	168,335	171,470	157,798	177,140	173,514
	Non-state-owned enterprise		237,176	383,744	448,350	550,686	623,876	757,605
	FDI enterprise		103,535	236,492	272,528	327,597	407,341	470,068
Average monthly income in enterprises	Total	VND thousand	4,124	5,850	6,335	6,966	7,514	8,272
	SOE		6,553	8,970	9,793	9,509	11,411	11,909
	Non-state-owned enterprise		3,420	4,733	5,327	6,225	6,405	7,370
	FDI enterprise		4,252	6,768	6,955	7,502	8,504	9,035

Check Ownership Difference its Influence on Leadership Style Relationships and Business Performance

The article focuses on analyzing the ownership structure in enterprises (state-owned enterprises, non-state-owned enterprises, FDI enterprises) that affects the impact of leadership style on business performance. Therefore, this part that will test the difference in form of ownership will be carried out to know its influence on the relationships.

The Relationship between Leadership Style and Business Performance

After analyzing the reliability of the scale through Cronbach’s Alpha coefficient, exploratory factor analysis EFA and confirmatory factor analysis CFA. The adjusted model after removing the variable does not meet the reliability and convergence value, the study conducts analysis of the SEM linear structure model to test the research hypotheses. The results of the SEM linear structural model analysis showed that the Chi-square=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).

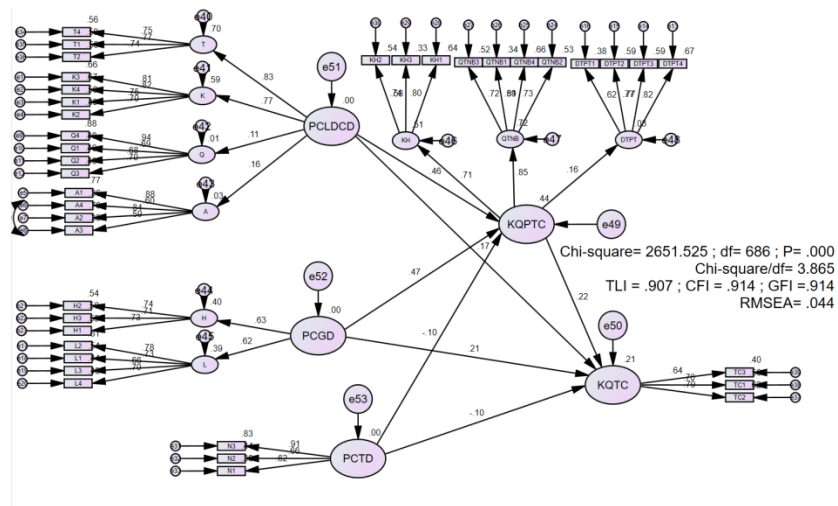


FIGURE 2
SEM LINEAR STRUCTURAL MODEL ANALYSIS RESULTS

Table 4 THE RESULTS OF TESTING THE RESEARCH HYPOTHESES					
Hypothesis		Normalized regression coefficient	P_value	Relationship	Result
H1	Transformational leadership style has a positive impact on the non-financial results of enterprises	0,464	***	Favorable	Accept
H2	Transactional leadership style has a positive impact on non-financial results of enterprises	0,467	***	Favorable	Accept
H3	Laissez-faire leadership style has a positive impact on non-financial results of enterprises	-0,104	***	Unfavorable	Accept
H4	Transformational leadership style has a positive impact on financial results of enterprises	0,165	***	Favorable	Accept
H5	Transactional leadership style has a positive impact on financial results of enterprises	0,209	***	Favorable	Accept
H6	Laissez-faire leadership style has a positive impact on financial results of enterprises	-0,097	0.002	Unfavorable	Accept
H7	Non-financial results have a positive relationship with financial results of enterprises in Vietnam	0,224	***	Favorable	Accept

The results of SEM model analysis, the unnormalized regression coefficient of PCTD on general analysis results and financial results all have negative signs, so they will have the unfavorable effect. The index of the normalized regression coefficient indicates the level of influence of the relationships. Specifically, PCLDCD and PCGD have a strong impact on general analysis results when having the largest standardized regression coefficients with 0.464 and 0.467. As for financial results, the financial performance factor has the largest standardized regression coefficient of 0.224 (Figure 3).

Analysis of differences of Business Types

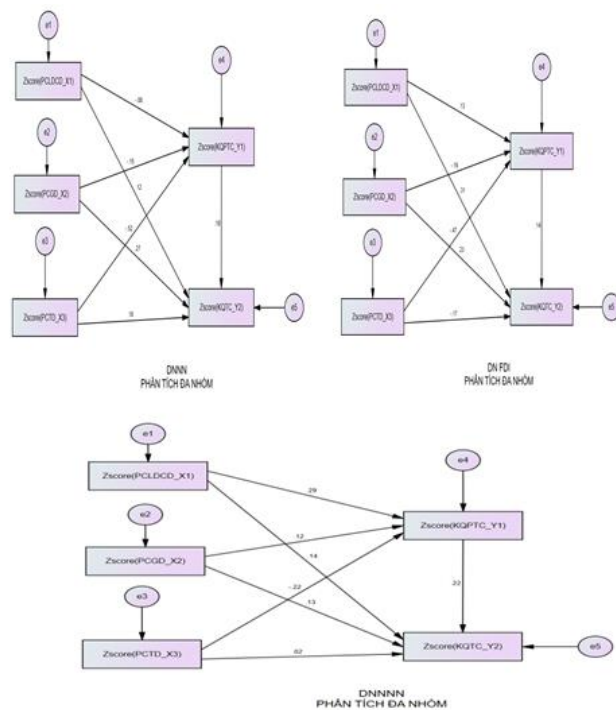


FIGURE 3
ANALYSIS OF DIFFERENCES BY BUSINESS OWNERSHIP STRUCTURE

Using specific multi-group structure analysis technique, two groups are used to test the difference according to ownership structure of different types of enterprises. Accordingly, the variable model (the estimated parameters in the model of unconstrained groups) and the invariant model (the relationships in the model are equally constrained for all groups) are implemented, respectively. Chi-square test was used to compare two models. The analysis results show that there is a statistically significant difference between the two models with 95% confidence level. The results of the test of the variable and invariable groups are presented in Table 5.

Model	Chi-square	Degree of freedom (df)	P-value
Unconstrained	118,725	6	0
Constrained	133,728	13	0
Difference	15,003	7	0,036

Interpretation: The p-value of the chi-square difference test is significant; the model differs across groups.

P.Value<0.05 There should be a difference between NSOEs and SOEs when evaluating the SEM model. Specifically, the difference of ownership is shown on the factors as follows (Table 6):

Path Name	SOE Beta	NSOE Beta	Difference in Betas	P-Value for Difference	Interpretation
ZPCLDCD_X1 → ZKQPTC_Y1.	0.088	0.299** *	-0.211	0.013	The positive relationship between ZKQPTC_Y1 and ZPCLDCD_X1 is stronger for DNNNN.
ZPCGD_X2 → ZKQPTC_Y1.	0.129** *	0.109	0.02	0.762	The positive relationship between ZKQPTC_Y1 and ZPCGD_X2 is only significant for DNNN.
ZPCTD_X3 → ZKQPTC_Y1.	- 0.296** *	- 0.200** *	-0.096	0.394	There is no difference.
ZPCLDCD_X1 → ZKQTC_Y2.	0.018	0.154** *	-0.136	0.133	The positive relationship between ZKQTC_Y2 and ZPCLDCD_X1 is only significant for DNNNN.
ZPCGD_X2 → ZKQTC_Y2.	0.296** *	0.135** *	0.161	0.061	The positive relationship between ZKQTC_Y2 and ZPCGD_X2 is only significant for DNNN.
ZPCTD_X3 → ZKQTC_Y2.	-0.1	0.169** *	0.058	0.523	There is no difference
ZKQPTC_Y1 → ZKQTC_Y2.	0.329** *	0.211** *	0.118	0.13	There is no difference.

The results of the test of the variable and invariable groups are presented in the following table 7.

Model	Chi-square	Degree of freedom (df)	P-value
Unconstrained	201,530	6	0

Constrained	238,587	13	0
Difference	37,057	7	0,000

P.Value<0.05 There should be a difference between SOEs and FDI enterprises when evaluating the SEM model. Specifically, the difference of ownership is shown on the factors as follows (Table 8):

Path Name	SOE Beta	FDI Enterprise Beta	Difference in Betas	P-Value for Difference	Interpretation
ZPCLDCD_X1 → ZKQPTC_Y1.	0.088	0.129**	-0.041	0.009	The positive relationship between ZKQPTC_Y1 and ZPCLDCD_X1 is only significant for DN FDI.
ZPCGD_X2 → ZKQPTC_Y1.	0.129***	-0.160***	0.289	0.581	There is no difference
ZPCTD_X3 → ZKQPTC_Y1.	-0.296***	-0.475***	0.179	0.001	The negative relationship between ZKQPTC_Y1 and ZPCTD_X3 is stronger for DN FDI.
ZPCLDCD_X1 → ZKQTC_Y2.	0.018	0.312***	-0.293	0.01	The positive relationship between ZKQTC_Y2 and ZPCLDCD_X1 is stronger for DN FDI.
ZPCGD_X2 → ZKQTC_Y2.	0.296***	0.228***	0.068	0.097	The positive relationship between ZKQTC_Y2 and ZPCGD_X2 is stronger for DNNN.
ZPCTD_X3 → ZKQTC_Y2.	-0.1	0.169***	0.269	0.008	The positive relationship between ZKQTC_Y2 and ZPCTD_X3 is stronger for DN FDI.
ZKQPTC_Y1 → ZKQTC_Y2.	0.129***	0.136**	0.07	0.012	The positive relationship between ZKQTC_Y2 and ZKQPTC_Y1 is stronger for FDI enterprises.

The analysis results show that there is a statistically significant difference between the two models with 95% confidence level. The results of the test of the variable and invariable groups are presented in the following table 9.

Model	Chi-square	Degree of freedom (df)	P-value
Unconstrained	302,432	6	0
Constrained	369,256	13	0
Difference	66,824	7	0

P Value<0.05 There should be a difference between NSOEs and FDI enterprises when evaluating the SEM model. Specifically, the difference of ownership is shown on the factors as follows (Table 10):

Path Name	SOE Beta	FDI Enterprise Beta	Difference in Betas	P-Value for Difference	Interpretation
ZPCLDCD_X1 → ZKQPTC_Y1.	0.299***	0.129**	0.17	0.005	The positive relationship between ZKQPTC_Y1 and ZPCLDCD_X1 is stronger for DNNNN.
ZPCGD_X2 → ZKQPTC_Y1.	0.129***	-0.160***	0.289	0	The relationship between ZKQPTC_Y1 and ZPCGD_X2 is positive for DNNNN and negative for DN FDI.
ZPCTD_X3 → ZKQPTC_Y1.	-0.200***	-0.475***	0.275	0	The negative relationship between ZKQPTC_Y1 and ZPCTD_X3 is stronger for DN FDI.
ZPCLDCD_X1 → ZKQTC_Y2.	0.154***	0.312***	-0.158	0.05	The positive relationship between ZKQTC_Y2 and ZPCLDCD_X1 is stronger for DN FDI.
ZPCGD_X2 → ZKQTC_Y2.	0.135***	0.228***	-0.093	0.681	There is no difference.
ZPCTD_X3 → ZKQTC_Y2.	0.169***	0.241***	0.128	0.001	The negative relationship between ZKQTC_Y2 and ZPCTD_X3 is stronger for DN FDI.
ZKQPTC_Y1 → ZKQTC_Y2.	0.211***	0.136**	0.075	0.044	The positive relationship between ZKQTC_Y2 and ZKQPTC_Y1 is stronger for DNNNN.

Based on the results of multi-group structure analysis, it was found that: for transformational leadership style, all sig values are less than 0.05. This shows that there are differences in leadership styles in different types of businesses.

For SOEs (Beta=0.296) the frequency of occurrence of a large transactional leadership style will have a positive impact on corporate non-financial results. For NSOEs and FDI enterprises (Beta=0.299) transformational leadership will have a positive impact on non-financial results. However, the Laissez-faire leadership style has a stronger negative relationship with FDI enterprises' non-financial results than for the other two types of firms. Regarding the impact of financial results on state-owned enterprises, transactional leadership style has a positive relationship with financial results (Beta=0.018), however, Laissez-faire leadership style has a positive impact. negative impact on financial results (Beta= -0.100). For SOEs and FDI enterprises all three styles have a positive relationship with corporate financial results in which Laissez-faire leadership style is stronger for NSOEs and transformational style is stronger for FDI enterprises.

RESULTS AND RECOMMENDATIONS

Based on the results of the analysis, it is also shown that a good leader does not just keep one style throughout his leadership phase. Leaders must depend on situations, conditions and times to apply their own leadership styles. Analysis of the results is based on data collected at Vietnamese enterprises, showing the difference in leadership styles between types of state-owned

enterprises, non-state-owned enterprises and FDI enterprises. The transformational leadership style is different between enterprises in the form of ownership. As for transactional leadership, SOEs are evaluated to be stronger than other enterprises; Transformational leadership style is rated stronger in non-state-owned enterprises and FDI enterprises.

Improving performance results of State-owned enterprises contributes to promoting the key role in national economic construction and development. From the research results, the authors suggest the following recommendations: Firstly, the leaders of SOEs further promote production and business activities under the market mechanism to improve quality, efficiency, competitiveness and perform well the role of leading and developing enterprises of other economic sectors. In addition, accelerating the restructuring of state-owned enterprises in the direction of equitization, selling capital in enterprises where the State does not need to hold or need to hold controlling shares or contributed capital, including those are doing business effectively; and at the same time thoroughly handle, including bankruptcy of weak state-owned enterprises. Secondly, the equitized SOEs strictly implement the registration of transactions and listing on the stock market in accordance with the law, on that basis, the leaders need to pay attention shown in the policies, guidelines and actions in improving the qualifications of employees by encouraging them to study to improve their qualifications through financial support, reducing work norms, or sending them to attend refresher courses to improve their skills; Thirdly, enterprises attract strategic investors, especially foreign investors and large domestic investors, creating favorable conditions for strategic investors to deeply participate in the corporate governance process. Fourthly, it is necessary to build a SOE governance system that is close to international practices, specifically modern corporate governance principles, which are gradually applied to equitized SOEs. In addition, it is necessary to separate the state ownership function from the state management function, through the formation of a specialized organization to exercise the rights and obligations of the owner of state capital investment. The article focuses on analyzing the difference in the relationship between leadership style and business performance for different types of enterprise in form of ownership and proposes some recommendations on leadership styles and improving performance results for state-owned enterprises. However, today's enterprises are following different production methods and the degree of specialization in production with different fields, thus having different effects on the performance of enterprises. This leads to some limitations and suggests directions for further research in the future for each business area in enterprises.

REFERENCES

- Bass, B.M. (1985). *Leadership and performance beyond expectations*. New York: Free Press.
- Bass, B.M., & Stogdill, R.M. (1990). *Handbook of leadership: Theory, research, and managerial application*, (3rd edition). New York: Free Press.
- Bass, B.M., & Avolio B.J., (1990). *Transformation leadership: Manual for multifactor leadership questionnaire*. Palo Alto, CA: Consulting Psychologists Press.
- Bass, B.M. (1994). *Transformation leadership and team and organizational decision making*. Thousand Oaks CA: Sage.
- Bass, B.M., & Avolio, B.J. (1995). *Multifactor leadership questionnaire, sampler set center, technical report, leader form, rater form, scoring key for MLQ form 5X-Short*. Center for leadership studies, Binghamton University, NY.
- Downton, J.V. (1973). *Rebel leadership: Commitment and charisma in the revolutionary process*. Free Press
- Perkin, M.L. (2014). *The relationship between organizational performance and leadership style across organizations*. Doctoral dissertation, Capella University, US
- Sarkar, J., & Sarkar, S. (2000). Large shareholder activism in corporate governance in developing countries: Evidence from India. *International Review of Finance*, 1(3), 161–194.
- Karin, S., Mattijs, M., Nicole, T., Sandra, G., & Claudia G. (2010). *How to support innovative behaviour*. Technology and investment, 1, 59-68.

- Koo, J., & Maeng, K. (2006). Foreign ownership and investment: Evidence from Korea. *Applied Economics*, 38, 2405-2414.
- Vincent, O., & Peter, O. (2011). Effects of selected corporate governance characteristics on firm performance: Empirical evidence from Kenya. *International Journal of Economics and Financial Issues*, 1(3), 99-122.
- Nguyen, D.T., Nguyen, T., & Mai, T. (2009). *Scientific research in busines administration*. Statistical Publisher.
- Peterson, R.A. (1994). A meta-analysis of Cronbach's coefficient alpha. *Journal of Consumer Research*, 21, 381-391.
- Schumacker, R.E., & Lomax, R.G. (1996). *Beginner's guide to structural equation modeling*. Mahwah, New Jersey: Lawrence Erlbaum Associates. Publishers
- Slater, S. (1995). Issues in conducting marketing strategy research. *Journal of Strategic Marketing*, 3(4), 257-270.