

**MINISTRY OF EDUCATION AND TRAINING  
LAC HONG UNIVERSITY**



**VY VU HONG THAO**

**IMPACTS OF TRANSFORMATIONAL LEADERSHIP  
ON LEADER - MEMBER RELATIONSHIPS AND  
EMPLOYEE JOB PERFORMANCE: EVIDENCE  
FROM SMALL AND MEDIUM-SIZED ENTERPRISES  
IN DONG NAI PROVINCE**

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## LIST OF PUBLICATIONS

1. Vy Vu Hong Thao (2021). Relationship between resilience and career success: Empirical study in Southern Vietnam, *Tạp chí Công thương*, 27 (3/2021), 162 – 168.
2. Vy Vu Hong Thao (2023). Determinants of high-performance work system and its impacts on organizational performance: Empirical study of listed companies in Vietnam”. *Abstracts & Proceedings of 17<sup>th</sup> NEU – KKU International Conference: Socio Economic and Environmental Issues in Development 2023 Proceeding*. This research is funded by Vietnam National Foundation for Science and Technology Development (NAFOSTED) under grant number 502.02-2016.03, 733 – 749.
3. Vy Vũ Hồng Thảo & Nguyễn Thanh Lâm (2025). Đề xuất mô hình nghiên cứu tác động của lãnh đạo chuyển đổi đến hiệu suất công việc của nhân viên, *Tạp chí Kinh tế và Dự báo*, 3 (02/2025), 320-323
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## CHAPTER 1: BRIEF INTRODUCTION

### 1.1. Rationale for the Study

#### 1.1.1. Theoretical Background

In developing economies such as Vietnam, small and medium-sized enterprises (SMEs) play a vital role in job creation and economic growth. However, SMEs frequently encounter challenges, including limited resources and intense competitive pressures. In this context, transformational leadership (TL), a leadership style that fosters innovation and enhances employee motivation, has attracted significant attention from both scholars and practitioners.

Transformational leadership emphasizes inspirational motivation, intellectual stimulation, and individualized consideration, thereby improving employee job performance through voluntary efforts that exceed formal job expectations. Recent studies have consistently confirmed the positive effects of TL on both individual and organizational performance. In SMEs, high-quality leader–member relationships (LMX), built upon trust and mutual support, are particularly important because close interactions between leaders and employees help compensate for resource constraints.

Employee job performance, encompassing both task performance and contextual performance, is strongly influenced by leadership capability. Numerous studies indicate that TL enhances job performance not only directly but also indirectly through improvements in leader–member relationship quality. Positive leader–member relationships contribute to a supportive working environment that promotes employee satisfaction, engagement, innovation, and performance.

Bibliometric analyses reveal that research on transformational leadership, leader–member relationships, and job performance has received substantial scholarly attention over the past decade. Nevertheless, research gaps remain, particularly within the context of Vietnamese SMEs. Specifically, further investigation is needed into the mediating roles of organizational citizenship behavior (OCB) and organizational culture in the relationship between TL and job performance, as well as into the moderating effects of demographic characteristics on leadership effectiveness.

#### 1.1.2. Practical Background

In practice, SMEs in Vietnam play a central role in the national economy but continue to face limitations related to labor productivity, management quality, and international competitiveness. Many enterprises still lack modern leadership capabilities, have not fully developed effective leader–employee relationships, and have yet to fully leverage the potential of their workforce. In the context of global integration and digital transformation, SMEs must rapidly

improve work performance to meet emerging market demands.

Therefore, investigating and applying transformational leadership within SMEs is necessary to enhance organizational performance, improve productivity, and strengthen competitiveness. Based on this rationale, the research titled *“The Impact of Transformational Leadership on Leader–Member Relationships and Employee Job Performance: Evidence from Small and Medium-Sized Enterprises in Dong Nai Province”* was selected for the doctoral dissertation in Business Administration at Lac Hong University.

## **1.2. Research Objectives**

### **1.2.1. General Objective**

The study aims to identify and measure the effects of transformational leadership on leader–member relationships, organizational culture, organizational citizenship behavior, and employee job performance, thereby proposing managerial implications to assist SMEs in Dong Nai Province, and in Vietnam more broadly, in improving employee performance and organizational effectiveness through the implementation of TL practices.

### **1.2.2. Specific Objectives**

To achieve the general objective, the dissertation pursues the following specific objectives:

- (1) To identify relationships among transformational leadership, leader–member relationships, organizational culture, organizational citizenship behavior, and employee job performance.
- (2) To quantify the impact of transformational leadership on leader–member relationships, organizational culture, organizational citizenship behavior, and employee job performance.
- (3) To examine the influence of demographic characteristics within the research model.
- (4) To propose managerial implications to support SMEs in Dong Nai Province and Vietnam in enhancing employee performance and organizational effectiveness through TL practices.

## **1.3 Research Questions**

The dissertation seeks to answer the following research questions:

- (1) What relationships exist among transformational leadership, leader–member relationships, organizational culture, organizational citizenship behavior, and employee job performance?
- (2) To what extent does transformational leadership influence leader–member relationships, organizational culture, organizational citizenship behavior, and employee job performance?
- (3) How do demographic characteristics influence the relationships within the research model?
- (4) What strategies should SMEs in Dong Nai Province and Vietnam

adopt to enhance organizational effectiveness through TL practices?

## **1.4. Research Objects and Scope**

### **1.4.1. Research Objects**

- Research constructs include transformational leadership, leader–member relationships, organizational culture, organizational citizenship behavior, and employee job performance.

- Survey respondents consist of employees working in SMEs in Dong Nai.

### **1.4.2. Research Scope**

- Spatial scope: SMEs operating in Dong Nai Province.

- Temporal scope: Secondary data were collected during the period 2020–2024, while primary data were collected between September and October 2024.

## **1.5. Research Methodology**

### **1.5.1. Qualitative Research Method**

The author conducted a comprehensive literature review covering foundational theories and related domestic and international studies. Based on this review, research constructs and their relationships were identified, leading to the development of a preliminary research model and measurement scales. Subsequently, expert group discussions were conducted to explore potential new factors and refine the constructs, research model, and measurement scales to better fit the practical context. The outcomes of these discussions contributed to the development of finalized measurement scales for quantitative research.

### **1.5.2. Quantitative Research Method**

The study adopted a sequential exploratory mixed-methods design. The qualitative phase involved semi-structured interviews with 15 business leaders and focused group discussions with 20 SME employees to refine measurement scales. A pilot survey with 150 employees from 10 SMEs was then conducted to assess reliability and scale structure, enabling refinement of the final questionnaire.

In the main quantitative phase, data from 1,000 valid responses collected from 65 SMEs were analyzed using PLS-SEM and PLS-MGA to test the research model and examine differences across firm and individual characteristics. This three-stage methodological approach enhances research rigor and strengthens generalizability within the Vietnamese SME context.

## **1.6. Structure of the Dissertation**

The dissertation consists of five chapters:

Chapter 1: Brief Introduction

Chapter 2: Theoretical foundations and research model.

Chapter 3: Research methodology.

Chapter 4: Research results and discussion.

Chapter 5: Conclusions and managerial implications..

## CHAPTER 2: THEORETICAL FOUNDATIONS AND RESEARCH MODEL

### 2.1. Key Research Concepts

#### 2.1.1. Transformational Leadership

Transformational leadership (TL) refers to a leadership style that focuses on inspiring employees, fostering personal development, and encouraging them to exceed expected performance standards in pursuit of organizational goals. This leadership approach was initially introduced by Burns (1978) and later developed by Bass (1999), who identified four core components: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Transformational leadership enhances employee engagement and stimulates innovation and creativity, thereby improving job performance.

The most widely used instrument for measuring transformational leadership is the Multifactor Leadership Questionnaire (MLQ). In particular, the MLQ-5X developed by Bass and Avolio (1997) has been extensively applied to assess transformational leadership based on employee perceptions.

#### 2.1.2. Leader–Member Relationships

Human resources constitute one of the most critical assets of an enterprise, and the relationship between leaders and employees plays a decisive role in enhancing employee performance and engagement. Leader–member relationships (LMX) represent a two-way interaction process built upon trust, mutual respect, and support, enabling employees to feel recognized and valued, thereby strengthening motivation and organizational commitment.

When leaders actively listen, provide support, and create opportunities for employees to contribute, employees tend to exert greater effort and demonstrate stronger organizational attachment. Positive leader–member relationships not only improve individual job performance but also contribute to the development of sustainable organizational culture and long-term organizational success..

#### 2.1.3. Organizational Culture

Organizational culture refers to a system of shared values, beliefs, and behaviors among organizational members, formed through interactions and reinforced by leadership practices (Ravasi & Schultz, 2006; Schein, 2004). Organizational culture shapes how members behave, think, and solve problems both internally and in interactions with stakeholders.

According to Tharp (2009), organizational culture possesses three key characteristics: shared understanding among members, strong association with organizational context, and multidimensional and multi-level structures. Various measurement tools have been developed to evaluate organizational culture, including instruments proposed by Harrison and MacKenzie (1995), which emphasize dimensions such as task orientation, results orientation, people orientation, and capacity development. These tools assist organizations in

assessing and improving culture to enhance competitiveness.

#### **2.1.4. Employee Job Performance**

Employee job performance refers to the extent to which employees carry out work-related behaviors that contribute to organizational objectives. Job performance emphasizes behavioral execution rather than outcomes, as behaviors remain under employee control, whereas outcomes may be influenced by external factors.

Job performance includes both task performance and contextual performance, such as cooperation, proactiveness, and organizational support. Employee performance is influenced by leadership style, work motivation, workplace environment, and organizational support. In this study, job performance is understood as employees' ability to complete assigned tasks within required timeframes while meeting organizational expectations.

#### **2.1.5. Organizational Citizenship Behavior**

Organizational citizenship behavior (OCB) refers to discretionary employee behaviors that are not formally required by job descriptions and are not directly rewarded by formal evaluation systems, yet contribute positively to organizational effectiveness (Smith et al., 1983; Organ, 1988).

OCB includes voluntary cooperation, assistance to colleagues, and proactive contributions beyond formal job requirements. According to Organ et al. (2006), OCB exhibits four main characteristics: it is not explicitly measured through formal job evaluation, it benefits the organization, it is voluntary in nature, and it varies across individuals.

### **2.2. Relevant Theoretical Foundations**

This study is grounded in several theoretical perspectives, including: (1) Transformational leadership theory, (2) Leader–Member Exchange (LMX) theory, (3) Social Exchange Theory, (4) Job performance theory.

### **2.3 Review of Related Studies**

Table 2.1. Summary of Factors Affecting Employee Job Performance

<b>No.</b>	<b>Factors</b>	<b>References</b>
1	Transformational leadership	Bass (1985); Bass & Avolio (1997); Clifton (2019); Buchholz & Eichenseer (2019); Boni & Sammut (2019); Chunlin & c.s. (2019); Cameron & c.s. (2017); Risambessy & c.s. (2012); Turner & c.s. (2002); Akram & c.s. (2016); Joharis (2016); Li & Hung (2009); Firestone (2010); Ghasabeh (2021); Poturak & c.s. (2020); Lasrado & Kassem (2021); Odeh & c.s. (2021); Ratina & c.s. (2020); Gholamzadeh & c.s.

No.	Factors	References
		(2014); Hosseini & c.s. (2020); Yuliastuti & c.s. (2020); Boamah & c.s. (2018); Koster & c.s. (2011); Jung & c.s. (2003); Jaskyte (2004); Shamir & c.s. (1993); Abbasi & Zamani-Miandashti (2013); Patiar & Wang (2016).
2	Leader–Member relationship	Liden & Maslyn (1998); Graen & Uhl-Bien (1995); Feng & c.s. (2025); Ilies & c.s. (2007); Armstrong (2008); Garrido & c.s. (2005); Sweney & McFarlin (2005); Tremblay & c.s. (2021); Masterson & c.s. (2000); Cropanzano & c.s. (2002); Walumbwa & c.s. (2010); Babalola (2016); Lin & Ma (2004); Shan & c.s. (2015); Burton & c.s. (2008); Tziner & Shkoler (2018); Ouyang (2009); Yang & c.s. (2023).
3	Organizational citizenship behavior	Pratono & Han (2022); Ilies & c.s. (2007); Smith & c.s. (1983); Organ (1988); Nohe & Hertel (2017); Kim (2014); House & c.s. (1991); Piccolo & Colquitt (2006); Bottomley & c.s. (2016); Podsakoff & c.s. (2000); Organ & c.s. (2006); Chelagat & c.s. (2015); Ahmad (2024); Ishak & Alam (2009); Walumbwa & c.s. (2009).
4	Organizational culture	Lasrado & Kassem (2021); Poturak & c.s. (2020); Odeh & c.s. (2021); Ghasabeh (2021); Ratina & c.s. (2020); Gholamzadeh & c.s. (2014); Hosseini & c.s. (2020); Yuliastuti & c.s. (2020); Boamah & c.s. (2018); Schein (2004); Bass & Avolio (1997); Karamipour & c.s. (2015); Salihu & c.s. (2016); Klimas (2016); Pathiranage & c.s. (2020); Nanayakkara & Wilkinson (2021); Kerdpitak & Jermittiparsert (2020); Krajcsák (2018); Ibrahim & c.s. (2017); Maamari & Saheb (2018); Savović (2017); Soomro & Shah (2019); Khalif & c.s. (2017); Stephen & Stephen (2016); Agwu (2014); Gunaraja (2014); Uddin & c.s. (2013); Afaneh & c.s. (2014); Mohamed & Abukar (2013); Awadh & Alyahya (2013); Narayana (2017); Abu-Jarad & c.s. (2010); Emeka & Philemon (2012); Paschal & Nizam (2016).
5	Human resource training and development	Adebisi & Omolayo (2018); Leontes & Hoole (2024); Boni & Sammut (2019); Chunlin & c.s. (2019); Cameron & c.s. (2017); Bass & Avolio (1997).
6	Work	Leontes & Hoole (2024); Get & c.s. (2025).

No.	Factors	References
	engagement	
7	Effective HR management	Leontes & Hoole (2024)
8	Employees' individual characteristics	Feng & c.s. (2025); Ilies & c.s. (2007);
9	Work environment	Chelagat & c.s. (2015); Podsakoff & c.s. (2000); Organ & c.s. (2006);
10	Job satisfaction	Armstrong (2008); Nohe & Hertel (2017); Kim (2014); Tian & c.s. (2020); Bashir & Ismail (2010); Singh & Yadav (2020);
11	Trust in leadership	Cropanzano & c.s. (2002); Masterson & c.s. (2000);
12	Organizational justice	Ishak & Alam (2009); Walumbwa & c.s. (2009);
13	Job support	Smith & c.s. (1983); Organ (1988); Podsakoff & c.s. (2000); Organ & c.s. (2006); Chelagat & c.s. (2015);
14	Work voluntariness	Chelagat & c.s. (2015); Podsakoff & c.s. (2000); Organ & c.s. (2006);
15	Organizational reputation	Podsakoff & c.s. (2000); Organ & c.s. (2006);
16	Organizational commitment	Yiing & Ahmad (2009); Jaramillo & c.s. (2005); Cichy & c.s. (2009);
17	Organizational learning culture	Garcia-Morales & c.s. (2012); Nanang & c.s. (2021); Phipps & c.s. (2012); Abbasi & Zamani-Miandashti (2013);

*(Source: Author's Synthesis)*

## 2.4 Proposed Research Model

Based on the review of relevant literature and the development of research hypotheses, the author proposes a research model illustrating the relationships among the studied constructs, as presented in Figure 2.1.

In addition, this study evaluates the effects of demographic characteristics—such as gender, age, educational level, work experience, and managerial position—on the relationship between organizational citizenship behavior and employee job performance. Specifically, these demographic characteristics are examined as moderating variables influencing this

relationship.

Table 2.2. Research Hypotheses Proposed in the Study

Research Hypotheses		Expectation
H1	Transformational leadership positively influences leader–member relationships.	+
H2	Transformational leadership positively influences employee job performance.	+
H3	Leader–member relationships positively influence employee job performance.	+
H4	Transformational leadership positively influences employees’ organizational citizenship behavior.	+
H5	Leader–member relationships positively influence employees’ organizational citizenship behavior.	+
H6	Organizational citizenship behavior positively influences employee job performance.	+
H7	Transformational leadership positively influences organizational culture.	+
H8	Organizational culture positively influences employee job performance.	+
H9	Organizational culture moderates the relationship between leader–member relationships and organizational citizenship behavior.	+

(Source: Author’s Synthesis)

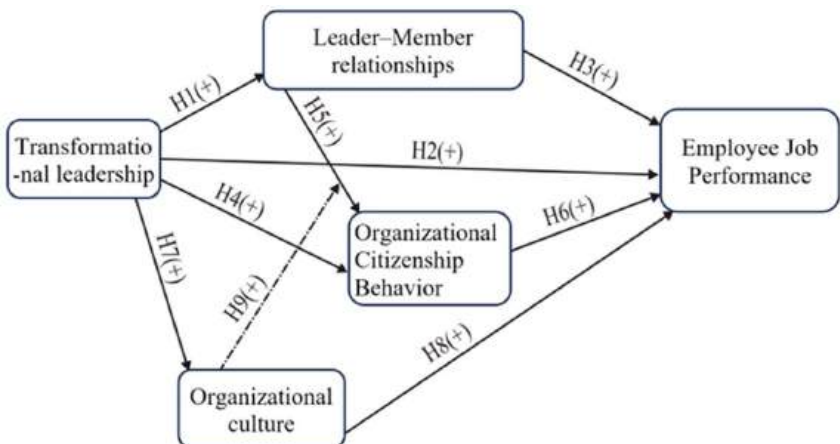
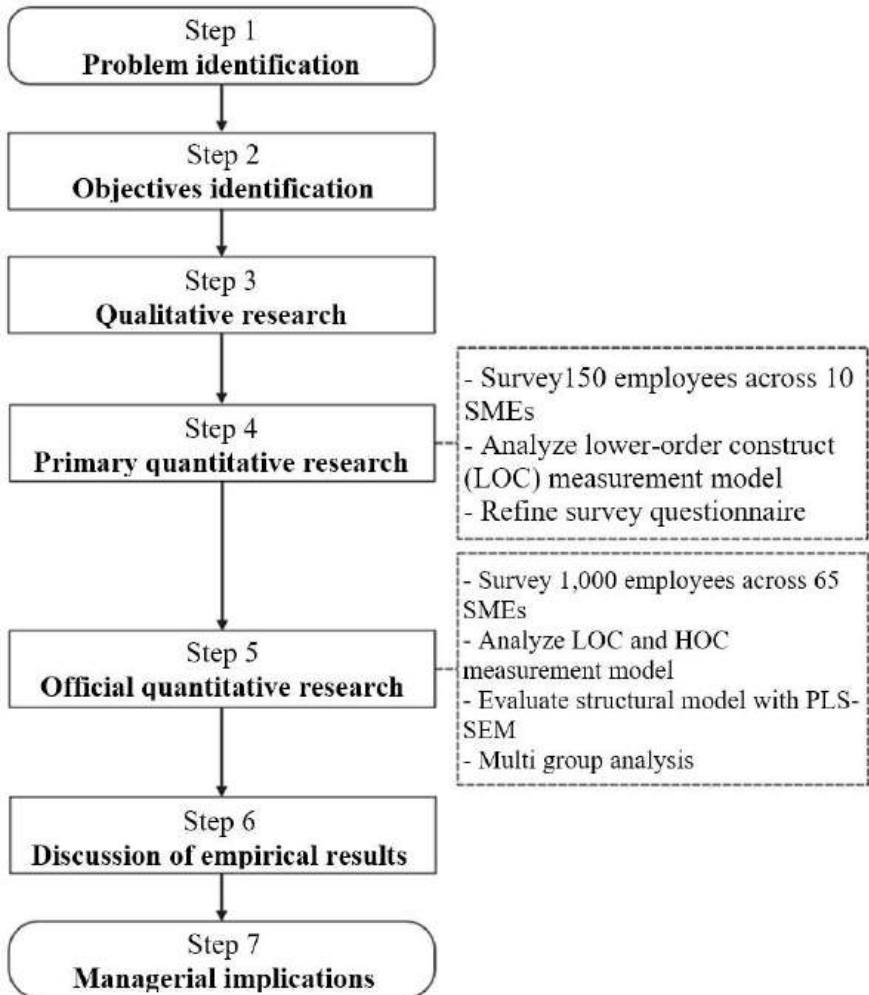


Figure 2.1: Proposed research model

## CHAPTER 3: RESEARCH DESIGN

### 3.1 Research Procedure



### 3.2. Results of the Qualitative Study

#### 3.3.1. Transformational Leadership Scale

Table 3.1 Transformational Leadership Measurement Scale

No.	Code	Observation items
1	LDCD1	The leader communicates a positive vision of the future.
2	LDCD2	The leader treats employees as individuals while supporting their personal development.

No.	Code	Observation items
3	LDCD3	The leader recognizes employees' contributions.
4	LDCD4	The leader promotes cooperation among team members.
5	LDCD5	The leader encourages employees to approach problems in new ways and question existing assumptions.
6	LDCD6	The leader demonstrates personal values clearly and consistently acts in accordance with what is communicated to employees.
7	LDCD7	The leader inspires pride and respect through exceptional competence.

*(Source: Author's Synthesis)*

### 3.3.2. Organizational Culture Scale

Table 3.2 Organizational Culture Measurement Scale

No.	Code	Observation items
	<b>VHTQ</b>	Empowerment
1	VHTQ1	Decisions are typically made based on the best available information.
2	VHTQ2	Information is widely shared so that employees can access it when needed.
3	VHTQ3	Employees believe they can make a positive impact.
4	VHTQ4	Business planning is an ongoing process that involves all members of the organization.
	<b>VDHN</b>	Team Orientation
5	VDHN1	The organization encourages collaboration across departments.
6	VDHN2	Employees work as though they are an important part of a team.
7	VDHN3	Teamwork produces better results than top-down directives.
8	VDHN4	Employees clearly understand how their work relates to organizational goals.
	<b>PTNL</b>	Capability Development
9	PTNL1	Employees are empowered to take ownership of their work.
10	PTNL2	Employees' competencies are continuously enhanced.
11	PTNL3	The organization continuously invests in employee skill development.
12	PTNL4	Employee capability is considered a key source of competitive advantage.
	<b>GTCL</b>	Core Values
13	GTCL1	Leaders act consistently with their commitments.

No.	Code	Observation items
14	GTCL2	The organization has a clear value system guiding actions and decisions.
15	GTCL3	Employees are held accountable when core values are ignored.
16	GTCL4	Ethical standards clearly guide employees in distinguishing right from wrong.
	<b>VHDT</b>	Agreement
17	VHDT1	When disagreements arise, solutions are effectively resolved.
18	VHDT2	The organization has a clear definition of its organizational culture.
19	VHDT3	The organization can reach consensus even on difficult issues.
20	VHDT4	There is a clear agreement on how work should be carried out.
	<b>TSTD</b>	Creating Change
21	TSTD1	Work processes are carried out flexibly.
22	TSTD2	The organization responds effectively to changes in the business environment.
23	TSTD3	New and improved methods are regularly considered and adopted.
24	TSTD4	Organizational units frequently collaborate to generate change.
	<b>TCHT</b>	Organizational Learning
25	TCHT1	The organization treats failures as opportunities for learning and improvement.
26	TCHT2	Creativity and risk-taking are encouraged.
27	TCHT3	Learning is considered an essential part of daily work.
28	TCHT4	Managers have a clear understanding of their subordinates' activities.
	<b>VHTN</b>	Vision
29	VHTN1	Employees share a common vision of the organization's future.
30	VHTN2	Leaders possess a long-term vision.
31	VHTN3	The vision creates enthusiasm and motivation among employees.
32	VHTN4	The organization meets short-term needs without compromising long-term strategy.

(Source: Author's Synthesis)

### 3.3.3. Organizational Citizenship Behavior Scale

Table 3.3 Organizational Citizenship Behavior Measurement Scale

No.	Code	Observation items
1	HVCT1	Employees actively support managers to the best of their ability.

No.	Code	Observation items
2	HVCT2	Employees proactively offer creative suggestions to improve work effectiveness.
3	HVCT3	Employees are willing to assist colleagues who have heavy workloads.
4	HVCT4	Employees voluntarily help and guide newcomers even when it is not required.
5	HVCT5	Employees willingly assist colleagues who are absent.
6	HVCT6	Employees often work beyond required standards even when it is not mandatory.

*(Source: Author's Synthesis)*

### 3.3.4. Leader–Member Relationship Scale

Table 3.4 Leader–Member Relationship Measurement Scale

No.	Code	Observation items
1	LDNV1	I clearly understand my position in relation to my supervisor/subordinates.
2	LDNV2	I am aware of my supervisor's/subordinates' level of satisfaction with my work.
3	LDNV3	My supervisor/subordinates clearly understand my work-related issues and needs.
4	LDNV4	My supervisor/subordinates have a clear understanding of my capabilities.
5	LDNV5	My supervisor/subordinates actively support me in my work.
6	LDNV6	My supervisor/subordinates are willing to defend me when reasonably justified.
7	LDNV7	My supervisor/subordinates are willing to accept reasonable risks resulting from my unintentional mistakes.

*(Source: Author's Synthesis)*

### 3.3.5. Employee Job Performance Scale

Table 3.5 Employee Job Performance Measurement Scale

No.	Code	Observation items
	<i>HSNV</i>	Task Performance
1	HSNV1	I consistently maintain high standards in my work.
2	HSNV2	I am able to handle assigned tasks with minimal supervision.
3	HSNV3	I am highly passionate about my work.
4	HSNV4	I am capable of managing multiple tasks simultaneously to achieve organizational goals.

No.	Code	Observation items
5	HSNV5	I consistently complete assigned tasks on time.
6	HSNV6	My colleagues consider me a high-performing employee within the organization.
	<b>HSTU</b>	Adaptive Performance
7	HSTU1	I often work effectively to mobilize collective intelligence for better team performance.
8	HSTU2	I can manage changes in my work effectively when situations require.
9	HSTU3	I am able to handle team operations effectively when facing change.
10	HSTU4	I believe mutual understanding can lead to workable solutions within the organization.
11	HSTU5	I often lose my composure when criticized by team members.
12	HSTU6	I am comfortable with flexibility in my work.
13	HSTU7	I generally adapt well to organizational changes over time.
	<b>HSBC</b>	Contextual Performance
14	HSBC1	I regularly assist colleagues when requested or when necessary.
15	HSBC2	I am willing to take on additional responsibilities beyond my main duties.
16	HSBC3	I show empathy and understanding when colleagues face difficulties.
17	HSBC4	I actively participate in team discussions and work-related meetings.
18	HSBC5	I frequently praise colleagues for their good work.
19	HSBC6	I feel satisfied when supporting the development of others in the organization.
20	HSBC7	I regularly share knowledge and ideas with team members.
21	HSBC8	I maintain good coordination with colleagues in work activities.
22	HSBC9	I guide new colleagues beyond the formal scope of my responsibilities.
23	HSBC10	I communicate effectively to solve problems and make decisions.

(Source: Author's Synthesis)

### 3.4. Quantitative Research

#### 3.4.1. Preliminary Quantitative Study

The preliminary quantitative study was conducted to examine the clarity, reliability, and validity of measurement scales prior to the main survey

implementation. The questionnaire was developed based on findings from the qualitative phase and used to collect initial data.

According to the ten-times rule proposed by Hair et al. (2014), the minimum required sample size was 100 observations. A total of 150 questionnaires were distributed directly to employees across 10 SMEs in Dong Nai Province, yielding 118 returned responses (a response rate of 78.67%). After removing 37 invalid responses, 81 valid questionnaires remained for analysis.

Data were analyzed using SmartPLS following these procedures:

Assessment of outer loadings ( $\geq 0.7$ ) to ensure strong relationships between observed variables and their respective latent constructs.

Evaluation of scale reliability using Cronbach's Alpha and Composite Reliability ( $CR \geq 0.7$ ).

Assessment of convergent validity through Average Variance Extracted ( $AVE \geq 0.5$ ).

Assessment of discriminant validity using the Fornell–Larcker criterion and the HTMT ratio ( $\leq 0.85$ ).

### **3.4.1. Official Quantitative Study**

#### ***(i) Evaluation of the Higher-Order Measurement Model***

For reflective measurement models, the following criteria were applied: Outer loadings  $\geq 0.708$ , Cronbach's Alpha and Composite Reliability  $\geq 0.7$ , AVE  $\geq 0.5$ , Discriminant validity confirmed via the Fornell–Larcker criterion and HTMT ratio  $\leq 0.85$ .

For formative measurement models, evaluation criteria included: Outer loadings  $\geq 0.708$ ,  $R^2 \geq 0.64$  to ensure adequate convergence, Multicollinearity assessment using  $VIF < 5$ , Significance testing of outer weights through bootstrapping with a significance level of 5%.

#### ***(ii) Evaluation of the Structural Model***

The structural model was assessed through the following steps:

Multicollinearity assessment using  $VIF < 5$  and model fit evaluation using  $SRMR < 0.08$ .

Evaluation of explanatory power using  $R^2$ , where  $R^2 \geq 0.35$  indicates strong explanatory capacity. Predictive relevance was assessed using  $Q^2$ , with thresholds:  $Q^2 < 0.25$  (low),  $0.25 \leq Q^2 < 0.5$  (moderate), and  $Q^2 \geq 0.5$  (high).

Effect size evaluation using  $f^2$  to determine each predictor's contribution.

Bootstrapping with 5,000 resamples was conducted to test the statistical significance of path coefficients.

Mediation effects were examined following the procedures proposed by Zhao and Nitzl. Full or partial mediation was determined based on bootstrapping results, confidence intervals, and the Variance Accounted For (VAF) index.

### ***(iii) Multi-Group Analysis (MGA)***

PLS-MGA was employed to examine structural differences across groups defined by qualitative characteristics. This analysis helps identify moderating roles of categorical variables in influencing employee job performance within the proposed research model.

## **CHAPTER 4: RESEARCH RESULTS AND DISCUSSION**

### **4.1. Overview of Small and Medium-Sized Enterprises in Dong Nai Province**

Dong Nai Province is in the Southeast region of Vietnam, accounting for approximately 1.76% of the country's total land area and 25.5% of the regional area. The province occupies a strategic position, bordering Ho Chi Minh City and the provinces of Binh Thuan, Lam Dong, Binh Duong, Binh Phuoc, and Ba Ria–Vung Tau. It benefits from a well-developed transportation network, including National Highways No. 1A, 20, and 51, the North–South railway system, and proximity to major seaports. Notably, the upcoming operation of Long Thanh International Airport is expected to serve as a significant driver of regional economic growth. Dong Nai is among the leading provinces in industrial development, foreign direct investment (FDI) attraction, and job creation. By the end of 2023, approximately 1.78 million employees were working in the province, with about 63.04% employed in small and medium-

sized enterprises (SMEs). With a large population and a relatively young labor force, Dong Nai continues to present strong potential for economic development.

## 4.2. Descriptive Statistics of the Sample

Table 4.1 Number of Surveyed Enterprises Included in the Study

	Items	Quantity	Ratio (%)
Gender	Male	169	41.32
	Female	193	47.19
	Prefer not to disclose	47	11.49
Age range	18–30 years old	88	21.52
	30–40 years old	119	29.10
	40–50 years old	124	30.32
	50–60 years old	55	13.45
	60 years and above	23	5.61
Tenure in the Organization	Less than 5 years	61	14.91
	5–10 years	163	39.85
	10–15 years	148	36.19
	15 years and above	37	9.05
Educational Attainment	Primary education	51	12.47
	Secondary education	64	15.65
	College diploma	97	23.72
	Bachelor's degree	135	33.01
	Postgraduate degree	62	15.15

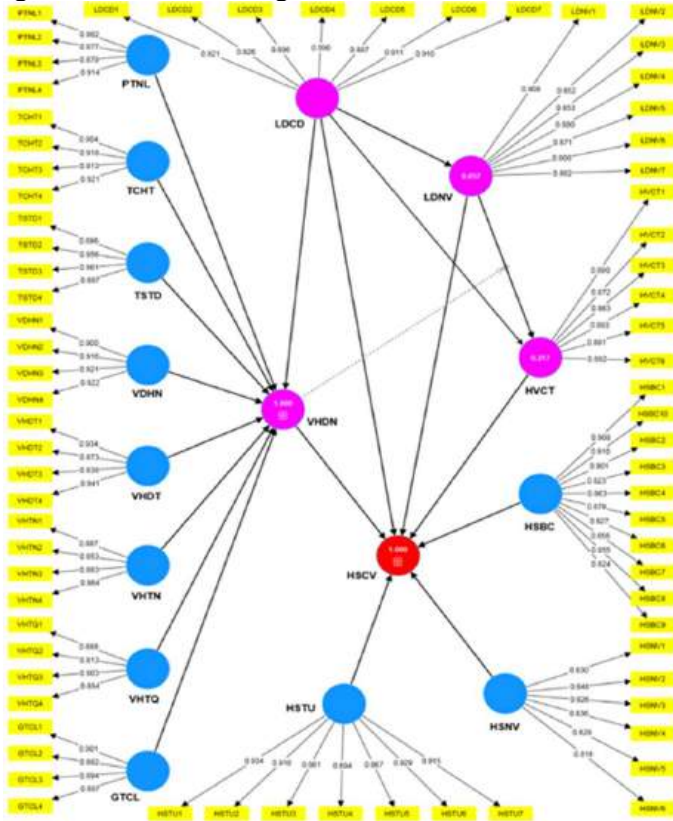
*(Source: Author's data analysis)*

## 4.3. Measurement Model Evaluation

### 4.2.1. Evaluation of the First-Order Measurement Model

#### 4.2.1.1. Assessment of Indicator Reliability

Figure 4.1 Outer Loadings and Path Coefficients of the LOC Model



(Source: Author's data analysis)

### 4.3.1.2. Assessment of Scale Reliability and Convergent Validity

Table 4.2 Results of Convergent Validity Analysis of the Measurement Model

No.	Scale	Composite Reliability (CR)	Average Variance Extracted (AVE)
1	GTCL – Core Values	0.841	0.798
2	HSBC – Contextual Performance	0.868	0.749
3	HSNV – Task Performance	0.831	0.691
4	HSTU – Adaptive Performance	0.868	0.813
5	HVCT – Organizational Citizenship Behavior	0.855	0.781
6	LDCD – Transformational Leadership	0.870	0.821
7	LDNV – Leader–Member Relationship	0.854	0.749

No.	Scale	Composite Reliability (CR)	Average Variance Extracted (AVE)
8	PTNL – Capability Development	0.840	0.797
9	TCHT – Organizational Learning	0.853	0.835
10	TSTD – Creating Change	0.831	0.770
11	VDHN – Team Orientation	0.853	0.836
12	VHDT – Agreement	0.843	0.806
13	VHTN – Vision	0.827	0.759
	VHTQ – Empowerment	0.827	0.762

(Source: Author's data analysis)

#### 4.3.1.3. Assessment of Discriminant Validity

The highest HTMT value is 0.637, which is below the recommended threshold of 0.85. Therefore, it can be concluded that although the research constructs are correlated, they remain empirically distinct, and no construct overlap is observed.

#### 4.2.3. Evaluation of the Higher-Order Measurement Model

*a) Reflective Measurement Models:* The evaluation results indicate that:

(i) All outer loadings of indicators exceed 0.80; (ii) Cronbach's Alpha and Composite Reliability values are greater than 0.80, while all AVE values exceed 0.60, confirming strong reliability and convergent validity; (iii) The model satisfies discriminant validity requirements, with the highest HTMT value recorded at 0.356, which is below the threshold of 0.85.

*b) Formative Measurement Models:* The evaluation results show that: (i) The p-values of outer loadings for all first-order constructs are below 0.01%; (ii) Each indicator's outer loading on its parent construct is higher than all cross-loadings with other constructs in the model; (iii) Indicators of latent constructs such as employee job performance and organizational culture exhibit VIF values below 3, indicating no multicollinearity concerns; (iv) All outer weights are statistically significant..

### 4.4. Structural Model Evaluation

#### 4.4.1. Assessment of Discriminant Validity among Constructs

Table 4.3 Cross-Loadings Used to Assess Discriminant Validity

	<b>HSCV</b>	<b>HVCT</b>	<b>LDCD</b>	<b>LDNV</b>	<b>VHDN</b>
<b>HSBC</b>	0.643	0.181	0.204	0.422	0.493
<b>HSNV</b>	0.880	0.401	0.277	0.713	0.659
<b>HSTU</b>	0.842	0.263	0.205	0.784	0.471
<b>GTCL</b>	0.248	0.167	0.368	0.204	0.421
<b>PTNL</b>	0.507	0.357	0.135	0.470	0.708
<b>TCHT</b>	0.409	0.375	0.168	0.361	0.610
<b>TSTD</b>	0.498	0.243	0.185	0.515	0.699
<b>VDHN</b>	0.486	0.308	0.231	0.476	0.677
<b>VHDT</b>	0.386	0.308	0.154	0.405	0.609
<b>VHTN</b>	0.349	0.229	0.174	0.311	0.553
<b>VHTQ</b>	0.424	0.184	0.257	0.350	0.641

(Source: Author's data analysis)

#### 4.4.2. Assessment of Collinearity among Variables in the Structural Model

Table 4.4 Results of Collinearity Analysis in the Structural Model

	<b>VIF</b>
HVCT → HSCV	1.256
LDCD → HSCV	1.121
LDCD → HVCT	1.129
LDCD → LDNV	1.000
LDCD → VHDN	1.000
LDNV → HSCV	1.692
LDNV → HVCT	1.708
VHDN → HSCV	1.954
VHDN → HVCT	1.787
VHDN x LDNV → HVCT	1.210

(Source: Author's data analysis)

#### 4.4.3. Assessment of the Effects of Independent Variables

*a) Evaluation of Adjusted R<sup>2</sup>:* The adjusted R<sup>2</sup> values range from 0.469 to 0.613, indicating that the model demonstrates a satisfactory level of explanatory power.

*b) Evaluation of Effect Size between Variables:* The estimated effect sizes (f<sup>2</sup>) for relationships among variables range from 0.275 to 0.471, indicating moderate to strong effects among the constructs.

*c) Evaluation of Direct Effects:* The original path coefficients are

statistically significant and consistent with the bootstrapping mean estimates, as all coefficients fall within the 95% confidence intervals, confirming the significance of the direct relationships in the model.

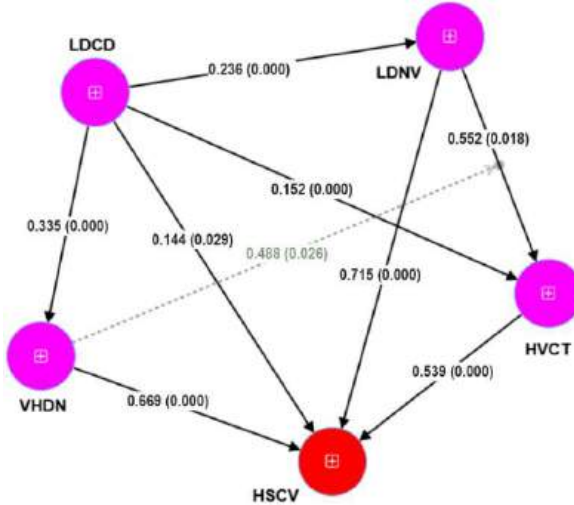


Figure 4.2 Standardized Path Coefficients of the Structural Model

Table 4.5 Results of Hypothesis Testing

Research hypotheses		Conclusion
H1	Transformational leadership positively influences leader–member relationships.	Accepted
H2	Transformational leadership positively influences employee job performance.	Accepted
H3	Leader–member relationships positively influence employee job performance.	Accepted
H4	Transformational leadership positively influences employees’ organizational citizenship behavior.	Accepted
H5	Leader–member relationships positively influence employees’ organizational citizenship behavior.	Accepted
H6	Organizational citizenship behavior positively influences employee job performance.	Accepted
H7	Transformational leadership positively influences organizational culture.	Accepted

Research hypotheses		Conclusion
H8	Organizational culture positively influences employee job performance.	Accepted
H9	Organizational culture moderates the relationship between leader–member relationships and organizational citizenship behavior.	Accepted

(Source: Author's data analysis)

#### d) Mediating effect

Table 4.5 Indirect Effects among the Relationships

Relationship	Indirect effect	p value
LDCD → HSCV	0.799	0,000
LDCD → HVCT	0.241	0,000
LDNV → HSCV	0.142	0,000
VHDN → HSCV	0.114	0,000
VHDN x LDNV → HSCV	0.183	0,000

(Source: Author's data analysis)

### 4.5 Multi-Group Analysis across Qualitative Variables

#### 4.5.1 Analysis by Gender

#### 4.5.2 Analysis by Age Group

#### 4.5.3 Analysis by Work Tenure

#### 4.5.4 Analysis by Educational Attainment

### 4.6 Discussion of Research Findings

#### 4.6.1 Key Findings of the Study

#### 4.6.2 Comparison with Previous Studies

#### 4.6.3 Comparison with Practical Context

Chapter 4 presents the results of the main quantitative study conducted to test the proposed theoretical model concerning the impact of transformational leadership on employee job performance in SMEs in Dong Nai Province. Survey data obtained from 409 valid observations were analyzed using SmartPLS, and the results confirm that the measurement model achieves satisfactory reliability, convergent validity, and discriminant validity. All research hypotheses were

supported at the 5% significance level.

The findings reveal that transformational leadership, leader–member relationships, organizational culture, and organizational citizenship behavior all positively influence employee job performance, with leader–member relationships exerting the strongest direct effect. Additionally, organizational citizenship behavior partially mediates the relationship between leadership factors and job performance, while organizational culture moderates the relationship between leader–member relationships and organizational citizenship behavior. Multi-group analysis across gender, age, work tenure, and educational attainment also reveals differences in the magnitude of these effects across groups.

## **CHAPTER 5: CONCLUSIONS AND MANAGERIAL IMPLICATIONS**

### **5.1 Conclusions**

This dissertation conducted a systematic and comprehensive investigation of the impact of transformational leadership on leader–member relationships and employee job performance within SMEs in Dong Nai Province. The research was implemented through three stages: qualitative research, preliminary quantitative research, and the main quantitative study involving 409 employees from 65 SMEs, analyzed using the PLS-SEM approach.

The findings confirm that transformational leadership exerts a direct, positive, and statistically significant effect on both leader–member relationship quality and employee job performance. Furthermore, leader–member relationships and organizational citizenship behavior serve as mediating mechanisms linking transformational leadership and job performance. Organizational culture was identified as an important moderating variable, strengthening the effect of leader–member relationships on organizational citizenship behavior, particularly within positive cultural environments.

### **5.2 Managerial Implications**

#### **5.2.1 Strengthening transformational leadership capabilities among managers**

Given the strong influence of transformational leadership on organizational citizenship behavior and job performance, SMEs in Dong Nai should prioritize leadership development through specialized training programs

and the establishment of organizational cultures that encourage creativity and collaboration. Enterprises should implement objective leadership evaluation systems, introduce policies supporting personal development, promote empowerment practices, and effectively leverage digital technologies to enhance leadership capacity. The integrated implementation of these measures can improve leadership quality, strengthen leader–member relationships, optimize employee performance, and support sustainable development.

### **5.2.2 Enhancing Leader–Member relationship quality**

Leader–member relationships represent the second most influential factor after transformational leadership in improving employee performance. SMEs should promote individualized employee attention, maintain regular dialogues, encourage active listening and empathy, and build mutual trust. Organizations should establish multi-directional feedback systems, recognize citizenship behaviors through flexible mechanisms, enhance transparency in management, and create opportunities for employees to participate in important organizational projects. Developing emotional leadership skills and implementing continuous evaluation and improvement processes will further reinforce relationships, enhance motivation, and sustainably improve performance.

### **5.2.3 Building an organizational culture promoting sharing & team spirit**

Organizational culture serves as a fundamental platform for building autonomy, collaboration, and mutual support in the workplace. SMEs should unify organizational vision and core values while maintaining effective cultural communication. Enterprises should establish dialogue and feedback mechanisms and promote continuous learning linked to improvement initiatives. Recognition systems should be personalized, combined with engagement activities such as team-building and performance competitions aligned with citizenship behavior, leader–member relationships, and performance goals. Importantly, organizational culture should be aligned with transformational leadership practices through leadership training, behavioral monitoring, and consistent implementation across the organization to foster a positive cultural environment and improve employee performance.

### **5.2.4 Encouraging organizational citizenship behavior to improve employee performance**

To achieve sustainable improvements in job performance, SMEs should integrate organizational citizenship behavior into their cultural and operational systems. Enterprises should enhance employee awareness and skills related to citizenship behaviors, encourage leadership role modeling, incorporate citizenship behavior into performance appraisal and reward systems, organize knowledge-sharing and team-building activities, and embed citizenship values into recruitment and training processes. When citizenship behavior becomes a shared organizational norm, enterprises can create a collaborative and productive

working environment.

### **5.2.5 Flexibly adjusting human resource policies**

SMEs should personalize human resource management policies according to gender, age, tenure, and actual employee behaviors to optimize job performance outcomes. Emotional leadership development should be strengthened to support female employees, innovation opportunities should be expanded for younger employees, mentoring roles should be promoted among senior employees, and comprehensive onboarding programs should be designed for newcomers. Performance evaluation should emphasize behavioral competencies, and individualized career development pathways should be established to create a flexible, engaged, and sustainable work environment.

## **5.3. Contributions of the Dissertation**

### **5.3.1 Academic Contributions**

This dissertation contributes to filling academic gaps concerning transformational leadership, leader–member relationships, organizational citizenship behavior, and employee performance within the context of Vietnamese SMEs. The study confirms the positive effect of transformational leadership on job performance while clarifying the mediating roles of leader–member relationships and organizational citizenship behavior, as well as the moderating role of organizational culture. The findings highlight the importance of trust-based relationships, voluntary employee behaviors, and cohesive organizational cultures in enhancing performance.

### **5.3.2 Practical Contributions**

The dissertation develops an integrated framework linking transformational leadership, leader–member relationships, organizational culture, organizational citizenship behavior, and job performance within SMEs in Dong Nai Province. The findings provide empirical evidence to support policy development, human resource management practices, leadership training initiatives, and flexible workforce strategies. Managerial recommendations focusing on trust building, citizenship behaviors, and cultural development help SMEs enhance performance and adapt to modern business environments. Multi-group analysis results further emphasize the need for flexible leadership practices and personalized employee management strategies.

### **5.4 Research Limitations and Future Research Directions**

The study presents several limitations. First, the research scope is geographically limited, focusing only on enterprises within a specific province, thereby constraining broader generalization. Second, some survey indicators may not fully capture contextual characteristics specific to certain local business environments. Third, the study does not provide an in-depth analysis of all practical aspects related to the investigated phenomena.