

Transformational leadership and employees' perception of supply chain integration and organizational performance: The case of textile industry in Vietnam

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ABSTRACT

The objective of this article is to evaluate the impact of Transformational Leadership on Organizational Innovation, Supply chain Integration and Organizational Performance. Research was carried out on 562 Vietnamese textile and garment enterprises. We use Smart PLS 3.6 software for data analysis. The results show that Transformational Leadership had a positive impact on Organizational Innovation, Supply chain Integration and Organizational Performance. In addition, the Supply chain Integration plays a role as a complete mediate in the relationship between Organizational Innovation and Organizational Performance. Size has a statistically significant moderate role on the relationship between Organizational Innovation and Organizational Performance. Finally, the leader qualification has a statistically significant moderate role in the relationship between Transformational Leadership and Organizational Performance. From the above results, we recommend the leaders of Vietnamese textile and garment enterprises to improve leadership capacity, apply a transformational leadership style to improve organizational performance.

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1. Introduction

The success of any business also bears an important mark of the leader of the enterprise, who is responsible for giving vision, strategy and coordination, monitoring activities and taking responsibility for the results of a business. To determine the required competency for a leadership position, a common approach is to determine the role the leader will play. A role is a set of behaviors associated with a specific location or part (Young-Joon et al., 2014). Mintzberg (1973) identifies administrators with 10 different roles and is divided into three main groups: association roles (also known as relational roles), information roles, and decision-making roles. Enterprise capacity is understood as any attitude, skills, behavior, motivation or other personal characteristics that are essential to completing the job, or more importantly, can make a difference in work performance between high performers and average performers. In the role of CEO, leadership is the factors of attitudes, skills, behavior, motivation or personal characteristics that can make a difference in leadership effectiveness, helping businesses. Sustainable Development. Studies on leadership competencies in the world are extremely diverse, but there are not many researches on leadership capacity in Vietnam. Studies mainly focus on executives or general managers. Nearly no research has been done on leadership styles that transforms corporate innovation and perceptions of employee supply chain integration leading to business performance, especially in the context of Vietnamese textile and garment enterprises.

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2. Literature review

2.1. Transformational leadership

According to Odumeru and Ogbonna (2013), this is a kind of leadership where a leader attempts to cooperate with team's members to determine required change, building a vision to detect the change through inspiration, and perform the changes in accordance with members' tasks and it is an essential part of a leadership model. A transformational leader who inspires and gives permission for positive change at every level, from personal to organizational; know how to seize opportunities, convert emotions, values, ethics, and long-term goals of individuals to take the business further. When properly applied, subordinates will also be transformed by their leaders to increase motivation, morale and performance, through a variety of mechanisms, including uniting the consciousness and subordinates themselves, together with the collective organization. The clever digital transformation understands the strengths and weaknesses of the subordinates, to arrange the right tasks for them. Transforming leadership can appear at any level of an organization: groups, departments, divisions, or the entire organization. Such leaders are visionaries, inspirational, daring, adventurous, and thoughtful. Set in today's fiercely competitive market, transformational leadership is considered as one of the most popular and effective corporate leadership styles. Leadership is the ability to influence the behavior of others, the ability to motivate and allow others to contribute to the growth of an organization. The term transformational leadership is used to describe the process of interaction between leaders and their followers to enhance creativity and motivation in work. Transformational leadership makes subordinates believe they are valuable contributors to the organization (Zhu, et al., 2009). The Labor Federation will help the subordinates gain more confidence that their change is on the right track and that leads to the success in the organization. In addition, a good plan can transform subordinates by having them review their work, demonstrate the purpose of the job and show behavior that is consistent with the mission and vision of the organization. Likewise, transformational leadership is closely linked to their own activities, with the organization's vision and as an example for subordinates to follow. In a nutshell, a labor union requires subordinates to correctly apply the values and work standards that they orient, thereby enhancing the subordinates' confidence in the organization as well as increasing their commitment to organizations (Kuhnert & Lewis, 1987).

2.2. Organization innovation

Katz et al. (2007) defined innovation as “the creation, development, and successful implementation of new and unique ideas including the introduction of new products, processes and development strategies for the company which leads to business success and gains market leadership, creates value for stakeholders, promotes economic growth and improves living standards”. In this study, we use the Organization for Economic Cooperation and Development's standard innovation definition (OECD, 2005): “Innovation is the implementation of a product (commodity / translation). service) or a new or significantly improved process, a new marketing approach, or a new organizational measure in operational practice, in business organization or in external relations”. In the OECD Oslo Manual (2005), innovation is categorized into four categories: (i) product innovation, (ii) business process innovation, (iii) innovation. creating a management system, and (iv) innovating in marketing activities. Senior management plays an essential role in creating innovative innovation by providing the right environment and making decisions that enhance creativity and successfully manipulate knowledge (Aragón-Corraea et al., 2007). Senior management often shows insight into the needs of employees and provides motivation, which is a source of motivation for them to innovate and solve problems. Senior management helps employees address their needs for empowerment, personal dignity, achievement, and self-efficacy. Many researchers point out that senior management plays a key role in organizational performance. Many other researchers argue that top management support plays an important role in influencing organizational innovation activities. Senior management's backing is considered to be one of the most potentially important influences on organizational knowledge. Many studies have found senior management's backing is needed to create a supportive and adequately resourced environment (Lin, 2008). Therefore, management should realize that organizational rewards are only for temporary compliance. To promote knowledge sharing, the culture of social interaction is more important for senior management. Thus, the leadership's support has a positive effect on innovation.

Innovation is seen as taking risks and is understood as the development, adoption and implementation of new ideas, processes, products or services within the business (Calantone et al., 2002). Tylecote (2009) also defines innovation as a process of creating new products / services to hit the market; develop, apply, and adapt production processes to improve productivity and increase product / service quality; develop, implement and adapt existing business processes to improve business performance. In the business context, innovation capacity is the ability to implement or create new technology to be applied to systems, processes, programs, policies, products and services that are new to the enterprise (Damanpour & Evan, 1984).

2.3. Transformational leadership and Organizational Innovation

Quite a number of previous studies have shown that transformational leadership is closely related to job commitment as well as subordinates' motivation (Zhu et al., 2009; Van Dierendonck et al., 2014). Eliophotou-Menon and Ioannou (2016) argue that transformational leadership is the ability to motivate individuals to change and improve. It includes assessing the motivations and needs of the members of the organization and their responsiveness. Labor Labor is a process where individuals commit themselves to the prosperity of the organization and create connections that increase the motivation and spirit of subordinates. It is a style of leadership that always cares about the needs of its employees while taking care of

organizational differences. Leadership with transformative leadership is recognized as a key driver of workers' creativity and innovation (Khalili, 2016). In fact, labor unionists allow their subordinates to become creative, analyze problems from many angles and look at new solutions when solving corporate problems (Gumusluoglu & Ilsev 2009).

Unlike other types of leadership, the Labor Federation does not accept standing still, instead they always encourage change and innovation in the organization (Eliophotou-Menon & Ioannou, 2016). Most important thing for transformational leadership is to promote the change of subordinates who are influencing and dominating (Zhu et al., 2009).

2.4. Supply chain Integration

Integrated supply chains enable businesses to increase efficiency throughout the chain (Kot et al., 2018 Cited in Pakurár et al., 2019). Supply chain integration is the integration of customer and supplier information throughout the enterprise's business and between cross functional groups within the enterprise (Flynn et al., 2010, 2016). Employees under the encouragement and encouragement of leaders are engaged in many integrated external relationships with suppliers and customers of the business make the network better. Integrating supply chains improves efficiency by reducing risks in dealing with suppliers and with customers and increasing internal cohesion within the business. According to Ataseven and Nairb (2017) (Cited in Pakurár et al., 2019) there is a positive relationship between supply chain integration and corporate financial performance and business performance development.

Supply chain integration in the business is done through the perception of employees in the enterprise. When employees in the enterprise are aware of the role of supply chain integration with suppliers, with customers and activities within the enterprise, they will actively implement supply chain integration to create networks. links between suppliers, internal businesses and customers. From there, businesses can reduce the cost of finding customers as well as the cost of finding suppliers and reducing costs in the production process. With leaders in a transformative leadership style, it will create motivation for employees in the business to always be encouraged, encouraged, maximized creativity and awareness of integration. Supply chain performance is also better.

2.5. Organizational performance

There are many different definitions of performance evaluation of a business (enterprise) or organization. The performance of a business is assessed based on a number of predefined criteria or criteria. Enterprises use the results of performance evaluation to control, adjust, and reorganize activities; evaluate, motivate and encourage employees; study and continually improve production and business activities. Traditional performance evaluation methods are based on an accountant's point of view. This is the first performance evaluation method originated in the medieval times, based on an increase in economic value or return on investment. After the Industrial Revolution, until the late twentieth century, the traditional efficiency assessment method continued to be popularly applied. However, global economic changes make businesses realize that, in order to succeed in a competitive and dynamic market, they have to focus on strategy, so there has been a significant change in business direction of enterprises, changing from production orientation to strategy. Accordingly, businesses need a balanced and integrated performance evaluation system, derived from strategy instead of just evaluating in terms of finance.

In that context, a number of evaluation models have been developed, such as effectiveness matrix; questionnaire; balance score card; effective prism to overcome shortcomings of traditional performance assessment methods and can be applied to each particular field. In order to meet the needs of evaluating the effectiveness of businesses and organizations, over time, the efficiency evaluation methods have undergone significant changes from accounting and financial evaluation methods to balanced and integrated evaluation methods. From an integrated equilibrium approach based on the premise of an organization's strategy to a method of taking the interests and contributions of stakeholders as a basis, strategy is the only a tool to carry out the assessment method. In summary, each performance evaluation model has different characteristics that helps businesses and organizations determine and choose the appropriate method to evaluate their performance.

In this study, we evaluate the performance of the organization through the scale of development from the study of Cho et al. (2008). Including the following scales:

Five-point scale, in which 5 represents excellent and 1 stands for poor. The study tries to understand how well a company performs in terms of profitability, sales growth, customer satisfaction and overall performance.

2.6. Mediate role of Supply chain Integration in the relationship between Organizational Innovation and Organizational Performance

Innovation in any organization is a decisive factor for the success and sustainable development of an enterprise. Any businesses that do not have creativity, do not innovate according to the development of the market will be eliminated in accordance with the law of market competition. However, in the context of textile enterprises, the creativity and innovation of businesses depends on the role of the leader. For businesses where the leader encourages innovation, creativity will be maximized and bring operational efficiency to the organization. Innovation does not directly impact the organization's business performance, but through the integration of employees' internal and external activities. Supply chain integration activities act as an intermediary in the relationship between business innovation and organizational business performance. Indeed, with innovation in the raw material procurement process will help businesses save costs, increase supplier

satisfaction and loyalty, thereby increasing financial efficiency for businesses. Within the enterprise, innovation helps employees work more flexibly and conveniently, reduce errors and cut costs by streamlining production, thereby improving productivity and satisfaction and employees are more loyal, attract talents and improve the efficiency of business operations of the organization (Devie & Finkelman, 2018). Finally, at the product consumption stage, innovation integrated into the consumption process reduces the time it takes to deliver the product to the customer, ultimately increasing the efficiency of the consumption process and reducing selling costs.

2.7. The moderate role of firm size in the relationship between Organizational innovation and Organizational performance

With larger businesses, the greater the innovation, the greater the business efficiency is created and, in contrast, the smaller the enterprises, the more innovation can reduce the business efficiency of the business. The smaller the scale of enterprises, the simpler the production process, and even some businesses are only pure outsourcing units. Therefore, the smaller businesses that apply innovative technologies such as high technology, the more resources are wasted, the cost of the technology line becomes high and the efficiency is not adequate. In contrast to larger enterprises, only a small improvement can result in improved productivity and an improved chain of operations, so the business performance is higher.

2.8. The moderate of Qualification

The more professional leaders have, the more flexibility and sensitivity to the market. Business leaders with higher professional qualifications move towards transformative leadership since they understand that it is the employee's perception and motivation that makes the business successful. Therefore, they always encourage and motivate employees to bring into full play their capabilities, dedicate themselves to the organization and thereby improve the operational efficiency of the business. For businesses with lower qualifications, the vision and direction for the business is often narrow in the short term and the leadership style of these leaders is mainly in the style of transactional leadership, imposing and distrusting employees, leading to difficulty in promoting the full capacity of the employees, resulting in low labor productivity.

3. Research method

3.1. Context and sample

Vietnam Textile and Garment has not been really recovered when it was indirectly affected by the US-China Trade War, it had to step through a not so bright reality brought about by the Covid-19 epidemic. Currently, with the garment industry, the situation of canceling orders or not placing orders begins to take place, when consumers in the US and EU tighten their spending because of the epidemic. For the Yarn industry, the situation did not get better as demand from China also dropped sharply. In general, the picture of Vietnam's textile and garment exports in 2020 has not received good news, but is covered in gloomy colors. Therefore, we want to study the impact of leadership transformation on innovation and supply chain integration with the desire to improve the business performance of Vietnamese textile enterprises in today's difficult context.

To carry out this study, we sent survey questionnaires to nearly 1,000 Vietnamese textile and garment enterprises in the Vietnam textile and garment directory in 2018. Results for 3 consecutive months from March to June we collected returned 605 survey forms. After filtering the data and cleaning the data before analyzing, there were 562 valid questionnaires for inclusion in the analysis and testing of research hypotheses.

3.2. Research models

Fig. 1 presents details of the proposed study of this paper.

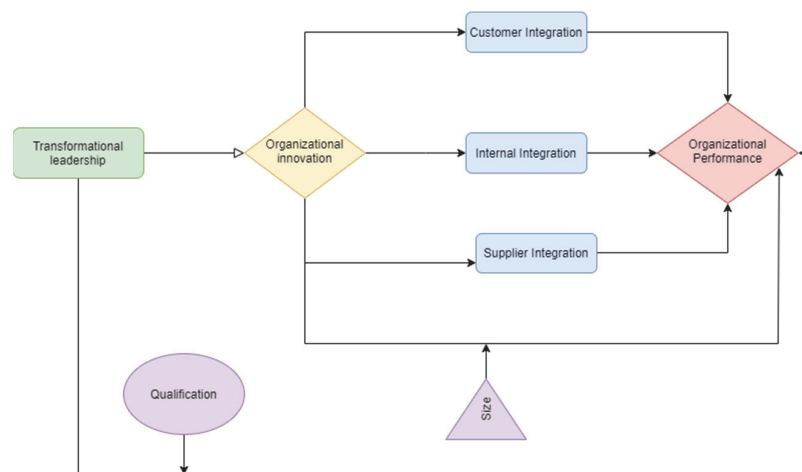


Fig. 1. Research model

According to Fig. 1 the following are given,

Transformational leadership: Transformational leadership styles are measured from five items developed from the research of Noruzi et al. (2013). The scales are measured using the 5-point Likert scale from 1 being totally disagree to 5 being totally in agreement.

Organization Innovation: An organization's innovation that demonstrates a continual change in accordance with the development of the market. The scales for measuring latent variables Organizational Innovation are developed from research by Panayides and Lun (2009) including 5 items. The scales are measured using the 5-point Likert scale from 1 being completely disagree to 5 being totally agree.

Supply chain Integration: Includes 3 dimensions: Supplier integration, Customer integration and Internal Integration. Measured by 14 Items, of which 5 items measure where customer integration was developed from the research of Huo et al. (2019). Internal integration is measured by four items developed from the research of Jacobs and Mafini (2019). Supplier integration is measured by 5 items developed from Flynn et al. (2010). All scales are measured on a 5-point Likert scale from 1 being totally disagree to 5 being totally in agreement.

Organizational Performance: Organizational efficiency is measured by 4 items developed from the study of Cho et al. (2008); Phan et al. (2019); Le et al. (2019) as mentioned in section 2.5 above.

Size: The size of the business is measured on a 5-point Likert scale from 1 to 5 with 1 being micro enterprises, up to 5 being very large enterprises according to Decree 38/2018 Decree of the Government of Vietnam about business classification.

Leadership Qualifications: Measured on the 5-point Likert scale from 1 to 5 with 1 being the 12/12 level; 2 is intermediate; 3 is a college; 4 is University and 5 is graduate.

The research hypotheses of the model are as follows:

H₁: Transformational leadership is positively associated with organizational innovation.

H₂: Organizational Innovation is positively related to employee's perception of supply chain integration.

H₃: Employee awareness of supply chain integration is positively related to Organizational performance.

H₄: Employees' perceptions of supply chain integration as a mediating in the relationship between Organizational Innovation and Organizational Performance.

H₅: Size plays a role moderating in the relationship between Organizational Innovation and Organizational Performance.

H₆: Qualification plays a role moderating in the relationship between Transformational leadership and Organizational Performance.

3.3. Analytical techniques

To analyze research data of test research hypotheses, we use Excel 2016 software; SPSS 23 and Smart PLS 3.6. First, we imported data from the survey into Excel 2016 software, then we tested the reliability and validity of the scale and tested the EFA in SPSS 23 software. Finally, to test the dummy Research theory, we use Smart PLS 3.6 software, use PLS and Bootstrap techniques to test research hypotheses and evaluate the measurement model.

4. Research results

The results of testing the reliability and validity of the scale were performed on SPSS 23 software and the results showed that all 28 scales in the research model satisfy the reliability and validity conditions of the research model. All scales with Cronbach Alpha coefficients are greater than 0.7 and the total variable correlation coefficients are all greater than 0.4 so according to Hair et al. (2006, 2011, 2014, 2017) and Henseler et al. (2009, 2015) they meet the initial scale reliability condition. We conduct EFA analysis with KMO coefficient greater than 0.5 with Sig. = 0.000 so the initial conditions of the research data are satisfied. Next, we conduct the combined reliability assessment with the results on Smart PLS 3.6 software as follows:

Table 1
Construct Reliability and Validity

| | Cronbach's Alpha | rho_A | Composite Reliability | Average Variance Extracted (AVE) |
|-----------------------------|------------------|-------|-----------------------|----------------------------------|
| Customer Integration | 0.838 | 0.843 | 0.839 | 0.635 |
| Internal Integration | 0.945 | 0.945 | 0.945 | 0.775 |
| Organizational Innovation | 0.982 | 0.983 | 0.982 | 0.665 |
| Organizational Performance | 0.947 | 0.949 | 0.948 | 0.645 |
| Supplier Integration | 0.920 | 0.920 | 0.920 | 0.697 |
| Transformational Leadership | 0.898 | 0.898 | 0.898 | 0.638 |

Table 1 shows that all latent variables have Cronbach's Alpha coefficients greater than 0.8 and according to Hair et al. (2014) they meet our requirements and latent variables all guarantee reliability. Composite Reliability coefficients are also greater than 0.8, proving that the research data guarantees aggregate reliability. According to Henseler et al. (2009, 2015) the AVE coefficients must be greater than 0.5, in our research data, the minimum value of AVE is 0.635, which shows that all latent variables in the research model are satisfactory for meeting reliability and aggregate validity. Next, we analyze the discriminant validity of the research variables to test the independence and correlation between the latent variables in the research model. The following results:

Table 2
Discriminant Validity (Fornell-Larcker Criterion)

| | Customer Integration | Internal Integration | Organizational Innovation | Organizational Performance | Supplier Integration | Transformational Leadership |
|-----------------------------|----------------------|----------------------|---------------------------|----------------------------|----------------------|-----------------------------|
| Customer Integration | 0.797 | | | | | |
| Internal Integration | 0.359 | 0.88 | | | | |
| Organizational Innovation | 0.206 | 0.18 | 0.816 | | | |
| Organizational Performance | 0.339 | 0.381 | 0.333 | 0.803 | | |
| Supplier Integration | 0.223 | 0.237 | 0.463 | 0.538 | 0.835 | |
| Transformational Leadership | 0.24 | 0.193 | 0.036 | 0.367 | 0.47 | 0.799 |

From the result in Table 2 it shows that the maximum value outside the diagonal of 0.538 is still smaller than the minimum value on the diagonal of 0.797 this according to Hair et al. (2017) and Henseler et al. (2015) ensure distinct validity to perform analysis and test research hypotheses. Next, we evaluate the suitability of the research model with research data with the following results:

Table 3
Model fit summary

| | Saturated Model | Estimated Model |
|------------|-----------------|-----------------|
| SRMR | 0.055 | 0.056 |
| d_ ULS | 0.962 | 0.991 |
| d_ G | 0.451 | 0.463 |
| Chi-Square | 1,642.521 | 1,682.602 |
| NFI | 0.887 | 0.888 |

The suitability of the model is determined by the correspondence between the observed covariance matrix and an estimated covariance matrix resulting from the proposed model. SEM uses a series of measures to describe how research hypotheses interpret input data. The input data forms the matrix of covariance between the measurement variables. The results in the table above show that the data of the research model is consistent with the theoretical model, which means that the research hypotheses are made with statistical meanings and in accordance with reality. R-square value explains the variation of latent variables in the research model and the R-square results are obtained as follows:

Table 4
R-square

| | R Square | R Square Adjusted |
|----------------------------|----------|-------------------|
| Customer Integration | 0.442 | 0.440 |
| Internal Integration | 0.332 | 0.330 |
| Organizational Innovation | 0.274 | 0.274 |
| Organizational Performance | 0.580 | 0.575 |
| Supplier Integration | 0.214 | 0.212 |

The results of Table 4 show that latent variables can explain many variations of the exogenous variables. Especially, the variables in the research model explain nearly 60% of the variation of the dependent variable Organizational Performance. Finally, the result is F-square:

$$f^2 = (R2_included - R2_excluded) / (1 - R2_included)$$

where R2_included and R2_excluded are the squared R values of the endogenous variable when the respective exogenous variable is included in the model or removed from the model. That means that the R² value is calculated by PLS 2 times, first with the full potential exogenous variables (giving the result R2_included) and the second time with the exogenous variable not in the model (giving the value R2_excluded). Values of f² correspond to 0.02, 0.15, and 0.35, respectively, are small, medium and large impact values (Cohen, 1988) of the exogenous variable. If effect size <0.02, then there is no effect.

Table 5
f Square

| | Customer Integration | Internal Integration | Organizational Innovation | Organizational Performance | Supplier Integration | Transformational Leadership |
|-----------------------------|----------------------|----------------------|---------------------------|----------------------------|----------------------|-----------------------------|
| Customer Integration | | | | 0.298 | | |
| Internal Integration | | | | 0.361 | | |
| Organizational Innovation | 0.356 | 0.402 | | | 0.273 | |
| Organizational Performance | | | | | 0.303 | |
| Supplier Integration | | | | | | |
| Transformational Leadership | | | 0.411 | | | |

F-square results show that all values are greater than 0.15 and values are greater than 0.35. This means that latent variables have a moderate to very strong impact. This means that the research model with data is completely consistent with the theoretical model. The results of testing research hypotheses are as follows:

We first examine the direct impact of Transformational leadership on Organizational Innovation and Organizational Performance, with the following results:

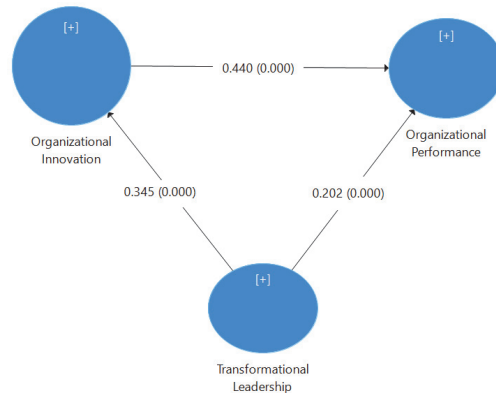


Fig. 2. Direct relationship test results

The results in Fig. 2 shows, Transformational Leadership has a direct positive impact on Organizational Innovation with a quite strong impact of 0.345 at the significance level of 1% (P_value = 0.000). This means that the more a business leader follows the transformation of the leadership style, the more innovative the organization is. In addition, Transformational Leadership also had a statistically significant positive effect on Organizational Performance with an impact level of 0.202 at a 1% significance level (P_value = 0.000) which means that, directly, the transformation leadership style also has a statistically significant impact on the organization's performance. Finally, Organizational Innovation has a statistically significant positive effect on Organizational Performance with a very strong 0.440 at 1% (P_value = 0.000) which means that it is satisfied to test the role mediating of Supply chain Integration. Next, we test in the overall SEM model.

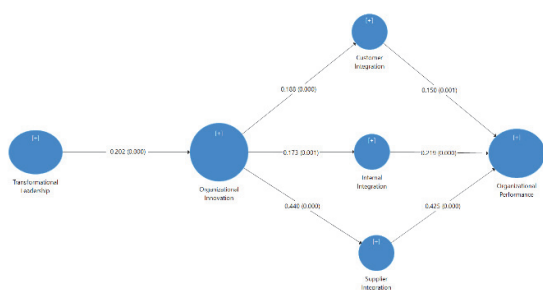


Fig. 3. Overall SEM model results

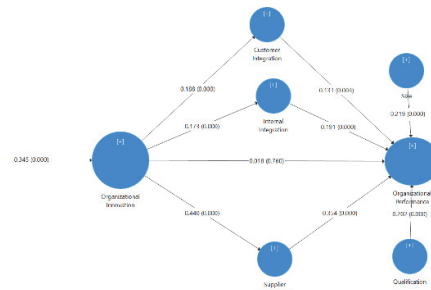


Fig. 4. Test the intermediary role

In the overall SEM model executed by bootstrapping technique in Smart PLS 3.6 software, the results show that all relationships between latent variables are statistically significant with the significance level at 1%. This means that the research hypotheses are supported. When considering the direct relationships between the variables in the research model, they are statistically significant and satisfy the condition to test the intermediate role of Supply chain Integration. The results of the Supply chain Integration mediation test are given in Fig. 4. The bootstrapping test results in Fig. 4 show that the relationship between Organizational Innovation is no longer statistically significant to Organizational Performance. This means that Supply chain Integration plays a role mediated completely in the relationship between Organizational Innovation and Organizational Performance. Additionally, Size has a statistically significant control effect on Organizational Performance with an impact factor of 0.219 at the 1% significance level (P_value = 0.000) which means that Size qualifies

for the role test regulation in the relationship between Organizational Innovation and Organizational Performance. Similarly, Qualification also controls statistically to Organizational Performance with an impact factor of 0.202 at the 1% significance level (P_value = 0.000) which means that the qualification is qualified to test a regulatory role in the relationship between Transformational Leadership and Organizational Performance. The results of the regulatory role test are as follows:

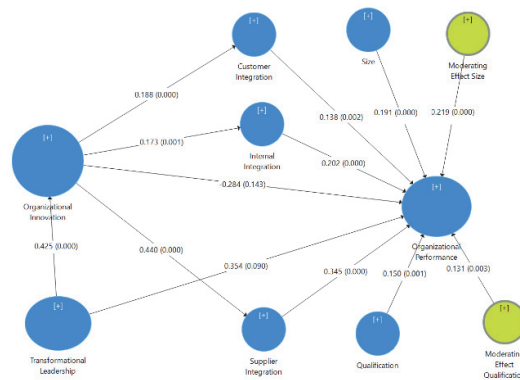


Fig. 5. The results of the regulatory role test

The results of the regulatory role test show that both Size and Qualification are statistically significant with impact coefficients of 0.219 and 0.131 respectively at the significance level of 1% (P_value is 0.000 and 0.003 respectively). This means that Size and Qualification regulate the influence of Organizational Innovation on Organizational Performance and Transformational Leadership on Organizational Performance. To test specifically the regulatory trend of Size and Qualification, we simulate the following image:

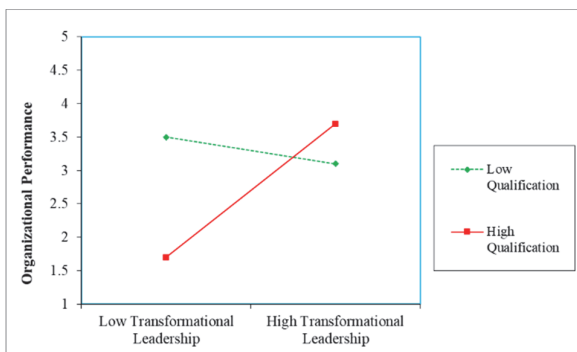


Fig. 6. The regulatory role of Qualification

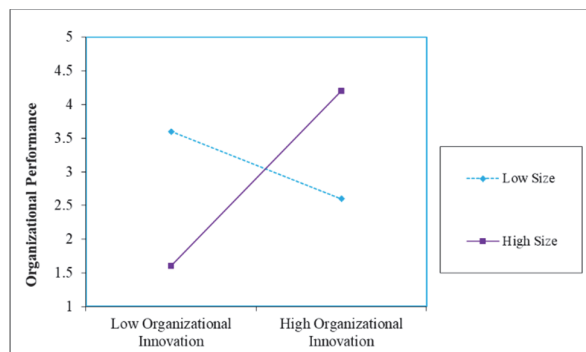


Fig. 7. The regulatory role of firm size

For Vietnamese textile and garment enterprises and leaders in a transformative leadership style that are highly qualified, the business performance will be much better. Contrast this with businesses that lead in a transformative leadership style, but the lower the professional level, the lower the business performance of the organization. Because, trading leadership is always for employees to be creative and self-determined, if leadership does not have qualifications, no vision, it will be easy to lose resources, not control the change. business innovation and lead to worsening business performance of enterprises. The results in the above figure show that for large firms, the more widely innovations are applied in supply chain integration, the more superior business performance will be achieved with sugar The interaction between Innovation and Performance is very steep. In contrast, the smaller businesses and the more they apply new technologies, innovating improperly, the more costs and worse the business situation. The results of hypothesis testing in the research model are summarized in Table 6 as follows,

Table 6
Path Coefficients

| | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics ((O/STDEV)) | P Values |
|---|---------------------|-----------------|----------------------------|--------------------------|----------|
| Customer Integration → Organizational Performance | 0.15 | 0.147 | 0.045 | 3.324 | 0.001 |
| Internal Integration → Organizational Performance | 0.219 | 0.221 | 0.044 | 4.945 | 0 |
| Organizational Innovation → Customer Integration | 0.188 | 0.19 | 0.047 | 3.969 | 0 |
| Organizational Innovation → Internal Integration | 0.173 | 0.174 | 0.05 | 3.445 | 0.001 |
| Organizational Innovation → Supplier Integration | 0.44 | 0.441 | 0.042 | 10.435 | 0 |
| Supplier Integration → Organizational Performance | 0.425 | 0.428 | 0.041 | 10.37 | 0 |
| Transformational Leadership → Organizational Innovation | 0.974 | 0.974 | 0.005 | 185.648 | 0 |

Thus, all the hypotheses in the research model are supported.

5. Conclusion

Industrial Revolution 4.0 and the capacity requirement of business leaders are increasingly high. The above studies have not really paid much attention to the changing business environment, especially the Industrial Revolution 4.0 taking place all over the world, including Vietnam. Industrial Revolution 4.0 has been changing production methods and management methods based on technology. In such an environment, businesses can only achieve efficiency on the basis of a continuous process of receiving and innovating, above all, the management method of the leader plays an important role in promoting business changes in Industry 4.0 background. This is demonstrated in detail by the following points:

First, leaders in organizations are under pressure to change their leadership style to suit the 4.0 industrial revolution, including: Enterprises have to master huge amounts of information and data. From the internet, the business and enterprise environment are transformed into an ecosystem, not just a machine and the outstanding growth of the sharing economy.

Second, the sharing economy operates in a completely new way, forcing leaders to adapt their leadership. The sharing economy makes businesses flexible, all stages in the value chain will be able to change more flexibly to create a business ecosystem.

Third, the enterprise ecosystem has been changing rapidly. The boundary between businesses and businesses, businesses and individuals are increasingly blurred. In the industrial revolution 4.0, employees have to interact continuously and multidimensional with many stakeholders.

To thoroughly solve the above problem, business leaders need:

First, continuing and promoting leadership capabilities from the traditional point of view, Kouzes and Posner (2010): Orienting the journey, sharing vision, challenging the current process, activating human resources for action, pumper. In addition, in Industry 4.0, it is required that business leaders must have critical thinking, technology skills, emotional intelligence and leadership skills. Other skills such as excellence, change management, data creation and analysis also need to be developed.

Second, cohesion system: Establish a successful system to support the realization of organizational goals and goals, and motivate employees to work efficiently and flexibly.

Third, business leaders are the initiators and the ones who create positive changes in enterprises through boldly innovating production and business activities on the basis of product-centricity and public application, technology in the production line, accompanied by the innovation, upgrading equipment and workers, especially paying attention and investing in breakthrough ideas.

Fourth, leaders need to create favorable conditions for employees to implement their ideas, from which the method of evaluating the performance of work takes the creativity of scientific and technological products as high weight evaluation criteria. thereby encouraging employees to actively and creatively in the working process.

Fifth, strengthen international cooperation in production and business through multilateral and bilateral international cooperation activities such as scientific research, technology exchange, technology transfer, human resource training, and joint cooperation. combine and cooperate with businesses, with developed countries in the world.

Thus, in the industrial revolution 4.0 requires business leaders to be experts, solid in professional knowledge, capable of creative thinking, innovation, and skills in analyzing and synthesizing information, capable of working and making decisions on the basis of analyzing evidence and data. In order to create superiority, leaders need to innovate and have a specific style of leadership to create a premise for businesses to integrate into the global trend, driving businesses to success.

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