

THE RELATIONSHIP BETWEEN KNOWLEDGE MANAGEMENT, INNOVATION, DECISION-MAKING STYLES, AND ORGANIZATIONAL PERFORMANCE OF SMALL AND MEDIUM-SIZED ENTERPRISES IN VIETNAM

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ABSTRACT

This study investigates the influence of three key organizational factors—Knowledge Management (KM), Innovation (INN), and Decision-Making Style (DMS)—on organizational performance (OP) of small and medium-sized enterprises (SMEs) in Vietnam. Drawing on contemporary theoretical foundations including the SECI knowledge-creation model, organizational innovation theory, and decision-making style theory, the research develops an integrated analytical framework. A mixed-methods approach was adopted, combining qualitative interviews with quantitative survey data. A total of 93 valid responses were collected and analyzed using SPSS 22 through reliability testing, exploratory factor analysis (EFA), Pearson correlation, and multiple regression. The results reveal that all three factors exert significant and positive impacts on organizational performance. Among them, decision-making style shows the strongest effect, followed by knowledge management and innovation. The regression model demonstrates good explanatory power, accounting for 59.8% of the variance in organizational performance (Adjusted $R^2 = 0.584$; Sig. = 0.000). Demographic analysis further indicates that differences across industry sectors influence the extent to which SMEs adopt cloud-based accounting systems, manage knowledge, and implement innovation practices. Overall, the findings highlight the critical role of effective knowledge utilization, continuous innovation, and rational, data-driven decision-making in enhancing the performance of SMEs. The study provides empirical evidence and practical recommendations to support Vietnamese SMEs in strengthening competitiveness in the era of digital transformation.

Keywords: Knowledge management, innovation, decision-making style, organizational performance, small and medium-sized enterprises (SMEs).

1. INTRODUCTION

In the context of globalization and the rapid advancement of the Fourth Industrial Revolution, knowledge has emerged as the most critical resource for all organizations. Unlike the traditional economic era—when capital, labor, and physical technology were considered the core factors—today, knowledge, information, and human creativity are the key determinants of organizational productivity, quality, and competitiveness. Consequently, the implementation of Knowledge Management (KM), the promotion of Innovation, and the development of effective Decision-Making Styles (DMS) have become essential strategies for

enhancing Organizational Performance (OP), particularly for small and medium-sized enterprises (SMEs), which constitute the dominant segment of Vietnam's economy.

According to the General Statistics Office (2024), SMEs account for approximately 97% of all active enterprises in Vietnam, contribute over 45% of the national GDP, and provide employment for tens of millions of workers [1]. Despite their significant role, many SMEs still face substantial limitations in managerial capability, technological capacity, financial resources, and organizational knowledge. Specifically, knowledge storage, sharing, and utilization systems remain fragmented; innovation activities lack strategic orientation; and managerial decision-making styles tend to be intuitive rather than data-driven or scientifically informed. These shortcomings hinder SMEs from achieving organizational performance commensurate with their potential.

Moreover, the trend toward digital transformation and knowledge-based management is reshaping organizational operations. Successful organizations in the digital age are not necessarily those with large-scale operations, but those capable of effectively leveraging, integrating, and renewing knowledge while simultaneously fostering innovation and enabling timely, data-informed decision-making. Therefore, examining the relationships among these factors is both scientifically significant and practically meaningful. Such inquiry clarifies the mechanisms through which knowledge management, innovation, and decision-making styles influence organizational performance, thereby offering managerial implications appropriate to the context of Vietnamese SMEs.

Globally, numerous studies have demonstrated the positive impacts of knowledge management and innovation on organizational performance (Nonaka & Takeuchi, 1995; Damanpour, 1991) [2]. However, in Vietnam—especially within the SME sector—research that simultaneously integrates all three dimensions (knowledge management, innovation, and decision-making styles) into a single analytical framework remains limited. Most prior studies focus on individual relationships rather than examining their combined or interactive effects. This creates a critical research gap that must be addressed to advance both theoretical understanding and practical approaches to modern management within Vietnamese SMEs.

In recent years, Vietnamese enterprises in general—and small and medium-sized enterprises (SMEs) in particular—have been facing increasing pressure to innovate. The process of international economic integration, together with the rapid expansion of information technology and artificial intelligence (AI), has compelled businesses to restructure their operational models toward knowledge-based and continuously innovative approaches. Meanwhile, traditional decision-making styles—characterized by centralization and reliance on personal experience—have increasingly revealed their limitations in the face of a dynamic and uncertain business environment. Contemporary successful organizations increasingly adopt data-driven decision-making practices, encourage employee participation, and promote internal knowledge sharing.

However, many Vietnamese SMEs have not yet fully recognized the strategic importance of knowledge management and innovation in enhancing organizational performance. Knowledge storage and sharing activities often remain formalistic and fragmented; resources for innovation are limited; and leadership styles frequently emphasize short-term reactions rather than strategic thinking. Therefore, analyzing the relationships among knowledge management, innovation, and decision-making styles and their impacts on organizational performance is essential not only for understanding the internal determinants of enterprise effectiveness but also for identifying key levers to strengthen national competitiveness.

Given the urgency of this issue and the existing theoretical gaps, the overarching objective of this study is to: Analyze and empirically examine the relationships among

knowledge management, innovation, decision-making styles, and organizational performance in Vietnamese small and medium-sized enterprises.

2. LITERATURE REVIEW, THEORETICAL FRAMEWORK AND METHODS

2.1. Literature Review

Over the past two decades, topics related to Knowledge Management (KM), Innovation (INN), Decision-Making Style (DMS), and Organizational Performance (OP) have attracted substantial attention from scholars in the field of management. Both international and domestic studies consistently highlight that organizational knowledge, innovation capability, and the quality of managerial decision-making are critical determinants of a firm's sustainable development in an increasingly competitive environment.

2.1.1. Studies on Knowledge Management

Knowledge management is widely regarded as a strategic organizational capability. Nonaka and Takeuchi's SECI model explains that knowledge is continuously created through socialization, externalization, combination, and internalization [2]. Later studies emphasize that KM is not only concerned with storing knowledge but also with creating, sharing, integrating, and applying knowledge to solve organizational problems.

Recent international evidence has strengthened this argument. Cordeiro et al. (2024), in the *Journal of Knowledge Management*, show that SMEs face specific barriers in KM implementation, including limited resources, informal knowledge-sharing systems, and weak technological infrastructure. Their study also highlights the need for future SME research to examine KM as a multidimensional capability rather than a single management practice [3].

Similarly, Escobar-Castillo et al. (2024) systematically reviewed 276 Scopus-indexed publications on KM in SMEs and found that KM practices are strongly associated with technological capability, human capital, innovation, and financial performance. The review also notes that SMEs often manage knowledge informally, which may reduce their ability to respond effectively to environmental turbulence [4].

More recent empirical research by Cristache et al. (2025) confirms that KM processes such as knowledge creation and knowledge sharing significantly influence innovation and organizational performance. Their findings suggest that innovation functions as a key mechanism through which KM improves firm outcomes [5].

2.1.2. Studies on Innovation

Innovation is a core capability that enables firms to adapt to market changes. Damanpour (1991) [6] classifies innovation into two main categories:

- Technical innovation: referring to innovations in products, services, and technological processes.
- Administrative innovation: involving organizational structure, policies, and managerial practices.

A substantial body of research, including studies by Rogers (2003) and Liao and Wu (2010), has demonstrated that innovation is closely associated with organizational performance by improving processes, reducing costs, creating competitive advantages, and enhancing the quality of products and services [7], [8]. More importantly, empirical evidence consistently shows that innovation cannot occur without a strong foundation of organizational knowledge, as knowledge serves as the fundamental input for creativity. This provides the theoretical basis for considering innovation as a mediating variable in the relationship between knowledge management and organizational performance.

In the SME context, Wolor et al. (2024) found that KM does not always directly improve SME performance; rather, KM enhances innovation, which subsequently improves business performance. This finding supports the mediating role of innovation in the relationship between KM and OP [9].

Recent studies also indicate that innovation should be viewed as both an outcome of KM and a strategic mechanism for performance improvement. Firms that effectively convert knowledge into new products, processes, services, or managerial practices are more likely to achieve superior competitiveness and sustainability.

2.1.3. Studies on Decision-Making Styles

Decision-making style directly influences how organizations utilize information, address problems, and implement strategies. According to Scott and Bruce (1995), decision-making styles can be categorized into five groups: rational, intuitive, dependent, avoidant, and spontaneous [10]. Elbanna and Child (2007) emphasize that decision-making style has a significant impact on strategic execution and organizational performance, particularly in highly dynamic environments [11].

Recent SME research has paid increasing attention to owner-manager decision-making. Seronato and Martins (2024), in the *Journal of Research in Marketing and Entrepreneurship*, examined SME owner-manager decision-making styles and found that rational, intuitive, dependent, avoidant, and spontaneous styles influence marketing strategy creativity, implementation effectiveness, and organizational performance [12].

In the context of Vietnamese SMEs, many managers tend to rely on personal experience rather than data-driven or systematically analyzed information when making decisions. This tendency limits the organization's ability to optimize internal knowledge and constrains its innovation capacity. Therefore, decision-making style should not only be considered an independent factor but also a moderating variable that influences the relationships among knowledge management, innovation, and organizational performance.

2.1.4. Studies on Organizational Performance

Organizational performance is a multidimensional concept that encompasses both financial indicators (such as profit, revenue, and return on investment) and non-financial indicators (such as customer satisfaction, internal process efficiency, and learning and growth capability). The Balanced Scorecard (BSC) developed by Kaplan and Norton (1992) is one of the most widely used frameworks for measuring organizational performance across four perspectives: financial, customer, internal processes, and learning and growth [13].

Empirical studies indicate that organizational performance is the cumulative result of how effectively an organization utilizes knowledge, its capacity for innovation, and the quality of managerial decision-making. In Vietnam, most research on the performance of SMEs has focused on financial capacity or human resource management, while very few studies have comprehensively analyzed the interconnected relationships among knowledge, innovation, decision-making, and performance as proposed in this research model.

2.2. Theoretical Framework

2.2.1. Knowledge Management Theory – The SECI Model

Knowledge Management (KM) is considered a fundamental factor in shaping an organization's competitive advantage. According to Nonaka and Takeuchi (1995) [2], knowledge exists in two forms:

- Explicit knowledge: which can be documented, stored, and disseminated.

- Tacit knowledge: which is based on personal experience, intuition, and insights, and is often difficult to articulate

The SECI model describes the dynamic and spiral process of knowledge creation and transformation through four modes:

- Socialization – the sharing of tacit knowledge through observation, practice, and direct interaction.
- Externalization – the conversion of tacit knowledge into explicit knowledge, often through dialogue, conceptualization, or documentation.
- Combination – the integration, categorization, and restructuring of explicit knowledge to generate new explicit knowledge.
- Internalization – the transformation of explicit knowledge into tacit knowledge through learning and personal experience.

The SECI model emphasizes that knowledge is not static; rather, it continuously evolves and expands, enabling organizations to sustain learning and adaptability. For SMEs—where resources are limited but organizational structure is flexible—the effective operation of the SECI spiral enhances innovation capability and organizational performance.

In this study, the SECI model serves as a theoretical foundation to explain that: Effective knowledge management is a prerequisite for fostering innovation and improving organizational performance.

This study contributes to Knowledge Management Theory by extending the application of the SECI model to the context of SMEs in an emerging economy. While previous studies have primarily examined knowledge management in large organizations and developed countries, this research argues that knowledge creation and sharing processes are equally important for SMEs despite their limited resources and informal organizational structures. The study positions knowledge management as a strategic organizational capability that directly supports innovation and organizational performance.

2.2.2. Organizational Innovation Theory

Innovation is considered a vital factor for maintaining a firm's competitive advantage. Damanpour (1991) defines innovation as the creation and implementation of new ideas, processes, products, or managerial systems aimed at improving quality and operational efficiency [6]. Innovation is commonly classified into two main categories:

- Technological Innovation
 - Includes product and process innovation.
 - Closely associated with production, technology, and technical operations.
- Administrative Innovation: Relates to organizational structure, policies, management systems, and decision-making procedures.

Research by Rogers (2003) and Darroch (2005) indicates that innovation cannot be separated from organizational knowledge, as knowledge serves as the foundational input for generating new ideas, refining products, and improving operations [7], [14]. Well-captured, shared, and accumulated knowledge enhances an organization's ability to identify opportunities, apply new technologies, and create value.

This study contributes to Innovation Theory by emphasizing the mediating role of innovation in the relationship between knowledge management and organizational performance. Existing studies often examine innovation as an independent organizational capability; however, this study argues that innovation is primarily the result of effective knowledge creation, sharing, and utilization processes.

2.2.3. Decision-Making Style Theory

Decision-Making Style (DMS) reflects how managers approach problems, process information, and select courses of action. Scott and Bruce (1995) classify decision-making styles into five categories [10]:

- Rational – based on logical analysis and data-driven evaluation.
- Intuitive – relying on experience, insights, and personal judgment.
- Dependent – relying on the opinions or guidance of others.
- Avoidant – characterized by delaying or evading decisions.
- Spontaneous – making quick decisions with minimal deliberation.

Elbanna and Child (2007) argue that decision-making style directly influences the effectiveness of strategic implementation, the speed at which firms respond to environmental changes, and overall organizational performance [11].

In the context of SMEs—where information is often limited and the business environment is highly dynamic—a combination of rational and intuitive decision-making is considered most appropriate, as it enables managers to make decisions that are both analytically sound and responsive to changing conditions.

Decision-making style theory contributes to explaining that:

- Leaders with an effective decision-making style are better able to leverage organizational knowledge.
- Appropriate decision-making styles enhance innovation capability.
- Effective decision-making positively influences organizational performance.

Therefore, in the proposed research model, decision-making style is conceptualized as an independent variable that may also interact with other variables to influence organizational performance.

This study contributes to Decision-Making Style Theory by extending the role of managerial decision-making beyond individual behavior and positioning it as a strategic organizational factor that influences knowledge utilization, innovation implementation, and organizational performance.

2.2.4. Organizational Performance Theory

Organizational performance is a multidimensional construct that can be approached from various perspectives. Kaplan and Norton (1992) introduced the Balanced Scorecard (BSC) framework, which evaluates performance across four dimensions [13]:

- Financial performance
- Customer perspective
- Internal business processes
- Learning and growth

Based on this theoretical foundation, organizational performance is understood as the combined result of how effectively a firm manages knowledge, fosters innovation, and executes decision-making processes.

The present study adopts the BSC approach to measure organizational performance across both financial and non-financial dimensions. This is particularly appropriate for SMEs, where financial indicators alone often fail to capture the firm's full capabilities and operational effectiveness.

Based on the aforementioned theoretical foundations, this study develops the following proposed research model:

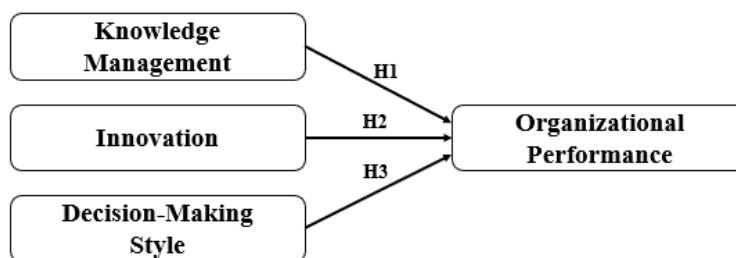


Figure 1. Proposed research model

(Source: Author's compilation)

2.3. Research Methodology

The study was conducted using a mixed-methods approach, integrating both qualitative and quantitative methods to ensure that the findings possess theoretical depth as well as empirical validity. The research process comprises three main stages:

Stage 1: Qualitative Study

The qualitative phase was carried out to:

- Explore and clarify key concepts and variables in the proposed model,
- Assess the relevance and appropriateness of measurement scales within the context of Vietnamese SMEs,
- Refine the survey items prior to large-scale data collection.

Semi-structured interviews were conducted with 10 knowledgeable participants, including business leaders, middle managers, and experts in corporate management. The interviews focused on knowledge management practices, levels of innovation, managerial decision-making styles, and perceptions of organizational performance. The collected data were coded using open coding, axial coding, and selective coding, which enabled the identification of core themes that contributed to refining the theoretical model and the survey instrument.

Stage 2: Development of Measurement Scales and Survey Questionnaire

Based on the theoretical review and qualitative findings, the research team developed a set of measurement scales using a five-point Likert scale (1 = Strongly disagree → 5 = Strongly agree). The variables in the model were adapted from well-established international studies and refined to suit the characteristics of Vietnamese enterprises.

The measurement constructs include:

- Knowledge Management (KM) – derived from the SECI model (Nonaka & Takeuchi, 1995) [2].
- Innovation (INN) – based on Damanpour's classification (1991) [6].
- Decision-Making Style (DMS) – informed by Scott & Bruce (1995) [10].
- Organizational Performance (OP) – measured according to the Balanced Scorecard framework (Kaplan & Norton, 1992) [13].

After developing the questionnaire, a pilot test was conducted with 20 enterprises to assess clarity, relevance, and reliability. Items that were unclear or ambiguous were revised prior to the official survey.

The pilot study served as an important pre-testing stage to improve content validity and reduce measurement error. Feedback from pilot respondents helped ensure that the wording of survey items was understandable, contextually appropriate, and aligned with the operational characteristics of Vietnamese SMEs.

Stage 3: Quantitative Study

The quantitative phase was conducted through both online and direct survey distribution. A total of 93 valid responses were collected, satisfying the minimum sample size recommended by Hair et al. (2010), which suggests that “each observed variable should be represented by at least 5–10 responses” [15].

The sampling technique employed was convenience sampling—appropriate for studies targeting SMEs in Vietnam. The sample included enterprises from various sectors (manufacturing, commerce, and services) to ensure diversity and representativeness. Although convenience sampling may limit the generalizability of the findings, it is widely used in SMEs research, particularly in developing economies where access to firms is constrained. To improve representativeness, the study collected responses from enterprises operating in different sectors, including manufacturing, commerce, and services. This sectoral diversity helps reduce industry-specific bias and enhances the applicability of the findings across various SMEs contexts.

3. RESULTS AND DISCUSSION

3.1. Results of Qualitative Study

Although the quantitative phase constitutes the primary empirical component of this study, the qualitative phase played an essential role in refining the conceptual model and improving the contextual relevance of the survey instrument. Specifically, the 10 semi-structured interviews were not conducted solely for exploratory purposes; rather, they were used to evaluate the applicability of existing international measurement scales within the context of Vietnamese SMEs.

During the interviews, participants provided practical insights regarding how knowledge management, innovation practices, decision-making styles, and organizational performance are perceived and implemented in SMEs.

Certain Knowledge Management items were modified to capture informal knowledge-sharing practices rather than formal knowledge systems alone;

Innovation-related items were expanded to include managerial and process innovation, not only technological innovation;

Decision-Making Style items were refined to better reflect the coexistence of rational and intuitive decision-making commonly observed among SME leaders;

Organizational Performance items were adjusted to include non-financial indicators that are particularly relevant for SMEs, such as adaptability, customer relationships, and organizational learning capability.

In addition, the qualitative findings helped improve the wording clarity and contextual appropriateness of the questionnaire.

3.2. Reliability Testing of Measurement Scales

Cronbach's Alpha reliability analysis was conducted to eliminate inappropriate or inconsistent items. In this study, the author employed the following criteria for evaluating the reliability of the measurement scales: $0.70 \leq \text{Cronbach's Alpha} \leq 0.95$ and item-total correlation > 0.60 .

The results of the reliability assessment for all measurement scales are presented in Table 1.

Table 1. Cronbach's Alpha Reliability Test for Measurement Scales

Construct	Number of Items	Cronbach's Alpha	Threshold	Conclusion
Knowledge Management (KM)	5	0.886	Acceptable	Retained
Innovation (INN)	5	0.842	Acceptable	Retained
Decision-Making Style (DMS)	6	0.901	Acceptable	Retained
Organizational Performance (OP)	5	0.921	Acceptable	Retained

(Source: Results from the official dataset analyzed using SPSS 22)

Table 1 demonstrates the results of the reliability testing using Cronbach's Alpha. According to established standards in social science research, a measurement scale is considered reliable when Cronbachs Alpha is more than 0.70 and the corrected item–total correlations are more than 0.30. The results clearly indicate that all scales in the research model, including Knowledge Management, Innovation, Decision-Making Style, and Organizational Performance, meet the required reliability thresholds and are therefore suitable for subsequent analyses.

3.3. Exploratory Factor Analysis (EFA)

The Kaiser–Meyer–Olkin (KMO) measure of sampling adequacy is 0.806, which falls within the acceptable range of 0.50 to 1.00, indicating that the dataset is suitable for factor analysis. The Bartlett's Test of Sphericity reports a Chi-Square value of 893.616 with Sig. = 0.000 (less than 0.05), confirming that the observed variables in the dataset are statistically correlated and appropriate for factor extraction.

Using Principal Component Analysis, three factors were extracted from the 15 observed variables, with Initial Eigenvalues greater than 1. The total variance explained is 72.853%, exceeding the minimum acceptable level of 50%. This result indicates that the three extracted components are independent and collectively explain 72.853% of the variance in the dataset—an acceptable and robust outcome.

Table 2. Rotated Component Matrix

Item	Component 1	Component 2	Component 3
DMS5	0.912		
DMS2	0.868		
DMS1	0.866		
DMS4	0.858		
DMS3	0.834		
INN2		0.888	
INN5		0.886	
INN3		0.838	
INN1		0.833	
INN4		0.788	
KM5			0.897
KM1			0.858

KM3			0.795
KM4			0.795
KM2			0.789

(Source: Results from the official dataset analyzed using SPSS 22)

All observed variables have factor loadings greater than 0.50, confirming satisfactory convergent validity within each factor. Therefore, the results of the EFA indicate that all measurement scales meet the required standards and are appropriate for subsequent analyses.

3.4. Pearson Correlation Analysis

To examine the relationships between the dependent variable and the independent variables in the model, the Pearson correlation coefficient was employed. When the correlation coefficient differs from zero and the significance level (Sig, two-tailed) is less than 0.01, the variables are considered to have statistically significant relationships.

Table 3. Pearson Correlation Analysis

		Knowledge Management	Innovation	Decision-Making Style	Organizational Performance
Knowledge Management	Pearson Correlation	1	.000	.000	.411**
	Sig. (2-tailed)		1.000	1.000	.000
	N	92	92	92	92
Innovation	Pearson Correlation	.000	1	.000	.372**
	Sig. (2-tailed)	1.000		1.000	.000
	N	92	92	92	92
Decision-Making Style	Pearson Correlation	.000	.000	1	.540**
	Sig. (2-tailed)	1.000	1.000		.000
	N	92	92	92	92
Organizational Performance	Pearson Correlation	.411**	.372**	.540**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	92	92	92	92

(Source: Results from the official dataset analyzed using SPSS 22)

The results presented in the two tables above indicate that all correlation coefficients among the variables are statistically significant (Sig. = 0.000), demonstrating strong relationships between them. This finding suggests that organizational performance in Vietnamese small and medium-sized enterprises is positively associated with the factors included in the research model. Accordingly, all variables—Knowledge Management, Innovation, and Decision-Making Style—are retained for subsequent regression analysis.

3.5. Multiple Regression Analysis

Based on the theoretical research model and the results of the correlation analysis among the variables, the multiple linear regression equation describing the factors influencing

organizational performance in small and medium-sized enterprises (SMEs) in Hanoi is constructed as follows:

$$OP = \beta_0 + \beta_1 KM + \beta_2 INN + \beta_3 DMS$$

Where:

OP: Organizational Performance

KM: Knowledge Management

INN: Innovation

DMS: Decision-Making Style

❖ Model Fit Evaluation

Table 4. Model Summary

Model	R	R square	Adjusted R Square	Standard Error	Durbin–Watson
1	.773 ^a	.598	.584	.64471964	2,209

(Source: Results from the official dataset analyzed using SPSS 22)

The results indicate that the model has an R Square of 0.598, which is greater than 0.50, and an Adjusted R Square of 0.584. Although the Adjusted R Square is slightly lower than R Square, this is expected and indicates that adding more independent variables would not significantly increase the explanatory power of the model.

Overall, the regression model is considered highly appropriate, explaining 59.8% of the variance in organizational performance based on the three independent variables: knowledge management, innovation, and decision-making style. The remaining 40.2% of the variance is attributable to factors outside the model and natural random error.

The Durbin–Watson statistic is 2.209, which is close to 2.0, indicating no autocorrelation in the residuals and further confirming the suitability of the regression model.

❖ Model Fit Testing

Table 5. ANOVA Analysis

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	54.422	3	18.141	43.642	.000
	Residual	36.578	88	.416		
	Total	91.000	91			

(Source: Results from the official dataset analyzed using SPSS 22)

The ANOVA results presented in Table 5 show that the regression model is statistically significant, with $F = 43.642$ and $\text{Sig.} = 0.000$, which is less than 0.05. This indicates that the model provides a good fit and that the independent variables collectively have a significant impact on organizational performance.

To generalize this model into an overall regression structure, it is necessary to examine the F-test through the Analysis of Variance (ANOVA). The results show that the model has an F-value of 43.642 with a very small significance level ($\text{Sig.} = 0.000$), indicating that at least one independent variable has a statistically significant effect on the dependent variable. Therefore, the linear regression model is deemed appropriate for the dataset and can be reliably used for further analysis.

Table 6. Regression Analysis Results

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Standard Error	Beta			Tolerance	VIF
1	(Constant)	-1.585E-16	.067	.000	1.000		
	Knowledge Management	.411	.068	.411	6.076	.000	1.000
	Innovation	.372	.068	.372	5.501	.000	1.000
	Decision-Making Style	.540	.068	.540	7.984	.000	1.000

(Source: Results from the official dataset analyzed using SPSS 22)

The Beta coefficients of the model indicate that all independent variables have statistically significant effects (Sig. < 0.05). The positive Beta values for Decision-Making Style (DMS), Knowledge Management (KM), and Innovation (INN) demonstrate that these variables have a positive relationship with Organizational Performance (OP).

❖ Construction of the Linear Regression Equation

Based on the dataset collected within the scope of this study and the results of the multiple linear regression analysis, the factors influencing organizational performance of small and medium-sized enterprises are expressed in the following regression equation:

Unstandardized Multiple Regression Equation:

$$OP = 0.540 \cdot DMS + 0.411 \cdot KM + 0.372 \cdot INN$$

4. CONCLUSIONS

4.1. Conclusions

This study examines the influence of three key factors—Knowledge Management (KM), Innovation (INN), and Decision-Making Style (DMS)—on organizational performance (OP) of small and medium-sized enterprises (SMEs) in Vietnam. Using 93 valid survey responses analyzed through SPSS 22, the reliability and validity tests, including Cronbach's Alpha, KMO, EFA, Pearson correlation, and multiple regression, all meet the required statistical standards.

The regression results indicate that all three independent variables positively affect organizational performance. The descending order of impact is: Decision-Making Style, Knowledge Management, and Innovation. The adjusted R² value of 0.584 (Sig. = 0.000) demonstrates that the model explains 59.8% of the variance in organizational performance, and all research hypotheses are supported.

Additionally, demographic analysis reveals significant differences across business sectors regarding the adoption of cloud-based accounting software, as well as the implementation of knowledge management and innovation practices.

In summary, the findings confirm the strong interrelationships among knowledge management, innovation, decision-making style, and organizational performance. The study provides empirical evidence that can help SMEs identify priority areas for improvement to enhance overall performance.

The results of the hypothesis testing are presented in Figure 1 and Table 6. To ensure consistency between the conceptual model and the empirical findings, each hypothesis is explicitly identified as either accepted or rejected based on the statistical analysis results.

H1: Knowledge Management positively influences Organizational Performance.

The statistical results indicate a significant positive relationship between Knowledge Management and Organizational Performance ($\beta = 0.411$, $p < 0.05$). Therefore, H1 was Accepted.

H2: Innovation positively influences Organizational Performance.

The analysis demonstrates that Innovation has a significant positive effect on Organizational Performance ($\beta = 0.372$, $p < 0.05$). Therefore, H2 was Accepted.

H3: Decision-Making Style positively influences Organizational Performance.

The findings reveal that Decision-Making Style significantly affects Organizational Performance ($\beta = 0.540$, $p < 0.05$). Therefore, H3 was Accepted.

(If there are rejected hypotheses, use the following style):

Overall, the empirical findings support the proposed conceptual framework, confirming that Knowledge Management, Innovation, and Decision-Making Style are significant determinants of Organizational Performance among Vietnamese SMEs.

4.2. Policy Implications

4.2.1. Recommendations for Enhancing Organizational Performance in SMEs

Based on the research findings, several practical recommendations are proposed for small and medium-sized enterprises (SMEs) in Vietnam as follows:

- Strengthen Knowledge Management Systems

Enterprises should develop and maintain an effective knowledge management system by:

- Establishing ICT platforms for collecting, storing, and sharing knowledge;
- Cultivating a culture of knowledge sharing among individuals and departments;
- Organizing internal training programs and professional workshops;
- Encouraging leaders to assume a central role in fostering an open learning environment and promoting innovative ideas.

Effective knowledge management not only helps accumulate organizational experience but also forms the foundation for innovation and improved organizational performance.

- Promote Comprehensive Innovation within the Enterprise

Innovation is an important mediating factor that enhances organizational performance. Enterprises should:

- Formulate long-term innovation strategies;
- Innovate not only in products and technologies but also in processes, business models, and management practices;
- Encourage employees to propose new ideas and experiment with creative solutions;
- Accept controlled risks and learn from failures;
- Implement clear incentive mechanisms to reward innovative initiatives.

These actions help enterprises respond quickly to changes and strengthen competitiveness.

- Improve Leadership Decision-Making Styles

As decision-making style exerts the strongest influence on organizational performance, leaders should:

- Shift from autocratic to collaborative, transparent, and goal-oriented decision-making styles;
- Encourage employee participation in the decision-making process;
- Apply data-driven decision-making practices;
- Enhance analytical skills, logical reasoning, and strategic thinking.

An effective decision-making style fosters organizational agility, internal consensus, and overall performance improvements.

From a theoretical perspective, this finding reinforces the Knowledge-Based View, which argues that knowledge is one of the most valuable strategic resources for sustaining competitive advantage. The results suggest that SMEs do not improve performance merely by possessing knowledge, but by effectively converting knowledge into actionable organizational capabilities. This finding also supports the SECI model by demonstrating that continuous knowledge creation and sharing processes contribute directly to innovation and organizational adaptability.

4.2.2. Long-Term Strategic Directions for SMEs to Improve Organizational Performance

In the context of globalization and the Fourth Industrial Revolution, SMEs should pursue the following strategic orientations:

- Develop Long-Term Knowledge Management Strategies
 - Build a “digital knowledge repository”;
 - Standardize knowledge-sharing processes;
 - Periodically evaluate knowledge utilization;
 - Implement online learning platforms and organize regular thematic meetings.

Knowledge should be treated as a strategic asset of the enterprise.

- Build an Innovation-Oriented Culture
 - Incorporate innovation into the organization’s core values;
 - Allocate budgets for R&D and technology adoption;
 - Collaborate with universities and research institutes to access emerging technologies and trends;
 - Prioritize recruiting creative, proactive, and improvement-driven employees.
- Enhance Leadership Capacity and Decision-Making Skills
 - Provide training in strategic management, data analytics, and adaptive leadership;
 - Establish internal feedback and review mechanisms to improve decision quality;
 - Encourage multi-stakeholder governance models within the organization.
- Strengthen Business Networking and Collaboration
 - Participate in industry associations, enterprise clusters, and startup communities;
 - Exchange managerial experiences and support each other in innovation initiatives;
 - Collaborate to expand markets and share resources.

Strategic collaboration not only helps reduce costs but also accelerates the pace of innovation.

The findings provide important theoretical implications by confirming the mediating role of innovation in the relationship between knowledge management and organizational performance. This suggests that knowledge alone does not automatically generate organizational value unless it is transformed into innovative products, services, processes, or managerial practices. Therefore, the study extends Innovation Theory by positioning innovation as a dynamic organizational capability that converts intangible knowledge resources into measurable performance outcomes.

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