

-RESEARCH ARTICLE-

ANALYSIS OF FACTORS AFFECTING INNOVATION ADOPTION DECISIONS IN PRIVATE ENTERPRISES IN VIETNAM

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—Abstract—

In the realm of organizational performance enhancement, the adoption of innovation stands out as a pivotal factor. It necessitates a renewed focus from researchers. Consequently, this study delves into the influence of knowledge management, employee retention, and customer relationship management (CRM) on the decisions regarding innovation adoption within private enterprises in Vietnam. Additionally, the research explores the moderating role of leadership style in the relationship between knowledge management, employee retention, CRM, and innovation adoption decisions in these enterprises. Data for the study is collected through surveys administered to employees of private enterprises, and the structural equation modelling technique, specifically smart-PLS, is employed to analyse the interconnections among the variables. The findings indicate positive correlations between knowledge management, employee retention, CRM, and innovation adoption decisions. Moreover, they underscore the significant moderating effect of leadership style on the relationship between these factors and innovation adoption decisions within private enterprises in Vietnam. The implications of these findings extend to policymakers, offering insights

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for the development of policies aimed at fostering innovation adoption within the private sector.

Keywords: Knowledge Management, Leadership Style, Employee Retention, Customer Relationship Management, Innovation Adoption Decision

INTRODUCTION

In an era characterized by perpetual technological evolution, shifts in consumer preferences, fluctuations in market trends, and intense competition, the adoption of innovation stands as a critical imperative for business enterprises. Innovation, defined as the implementation of creative concepts resulting in substantial alterations to business processes, products, or services, or their enhancement to create value for customers or stakeholders, manifests in various forms within organizations, contributing to their economic, social, and environmental performance and fostering sustained development (Stornelli et al., 2021). By embracing innovation, firms enhance their communication networks, product quality, customer services, and compliance with legal obligations, while also contributing to specific social initiatives, thereby bolstering their social performance. Similarly, innovative strategies can address numerous environmental challenges, such as emissions of harmful gases, chemical pollution, inadequate sewage systems, and the release of contaminating substances and hazardous waste, thereby elevating firms' environmental performance. Moreover, innovation adoption within business processes enhances productivity, enhances the physical and functional attributes of products, and optimizes product delivery methods, thereby exceeding customer expectations and driving economic growth (Gruenhagen & Parker, 2020).

Given the multifaceted nature of innovation adoption and its pivotal role in organizational growth, the decision to adopt innovation is influenced by various factors, including knowledge management, employee retention, and customer relationship management. Knowledge management encompasses processes related to the acquisition, creation, processing, utilization, storage, organization, and dissemination of knowledge and information within organizations, facilitating the alignment of dynamic knowledge assets with business objectives and equipping organizational personnel with the requisite technical, organizational, and marketing insights necessary for effective innovation adoption decisions (Lam et al., 2021). Employee retention, characterized by organizations' efforts to mitigate employee turnover through the implementation of effective policies, is paramount for maintaining a high level of organizational knowledge, fostering employee expertise, cultivating cognitive and physical capabilities, and enhancing interpersonal communication, all of which contribute to the development and implementation of creative ideas, thereby facilitating effective innovation adoption decisions (Kurdi & Alshurideh, 2020). Customer

relationship management involves the management of all interactions between a company's representatives and its customers or potential customers, with strong customer relationships fostering cooperation in information creation and sharing regarding innovative products and services, thereby supporting innovation adoption decisions (Guerola-Navarro et al., 2021).

The focus of the present study revolves around assessing the phenomenon of innovation adoption within private enterprises situated in Vietnam. As of the conclusion of 2022, Vietnam boasted a total of 694,200 private enterprises, constituting 96.6% of the country's operational businesses and employing 58.1% of its workforce. Notably, these enterprises contributed 57.8% and 59.3% to the total net revenue and assets of all enterprises in Vietnam, respectively. Among these private enterprises, a mere 0.23% exhibited a workforce exceeding 500 individuals, whereas the rates for state-owned enterprises and foreign-invested enterprises stood at 19.52% and 8.29%, respectively (Nam & Bao Tram, 2021). Amidst the period spanning from 2021 to 2022, against the backdrop of the COVID-19 pandemic, the Ministry of Planning and Investment, along with the Vietnam Institute for Development Strategies and Konrad-Adenauer-Stiftung Vietnam (KAS), undertook an evaluation process for the top 500 Vietnamese private enterprises (VPE500). This assessment revealed that the total assets and average size of these enterprises were 376 and 160 times larger, respectively, than those of other private enterprises. Operating across 53 provinces and spanning industries such as manufacturing, services, trade, processing, construction, and textiles, these enterprises significantly contributed to Vietnam's domestic revenue (Hoang et al., 2021).

Despite the burgeoning expansion of private enterprises in Vietnam, progress rates remain sluggish, with enterprises grappling with formidable market competition. Consequently, there exists a pressing need for strategies, such as innovation, to navigate this competitive landscape and sustain growth. The present study addresses this imperative by focusing on the adoption of innovation within enterprises. Its primary objective is to scrutinize the role of factors such as knowledge management, employee retention, and customer relationship management in the decision-making process regarding innovation adoption. Additionally, it aims to explore the influence of leadership in this context.

The study makes several noteworthy contributions to the existing literature. Firstly, while prior research has individually examined the roles of knowledge management, employee retention, and customer relationship management in innovation adoption decisions, this study integrates the analysis of these factors, thereby enriching the literature. Secondly, whereas previous studies have predominantly focused on the direct association between leadership style and innovation adoption, the present study extends the literature by investigating the moderating role of leadership style vis-à-vis knowledge management, employee retention, and customer relationship management

in innovation adoption decisions. Lastly, the study enhances the literature by conducting an exploratory analysis of the factors influencing innovation adoption decisions specifically within the context of Vietnamese private enterprises.

The present study is structured into several sections: The second segment offers a comprehensive literature review to formulate hypotheses. Subsequently, the third section elucidates the research methodology employed, while the fourth section empirically tests the research hypotheses. Upon aligning the research findings with existing literature, the study concludes with implications, a summary, and delineation of limitations.

LITERATURE REVIEW

The integration of innovation within enterprises confers competitive advantages, adds value to stakeholders, meets market demands, and thereby enhances the likelihood of achieving organizational objectives. The decision-making process regarding innovation adoption in businesses is influenced by various managerial factors such as leadership style, knowledge management, employee retention, and customer relationship management. Numerous prior investigations have explored the relationships between leadership style, knowledge management, employee retention, customer relationship management, and the decision to adopt innovation. Some of these studies are referenced and discussed below to formulate hypotheses.

In the realm of knowledge management, the acquisition, creation, and processing of knowledge yield valuable insights into specific phenomena, trends, events, and processes. Effective knowledge management within a firm, facilitating the generation of information pertinent to technical innovations, customer preferences, market dynamics, and novel strategies, empowers organizations to make informed decisions regarding business planning and innovation initiatives (Duan et al., 2021). Migdadi, (2022) investigates the impact of knowledge management processes on innovation capability, innovation adoption decisions, and organizational performance. The study population comprised general managers of Jordanian enterprises, and data collection was conducted through finalized questionnaires. Statistical techniques such as confirmatory factor analysis and structural equation modelling, implemented via AMOS 24 software, were utilized for hypothesis testing. The findings suggest that enhancements in knowledge management performance facilitate the acquisition and dissemination of contemporary knowledge within firms, thereby augmenting employees' innovative capabilities and enabling effective adoption of innovations. Similarly, Ode and Ayavoo, (2020) explore the relationship between knowledge management and firms' decisions to adopt innovation. Data were collected from a sample of 293 service-rendering enterprises in Nigeria using a structured questionnaire administered through a drop-off-pick-up (DOPU) technique. Structural Equation Modelling, facilitated by AMOS software, was employed for hypothesis confirmation.

The study contends that robust knowledge management practices enable personnel to remain cognizant of the performance of existing business technologies, market demands, and emerging innovative technologies, thereby fostering the adoption of innovation within firms. Thus, we hypothesize that,

H1: *Knowledge management has a positive association with innovation adoption decision.*

To effectively implement policies and strategies for the adoption of innovation within organizations, it is imperative to ensure the efficient performance of employees who are tasked with executing various business practices. Employee retention plays a crucial role in enhancing the efficiency of employees and thereby influencing the decision-making process regarding innovation adoption (Eickemeyer et al., 2021). Armando et al., (2020) shed light on the interrelationship between employee retention, human resource practices, knowledge acquisition, and the decision-making process regarding innovation adoption. Employing a quantitative methodology, the study examines a sample comprising 129 Italian enterprises across diverse service and manufacturing sectors such as food and beverage, automotive, textile, and ICT. Data gathered through standardized questionnaires are subjected to analysis using ordinary least squares (OLS) regression models to test the formulated hypotheses. The findings suggest that employees with longer tenures at the firm tend to possess greater knowledge and exhibit higher levels of commitment, leading to enhanced performance in innovation programs and facilitating the implementation of innovation adoption decisions.

Furthermore, amidst the escalating demand for green innovation across various domains, (Pizzichini et al., 2023) explore the association between employee retention and green innovation. Focusing on Australia as the contextual backdrop, the study employs an online survey to collect panel data from a reputable marketing research agency. Structural equation modelling, facilitated by AMOS 25 and SPSS, is employed for data analysis. The study underscores how employee retention ensures the presence of an experienced and skilled workforce capable of comprehending and effectively executing innovative environmental strategies. Consequently, the decision-making process regarding sustainable business innovation is translated into tangible practice. Thus, we hypothesize that,

H2: *Employee retention has a positive association with innovation adoption decision.*

Customers' preferences regarding products and services significantly influence firm policies. Strong relationships with customers contribute valuable insights to firms and encourage them to consider innovation adoption (Wang et al., 2020). The study of Migdadi, (2022) investigated the relationship between customer relationship management, knowledge management, and innovation adoption decisions. Quantitative data were collected using structured questionnaires from Jordanian enterprises

operating in sectors such as telecommunications, IT, banking, finance, healthcare, and hospitality. Convergent and discriminant validity, descriptive statistics, and structural equation modelling using AMOS were employed for data analysis and hypothesis testing. The study suggests that effective customer relationship management enhances firm-customer relations, encourages customer cooperation, and facilitates successful product innovation in the market.

Similarly, [Sánchez-Gutiérrez et al., \(2019\)](#) examined customer relationship management, customer value creation capabilities, and marketing innovation. A random sampling technique was utilized to select a study sample, and questionnaire surveys were administered to senior managers of 450 small- and medium-sized enterprises (SMEs) in the furniture manufacturing sector in the metropolitan area of Guadalajara, Mexico. Structural equation modelling with confirmatory factor analysis was employed for data analysis. The study underscores that customer commitment resulting from effective customer relationship management enables firms to plan and implement innovation effectively. Based on the literature reviewed, we hypothesize that,

H3: *Customer relationship management has a positive association with innovation adoption decision.*

Knowledge management involves leveraging information and communication technologies, communication networks, and the performance of designated managers to effectively utilize organizational knowledge. Effective leadership plays a pivotal role in motivating organizational personnel to excel in implementing knowledge management processes. Furthermore, adept leadership fosters an environment where employees can enhance their innovative capabilities and develop the capacity to make informed decisions regarding innovation adoption. Consequently, the style of leadership employed may enhance the relationship between knowledge management and the decision-making process regarding innovation adoption ([Di Vaio et al., 2021](#)). In addition, [Abbas et al., \(2020\)](#) investigated the interplay between leadership style, knowledge management, and innovation adoption decisions. Utilizing a stratified random sampling technique, the study focuses on a sample of 350 garment enterprises operating in Gujranwala and Lahore cities of Pakistan. Data collection involves a self-administered survey, with descriptive statistics, confirmatory factor analysis, and structural equation modelling employed for data analysis. The findings suggest that organizations characterized by supportive leadership styles exhibit efficient knowledge management practices, utilizing processed knowledge to inform effective decisions regarding innovation adoption.

Similarly, [Wahyono, \(2020\)](#) explores the relationship between leadership style, knowledge management, competitive advantage, and the decision to adopt product innovation. Employing a quantitative approach, secondary data from 238 small and

medium enterprises in the food products sector in Riau and Central Java, Indonesia, from the year 2016 are utilized. Structural equation modelling, with three measurement models, is employed for data analysis. The study reveals that a supportive and influential leadership style enhances communication systems and facilitates the achievement of knowledge management objectives. In the presence of effective knowledge management, decisions regarding innovation adoption are executed effectively. Thus, we hypothesize that,

H4: *Leadership style significantly moderates between knowledge management and innovation adoption decision.*

The way leaders interact with employees significantly influences their attitudes and emotions. A favourable leadership style fosters a sense of affinity and loyalty among employees, thereby increasing their propensity to remain with the organization. Employee retention, in turn, enhances their capacity to implement decisions pertaining to innovation (Ivana, 2020).

The study of Yamin (2020) investigates the correlation between transformational leadership style, entrepreneurial orientation, employee retention, competitive advantages, and the decision-making process regarding innovation adoption. Employing a convenience sampling approach, data collection is conducted through surveys directed at senior-level managers overseeing administrative functions in public sector enterprises in Saudi Arabia. Authors employ state-of-the-art statistical techniques such as structural equation modelling utilizing Smart PLS 3.27 software for data analysis. The study underscores the pivotal role of leaders with effective and influential leadership styles in fostering employee retention and garnering their cooperation in executing innovation programs within the organization.

Similarly, Hauer et al., (2021) explore the relationship between leadership style, employee retention, and innovation adoption decisions. Employing a qualitative research approach categorized as a case study of East Asian multinational enterprises operating in the digital age, the study obtains requisite data from three different East Asian multinational firms headquartered in Taiwan through semi-structured interviews conducted with 20 participants. The findings reveal that organizations led by influential leaders are better positioned to achieve employee retention, thereby enhancing their capability to act upon decisions pertaining to innovation adoption. Thus, we hypothesize that,

H5: *Leadership style significantly moderates between employee retention and innovation adoption decision.*

Effective leadership influences employee behaviour and directs efforts towards achieving organizational goals. Leaders who employ effective leadership styles

encourage employees to establish strong relationships with customers. These customer bonds not only generate valuable information but also foster external cooperation, facilitating the implementation of innovation adoption decisions (Ledro et al., 2022). Rîpa and Nicolescu, (2023) explore the relationship between leadership style, customer relationship management, and innovation adoption decisions. Analysing the top ten consumer goods firms globally in 2021, the study utilizes documentary research based on publicly available data from the firms' websites. Comparative and descriptive analyses are conducted, revealing that firms led by supportive leaders effectively manage customer relationships, thereby enhancing the execution of innovation adoption plans.

Similarly, Alshurideh et al., (2019) investigate the relationship between leadership style, supply chain management, customer relationship management, and innovation adoption decisions. Employing an interpretive case study technique with qualitative research methods, the study employs a triangulation method of data collection, including observations, interviews, documents, and archival records. The findings suggest that under supportive and persuasive leadership, employees cultivate positive customer relationships, with effective customer relationship management aiding in making innovation adoption decisions. Thus, we hypothesize that,

H6: *Leadership style significantly moderates between customer relationship management and innovation adoption decision.*

RESEARCH METHODS

The research investigates the influence of knowledge management, employee retention, and CRM on the decisions regarding innovation adoption within private enterprises in Vietnam. Additionally, it explores the moderating effect of leadership style on the relationship between knowledge management, employee retention, CRM, and innovation adoption decisions. Data for the study are collected from employees of private enterprises through surveys. The survey instruments include questions designed to assess the variables under study. Specifically, the measurement of knowledge management comprises three questions adapted from Choi et al., (2020), while employee retention is measured using five questions derived from (Soenanta et al., 2020). CRM is assessed through five questions sourced from Rodriguez and Boyer (2020), while leadership style is gauged using five questions adapted from (Dwiri & Okatan, 2021). Similarly, innovation adoption decisions are evaluated using five questions adopted from (Oduro, 2020). Details of these measurements are presented in Table 1.

Table 1: Scale of the Variables

Items	Questions	Sources
Knowledge Management		
KM1	In my company, members frequently use knowledge solutions for tasks, and the solutions feature great applicability.	(Choi et al., 2020)
KM2	In my company, knowledge solutions are very closely associated with tasks and are highly efficient.	
KM3	In my company, knowledge solutions for tasks are highly reliable and accurate.	
Employee Retention		
ER1	The company pays attention to placement in accordance with the knowledge and abilities possessed by employees.	(Soenanta et al., 2020)
ER2	The company manages the workplace in a way that is as comfortable as possible for employees.	
ER3	Company leaders strive to create a harmonious and mutually supportive working relationship between employees.	
ER4	The company evaluates employee performance to determine career paths.	
ER5	Each year, there is time for employees to participate in recreation together.	
Customer Relationship Management		
CRM1	I extensively use CRM technology to perform my job.	(Rodriguez & Boyer, 2020)
CRM2	Compared to others in sales, I am oriented in the CRM system I utilize.	
CRM3	I consider myself a frequent user of my company's CRM technology.	
CRM4	I fully utilize the capabilities of our CRM system.	
CRM5	I have completely integrated the CRM application into my sales process.	
Leadership Style		
LS1	My manager makes his decisions in line with the company's goals to achieve the desired targets.	(Dwiri & Okatan, 2021)
LS2	My manager chooses the most accessible alternative to a practical application when making his decisions.	
LS3	Employees do not face significant obstacles in implementing the decisions my manager makes because he takes it considering the workers' capabilities.	
LS4	My manager makes his decisions at the appropriate time to face urgent problems.	
LS5	The relevant workers accept the decisions my manager made because he consults workers when making decisions.	
Innovation Adoption Decision		
IAD1	We adopt innovation to improve our internal (R&D) and innovation processes.	(Oduro, 2020)
IAD2	We use the innovation model to gain knowledge and expertise that we do not have internally.	
IAD3	Our enterprise uses innovation to reduce the high cost of innovating alone.	
IAD4	We use innovation to counterbalance our lack of capacity.	
IAD5	We use innovation to secure market share growth and global market reach.	

The study surveyed employees of private enterprises, employing purposive sampling to select respondents. Surveys were distributed through personal visits and emails, resulting in 290 valid responses out of 435 surveys sent, indicating a response rate of 66.67%. Furthermore, the study utilized Smart-PLS to analyse the relationships among variables, a commonly used tool for primary data analysis (Hair Jr et al., 2020). Smart-PLS is known for its efficacy in analysing both small and large datasets and handling complex models (Hair et al., 2017). The study considered three predictors—knowledge management (KM), employee retention (ER), and Customer Relationship Management (CRM)—along with one moderating variable, leadership style (LS), and one predictive construct, innovation adoption decisions (IAD). These variables are depicted in Figure 1.

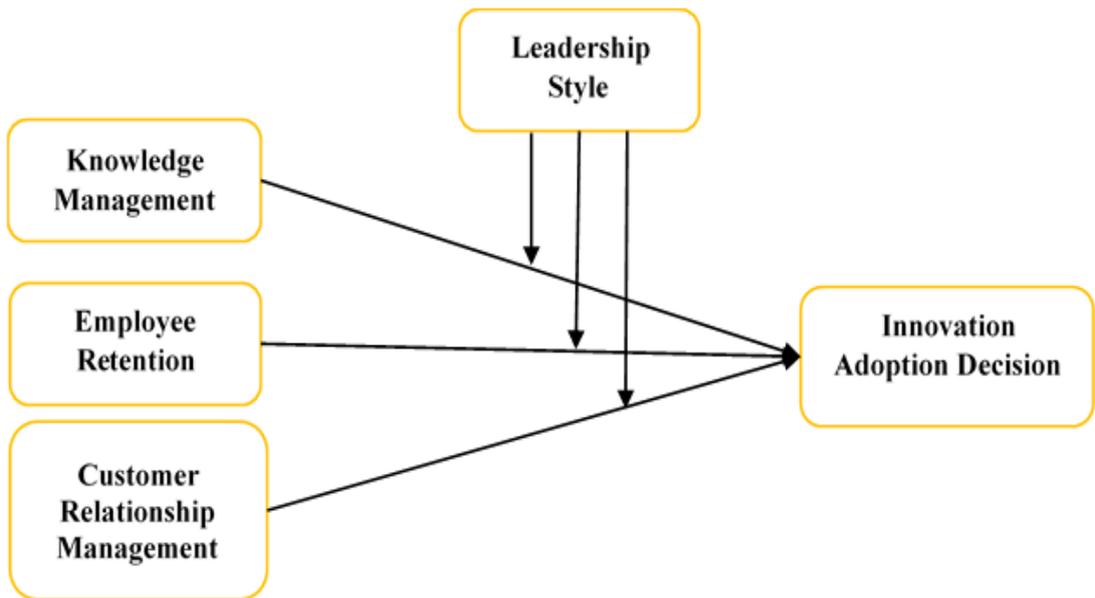


Figure 1: Research Model

Research Findings

The research investigates the relationship among items, commonly referred to as convergent validity. This assessment is conducted utilizing CR and Cronbach's Alpha, both of which exhibit values exceeding 0.70. Furthermore, the examination includes AVE and loadings, with both tests displaying values greater than 0.50. These results indicate a strong correlation among the items. Table 2 presents these findings.

The research investigates the relationship among variables, commonly referred to as discriminant validity. This assessment is conducted utilizing Fornell-Larcker criterion and cross-loadings, both of which indicate that the values representing the relationships

with their respective constructs are greater than those representing the associations with other variables. These findings suggest a minimal correlation between the variables. [Table 3](#) and [Table 4](#) present these results.

Table 2: Convergent Validity

Constructs	Items	Loadings	Alpha	CR	AVE
Customer Relationship Management	CRM1	0.917	0.924	0.943	0.768
	CRM2	0.861			
	CRM3	0.861			
	CRM4	0.834			
	CRM5	0.906			
Employee Retention	ER1	0.970	0.976	0.981	0.913
	ER2	0.941			
	ER3	0.957			
	ER4	0.967			
	ER5	0.942			
Innovation Adoption Decision	IAD1	0.822	0.897	0.924	0.708
	IAD2	0.856			
	IAD3	0.866			
	IAD4	0.852			
	IAD5	0.810			
Knowledge Management	KM1	0.780	0.763	0.859	0.670
	KM2	0.803			
	KM3	0.870			
Leadership Style	LS1	0.850	0.911	0.934	0.738
	LS2	0.865			
	LS3	0.826			
	LS4	0.886			
	LS5	0.866			

Table 3: Fornell Larcker

	CRM	ER	IAD	KM	LS
CRM	0.876				
ER	0.479	0.956			
IAD	0.507	0.394	0.841		
KM	-0.044	-0.112	-0.149	0.818	
LS	0.407	0.416	0.388	-0.145	0.859

The research investigates the correlation among variables, a concept commonly known as discriminant validity. This examination utilizes the Heterotrait-Monotrait (HTMT) ratio, with results indicating figures below 0.90. These findings suggest a weak correlation between variables. [Table 5](#) presents these outcomes.

Table 4: Cross-Loadings

	CRM	ER	IAD	KM	LS
CRM1	0.917	0.397	0.436	-0.052	0.365
CRM2	0.861	0.444	0.450	-0.056	0.336
CRM3	0.861	0.420	0.461	-0.019	0.374
CRM4	0.834	0.440	0.438	-0.019	0.358
CRM5	0.906	0.394	0.436	-0.047	0.346
ER1	0.458	0.970	0.371	-0.120	0.417
ER2	0.455	0.941	0.390	-0.090	0.371
ER3	0.456	0.957	0.347	-0.127	0.423
ER4	0.461	0.967	0.377	-0.115	0.412
ER5	0.458	0.942	0.392	-0.089	0.370
IAD1	0.442	0.346	0.822	-0.140	0.347
IAD2	0.398	0.296	0.856	-0.099	0.308
IAD3	0.421	0.328	0.866	-0.153	0.339
IAD4	0.382	0.298	0.852	-0.126	0.312
IAD5	0.478	0.376	0.810	-0.109	0.323
KM1	-0.028	-0.060	-0.092	0.780	-0.128
KM2	-0.034	-0.149	-0.103	0.803	-0.114
KM3	-0.042	-0.076	-0.156	0.870	-0.119
LS1	0.301	0.325	0.333	-0.123	0.850
LS2	0.344	0.337	0.314	-0.143	0.865
LS3	0.375	0.375	0.302	-0.094	0.826
LS4	0.355	0.362	0.296	-0.141	0.886
LS5	0.370	0.385	0.401	-0.124	0.866

Table 5: Heterotrait Monotrait Ratio

	CRM	ER	IAD	KM	LS
CRM					
ER	0.504				
IAD	0.553	0.417			
KM	0.055	0.134	0.171		
LS	0.442	0.441	0.422	0.176	

Path analysis was employed to assess the relationships among variables. The results indicate that knowledge management, employee retention, and CRM exhibit positive associations with innovation adoption decisions, thus confirming hypotheses H1, H2, and H3. Furthermore, the findings reveal that leadership style significantly moderates the relationships among knowledge management, employee retention, CRM, and innovation adoption decisions within private enterprises in Vietnam, thereby supporting hypotheses H4, H5, and H6. These outcomes are detailed in [Table 6](#).

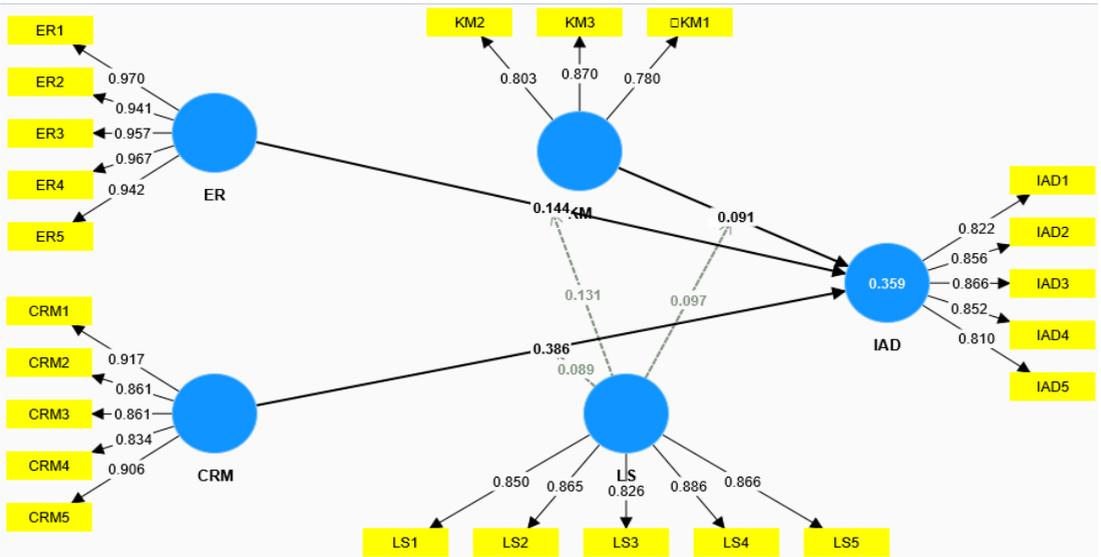


Figure 2: Measurement Model Assessment

Table 6: Path Analysis

Relationships	Beta	Standard Deviation	T Statistics	P Values
CRM -> IAD	0.386	0.064	6.063	0.000
ER -> IAD	0.144	0.063	2.292	0.024
KM -> IAD	0.091	0.042	2.160	0.033
LS -> IAD	0.211	0.055	3.835	0.000
LS x CRM -> IAD	0.089	0.053	1.673	0.097
LS x ER -> IAD	0.131	0.051	2.544	0.012
LS x KM -> IAD	0.097	0.041	2.361	0.020

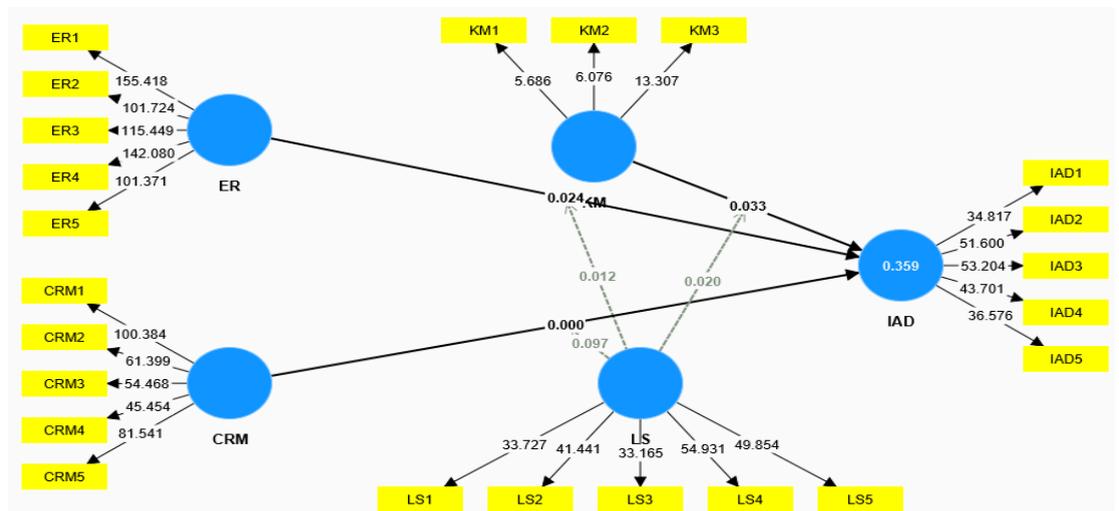


Figure 3: Structural Model Assessment

DISCUSSION

The findings indicate a positive correlation between knowledge management and the decision to adopt innovation. This aligns with the research of [Shujahat et al., \(2019\)](#), which underscores that effective knowledge management enables enterprises to generate high-quality information, cultivate novel ideas, and implement creative solutions, thereby prompting managerial decision-making in favour of innovation adoption. Similarly, [Edeh et al., \(2022\)](#) affirm these findings by highlighting knowledge management's role in providing insights into changing market trends and necessitating adjustments in business strategies to align with market dynamics, thereby facilitating the adoption of innovation. Likewise, the results reveal a positive association between employee retention and the decision to adopt innovation. This finding is consistent with the assertions of [Tian et al. \(2020\)](#), who argue that employees who remain within an organization and continue to contribute develop specialized knowledge over time, enhancing their innovative capabilities and supporting managerial decision-making regarding innovation adoption. Moreover, [Chatzoudes and Chatzoglou, \(2022\)](#) corroborate these findings by suggesting that high levels of employee satisfaction and retention streamline operational planning processes, thereby fostering an environment conducive to innovation adoption.

The findings indicate a positive relationship between CRM and the decision to adopt innovation. This is substantiated by the research of [Gil-Gomez et al., \(2020\)](#), which delves into the role of CRM in influencing innovation adoption decisions. The study suggests that effective CRM practices contribute to customer retention, thereby enabling company representatives to stay abreast of market trends and facilitating the implementation of innovation adoption decisions. Similarly, [Baashar et al., \(2020\)](#) support these findings by elucidating the role of CRM in providing a valuable source of information and aiding in the decision-making process related to innovation adoption.

Furthermore, the results reveal that leadership style significantly moderates the relationship between knowledge management and innovation adoption decisions. This is corroborated by the research of [Abbas & Sağsan, \(2019\)](#), who propose that leaders who adopt an influential leadership style are better positioned to achieve knowledge management objectives and make informed decisions regarding innovation adoption. Similarly, [Gómez-Marín et al., \(2022\)](#) assert that a persuasive leadership style enhances the effectiveness of knowledge management practices, thereby facilitating the execution of innovation adoption decisions.

The findings indicate that leadership style plays a significant moderating role between employee retention and innovation adoption decisions. This is supported by [Krishna & Garg, \(2022\)](#), who suggest that effective leadership fosters employee retention and encourages their involvement in innovation adoption decisions. Similarly, [Zayed et al.,](#)

(2022) assert that under effective leadership, employee retention is higher, facilitating the implementation of innovation adoption decisions.

Furthermore, the results reveal that leadership style significantly moderates between customer relationship management and innovation adoption decisions. This is corroborated by [Marolt et al., \(2020\)](#), who demonstrate that effective leadership strengthens customer relations, thus promoting innovation adoption decisions. Similarly, [Restrepo-Morales et al., \(2023\)](#) suggest that influential leaders effectively manage customer relationships, enhancing the capacity for sound decision-making regarding innovation adoption.

STUDY IMPLICATIONS

The article serves as a practical guide for enterprises navigating the modern business landscape, offering insights into how to make and implement decisions regarding innovation adoption. It emphasizes the importance of robust knowledge management practices, strategies to enhance employee retention, and efforts to optimize customer relationship management to foster innovation adoption. Furthermore, it underscores the significance of adopting effective leadership styles, which can enhance both knowledge management and decision-making regarding innovation adoption. Policymakers can utilize these guidelines to formulate policies related to innovation adoption.

CONCLUSION

The study aimed to explore the influence of knowledge management, employee retention, and customer relationship management on innovation adoption decisions, as well as to examine the role of leadership style in mediating this relationship. Data were collected from private enterprises in Vietnam, and analysis using smart-PLS indicated a positive impact of knowledge management, employee retention, and customer relationship management on innovation adoption decisions. Specifically, knowledge management provided valuable insights into market requirements and business strategies, facilitating informed decision-making. Employee retention ensured the presence of skilled personnel capable of implementing innovation adoption decisions, while customer relationship management fostered loyalty and commitment, aiding in decision-making and strategy implementation. Effective leadership styles further enhanced knowledge management, employee retention, and customer relationship management, thereby improving innovation adoption decisions.

LIMITATIONS AND FUTURE RECOMMENDATIONS

Several limitations remain pertinent to the present study. Primarily, it exclusively elucidates the influence of knowledge management, employee retention, and customer relationship management on innovation adoption decisions. Nonetheless, other factors

such as technological advancements, human resource management practices, and investment sources warrant scrutiny when evaluating innovation adoption decisions. Secondly, the data necessary for the investigation were solely sourced from Vietnamese enterprises, potentially constraining the generalizability of findings to specific enterprise contexts, or developing economies. Hence, researchers are urged to extend their inquiries to broader contexts for more comprehensive analysis.

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