THE IMPACT OF TRANSFORMATIONAL LEADERSHIP ON EMPLOYEE TRUST AND ENGAGEMENT IN STARTUP ENTERPRISES

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ABSTRACT

This paper studies the impact of transformational leadership on employee trust and engagement in startup enterprises. This study proposes and tests a research model reflecting the relationship between three variables: transformational leadership, employee trust, employee engagement in startups. The research results confirm that transformational leadership has an impact on employee engagement through employee trust. Idealized attributes, idealized behavior, inspirational motivation do not directly impact employee engagement with the organization, but through the mediating variable of employee trust, these variables positively impact employee engagement with startup enterprises.

Keywords: *Transformational leadership, Employees Trust, Employees Engagement, Startup enterprises.*

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1. INTRODUCTION

In Vietnam, in recent years, startups have been considered one of the important foundations for economic development. The 13th National Party Congress affirmed: "Building a legal framework and a favorable environment to promote development, startups, innovation, digital transformation, and digital economic development; supporting and encouraging the emergence and operation of new fields and new business models". Startup enterprises contribute significantly to national economic development, promote technological innovation, and are the driving force for modern economic development, but the failure rate of startups is also remarkable. Therefore, employees in startup enterprises are prone to psychological instability, concerning about the stability and success of the business. This affects employee trust and their engagement with the startup enterprise. In addition, young employees, who are more likely to change jobs, make up a large proportion in startup enterprises. Previous studies, the determinants of employee engagement have been found to be diverse, including psychological capital, corporate branding, career advancement opportunities, and compensation and reward policies. However, in startup enterprises, employee engagement is not primarily driven by these factors, as startups often face significant resource constraints and lack the advantages typically associated with larger, more established firms. Instead, employees in startup enterprises tend to develop and maintain their engagement largely based on their trust in the organization's leadership. Leadership has a significant impact on employee engagement in enterprises. Leadership, which builds and promotes employee trust, will increase employee engagement with the enterprise.This study aims to examine the factors that foster employee engagement in startup enterprises, particularly in contexts where these organizations are not yet able to provide benefits comparable to those offered by more established firms. Under such conditions, employee engagement in startups is largely grounded in employees' initial or provisional trust, whereby employees commit to and remain engaged with the organization based on their confidence in the leadership's vision, intentions, and future potential, despite the absence of immediate tangible rewards.

2. THEORETICAL BASIS

2.1. Theoretical background

According to Social Exchange Theory, the relationship between employees and employers is governed by the principle of reciprocity: when an individual shares valuable resources with another party, they are willing to commit to reciprocating with corresponding benefits [5]. In the context of this study, employees in start-up enterprises are willing to devote their competencies and efforts to the organization when leaders are able to instill confidence in the firm's future prospects. The characteristics of transformational leadership foster employees' trust in the future growth and sustainability of start-up enterprises.

The Job Demands-Resources theory describes two parallel processes operating within organizations, namely job demands and job resources. Job demands typically require employees to expend physical, cognitive, and emotional effort to meet organizational expectations [2]. In contrast, job resources-such as support, encouragement, recognition, development opportunities, rewards, job variety, and autonomy-can enhance employees' work engagement [6]. Transformational leadership, characterized by charismatic influence, inspirational motivation, intellectual stimulation, and individualized consideration, is therefore regarded as a key motivating factor that encourages employees to willingly contribute their efforts to start-up enterprises.

2.2. Basic definitions

2.2.1. Transformational leadership

According to Burns, transformational leadership refers to a leadership style in which leaders and their followers mutually support and elevate one another to achieve higher levels of morality and motivation [4]. A transformational leader is an individual who possesses specific characteristics that are believed to encourage followers to transcend self-interest and commit to organizational goals, thereby performing beyond expectations [3]. Transformational leadership also refers to a leadership style in which the leader has charismatic behaviors, inspires motivation, provides intellectual stimulation and considers each individual when dealing with employees [8]. These behaviors change employees, help them maximize their potential and achieve the highest level of efficiency in work.

According to Lee and Chon, Transformational leaders provide personal support to their employees, whereby their opinions are respected and their emotional needs are valued. Along with that, the leader supports the career development of the employees, thus resulting in significantly improved relationship outcomes and positive changes in their performance [13].

Transformational leadership, properly applied, enhances the motivation, morale, and performance of followers through a variety of mechanisms, including aligning followers' consciousness and self with the organization's mission and collective identity, conveying inspiration, understanding followers' strengths and weaknesses, and assigning them appropriate tasks.

Based on suggestion of Avolio and Bass, transformational leadership could be measured by five factors, including: Idealized attributes, Idealized behavior, Inspirational motivation, Intellectual stimulation, Individual consideration [1]. These factors were also supported in the study of Bass [3].

2.2.2. Employee trust

Employee trust is a complex and multidimensional concept and has been defined from different points of view. Trust is often associated with human relationships and has a one-way meaning. According to Mcallister, rust is defined as the extent to which an individual has confidence in and is willing to act on the basis of another person's words, actions, and decisions [14]. Trust could also be defined as an expectation that the group can rely on the actions, words, and good intentions of an individual/group [7]. Trust is considered the foundation of a positive organizational culture and in essence it implies an effective workplace.

2.2.3. Employee engagement

Employee engagement is a broad and popular concept that has been defined and measured in different ways. According to Robertson-Smith, employee engagement is the employee's positive attitude towards their organization, understanding of the organizational context and willingness to improve their performance for the organization's development [17]. Organizational engagement is important for organizations that want to retain talented employees. Employee engagement represents the extent to which employees are engaged with the organization [11]. In other words, organizational engagement represents how employees align themselves to become good and long-term employees of

the organization and work towards the organization's values and goals [16].

2.2.4. Startup enterprises

A startup enterprise is an organization designed to create a new product or service under uncertain conditions [9], emphasized the temporary nature of startup enterprises. A startup enterprise is a temporary organization established to search for a repeatable and scalable business model. Some other authors focused on the aspect of rapid growth, creating major changes or radical innovation. In this study, a startup enterprise is understood as an organization established no more than 10 years, searching for a repeatable and scalable business model [18].

3. METHODOLOGIES

This study uses the PLS (Partial least squares) method on the Smart - PLS tool to analyze collected data. According to Hair, et al. [12], the ratio of the number of observations to an item will be from 5:1 to 20:1, which will be suitable for data analysis. Thus, for a study with 19 items, the minimum sample size required is 85 observations with a ratio of 5:1. If the ratio is 10:1, the minimum sample size required is 190 observations. The minimum sample size for regression analysis is 50 + 8m (m is the number of independent variables or predictors participating in the regression) [12]. The research model includes 5 independent variables, so the minimum sample size to meet the analysis needs is 50 + 8*5= 90.

This study defines start-up enterprises as firms that have been established for no more than five years. The sampling procedure was based on a convenience sampling method, focusing on three major cities in Vietnam: Hanoi, Da Nang, and Ho Chi Minh City. All measurement items were assessed using a five-point Likert scale, ranging from 1 (“strongly disagree”) to 5 (“strongly agree”).

Prior to the formal survey, a pilot study was conducted with a small sample of 31 employees working in start-up enterprises to evaluate the questionnaire’s logical structure, clarity, and applicability. Based on the feedback obtained from the pilot study, the questionnaire was revised accordingly to ensure that it accurately reflected the research objectives.

In total, 500 questionnaires were distributed via email, social media platforms, and Google Forms. Following the data collection process using a random selection approach, the research team received 327 responses from employees working in start-up enterprises. After screening for data quality and completeness, 267 valid questionnaires were retained for further analysis.

Table 1. Demographic profile (Number of respondents: 267)

Gender	Male	124	46,44
	Female	143	53,56
Age	20 - 29	148	55,43
	30 - 39	96	35,96
	Over 40	23	8,61
Experience	Under 1 year	42	16,18
	1-3 years	124	46,44
	Over 3 years	101	37,83

4. RESEARCH MODEL AND HYPOTHESIS

Leaders of startup enterprises are increasingly applying transformational leadership to influence employees, which in turn increases engagement and promote business development in a competitive context. This study focuses on assessing the impact of transformational leadership on employee trust in startup enterprises and thereby promoting employee engagement with their organization. The transformation leadership is examined based on the constituent elements including Idealized attributes, Idealized behavior, Inspirational motivation, Intellectual stimulation, Individual consideration.

Employees will have confidence in the development of a business if they perceive that their leaders have idealized attributes - the ability to lead the business in the right direction and create results as expected. Employees always question the qualities of the leaders before deciding to join a business [17]. The leaders must be a visionary to choose the right direction suitable for their enterprises [7]. In addition, the leader must also have attributes of sensitivity, decisiveness, confidence, nobility, prestige... so that employees believe that this leader will develop the business to a better position in the long term. Employee, therefore, want to join this enterprise. Based on the above arguments, the following two hypotheses are proposed:

H1a: Idealized attributes of leaders have positive impact on employee trust in startup enterprises.

H1b: Idealized attributes of leaders have positive impact on employee engagement with startup enterprises.

Idealized behavior of leaders in running enterprises can improve or diminish the trust of employees in individual leaders and thereby impact the trust in the development of the enterprises [7]. In general, employees are willing to be associated with a startup enterprise if they believe that the enterprise will develop strongly in the future and can bring long-term benefits to them. Therefore, this study proposes the following two hypotheses:

H2a: Idealized behavior of leaders has positive impact on employee trust in startup enterprises.

H2b: Idealized behavior of leaders has positive impact on employee engagement with startup enterprises.

Inspirational motivation is one of the aspects of transformational leadership [4]. A leader who can identify the right vision is a necessary condition for the development of an organization [15]. However, the sufficient condition to create the necessary support for that vision depends on the leader's ability to inspire others. Entrepreneurial leaders must be able to inspire employees to believe in the future of the enterprise. From this, this study proposes the following two hypotheses:

H3a: Inspirational motivation of leaders has positive impact on employee trust in startup enterprises.

H3b: Inspirational motivation of leaders has positive impact on employee engagement with startup enterprises.

Young employees, who make up a large proportion of the workforce of startup enterprises, have the ability to access new knowledge, innovative thinking and adapt to environmental changes relatively well. They are confident in their own abilities and youth, so they are willing to change jobs if they do not see prospects in their current job position. Therefore, leaders of startup enterprises should encourage employees to innovate and be willing to empower employees. With an open, creative environment, employees believe in the development of enterprises because these enterprises easily accept new things from employees [13]. This study proposes the following two hypotheses:

H4a: Intellectual stimulation of leaders has positive impact on employee trust in startup enterprises.

H4b: Intellectual stimulation of leaders has positive impact on employee engagement with startup enterprises.

Employees always want to receive support from their leaders. The way leaders care for their employees play an important role in developing the organization [13]. In startup enterprises, young employees have limited work experience and therefore want to be cared for by their leaders. That helps them improve their trust in leaders and thereby desire to have a long-term relationship with the startup enterprise. The following two hypotheses are proposed:

H5a: Individual consideration of leaders has positive impact on employee trust in startup enterprises.

H5b: Individual consideration of leaders has positive impact on employee engagement with startup enterprises.

Employees who have positive beliefs in the leaders of the enterprise will create strong motivation to promote their engagement with the organization [14]. Employees have faith in the vision, ethics, capacity, and will of the business leaders. Therefore, this study proposes the hypothesis:

H6: Employee trust has positive impact on employee engagement with startup enterprises.

Transformational leadership enhances employee engagement with the enterprise through the influence of the leader to strengthen employee trust in the leader [14]. Leadership has a direct impact on employee engagement with the enterprise. However, the influence of transformational leadership in increasing employee trust will help employee engagement become stronger and more sustainable [13]. Each aspect of transformational leadership has a positive impact on employee engagement through the mediating variable - employee trust. Therefore, the following hypotheses are proposed:

H7a: Idealized attributes of leaders have positive impact on employee engagement with startup enterprises through mediating variable - employee trust.

H7b: Idealized behavior of leaders has positive impact on employee engagement with startup enterprises through mediating variable - employee trust.

H7c: Inspirational motivation of leaders has positive impact on employee engagement with startup enterprises through mediating variable - employee trust.

H7d: Intellectual stimulation of leaders has positive impact on employee engagement with startup enterprises through mediating variable - employee trust.

H7e: Individual consideration of leaders has positive impact on employee engagement with startup enterprises through mediating variable - employee trust.

Based on the above research hypotheses, the author proposes the following research model:

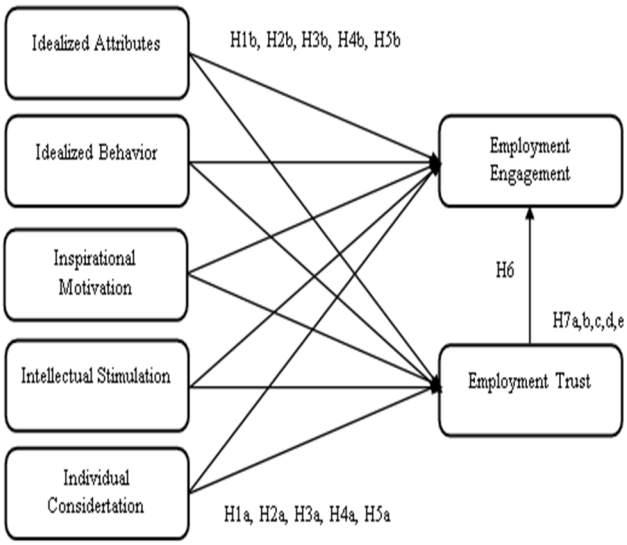

Figure 1. Proposed research model (Source: Proposed by author)

5. RESULTS

5.1. Assessment of measurement model

Table 2. Assessment of observed variable quality (outer loading)

	EE	IA	IB	IC	IM	IS	ET
EE1	0.924						
EE2	0.941						
EE3	0.947						
IA1		0.819					
IA2		0.798					
IA3		0.868					
IA4		0.782					
IB1			0.861				
IB2			0.919				
IB3			0.933				
IC1				0.786			
IC2				0.918			
IC3				0.816			
IM1					0.880		
IM2					0.870		
IM3					0.842		
IS1						0.920	
IS2						0.927	
IS3						0.895	
ET1							0.863
ET2							0.926
ET3							0.890

Source: Analysis results from Smart PLS 4.1.0.9

The assessment of variable quality aims to examine the degree of contribution of measurement items to each latent construct. According to Hair, et al. [12], the outer loading coefficient should be 0.7 or higher for an observed variable to be considered satisfactory. Observed variables with outer loading values below 0.4 should be eliminated before proceeding to the next analytical step. The results show that the variable IA4 has the lowest outer loading value of 0.782. Therefore, all observed variables in the research model are statistically significant and accepted for use in testing the research model.

Table 3. Assessment of scale reliability

	Cronbach's alpha	Composite reliability (rho_a)	Average variance extracted (AVE)
EE	0.931	0.931	0.879
IA	0.834	0.836	0.668
IB	0.889	0.900	0.819
IC	0.801	0.905	0.709
IM	0.831	0.836	0.747
IS	0.901	0.902	0.836
ET	0.873	0.881	0.798

Source: Analysis results from Smart PLS 4.1.0.9

Table 4. Evaluation of observed variables quality of the formative measurement scale

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
EE1 <- EE	0.349	0.349	0.009	38.573	0.000
EE2 <- EE	0.354	0.354	0.009	38.764	0.000
EE3 <- EE	0.364	0.365	0.009	38.591	0.000
IA1 <- IA	0.301	0.300	0.033	9.020	0.000
IA2 <- IA	0.283	0.282	0.046	6.186	0.000
IA3 <- IA	0.324	0.322	0.030	10.846	0.000
IA4 <- IA	0.315	0.318	0.042	7.476	0.000
IB1 <- IB	0.326	0.326	0.020	16.213	0.000

IB2 <- IB	0.376	0.376	0.016	23.822	0.000
IB3 <- IB	0.400	0.402	0.018	22.355	0.000
IC1 <- IC	0.284	0.281	0.056	5.050	0.000
IC2 <- IC	0.539	0.540	0.062	8.730	0.000
IC3 <- IC	0.345	0.344	0.052	6.641	0.000
IM1 <- IM	0.409	0.410	0.023	17.948	0.000
IM2 <- IM	0.394	0.395	0.022	17.839	0.000
IM3 <- IM	0.352	0.352	0.024	14.811	0.000
IS1 <- IS	0.375	0.376	0.011	33.963	0.000
IS2 <- IS	0.364	0.364	0.013	28.084	0.000
IS3 <- IS	0.355	0.354	0.014	25.477	0.000
ET1 <- ET	0.337	0.337	0.010	34.334	0.000
ET2 <- ET	0.399	0.399	0.011	34.728	0.000
ET3 <- ET	0.382	0.382	0.011	35.231	0.000

Source: Analysis results from Smart PLS 4.1.0.9

A preliminary assessment of the scale's reliability is conducted using PLS-SEM. The results in Table 2 show that The Cronbach's Alpha coefficients of all constructs are greater than 0.7, indicating that the constructs are suitable for the research model. Regarding the Composite Reliability (CR) index, the minimum threshold is 0.6. The table shows that all constructs have CR values greater than 0.7. Therefore, all measurement scales are highly reliable and statistically significant.

To assess the convergent validity of the constructs in the model, the Average Variance Extracted (AVE) index was employed, with a minimum threshold of 0.5. The results show that the lowest AVE value is 0.668, indicating that all constructs meet the requirement and are statistically significant.

If the P-value of an observed variable is less than 0.05, that variable is considered statistically significant. In contrast, if the P-value of an observed variable is greater than 0.05, it is necessary to examine its outer loading coefficient. If the outer loading of the observed variable is greater than 0.5, the variable is accepted; however, if the outer loading is less than 0.5, the variable is not statistically significant and should be eliminated. The results show that the P-values of all observed variables are 0.000 < 0.05, indicating that all observed variables are statistically significant and thus accepted.

Table 5. Assessment of discriminant validity

	EE	**IA**	**IB**	**IC**	**IM**	**IS**	**ET**
EE	0.937						
IA	0.218	0.817					
IB	0.492	0.282	0.905				
IC	0.170	0.153	0.241	0.842			
IM	0.533	0.211	0.392	0.124	0.864		
IS	0.540	0.216	0.622	0.172	0.480	0.914	
ET	0.631	0.400	0.617	0.371	0.549	0.615	0.893

Source: Analysis results from Smart PLS 4.1.0.9

The coefficient of the employee engagement (EE) construct is 0.937, which is higher than all its correlation values with other constructs. This indicates that the discriminant validity of the employee engagement is satisfactory. The remaining constructs have the following coefficient values: Idealized Attributes (0.817), Idealized Behavior (0.905), Intellectual Stimulation (0.842), Intellectual Stimulation (0.864), Individual Consideration (0.914). The results also show that all construct coefficients are greater than their respective correlation coefficients with other constructs in the model. Therefore, the discriminant validity of all scales is confirmed.

5.2. Structural model testing results

Assessment of multicollinearity

Table 6. Multicollinearity testing results

	VIF		**VIF**
IA -> EE	1.199	**IM -> EE**	1.514
IA -> ET	1.110	**IM -> ET**	1.338
IB -> EE	1.921	**IS -> EE**	1.997
IB -> ET	1.758	**IS -> ET**	1.830
IC -> EE	1.178	**ET -> EE**	2.550
IC -> ET	1.071		

Source: Analysis results from Smart PLS 4.1.0.9

The results show that the VIF values are below 3 for all observed variables. According to Hair, et al. [12], a VIF values of 5 or more indicates a moderate level of multicollinearity. The employee engagement has five independent variables with all VIF values less than 3. Therefore, there is no multicollinearity in the model.

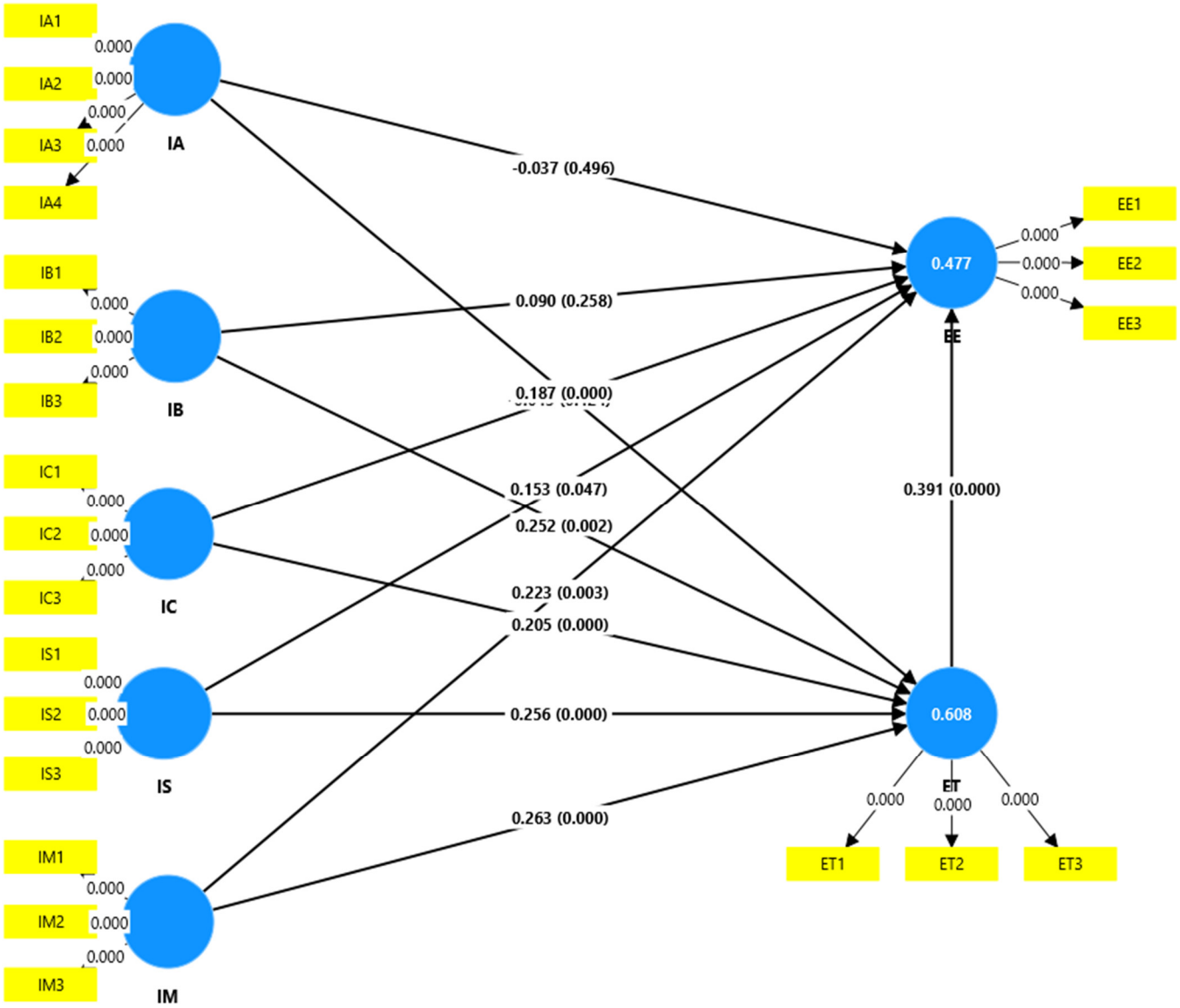

Figure 2. Structural model testing results (*Source: Analysis results from Smart PLS 4.1.0.9)*

Table 7. Test of direct relationships

	Original sample (O)	T statistics (|O/STDEV|)	P values	Findings
IA -> EE	*-0.037*	*0.681*	*0.496*	*Rejected*
IA -> ET	0.187	4.184	0.000	Accepted
IB -> EE	*0.090*	*1.132*	*0.258*	*Rejected*
IB -> ET	0.252	3.123	0.002	Accepted
IC -> EE	*-0.045*	*0.799*	*0.424*	*Rejected*
IC -> ET	0.205	4.655	0.000	Accepted
IM -> EE	0.223	3.020	0.003	Accepted
IM -> ET	0.263	5.251	0.000	Accepted
IS ->EE	0.153	1.983	0.047	Accepted
IS -> ET	0.256	3.639	0.000	Accepted
ET -> EE	0.391	5.033	0.000	Accepted

Source: Analysis results from Smart PLS 4.1.0.9

There are eleven direct relationships between variables in the research model. After running Bootstrapping, eight relationships are accepted, and 3 relationships are not accepted because their p-values exceed 0.05. Specifically, the p-value between "Idealized Attributes" and "employee engagement" is 0.496 > 0.05, so this relationship is not accepted. The p-value between "Idealized Behavior" and "employee engagement" is 0.258 > 0.05, so this relationship is also not accepted. Lastly, the p-value between "Inspirational Motivation" and "employee engagement" is 0.424 > 0.05, thus this

relationship is not accepted. The remaining relationships in the model are accepted and show positive impacts.

Table 8. Assessement of indirect effects

	Original sample (O)	T statistics (|O/STDEV|)	P values	Findings
IA -> ET -> EE	0.073	3.600	0.000	Accepted
IB -> ET -> EE	0.099	2.513	0.012	Accepted
IC -> ET -> EE	0.080	3.100	0.002	Accepted
IM -> ET -> EE	0.103	4.092	0.000	Accepted
IS -> ET -> EE	0.100	2.869	0.004	Accepted

Source: Analysis results from Smart PLS 4.1.0.9

The assessment of specific indirect effects examines each indirect relationship between the independent variables and the dependent variables. The results indicate the mediating role of employee trust in the relationships between the independent and dependent variables. As shown in the results table, the effects of all independent variables through the mediating variable have p-values less than 0.05. Therefore, all the effects of the independent variables on the dependent variables (ET and EE) are positive and statistically significant.

Table 9. R-square values

	R-square	R-square adjusted
EE	0.477	0.465
ET	0.608	0.600

Source: Analysis results from Smart PLS 4.1.0.9

The result of Adjusted R-square values shows that the independent variables explained 60% of the variation in "Employee trust", and 46.5% of the variation in "Employee engagement". Thus, the independent variables and relationships in the model explained a substantial portions of the variation of the dependent variables.

6. DISCUSSION AND IMPLICATIONS

The qualities of leaders in startups have an impact on employees' trust in the organization. Employees feel confident about the development of a startup if it is led by leaders with good management skills. However, the qualities of startup leaders may not have a positive impact on the long-term commitment of each employee to the organization. To remain committed for a long time, employees will consider additional factors, particularly the benefits they receive and the opportunity costs of working for a startup instead of joining more established companies such as businesses that have passed the startup stage (businesses that have been operating for more than 5 years) or multinational companies. These companies have a stronger foundation or substantial support, making them less less risky than startups. In Vietnam, a significant proportion of start-up enterprises cease operations before surpassing their first five years, with the primary causes largely attributable to the capabilities and leadership qualities of start-up founders.

Leaders with different behaviors will create varying foundations of trust in startup employees. Leaders in startups with exemplary, transparent, honest, and upright behaviors will often receive the trust of their employees. In fact, employees rely on the behaviors of their leaders to form trust in startups. However, even when a leader demonstrates positive behaviors in managing a startup, this alone cannot create a long-term, close commitment from employees. This is explained similarly to the case of the "Idealized Attribute" variable because benefits and other personal factors will influence the employee commitment to the startup.

Although inspiring employees is important in building the trust of employees in the future development of the startup, it does not help the startups retain employees. Even leaders with a natural talent for inspiration can only stimulate trust but cannot completely influence the decision of employees to stay committed the startup.A substantial proportion of start-up founders in Vietnam come from technical or engineering backgrounds, which often leads them to prioritize technical expertise and operational efficiency. While such competencies are essential in the early stages of start-up development, many founders exhibit limited transformational leadership capabilities, particularly in terms of inspirational motivation and individualized consideration. As a result, employees may receive insufficient emotional support, vision-oriented guidance, and encouragement for personal development.

The analysis results show that when leaders know how to encourage proactivity, empower and pay attention to each employee, this will increase employee's trust in the startup. Moreover, leaders who encourage creativity, innovation and care for each employee will strengthen the relationship between the leaders and employees and then can retain them.

The direct analysis results indicate that the "Idealized Attributes", "Idealized Behavior", and "Inspirational Motivation" do not have a direct effect on "employee engagement", but they become statistically significant when mediated by "Employee trust". This finding suggests that if leaders can build employees' trust, those employees are more likely to develop long-term commitment to the startup.

Based on the above discussion, to help startups achieve sustainable development through maintaining strong and long-lasting employee commitment, significant efforts are required from startup leaders:

Firstly, startup leaders must demonstrate the essential qualities of effective leadership in managing the organization. Leaders need possess strategic vision to make the right decisions and guide the startup in the proper direction. Each startup has a specific context; therefore, identifying opportunities and choosing an appropriate growth strategy are decisive factors for its future success. To succeed, startup leaders must possess essential leadership qualities such as decisiveness, agility, and determination… to effectively implement the choosen strategic orientations.

Secondly, startup leaders must demonstrate exemplary, honest behavior and comply with ethical standards in managing and operating the organization. If leaders exhibit negative behaviors, such as self-interest, favoring relatives, or insincerity toward employees… this will erode employees' trust in the future of the startup. As a result, employees will be skeptical of the leaders, reducing their long-term commitment.

Thirdly, startups are currently operating in rapidly changing social, such as the 4th Industrial revolution, the digital transformation, the artificial intelligence, and the shifts in population structure… Employees in startups are generally young, open-minded and apdaptable, but they tend to reject rigid work environments. Therefore, startup leaders need to adjust their management approach to encourage autonomy and stimulates creativity in business operations.

Lastly, startup leaders need to enhance their inspirational skills to spread a positive spirit among employees to overcome the early stages of entrepreneurship. Inspiring young employees is relatively easy, as they are energetic, willing to take risks, and open to new ideas... However, startup leaders should choose appropriate inspirational approaches suitable for the majority of young employees.

7. CONCLUSION

The number of startups is increasing, but the proportion of startups that have to close before even reaching halfway through their journey as a startup is still considerable. In the startup phase, leaders play a crucial role from defining vision and strategic direction to implementing operational activities. In particular, the leader's role in building organizational trust has a significant impact on employees' attitudes, emotions, and commitment to the startup. Leaders need to strongly leverage their influence on employees through specific actions such as leading by example, motivating, encouraging, inspiring, and showing care for employees.

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