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FINANCIAL LEVERAGE, ESG DISCLOSURE, AND FINANCIAL PERFORMANCE

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Abstract

In the context of globalization, Environmental, Social and Governance (ESG) factors have become essential components of business strategy, especially in the United States. The present study's purpose is to develop a research framework forinvestigating the relationship between ESG disclosure and financial performance, with a focus on the moderating role of financial leverage. The study highlights that while ESG disclosure can enhance financial performance by attracting investors and improving brand value, the impact of financial leverage on this relationship has not been fully explored. Using quantitative methods, the study will analyze data from approximately 500 companies in the United States between 2013 and 2023, applying multiple regression models to evaluate the direct impacts of ESG on financial performance indicators such as Return on Assets (ROA) and Return on Equity (ROE). The study findings are expected to provide insight into how financial leverage affects the performance of ESG strategies, thereby contributing to a better understanding of sustainable business practices in a rapidly changing economic landscape.

Keywords: *ESG Disclosure, Financial Leverage, Financial Performance, Return on Assets (ROA), Return on Equity (ROE), U.S. companies.*

1. INTRODUCTION

1.1. Background of Study

Amid globalization and increased awareness of social responsibility, Environmental, Social and Governance (ESG) factors have become an essential part of companies' business strategies, especially in the United States. This shift not only reflects a change in investor sentiment but also shows that companies need to adapt their strategies to meet increasing demands on sustainability and social responsibility. According to a report by Macquarie Asset Management (2021), 85% of investors have increased their emphasis on ESG factors in their investment decisions, showing that ESG information disclosure is not only a requirement from investors but also a decisive factor in attracting investment capital and enhancing brand value.

Financial performance is an important factor in measuring business success, as it reflects a company's ability to use and manage its resources. An indicator of success in improving a company's performance is a continuous increase in profits or revenue, as pointed out by Ningtyas& Aryani (2020). Financial performance not only represents the financial health of a company but can also be analyzed using financial tools to determine how the company is performing over a certain period. Investors need to know the

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company's financial situation, especially regarding the continuity of its operations (Wahyuni, Mahliza, et al., 2023). This becomes even more important in the current context, when companies face many challenges from the market and the environment.

Financial leverage, understood as the ratio between debt and equity, plays an important role in determining a company's financial capacity and risk. Research by Fatemi et al. (2018) point out that highly leveraged companies often face greater pressure to maintain financial performance, while also considering ESG factors to minimize risk and optimize returns. However, the relationship between leverage and ESG information remains understudied, especially in the context of US companies. Another important aspect of evaluating financial performance is the return on assets (ROA), an indicator of a company's ability to use assets to generate profits. ROA not only helps investors evaluate a company's performance but is also an important tool for management in making business decisions (Aminah et al., 2023). Using ROA as a metric in this study will help clarify the link between financial performance and ESG factors, thereby providing greater insight into how companies can optimize their resources to achieve sustainable profitability.

In fact, companies in the mining industry, such as coal companies, are facing many challenges related to global prices and demand. According to CNBC Indonesia (2023), despite falling global commodity prices, there are still many investors interested in owning shares of these companies to seek medium-term profits. However, mining companies also face problems related to environmental pollution caused by their operations. This has led to many companies starting to show concern and responsibility for environmental and social issues through the publication of sustainability reports. Besides, recent studies have shown that ESG information disclosure can improve companies' financial performance. For example, the study by Hailu et al. (2018) show that companies with better ESG performance tend to have lower capital costs and better access to finance. This shows that ESG factors not only affect a company's image but can also directly impact their financial performance. Furthermore, a study by Giese et al. (2019) has shown that companies with high ESG scores tend to have lower systemic risk, which can lead to reduced capital costs and sustainable growth over the long term.

The global situation shows that companies are increasingly facing pressure from investors and stakeholders to implement sustainable measures. According to a report by the Global Sustainable Investment Alliance (2022), the total value of global sustainable investments has reached $35.3 million, showing a significant increase in investing in companies with good ESG performance. In the United States, firms such as BlackRock and State Street Global Advisors have publicly announced an active commitment to promoting ESG standards, which not only enhances their reputation but can also improve their financial performance. Additionally, a study by Khan et al. (2016) has shown that companies with better ESG performance not only attract more investors but are also able to maintain more stable profits over the long term. This shows that integrating ESG factors into business strategies is not only a trend but also a decisive factor for the sustainable development of businesses. Furthermore, the study by Eccles et al. (2014) shows that companies with transparent ESG reporting typically have better financial performance than companies that do not disclose this information.

1.2. Problem Statement

In recent years, Environmental, Social and Governance (ESG) factors have become a strategic priority for

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many businesses in the US. Growing research shows that effective ESG disclosure can increase corporate value, improve risk management, and attract long-term investors (Friede, Busch, & Bassen, 2015; Whelan et al., 2021). However, the relationship between ESG disclosure and financial performance remains complex and context dependent. An important but underexplored factor in this relationship is financial leverage.

American businesses tend to rely on debt financing, especially in capital-intensive industries such as technology, real estate and finance. According to the Federal Reserve (2023), non-financial corporate debt in the US reached a record level of more than 75% of GDP by the end of 2023. Although financial leverage can amplify profits, it also increases financial risk, especially during periods of economic uncertainty and rising interest rates, such as the situation after the COVID-19 pandemic. High-profile corporate failures such as WeWork in 2023 have highlighted the dangers of excessive leverage without sustainable business performance and an appropriate ESG strategy (Barron's, 2023).

At the same time, the ESG issue also became a controversial political issue in the US. President Donald Trump and several Republican-led states have criticized ESG investing as a form of “woke capitalism,” leading to legal and regulatory protests (Financial Times, 2024). Wokeism refers to the trend where companies engage in social and political issues to attract customers and improve brand image but is often criticized for lacking authenticity and can lead to division in society. This political divide not only increases pressure on companies to implement ESG standards but can also lead to heterogeneity in the way companies disclose ESG information, making it difficult for investors to evaluate and compare ESG performance across different companies. According to an EY survey (2022), 78% of investors think companies need to disclose ESG information more transparently, but reality shows that many companies still do not meet this requirement.

Although there have been several studies showing the link between ESG and financial performance (Khan, Serafeim & Yoon, 2016; Tang & Zhang, 2023), very few studies have focused on how financial leverage may moderate this relationship. Several studies have shown that companies with high ESG scores are often able to borrow at lower costs, thereby improving performance. However, there is still a lack of quantitative studies clarifying the moderating role of financial leverage in the relationship between ESG and financial performance, especially in the US context after the COVID-19 pandemic. This creates a research gap that needs to be addressed, as understanding this relationship can help businesses optimize their financial and sustainability strategies. According to research by Aydogmus et al. (2022), not considering the role of financial leverage can lead to wrong decisions in investment and risk management.

With the specific financial context and legal environment in the US, studying this three-way interaction is very urgent and necessary. Addressing this research gap will help investors, policymakers and corporate managers make more informed decisions about capital structure and ESG strategies in a rapidly changing and uncertain economic landscape. Furthermore, this research will provide insight into how political and economic factors can influence investment decisions and business strategies, thereby contributing to building a more sustainable and responsible business environment in the future.

Finally, studying the role of financial leverage in the relationship between ESG and financial performance is not only of theoretical significance but also brings practical value to businesses. As companies better understand how financial leverage can affect their ESG performance, they can adjust their financial

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strategies to optimize returns and minimize risk. This not only helps companies maintain competition in the market but also contributes to the sustainable development of the economy in general. This research can not only help businesses optimize their financial strategies but can also create a reference model for other countries in applying ESG in the modern financial context.

1.3. Research Objectives

The study aims to analyze and clarify the relationship between ESG (Environmental, Social, and Governance) disclosure and financial performance of businesses in the US, especially the moderating role of financial leverage in this relationship. In the current context, when issues of sustainability and social responsibility are becoming increasingly important, understanding this relationship is not only of theoretical significance but also brings practical value to businesses and investors. Specifically, the research objectives are

- To analyze the direct impact of ESG disclosure on the financial performance of businesses in the US.
- To determine the moderating role of financial leverage in the relationship between ESG disclosure and financial performance.

2. LITERATURE REVIEW

2.1 Definition of the Key Concepts

2.1.1 Environmental, Social and Governance (ESG) Disclosure

Environmental, social and governance (ESG) disclosure has become an important concept in assessing corporate sustainability performance. The concept of ESG was first introduced in 2004 in a United Nations report called "Who Cares Wins", which emphasized that integrating environmental, social and governance factors into the investment decision-making process is not only beneficial for investors but also for society. ESG is not simply a set of criteria but also a framework for evaluating non-financial factors in business operations, reflecting how businesses interact with the environment and society.

ESG includes three main components: environmental, social and governance. The first component, Environmental, evaluates a business's impact on the environment, including waste management, carbon emission reduction, and renewable energy use (Yoon et al., 2021). Businesses need to take measures to minimize negative impacts on the environment, thereby contributing to sustainable development. Implementing environmental protection policies not only helps businesses comply with legal regulations but also creates a competitive advantage in a market with increasingly strict environmental standards. Businesses with good environmental strategies are often appreciated by customers and investors, thereby creating opportunities for growth and sustainable development. The second component, Social, evaluates a business's relationship with stakeholders, including employees, customers, suppliers and the community. Factors such as working conditions, diversity and equality, and social responsibility are considered (Nugroho &Hersugondo, 2022). Businesses need to ensure that they treat all stakeholders fairly and contribute positively to the community. Implementing good social policies not only helps businesses build a positive image but also creates trust from customers and the community, thereby enhancing brand value. Studies have shown that businesses with good social policies often have higher employee retention rates and are better able to attract talent. The third component, governance, evaluates the enterprise's governance structure, including transparency, accountability, and risk management processes (Safriani& Utomo, 2020).

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Good governance not only helps businesses operate effectively but also builds trust from investors and the public. Implementing ESG not only helps businesses improve their image but can also create incentives to comply with tax regulations. Businesses with good governance tend to comply with legal regulations and minimize legal risks, thereby creating a sustainable business environment.

2.1.2 Financial Performance

Financial performance is an important concept in this study, playing a key role in assessing the ability to operate and develop sustainably of a business. Financial performance is often measured by indicators such as return on assets (ROA) and return on equity (ROE). These ratios not only reflect a business's profitability but also provide insight into how a business manages its assets and capital. ROA (Return on Assets) is the rate of return on total assets, reflecting the profitability from the assets a business owns (Handayani, 2022). A high ROA shows that a business is using assets effectively to generate profits. This index is very important because it allows investors and managers to evaluate the profitability of a business based on the assets they have invested. A high ROA not only shows that the business is operating efficiently but also shows that the business can optimize the use of assets to generate profits. ROE (Return on Equity) is return on equity, measuring the efficiency of capital use (Vivianita et al., 2022). A high ROE shows that the business is generating good profits from shareholder investment. This index is very important in assessing the profitability of a business from the perspective of shareholders, as it shows the level of profit that shareholders receive from their investment. ROE not only reflects financial performance but also shows a business's ability to create value for shareholders.

2.1.3 Financial Leverage

Financial leverage is an important tool in financial management, allowing businesses to use borrowed capital to increase profitability. The art of using financial leverage is not simply about borrowing money but also a sophisticated strategy to optimize profits and manage risk. The new 47th President of the United States, Donald Trump, once said: "I've made a fortune by using other people's money." This statement not only shows confidence but also reflects a profound business philosophy, emphasizing the importance of leveraging external resources to create greater value.

Financial leverage occurs when a borrower uses borrowed capital to purchase assets, with the expectation that the return will be greater than the cost of the loan (Adenugba et al., 2016). According to Demiraj et al. (2023), financial leverage is an investment strategy that promotes business expansion and development. Borrowing to expand the asset base not only helps businesses grow quickly but also creates opportunities to optimize profits. When businesses invest in projects with higher profit margins than interest costs, they can significantly increase shareholder value. However, using financial leverage also poses many risks. When businesses borrow too much, the pressure to repay debt can lead to a financial crisis, especially in difficult economic times.

2.2. Literature Review

2.2.1 Legal Theory

Legitimacy Theory is a central concept in social contract, in which businesses have responsibilities to society (Dowling and Pfeffer, 1975). This social contract is expressed through social expectations, which are not fixed and change over time (Shocker and Sethi, 1973). The ethical obligation of business is to meet the

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expectations of members of society. If a business meets the expectations of society, it will be considered legitimate; otherwise, its legitimacy will be at risk (Craig Deegan, 2006). Only legal businesses have the right to use society's natural and human resources (Mathews, 1995). Therefore, organizations need to respond to changing societal expectations to maintain their legitimacy (Islam and Deegan, 2008).

In the context of research on the role of financial leverage in aligning ESG disclosure with financial performance, legitimacy theory provides a useful theoretical framework. When businesses take CSR and ESG activities seriously, they not only meet society's expectations but can also minimize risks related to tax avoidance, thereby creating benefits for both businesses and society. Disclosure of ESG information is not only a tool to convey information but also an important strategy to maintain legitimacy and build a reputation for businesses in the eyes of society.

2.2.2 Stakeholder Theory

Stakeholder Theory emphasizes that businesses have responsibilities not only to shareholders but also to all stakeholders, including employees, customers, suppliers, communities and the environment. According to this theory, businesses need to consider the interests of all stakeholders in their decision-making process (Freeman, 1984). This means companies must not only focus on short-term profits but also consider the impact of their business operations on other stakeholders.

In a research context, stakeholder theory can help explain how financial leverage can moderate the relationship between ESG disclosure and financial performance. When businesses use financial leverage to invest in sustainable and socially responsible activities, they not only improve their image in the eyes of stakeholders but can also create long-term value for shareholders. ESG disclosure can be seen as a signal to stakeholders about a business's commitment to social and environmental responsibility, thereby generating trust and support from the community.

2.2.3 Signaling Theory

Signaling Theory was developed to clarify information asymmetry in the labor market (Spence, 1978) and has been applied to explain information disclosure in corporate reports (Ross, 1977). The result of the information asymmetric problem is that companies try to provide certain information to investors, to show that they are better than other companies in the market, with the aim of attracting investment and enhancing reputation (Verrecchia, 1983).

In the research context, signaling theory explains why businesses have an incentive to report ESG information voluntarily. Disclosing ESG information not only helps businesses demonstrate their commitment to social responsibility but also helps them attract attention from socially conscious investors. High-quality companies often choose accounting policies that allow good information to be disclosed, while low-quality companies will try to hide poor-quality information (Morris et al., 2016).

ESG disclosure can be seen as a signal to investors about a business's commitment to sustainable practices. When businesses voluntarily disclose ESG information, they not only reduce uncertainty for investors but can also enhance their value in the market (Connelly et al., 2011). This suggests that financial leverage may play an important role in moderating the relationship between ESG disclosure and financial performance, as firms use debt to invest in sustainable and socially responsible activities.

2.3. Research Gaps

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Although many studies have shown that ESG disclosure can positively affect financial performance, most of these studies only focus on the direct impact without considering the moderating role of financial leverage. Financial leverage is known to be an important factor that can change the effectiveness of ESG strategies, but its role in the relationship between ESG disclosure and financial performance has not been clearly tested in the US market. My research will examine the moderating role of financial leverage in this relationship, to provide further insight into how financial leverage can influence the financial performance of companies implementing ESG strategies.

Although there have been some studies showing that ESG can affect financial performance, most of the current research in the US only focuses on the influence of ESG on financial performance individually or evaluates the impact of financial leverage independently. This leads to a lack of large-scale quantitative analyzes that can provide a more comprehensive and accurate view of the relationship between ESG, financial leverage and financial performance in the US corporate context. The current research will perform a quantitative analysis on a large sample of about 500 companies to provide a clearer view of the impact of ESG disclosure and financial leverage on financial performance.

In brief, filling these research gaps will not only help improve understanding of the relationship between ESG disclosure, financial leverage and financial performance in the US, but also conduct large-scale quantitative studies, deeply analyze the role of financial leverage, and study the impact of external factors on financial performance. This will contribute to creating a clearer picture of the current state of ESG and financial performance in the US, thereby promoting the sustainable development of the economy.

2.4. Hypothesis Development

2.4.1. ESG and Financial Performance

In the modern investment landscape, environmental, social and governance (ESG) factors are increasingly playing an essential role in sustainable development strategies and investment decision-making processes. Integrating ESG into business operations is not just an action for social or environmental good, but also a strategy to optimize long-term financial performance. According to an overview of more than 2,000 recent studies conducted by Friede, Busch, and Bassen (2015), about 90% of studies show a positive or neutral relationship between ESG and corporate financial performance. This indicates that businesses with high ESG scores tend to achieve better returns and have lower levels of risk than businesses that are not focused on ESG.

A core reason for this connection is that effective ESG policies can help businesses reduce operating costs and avoid potential legal, reputational and market risks. For example, environmental protection measures such as using renewable energy, controlling emissions, or recycling waste not only reduce long-term costs but also enhance brand image (Porter & van der Linde, 1995). Besides, good social policies and governance also contribute to creating a stable, transparent and effective working environment, thereby increasing productivity and retaining key personnel (Eccles, Ioannou, & Serafeim, 2014). These overall benefits show that ESG is not just an “ethical” factor but also a strategic indicator of financial performance.

H1: ESG disclosure positively affects financial performance

2.4.2. Pillar E and Financial Performance

Among the three pillars of ESG, the environmental factor (E) plays a key role in reflecting a business's

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commitment to sustainable development and response to climate change. Classic research by Porter and van der Linde (1995) suggests that environmental measures do not necessarily increase costs but on the contrary, if implemented effectively, can help businesses innovate technology, improve production processes, save energy and reduce waste, thereby increasing economic performance. Disclosing information related to the environment also helps businesses build trust with investors and the public, especially in the context of consumers becoming more and more aware of environmental responsibility. Furthermore, recent research by Zhang and Wang (2022) in emerging markets shows that companies with high environmental scores tend to have better financial performance. This reflects the globalization trend in evaluating and rewarding businesses based on sustainability indicators. In Vietnam, which is clearly affected by climate change, companies that are transparent about their environmental impact can gain a competitive advantage, access green capital and support from responsible investors.

H2: Environment disclosure positively affects financial performance

2.4.3. Pillar S and Financial Performance

The Social - S element in ESG emphasizes how businesses treat employees, communities and stakeholders. A positive, fair and transparent working environment not only increases employee satisfaction but also enhances productivity, creativity and loyalty - key factors that help increase long-term financial performance. Eccles et al. (2014) show that businesses that focus on social aspects often have higher employee retention rates, which means significantly reduced recruitment and training costs and avoids operational disruptions. In addition, publicizing social policies – such as workforce diversity, protecting employee rights, and supporting the community – also contributes to building a positive reputation for businesses. Gibson and Krueger (2020) argue that companies with high ESG scores, including social aspects, not only attract long-term investors but can also access capital at a lower cost because they are considered lower risk. This is especially important in the context of fierce competition and the rising trend of sustainable consumption.

H3: Social disclosure positively affects financial performance

2.4.4. Pillar G and Financial Performance

Corporate governance (Governance - G) is the foundation that ensures transparency, accountability and efficiency in business operations. Companies with strong governance systems are often highly appreciated for their internal control capabilities, minimizing fraud and legal risks, thereby creating trust with investors and shareholders. Research by Gompers, Ishii, and Metrick (2003) demonstrates that businesses with effective governance mechanisms – including transparent board structures, protected shareholder rights, and rigorous decision-making processes – often achieve higher financial performance. Complementing this view, García Sousa and Hernández Cuevas (2023) emphasize that companies that disclose clear governance information have the ability to access capital markets at lower costs thanks to reduced risk levels. In a context where the financial market is increasingly demanding transparency and compliance, good governance practices not only enhance reputation but also become an important factor in optimizing the financial performance of businesses.

H4: Governance disclosure positively affects financial performance

2.4.5. Financial Leverage, ESG, and Financial Performance

Financial leverage reflects the level of debt used in a business's capital structure and can significantly affect

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the ability to implement ESG strategies. According to Arhinful and Radmehr (2023), high levels of leverage can hinder businesses from investing in sustainable activities because they must prioritize financial resources to repay debt and interest expenses. This not only reduces the ability to implement ESG policies, but can also make investors skeptical about financial risks, thereby reducing the financial benefits that ESG brings. Additionally, companies with high debt ratios are often subject to tighter financial scrutiny and have less room to deploy long-term initiatives that do not generate immediate cash flow. This weakens the positive relationship between ESG and financial performance. Therefore, there are grounds to assume that financial leverage plays a negative moderating role in the relationship between ESG and financial performance.

H5: Financial leverage negatively moderates the positive relationship between ESG scores and financial performance

3. RESEARCH METHODOLOGY

3.1. Research Design

This research is designed using a quantitative method to test hypotheses related to the relationship between ESG information disclosure and financial performance of listed companies in the US, as well as the moderating role of financial leverage in this relationship. The research design applies to a multiple linear regression model, to accurately measure the influence of each ESG component (Environmental, Social, and Governance) and test the moderating effect of financial leverage. Using quantitative methods helps eliminate subjective elements in analysis, ensuring objectivity and reliability of research results (Hair et al., 2019).

A research design combining descriptive research was used to present general characteristics of the sample – including the level of ESG disclosure, level of leverage and financial performance in the context of US listed companies. At the same time, data will be collected from Refinitiv Eikon, one of the world's leading financial databases, highly reliable and providing detailed information on ESG indicators as well as audited financial data. The research sample includes 500 listed companies from 2013 to 2023. This period was chosen because it reflects a long enough cycle to observe trends in ESG disclosure and financial performance in the context of the US developing policies related to sustainable development and changes in companies' ESG strategies.

3.2 Variable Measurement

3.2.1 Independent Variables

The main independent variable of the study is sustainability disclosure (ESG), measured through a composite ESG score. This score reflects the extent to which a business discloses information related to three aspects: environment, society and governance. The ESG data is collected from trusted databases such as Refinitiv Eikon. According to Fatemi et al. (2018), Li et al. (2018), and Yoon et al. (2018), ESG scores are positively related to financial performance, because transparent disclosure of non-financial information not only helps businesses improve their reputation but also minimizes legal risks and attracts investors.

In addition to composite ESG, the study also looked at three components: environmental score (E), social score (S) and governance score (G). First, the environmental score reflects the level of information disclosure about policies, activities and effectiveness in resource management, emissions and environmental protection. Zhang and Wang (2022) argue that positive environmental information disclosure can build a

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good image in the eyes of stakeholders, thereby improving operational efficiency. Second, the social score shows the extent to which a business cares about the rights of workers, communities, customers and other social issues. Eccles et al (2014) assert that businesses with good social policies often achieve higher financial performance, because they send positive signals about ethics and responsibility. Finally, the governance score reflects the level of transparency, board structure, internal control and shareholder rights. Gompers et al (2003) emphasize that businesses with good governance systems often operate more efficiently and attract better investment capital, thereby improving financial results.

Legitimacy theory holds that businesses have a responsibility to meet society's increasing expectations to maintain legitimacy (Dowling & Pfeffer, 1975; Deegan, 2006). Therefore, ESG disclosure is a means to help businesses demonstrate compliance with social standards and protect the right to exploit resources. In parallel, stakeholder theory emphasizes that ESG disclosure shows that businesses are considering the interests of stakeholders, such as communities, employees, and investors (Freeman, 1984). This not only improves relationships with stakeholders but also contributes to improved financial performance. From a signaling theory perspective, ESG disclosure is a positive signal that helps reduce information asymmetry, demonstrate long-term commitment, and attract investment (Spence, 1978; Connelly et al., 2011). Thus, ESG variables are not only a tool to measure sustainable behavior, but also the crystallization of signal communication strategies, compliance with standards and meeting social expectations.

3.2.2 Dependent Variable

The dependent variable of the study is the financial performance of the business, measured through two indicators: return on assets (ROA) and return on equity (ROE). Return on assets (ROA) is calculated by dividing net profit by total assets, reflecting the efficiency of using a business's assets to create profits. Minutolo et al (2019), Duque-Grisales et al (2019), along with Almeyda et al (2019) all use ROA as a reliable indicator to measure overall financial performance.

Similarly, return on equity (ROE) is calculated as net profit divided by equity, indicating the profitability of shareholders' capital. This is an index used by many studies, such as Aouadi et al. (2018), Hassan et al. (2019), to evaluate the effectiveness of using investment capital from shareholders to create added value.

From the perspective of legal theory, the more a business complies with social expectations (through ESG), the more it is legally recognized, thereby receiving trust and support, helping to improve ROA/ROE. From stakeholder theory, businesses that meet the multidimensional interests of related groups often create better operating efficiency. Meanwhile, according to signaling theory, effective ESG disclosure helps attract potential investors, increase profitability and enhance financial value.

3.2.3 Moderating Variables

The moderating variable in the model is financial leverage (Financial Leverage - FL), measured as the ratio between total liabilities and total assets of the enterprise. This ratio shows the extent to which a business uses debt capital to finance assets, reflecting the level of financial risk. According to Chen et al. (2023), financial leverage can play a moderating role in the relationship between ESG disclosure and financial performance. Specifically, businesses with high leverage often experience greater liquidity pressure, thereby affecting the way and level of sustainable information disclosure as well as the financial performance achieved.

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From a signaling theory perspective, businesses with high debt levels need to provide clear ESG signals to reassure investors and minimize risk concerns. At the same time, according to stakeholder theory, high leverage causes businesses to make more efforts to maintain positive relationships with related groups to maintain trust. Legitimacy theory also supports the argument that under constrained financial conditions, businesses can still use ESG as a tool to protect legitimacy and attract external support. Therefore, financial leverage is not only a risk control factor but also a strategic component that affects the ESG – financial performance relationship.

3.2.4 Control Variables

In the research model, two control variables are included including business size (Firm Size) and business industry (Industry Sector), to control factors that can affect the relationship between ESG disclosure, financial leverage and financial performance. Including control variables in the model is necessary to ensure accuracy and minimize bias in regression coefficient estimates, thereby allowing better assessment of the true influence of main variables.

Firm size is measured by the natural logarithm of total assets (log(TA)). Previous studies show that large companies often have more resources to invest in sustainable practices and are likely to disclose higher levels of ESG information (Lys et al., 2015; López et al., 2007). In addition, large enterprises often have more complex governance structures, easily attract capital and are more closely monitored by investors and regulators, which can positively affect financial performance (Cheng et al., 2014). Industry Sector variables are coded with dummy variables, to control for the specific differences of each sector. Each industry has different requirements, risk levels and ESG practices, which can impact both the level of ESG disclosure and a business's financial results. For example, industries with high environmental impacts such as energy, chemicals, and mining are often under higher pressure to be transparent about ESG (Clarkson et al., 2008). Therefore, controlling industry helps eliminate bias due to differences in business contexts among the firms in the sample.

3.3. Research Model

3.3.1 Models with ROA as Dependent Variable:

Model 1A: Effect of ESG Disclosure on ROA

$$ROA_{it}=\beta_0+\beta_1 ESG_{it}+\beta_2 Size_{it}+\beta_3 Init+\varepsilon_{it}$$

Model 2A: Effect of each pillar on ROA

$$ROA_{it}=\beta_0+\beta_1 E_{it}+\beta_2 S_{it}+\beta_3 G_{it}+\beta_4 Size_{it}+\beta_5 Init+\varepsilon_{it}$$

Model 3A: Moderating Role of Financial Leverage on ESG–ROA Relationship

$$ROA_{it}=\beta_0+\beta_1 ESG_{it}+\beta_2 FL_{it}+\beta_3 (ESG_{it}\times FL_{it})+\beta_4 Size_{it}+\beta_5 Init+\varepsilon_{it}$$

3.3.2 Models with ROE as Dependent Variable

Model 1B: Effect of ESG Disclosure on ROE

$$ROE_{it}=\beta_0+\beta_1 ESG_{it}+\beta_2 Size_{it}+\beta_3 Init+\varepsilon_{it}$$

Model 2B: Effect of each pillar on ROE

$$ROE_{it}=\beta_0+\beta_1 E_{it}+\beta_2 S_{it}+\beta_3 G_{it}+\beta_4 Size_{it}+\beta_5 Init+\varepsilon_{it}$$

Model 3B: Moderating Role of Financial Leverage on ESG–ROE Relationship

$$ROE_{it}=\beta_0+\beta_1 ESG_{it}+\beta_2 FL_{it}+\beta_3 (ESG_{it}\times FL_{it})+\beta_4 Size_{it}+\beta_5 Init+\varepsilon_{it}$$

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Where:

ESGit: company's aggregated ESG disclosure score iii at the time of ttt

Eit,Sit,Git: scores for each environmental, social and governance pillar

ROAit,ROEit: financial performance measured by ROA and ROE

FLit: financial leverage

Sizeit: company size (log total assets)

Init: industry dummy variable

εit: random error

3.4. Data Collection and Analysis

Data will be collected from the Eikon database, a reliable and popular source of financial data in financial research. The data collected will include information on ESG factors (including composite scores and environmental, social, and governance components), financial indicators such as ROA (Return on Assets) and ROE (Return on Equity), along with information on financial leverage (FL), company size (Size), and industry (Industry Sector). It is expected to collect data from approximately 500 US listed companies over the period from 2013 to 2023, to create a large enough sample to analyze the relationship between ESG disclosure and financial performance, with moderation by financial leverage. This data will be processed and analyzed to test the proposed research models.

The collected data will then be processed using SPSS software version 29, a powerful tool for statistical analysis. The data analysis process will include many important steps.

First, descriptive analysis will be performed to summarize the basic characteristics of the data, providing information on variables such as return on assets (ROA), return on equity (ROE), business size (Size), financial leverage (Leverage), and ESG indicators. Descriptive analytics helps to better understand the distribution and trends of data, thereby identifying potential problems such as outliers or irregularities in the data.

Next, the study will test the hypotheses through linear regression models. Three regression models will be applied: the first model examines the direct impact of ESG Disclosure on ROA and ROE; The second model examines the impact of Leverage on the relationship between ESG Disclosure and financial performance; and the third model examines the moderating role of Leverage in the relationship between ESG Disclosure and financial performance. For the third model, the study will use interaction variables to test the moderating role of Leverage, created by multiplying ESG variables with Leverage, to determine whether financial leverage changes the relationship between ESG Disclosure and financial performance. The reliability and validity of the model will also be checked through tests such as multicollinearity test, homoscedasticity test and normality of residuals test. These checks help ensure that the assumptions of linear regression are satisfied, thereby enhancing the reliability of the analysis results.

4. CONCLUSION

In summary, the present study attempts to fillsignificant research gaps regarding the interplay between ESG disclosure and financial performance, particularly in the context of U.S. companies. By examining the moderating role of financial leverage, the research seeks to provide a comprehensive understanding of how companies can optimize their financial strategies while adhering to sustainable practices. The findings will

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not only contribute to the academic literature on ESG and financial performance but also offer practical insights for business leaders and policymakers. As companies increasingly face pressure from investors and stakeholders to adopt sustainable practices, understanding the dynamics of ESG disclosure and its financial implications becomes crucial. Ultimately, this research aspires to promote a more sustainable and responsible business environment, encouraging companies to integrate ESG factors into their core strategies while effectively managing their financial leverage. Through this approach, businesses can enhance their financial performance and contribute positively to society and the environment, paving the way for a more sustainable future.

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TRADE-OFF BETWEEN INDUSTRIAL DEVELOPMENT AND ENVIRONMENTAL PRESERVATION: A CASE OF ZIMBABWE

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ABSTRACT:
Industrial development and environmental preservation are often perceived as conflicting goals, especially in developing countries like Zimbabwe, where economic growth is closely tied to industrialization. This paper examines the trade-off between industrial development and environmental preservation in Zimbabwe, a country heavily reliant on natural resources and agriculture. The paper explores how industrialization impacts the environment, focusing on the extraction of natural resources, energy use, and pollution, while also considering the economic benefits of industrial growth, such as job creation, GDP growth, and poverty reduction. Through a detailed analysis of Zimbabwe's industrial policies, the paper investigates the challenges of balancing environmental sustainability with the urgent need for economic development. It also examines the role of green technologies, sustainable practices, and government interventions in fostering a model of "green industrialization" that aims to reconcile economic growth with environmental conservation. The paper concludes by offering recommendations for policy frameworks that promote sustainable industrial development in Zimbabwe.

Keywords: *Industrial Development; Environmental Preservation*

1.0 INTRODUCTION

Zimbabwe, like many other developing countries, faces the dual challenge of promoting industrial development while protecting its environment. The country's industrialization efforts have been historically centered around the extraction of minerals, agricultural production, and manufacturing. However, these activities have often come at the cost of environmental degradation, including deforestation, air pollution, and soil erosion. As Zimbabwe seeks to recover economically and build a more diversified economy, it must navigate the trade-off between economic growth and environmental protection.

2.0 LITERATURE REVIEW

2.1.1 Industrial Development and Economic Growth

Industrialization has long been a key driver of economic growth, particularly in developing countries. In Zimbabwe, sectors such as mining, manufacturing, and agriculture are integral to the economy. However, rapid industrialization often leads to significant environmental degradation, such as increased emissions, deforestation, and water contamination. According to scholars, while industrial development can reduce

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poverty and improve livelihoods, it can also exacerbate environmental challenges if not managed sustainably.

2.1.2 Environmental Costs of Industrialization

The environmental impact of industrialization is a major concern for many countries, particularly in Africa. In Zimbabwe, mining, energy production, and agriculture contribute significantly to the economy but are also major sources of pollution and resource depletion. The environmental costs include the over-extraction of resources (such as minerals), air and water pollution, habitat destruction, and the loss of biodiversity.

2.1.3 Sustainable Industrialization and Green Technologies

Recent literature emphasizes the need for "green industrialization," which integrates sustainability into industrial growth strategies. Green technologies, such as renewable energy, energy-efficient processes, and waste recycling, offer opportunities for developing economies like Zimbabwe to industrialize without compromising environmental integrity. Several countries have successfully implemented green industrial policies, suggesting that sustainable practices can be integrated into industrial development without significantly hindering economic growth.

3.0 DISCUSSION OF KEY ISSUES

- **Economic Importance of Industrialization**:Industrial development in Zimbabwe is vital for diversifying the economy, reducing reliance on agriculture, and creating jobs. Sectors like mining (especially for minerals like platinum, gold, and diamonds), energy (coal, hydroelectricity), and manufacturing (particularly textiles and chemicals) are major contributors to Zimbabwe's GDP. Industrial growth has the potential to lift many people out of poverty, improve infrastructure, and increase national wealth.

- **Environmental Impacts of Industrialization**:While industrialization offers economic opportunities, it also leads to significant environmental degradation. In Zimbabwe, mining activities have led to soil erosion, water pollution, and deforestation, particularly in mining regions like Mashonaland and the Midlands. The over-exploitation of natural resources, including land and water, has further exacerbated environmental challenges. Additionally, industrial activities, especially in energy production and transport, contribute to high greenhouse gas emissions, leading to air pollution and climate change risks.

- **Challenges of Balancing Growth and Sustainability**:Zimbabwe faces significant challenges in balancing industrial development with environmental preservation. Limited access to green technologies, inadequate enforcement of environmental regulations, and a lack of sustainable practices

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in the industrial sector make it difficult for the country to follow a sustainable industrial path. Furthermore, there are competing demands between development objectives and environmental conservation, with industrialization often prioritized over environmental protection.

- **Green Industrialization and Sustainable Practices**:The concept of green industrialization proposes that economic growth and environmental sustainability can go hand-in-hand. This includes the promotion of energy-efficient technologies, renewable energy sources (e.g., solar, wind), waste recycling, and cleaner production techniques. For instance, Zimbabwe could invest in renewable energy projects to reduce its dependence on coal-fired power plants and minimize environmental impacts. The use of energy-efficient technologies in mining and manufacturing can also reduce waste and emissions, contributing to both environmental preservation and economic growth.

- **Policy and Institutional Framework**:Zimbabwe's existing industrial policies, such as the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (Zim Asset), focus on enhancing industrial productivity but often overlook environmental considerations. Environmental regulations, such as the Environmental Management Act, are in place, but enforcement remains weak. This paper explores the effectiveness of these policies in promoting sustainable industrial growth and recommends strengthening institutional frameworks for environmental governance, alongside incentivizing green industries.

4.0 POLICY RECOMMENDATIONS

(i)Zimbabwe should prioritize the adoption of green technologies in industrialization efforts. This could include providing incentives for industries that adopt renewable energy, energy-efficient machinery, and sustainable waste management practices. Government subsidies or tax incentives for green technologies could make it more affordable for businesses to transition to environmentally friendly practices.

(ii)To ensure that industrial development does not come at the cost of environmental degradation, Zimbabwe must strengthen the enforcement of its environmental regulations. This includes imposing stricter penalties for polluting industries and ensuring that environmental impact assessments (EIAs) are conducted before any major industrial projects are approved.

(iii) Zimbabwe should adopt sustainable resource management practices, particularly in the mining and agricultural sectors. This could involve the adoption of sustainable mining techniques, better land management practices, and investments in resource-efficient agriculture. Additionally, incentives for resource recovery and recycling could reduce waste and promote circular economic models.

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(iv)Zimbabwe should develop a national green industrial strategy that outlines how industrial growth can be achieved without compromising environmental preservation. This strategy should focus on sustainable infrastructure development, renewable energy, and the promotion of green jobs and industries.

(v)Educating both policymakers and industry stakeholders about the importance of balancing industrial development with environmental preservation is critical. Capacity-building programs can be implemented to promote understanding of sustainable practices and their long-term benefits.

(vi) Zimbabwe can explore partnerships with international organizations and governments to access funding for green industrial development. This can include financing for renewable energy projects, capacity-building initiatives, and environmental conservation efforts.

5.0 CONCLUSION

The trade-off between industrial development and environmental preservation is a critical challenge for Zimbabwe as it seeks to achieve economic growth while addressing pressing environmental issues. The key to success lies in adopting a green industrialization approach that integrates sustainability into industrial policies, promotes the use of green technologies, and strengthens environmental governance. By balancing these competing priorities, Zimbabwe can foster a sustainable and resilient industrial sector that contributes to both economic development and environmental preservation.

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THE DETERMINANTS OF FIRM VALUE: A STUDY OF LISTED MANUFACTURING FIRMS IN VIETNAM

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ABSTRACT

This research is conducted to infer the determinants of firm value in Vietnam manufacturing industry and how much they influence firm value. Severalprior studies about firm value, capital structure, firm size, profitability, liquidity, and dividend policy in both developed and developing countries are reviewed. Econometrics methods are applied in this study. Data is collected from 152 listed manufacturing enterprises from 2010 to 2019. Capital structure, profitability, and firm size significantly correlate with firm value. Profitability and firm size have significant impacts on firm value in financial crisis.Manufacturing firms might focus on capital structure, profitability, and firm size. Nevertheless, the results are probably inapplicable for firms in different sectors so wider observations range and more variables are suggested to make later studies on this topic better.

Keywords: *firm value, capital structure, profitability, firm size, dividend policy, liquidity.*

1. INTRODUCTION

As theworld's economy is constantly developing, ubiquitous problems relating to the business sector have been being researched by many analysts, researchers, and economists. One of the most researched fields is finance, specifically corporate finance which is a section in the finance field.According to Sertsios (2020), in the past, the financial part of enterprises was frequently disregarded. However, over a long period of time after, until now, there has been a remarkable growth in corporate finance studies about not only theories but also empirical issues. A large number of highly ranked journals have been increasingly publishing articles about corporate finance rather than insurance as well as banking sector (Brooks and Schopohl, 2018).

Corporate finance appeared since there was the presence of business corporations. It is said that corporate finance helps firms to handle theirpurposes in operating, investing, and financing activities.In other terms, corporate finance aims to explore the link between decisions making from firms, cash flows, and corporate value (Ross et al., 2015).There are two categories of possible targets for a firm to reach which areprofit related objectives, and risk management objectives(Ross et al., 2015). It is also declared that these two classes of aims may conflict with each other. As a result, there should be a way to get rid of this contradiction. In that case, there is an appearance of a purpose that allows a firm to avoid the conflict of those objectives which is to maximize the benefits of the owners and stockholders; in other words, maximizing firm value.Furthermore, the goal of afirm to maximize its value is crucial because firm value is a favorable index for creditors and shareholders to appraise the entire enterprise (Husain et al., 2020).

For firms, controlling an acceptable or even high value is not only important but also difficult. Because there

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are a lot of different determinants thatimpact firm value, managing all the factors is a challenging task for the firm's management team. Besides, it is also an important subject for corporate finance scholars, among other themes such as investment problems and corporate governance (Cumming and Groh, 2018). Thus, a solution for this is that there should be ananalysisso as to figure out some determinants which are more impactful than others. Based on numbers of studies around the world, it is spotted out strong factors strongly make firm value change which are capital structure, profitability, firm size, dividend policy, and liquidity(Amihud and Mendelson, 2008; Dang et al., 2019; Juhandi et al., 2019; Naceur and Goaied, 2002; Purwohandoko, 2017). In this research, those factors as determinants of firm valuein Vietnamese market, particularly manufacturing industry firms, are analyzed. Vietnam is an emerging economy where the stock markets are developing considerably, attracting much investment from overseas (Vo and Truong,2018). This is the result of a gradual development in the securities markets' regulations system and a rapidly updated marketenvironment (Anh and Gan, 2020).

Studying the determinants of firm value is a necessity because of several reasons. First of all, for most enterprises, escalating their value is one of its most essential goals. By analyzing the factors affecting firm value, financial managers are able to create appropriate plans for future activities which helps to remain and improve it. Additionally, if a company has a considerable value, more investors will be attracted sinceit is a normal behavior to invest in something which would bring benefits and wealth.

Secondly, there are numerous empirical works internationally which were conducted on this topic, but the results are varied andmay be incorrect and inaptinsome circumstances, especially regarding an emerging market with unknown factors.The working papers' findings from abroad may sometimes lackresemblance in Vietnam (Dang et al., 2019).Uptonow, there has not been muchresearch that covered most of the matters being raised, specificallyconsidering Vietnamese context. Hence, a study within the Vietnamesemarket will tremendously contribute tonot only the firm's management procedure but also the advancement of Vietnam'seconomy.

The analysis of firm value determinants in Vietnam manufacturing industry and opinions about whether they can be applied and suitable for business organization within Vietnam territory are included in this research paper.The reason why only the manufacturing industry is considered is that the time may not be enough to collect more data for other sectors. Because manufacturing is one of the mostessential sectors of the economy of Vietnam, selecting it to study is seemingly reasonable (Nguyen and Nguyen, 2020).

This research is being conducted to accomplish two objectives.

First, I would like to help to fill in a few gaps in previous research, because it is impossible to conduct a perfect paper that includes every single argument and corrects all drawbacks. This research paper is expected to contribute a small part to the entire corporate finance area generally and business markets in Vietnam specifically.

The second objective being aimed is to take a deeper look atthe situation inside Vietnam business and finance fields. Delving intothis topic helps me to understand thoroughly the current circumstance in Vietnam markets and come up with some implications for enterprises in Vietnam, especially manufacturing industry.

Research question 1: What factors affect firm value of listed manufacturing enterprises in Vietnam?

Research question 2: Which determinants impact the most significantly on the firm value?

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Research question 3: How much the determinants affect firm value?

2. LITERATURE REVIEW

2.1. Theoretical review

2.1.1. Agency theory

As the business segment has been continuously developing, there has been a remarkable increase in the number of enterprises, especially joint stock companies. If there are dissimilar benefits among people, there will be conflicts in purposes and visions. Likewise,in a corporation, there are also various positions with different benefits, for example a manager and an independent director. A segregation of the powers held by board of directors and board of management can lead to several disagreements about the firm's goals. It can be simply called as "agency theory".For further explanation, the board of directors who play a role of "principal" have specific objectives for the firm, and they are required to be completed by the board of management – an "agent" (Mitnick, 1975). The directors as well as shareholders desire to maximize their wealth by maximizing firm value, while the managers only want to maintain their jobs and salaries, which easily causes conflicts between these two parties. Consequently, there will be an increase in the waste of funds, and the highest profit may not be reached (Dang et al., 2019).

2.1.2. Theory of information asymmetry

The appearance of the market for lemons' theory by Akerlof (1970), which indicates that sellers seem to know their goods' quality better than the customers, was an essential direction for later information asymmetry theory. Myers (1984) documented that uneven distribution of information influenced a majority of firm financial decisions. Managers, investors, directors, etc. may possess an unequal amount of information, which is likely to make them have different points of view. Thus, when a manager decides something, there is a probability that the directors and investors consider it to be inappropriate. The more asymmetric the information, the more losses are made. As mentioned in the research of Myers and Majluf (1984), if managers know more than the investors, the price of stock will probably experience a decline.Therefore, it is suggested that firm value fell because of the high rate of information asymmetry(Fosu et al., 2016; Huynh et al., 2020).

2.1.3. Theory of capital structure

Another vital issue for each firm is its capital structure, which is highly driven by the agency theory and asymmetric information. Funds and resources are supposed to be allocated in various ways depending on how tense the level of interest's conflict between managers and shareholders (Harris and Raviv, 1991). Modigliani and Miller (1958) stated that a balanced mixture of debt financing and equity financing make the value of a firm grow more than financing only from debt or equity. There are also similar discussions about firm's capital structure like those of Shah and Thakor (1987), Lemmon and Zender (2010), etc.

2.1.3.1.Tradeoff theory

Tradeoff theory, usually called "static tradeoff framework", is one of the most common approaches to capital structure. Myers (1984) stated that in this theory, firms are expected to steadily reach their proposed debt-to-value index. To evaluate this ratio, acompromisebetween how much the debt is and how much the firm will benefit from it is regularly taken into consideration.Myers (1984)specifically depicted the tradeoff between costs of financial distress (including bankruptcy cost) and tax shields advantages.

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There were also arguments about firms' reaction after borrowing more than their targeted debt ratio but still less than their debt capacity. de Jong et al. (2011)found that the prediction of static tradeoff theory was rejected when firms had overwhelming leverage. Based on this theory, it was projected that there would be a drop in firms' leverage if firms borrowed more than their need.

2.1.3.2.Pecking order theory

The tradeoff theory seems reasonable to most people because it can explain how firms finance in several incidents. However, if it could not indicate a logical clarification of firms' behavior, there would be better assumption and theory so that managers could be well guided. Hence,the pecking order theory appeared and becameanother important theory besides the static trade-off framework. According to Myers (1984), enterprises would rather select sources of funds which could be internally raised. If they could not finance internally, they would prefer to issue debts for their funds rather than issueequity like stocks. Nevertheless, they sometimes choose equity financing.Shyam-Sunder and Myers (1999)broached that "a simple pecking order model explains much more of the time-series variance in actual debt ratios than a target adjustment model based on the static tradeoff theory". Additionally, they also confirmed that the pecking order model could help to greatly explain the financing behaviors. **2.2. Empirical literatures**

2.2.1. Studies in developed markets

Lin and Chang (2011) study how a firm's debt structure influencesits value in Taiwanese market. For the sample data, information of 196 enterprises that are listed on Taiwanese Stock Exchange for the period of 1993-2005. In this study, it is concluded that firm value is projected to increase when the debt ratio is lower than a threshold of 33%. This also means that debt structure has a significantly positive effect on firm value under a certain level of debt. Thus, it is important to control the firm leverage rate so as to maximize firm value.

Gill and Obradovich (2012)explore the factors which are corporate governance and capital structure affect value of enterprises in the U.S. 333 public companies listed on New York Stock Exchange from 2009 to 2011 are chosen to be the sample for their research. As regards to American manufacturing companies, parts of the results indicate that the impacts of firm's leverage level, size and profitability on its value are statistically positive.Nevertheless, if firms rely much on debt financing and cannot control it at an adequate rate, it may negatively impact firm value. In the worst scenario, enterprises could end up with bankruptcy.

Demirhan and Anwar (2014)research is about the determinants of firm value in Turkey during the financial crisis in 2008. The data is collected from 140 firms from most industries except from the financial sector. It is implied that firm liquidity will help increase firm value. Meanwhile, capital structure with higher debt amount than equity will make firm value drop.

2.2.2. Studies in developing markets

In order to have more proper references, studies which were conducted in emerging markets are more particularly reviewed.

Naceur and Goaied (2002) study the influences of dividend policy, profitability, and structure of capital on value of the company in Tunisia, a developing country in Africa. Secondary dataof 28 out of 34 firms listed in the Tunisian stock exchange from 1990 to 1997 was used for this research. Their results showed that high profitability would contribute to higher firm value. On the other hand, it was concluded that leverage level

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and dividend payout ratio insignificantly affected enterprise value.

Sucuahi and Cambarihan (2016) do a research on how profitability could make change to firm value in the Philippines. The research sample is 84 Philippine listed companies in 2014. In their findings, they document that profitability would help firm value to increase. If the firm financially performs well, it will be more likely to have its value to experience a rise.

Husain et al. (2020) test the correlation between firm value and its drivers which are dividend policy and profitability in Indonesia. By conducting a longitudinal research for the five-year-period of 2014 to 2018, they discover that both profitability and dividend payout ratio has no actual impact on firm value.

Sari and Sedana (2020)conduct an analysis about how firm value is affected by profitability and liquidity. They collect financial information from construction enterprises which are listed on Indonesia Stock Exchange from 2013 to 2017. As a part of their findings, it is indicated that liquidity does not contribute to differ firm value. Yet, increasing profitability would help firms to increase their value.

Sudiyatno et al. (2021) examine theeffects of capital structure and firm growth on firm value, with profitability being a moderator variable. In this study, the data is gathered from enterprises which are in the manufacturing industry and listed on Indonesian stock exchange from 2016 to 2018. One of the findings is that firm having high profitability will experience a fall in its value when the leverage level increases. Moreover, profitability of a firm, which is measured by return on equity ratio (ROE), is significantly and positively correlated with firm value. This is in accordance with the results ofTahu and Susilo (2017) andHusain et al. (2020).

2.3. **Hypotheses development**

Regarding a firm's financial condition, firm value is one of the most important indices to illustrate firm performance.For a joint stock enterprise, itsmarket share price reflects how good it is operating.Whenever firm value rises, the stock price of that firm will correspondingly increase. Therefore,the greater the firm value, thewealthier the stockholders (Tahu and Susilo, 2017).It explains the greatest purpose of firm which is to maximize shareholders' benefits(Dang et al., 2019).Dang et al. (2019)shared in their article that firm value also can be described as "the existing benefits and the potential benefits a business can create". Because of the diversity of thought and approach in this field, there aredistinctive methodologiesand models which are available for firm value evaluation.

There are numbers of researchers such as Chia et al. (2020), Dang et al. (2019), Kontesa (2015), Lumapow and Tumiwa (2017), Rizqia et al. (2013), Tahu and Susilo (2017),who assess firm value by using Tobin's Q approach. The simplest formula version of Tobin's Q is the firm's market capitalization divided by its total assets. Besides, there is another way to determine firm value is by applying price to book (PBV) ratio, which is the stock price divided by book value of shares, and this method is likely to less applied than the Tobin's Q (Juhandi et al., 2019; Purwohandoko, 2017; Sukmawardini and Ardiansari, 2018).

Capital structure is the first variable to be used as a determinant of firm value. If a company desires to generate profit, it first must gain enough funds for its business. A firm's budget could be funded mainly by two ways which are external financing and internal financing. External financing is done by gaining cash from the outsiders such as creditors, investors, banks, while internal funds come from inside the company like retained earnings (Purwohandoko, 2017). There are differences in the way to define capital structure

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variable among researchers, but the most appeared measurement is debt-to-asset ratio.

Based on several prior studies, there are unlike opinions about how capital structure and firm value link with each other. There are statements that capital structure has a positive relationship with firm value. Contrastingly, some researchers indicated that firm value could be pulled back when firm borrows much debt.

Concerning Vietnam scenario, if a firm borrows a large quantity of debts, it can be considered to have a weak financial condition. Therefore:

H1: Capital structure negatively and significantly impacts firm value.

Profitability can be easily understood as a firm's capability to earn income after utilizing assets and funds (Tahu and Susilo, 2017). Profitability is also a factor which is concentrated seriously by every firm's management board. Whenever there is an establishment of a company, it alongside forms a desire of obtaining earnings which is a part of its purposes to continuously do business. Conceding that a firm has a good performance and a satisfying profit, its value will likely to be higher (Sucuahi and Cambarihan, 2016). A strong ability to achieve revenues expresses that the firm exploits its accessible resources (Fajaria, 2018). Profitability is expressed in either return on assets (ROA) or return on equity (ROE) ratio (Dang et al., 2019; Naceur & Goaied, 2002; Purwohandoko, 2017; Sudiyatno et al., 2021).

Most of empirical works reach the conclusion that profitability has an upward-sloping correlation with firm value. Therefore, in this study, it is also expected thatthere will be the same results as prior studies.

H2: Profitability significantly and positively impacts firm value.

Firm size is a factor which is expected to influence firm value. Differential measurements to assess firm size were acknowledged, each of which has a specific strengths and weaknesses. However, the three most applied evaluation for firm size are "total assets, total sales, and market value of equity" (Dang et al., 2018). Dang et al. (2018) also stated that in some empirical studies, the authors used alternative proxies to identify firm size like net assets or total quantity of labors.

As stated in the literature review, many researchers found that firm size and firm value is seemingly to move in the same direction, which means firm with larger size will help the firm to boost its value and vice versa.

H3: Firm size significantly and positively impacts firm value.

Another driver supposed to alter firm value is dividend policy. In a corporation, dividend policy can be understood as the policy which decides if the firm prefers to pay dividends or (Triani and Tarmidi, 2019). Furthermore, depending on different dividend policy, it will be determined that how much income will become dividends sent to stockholders and how much income will stay in the budget for future activities(Lumapow and Tumiwa, 2017). Rizqia et al. (2013) indicated that value of stockholders can increase if firm guarantees to distribute dividends to them.

To evaluate dividend policy, dividend payout ratio is usually applied. It is calculated by dividends per share divided by earnings per share (Husain et al., 2020; Rizqia et al., 2013; Sukmawardini and Ardiansari, 2018). In some research, dividend payout ratio can also be defined as the ratio of total dividends over total earnings (Naceur and Goaied, 2002).

Disagreement risesabout how dividend policy influences on firm value. Husain et al. (2020)noted that there is no connection between firm value and dividend policy. In their research, they stated that if dividend

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payout ratio changes, firm value will still stay the same. This result is in accordance with Fajaria (2018), Sukmawardini and Ardiansari (2018), and Naceur and Goaied (2002) which agreed that the position of dividend policy in the process of evaluating firm value is not really important.

Opposingly, Triani and Tarmidi (2019)wrapped up that firm value grows whenever dividend payout ratio increases, which means there is a positive relationship between these two. And it is corresponding with the outcome of Rizqia et al. (2013).

Being discussed in literature review, a number of authors discussed that despite different dividend policy, it does not have an obvious impact on firm value. The change of dividend payout ratio and the change of firm value may not link together.

H4: Dividend policy significantly and positively impacts firm value.

Liquidity is also another factor can influence firm value. Being simply described, liquidity is the firm potentiality whether it can perform its short-term debts commitment or not (Sari and Sedana, 2020). By completing the debt obligations on schedule, firm is more likely to draw investors' attention as well as raise the lenders' trust and increase firm's credit worthiness (Fajaria, 2018). Furthermore, firm with good liquidity quota shows that it is probably having a healthy financial conditionso people would like to purchase its stocks and help firm value increase (Tahu and Susilo, 2017).

H5: Liquidity significantly and positively impacts firm value.

3. METHODOLOGY

3.1. Research design

The aim of this research is analyzing the relationship between firm value and its determinants which are capital structure, profitability, firm size, dividend policy, and liquidity. In detail, the expectation is to ascertain whether there are any significant impacts between them, and which factors would have the most effect on firm value.

Secondary data analysis with econometrics method will be applied so as to achieve the research objectives as well as answer research questions being specified in Chapter I.

In particular, according to Jeffrey M. Wooldridge (2010), he documented in a book named "Econometric Analysis of Cross Section and Panel Data" that the most proper approaches to analyze panel data is implementing pooled ordinary least squares (pooled OLS), fixed effects model (FEM), and random effects model (REM). However, since the sample in this study stays the same throughout the years, it would be better to apply FEM or REM, but not pooled OLS. Pooled OLS is only appropriate to the data which consists of different sample for different time periods (Wooldridge, 2010).

3.2. Data collection

In order to conduct this study, information and data from enterprises in manufacturing industry which are listed on HOSE and HNX over the period from 2010 to 2019is gathered.Although there are a total of 238 public manufacturing firms (131 listed on HOSE, 107 listed on HNX), only 152 of them are selected for the sample. The reason for this is that the eliminated firms do not have enough data for the time frame of ten years. By covering the period of ten years, the data becomes longitudinal data, allowing the researcher to examine the adjustments which have been occurred over time.

The data which is used in this research is secondary data. It is collected by extracting financial data from

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firms' annual financial statements on their official websites, together with other reliable sources which are Vietstock and Stockbiz.

3.3. Model specification

3.3.1.Regression model

A regression model is adapted for analyzing the sample data. The model includes dependent variable which is firm value, and independent variables which are capital structure, profitability, firm size, dividend policy, and liquidity. The model is demonstrated based mostly on the empirical work of Dang et al. (2019) and Purwohandoko (2017). Besides, two more variables are picked based on several literatures ofAmihud and Mendelson (2008); Demirhan and Anwar (2014); Juhandi et al. (2019); Naceur and Goaied (2002); Nguyen and Nguyen (2020); Sukmawardini and Ardiansari (2018).

$$Tobinq_{it} = \beta_0 + \beta_1 CAP_{it} + \beta_2 PROF_{it} + \beta_3 SIZE_{it} + \beta_4 DPR_{it} + \beta_5 LIQ_{it} + \varepsilon_{it}$$

Besides this original model, the researcher also intends to apply another regression model which would take into consideration the financial crisis in the period 2010-2011. At this time, since it was not so long after the world's Great Recession, Vietnamese economy was severely affected. Considering this period could help this research to contribute a little to the current serious situation (COVID-19 pandemic). It is projected that capital structure, profitability, and firm size will have influences in this scenario.

$$Tobinq_{it} = \beta_0 + \beta_1 CAP_{it} + \beta_2 PROF_{it} + \beta_3 SIZE_{it} + \beta_4 DPR_{it} + \beta_5 LIQ_{it} + \beta_6 FC_{it} + \beta_7 (FC \times CAP)_{it} + \beta_8 (FC \times PROF)_{it} + \beta_9 (FC \times SIZE)_{it}$$

3.3.2. Description of variables

There are one dependent variable and five independent variables of the regression model.

Tobin's Q

The dependent variable is "Tobinq", which stands for Tobin's Q. It is one of the most commonproxy to evaluate firm value. The researchers who used this ratio areDang et al. (2019), Demirhan and Anwar (2014),Gill and Obradovich (2012),Lin and Chang (2011), Purwohandoko (2017), and many other authors.

The Tobin's Q ratio was first proposedin a study by Kaldor (1966). Then, it became prominent to many people after being introduced widely by Brainard and Tobin (1976).For the purpose of computing this ratio, the researcher has adapted an equation that were discuss in detail in the research papers ofChung and Pruitt (1994) and Perfect and Wiles (1994), which is:

$$Tobin's\ Q = \frac{MVE + PS + DEBT}{TA}$$

In this equation, the numerator consists of three components. First,MVE can be defined as the market capitalization of the firm which is the multiplication of firm's market share price and total shares outstanding. Next, PS is the preferred shares value that are outstanding in the market. Lastly, DEBT is the firm's total amount of short-term debt and long-term debt.

The denominator is TA which represents total assets of the firm for the simplification of collecting data and calculating the Tobin's Q. A more complicated variation is replacement cost of total assets of firm, which requires much information and evaluation.

Capital structure

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Capital structure is the first independent variable, and it is represented by variable "CAP" in the regression model. In respect of capital structure assessment,the leverage level of firm which is total liabilities over total assets is mostly applied by researchers such as Dang et al. (2019), Lin and Chang (2011),Nguyen and Nguyen (2020),Purwohandoko (2017), Vo and Ellis (2017), Vo et al. (2020), and also others. In this study, the same approach is used due to its reliability and straightforwardness.

$$CAP = \frac{Total\ liabilities}{Total\ assets}$$

Profitability

The next independent variable is profitability which has the abbreviation is "PROF". There are empirical studies that calculated profitability with return on equity (ROE) ratio like those ofKontesa (2015), Naceur and Goaied (2002),Purwohandoko(2017),Sudiyatno et al. (2021),and Tahu and Susilo (2017). Meanwhile, a slightly less popular method to evaluate profitability is return on assets (ROA) ratio. This is applied by some researchers such asHusain et al. (2020) andRizqia et al. (2013). Furthermore, there are also some literatures include both ratios as representatives for profitability. For instance, Dang et al. (2019)and Demirhan and Anwar (2014) used both ROE and ROA so that they could not only compare the impacts of these ratios but also diversify their works. In this thesis, ROA approach will be considered because it is believed that more suitable in Vietnam manufacturing industry.

$$PROF = ROA = \frac{Net\ income}{Total\ assets}$$

Firm size

The following independent variable is SIZE which is a short for firm size. It is implemented by a significant number of researchers that firm size is estimated by natural logarithm of total assets of firm(Dang et al., 2019; Lumapow and Tumiwa, 2017; Naceur and Goaied, 2002; Purwohandoko, 2017; Vo et al., 2020).

$$SIZE = \ln(Total\ assets)$$

Dividend policy

Dividend policy is another determinant of firm value. In the regression model, it is written as "DPR" which also means dividend payout ratio. This is one of the best proxies to demonstrate firm's dividend policy. According to Ball et al. (2015), Husain et al. (2020),Lumapow and Tumiwa (2017), Naceur and Goaied (2002), Sukmawardini and Ardiansari (2018), and other researchers, it is equal the dividends per share divided by earnings per share.

$$DPR = \frac{Dividends\ per\ share}{Earnings\ per\ share}$$

Liquidity

The final independent factor considered is liquidity. The short form of this variable in the model is LIQ. It is crucial to distinguish between firm liquidity and stock market liquidity. In this empirical work, firm liquidity is selected to be a driver of firm value. There are three types of liquidity ratio that are current ratio, quick ratio, and cash ratio.Regarding this study, quick ratio is applied since it is the most

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moderate ratio among the three ratios. It would be probablyappropriate for Vietnamese context because it is more accurate than current ratio but not as strict as cash ratio.

$$LIQ = Quick\ ratio = \frac{CCE + MS + AR}{CL}$$

In the equation, the numerator includes CCE which is cash and cash equivalents, MS which is marketable securities, and AR which is accounts receivable. For the denominator, CL is current liabilities.

Financial crisis

There is also a dummy variable in this research, which is financial crisis. It is represented by the variable FC in the model. The value of financial crisis will be evaluated as following:

$$FC = \begin{cases} 0, & 2012 \leq t < 2019 \\ 1, & 2010 \leq t < 2012 \end{cases}$$

To be specific, when the year is 2010 and 2011, financial crisis exists, and the dummy variable will be equal to 1. From 2012 to 2019, there is not the appearance of financial crisis so the dummy variable will be equal to 0.

In addition, there are the interaction between FC and three out of five mentioned independent variables which are capital structure, profitability, and firm size, indicating the impact of them on firm value when financial crisis exists. In the model, they are abbreviated as FC×CAP, FC×PROF, and FC×SIZE.

Table 1. Description of variables

4.

	Variable name	Description	Measurement	Expected sign
Dependent variable	Tobinq	Firm value	Tobin's Q = (Market capitalization + Preferred stock value + Total debt)/Total assets	
Independent variables	CAP	Capital structure	Total liabilities/Total assets	-
	PROF	Profitability	ROA = Net income/ Total assets	+
	SIZE	Firm size	Natural logarithm of total assets	+
	DPR	Dividend policy	Dividend payout ratio = Dividends paid/ Net income	+
	LIQ	Firm liquidity	Quick ratio = (Cash and cash equivalents + Marketable securities + Accounts receivable)/Current Liabilities	+
Dummy variable	FC	Financial crisis	$FC = \begin{cases} 0, & 2012 \leq t < 2019 \\ 1, & 2010 \leq t < 2012 \end{cases}$	

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4. RESULTS AND DISCUSSIONS

4.1. Descriptive statistics

Table 2. Descriptive statistics

	N	Max	Min	Mean	Standard Deviation
Dependent variable					
Firm value	1520	8.733	0.038	0.656	0.656
Independent variables					
Capital structure	1520	1.294	0.016	0.472	0.206
Profitability	1520	0.784	-0.646	0.071	0.078
Firm size	1520	32.254	23.637	27.158	1.476
Dividend policy	1520	1416.225	-31.597	1.732	36.453
Liquidity	1520	16.359	0.014	0.975	1.172

(Source: STATA software)

Table 2 illustrates all the variables with their overall summary statistics, not considering financial crisis effect. In total, there are 1520 observations which comprise 152 manufacturing firms listed on both HOSE and HNX, and the time period is ten years for each firm.

As can be seen from the table, firm value which is represented by Tobin's Q has a maximum value of 8.733 and a minimum value of 0.038. The average value of this ratio for the whole sample is 0.656. This depicts the fact that Vietnamese manufacturing firms did not have a pleasing value.Moreover, the standard deviation of 0.656 implies that there are moderate dispersions among the values.

Capital structure has the highest point is 1.294 and the lowest is 0.016. A notable point here is that the maximum, which is also the only observation, is larger than 1. The cause of this is there is a firm with ticker symbol "TTF" listed on HOSE; in2019, its total liabilities were higher than total assets and its total equity was negative. Except from this unique value, the remaining observations have a normal capital structure value. The mean of this variable is 0.472 which shows the regular pattern of Vietnamese manufacturing companies is maintaining leverage level at the balance, controlling liabilities to be equal with equity.

Profitability has the smallest rate of -0.646 and peaks at 0.784. This suggests that there were years in which some firms witnessed net losses. The mean value is 0.071 showing net income of these firms are typically much lower than total assets. One reason for this is many firms pay a vast quantity of dividends and retain fewer earnings.Additionally, it also hasthe meaning that the growth of income is slower than the expansion of total assets.Furthermore, profitability ratios do not vary much from each other since the standard deviation is just 0.078.

Firm size calculated by natural logarithm of total assets has the largest value of 32.254 and the smallest value of 23.637. The average figure and standard deviation for firm size are 27.158 and 1.476, respectively. From these four figures, it can be concluded that the differences in firm size among enterprises are

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considerably big. In other words, in the sample, there are several firms that have significantly small scales, whereas there are some remarkably large businesses.

Dividend policy which is measured by dividend payout ratio have the most distinctive figures among the variables. Its maximum is 1416.225, meaning that there is a firm paying dividends higher than its earnings. Besides, this is also shown via the mean of 1.732. Moreover, the minimum of -31.597 states that although firms do not generate revenue, they keep paying dividends to shareholders. Dividend payout ratio has standard deviation of 36.453 which indicates such hugegaps among observations.

The level of firm liquidity undergoes the ceiling of 16.359 and the floor of 0.014. The average quick ratio is 0.975 which is smaller than 1, signaling that firms normally have a quite fair liquidity. Nonetheless, there are some companies have a genuinely high liquidity, which indicates that it is possible to keep quick ratio at a favorable level.Thus, financial managersneed to find ways to help their enterprises improve liquidity so that liabilities, debts, and expenses could be afforded.

Table 3. Descriptive statistics in financial crisis

	N	Max	Min	Mean	Standard Deviation
Dependent variable					
Firm value	304	3.086	0. 04	0. 569	0. 466
Independent variables					
Capital structure	304	0.882	0.065	0.469	0.2
Profitability	304	0.433	-0.089	0.092	0.082
Firm size	304	31.145	23.692	26.854	1.387
Dividend policy	304	21.051	-11.07	0.683	1.919
Liquidity	304	5.76	0.042	0.984	0.93

(Source: STATA software)

Table 4. Descriptive statistics without financial crisis

	N	Max	Min	Mean	Standard Deviation
Dependent variable					
Firm value	1216	8.733	0.038	0.678	0.694
Independent variables					
Capital structure	1216	1.294	0.016	0.472	0.208
Profitability	1216	0.784	-0.646	0.066	0.076
Firm size	1216	32.254	23.637	27.233	1.488
Dividend policy	1216	1416.225	-31.597	1.994	40.744
Liquidity	1216	16.359	0.014	0.973	1.225

(Source: STATA software)

In table 3 and 4, the summary statistics between financial distress years and the remaining normal years are described. By that, the comparison between the two periods can be indicated.

The average value of firm when there is economic downturn is 0.569, being smaller than itself in later years

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without financial crisis which is 0.678. The highest firm value from 2012 to 2019 is also approximately thrice larger than in 2010-2011.

Although firm value is higher in normal situation, it seems that other variables do not witness definite changes. For instance, average capital structure still stays around 0.47, which means most companies control a balanced leverage. The minimum of capital structure in the period 2010-2011 and 2012-2019 is 0.065 and 0.016, in turn. This might show that there are a few firms borrow more in financial distress period.

Noticing profitability ratio (ROA ratio), it has the mean of 0.092 in economic recession and 0.066 in the recovering years. Financial crisis might make firms could not expand so total assets would not change much. From 2012 to 2019, many firms have their growth of net income cannot catch up with the enlargement in total assets, which reduces the ROA.

As stated above, total assets are quite larger in when it is economic normality time, resulting in average firm is bigger in size in these years since firm size is calculated by natural logarithm of total assets.

By the same token, dividends are paid fairly fewer when the market faces financial decline. In this period, dividend payout ratio's average value is 0.683. Meanwhile, it is 1.994 when the economy becomes better.

Liquidity in two periods is not distinguished from each other. It has the mean which is well over 0.9 for both time intervals. This might be due to fewer debts issuance in financial crisis, which allows enterprises to pay for short-term obligations easier although they might not have good performances.

4.2. **Pearson correlation**

Table 5 shows the pairwise correlations among variables. Overall, there are not any serious correlations.

As shown, most of their correlation coefficients are smaller than 0.5, which ensures that there is no serious correlation among them. In particular, dividend policy correlates the least with other variables, nearly no correlation at all. Meanwhile, the remaining variables have very few influences on each other. For instance, the coefficient for liquidity – firm value correlation is only 0.2, for profitability – liquidity is 0.233, firm size – capital structure is 0.237.

However, there are two figures that are quite higher than 0.5.They are the correlation coefficients between profitability and firm value, which is 0.594, and -0.59 between liquidity and firm value. These are also significant at 1% so there are moderate correlation between them. Besides, these figures are also the highest value in the table.

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Table 5. Pearson correlation

Variables	Firm value	Capital structure	Profitability	Firm size	Dividend policy	Liquidity
Firm value (Tobinq)	1.000					
Capital structure (CAP)	-0.438***	1.000				
	0.000					
Profitability (PROF)	0.594***	-0.457***	1.000			
	0.000	0.000				
Firm size (SIZE)	0.113***	0.237***	0.009	1.000		
	0.000	0.000	0.719			
Dividend policy (DPR)	-0.022	0.015	-0.030	0.021	1.000	
	0.398	0.551	0.249	0.413		
Liquidity (LIQ)	0.200***	-0.590***	0.233***	-0.248***	-0.015	1.000
	0.000	0.000	0.000	0.000	0.550	

*** $p<0.01$, ** $p<0.05$, * $p<0.1$

(Source: STATA software)

4.3. **Multicollinearity analysis**

Table 6. Multicollinearity with VIF analysis

	VIF	1/VIF
Capital structure	1.884	0.530740
Profitability	1.289	0.775501
Firm size	1.099	0.909788
Dividend policy	1.001	0.998617
Liquidity	1.565	0.638895
Mean VIF	1.368	.

(Source: STATA software)

Table 4 reveals the results about multicollinearity test among variables. The variable inflation factor (VIF) test is applied in order to examine if there are any severe multicollinearities. Since the Pearson correlation analysis sometimes leads to misunderstanding as well as fails to interpret correlation, VIF analysis followingly conducted is a necessity. Generally, although the VIF values of them are higher than 1, there are no serious linear relationships among the determinants of firm value.

It is clear from the table that firm size and dividend policy have the VIF value of only 1.099 and 1.001, in turn. They are just well over the standard VIF which is 1. With these values, it can be confirmed that they do not significantly related to the other factors.

Regarding profitability and liquidity, they have moderate VIFs of 1.289 and 1.565, respectively.

The highest value is of capital structure, which is 1.884. Nonetheless, it is quite over 1 but still under 2 and it is acceptable.

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4.4. Regression results

4.4.1. Overall results with FEMand REM

Table 7. Overall results

	Fixed effects	Random effects
Capital structure	-1.06379***	-0.99580***
	(9.35)	(10.10)
Profitability	1.44692***	1.93801***
	(8.21)	(11.12)
Firm size	0.22282***	0.12885***
	(8.55)	(8.11)
Dividend policy	0.00006	0.00003
	(0.23)	(0.12)
Liquidity	0.02269**	0.01493
	(1.98)	(1.29)
Constant	-5.01915***	-2.52669***
	(7.26)	(5.96)
Observations	1,520	1,520
F-stat	57.25	
*** $p<0.01$, ** $p<0.05$, * $p<0.1$		

(Source: STATA software)

Table 5 illustrates the overall results after applying fixed effects model (FEM) and random effects model (REM) which are two of the most appropriate models for panel data. On the whole,there are certain differences when using different approach to estimate the impacts of capital structure, profitability, firm size, dividend policy, and liquidity on firm value.

As shown, capital structure, profitability, and firm size significantly impact firm value in both models. Meanwhile, liquidity statistically related to firm value only in FEM.

In contrast, dividend policy is the only factor which is proved that having no correlation with firm value. Its coefficients are tiny (0.00006 in FEM and 0.00003 in REM), and it is also insignificant.

Due to the distinguish characteristics and results of these two models, Hausmann test is required in order to determine which model is suitable for the panel data as well as for this paper purposes.

4.4.2. Model testing

Hausman test (or Hausman specification test) was first presented by Jerry A. Hausman in 1978. This test will assist the researcher to determine whether to select FEM or REM. The null hypothesis in this test is: REM is applicable, while the alternative hypothesis is: FEM is appropriate(Hausman, 1978). The null hypothesis can be rejected if the p-value is lower than 0.05,and the alternative hypothesis is accepted.

Table 8. Hausman test

	Coef.
Chi-square test value	372.942
P-value	0.00000

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(Source: STATA software)

Table 6 depicts the Hausman test result. It is clear from the table that the p-value is under 0.05, concluding that null hypothesis is not accepted in this research. Therefore, the suitable model for analysis for this study is FEM.

4.4.3. Fixed effects model results

Table 9. Fixed effects model results

Firm value	**Coefficient**	**Standard Error**	**t-value**	**p-value**	**[95% Confidence Interval]**	
Capital structure	-1.06379	0.114	-9.35	0.000	-1.287	-0.841
Profitability	1.44692	0.176	8.21	0.000	1.101	1.793
Firm size	0.22282	0.026	8.55	0.000	0.172	0.274
Dividend policy	0.00006	0.000	0.23	0.817	0.000	0.001
Liquidity	0.02269	0.011	1.98	0.048	0.000	0.045
Constant	-5.01915	0.691	-7.26	0.000	-6.375	-3.663
Mean dependent var		0.656	SD dependent var			0.656
R-squared		0.174	Number of observations			1520
F-test		57.253	Prob > F			0.000

(Source: STATA software)

In table 6, the results of fixed effects model (FEM) are displayed. In general, there are four out of five variables have significant impact on firm value.

About capital structure, it has the coefficient of -1.06379 and the significance level of 1%. If capital structure increases by 1, Tobin's Q (as a measurement of firm value) will decrease by 1.06379 with the condition that nothing else alter. This result implies that capital structure and firm value shift in the opposite direction. Furthermore, if firms desire to have their value favorable for the following years, they will need to reduce debts in their capital structure.

Being determined by ROA ratio, profitability has its beta of 1.44692, which shows that there is a positive relationship between it and firm value, considering there are no changes in other variables. Whenever firms wish to raise their value, they probably have to raise their profits so as to the ROA ratio can be improved. Moreover, this correlation is also significant at 1% since the p-value is smaller than 0.01. It confirms that firm value can be predicted by profitability.

Firm size is another factor that significantly and positively impacts firm value. Its coefficient value is 0.22282 and the significance level is 1%. Due to the measurement of firm size (natural logarithm of total assets),the coefficient suggests that if firm size increases by 1%, the Tobin's Q will increase by 0.0022282.

Compared to three variables mentioned above, firm liquidity has slighter influence on firm value. To be

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specific, its beta value is only 0.02269, indicating that Tobin's Q is expected to rise by 0.02269 when the quick ratio increases by 1. Also, the significance level of this correlation is 5%.

Regarding dividend policy, it is the only variable insignificantly affects firm value. In simple words, it does not influence firm value at all because the coefficient is just 0.00006 and the p-value is 0.817.

For the fixed effects model regression, its R-squared (R^2) is 0.174. This result presents that the dependent variable (firm value) is predicted by independent variables which are capital structure, profitability, firm size, dividend policy, and liquidity by a percentage of 17.4%. Therefore, there are probably more independent factors which are not included in this study have considerate effects onfirm value. On the one hand, the p-value here is remarkably small which states that independent variables mentioned in the model actually and certainly make changes to the dependent variable which is firm value.

4.4.4. Heteroskedasticity testing

Table 10. Modified Wald test for heteroskedasticity in FEM

H_0: $\sigma(i)^2 = \sigma^2$ for all i
Chi^2 (152) = 75492.27
Prob > chi^2 = 0.0000

(Source: STATA software)

As illustrated in table 8, the p-value for heteroskedasticity test is smaller than 0.05. Thus, the null hypothesis is rejected and heteroskedasticity exists in the regression model. About a solution to this problem, an alternative model which is fit panel-data model by using feasible generalized least squares (FGLS) is considered to be put into use.

FGLS is a kind of generalized least squares (GLS), a method for estimating regression model besides ordinary least squares and weighted least squares. In practical, it can be used to examine the unknown parameters under the heteroskedasticity for a medium and large sample like in this study.

4.4.5. FGLS results

Table 11. FGLS results

Firm value	**Coefficient**	**Standard Error**	**t-value**	**p-value**	**[95% Confidence Interval]**	
Capital structure	-0.68719	0.0403	-17.05	0.000	-0.766	-0.608
Profitability	3.58102	0.1205	29.72	0.000	3.345	3.817
Firm size	0.03167	0.0052	6.07	0.000	0.021	0.042
Dividend policy	-0.00003	0.0002	-0.14	0.889	-0.001	0.000
Liquidity	-0.01317	0.0092	-1.44	0.150	-0.031	0.005
Constant	-0.21631	0.1392	-1.55	0.120	-0.489	0.056
Mean dependent var		0.656	SD dependent var			0.656
Chi-square		2166.035	Number of			1520

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		observations
Prob > chi2	0.000	

(Source: STATA software)

Table 9 shows the regression results after applying FGLS approach, assuming that there is no economic downturn at all. As can be seen, there are a few changes compared to the initial outcomes, before testing for heteroskedasticity. Capital structure, profitability, firm size, and dividend policy are the factors that do not have many changes. Yet, liquidity is the only one that considerably alters.

Currently, capital structure still has a statistically negative impact on firm value because the coefficient is -0.68719, and the significance level is at 1% because the p-value is 0.000 and lower than 0.01.If capital structure rises by 1, firm value will drop by a rate of nearly 0.69. Therefore, hypothesis 1 is surely accepted.

Likewise, the relationship between profitability and firm value is altered but not much. To be specific, whenever the ROA (the parameter of profitability) experiences growth by 1, firm value is projected to increase by around 3.58. This correlation also significant at 1% since the p-value is lower than 0.01.Hence, hypothesis 2 is confirmed, which states that firm value is significantly and positively influenced by profitability.

The following determinant which is mostly unchanged is firm size. It still has a positive and significant effect on firm value with a beta of 0.03167, and a p-value of 0.000 which is smaller than 0.01. There will be an increase in firm value by approximately 0.03% if firm size goes up by 1. For this reason, hypothesis 3 is also approved.

Talking about dividend policy, it insignificantly correlates with firm value, which is the same with the results before using FGLS. Its coefficient is very tiny which is just -0.00003, and a p-value is 0.889 which is higher than 0.1. Consequently, it is unfavorable to accept hypothesis 4.

Concerning liquidity, it is the only variable has the most difference compared to itself at the beginning. It now has a beta of -0.01317 which is not really high. Also, its p-value is 0.150, which merely surpasses the significance level of 10%. Therefore, hypothesis 5 about the significantly positive correlation between liquidity and firm value cannot be accepted.

4.4.6. FGLS results considering financial crisis effects

Table 12. FGLS results with financial crisis effect

Firm value	**Coefficient**	**Standard Error**	**t-value**	**p-value**	**[95% Confidence Interval]**	
Capital structure	-0.67083	0.044	-15.36	0.000	-0.756	-0.585
Profitability	4.14619	0.135	30.67	0.000	3.881	4.411
Firm size	0.03032	0.006	5.11	0.000	0.019	0.042
Dividend policy	-0.00003	0.000	-0.12	0.903	0.000	0.000

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Liquidity	-0.01152	0.009	-1.29	0.198	-0.029	0.006
Financial crisis (FC)	0.65663	0.350	1.87	0.061	-0.031	1.342
FC*Capital structure	0.02532	0.086	0.29	0.769	-0.144	0.194
FC*Profitability	-1.63442	0.274	-5.97	0.000	-2.171	-1.098
FC*Firm size	-0.02485	0.014	-1.84	0.066	-0.051	0.002
Constant	-0.19710	0.158	-1.25	0.211	-0.506	0.112
Mean dependent var		0.656	SD dependent var			0.656
Chi-square		2425.813	Number of observations			1520
Prob > chi2		0.000				

(Source: STATA software)

Table 12 shows the results of the FGLS model when examining the influences of financial crisis (variable FC).

Without the effect of economic constraints, capital structure, profitability, and firm size significantly correlate with firm value at 5% significance level.Their coefficients are -0.67083, 4.14169, and 0.03032, respectively. Meanwhile, dividend policy and liquidity have insignificant relationships with firm value since their p-values are larger than 10% which are 0.903 and 0.198, and their coefficients are alsovery small.

If there is financial crisis, those correlations will be different. Regarding profitability, it hasa beta of nearly 2.51, meaning that it will help firm value to rise by 2.51 if it increases by 1. It is approximately half lower than itself when there is nofinancial distress.The connection between firm value and profitability in this case is significant at the level of 5%.Likewise, firm size correlates with firm value at the significance level of 10%, and with the coefficient of around 0.0055 which is smaller than when firms are not in the years of financial crisis. The reason which leads to these differences is that in this period, firm value is more likely to be driven by many other factors beyond those that are documented in this paper.

On the other hand, the connectionbetween firm value and capital structure is insignificant because its p-value is higher than 0.1.

4.5. **Discussions**

Table 13. Hypotheses testing results

	No financial crisis	Financial crisis
Hypothesis 1	Accepted	Rejected
Hypothesis 2	Accepted	Accepted
Hypothesis 3	Accepted	Accepted
Hypothesis 4	Rejected	N/A
Hypothesis 5	Rejected	N/A

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Table 13 sums up the analyzing results of hypothesesvia the outcomes from regression model. In general, when financial crisis does not exist, there are three out of five acceptances for the declared hypotheses, which are hypothesis 1, 2, and 3. On the other hand, only hypotheses 2 and 3areaccepted if there is the appearance of financial crisis.

The situation when there is no economic downturn will be firstly discussed.

Hypothesis 1 mentions the significantly negative correlation between firm value and capital structure. This is corresponding with some prior studies by Dang et al. (2019), Demirhan and Anwar (2014),Sudiyatno et al. (2021),Vo and Ellis (2017), and other researchers. Considering manufacturing industry, the total debts used are quite many since the demand to purchase and invest in factories, facilities, and machineries. Although most enterprises have been doing their best to balance liabilities and equity, the real value of debts areenormous compared to other industries. Figure 2 reveals how different in the total liabilities of manufacturing enterprises and three other sectors that are utilities, information technology, and retailing sector.With such a tremendous amount of debt, investors behavior towards firms in manufacturing sector might slightly differ from those which are in other industries. Since firms cannot always generate profits as they wished whereas expenses are still incurred, shareholders and investors would not want to see an increase in liabilities as well as costs. Even though this result goes against some capital structure theories cited in literature review, the explanation is believed to be reasonable when analyzing manufacturing firms. Indeed, it might not be applicable to other companies rather than manufacturers.

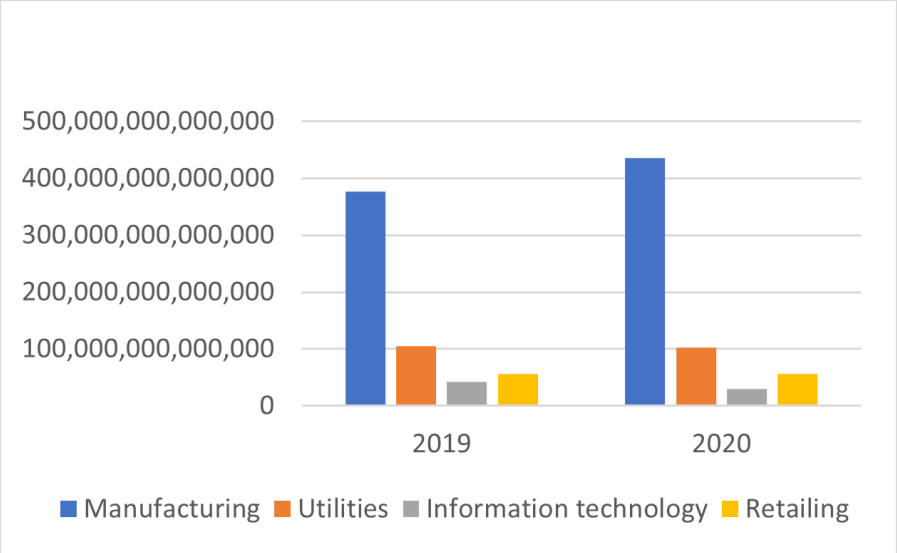

Figure 2. Total liabilitiesamong industries

(Source: VietstockFinance website and Excel)

Hypothesis 2 states that profitability positively and significantly correlates with firm value. The result related to this hypothesis helps to clarify the relationship between these two. This is in line with moststudies such asDang et al. (2019),Demirhan and Anwar (2014),Gill and Obradovich (2012),Husain et al. (2020),Purwohandoko (2017), and Sudiyatno et al. (2021). Creditors and stockholders of firm would be very satisfied to witness a rise in profitability, so that they would tend to invest more and make the stock price

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increase. As a result, firm value measured by Tobin's Q will also increase.

Hypothesis 3 is the last one being accepted among all five hypotheses. By examining the result, it is concluded that firm size would contribute to the growth of firm value. The bigger the firm scale is, the higher the firm value is. When a firm becomes larger in size, especially considering about financial scale, it will be likely to attract investment. Thus, value of a firm will probably climb due to the rise of its market capitalization. The same finding was figured out by Dang et al. (2019),Gill and Obradovich (2012), Husna and Satria (2019), Lumapow and Tumiwa (2017),Purwohandoko (2017), andRizqia et al. (2013).

Hypothesis 4 is rejected which means firm value is not impacted by dividend policy. Some researchers also concluded the same like Husna and Satria (2019), Fajaria (2018), and Sukmawardini and Ardiansari (2018).Despite a common sense that people keep investing when the firm continuously pay dividends, this might not an actual driver of firm value. Having a good dividend policy does not mean paying a vast amount of dividend, but it refers to the how reasonable a firm would pay dividend. Board of directors of firms need to review other factors and financial ratios before making decision about dividend policy.

Hypothesis 5 is also unaccepted, indicating that liquidity of manufacturing firms cannot drive their value.This is not in accordance with most empirical literatures in which it was found that liquidity and firm value are positively and significantly related. The first reason which leads to this finding is that manufacturing firms might not need to be high liquidated to attract investors. Their current liabilities are fairly large so that it is hard to expect a high liquidity ratio. In addition, the range of this study does not cover the whole Vietnamese market, so this result might not be certainly correct. Also, the approach to measure liquidity might need to be reconsidered. Current ratio or cash ratio is possibly more accurate rather than quick ratio which is used in this research.

Since most of the time people are not aware of difficult circumstances, it is hard to deal with problems that suddenly arise. Therefore, contemplating a specific scenario like financial crisis will broaden the approaches to that situation, and some solutions may be needed to deal with the issues.

In this case, hypothesis 2 and 3can be applied. In other words, if businesses operate in economic slowdown period, they will possibly need to focus more on improving or at least maintaining their profitability ratios.Firms which are profitable canperform their short-term and long-term obligations more comfortably, and they can use the income to reinvest and expand. Moreover, the investors are oftenattracted by enterprises that effectively generate income even though the market is experiencing a decline. Besides profitability, an enterprise in this stage of economy can make efforts to escalate its size because it can increase firm value. Enlarging firm size might be easier than profitability to some extent, but it is slightly less impactful than profitability. Hence, one of the best approaches is that companies ought to try to be balanced in rising size and profitability.

Even though capital structure, dividend policy, and liquidity may not influence firm value in economic downturn, firms can be aware of controlling these so that their financial condition and financial statements will look good.

5. CONCLUSIONS

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5.1. Conclusions

It is believed thatbesides corporate governance and corporate social responsibility, firm value management is one of the most crucial tasks which would contribute to the development of a firm. For the purpose of raising firm value, financial managers should take factors affecting firm valueinto consideration. In this study, some determinants of firm value, which are capital structure, profitability, firm size, dividend policy, and liquidity, are analyzed. There is the concern that what the real effects of the proposed determinants on the value of Vietnam manufacturing enterprises are. Therefore, the importance of controlling firm value would be scrutinize, especially for businesses within Vietnam territory.

The context of this study is in Vietnam manufacturing industry. The sample data is a collection of 152 manufacturing enterprises listed on HOSE and HNX, covering for the period of ten years (2010-2019). The data is gathered from reliable websites provided by each firm as well as some financial companies.By conducting several analysis and tests, the researcher could generate appropriate results, and therefore, conclusions are drawn.

In summary, if not considering economic downturn scenario,there are three factors that have significant influences on firm value which are capital structure, profitability, and firm size. Meanwhile, it seems that dividend policy and liquidity do not impact firm value.

First, capital structure significantly and negatively correlates with firm value. This suggests that firm value and capital structure would change in the inverse direction.

Second, profitability has statistically positive relationship with firm value. It means the higher the profitability, the higher the firm value.

Likewise, firm size also significantly impacts firm value in a positive way. The expectation is that there will be a rise in firm value when firm size witnesses an increase.

On the other hand, dividend policy has no actual impact on firm value. No matter how good or bad the dividend policy is, the firm value would not be affected.

Finally, liquidity is also a variable that cannot make changes to firm value. This conclusion might be applied for manufacturing companies but might not be suitable for other industries.

However, the effect of financial crisis can make some changes to the proposed assumptions. To be specific, only profitability and firm size has significant and positive correlation with value of enterprises. Meanwhile, capital structure, dividend policy, and liquidity does not impact firm value in economic recession.

5.2. Implications

Based on the conclusions, some implications are discussed so as to make the study more meaningful and valuable. Manufacturing enterprises in Vietnam may refer to some ideas and conclusions in this paper to designfavorable strategies for enlarging and maximizing firm value. Also, it is hoped that this empirical work can contribute a tiny proportion to the development of Vietnamese economy.

Financial managers can develop suitable plans and create goals for their companies. The plans and goals would need to concentrate on how to improve profitability as well as increase firm size so firm value will be raised. To be specific, they can attempt to reduce expenditures and increase profits. Additionally, internal expansion or merger and acquisition will help the firm to grow in its size.

Simultaneously, firms should control a moderate debt structure, trying to maintain a stable level of debts and

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liabilities. Debts and borrowings should be punctually paid, at least not exceed too much from the maturity. Moreover, the funds that come from external sources ought to be used more wisely and strictly managed.

In regard to dividend policy, despite not substantially influencing firm value, it still needs to be fitted in with the company's situation and be reasonable. It is true that dividends often satisfy shareholders, but if the financial condition is not good enough, investors and shareholders will probably leave the company.

The same story can be applied with liquidity. In this study, although liquidity does not significantly change firm value, enhancing liquidity ratio is typically a good thing for firms. If a firm has this ratio at a low level, it might be judged about its financial situation.

At the moment, the COVID-19 pandemic is spreading and having no signal to stop soon, which leads to economic difficulties and many businesses are negatively affected. Therefore,the interaction between firm value and its determinants in financial crisis analyzed in this study is hoped to be a valuable reference for firms in Vietnam, especially manufacturing firms. Their top priority now is to try to increase or at least stabilize their profitability as well as their size so that firm value can be better improved.

5.3. **Limitations**

Like many other studies, this working paper also includes a number of limitations, which prevents the researcher to draw fully accurate conclusions and practical suggestion.

One of the main limitsis the range of observations involves in this research. In particular, it deals with approximately three-quarters of manufacturing firms which have listed on HOSE and HNX. Additionally, only manufacturing industry is examined, and it lacks the appearance of all other sectors exist in Vietnamese market, specifically stock market. Consequently, the results might only be correct to manufacturing companies, but not the whole market.

Another negative aspect when conducting this research is the factors which are documented are not enough to analyze entirely how firm value is determined. In this study, there are five independent variables are proposed to be the determinants of firm value, but it is supposed that more factors need to be taken into consideration. Besides, some variables like dividend policy or liquidity can be replaced by those are more impactful.

The last difficulty which the researcher faced is more prior studies cannot be reviewed since there are not an immense number of literatures which did on this topic. It took quite much time to not only find the research related to the topic but also make sure the sources are reliable and credible enough.

5.4. **Recommendations**

There are several suggestions for later studies on this topic.

The first recommendation is following researchers should employ more firms in other industries as well, not just manufacturing firms. They can even narrow down the time period so that many companies having later IPO can be included in the panel data.

Secondly, other factors like board size, firm age, and corporate governanceare believed to be reasonableto be inserted in the model for better firm value evaluation. And when there are other industries, industry dummy variables are also necessary.

Finally, more scientific articles in the past should be reviewed so that hypotheses and assumptions could be more accurate. In addition, reviewing them would help to avoid some unnecessary mistakes as well as

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limitations.

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FACTORS INFLUENCING THE CAPITAL MOBILIZATION CAPABILITY OF LARGE FIRMS

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Abstract

Capital mobilization is a crucial factor for business growth, enabling firms to expand operations, invest in new projects, and remain competitive. However, large enterprises in Vietnam face significant challenges in securing capital due to regulatory constraints, economic fluctuations, and investor risk perceptions. The study's purpose is to build a research model examiningfactorsthat affect the capital mobilization capability of large enterprises in Vietnam. The study utilizes a quantitative approach, employing regression analysis to assess the relationships between the independent and dependent variables. Theoretical frameworks including Trade-off Theory, Pecking Order Theory, Signaling Theory, and Life Cycle Theory are used to explain financing behaviors and capital structure decisions. The study findings are expected to provide insights into how large enterprises can improve their access to capital, offering recommendations for businesses and policymakers to enhance financial strategies, regulatory frameworks, and investment environments.

Keywords: *Capital Mobilization Capacity, Debt-to-Equity Ratio, Financial Market, Financial Performance, Firm Age, Firm Size, Interest Rate,Large Enterprises.*

1. INTRODUCTION

1.1 Background of the Study

Vietnam is a development success story. Economic reforms since 1986, combined with favorable global trends, have rapidly transformed Vietnam from one of the world's poorest countries to a lower-middle-income country. GDP per capita has increased sixfold in less than 40 years, from less than $600/person in 1986 to nearly $3,700 (2015 PPP). The poverty rate (based on the $3.65/day standard, 2017 PPP) has fallen from over 14% in 2010 to 4.2% in 2020.

Over the past 10 years, Vietnam's economy has grown strongly. GDP has increased from 2014 (5.06%) to the end of the fourth quarter of 2024 (7.55%) (General Statistics Office of Vietnam, 2024). In terms of purchasing power, per capita income in Vietnam in 2024 has doubled compared to 10 years ago, or about 442.61 billion USD (World Bank, 2024).

Contributing to that development is the great effort of large enterprises. Large enterprises play a key role in the socio-economic development of Vietnam, bringing about far-reaching impacts in many aspects. They contribute significantly to GDP, create a large number of jobs, thereby reducing unemployment and increasing people's income. Thanks to strong financial potential, large enterprises are able to invest in research and

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development (R&D), technological innovation, helping to improve labor productivity and economic competitiveness. Large enterprises make an important contribution to improving Vietnam's competitiveness. They are often leading units in key economic sectors, creating spillover effects and promoting the development of the entire sector. With their large scale and experience, they are able to participate in the global value chain, expand export markets and enhance Vietnam's position in the international arena. Moreover, they can cooperate with foreign partners to transfer advanced technology, helping to improve Vietnam's technological level. Large enterprises play an important role in promoting startups (Communist Party of Vietnam, 2020). Large enterprises are the foundation for startups - entrepreneurs, and are large consumers for startups (Communist Party of Vietnam, 2020). Large enterprises create a healthy business ecosystem, supporting the development of small and medium enterprises (SMEs). They create supply chains, creating opportunities for SMEs to participate in production and business activities. Large enterprises also support capital and finance for startups, promoting the entrepreneurial spirit.

However, large enterprises in Vietnam are facing many challenges in raising capital. In the first five months of 2023, the number of capital raising transactions decreased by more than 35% compared to the same period last year. In particular, the number of deals from private equity funds and venture capital funds (PE/VC) decreased by 75% in the same period, showing the caution of investors in the face of economic and financial fluctuations (Investment Newspaper, 2023). In addition, the international bond market is underdeveloped, with the total issuance scale reaching only 1.24 billion USD by the end of 2021, equivalent to 0.45% of GDP, a figure quite low compared to the needs of businesses (Finance Magazine, 2021). In addition, investment appetite is also shifting, as funds focus on businesses with sustainable profits instead of companies that are expanding and do not have clear profits (Investment Newspaper, 2023). These difficulties require large enterprises in Vietnam to have a more flexible financial strategy to access capital effectively.

Investigating the factors that affect capital mobilization of large enterprises is necessary because it not only helps identify specific barriers but also creates a basis for proposing appropriate, long-term solutions. Successful capital mobilization is a decisive factor for the growth and competitiveness of enterprises in the market economy. When large enterprises encounter difficulties in accessing capital, the supply chain may be disrupted, expansion plans may be delayed and competitiveness with international competitors may also decrease. In addition, the ability to mobilize capital also affects the efficiency of resource use in the economy, affecting employment, labor productivity and the development of related industries. If the core issues are not clearly understood and resolved, enterprises may fall into financial decline, lose development opportunities and lead to the weakening of the entire market. Therefore, studying the factors affecting capital mobilization not only brings direct benefits to businesses but also helps to plan effective financial policies, supporting the sustainable development of the Vietnamese economy in the context of global integration.

1.2 Research Objectives

With the current context and situation, the present study aims to discover the factors that affect large Vietnamese enterprises' ability to raise capital. Based on the results of the studyrecommendations will be made to help large enterprises improve their ability to access capital, supporting their growth and competitiveness in the market.

2. LITERATURE REVIEW

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2.1 Definition of Key Concepts

2.1.1 Capital Mobilization Capability (CMC)

Capital mobilization capability refers to a firm's ability to raise financial resources from various channels, including banks, private investors, government funding, and capital markets. It implies the ability of financial institutions to accumulate, stimulate savings, and efficiently allocate capital to entrepreneurs and businesses, thereby overcoming obstacles to industrialization (Fohlin, 1997).

It is an essential component of business growth, influencing a company's ability to expand operations, invest in new projects, and withstand financial downturns. A firm with high CMC can access diverse funding sources at competitive costs, ensuring its financial stability and growth potential.

2.1.2 Large Enterprises

Large enterprises are significant economic actors characterized by substantial turnover and organizational structures that influence socio-economic landscapes (Jan Sucháček, 2015).Large enterprises are defined as significant industrial organizations that embody the latest scientific and technological advances, engage in capital formation, productivity growth, and technological innovation, and often dominate markets through extensive manufacturing, marketing, distribution networks, and managerial hierarchies (Alfred D. Chandle, Takashi Hikino, 1997).

Large enterprises represent the number of years a company has been in operation. Older firms tend to have more experience in managing finances, securing funding, and building relationships with financial institutions. A long-established firm is often seen as more reliable by investors and banks, making it easier to raise capital. In contrast, younger firms may face difficulties due to a lack of financial history and lower credibility in the market.

2.1.3 Firm Size

Firm size is a significant determinant of capital accessibility. Firm size refers to company's scale, assets, and operations.It can influence investor decisions and market perceptions (Akbar, 2023).Larger enterprises generally have an advantage in raising capital due to their established reputation, greater financial resources, and ability to provide collateral. In contrast, smaller firms face higher scrutiny from lenders and investors, making it more difficult for them to secure financing.

2.1.4 Firm Age

Firm age refers to the length of time a company has been in operation. It is usually measured in years since the company was founded or officially registered. Company age can be an important factor in assessing a company's stability, experience, and reputation. Older firms generally have stronger relationships with financial institutions, a well-documented financial history, and higher investor confidence, making it easier to obtain funding (Diamond, 1989). Conversely, younger firms often face financial constraints due to limited credit histories and higher perceived risks, restricting their ability to mobilize capital (Berger & Udell, 1998).

2.1.5 Financial Performance

Financial performance is a key indicator of a company's creditworthiness and attractiveness to investors. It is defined as the effectiveness of a business strategy and its execution, reflecting profitability, operating ability, solvency, and growth ability. It indicates the impact of cost control, asset management, capital allocation, and return on shareholders' equity (Liu, 2024).

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2.1.6 Financial Market

The financial market is a marketplace where various financial instruments, such as stocks, bonds, commodities, currencies, and derivatives, are traded.A well-developed financial market provides SMEs with more financing options.

2.1.7 Interest Rate

Interest rates determine the cost of borrowing capital and play a crucial role in financing decisions. High interest rates increase the cost of debt, making it more challenging for firms to raise capital, particularly for small and medium-sized enterprises (SMEs) with limited financing options (Bernanke & Gertler, 1995). Conversely, low interest rates encourage borrowing and investment, improving firms' ability to mobilize capital. The impact of interest rates varies depending on monetary policy, inflation levels, and overall economic conditions (Mishkin, 1996).

2.1.6 Debt – to – Equity Ratio

The debt-to-equity ratio measures a firm's financial leverage and indicates the proportion of debt used relative to shareholders' equity. It is a key indicator of financial risk, with high ratios suggesting over-reliance on debt financing, which may increase default risk and reduce investor confidence (Modigliani & Miller, 1958). A balanced capital structure, where debt and equity financing are optimized, can enhance a firm's ability to raise additional capital while maintaining financial stability (Myers, 2001).

2.2 Review of Related Theories

2.2.1 Trade - off Theory (TOT)

Trade-off Theory, introduced by Modigliani & Miller (1963) and further developed by Myers (1977), suggests that firms balance the benefits and costs of debt financing to determine an optimal capital structure. For large enterprises, debt financing provides significant tax advantages, but excessive debt increases financial distress risk and reduces firm value.

This theory explains why some firms rely on a mix of debt and equity rather than using only one financing method. It also shows why companies with higher financial performance can take on more debt without facing serious financial problems.

According to the trade-off theory, large firms, with their established creditworthiness and diversified revenue streams, can leverage more debt efficiently without facing immediate financial distress risks (Kraus & Litzenberger, 1973). However, beyond a certain threshold, the cost of financial distress surpasses the benefits of tax shields, discouraging excessive borrowing.

2.2.1 Pecking - Order Theory (POT)

Pecking-order theory has its foundation in Donaldson (1961) and was further developed by Myers & Majluf (1984). This theory is not used in practice.

From the investor's perspective, both equity and debt are risky, but equity is riskier, requiring a higher rate of return. This leads to a pecking order, whereby investment is financed first by internal funds (mainly retained earnings), followed by new debt, and finally by new equity issuance. However, the pecking-order theory does not explain the differences in debt ratios across industries. For example, debt ratios tend to be low in high-tech, high-growth industries even when the need for external capital is very large.

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2.2.3 SignalingTheory

Signaling Theory, developed by Ross (1977), explains how firms communicate their financial strength and future potential to investors through their financing decisions. The core idea is that companies with better prospects use financial signals (such as issuing debt or retaining earnings) to differentiate themselves from weaker firms.

For large enterprises, capital structure choices send strong signals about their stability and growth prospects. When a company issues bonds or takes on debt, it signals confidence in future earnings, making it easier to secure funding at lower costs. Conversely, issuing new equity may indicate financial distress or undervaluation, leading to lower investor confidence and stock price declines. Additionally, firms that maintain stable dividend payments reinforce their reliability and attract long-term investment.

2.2.4 Life Cycle Theory

Life Cycle Theory, introduced by Mueller (1972), explains that firms go through different stages—startup, growth, maturity, and decline—each affecting their financial behavior and capital mobilization strategies. At each stage, firms face different opportunities and constraints in accessing capital.

In the growth phase, companies actively seek external financing, relying on equity or high-interest debt due to limited credit history. As firms reach maturity, they benefit from established reputation, stable cash flows, and higher retained earnings, enabling easier access to bank loans, bonds, and long-term capital. However, in the decline stage, firms may struggle to attract investment due to reduced profitability and market uncertainty.

2.3 Hypothesis Development

Numerous studies have highlighted that SMEs face greater financial constraints than large firms, primarily due to limited access to formal finance, strict collateral requirements, and high administrative costs (Beck & Kunt, 2006). Reports from the International Federation of Accountants (2006), International Finance Corporation (2013), and Asian Development Bank (2013) emphasize that the lack of an effective legal framework further hinders SMEs' ability to secure funding.

While research on SMEs' financial challenges is extensive, fewer studies have focused on the capital mobilization strategies of large enterprises. Existing literature suggests that institutional reforms, foreign direct investment (FDI), administrative policies, and banking sector support significantly impact large firms' financing decisions. Institutional reforms, such as simplifying administrative processes and enhancing transparency, improve capital access, while FDI policies targeting high-tech industries attract significant funding opportunities. However, administrative changes may also create short-term uncertainties that affect investor confidence.

Additionally, government-backed banking sector support, such as capital injections into state-owned banks like Vietcombank, enhances the financial system’s capacity to assist large enterprises in securing long-term funding. Despite these insights, there remains a gap in research on how these factors specifically affect large enterprises in Vietnam, highlighting the need for further analysis on firm age, financial performance, and market conditions in shaping their capital mobilization strategies.

2.3.1 Firm Size and Capital Mobilization Capability

Enterprise size is often associated with financial capacity, reputation, collateral and risk diversification. Large enterprises often have more collateral and higher reputation, thereby creating trust for banks and investors.

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According to the "pecking order" theory (Myers & Majluf, 1984), large enterprises tend to have easier access to loan sources due to more transparent information and lower risks in the eyes of investors and banks. Therefore, when large enterprises use external capital after exhausting internal capital, the cost of debt will be lower than that of small enterprises, increasing the ability to mobilize capital.

According to the trade-off theory, large firms are often able to bear higher financial risks (e.g., have stable cash flows, strong collateral), so they can take advantage of the tax shield when using debt. As a result, large firms can find an optimal debt level where the benefits of debt outweigh the costs.

H1: Larger enterprises are more likely to raise capital than smaller enterprises.

2.3.2 Firm Age and Capital Mobilization Capability

Firm age is an important factor influencing capital mobilization, as older firms tend to have stronger reputations, established financial records, and better relationships with financial institutions. According to Life Cycle Theory (Mueller, 1972), firms go through different stages—startup, growth, maturity, and decline—each affecting their financing strategies. In early stages, firms struggle to raise capital due to high risk and limited operational history, while mature firms benefit from better access to external funding through bank loans, bonds, and equity markets.

Additionally, Signaling Theory (Ross, 1977) suggests that firm age serves as a positive signal to investors, indicating stability, reliability, and lower default risk. Older firms are perceived as less risky, making it easier for them to attract capital at favorable terms.

H2:Firm age has a positive effect on the capital mobilization capability of large enterprises in Vietnam.

2.3.3 Financial Performance and Capital Mobilization

Business performance (profit, ROA, ROE) plays an important role in creating trust for creditors and investors. Enterprises with positive financial results often have better financial leverage and are less likely to go bankrupt (Frank & Goyal, 2009). This means that they receive more favorable loan conditions, or are more likely to issue shares than enterprises with poor performance.

According to Pecking-order theory, enterprises with good profits will prioritize using retained earnings, and when they need to borrow, the cost of borrowing is also lower thanks to their high reputation (Titman & Wessels, 1988).

H3: Enterprises with positive financial results will find it easier to attract capital than enterprises with poor business performance.

2.3.4 Debt to Equity and Capital Mobilization Capability

The impact of debt-to-equity ratio (D/E) on capital mobilization is explained by Trade-off Theory and Signaling Theory. Trade-off Theory (Modigliani & Miller, 1963; Myers, 1977) suggests that firms seek an optimal debt level to balance tax benefits from interest deductibility with the risks of financial distress. Moderate debt levels improve capital mobilization by signaling confidence in profitability and financial health.

However, excessive debt increases financial risk, potentially reducing investor confidence and making it harder for firms to secure additional funding. According to Signaling Theory, a high debt-to-equity ratio may send a negative signal to investors, indicating a firm is financially unstable or overleveraged, which can increase borrowing costs and reduce access to capital.

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H4:The debt-to-equity ratio has a nonlinear effect on capital mobilization capability. Moderate levels of debt enhance capital mobilization, but excessive debt negatively affects it.

2.3.5Interest Rate and Capital Mobilization Capability

Interest rates influence capital mobilization by affecting the cost of borrowing and firms' financing choices. Pecking Order Theory (Myers & Majluf, 1984) argues that firms prefer internal financing (retained earnings) over external financing due to information asymmetry and the high cost of issuing new equity. When interest rates rise, borrowing becomes more expensive, discouraging firms from taking on debt and limiting their ability to mobilize capital.

Additionally, Trade-off Theory suggests that higher interest rates reduce the attractiveness of debt financing, increasing financial distress costs and lowering a firm's willingness to use leverage. Firms facing high borrowing costs may delay investment and expansion, negatively impacting capital mobilization.

H5:Interest rates have a negative effect on the capital mobilization capability of large enterprises in Vietnam.

2.3.6 Financial Market and Capital Mobilization Capability

Transparent and effective corporate governance helps to reduce moral hazards, agency problems and increase investor confidence. A good legal and governance environment promotes the development of capital markets (La Porta, Lopez-de-Silanes, Shleifer &Vishny, 1998). Anderson, Mansi & Reeb (2004) also showed that enterprises with good governance often have lower borrowing costs and higher access to capital. As a result, the cost of borrowing or issuing shares is reduced, improving the ability to raise capital. This is consistent with both Trade-off Theory (reducing agency costs) and Pecking Order Theory (reducing information asymmetry).

H6: A transparent and effective corporate governance system can increase investor confidence, thereby improving the ability to raise capital.

3. RESEARCH METHODOLOGY

3.1 Research Design

The current study is mainly conducted using quantitative methods to examine the factors affecting the capital mobilization capability (CMC) of large enterprises in Vietnam. The quantitative method is chosen because the research model includes specific hypotheses that can be tested using statistical data. The variables in the model are clearly measurable through financial reports, macroeconomic data, and business surveys, ensuring the objectivity and reliability of the research.

By employing quantitative analysis, this study aims to statistically evaluate the relationships between these factors and capital mobilization capability. Methods such as multiple regression analysis, correlation tests, and hypothesis testing will be applied to identify the significance and direction of these relationships. The findings will provide scientific insights into optimizing financing strategies for large enterprises in Vietnam, offering practical recommendations for businesses and policymakers to improve capital accessibility.

3.2. Variable Measurement

Firm age (FA) is measured by the number of years since the company's establishment, reflecting its reputation and financial history.

Firm size (FS) is determined by total assets and the number of employees, which indicate the company's financial capacity and risk diversification.

Financial performance (FP) is assessed through key indicators such as ROA (Return on Assets), ROE (Return

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on Equity), and EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization), providing insights into the company's profitability and efficiency.

The debt-to-equity ratio (D/E) is used to measure financial leverage, which plays a crucial role in capital mobilization according to Trade-off Theory and Signaling Theory.

Interest rate (IR) is represented by the average borrowing rate in the market, affecting the firm's cost of capital and financing decisions as outlined in Pecking Order Theory and Trade-off Theory.

The financial market (FM) factor is assessed based on market liquidity, investor confidence, and corporate governance practices. A transparent and well-regulated financial market improves access to capital, in line with Pecking Order Theory and Trade-off Theory, as it reduces information asymmetry and lowers financing costs.

3.2 Data Collection and Analysis

The data selection criteria ensured that the data used was consistent with the research objectives and representative of the SME sector in Vietnam. The sampling criteria and procedures included:

- Time frame: Data from the past 10 years (2014-2024) were considered to reflect the latest financial conditions and policy changes.
- Sector coverage: Large enterprises in the real estate, raw materials, consumer staples and non-essentials, industrials, construction and healthcare sectors were included to capture changes in funding challenges.
- Data reliability: Only official reports, peer-reviewed studies and industry publications were used to ensure data reliability.

Before conducting regression analysis, preliminary statistics will be performed to ensure that the data set is suitable for hypothesis testing by summarizing and aggregating the variables.

To quantify the impact of factors on the capital mobilization capacity of Vietnamese large enterprises, the study uses a Multiple Linear Regression (MLR) model. This technique allows assessing the influence of each independent variable on the dependent variable (CMC), while controlling for the influence of other factors.

4. CONCLUSION

The ability to mobilize capital is a fundamental aspect of business sustainability and growth, particularly for large enterprises in Vietnam. The current study’s main purpose is to design a research framework examining the key capital mobilizationdeterminantsincluding firm size, firm age, financial performance, debt-to-equity ratio, interest rates, and financial market conditions. By employing Trade-off Theory, Pecking Order Theory, Signaling Theory, and Life Cycle Theory, the study provides a comprehensive understanding of how businesses navigate capital acquisition challenges and opportunities. The study findings are expected toprovide practical recommendations for enhancing capital mobilization strategies, ensuring the financial resilience of large enterprises, and contributing to Vietnam’s broader economic development. Future research directions are also suggested.

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GETTING ENGAGED IN EMPLOYMENT OPPORTUNITIES: INDISPENSABLE IN ENHANCING ONE'S LIVING CONDITIONS

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Abstract

The individuals, belonging to all communities and socio-economic backgrounds have one of the primary goals of getting engaged in employment opportunities. The individuals make selection of fields that are suitable to them. In all types of employment opportunities, the individuals, belonging to all job positions need to be well-informed in terms of their job duties and responsibilities. Furthermore, they need to be well-equipped in terms of various types of methodologies and procedures. In addition, all types of dilemmas and challenging situations need to be coped with in an effective manner. Furthermore, these are prevented from giving rise to impediments within the course of doing well in all types of job duties and responsibilities. Within all types of employment settings, individuals are not only generating income, but they are making use of their educational qualifications, skills and abilities in an effective manner. Furthermore, individuals are reinforcing contacts. They are able to form an effective social circle within their workplace. They are implementing various types of job duties and responsibilities in order to promote well-being of community members as well in all fields. Therefore, it is well-understood; getting engaged in employment opportunities is indispensable in enhancing one's living conditions. The main concepts that are taken into account in this research paper are, understanding the meaning and significance of getting engaged in employment opportunities, measures to be put into operation in doing well in employment opportunities and advantages of getting engaged in employment opportunities.

Keywords: *Abilities, Employment Opportunities, Individuals, Job Duties, Living Conditions, Methodologies, Organizations, Up-gradation*

Introduction

The individuals, belonging to all occupations, communities and socio-economic backgrounds have one of the major goals of getting engaged in employment opportunities. In all types of employment settings, individuals are not only generating income, but they are making use of their educational qualifications, skills and abilities in an effective manner. Hence, individuals work diligently in getting engaged in employment opportunities (Price, 2019). Within all types of employment settings, there are individuals, belonging to various job positions. The educational qualifications, competencies, abilities, aptitude, personality traits and work experience are factors that are facilitating to the individuals in getting engaged in employment opportunities. Furthermore, individuals, belonging to all job positions in the hierarchy need to be

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well-informed in terms of different types of job duties and responsibilities. In addition, individuals need to augment information regarding techniques. These are the ways of carrying out all types of job duties and responsibilities in an adequate manner. Furthermore, inculcation of traits of honesty and efficiency is facilitating in generating desired outcomes. Therefore, acknowledging and implementing essential factors is facilitating in getting engaged in employment opportunities.

In order to carry out all types of job duties and responsibilities in a well-ordered manner, it is necessary to be well-informed in terms of different types of methodologies and procedures. These are the ways of carrying out all types of job duties and responsibilities in an adequate manner. The possession of work experience is facilitating to the individuals in augmenting information in terms of various types of methodologies and procedures (Explain the Meaning of "Career Prospects" 2023). The individuals need to acquire an efficient understanding of the concepts. Furthermore, one needs to get engaged in regular practice. The regular practice is facilitating in augmenting information and understanding. Furthermore, individuals will contribute effectively in honing confidence levels. In addition, feelings of apprehensiveness and vulnerability need to be prevented from giving rise to impediments within the course of generation of desired outcomes. Furthermore, inculcation of traits of uprightness, effectiveness and proficiency is facilitating in generating desired outcomes. Therefore, generation of information regarding different types of methodologies and procedures is facilitating in achievement of professional goals.

Understanding the Meaning and Significance of Getting engaged in Employment Opportunities

With advancements taking place and with the advent of modernization and globalization, individuals in various types of employment settings are making use of various types of modern, scientific and innovative methods and materials. The various types of these methods and materials are, utilization of tools, devices, apparatus, machinery, equipment, gear and technologies. The utilization of these is facilitating in carrying out all types of job duties and responsibilities in a well-ordered and regimented manner. The individuals need to acquire an efficient understanding of the concepts. Furthermore, one needs to get engaged in regular practice. The regular practice is facilitating in augmenting information and understanding. Furthermore, individuals will contribute in a satisfactorymanner in honing confidence levels. In addition, feelings of apprehensiveness and vulnerability need to be prevented from giving rise to impediments within the course of achievement of desired goals and objectives. Furthermore, inculcation of traits of righteousness, efficiency and adeptness is facilitating in generating desired outcomes.

As a consequence of making use of these methods and materials, individuals will carry out all their tasks and activities in a well-ordered manner. Furthermore, these are carried out in less or more amount of time. One of the major benefits is, tasks and activities will be put into operation in an efficient manner. Hence, the utilization of these is considered to be advantageous on a comprehensive basis. One of the important aspects is, individuals will lead to up-gradation of motivation and concentration levels towards implementation of various types of job duties and responsibilities. Therefore, individuals will be able to acquire an efficient understanding of meaning and significance of getting engaged in employment opportunities, when various types of modern, scientific and innovative methods and materials are utilized.

The individuals, belonging to all job positions need to inculcate the traits of morality, ethics, diligence

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and conscientiousness. These are the traits, which are facilitating in acknowledging and implementing certain factors, i.e. differentiating between various types of appropriate and inappropriate factors; reinforcing a constructive approach; forming positive viewpoints in terms of various factors and individuals; being well-informed in terms of various types of job duties and responsibilities; being well-aware regarding various types of methodologies and procedures; utilizing different types of pioneering methods and materials; leading to up-gradation of various types of skills and abilities; promoting enhancement of motivation and concentration levels; providing solutions to various types of problems and carrying out all types of tasks and activities in a well-ordered manner. As a consequence of acknowledging and implementing all these factors, individuals will contribute in meeting expectations of employers and supervisors.

The individuals will have to ensure, they are implementing these traits in an appropriate manner. Furthermore, these are facilitating in incurring the feeling of job satisfaction and retaining one's jobs. Hence, individuals will be well-prepared in terms of ways, which are facilitating in doing well in all types of job duties and responsibilities, achieving desired goals and objectives and pleasing the individuals in leadership positions. Hence, throughout the implementation of job duties, individuals, belonging to all job positions will have to acknowledge and implement these traits. Therefore, one is able to acquire an understanding of meaning and significance of getting engaged in employment opportunities, when individuals will inculcate the traits of morality, ethics, diligence and conscientiousness.

Within the course of putting into operation various types of job duties and responsibilities, the individuals, belonging to all job positions get overwhelmed by various problems. The different factors in terms of which these are experienced are, job duties, responsibilities, methodologies, procedures, techniques, approaches, work pressure, unawareness in terms of various factors, lack of implementation of time-management skills, lack of analytical, critical-thinking and problem-solving skills, scarcity of financial, human, technical, material and information resources, lack of infrastructure, amenities and facilities and so forth. The influence of various types of problems is experienced in a major or minor form. Hence, individuals need to provide solutions to these in an effective manner. Furthermore, these need to be prevented from giving rise to impediments within the course of doing well in all types of job duties and generating desired outcomes.

The individuals, belonging to all job positions need to lead to up-gradation of problem-solving skills. These are facilitating in identifying the causes of problems. After the causes are identified, solutions are provided to these in an adequate manner. Hence, within the course of putting into operation various types of job duties and responsibilities, the individuals need to ensure, all types of problems are solved. As a consequence, the individuals will be well-prepared in terms of ways of putting into operation all types of job duties and responsibilities in a successful manner. In this manner, doors will be open towards achievement of organizational goals. Furthermore, up-gradation will take place of overall organizational culture. Therefore, an understanding of meaning and significance of getting engaged in employment opportunities is acquired, when various types of problems are solved.

Measures to be put into operation in Doing well in Employment Opportunities

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The organizations are of different types, i.e. educational institutions of all levels, training centers, financial institutions, services organizations, production and manufacturing organizations, agencies, non-government organizations and so forth. In all types of organizations, all members, belonging to all job positions in the hierarchy need to be well-informed in terms of their job duties and responsibilities. Furthermore, they need to augment information in terms of various strategies, which are facilitating in generating desired outcomes. In addition, inculcation of traits of efficiency and honesty is facilitating in carrying out all types of tasks and activities in a well-organized and satisfactory manner (Eriksson, A., Orvik, A., Strandmark, M., Nordsteien, A &Torp, 2017).

Throughout the implementation of job duties, all members need to be well-informed in terms of measures to be implemented in generating desired outcomes within all types of employment settings. All types of measures are to be put into operation in a well-organized and regimented manner. Furthermore, positivity needs to be reinforced in all types of measures. One of the important aspects that needs to be taken into account is, all measures need to be facilitating in promoting well-being of members and overall system of education. The individuals implement these on an individual basis or through working in co-ordination with other members. Therefore, measures to be put into operation in doing well in employment opportunities are stated as follows:

Being well-informed regarding Job Duties and Responsibilities

Within all types of employment settings, there are individuals, belonging to various job positions. The individuals need to be well-informed in terms of different types of job duties and responsibilities. These are manageable and complicated, these are implemented in less amount of time or can be more time-consuming and these are carried out on one's own or through working in co-ordination with other members. Furthermore, individuals need to augment information regarding techniques. These are the ways of carrying out all types of job duties and responsibilities in an adequate manner. Furthermore, inculcation of traits of honesty and efficiency is facilitating in generating desired outcomes.

The acknowledgement and implementation of essential factors is facilitating in doing well in all types of job duties and responsibilities in different types of employment settings. In addition, it is necessary for individuals to augment their information in terms of meaning and significance of motivation levels. As a consequence, the mind-sets of the individuals will be stimulated and they put in their best efforts towards generation of desired outcomes. Hence, throughout the jobs, the possession of information in terms of different types of job duties and responsibilities will be facilitating in promoting enhancement of career prospects. Therefore, being well-informed regarding job duties and responsibilities is considered as one of the indispensable measures to be put into operation in doing well in employment opportunities.

Being well-aware regarding Methodologies and Procedures

In order to carry out all types of job duties and responsibilities in a well-organized manner, it is necessary to be well-informed in terms of different types of methodologies and procedures. These are the ways of carrying out all types of job duties and responsibilities in an adequate manner. The possession of work experience is facilitating to the individuals in augmenting information in terms of various types of

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methodologies and procedures. The individuals need to acquire an efficient understanding of the concepts. Furthermore, they need to get engaged in regular practice. The regular practice is facilitating in augmenting information and understanding. Furthermore, individuals will contribute effectively in honing confidence levels. As a consequence, individuals are sure that they will carry out their job duties and responsibilities in a successful manner.

In addition, feelings of apprehensiveness and vulnerability need to be prevented from giving rise to impediments within the course of doing well in job duties and generation of desired outcomes. Furthermore, inculcation of traits of righteousness, efficacy and expertise is facilitating in generating desired outcomes. Hence, generation of information regarding different types of methodologies and procedures is facilitating in achievement of professional goals. Furthermore, up-gradation will take place of organizational culture and overall structure of the organizations. Hence, individuals throughout their jobs need to ensure, they are augmenting information regarding various types of methodologies and procedures on regular basis. Therefore, being well-aware regarding methodologies and procedures is one of the significant measures to be put into operation in doing well in employment opportunities.

Utilizing Pioneering Methods and Materials

With the advent of modernization and globalization, individuals in various types of employment settings are making use of various types of pioneering methods and materials. The various types of these methods and materials are, utilization of tools, devices, apparatus, machinery, equipment, gear and technologies. The utilization of these is facilitating in carrying out all types of job duties and responsibilities in a well-organized and satisfactory manner. The individuals need to acquire an efficient understanding of the concepts. Furthermore, they need to get engaged in regular practice. The regular practice is facilitating in augmenting information and understanding. Furthermore, individuals will contribute in a satisfactorymanner in honing confidence levels. In addition, feelings of apprehensiveness and vulnerability need to be prevented from giving rise to impediments within the course of achievement of desired goals and objectives. Furthermore, inculcation of traits of honesty, effectiveness and proficiency is facilitating in generating desired outcomes.

As a consequence of making use of these methods and materials, individuals will carry out all their job duties and responsibilities in a well-organized manner. Furthermore, these are carried out in less or more amount of time. One of the major benefits is, tasks and activities will be put into operation in an efficient manner. Hence, the utilization of these is considered to be advantageous to a major extent. One of the important aspects is, individuals will lead to up-gradation of motivation and concentration levels towards putting into operation various types of job duties and responsibilities. Therefore, utilizing pioneering methods and materials is an eminent measure to be put into operation in doing well in employment opportunities.

Inculcating Traits of Morality and Ethics

The individuals, belonging to all job positions need to inculcate the traits of morality and ethics. These are the traits, which are facilitating in acknowledging and implementing certain factors, i.e. differentiating

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between various types of appropriate and inappropriate factors; reinforcing a constructive approach; forming positive viewpoints in terms of various factors and individuals; reinforcing the traits of efficiency, honesty and truthfulness; promoting a normal mind-set; coping with psychological problems of anger, stress, anxiety, frustration and depression; leading to up-gradation of various types of skills and abilities; promoting enhancement of motivation and concentration levels; putting in efforts to one's best abilities and carrying out all types of tasks and activities in a well-ordered manner. As a consequence of acknowledging and implementing all these factors, individuals will contribute in meeting expectations of employers and supervisors.

The individuals will have to ensure, they are implementing these traits in an appropriate manner. Furthermore, these are facilitating in incurring the feeling of job satisfaction and retaining one's jobs. Hence, individuals will be well-prepared in terms of ways, which are facilitating in doing well in all types of job duties and responsibilities, achieving desired goals and objectives and pleasing the individuals in leadership positions. Hence, throughout the implementation of job duties, individuals, belonging to all job positions will have to acknowledge and implement these traits. These are advantageous to members and overall organizational structure. Therefore, inculcating traits of morality and ethics is an expedient measure to be put into operation in doing well in employment opportunities.

Implementing Traits of Diligence, Resourcefulness and Conscientiousness

The individuals, belonging to all job positions need to inculcate the traits of morality, ethics, diligence and conscientiousness. These are the traits, which are facilitating in acknowledging and implementing certain factors, i.e. implementing effective communication processes; honing analytical and critical-thinking skills; making wise and productive decisions; being well-informed in terms of various types of job duties and responsibilities; being well-aware regarding various types of methodologies and procedures; utilizing different types of pioneering methods and materials; leading to up-gradation of various types of skills and abilities; promoting enhancement of motivation and concentration levels; providing solutions to various types of problems and carrying out all types of tasks and activities in a well-organized manner. As a consequence of acknowledging and implementing all these factors, individuals will contribute in meeting expectations of employers and supervisors.

The individuals will have to ensure, they are implementing these traits in an appropriate manner. Furthermore, these are facilitating in incurring the feeling of job satisfaction and retaining one's jobs. Hence, individuals will be well-prepared in terms of strategies, which are facilitating in doing well in all types of job duties and responsibilities, achieving desired goals and objectives and pleasing the individuals in leadership positions. Hence, throughout the implementation of job duties, individuals, belonging to all job positions will have to recognize and put into practice these traits. Therefore, implementing traits of diligence, resourcefulness and conscientiousnessis a renowned measure to be put into operation in doing well in employment opportunities.

Providing Solutions to various Problems

Within the course of putting into operation various types of job duties and responsibilities, the

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individuals, belonging to all job positions get overwhelmed by various problems. The different factors in terms of which these are experienced are, job duties, responsibilities, methodologies, procedures, techniques, approaches, work pressure, unawareness in terms of various factors, lack of implementation of time-management skills, lack of analytical, critical-thinking and problem-solving skills, scarcity of financial, human, technical, material and information resources, lack of infrastructure, amenities and facilities and so forth. The influence of various types of problems is experienced in a major or minor form. Hence, individuals need to provide solutions to these in an effective manner. Furthermore, these need to be prevented from giving rise to barriers within the course of doing well in all types of job duties and achieving desired goals.

The individuals, belonging to all job positions need to lead to up-gradation of problem-solving skills. These are facilitating in identifying the causes of problems. After the causes are identified, solutions are provided to these in an appropriate manner. Hence, within the course of putting into operation various types of job duties and responsibilities, the individuals need to ensure, all types of problems are solved. As a consequence, the individuals will be well-prepared in terms of ways of putting into operation all types of job duties and responsibilities in a successful manner. In this manner, doors will be open towards achievement of different types of organizational goals. Furthermore, up-gradation will take place of overall structure of the organizations. Therefore, providing solutions to various problems is a decisive measure to be put into operation in doing well in employment opportunities.

Possessing the Abilities to Work under Stress

The individuals, belonging to all job positions experience stressful situations in terms of various factors. The different factors in terms of which these are experienced are, job duties, responsibilities, methods, procedures, strategies, approaches, work pressure, unawareness in terms of various factors, lack of implementation of time-management skills, lack of analytical, critical-thinking and problem-solving skills, scarcity of financial, human, technical, material and information resources, lack of infrastructure, amenities and facilities, peer issues and so forth. The influence of various types of stressful situations is experienced in a major or minor form. Hence, individuals need to provide solutions to these in an appropriate manner. Furthermore, these need to be prevented from giving rise to barriers within the course of doing well in all types of job duties and achieving desired goals.

The individuals, belonging to all job positions need to possess the abilities to work under stress. This is facilitating in identifying the causes of all types of stressful situations. After the causes are identified, solutions are provided to these in an appropriate manner. Hence, within the course of putting into operation various types of job duties and responsibilities, the individuals need to ensure, all types of stressful situations are overcome in an effective manner. As a consequence, the individuals will be well-prepared in terms of ways of putting into operation all types of job duties and responsibilities in a successful manner. In this manner, doors will be open towards pleasing the leaders and achievement of different types of organizational goals. Furthermore, up-gradation will take place of overall structure of the organizations. Therefore, possessing the abilities to work under stress is an imperative measure to be put into operation in doing well in employment opportunities.

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Making Wise and Productive Decisions

The individuals in leadership positions are vested with the authority and responsibility of making decisions in terms of various factors. These are in terms of, recruitment and selection methods, training and development programs, job duties, responsibilities, methods, procedures, strategies, approaches, resources, infrastructure, amenities, facilities, assets, and so forth. In making of wise and productive decisions, the individuals need to ensure, they lead to up-gradation of decision-making skills. These are the skills, which are facilitating in implementing decision-making processes in an effective manner. In carrying out this task, analysis needs to be conducted in terms of various types of alternatives and options that are available. After the analysis is conducted, selection is made of the most favorable and worthwhile alternative or option. Furthermore, the up-gradation of critical-thinking skills is facilitating in putting into operation rational, logical and methodological thinking. Hence, the up-gradation of analytical and critical-thinking skills is facilitating in implementing decision-making processes in an effective manner.

As a consequence of making wise and productive decisions in terms of various factors, individuals, belonging to all job positions will contribute in doing well in all types of job duties and responsibilities, achieving desired goals and objectives and pleasing the individuals in leadership positions. Hence, throughout the implementation of job duties, individuals, belonging to all job positions will have to recognize and put into practice these skills. Hence, it is well-understood, the making of wise and productive decisions is facilitating in promoting well-being of members and overall structure of the organizations. Therefore, making wise and productive decisions is a useful measure to be put into operation in doing well in employment opportunities.

Promoting enhancement of Organizational Culture

Promoting enhancement of organizational culture is one of the major goals of individuals, belonging to all job positions in the hierarchy. In order to achieve this goal, there are various factors that need to be taken into account, i.e. implementing effective communication processes; honing analytical and critical-thinking skills; making wise and productive decisions; being well-informed in terms of various types of job duties and responsibilities; being well-aware regarding various types of methodologies and procedures; utilizing different types of pioneering methods and materials; leading to up-gradation of various types of skills and abilities; promoting enhancement of motivation and concentration levels; providing solutions to various types of problems; taking out sufficient amount of time for all tasks and activities; inculcating the traits of morality, ethics, diligence and conscientiousness; developing mutual understanding with others; and carrying out all types of tasks and activities in a well-organized manner. As a consequence of acknowledging and implementing all these factors, individuals will contribute in an effective manner in leading to up-gradation of organizational culture (Ethics: Definition, Scope, Nature and Objectives, 2018).

As a consequence of enhancing organizational culture, individuals, belonging to all job positions will contribute in doing well in all types of job duties and responsibilities, achieving desired goals and objectives and pleasing the individuals in leadership positions. When they will feel comfortable within workplace, they will contribute in leading to up-gradation of motivation levels towards work. Hence, throughout the

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implementation of job duties, individuals, belonging to all job positions will have to implement these factors. Hence, it is well-understood, the enhancement of organizational culture is facilitating in promoting well-being of members and overall structure of the organizations. Therefore, promoting enhancement of organizational culture is a favorable measure to be put into operation in doing well in employment opportunities.

Leading to Up-gradation of overall Structure of Organizations

Leading to up-gradation of overall structure of organizationsis one of the major goals of individuals, belonging to all job positions in the hierarchy. In order to achieve this goal, there are various factors that need to be taken into account, i.e. developing mutual understanding among all members; honing analytical and critical-thinking skills; making wise and productive decisions; being well-informed in terms of various types of job duties and responsibilities; being well-aware regarding various types of methodologies and procedures; utilizing different types of pioneering methods and materials; leading to up-gradation of various types of skills and abilities; promoting enhancement of motivation and concentration levels; providing solutions to various types of problems; taking out sufficient amount of time for all tasks and activities; inculcating the traits of morality and ethics; implementing the traits of diligence, resourcefulness and conscientiousness and carrying out all types of tasks and activities in a well-organized manner. Throughout the job duties, all members need to acknowledge and implement all these factors.

As a consequence of achievement of this goal, individuals, belonging to all job positions will contribute in doing well in all types of job duties and responsibilities, achieving desired goals and objectives and pleasing the individuals in leadership positions. When they will feel comfortable within workplace, they will contribute in leading to up-gradation of motivation levels towards work. Hence, throughout the implementation of job duties, individuals, belonging to all job positions will have to put into operation all these factors. Hence, it is well-understood, leading to up-gradation of overall structure of organizations is facilitating in promoting well-being of members and overall structure of the organizations. Therefore, leading to up-gradation of overall structure of organizations is an advantageous measure to be put into operation in doing well in employment opportunities.

Advantages of Getting engaged in Employment Opportunities

The individuals, belonging to all occupations, communities and socio-economic backgrounds have one of the major goals of leading to up-gradation of overall standards of living. In order to achieve this goal, they aspire to get engaged in employment opportunities. The employment opportunities are considered important, as these are facilitating in bringing about improvements in one's financial positions. Furthermore, individuals are able to make use of their educational qualifications, skills and abilities. In all types of employment settings, individuals are not only generating income, but they are putting in efforts in honing traits of efficiency, honesty and truthfulness. Hence, individuals work diligently in getting engaged in employment opportunities. Within all types of employment settings, there are individuals, belonging to various job positions. The educational qualifications, competencies, abilities, aptitude, personality traits and work experience are factors that are facilitating to the individuals in getting engaged in employment

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opportunities (Principles of Human Resource Management, 2017).

Getting engaged in employment opportunities is advantageous to individuals. They need to ensure, they are putting in best efforts in doing well in all types of job duties and responsibilities, achieving desired goals and objectives and pleasing the individuals in leadership positions. When they will feel comfortable within workplace, they will contribute in leading to up-gradation of motivation levels towards work. Hence, throughout the implementation of job duties, individuals, belonging to all job positions will have to form positive viewpoints in terms of their work and individuals. Therefore, advantages of getting engaged in employment opportunities are stated as follows:

1. Honing communication skills and interactive abilities.
2. Augmenting analytical and critical-thinking skills.
3. Making wise and productive decisions.
4. Reinforcing a constructive approach.
5. Forming positive viewpoints in terms of various factors and individuals.
6. Being well-informed in terms of various types of job duties and responsibilities.
7. Being well-aware regarding various types of methodologies and procedures.
8. Utilizing different types of pioneering methods and materials.
9. Leading to up-gradation of various types of skills and abilities.
10. Promoting enhancement of motivation and concentration levels.
11. Providing solutions to various types of problems.
12. Taking out sufficient amount of time for all tasks and activities.
13. Inculcating the traits of morality and ethics.
14. Implementing the traits of diligence, resourcefulness and conscientiousness.
15. Putting in efforts to one's best abilities.
16. Possessing the abilities to work under stress.
17. Carrying out all types of tasks and activities in a well-organized manner.
18. Promoting family and community well-being.
19. Leading to up-gradation of overall personality traits.
20. Bringing about improvements in overall quality of lives.

Conclusion

The individuals, belonging to all communities and socio-economic backgrounds have primary goal of getting engaged in employment opportunities.Measures to be put into operation in doing well in employment opportunities are, being well-informed regarding job duties and responsibilities, being well-aware regarding methodologies and procedures, utilizing pioneering methods and materials, inculcating traits of morality and ethics, implementing traits of diligence, resourcefulness and conscientiousness, providing solutions to various problems, possessing the abilities to work under stress, making wise and productive decisions, promoting enhancement of organizational culture and leading to up-gradation of overall structure of organizations. Getting engaged in employment opportunities is advantageous to individuals. Finally, it can be stated, getting engaged in employment opportunities is facilitating in promoting enhancement of career prospects.

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CASH FLOW VOLATILITY AND STOCK RETURNS

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Abstract

The study attempts to design a research model examining the effect of cash flow volatility (CFV) on expected stock returns (ESR) in Vietnam's stock market with emphasis on the mediating effect of financial leverage. Established literature from developed markets shows a positive linkage between CFV and ESR, but Vietnam and other emerging markets have received little attention. The study collects and analyzes longitudinal data of financial companies listed on the Ho Chi Minh Stock Exchange (HOSE) from 2001 to 2024 utilizing multivariate regression combined with mediation analysis to assess the direction of cash flow impact on stock returns. The study results are expected to provide new insights into emerging markets for asset pricing researchers and help investors and policymakers, as well as corporate managers, to enhance financial risk management and capital structuring strategies.

Keywords: *Cash Flow Volatility, Emerging Markets, Financial Leverage, Stock Returns.*

Introduction

1.1 Background of the Study

Over the past decade, cash flow volatility (CFV) has received increasing attention as a relevant determinant of firm performance, investment decisions, and stock market behavior. CFV—the degree of volatility in a firm's cash inflows and outflows—is a direct measure of financial stability and risk exposure (Pae et al., 2018), influencing firms' operational efficiency, investment ability, andultimately, stock returns (Sun, 2020). Studies have shown that higher CFV is associated with more volatile earnings, which affects investors' demand for risk premiums (Bollerslev et al., 2019).

Although a number of studies have contributed to this literature, most of the existing studies focus on developed markets, ignoring emerging economies such as Vietnam (Shenoy & Koch, 2018). Firms in emerging markets face greater financial instability, regulatory uncertainty, and market inefficiencies, which makes the effect of CFV on expected stock returns even stronger. This creates a pressing need to investigate this relationship in these unique economic contexts.

Moreover, little research considers leverage as a moderator of this relationship. Leverage refers to the degree to which a firm uses borrowed capital to finance its operations and can increase both potential returns and

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financial risk (Dudley & James, 2019). Highly leveraged firms are more susceptible to cash flow shocks that can increase risk perception and influence stock valuation (Goyal et al., 2020). Understanding how leverage modifies the relationship between CFV and expected stock returns is thus crucial for maximizing financial performance and managing risk.

This study fills these gaps by assessing the moderating role of leverage on the CFV–expected stock return relationship in an emerging market, Vietnam.

1.2 Problem Statement

Cash flow volatility (CFV) has become a crucial topic in corporate finance, significantly influencing firms' financial performance, investment decisions, and market valuation. Defined as the degree of fluctuation in a company's cash inflows and outflows, CFV reflects a firm's operational stability and its ability to manage financial obligations effectively (Pae et al., 2018). High CFV often signals increased financial risk, leading to earnings unpredictability and heightened investor concerns over future profitability (Sun, 2020). Consequently, firms experiencing greater cash flow volatility typically face more volatile stock returns, as market participants adjust their expectations in response to perceived risk (Bollerslev et al., 2019). Despite extensive studies in developed markets, the impact of CFV on expected stock returns remains underexplored in emerging economies like Vietnam, where firms often operate in more volatile and less predictable financial environments (Shenoy & Koch, 2018).

Emerging markets present unique financial challenges, including regulatory uncertainties, economic instability, and limited investor protections, which amplify the effects of cash flow fluctuations on firm performance and stock valuation (Goyal et al., 2020). In Vietnam, the financial industry stands out as one of the country's fastest-growing sectors, characterized by rapid expansion, increasing competition, and significant reliance on external financing. These factors heighten the industry's exposure to cash flow volatility, making it imperative to understand how CFV impacts expected stock returns in this specific context. However, current literature overlooks the Vietnamese market, creating a critical knowledge gap that this study seeks to address.

Moreover, the role of leverage in moderating the relationship between CFV and expected stock returns remains insufficiently examined. Leverage, defined as the proportion of debt in a firm's capital structure, is a double-edged sword: while it can amplify returns during periods of robust performance, it also increases financial risk by intensifying the impact of cash flow instability (Dudley & James, 2019). Highly leveraged firms are more vulnerable to cash flow shocks, as their increased debt obligations limit financial flexibility and raise the risk of default during periods of earnings volatility (Foerster et al., 2017). Conversely, firms with lower leverage are better positioned to absorb cash flow fluctuations, mitigating the adverse effects of CFV on stock performance. Despite the critical role leverage plays in shaping financial outcomes, the extent to which it moderates the CFV–expected stock return relationship has yet to be thoroughly investigated, particularly in the context of emerging markets.

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This study aims to fill these gaps by examining the moderating effect of leverage on the relationship between CFV and expected stock returns, with a specific focus on the Vietnam financial industry.

1.3 Research Objectives

The present study addresses a notable gap in the existing literature by adding variable as Leverage (LEV), viewed as a mediating variable for the relationship between cash flow volatility and Expected Stock Return, everything constant. However, the primary objective of this study is to examine the impact of cash flow volatility on expected stock returns in the Vietnamese stock market. Specifically, it seeks to investigate the relationship between cash flow volatility - both for Systematic CFV and Idiosyncratic CFV and stock performance, assess whether the established findings from developed markets can be generalized to the Vietnamese financial environment. Through this investigation, the study aims to address the research gap by offering context-specific evidence on the volatility-return relationship in Vietnam's unique market conditions.

2. Literature Review

2.1 Definition of Key Concepts

2.1.1 Cash Flow Volatility

Cash flow volatility (CFV) is described as the variation of inflow and outflow of a business over a given period, and the degree of liquidity stability in the operations of the business (Pae et al., 2018). CFV indicates how well the company is performing economically and operationally, which helps assess its liquidity position, financial obligations, and investment plans (Sun, 2020). Because CFV has an impact on company operational efficiency and stock prices, it is argued to be of utmost importance. A high CFV is often associated with greater risk exposure and earnings volatility, which leaves companies more susceptible to liquidity and operational shocks (Bollerslev et al., 2019). Firms with greater CFV are perceived as riskier by investors, who in turn expect higher return as compensation for the unpredictability surrounding the cash flow (Shenoy & Koch, 2018). The result is appreciation of stock prices, which subsequently erodes the company value. CFV affects the expectations surrounding stock returns by defining how market stakeholders view the risk and profitability of the firm. Investors are reported to be more sensitive to volatility in earnings and, therefore, the stock price tends to move disproportionally higher or lower depending on the cashflows (Goyal et al., 2020). Countries like Vietnam that are in a state of transition and have higher economic and regulatory uncertainty, CFV

2.1.2 Expected Stock Returns

The expected stock return denotes the value that an investor, say, anticipates earning from holding a company's stock over a specified period. This value is calculated from historical performance, factors affecting risk, and market conditions (Fama & French, 2015). The metric is performed to understand the profit that can be earned, especially in investment decision-making. These kinds of metrics are put in place to see what kind of other performance and other risks that affect the firm's financial performance and stability can be

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undertaken. Firms' expected returns are a reflection ofrisk. Thus, understanding expected stock return is imperative because higher expected returns serve as an indicator of investment firm attractiveness and valuation. Expected returns are said to often compensate for higher risks assumed; doing so brings the possibility of cash flow volatility or great leverage (Bollerslev et al., 2019). In developing economies such as Vietnam, the anticipated returns assume greater importance because of the uncertainty associated with the economy as well as the overall market inefficiencies present (Goyal et al., 2020). Expected stock returns are the results of various combinations of firm-specific and industry-wide variables such as CFV, idiosyncratic risk, and leverage. Firms with stable cash flows tend to operate in a lower risk environment and therefore offer lower but more predictable as well as risk adjusted returns, while those with high CFV usually have higher stock price risk and premiums (Sun, 2020). The effect of leverage on stock prices is compounded by the fact that firms with high obligations may be forced to provide higher returns as a mitigation strategy to the significant levels of risk that comes with high levels of instability (Dudley & James, 2019). This study seeks to understand how such interrelationships determine expected stock returns within the context of Vietnam's financial sector and helps in balancing risk and growth.

2.1.3 Financial Leverage

Leverage is the share of debt in the capital structure of a firm, which indicates how much a firm relies on borrowed funds to finance its operations and growth (Dudley & James, 2019). Leverage is a key financial parameter that affects firms' risk profiles and expansion potential, balancing potential returns with financial stability. Leverage is important because it magnifies the upsides and downsides of firm performance. High leverage allows firms to make larger investments and pursue faster growth, but it also increases financial risk by magnifying the effects of cash flow volatility on earnings and liquidity (Goyal et al., 2020). Firms with higher debt exposures are more vulnerable to cash flow volatility, which reduces their financial flexibility and increases default risk (Bekaert et al., 2019). Leverage moderates the CFV–expected stock return relationship by affecting firms' ability to manage financial risk. Highly leveraged firms are more vulnerable to the negative effects of cash flow volatility, as their debt-servicing commitments magnify the impact of earnings volatility on market performance (Foerster et al., 2017). By contrast, firms with lower leverage maintain greater financial flexibility, which allows them to absorb cash flow shocks and stabilize stock performance, especially in volatile market environments like those in emerging economies like Vietnam.

2.1.4 Idiosyncratic Return Volatility

Idiosyncratic return volatility is the extent to which the stock returns of a firm are influenced by factors that are not related to the market or systematic risk (Ang et al., 2006). Idiosyncratic return volatility is caused by firm-specific factors such as management decisions, operating performance, strategic initiatives, and unanticipated internal shocks (Fu, 2009). In contrast to market risk, idiosyncratic return volatility captures the individual risk profile of firms and reflects how firm characteristics and performance influence the stock returns. Idiosyncratic return volatility is important because it enables us to gain a better understanding of firm-level risks that affect stock valuation and investment decisions. In emerging markets such as Vietnam, where information asymmetry and market inefficiencies are more severe, firm-specific factors tend to

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influence investor behavior more extensively (Shenoy & Koch, 2018). Higher idiosyncratic return volatility indicates that investors are more uncertain about the future performance of a firm, which increases risk premiums and accentuates stock price movements (Ang et al., 2009). It is, thus, an essential feature in evaluating how firm-specific risk translates into market performance. Idiosyncratic return volatility interacts with cash flow volatility and leverage by enhancing the effect of firm-specific risks on stock performance. Evidence suggests that firms with high idiosyncratic return volatility tend to react more pronouncedly to earnings surprises and operating changes (Goyal et al., 2020). In highly leveraged firms, cash flow instability and high idiosyncratic return volatility increase the probability of abrupt stock price declines, which reflect market concerns about default risk and financial distress (Fu, 2009). By incorporating idiosyncratic return volatility in the analysis, this study provides a more complete understanding of how firm-specific and financial risks jointly affect expected stock returns.

2.2 Theoretical Framework

2.2.1 Modern Portfolio Theory (MPT)

Markowitz (1952) is a basic framework for explaining the link between risk and return. MPT emphasizes the role of diversification in maximizing the expected return of a portfolio for a given level of risk. It assumes that firm-specific risks such as cash flow volatility and idiosyncratic risk can be reduced through asset allocation. In emerging markets where diversification opportunities are scarce, however, such risks often remain large and affect expected returns. Recent work, such as Bollerslev, Xu and Zhou (2013) and Sun (2023), suggests that MPT remains relevant in explaining how undiversified risks such as cash flow volatility shape risk premiums and market reactions. In developing economies like Vietnam, Idiosyncratic Return Volatility (IRV) significantly contributes to the stock return fluctuations. As per Arbitrage Pricing Theory (APT) (Ross, 1976), stock returns are not only influenced by systematic risks, but also internal characteristics of the company. While Modern Portfolio Theory (MPT) (Markowitz, 1952) claims that IRV is a bearable risk, some contemporary studies refute this claim. In low liquidity markets with high levels of information asymmetry, Bali &Cakici (2022) argue investors become more risk averse and require greater risk premiums leading to increased return volatility.

2.2.2 Trade-Off Theory of Capital Structure

Modigliani and Miller (1963) describes how firms assess the costs and benefits of debt financing. The Trade-Off Theory holds that firms seek an optimal capital structure by balancing the tax benefits of debt with the risks of financial distress. In this study, the Trade-Off Theory is relevant for understanding how leverage moderating the cash flow volatility–expected stock return relationship. High leverage can increase financial risk, making firms more sensitive to cash flow volatility and affecting investor assessments of firm stability and performance. Recent empirical work by Huang (2009) and Nguyen et al. (2021) illustrates how firms in emerging markets manage capital structure decisions under cash flow constraints, reinforcing the practical implications of this theory.

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2.2.3 Pecking Order Theory

Myers and Majluf (1984) provides an important insight into corporate financing behavior. According to this theory, firms prefer to finance internally over externally because of information asymmetry, which affects investor sentiment and firm value. When internal funds are scarce, firms prefer to finance with debt over equity, which influences their leverage choices. In this study, the Pecking Order Theory explains the different effects of cash flow volatility on capital structure by capturing the different effects of cash flow volatility on debt and equity components of capital structure. Recent studies, including Frank and Goyal (2009) and Shenoy and Koch (2018), support the continued relevance of this theory to explain financing behavior in emerging markets.

2.3 Hypothesis Development

2.3.1 Cash Flow Volatility and Expected Stock Return

The cash flow volatility–expected stock return (CFV-ESR) relationship is a critical issue in financial economics, especially in asset pricing and risk management. Classical models such as the CAPM (Sharpe, 1964; Lintner, 1965) assume that expected returns are only affected by systematic risk, which means that firm-specific risks, such as CFV, are diversifiable and thus not priced. Recent empirical evidence, however, shows that CFV does affect ESR through economic and behavioral mechanisms (Ang et al., 2006; Wei & Zhang, 2006). The Dividend Discount Model (Gordon, 1962) also provides support for this, as in the presence of cash flow volatility, investors demand a higher risk premium, which may increase ESR. Nevertheless, findings are mixed with some studies finding a positive CFV-ESR relationship (Sun, 2021) and others a negative association, especially in financially constrained firms (Huang, 2009; Nguyen et al., 2021).

Modern portfolio theory (MPT) (Markowitz, 1952) partitions risk into systematic and idiosyncratic components and traditionally viewed idiosyncratic risks such as CFV as diversifiable. However, recent studies suggest CFV is still an important determinant of ESR because of its effects on earnings predictability and investors' sentiment (Pae, Bae, & Lee, 2018). In addition, the volatility feedback hypothesis suggests that higher CFV increases investors' uncertainty about future firm performance, thereby increasing discount rates and decreasing stock prices (Huang, 2009). The variance risk premium model (Bollerslev et al., 2009) argues that investors demand compensation for volatility risks and CFV-ESR is positive under certain conditions (Sun, 2023).

Evidence is mixed. In some cases, CFV and ESR are negatively related, reflecting a discount to firms with volatile cash flows because investors penalize firms with risky cash flows (Huang, 2009; Ang et al., 2006). In other cases, such as high-growth firms, the relationship is positive, because investors require a premium for higher risk (Fu, 2009). In emerging markets, the CFV-ESR relationship is stronger, because of financial constraints and lower market efficiency (Nguyen et al., 2021; Pham et al., 2020). Le et al. (2023) also show that CFV is a unique risk factor priced into equity returns.

Overall, theoretical and empirical evidence suggest a complex picture of the CFV–ESR relationship. Whereas

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theoretical models indicate that CFV should have no effect on expected returns, empirical evidence shows that the relationship is not always zero, and it is conditional on the market environment and firm characteristics, with stronger effects in emerging economies (Nguyen et al., 2021; Le et al., 2023). Based on these results, the following hypothesisis proposed

H1: Cash Flow Volatility negatively affects Expected Stock Returns

2.3.2 Cash Flow Volatility and Idiosyncratic Return Volatility

The relationship between cash flow volatility (CFV) and idiosyncratic return volatility (IRV) is of crucial importance in financial economics for asset pricing and risk management. CFV captures uncertainty in the firm's operations while IRV measures stock return volatility independent of fluctuations in the market. In traditional models such as the Capital Asset Pricing Model (CAPM) (Sharpe, 1964; Lintner, 1965) only systematic risk affects expected returns but empirical evidence shows firm-specific risks such as CFV significantly influence IRV (Ang et al., 2006).

Modern portfolio theory (MPT) (Markowitz, 1952) holds that idiosyncratic risk should be diversified away, which means that CFV should have no effect on IRV. However, studies find CFV is associated with increased IRV for firms due to uncertainty by investors (Pae, Bae, & Lee, 2018). The volatility feedback hypothesis also argues that higher CFV increases perceived risk and leads to higher IRV and stock price volatility (Bollerslev et al., 2009).

There is empirical evidence of a positive CFV-IRV relationship. Pae et al. (2018) find CFV predicts IRV after controlling for liquidity and firm size. Bekaert, Wang, and Zhang (2019) replicate these findings in international markets. Huang (2009) finds a stronger CFV-IRV relationship in high-growth industries. Stable industry evidence shows weaker CFV-IRV links (Grullon et al., 2012).

Other economic conditions also affect this relationship. Recessions tend to have an adverse effect on high-CFV firms' IRV, because of financial constraints and risk aversion of investors (Minton, Schrand, & Walther, 2002). Nguyen and Le (2021) show that CFV is an important predictor of IRV under different market regimes.

To conclude, CFV captures fundamental risk related to firm-specific operations, while IRV measures firm-specific return volatility driven by investor sentiment. This stable relationship confirms CFV's role as an independent risk factor in asset pricing models and calls for further research on its behavior across economic conditions and market structures.

H2:Cash flow volatility is positively associated with idiosyncratic return volatility

2.3.3 Cash Flow Volatility and Financial Leverage

The cash flow volatility–financial leverage (CFV-LEV) relationship is one of the core assumptions in corporate finance. As CFV increases financial uncertainty, firms face a higher risk of default and, therefore,

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tend to use less leverage to avoid financial distress. The Trade-Off Theory holds that firms trade off the tax benefits of debt with the risk of bankruptcy, which implies a negative CFV–LEV relationship, with firms with higher CFV using less leverage (Graham & Leary, 2011). The Pecking Order Theory also predicts that firms with higher CFV choose to finance internally rather than issue debt when faced with information asymmetry (Rajan & Zingales, 1995). Empirical studies find that firms do indeed accumulate cash rather than increase debt when faced with financial risk (DeAngelo et al., 2011). However, the CFV–LEV relationship does not hold across all firms and industries. Firms in cyclical industries, where earnings are more unpredictable, tend to use less leverage, while firms in stable industries may choose to maintain high levels of debt even when CFV changes (Bradley et al., 1984). Dynamic capital structure models predict that firms actively choose leverage depending on the stability of cash flows, with financially constrained firms exhibiting a stronger negative CFV–LEV relationship because they have limited access to external capital (Graham & Harvey, 2001). Economic conditions also play a role. During recessions, firms with higher CFV deleverage sharply because they face greater financial constraints (Minton et al., 2002). Greenwood & Hanson (2013) find that firms strategically increase leverage during stable periods but have difficulty reducing debt when CFV increases, raising default risk. Industry effects also matter. High-risk industries (e. g., tech, biotech) show a stronger CFV–LEV link than stable industries like utilities (Valta, 2012). The robustness of the relationship, even after controlling firm size and credit availability, emphasizes CFV as a core determinant of leverage decisions. Future research should examine cross-industry differences, macroeconomic effects, and real-time volatility measures to improve capital structure models and enhance financial decision-making in uncertain environments.

H3:Cash Flow Volatility negatively affects Financial Leverage

2.3.4 Financial Leverage and Expected Stock Return

The relationship between financial leverage (LEV) and expected stock returns (ESR) is one of the most prominent issues in corporate finance and asset pricing. Two competing theoretical perspectives have been influential in this literature. The CAPM (Sharpe, 1964; Lintner, 1965) predicts that higher leverage increases equity risk (beta) and thereby produces higher expected returns (Hamada, 1972). This is because leverage increases earnings volatility, which makes firms riskier and thereby requires investors to earn higher returns as compensation. The empirical evidence is consistent with this view, as Bhandari (1988) documents a positive direct relationship between market leverage and stock returns. On the other hand, the Trade-Off Theory (Modigliani & Miller, 1963; Kraus & Litzenberger, 1973) argues that firms trade-off tax benefits of debt with bankruptcy risks. As leverage increases, tax shields lower the cost of capital, but excessive debt increases financial distress and may lower ESR (Graham, 2000). Fama and French (1992) find that leverage effects dissipate when firm size and book-to-market equity are accounted for, suggesting a nonlinear leverage-return relationship. This is consistent with George and Hwang (2010), who find a U-shaped pattern, where moderate leverage reduces expected returns because of tax shields, but excessive debt increases ESR because of increased financial risk.

Beyond these theoretical bases, market imperfections and behavioral biases also affect the leverage–return

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relationship. Information asymmetry and agency costs (Jensen & Meckling, 1976) may affect borrowing decisions, resulting in the inefficiency that highly leveraged firms may underinvest in profitable projects (Myers, 1977). Behavioral finance also proposes that market timing and investor sentiment affect leverage choices—Baker and Wurgler (2002) find that firms that issue equity in bull markets have lower future returns, highlighting the role of leverage dynamics in stock price formation. The relationship also depends on industry-specific and macroeconomic factors. Capital-intensive industries (e. g., utilities, manufacturing) can support high leverage with relatively stable returns because of tangible asset backing (Frank & Goyal, 2009). Firms in higher-risk industries (e. g., technology, biotech) have higher stock return volatility due to leverage-induced earnings swings (Korajczyk& Levy, 2003). In addition, economic downturns exacerbate leverage risks by increasing default probability and ESR due to liquidity constraints (Campbell et al., 2001). The procyclical nature of leverage, in which firms borrow aggressively in expansions but have difficulty deleveraging in recessions, further complicates this relationship (Adrian & Shin, 2010).

Given these challenges, modern asset pricing models incorporate leverage effects more explicitly. The Fama-French Five-Factor Model (2015) augments the three-factor model with profitability and investment factors that capture leverage implications indirectly. Alternatively, Novy-Marx (2013) proposes that leverage should be directly incorporated in multifactor asset pricing frameworks to improve return predictability. From an investment perspective, leverage-adjusted risk metrics (e. g., leverage-adjusted Sharpe ratio) help investors balance return potential against financial distress risks (Frazzini & Pedersen, 2014). Despite substantial research, gaps remain regarding how leverage interacts with emerging financial risks (e. g., geopolitical instability, climate risk). Future work should investigate cross-industry differences, macroeconomic influences, and leverage forecasting models using machine learning (Gu et al., 2020) to refine capital structure decisions and asset pricing strategies in volatile markets.

H4: Financial Leverage positively affects Expected Stock Returns

2.3.5 Idiosyncratic Return Volatility and Expected Stock Return

The debate about the relationship between idiosyncratic return volatility (IRV) and expected stock returns (ESR) is at the heart of asset pricing. Classical models such as the CAPM (Sharpe, 1964; Lintner, 1965) propose that only systematic risk should be priced, implying that IRV should have no impact on returns. Empirical studies find that this is not the case. Merton's (1973) ICAPM extends CAPM by considering multiple sources of risk and argues that IRV may be priced when it is related to future investment opportunities. Fu (2009) and Huang et al. (2009) find support for a positive IRV-ESR relationship, arguing that stocks with high IRV compensate investors with higher expected returns, especially when modeled dynamically (EGARCH). The Real Options Framework (Grullon et al., 2012) also supports this view, proposing that firms with high IRV are likely to have significant growth opportunities, leading to higher returns.

On the other hand, Ang et al. (2006) document the idiosyncratic volatility puzzle, high-volatility stocks underperform. This negative IRV–ESR relationship is explained by the Leverage Effect (Black, 1976; Christie, 1982) in which high-IRV firms become financially distressed and reduce future returns (Johnson, 2004).

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Liquidity constraints also play a role—Moskowitz (2003) finds that high-IRV stocks face higher transaction costs and short-sale constraints that deter institutional investors.

Recent studies, however, show that the IRV–ESR relationship is context-dependent, and that it changes across market conditions, investor sentiment, and firm characteristics. Bali &Cakici (2008) find that the IRV effect vanishes after controlling size and momentum effects, suggesting omitted variable bias in earlier studies. Campbell &Vuolteenaho (2004) show that high-IRV stocks are more sensitive to cashflow news and exhibit different return patterns across different economic conditions. During downturns, the negative IRV–ESR relationship strengthens as risk aversion increases (Guo & Savickas, 2008), while in bull markets high-IRV stocks may benefit from speculative demand (Grullon et al., 2012).

Mixed empirical findings undermine traditional asset pricing models and drive newer frameworks (ICAPM, CCAPM) to account for IRV more explicitly. Understanding the IRV-expected return tradeoff has practical implications for investment strategies—high-IRV stocks may outperform in economic expansions but underperform in recessions, supporting low-volatility strategies during downturns.

H5a: Idiosyncratic Return Volatility positively affects Expected Stock Returns.

H5b: Idiosyncratic Return Volatility negatively affects Expected Stock Returns.

3. Research Methodology

3.1 Research Design

A quantitative research design is used in this study to investigate the relationship between cash flow volatility (CFV), idiosyncratic return volatility (IRV), financial leverage (LEV), and expected stock returns (RET) in the Vietnamese stock market. A quantitative approach is utilized because it produces objective, measurable, and statistically defensible results that are crucial for hypothesis testing and empirical validation.

The study employs Panel Data Regression (FEM/REM) and Fama-MacBeth Cross-Sectional Regressionto estimate the direct and indirect effects of cash flow volatility on stock returns after controlling for confounding variables. Since financial leverage (LEV) is introduced as a mediating variable, the study also conducts mediation analysis to examine its role in transmitting the effects of CFV onto RET.

Additionally, time-series analysis is employed to examine the stability of key financial variables over time covering the period between 2001 and 2024. The dataset is drawn from 50 financial publicly listed companies on the Ho Chi Minh Stock Exchange (HOSE) that will ensure the quality and consistency of the data.

3.2 Variable Measurement

3.2.1 Dependent Variable

The primary dependent variable is Expected Stock Returns (RET), which is the percentage change in stock

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prices over time. Stock returns are the most important measure of a firm's financial performance and investor sentiment, thus a critical measure for evaluating the influence of cash flow volatility. Stock returns are calculated using a standard formula, so they are consistent and comparable across firms and over time periods.

The stock returns are measured at the monthly level to capture the full picture of how cash flow volatility impacts stock performance over time and to reduce the noise of short-term market movements. Monthly stock returns are used instead of daily stock returns to dampen the effects of extreme market movements and short-term trading irregularities. This allows the study to capture longer-term financial dynamics and better reflect the impact of firms' cash flow fluctuations on stock performance. Moreover, the analysis of stock returns over almost two decades (2001–2024) allows the study to account for macroeconomic shocks, financial crises, and regulatory changes, and ensures that the findings are robust and relevant across different economic environments. By adopting a structured and reliable method of calculating stock returns, this study aims to improve the accuracy of its results and provide meaningful insights into the impact of cash flow volatility on investment outcomes. Main Dependent Variable Stock Returns (RET) The main dependent variable in this study is Stock Returns (RET) which is the percentage change in stock prices over time. Stock returns are calculated using the following formula $$RET_{it} = \frac{P_{it} - P_{i(t-1)}}{P_{i(t-1)}} \times 100$$

Where:

- P_{it} is the stock price of company at time t
- $P_{i(t-1)}$ is the stock price of company at time t−1

3.2.2 Independent Variable

The independent variable in this study is cash flow volatility (CFV) because it is a crucial factor in influencing financial stability and investor confidence. Cash flow volatility is defined as the change of a firm's operating cash flow over time and is used as a measure of financial uncertainty and risk [13]. In this study, CFV is defined as the rolling standard deviation of operating cash flow over the past 16 quarters. By measuring the change in the cash inflows and outflows over a long period of time, CFV provides a measure of how much cash flows of a firm fluctuate over time. The choice of 16 quarters is chosen to capture both short-term and long-term cash flow fluctuations. Higher cash flow volatility indicates greater financial instability and can result in greater risk perceptions among investors, lower stock valuation, and higher required returns. On the other hand, firms with lower cash flow volatility are usually viewed as more financially stable and attract long-term investors, which contributes to greater market confidence. Measuring cash flow volatility ensures that the study considers changing financial patterns and economic cycles over the period of 2001–2024. The time span allows an in-depth analysis of how cash flow volatility responds to major financial crises, changes in corporate financial management practices, and regulatory changes in Vietnam's stock market.

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CFV= Rolling Standard Deviation of Operating Cash Flows over the past 16 quarters

3.2.3 Control Variables

To enhance the validity of the research model, this study includes several control variables that have been identified in the financial literature as drivers of stock returns. These control variables allow the analysis to isolate the impact of cash flow volatility on stock returns while accounting for other potential drivers. Firm Size (ME) is included as a control variable and is measured as the natural logarithm of market capitalization. Larger firms tend to have more financial resources and stability and exhibit more consistent stock returns, whereas small firms are more volatile because they have smaller financial cushioning. Book-to-Market Ratio (BEME) is measured as the ratio of book equity to market equity and is an important determinant of firm valuation and growth prospects. High book-to-market firms are typically categorized as value stocks, whereas low book-to-market firms are categorized as growth stocks, and this dichotomy has a significant effect on stock performance. Illiquidity (ILLIQ) is another important control variable and is measured as the bid-ask spread. The bid-ask spread reflects the cost of trading a stock and the ease with which investors can buy or sell shares. Stocks with higher illiquidity tend to demand a premium, which impacts their expected returns. Earnings Yield (EY) is defined as the inverse of the price-to-earnings (P/E) ratio and accounts for differences in firms' profitability. Companies with higher earnings yields tend to attract investors who are seeking stable returns, while low earnings yield firms may be riskier. Including these control variables ensures that the results of the study are statistically significant and reflect the true impact of cash flow volatility on stock returns rather than being influenced by external financial factors. Price Momentum (PMOM), calculated as the stock's cumulative return over the past 12 months, captures the tendency of stocks with strong past performance to continue outperforming, making it a crucial driver of short-term stock returns. Earnings Momentum (SUE), measured by standardized unexpected earnings, reflects market reactions to earnings surprises and their subsequent impact on stock performance. By including these well-established control variables, this study aligns with prior asset pricing research and strengthens the model's ability to produce statistically significant and unbiased results. Control Variables Several control variables are incorporated into the research model to account for external factors that may influence stock returns.

3.2.4 Mediating Variables

- LEV is a fundamental measure of corporate financing and risk exposure. LEV is defined as the total debt/total assets ratio, which measures the extent to which firms are dependent on debt financing. High leverage increases financial risk and makes firms more susceptible to changes in cashflows. Low leverage suggests greater financial stability. The studyexamines whether LEV mediates the effect of CFV on stock returns through the effects on firms' risk exposure and financial policies. LEV data are collected from financial statements of firms listed on HOSE, Vietstock, and Cafef.vn, etc.
- IRV represents firm-specific risk that is not explained by market movements. IRV is measured as the standard deviation of residuals from the Fama-French three-factor model. High IRV firms experience more

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uncertainty in stock returns that may be related to changes in CFV. We examine IRV as a second mediating variable to test whether firm-specific volatility explains additional variation in the CFV-ESR relationship. We use financial databases and regression models applied to historical stock price data to obtain data on IRV.

- Measured by

$$\mathbf{R_{i,t} - R_f = \alpha_i + \beta_1 MKT_t + \beta_2 SMB_t + \beta_3 HML + \varepsilon_{i,t}}$$

Hence $\boldsymbol{IRV = Standard\ Deviation\ of\ \varepsilon_{i,t}}$

3.3 Data Collection and Analysis

3.3.1 Data Sources

The financial data spanned almost two decades, from 2001 to 2024, to ensure a long-term and sufficiently rich dataset. The selected companies were 50 financial publicly listed firms on the Ho Chi Minh Stock Exchange (HOSE), whose industries and financial conditions reflected a wide range of sectors and conditions in the Vietnamese stock market. To ensure data consistency and accuracy, information was obtained from three primary sources includingFinancial Reports, Market Data, and External Financial Databases.

3.3.2 Data Analysis

Several statistical techniques are used to analyze the relationship between CFV, LEV, and RET. Descriptive statistics summarize the mean, standard deviation, and correlations of CFV. Multivariate Regression Analysis tests the direct and indirect effects of CFV on RET using LEV as a mediator.

To test for mediation, the study follows the Baron & Kenny (1986) approach, which includes:

1. Analyzing the direct effect of CFV on RET.
2. Testing the impact of CFV on LEV.
3. Examining whether LEV mediates the CFV-RET relationship.

This study applies several statistical methods to analyze the data effectively. First, descriptive statistics summarize key metrics such as mean, standard deviation, and correlations. Reliability testing (Cronbach's Alpha) ensures measurement consistency, while Exploratory Factor Analysis (EFA) helps refine key variables. Multivariate Regression Analysis is used to examine the relationship between CFV, LEV, and RET.

4. Conclusion

This study's main purpose is to develop a research framework examining the effect of cash flow volatility on expected stock returns in Vietnam and the mediating role of financial leverage. The study extends the existing literature by testing whether the CFV-ESR relationship found in developed markets is held in an emerging market. By providing evidence from the stock market of Vietnam, this study contributes to the financial literature on asset pricing and risk management. The research findings also have practical implications for

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corporate managers, investors, and policymakers, as understanding the link between cash flow volatility and leverage can help firms optimally design their financial structures and manage risks.This study is expected to provide a foundation for future research. Overall, this study highlights the importance of managing cash flow volatility and leverage in financial decision-making in emerging markets.

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HONING LEADERSHIP SKILLS: ESSENTIAL IN PROMOTING WELL-BEING OF HUMAN RESOURCES AND ORGANIZATIONS

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Abstract

In all types of organizations, there are individuals in leadership positions. These are the individuals, who are vested with the authority and responsibility of guiding and directing other members towards doing well in their jobs and achieving organizational goals. Furthermore, they prepare individuals in terms of ways that are facilitating in leading to up-gradation of overall structure of the organizations. The leaders are to pay attention on number of factors, i.e. laws, rules, methodologies, techniques, approaches, resources, assets, infrastructure, amenities, facilities, organizational culture and overall structure of the organizations. Furthermore, they need to put into operation the techniques, which are necessary in achieving all types of organizational goals. The leaders need to be well-informed in terms of various factors, which are necessary in improving employee morale. They need to offer incentives, which are essential in leading to up-gradation of motivation and concentration levels towards employees. As the hard work and conscientiousness among employees is essential in promoting well-being of overall organizations. Furthermore, leaders need to develop mutual understanding with other members. As a consequence of working in co-ordination, they will contribute in carrying out functioning of overall organizations in a well-ordered manner. Therefore, it is well-understood; honing leadership skills is essential in promoting well-being of human resources and organizations. The main concepts that are taken into account in this research paper are, understanding the meaning and significance of honing leadership skills, measures to be put into operation in honing leadership skills and advantages of honing leadership skills.

Keywords: *Employees, Job Duties, Methodologies, Leadership Skills, Organizations, Organizational Goals, Up-gradation, Well-being*

Introduction

The organizations are of different types, i.e. educational institutions of all levels, training centers, financial institutions, services organizations, production and manufacturing organizations, non-government organizations, agencies and so forth. In all types of organizations, there are individuals in leadership positions. They are required to lead to up-gradation of leadership skills. These are the skills, which are facilitating in implementing all tasks, which would promote well-being of employees and enhance the overall structure of the organizations (Chand, n.d.). The leaders need to form cordial and amiable terms and relationships with other members. For this purpose, they need to implement communication processes in an effective manner. Furthermore, it is necessary to be well-informed in terms of communication ethics, i.e.

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making use of polite language and decent words; treating others with respect and courtesy; making provision of factual information; depicting the traits of helpfulness and co-operation and possessing an approachable nature and an amiable attitude. These are regarded as essential in forming cordial and amiable terms and relationships with other members. Therefore, throughout their jobs, leaders need to put emphasis on leading to up-gradation of leadership skills.

In leading to functioning of organizations, the leaders need to make wise and productive decisions in terms of various factors. The different factors are, recruitment and selection methods, training and development programs, job duties, responsibilities, methodologies, procedures, approaches, techniques, resources, infrastructure, amenities and overall structure of the organizations. In the implementation of decision-making processes, analysis needs to be conducted in terms of various types of alternatives and options that are available. After the analysis is conducted, selection is made of the most worthwhile and useful alternative and option. On the other hand, critical-thinking skills are facilitating in implementing rational, logical and methodological thinking (Emotional Intelligence in Leadership, 2020). Hence, it is necessary for individuals in leadership positions to make wise and productive decisions in terms of various aspects. One of the important aspects that needs to be taken into account is, the decisions made need to be favorable in promoting well-being of workforce and overall structure of the organizations. Therefore, it is well-understood; honing decision-making skills is regarded as efficacious and meaningful in achievement of desired goals and objectives.

Understanding the Meaning and Significance of Honing Leadership Skills

The human resources are assets of the organizations. They need to make use of their educational qualifications, skills and abilities in an appropriate manner. Hence, individuals in leadership positions need to improve employee morale. The morale is referred to honing of determination, confidence, optimism and self-esteem among employees. Within organizations, the leaders need to implement all the factors, which are facilitating in improving employee morale. One of the important aspects that needs to be taken into account is, employees need to feel comfortable within the workplace. As a consequence, their mind-sets will be stimulated and they will put in their best efforts in carrying out all types of tasks and activities in a well-ordered manner. Furthermore, they will cope with various types of dilemmas and challenging situations in a satisfactory manner. In addition, these are prevented from giving rise to impediments within the course of generation of desired outcomes.

As a consequence of implementing all the factors, which are facilitating in improving employee morale, the employees will put in their best efforts in achieving organizational goals. Furthermore, up-gradation will take place of overall structure of the organizations. The leaders offer various factors, such as, rewards, incentives, increase in pay, promotional opportunities etc. to the employees in leading to up-gradation of motivation and concentration levels towards putting into operation various types of job duties and responsibilities. As a consequence, up-gradation will take place of overall organizational structure. Therefore, individuals are able to acquire an efficient understanding of the meaning and significance of honing leadership skills, when strategies are being implemented to improve employee morale.

It is apparently understood that within the course of putting into operation various types of job duties

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and responsibilities, there are occurrences of problems in terms of various factors, i.e. methodologies, procedures, techniques, work pressure, unawareness in terms of various factors, lack of implementation of time-management skills, lack of analytical, critical-thinking and problem-solving skills, scarcity of financial, human, technical, material and information resources, lack of infrastructure, amenities and facilities, crime and violence and so forth. The various types of problems are considered to be impediments within the course of carrying out all types of job duties and responsibilities in an appropriate manner. Furthermore, these are to be prevented from assuming a major form, as they give rise to psychological problems of anger, stress, anxiety, frustration and depression. Hence, these need to be solved on time.

The leaders need to implement grievance redresser procedures. These are the procedures, which are facilitating in conveying in terms of various types of problems. The employees convey these in a verbal or written manner or both. Furthermore, the analysis is conducted in terms of causes of problems. After the causes have been identified, the solutions are to be implemented in a satisfactory manner. In addition, the employees are made comfortable within the workplace. One of the important aspects that needs to be taken into account is, the employees will put in their best efforts, when they are not overwhelmed by any types of problems. Hence, providing solutions to these is essential on the part of leaders. Therefore, one is able to acquire an understanding of the meaning and significance of honing leadership skills, when grievance redresser procedures are implemented in a well-ordered manner.

The individuals in leadership positions in all types of organizations are required to manage resources. The various types of resources that need to be managed are, financial, human, technical, material and information. The financial resources are monetary resources. These are essential in making purchases of various products, acquiring services of service providers, bringing about changes in various factors and fulfilling various types of needs and requirements. Human resources are required to make use of their educational qualifications, skills and abilities in a well-organized manner. Furthermore, throughout their jobs, they need to lead to up-gradation of competencies to generate desired outcomes. Technical resources are, computers, lap-tops, I pads, scanners, printers, photo-copiers, and so forth. Material resources are, tools, devices, apparatus, equipment, machinery, and gear. Information resources are, books, articles, reports, projects, newspapers, magazines, other reading materials and internet. These need to be put into operation in an efficacious manner in order to achieve professional goals. Furthermore, up-gradation will take place of overall structure of the organizations.

The individuals, belonging to all job positions need to make use of resources. Hence, throughout their jobs, they need to put emphasis on implementing all the factors, which are facilitating in managing all types of resources in an adequate manner. Furthermore, wastage needs to be prevented. In putting into operation all types of job duties and responsibilities in a well-ordered manner, the members, belonging to all job positions need to make use of resources in a wise manner. In addition, inculcation of traits of morality, ethics, diligence and conscientiousness is facilitating in generating desired outcomes. Therefore, an understanding of the meaning and significance of honing leadership skills is acquired, when various types of resources are implemented in a regimented manner.

Measures to be put into operation in Honing Leadership Skills

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The individuals in leadership positions in all types of organizations need to put emphasis on honing leadership skills. These are the skills, which are implementing all the factors, which are facilitating in achieving organizational goals. Furthermore, up-gradation will take place of overall structure of the organizations. Hence, leading to up-gradation of these skills is regarded to be of utmost significance. In honing these skills, the individuals in leadership positions need to be well-informed in terms of their job duties and responsibilities. Furthermore, they need to augment information in terms of various types of methodologies and procedures. These need to be put into operation in a well-ordered and disciplined manner in order to generate desired outcomes. The possession of these is facilitating in leading to up-gradation of leadership skills (Chapter 3. Leadership Theories and Styles, 2018).

Throughout their jobs, leaders need to augment information in terms of measures, which are necessary in leading to up-gradation of leadership skills. All types of measures are to be put into practice in a well-ordered and regimented manner. Furthermore, positivity needs to be reinforced in all types of measures. One of the important aspects that needs to be taken into account is, all types of measures need to be facilitating in promoting well-being and goodwill of individuals and organizations. Therefore, measures to be put into operation in honing leadership skills are stated as follows:

Developing Mutual Understanding with other Members

The leaders need to develop mutual understanding with other members. For this purpose, they need to implement communication processes in an effective manner. Furthermore, it is necessary to be well-informed in terms of communication ethics, i.e. making use of polite language and decent words; treating others with respect and courtesy; making provision of factual information; reinforcing the traits of efficiency, honesty and truthfulness; depicting the traits of helpfulness and co-operation and possessing an approachable nature and an amiable attitude. These are regarded as essential in developing mutual understanding with other members. Hence, throughout their jobs, leaders need to put emphasis on leading to up-gradation of communication skills and interactive abilities. The communication takes place in a verbal and written form. Verbal communication takes place face to face, video-calling or phone, whereas, written communication takes place through exchanging messages and emails.

There are some job duties and responsibilities, which are put into operation on an individual basis, whereas, there are other job duties, which are implemented through working in collaboration with other members, hence, the up-gradation of communication skills and development of mutual understanding is essential. These are the key, especially when tasks and activities are to be carried out in teams, comprising of two or more individuals. Furthermore, leaders will have support and assistance available from other members in overcoming all types of setbacks. As a consequence, all types of job duties and responsibilities will be put into practice in a satisfactory manner. Therefore, developing mutual understanding with other members is regarded as one of the indispensable measures to be put into operation in honing leadership skills.

Making Wise and Productive Decisions

In leading to functioning of organizations, the leaders need to make wise and productive decisions in terms

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of various factors. The different factors are, recruitment and selection methods, training and development programs, job duties, responsibilities, methodologies, procedures, approaches, techniques, strategies, resources, infrastructure, amenities, organizational culture and overall structure of the organizations. In the implementation of decision-making processes, analysis needs to be conducted in terms of various types of alternatives and options that are available. After the analysis is conducted, selection is made of the most worthwhile and useful alternative and option. On the other hand, critical-thinking skills are facilitating in implementing rational, logical and methodological thinking. Hence, these skills are regarded as the key in putting into operation, decision-making processes in an adequate manner.

It is necessary for individuals in leadership positions to make wise and productive decisions in terms of various aspects. This is regarded as an integral part of job duties and leaders need to pay attention towards these in an appropriate manner. One of the important aspects that needs to be taken into account is the decisions made need to be favorable in promoting well-being of workforce and overall structure of the organizations. Furthermore, these need to be flexible. In other words, changes can be brought about in these in an adequate manner. Hence, it is well-understood; honing decision-making skills is regarded as efficacious and meaningful in achievement of desired goals and objectives. Therefore, making wise and productive decisions is one of the significant measures to be put into operation in honing leadership skills.

Improving Employee Morale

The individuals in leadership positions need to improve employee morale. The morale is referred to honing of determination, self-confidence, hopefulness and self-assurance among employees. Within organizations, the leaders need to implement all the factors, which are facilitating in improving employee morale. One of the important aspects that needs to be taken into account is, employees need to feel comfortable within the workplace. As a consequence, their mind-sets will be stimulated and they will put in their best efforts in carrying out all types of job duties and responsibilities in a well-ordered manner. Furthermore, they will cope with various types of problems in an appropriate manner. In addition, these are prevented from giving rise to impediments within the course of generation of desired outcomes.

As a consequence of implementing all the factors, which are facilitating in improving employee morale, the employees will put in their best efforts in achieving organizational goals. Furthermore, up-gradation will take place of overall structure of the organizations. The leaders offer various factors, such as, rewards, incentives, paid leaves, paid vacations, increase in pay, promotional opportunities etc. to the employees in leading to up-gradation of motivation and concentration levels towards putting into operation various types of job duties and responsibilities. As a consequence, up-gradation will take place of overall organizational structure. Therefore, improving employee morale is an eminent measure to be put into operation in honing leadership skills.

Implementing Grievance Redresser Procedures

Within the course of putting into operation various types of job duties and responsibilities, there are occurrences of problems in terms of various factors, i.e. methodologies, procedures, techniques, work pressure, unawareness in terms of various factors, lack of implementation of time-management skills, lack

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of analytical, critical-thinking and problem-solving skills, scarcity of financial, human, technical, material and information resources, lack of infrastructure, amenities and facilities, crime and violence, peer issues, unfavorable attitude and so forth. The various types of problems are considered to be impediments within the course of carrying out all types of job duties and responsibilities in a well-organized manner. Furthermore, these are to be prevented from assuming a major form, as they give rise to psychological problems of anger, stress, anxiety, frustration and depression. Hence, these need to be solved on time.

The leaders need to implement grievance redresser procedures. These are the procedures, which are facilitating in conveying in terms of various types of problems. The employees convey these in a verbal or written manner or both. Furthermore, the analysis is conducted in terms of causes of problems. After the causes have been identified, the solutions are to be implemented in an appropriate manner. In addition, the employees are made comfortable within the workplace. One of the important aspects that needs to be taken into account is, the employees will put in their best efforts, when they are not overwhelmed by any types of problems. Hence, providing solutions to these is essential on the part of leaders. Therefore, implementing grievance redresser procedures is an expedient measure to be put into operation in honing leadership skills.

Managing Resources

The individuals in leadership positions in all types of organizations are required to manage resources. The various types of resources that need to be managed are, financial, human, technical, material and information. The financial resources are monetary resources. These are essential in making purchases of various products, acquiring services of service providers, bringing about changes in various factors and fulfilling different types of needs and requirements. Human resources are required to make use of their educational qualifications, skills and abilities in a satisfactory manner. Furthermore, throughout their jobs, they need to lead to up-gradation of competencies to generate desired outcomes. Technical resources are, computers, lap-tops, I pads, scanners, printers, photo-copiers, projectors, audio-visual aids and so forth. Material resources are, tools, devices, apparatus, equipment, machinery, and gear. Information resources are, books, articles, reports, projects, newspapers, magazines, other reading materials and internet. These need to be put into operation in a well-organized manner in order to achieve professional goals. Furthermore, up-gradation will take place of overall structure of the organizations.

The individuals, belonging to all job positions need to make use of resources. Hence, throughout their jobs, they need to put emphasis on implementing all the factors, which are facilitating in managing all types of resources in an appropriate manner. Furthermore, wastage needs to be prevented. In putting into operation all types of job duties and responsibilities in an efficacious manner, the members, belonging to all job positions need to make use of resources in a wise manner. In addition, inculcation of traits of honesty, efficiency and truthfulness is facilitating in achievement of desired goals and objectives. Therefore, managing resources is a renowned measure to be put into operation in honing leadership skills.

Making Provision of Infrastructure, Amenities and Facilities

In all types of organizations, it is necessary to make provision of infrastructure, amenities and facilities. These are power supplies, water supplies, restrooms, clean drinking water, heating and cooling equipment in

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accordance to the weather conditions, communication networks, transportation facilities, internet, furniture, parks, play-grounds, furniture, buildings and overall environmental conditions. The management of financial resources is regarded to be of utmost significance in making provision of infrastructure, amenities and facilities. Furthermore, services need to be hired of service providers, i.e. electric workers, repair workers, painters, carpenters, plumbers, gardeners, drivers, and cooks. These individuals need to carry out their job duties and responsibilities in a satisfactory manner. As a consequence, the overall working environmental conditions are made comfortable. Furthermore, leaders and all members, belonging to all job positions in the hierarchy will lead to up-gradation of motivation and concentration levels.

The individuals, belonging to all job positions, throughout their jobs, need to put emphasis on implementing all the factors, which are facilitating in utilizing various types of infrastructure, amenities and facilities in an appropriate manner. Furthermore, wastage needs to be prevented. In putting into operation all types of job duties and responsibilities in a well-ordered manner, the members, belonging to all job positions need to utilize these in a wise manner. In addition, inculcation of traits of uprightness, proficiency and reliability is facilitating in achievement of desired goals and objectives. Therefore, making provision of infrastructure, amenities and facilities is a notable measure to be put into operation in honing leadership skills.

Utilizing Pioneering Methods and Materials

With advancements taking place and with the advent of modernization and globalization, it is necessary to make use of various types of pioneering methods and materials. In all types of organizations, all members, belonging to all job positions in the hierarchy are making use of these methods and materials. These are, utilization of various types of tools, devices, apparatus, equipment, machinery, gear and technologies. The individuals need to acquire an efficient understanding of the concepts. Furthermore, they need to get engaged in regular practice. The regular practice is facilitating in augmenting information and understanding. Furthermore, individuals will obtain answers to all types of questions and clarify doubts in terms of various factors. Hence, utilization of different types of pioneering methods and materials is facilitating in carrying out all types of tasks and activities in a satisfactory manner.

The individuals in leadership positions are putting emphasis on leading to up-gradation of training and development programs. Furthermore, there is recruitment of well-qualified and experienced trainers. They are making use of their educational qualifications, competencies and abilities. Hence, in these programs, trainees acquire information in terms of various types of pioneering methods and materials. Hence, the utilization of various types of pioneering methods and materials is facilitating in doing well in one's job duties, achieving desired goals and objectives and leading to up-gradation of overall structure of the organizations. Furthermore, workforce will incur the feeling of job satisfaction. Therefore, utilizing pioneering methods and materials is a noteworthy measure to be put into operation in honing leadership skills.

Organizing Seminars and Workshops

The individuals in leadership positions need to organize seminars and workshops. When they form the

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viewpoint that employees need to be imparted information in terms of a particular topic, they organize seminars and workshops related to that topic. These are organized for one day, two days, one week, two weeks or a month. Furthermore, there are number of factors that need to be taken into account, i.e. program, prospectus, venue, location, timings, invitations, resources, and refreshments. The individuals in leadership positions and other individuals are invited from other organizations as well. They give presentations and deliver speeches. On the other hand, other members of the organizations are also given the opportunities to give presentations and deliver speeches. In this manner, they acquire the opportunities to hone presentation and public-speaking skills (Chapter 4. Leadership Theories and Models, n.d.).

The leaders in this manner render an important contribution in leading to up-gradation of organizational culture and promoting enhancement of overall structure of the organizations. Furthermore, the workforce gets well-prepared to do well in their job duties, achieve organizational goals and meet the expectations of individuals in leadership positions. Hence, organization of seminars and workshops are essential. These need to be planned on regular basis. Furthermore, these are considered essential in augmenting information in terms of techniques, which are facilitating in carrying out functioning of overall organizations in a well-organized manner. Therefore, organizing seminars and workshops is an advantageous measure to be put into operation in honing leadership skills.

Implementing Time-Management Skills

It is apparently understood that leaders are vested with number of job duties and responsibilities. These are complicated and manageable, these are carried out in less amount of time or can be more time-consuming and these are carried out on one's own or through working in collaboration and integration with other members. Hence, leaders need to be well-informed in terms of time-management skills. These are the skills, which are facilitating in taking out sufficient amount of time for all types of job duties and responsibilities. The individuals assign priorities to the job duties and responsibilities. The ones, which are more important are carried out first, whereas, the ones, which are less important are implemented after the completion of more important ones. Procrastination is avoided. One of the major benefits of these skills is, all types of job duties and responsibilities are completed within required time-frame.

The leaders in this manner render an important contribution in leading to up-gradation of organizational culture and overall structure of the organizations. Furthermore, they impart information among workforce as well in terms of meaning and significance of these skills. As a consequence, workforce gets well-prepared to do well in their job duties, achieve organizational goals and meet the expectations of individuals in leadership positions. Hence, all members, belonging to all job positions in the hierarchy of the organizations need to acknowledge and implement these skills. One of the important aspects that needs to be taken into account is, these skills are facilitating in completing all types of job duties and responsibilities within the stipulated period of time. Furthermore, these are facilitating in achievement of all types of organizational goals. Therefore, implementing time-management skills is a useful measure to be put into operation in honing leadership skills.

Creating an Amiable Environment within Workplace

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Creating an amiable environment within workplace is regarded as one of the major goals of leaders. In leading to up-gradation of leadership skills, leaders need to be wholeheartedly committed towards achievement of this goal. Furthermore, all members, belonging to all job positions need to be well-informed in terms of all the factors, which are facilitating in achievement of this goal. The various factors are, implementing effective communication processes; honing various types of skills and abilities; leading to up-gradation of motivation and concentration levels; making wise and productive decisions; inculcating the traits of morality and ethics; implementing the traits of diligence, resourcefulness and conscientiousness; reinforcing the traits of efficiency, honesty and truthfulness; reinforcing a constructive approach; improving employee morale; implementing grievance redresser procedures; managing financial, human, technical, material and information resources; making provision of infrastructure, amenities and facilities; utilizing various types of pioneering methods and materials; organizing seminars and workshops; implementing time-management skills and leading to up-gradation of motivation and concentration levels towards implementation of various types of job duties and responsibilities.

The leaders through implementing these factors render an important contribution in leading to up-gradation of organizational culture and overall structure of the organizations. Furthermore, they impart information among workforce as well in terms of meaning and significance of these factors. As a consequence, workforce gets well-prepared to do well in their job duties, achieve various types of organizational goals and meet the expectations of individuals in leadership positions. Therefore, creating an amiable environment within workplace is a prominent measure to be put into operation in honing leadership skills.

Advantages of Honing Leadership Skills

In all types of organizations, there are individuals in leadership positions. They are required to lead to up-gradation of leadership skills. These are the skills, which are facilitating in implementing all tasks, which would promote well-being of employees and enhance the overall structure of the organizations. The leaders, throughout their jobs need to put emphasis on leading to up-gradation of leadership skills. These are the skills, which are facilitating all types of job duties and responsibilities in a manner, which are essential in promoting well-being of all members. The leaders in this manner render an important contribution in leading to up-gradation of organizational culture and promoting enhancement of overall structure of the organizations. Furthermore, they impart information among workforce as well in terms of all these factors (Five Guiding Principles of a Successful Center of Excellence, n.d.).

The leaders and employees need to form cordial and amiable terms and relationships with each other. In order to carry out the overall functioning of the organizations in a satisfactory manner, it is not that only the leaders need to be supportive and co-operative, furthermore, they need to obtain help and support from other members of the organizations as well. In addition, the up-gradation of listening skills is regarded as meaningful in augmenting information and understanding. Hence, honing leadership skills is advantageous to members and overall organizations. Therefore, advantages of honing leadership skills are stated as follows:

1. Implementing effective communication processes.

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2. Honing various types of skills and abilities.
3. Leading to up-gradation of motivation and concentration levels.
4. Making wise and productive decisions.
5. Inculcating the traits of morality and ethics.
6. Implementing the traits of diligence, resourcefulness and conscientiousness.
7. Reinforcing the traits of efficiency, honesty and truthfulness.
8. Reinforcing a constructive approach.
9. Improving employee morale.
10. Implementing grievance redresser procedures.
11. Providing solutions to various types of problems.
12. Managing financial, human, technical, material and information resources.
13. Making provision of infrastructure, amenities and facilities.
14. Utilizing various types of pioneering methods and materials.
15. Organizing seminars and workshops.
16. Implementing time-management skills.
17. Leading to up-gradation of motivation and concentration levels towards work.
18. Carrying out all types of job duties and responsibilities in a well-ordered manner.
19. Promoting enrichment of organizational culture.
20. Leading to up-gradation of overall structure of the organizations.

Conclusion

Leadership skills are skills, which are facilitating in promoting well-being of employees and enhance overall structure of the organizations. Measures to be put into operation in honing leadership skills are, developing mutual understanding with other members, making wise and productive decisions, improving employee morale, implementing grievance redresser procedures, managing resources, making provision of infrastructure, amenities and facilities, utilizing pioneering methods and materials, organizing seminars and workshops, implementing time-management skills and creating an amiable environment within workplace. Honing leadership skills is advantageous to members and organizations. Finally, it can be stated, honing leadership skills is facilitating in promoting well-being of employees and organizations.

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A FRAMEWORK FOR IMPLEMENTING ENVIRONMENTAL POLICIES IN LOW-INCOME ECONOMIES

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ABSTRACT: The implementation of effective environmental policies is crucial for sustainable development, particularly in low-income economies where environmental degradation can impede long-term growth and exacerbate poverty. However, the successful integration of environmental considerations into national development plans remains a significant challenge in these countries due to financial constraints, limited institutional capacity, and competing economic priorities. This paper proposes a comprehensive framework for implementing environmental policies in low-income economies, focusing on the need for a balanced approach that integrates environmental sustainability with economic growth. The proposed framework outlines key elements, including policy design, capacity building, stakeholder engagement, financing mechanisms, and monitoring and evaluation. Additionally, the paper highlights the role of international cooperation and technology transfer in supporting low-income economies in their environmental policy implementation efforts. The paper concludes with recommendations for creating adaptive, context-specific environmental policies that are both financially viable and environmentally sustainable in low-income economies.

Key Words: *Environmental Policies; Low-Income Economies*

1.0 INTRODUCTION

Low-income economies face significant challenges when it comes to addressing environmental issues. While these countries strive for economic growth, many are simultaneously grappling with environmental degradation, which threatens food security, water access, and public health. The ability of governments in these economies to implement and enforce effective environmental policies is often limited by financial and technical constraints, weak institutional capacity, and the urgent need to prioritize short-term economic growth over long-term environmental sustainability. Developing a robust framework for environmental policy implementation can help these countries better balance these competing priorities while promoting sustainable development.

2.0 LITERATURE REVIEW

2.1.1 Challenges in Low-Income Economies

Low-income economies often face challenges such as limited institutional capacity, inadequate funding, weak enforcement mechanisms, and a lack of skilled human resources to implement environmental policies

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effectively. The pressure to prioritize economic development may also overshadow environmental concerns, leading to unsustainable resource use, pollution, and ecosystem degradation. Literature highlights that environmental policies in these countries are often either too weak, poorly enforced, or misaligned with the broader development objectives of the country, making it difficult to achieve meaningful environmental outcomes.

2.1.2 Policy Design for Sustainability

Successful environmental policies in low-income economies require careful design that considers local realities, including economic constraints, cultural factors, and environmental vulnerabilities. Research suggests that policy designs that incorporate flexible, context-specific approaches are more likely to succeed. For instance, policies that promote low-cost or no-cost solutions, such as community-based resource management, can be more effective in low-income settings compared to large-scale, capital-intensive environmental projects.

2.1.3 Role of International Support

Low-income economies often lack the necessary financial and technical resources to address environmental challenges effectively. Literature indicates that international cooperation, through financial assistance, technology transfer, and capacity-building programs, plays a critical role in helping these countries implement sustainable environmental policies. Bilateral and multilateral institutions, such as the World Bank, the United Nations Environment Programme (UNEP), and the Green Climate Fund, are vital in providing financial support and technical expertise to low-income countries.

3.0 KEY ELEMENTS OF THE FRAMEWORK

(i) Policy Design and Planning:Effective environmental policy design in low-income economies must consider the unique socio-economic, environmental, and political context. The following elements are essential for successful policy design:

- **Context-Specific Approaches**: Policies should reflect the local realities of low-income economies, such as limited infrastructure, dependence on natural resources, and low levels of industrialization. This includes designing policies that are both cost-effective and easy to implement.
- **Integrated Development Plans**: Environmental policies must be integrated into broader national development strategies to ensure alignment with economic, social, and cultural goals.
- **Adaptive and Flexible Policies**: Given the uncertainties associated with environmental challenges, policies should be flexible enough to adapt to changing circumstances and new information.

(ii) Institutional Capacity Building:Effective environmental policy implementation requires strong institutional capacity, including well-trained human resources, functional regulatory bodies, and clear governance structures. Building institutional capacity involves:

- **Training and Education**: Investment in human capital through education and training for policymakers, enforcement officers, and local communities.
- **Strengthening Regulatory Institutions**: Ensuring that regulatory bodies have the authority and resources to enforce environmental laws and regulations effectively.

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- **Decentralized Governance**: Involving local governments and communities in decision-making processes to ensure that policies reflect local needs and priorities.

(iii) Stakeholder Engagement:Broad stakeholder engagement is crucial for the success of environmental policies. This includes:

- **Public Awareness Campaigns**: Educating the public about the importance of environmental conservation and encouraging community participation in policy implementation.
- **Private Sector Participation**: Engaging the private sector in the development of green technologies, sustainable business practices, and investments in environmental conservation.
- **Community-Based Approaches**: Empowering local communities to manage their natural resources sustainably through participatory governance models.

(iv) Financing Mechanisms:Securing adequate financing is one of the most significant challenges for low-income economies. A multi-source approach to financing is essential, including:

- **Domestic Resource Mobilization**: Governments should explore innovative ways to mobilize domestic resources for environmental initiatives, such as green bonds, eco-taxes, or environmental funds.
- **International Aid and Investment**: Low-income economies can leverage international financial support, such as climate finance from the Green Climate Fund or loans from development banks, to implement large-scale environmental projects.
- **Public-Private Partnerships (PPPs)**: Encouraging partnerships between governments and the private sector can help finance infrastructure development, such as renewable energy projects and sustainable agriculture programs.

(v) Monitoring, Evaluation, and Accountability:A robust monitoring and evaluation (M&E) system is necessary to track the progress of environmental policies and ensure accountability. This involves:

- **Data Collection and Analysis**: Establishing systems to gather reliable data on environmental indicators (e.g., air quality, water usage, deforestation) and assess the effectiveness of policy interventions.
- **Public Reporting**: Providing transparent and accessible reports to the public on the progress of environmental initiatives, helping to build trust and ensure public support.
- **Feedback Mechanisms**: Creating mechanisms for the public and stakeholders to provide feedback on policy implementation, ensuring that policies remain responsive to changing conditions.

4.0 POLICY RECOMMENDATIONS

(i)Policies should be tailored to the specific economic, social, and environmental conditions of low-income economies, focusing on low-cost, high-impact interventions such as community-driven conservation projects, sustainable agriculture, and waste reduction.

(ii)**Strengthening Institutions**:Building strong institutions is essential for the successful implementation of environmental policies. This includes training public servants, enhancing the capacity of regulatory bodies, and creating an enabling environment for local communities to participate in environmental decision-making.

(iii)Low-income countries should strengthen their engagement with international organizations and donor agencies to access climate finance, technical assistance, and knowledge transfer. This will help bridge

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financial and knowledge gaps that hinder policy implementation.

(iv)Governments should explore innovative financing models, such as green bonds or environmental levies, to generate resources for environmental projects. Additionally, leveraging the private sector through public-private partnerships can help fund large-scale sustainable initiatives.

(v)Public awareness campaigns should focus on the long-term benefits of environmental preservation. Involving communities in the policy process and creating ownership of environmental projects can ensure their sustainability.

(vi)Establishing transparent and accountable systems for monitoring and evaluating the progress of environmental policies is crucial for ensuring that policies are effective and adaptive to changing circumstances.

5.0 CONCLUSION

Implementing environmental policies in low-income economies presents unique challenges but also significant opportunities for fostering sustainable development. By adopting a comprehensive and context-specific framework that emphasizes policy design, institutional capacity building, stakeholder engagement, financing mechanisms, and monitoring and evaluation, low-income countries can overcome these challenges. International support and innovative financing models will be critical in supporting these economies in achieving their environmental and development goals. Through careful planning and collaborative efforts, low-income economies can implement policies that protect the environment while fostering economic growth and improving the livelihoods of their citizens.

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NAVIGATING THE LABYRINTH: ETHICAL CONSIDERATIONS OF ARTIFICIAL INTELLIGENCE ADOPTION IN SUPPLY CHAIN DECISION MAKING

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Abstract
The integration of Artificial Intelligence (AI) into supply chain management heralds a new era of unprecedented efficiency, predictive accuracy, and operational resilience. From demand forecasting and autonomous logistics to supplier selection and risk management, AI systems are fundamentally reshaping decision-making processes. However, this transformative potential is accompanied by a complex web of ethical challenges that, if left unaddressed, risk eroding trust, perpetuating injustice, and creating new forms of systemic vulnerability. This paper provides a comprehensive analysis of the primary ethical considerations arising from AI adoption in supply chains. It systematically examines issues of algorithmic bias and fairness, data privacy and governance, transparency and the "black box" problem, accountability and responsibility, the impact on the human workforce, and environmental sustainability. The paper argues that a proactive, multi-stakeholder approach—grounded in established ethical frameworks and emerging regulatory standards—is not merely an ancillary concern but a strategic imperative for building sustainable, equitable, and robust supply chains for the 21st century.

Keywords: *Artificial Intelligence, Supply Chain Management, Ethics, Algorithmic Bias, Transparency, Accountability, Data Privacy, Sustainability, Human-AI Collaboration.*

1. Introduction

The modern global supply chain is a vast, interconnected, and dynamic network, often described as the circulatory system of the global economy. In this complex environment, characterized by volatility, uncertainty, complexity, and ambiguity (VUCA), decision-making has traditionally relied on human experience, historical data, and often fragmented information systems. The advent of sophisticated AI—encompassing machine learning (ML), natural language processing (NLP), and robotic process automation (RPA)—promises to transcend these limitations. AI can process immense datasets, identify subtle patterns, and automate complex decisions at a scale and speed unattainable by humans (Ivanov et

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al., 2022). This capability is driving its adoption across all supply chain functions, including predictive demand planning, autonomous warehouse management, dynamic route optimization, and automated supplier relationship management.

While the business case for AI, focused on cost reduction, speed, and efficiency, is compelling, the ethical dimensions of this technological shift are profound and often under-examined in corporate strategy. An AI system is not a neutral tool; it is a socio-technical system whose design, data, and deployment are imbued with human values and potential prejudices. Decisions once made by managers are now increasingly delegated to algorithms, raising critical questions: Can we trust these systems to be fair? Who is responsible when an AI-driven decision causes harm? How do we ensure that the pursuit of efficiency does not come at the cost of human dignity or ecological health?

This paper posits that the ethical integration of AI is a critical success factor for long-term supply chain viability. It moves beyond a purely techno-optimistic narrative to explore the ethical labyrinth that organizations must navigate. The objective is to delineate the core ethical challenges, analyze their implications for various stakeholders, and propose a framework for responsible AI adoption. The discussion is structured around six key ethical domains: bias and fairness, privacy, transparency, accountability, human agency, and environmental impact.

2. Algorithmic Bias and Fairness: The Prejudice in the Code

One of the most pernicious ethical risks in AI-driven supply chains is algorithmic bias, which can lead to systematic and unfair discrimination against certain individuals or groups.

2.1 Sources of Bias

Bias can infiltrate AI systems at multiple stages. The most common source is *historical data bias*. If an AI model for supplier selection is trained on data from a company that has historically favored large, established corporations from certain geographic regions, the algorithm will learn to perpetuate this pattern, effectively locking out small and medium-sized enterprises (SMEs) or businesses from developing economies (Dastin, 2018). This creates a feedback loop where disadvantaged suppliers are denied opportunities, and the biased data is reinforced.

A second source is *model design bias*. The choice of optimization goal itself can be biased. If a logistics AI is designed solely to minimize cost and delivery time, it may systematically route trucks through low-income neighborhoods, externalizing pollution and traffic congestion onto already marginalized communities without their consent (Kazemi et al., 2021). The model is "fair" to its cost function but deeply unfair in its societal impact.

2.2 Manifestations in the Supply Chain

The consequences of bias are tangible. In *procurement*, biased algorithms can lead to unfair scoring of suppliers, potentially discriminating based on the owner's ethnicity, gender, or the company's country of origin, all under the veneer of objective data analysis. In *logistics and delivery*, dynamic pricing algorithms or service level determinations might inadvertently offer inferior services or higher prices to

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customers in specific zip codes, a digital form of redlining. In *human resources* within the supply chain (e.g., warehouse staffing), AI tools used for resume screening or productivity monitoring can disadvantage workers based on age, gender, or physical ability if not carefully audited.

Ensuring fairness, therefore, requires more than just technical fixes. It demands a conscious effort to audit training data for representativeness, to select and weight model features that promote equitable outcomes, and to continuously monitor for discriminatory patterns post-deployment.

3. Data Privacy and Governance: The Commodification of Information

AI systems are voracious consumers of data. Their efficacy is directly correlated with the volume and granularity of the data they process. This raises significant ethical concerns regarding data privacy, ownership, and security across the supply chain ecosystem.

3.1 The Pervasive Data Net

A modern, AI-driven supply chain operates as a pervasive data collection network. It tracks not only the movement of goods but also the behavior of people. This includes GPS and performance data from truck drivers, biometric data from warehouse workers for access control, and detailed personal information about end-customers for demand forecasting and personalized logistics (e.g., preferred delivery windows). The Internet of Things (IoT) extends this net further, with sensors monitoring everything from the temperature of a shipment to the utilization of factory equipment (Ben-Daya et al., 2019).

3.2 Ethical Dilemmas of Data Usage

The primary ethical dilemma lies in the balance between operational optimization and individual autonomy. While collecting granular data on a worker's movements can improve warehouse layout and safety, it can also be used for oppressive surveillance and performance management, leading to worker stress and a loss of dignity (Moore, 2018). Similarly, using customer data to optimize last-mile delivery is efficient, but selling that data to third parties or using it for manipulative pricing without explicit, informed consent constitutes a violation of privacy.

The concept of data ownership becomes blurred. Who owns the performance data generated by a truck driver—the driver, the trucking company, or the software provider? Robust data governance frameworks are essential, defining clear policies on data collection (minimization and purpose limitation), storage (security and encryption), usage (consent and transparency), and sharing across the multi-enterprise supply chain. Regulations like the General Data Protection Regulation (GDPR) in Europe provide a legal baseline, but ethical practice must often go beyond mere compliance to build trust.

4. The "Black Box" Problem and Lack of Transparency

Many advanced AI models, particularly deep learning networks, are inherently opaque, functioning as "black boxes" where the internal logic connecting inputs to outputs is not easily interpretable by humans (Castelvecchi, 2016). This lack of transparency poses a fundamental ethical challenge to supply chain decision-making.

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4.1 The Challenge of Explainability

In a traditional supply chain, a manager can explain why a certain supplier was chosen or a shipment was routed through a specific port. They can point to factors like cost, reliability, or a personal relationship. An AI model, however, might make the same decision based on a complex, non-linear combination of thousands of variables. When a supplier is inexplicably downgraded by an AI system, it undermines trust and makes it impossible for the supplier to correct a potential error or improve their performance. This is the problem of *explainability*.

The lack of explainability becomes critical in high-stakes scenarios. For instance, if an AI system recommends discontinuing a long-standing partnership with a supplier due to a perceived risk factor buried in the data, the company's procurement officers and the supplier itself have a right to a comprehensible explanation. Without it, the decision appears arbitrary and unchallengeable.

4.2 The Need for Interpretability and Stakeholder Communication

The ethical imperative is to strive for AI interpretability. This does not always mean making the entire model simple; rather, it means developing methods to explain individual decisions. Techniques like LIME (Local Interpretable Model-agnostic Explanations) and SHAP (SHapley Additive exPlanations) can help generate post-hoc explanations for specific model outputs (Ribeiro et al., 2016). For example, an AI could output: "Supplier X's rating was lowered primarily due to a 15% increase in lead time variability over the last quarter, coupled with negative sentiment detected in recent news articles."

Transparency also involves clear communication with stakeholders about how AI is being used in decision-making processes. Workers, suppliers, and customers should be informed when and how algorithms are making decisions that affect them, and there should be avenues for human appeal and override.

5. Accountability and Responsibility: Who is Liable When AI Fails?

The delegation of decision-making authority to AI systems creates a murky landscape of accountability. The traditional model of responsibility, where a human decision-maker is held accountable, is disrupted when the decision agent is an algorithm.

5.1 The Problem of Many Hands

The development and deployment of an AI supply chain system involve a multitude of actors: the data collectors, the data labelers, the algorithm developers, the system integrators, the business managers who deploy it, and the end-users who interact with it. This "problem of many hands" makes it difficult to assign blame when something goes wrong (Taddeo & Floridi, 2018). If an autonomous warehouse robot causes an accident, or a flawed demand forecasting algorithm leads to a massive recall and financial loss, who is responsible? Is it the software engineer who wrote the code, the project manager who signed off on the deployment, the CEO who championed the AI initiative, or the corporation itself?

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5.2 Legal and Ethical Gaps

Current legal frameworks are often ill-equipped to handle this complexity. Product liability laws may apply if the AI is considered a "product," but this is less clear for software-as-a-service models. Negligence laws require proving a duty of care and a breach, which is challenging when the system's reasoning is opaque.

Ethically, the principle of *responsibility gaps* is a serious concern (Matthias, 2004). If no individual can be reasonably held responsible, it creates a moral hazard where harmful outcomes have no accountable party. To mitigate this, organizations must establish clear governance structures for AI. This includes defining roles and responsibilities, implementing rigorous testing and validation protocols before deployment, and creating clear lines of human oversight. The concept of "human-in-the-loop" or "human-on-the-loop" is crucial, ensuring that for critical decisions, especially those with significant ethical or safety implications, a human retains final review and veto authority.

6. The Human Factor: Workforce Transformation and De-Skilling

The automation of cognitive and physical tasks through AI inevitably transforms the nature of work within the supply chain, raising ethical questions about job displacement, de-skilling, and the changing employer-employee relationship.

6.1 Job Displacement and Economic Justice

The most immediate fear is widespread job loss. Roles in data entry, repetitive quality checks, and even certain levels of operational planning are highly susceptible to automation. While new jobs will be created (e.g., AI trainers, data ethicists, robotics maintenance specialists), there is no guarantee that displaced workers will have the skills or opportunity to transition into these roles. This raises a profound issue of economic justice and corporate responsibility. Ethically, companies benefiting from AI-driven efficiency have an obligation to invest in reskilling and upskilling programs for their workforce, facilitating a just transition rather than simply shedding labor.

6.2 De-skilling and the Erosion of Judgement

A more subtle but equally important risk is the de-skilling of the human workforce. As AI systems take over complex planning and optimization tasks, human managers may gradually lose the tacit knowledge and intuitive judgment that comes from years of hands-on experience (Brynjolfsson & McAfee, 2014). If a system fails or encounters a novel situation for which it was not trained, a de-skilled workforce may lack the competence to intervene effectively. The ethical approach is to design AI not as a replacement for human intelligence, but as an augmenting tool. This involves creating interfaces that enhance human understanding and decision-making, fostering a collaborative environment where human expertise guides and constrains the AI's capabilities.

Table 1: The Dual Impact of AI on the Supply Chain Workforce

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Aspect of Work	Risks (Unethical Approach)	Opportunities (Ethical Approach)
Job Roles	Displacement of workers in repetitive, manual, and cognitive tasks (e.g., data entry clerks, inventory controllers).	Creation of new roles (e.g., AI supervisor, data analyst, robot coordinator) and augmentation of existing roles.
Skills	De-skilling; erosion of tacit knowledge and strategic decision-making abilities.	Up-skilling; development of digital literacy, analytical thinking, and AI management skills.
Worker Well-being	Increased surveillance, performance pressure, and loss of autonomy leading to stress and burnout.	Improved safety, reduction of mundane tasks, and more engaging, strategic job functions.
Corporate Responsibility	Layoffs without support, exacerbating economic inequality.	Investment in continuous learning, reskilling programs, and transparent transition plans for employees.

7. Environmental Sustainability: The Double-Edged Sword

AI presents a paradoxical relationship with environmental sustainability in the supply chain. It is both a powerful tool for promoting green practices and a potential contributor to significant environmental harm.

7.1 AI for Green Logistics

On the positive side, AI can optimize for sustainability. Algorithms can design transportation routes that minimize fuel consumption and emissions, a practice known as "green logistics." They can optimize inventory levels to reduce waste, particularly of perishable goods. AI can also enhance circular economy models by improving the sorting and routing of materials for recycling and remanufacturing.

7.2 The Carbon Cost of Computation

However, the development and operation of large AI models themselves carry a substantial environmental footprint. Training a single large deep learning model can consume massive amounts of energy, resulting in a carbon footprint equivalent to the lifetime emissions of five average American cars (Strubell et al., 2019). The data centers that power these AI systems are significant consumers of electricity and water. An ethical approach to AI adoption must, therefore, involve a life-cycle assessment of the technology itself. Companies must weigh the environmental benefits gained from AI optimization in the supply chain against the direct environmental cost of running the AI, striving for energy-efficient computing and using renewable energy sources for their computational needs.

8. Towards a Framework for Ethical AI in Supply Chains

Addressing these multifaceted ethical challenges requires a structured, proactive, and holistic framework that integrates ethics into the entire AI lifecycle, from conception to deployment and decommissioning.

8.1 Core Principles for Ethical AI

A robust framework should be built on several core principles:

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Fairness: Actively working to identify and mitigate bias, ensuring equitable outcomes for all stakeholders.

Transparency and Explainability: Demanding clarity on how AI systems make decisions and providing meaningful explanations.

Accountability: Establishing clear lines of responsibility and mechanisms for audit and redress.

Privacy and Data Governance: Implementing robust data protection measures and respecting individual autonomy.

Beneficence and Non-Maleficence: Ensuring AI is used to do good and to avoid causing harm to people, society, or the environment.

Human-Centricity: Designing AI to augment and empower human workers, not simply replace them.

8.2 Implementing the Framework: Practical Steps

Ethical Impact Assessments (EIA): Conducting formal EIAs before deploying any new AI system, evaluating potential risks across all ethical domains discussed.

Interdisciplinary Oversight Committees: Establishing ethics boards or committees comprising not only technologists and business leaders but also ethicists, legal experts, supply chain partners, and worker representatives.

Investment in Explainable AI (XAI): Prioritizing the development and adoption of interpretable models and explanation tools.

Continuous Monitoring and Auditing: Implementing ongoing processes to audit AI systems for bias, drift, and unintended consequences post-deployment.

Stakeholder Engagement and Communication: Proactively communicating with employees, suppliers, and customers about the use of AI and creating channels for feedback and appeal.

Industry Collaboration and Standards: Participating in industry-wide initiatives to develop shared standards and best practices for ethical AI in supply chains.

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Table 2: A Practical Framework for Implementing Ethical AI in Supply Chains

Stage	Key Actions	Responsible Parties
1. Design & Scoping	- Define ethical principles. - Conduct an initial Ethical Impact Assessment (EIA). - Ensure diverse development teams.	Senior Management, Project Managers, Ethicists
2. Data Collection & Model Development	- Audit data for bias and representativeness. - Select features that promote fairness. - Prioritize interpretable models where possible.	Data Scientists, ML Engineers, Legal & Compliance
3. Pre-Deployment Testing	- Rigorous testing for bias, security, and performance. - Simulate edge cases and failure modes. - Review by Ethics Oversight Committee.	QA Teams, Ethics Board, End-User Representatives
4. Deployment & Monitoring	- Deploy with human-in-the-loop for critical decisions. - Continuously monitor for model drift and unintended consequences. - Maintain clear channels for stakeholder feedback.	Operations Teams, IT, HR, Procurement
5. Ongoing Governance & Review	- Schedule regular audits and EIAs. - Update models and policies based on audit results. - Report on AI ethics performance to stakeholders.	Ethics Board, Senior Management, Internal Audit

9. Conclusion

The adoption of Artificial Intelligence in supply chain decision-making is an inexorable trend, offering a powerful lever for efficiency, resilience, and innovation. However, this paper has argued that this technological journey is fraught with significant ethical perils that extend far beyond technical implementation. The risks of embedded bias, eroded privacy, opaque decision-making, diffused accountability, workforce disruption, and unchecked environmental impact are real and substantial. To ignore these challenges is to build supply chains that are efficient yet fragile, intelligent yet unjust, and technologically advanced yet socially irresponsible.

The path forward requires a fundamental shift in perspective. Ethical considerations must be moved from the periphery to the core of corporate AI strategy. They are not compliance hurdles to be cleared but foundational elements of long-term value creation and risk management. By embracing a multi-stakeholder, principle-based framework that prioritizes fairness, transparency, and human dignity, organizations can navigate the ethical labyrinth of AI. The goal is not to stifle innovation but to steer it towards a future where intelligent supply chains are not only smarter and faster but also more just, inclusive, and sustainable for all.

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MANAGING RESOURCES: ESSENTIAL IN PROMOTING ENHANCEMENT OF PERSONAL AND PROFESSIONAL LIVES

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Abstract

In the lives of the individuals, in both personal and professional spheres, they are required to manage resources in an adequate manner. The different types of resources are, financial, human, technical, material and information. The management and utilization of all these resources is essential in promoting well-being of individuals. Furthermore, up-gradation will take place of overall structure of the organizations. The individuals need to augment information in terms of different types of techniques of managing these in an adequate manner. Furthermore, all types of techniques are to be put into operation in a well-ordered and regimented manner. In addition, wastage needs to be prevented. The management of different types of resources is regarded as essential in carrying out all types of job duties and responsibilities in a well-ordered and regimented manner. As a consequence, individuals will render an important contribution in doing well in their job duties and responsibilities. In this manner, they will achieve their desired goals and objectives in personal and professional lives. Furthermore, individuals will meet the expectations of family members, educators and employers. The inculcation of traits of morality, ethics, diligence and conscientiousness in generating desired outcomes. Therefore, it is well-understood; managing resources is essential in promoting enhancement of personal and professional lives. The main concepts that are taken into account in this research paper are, understanding the meaning and significance of managing resources, measures to be put into operation in managing resources and advantages of managing resources.

Keywords: *Individuals, Job Duties, Knowledge, Management, Personal, Professional, Resources, Standards of Living*

Introduction

The individuals, belonging to all occupations, communities and socio-economic backgrounds have one of the major goals of bringing about improvements in their overall standards of living. In order to achieve this goal, they are required to manage resources in a satisfactory manner (Patel, & Gupta, 2021). The various types of resources that needs to be managed are, financial, human, technical, material and information. The financial resources are the monetary resources. These are utilized to make purchases of various products, acquire services of service providers, bring about changes in various factors and fulfill different types of needs and requirements.

Human resources are the personnel. They are to make use of their educational qualifications, competencies

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and abilities in an adequate manner. Technical resources are various types of technologies, i.e. computers, lap-tops, scanners, printers, photo-copiers, audio-visual aids, projectors and so forth. Material resources are, various types of tools, devices, apparatus, machinery and equipment. Information resources are, books, articles, reports, projects, newspapers, magazines, other reading materials and internet. These need to be utilized in an efficient manner in implementing various types of job duties within personal and professional lives. Therefore, all types of resources need to be managed and utilized in an appropriate manner and wastage needs to be prevented.

The individuals need to be well-informed in terms of their job duties and responsibilities in personal and professional lives. These are manageable and complicated, these are carried out in less amount of time or can be more time-consuming and these are carried out on one's own or through working in co-ordination with other members. Hence, possession of information in terms of various types of job duties and responsibilities is facilitating in making use of different types of resources in a satisfactory manner. Furthermore, individuals need to augment information in terms of various types of techniques, which are facilitating in carrying out all types of job duties and responsibilities in an efficient manner. The possession of information in terms of various types of techniques is facilitating in making use of all types of resources in an appropriate manner (Physical Resources, 2014).

The individuals need to inculcate the traits of efficiency, honesty and truthfulness. These traits are considered to be vital in utilizing resources in various types of job duties and responsibilities in a satisfactory manner. Furthermore, individuals need to be well-prepared in terms of ways of overcoming all types of setbacks in an adequate manner. In addition, these are prevented from giving rise to impediments within the course of doing well in all types of job duties and responsibilities. Therefore, it is understood on a comprehensive basis, generation of information in terms of various types of job duties and responsibilities is crucial in managing resources in an appropriate manner.

Understanding the Meaning and Significance of Managing Resources

Within personal lives, pursuance of educational programs and implementation of job duties within various types of employment settings, individuals need to augment information in terms of various types of methodologies and procedures. These are manageable and complicated, these are carried out in less amount of time or can be more time-consuming and these are carried out on one's own or through working in co-ordination with other members. Furthermore, individuals need to augment information in terms of traits of reliability and meticulousness. These are essential in putting into operation different types of methodologies and procedures in an efficient manner. Furthermore, individuals need to get engaged in regular practice. The regular practice is facilitating in augmenting confidence levels. In addition, feelings of apprehensiveness and vulnerability needs to be prevented from giving rise to impediments within the course of generation of desired outcomes.

The possession of adequate information in terms of various types of methodologies and procedures is facilitating in generating information in terms of ways of management of resources. Furthermore, individuals will augment information in terms of different types of techniques, which are facilitating in managing all types of resources in a satisfactory manner. As a consequence, individuals will make sure that

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all types of methodologies and procedures are implemented in a well-ordered and regimented manner. Furthermore, desired outcomes will be generated in both personal and professional lives of the individuals. Therefore, individuals will acquire an efficient understanding of the meaning and significance of managing resources, when they are generating information in terms of various types of methodologies and procedures.

With advancements taking place and with the advent of modernization and globalization, individuals, belonging to all professions and fields are making use of various types of modern, scientific and innovative methods and materials. The different types of these methods and materials are, utilization of tools, devices, apparatus, machinery, gear and technologies. Furthermore, individuals need to augment information in terms of traits of consistency and meticulousness in order to achieve desired goals and objectives. These are essential in putting into operation different types of these methods and materials in an appropriate manner. Furthermore, individuals need to get engaged in regular practice. The regular practice is facilitating in augmenting confidence levels. In addition, feelings of apprehensiveness and vulnerability needs to be prevented from giving rise to impediments within the course of generation of desired outcomes. One of the major benefits of making use of these methods and materials is, job duties will be carried out in an efficient manner.

The possession of adequate information in terms of various types of these methods and materials is facilitating in generating information in terms of ways of management of resources. Furthermore, individuals will augment information in terms of different types of techniques, which are facilitating in managing all types of resources in a satisfactory manner. As a consequence, individuals will make sure that all types of these methods and materials are put into operation in a well-organized and regimented manner. Furthermore, desired outcomes will be generated in both personal and professional lives of the individuals. Therefore, one is able to acquire an understanding of the meaning and significance of managing resources, when various types of modern, scientific and innovative methods and materials are put into operation.

It is apparently understood that within the course of putting into operation various types of job duties and responsibilities, there are occurrences of problems in terms of various factors. The different factors are, job duties, responsibilities, methodologies, procedures, techniques, approaches, work pressure, unawareness in terms of various factors, scarcity of financial, human, technical, material and information resources, lack of infrastructure, amenities and facilities and so forth. The influence of various types of problems is experienced in a major or minor form. The individuals need to provide solutions to these in an appropriate manner. Furthermore, these are prevented from giving rise to impediments within the course of carrying out all types of job duties and responsibilities in an adequate manner. In order to provide solutions to various types of problems, individuals are required to manage resources in a satisfactory manner. The various types of resources need to be utilized in a moral and ethical manner.

The possession of adequate information in terms of problem-solving skills is facilitating in generating information in terms of ways of management of resources. Furthermore, these skills are facilitating in identifying the causes of problems. After the causes are identified, individuals will augment information in terms of different types of techniques, which are facilitating in providing solutions to these. Furthermore, all types of resources are managed in a satisfactory manner. As a consequence, individuals will make sure that all types of job duties, responsibilities, methods and materials are put into operation in a well-organized and

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regimented manner. Furthermore, desired outcomes will be generated in both personal and professional lives of the individuals. Therefore, an understanding of the meaning and significance of managing resources is acquired, when various types of problems are solved in a satisfactory manner.

Measures to be put into operation in Managing Resources

An aimless life is a meaningless life. Hence, individuals, belonging to all occupations, communities and socio-economic backgrounds have goals and objectives to achieve. The different factors in terms of which these are formulated are, education, careers, employment opportunities, resources, assets, property, family, relationships, settlement, travelling, personality traits and overall standards of living. In order to achieve all types of goals and objectives, individuals need to be well-prepared. Furthermore, they need to lead to up-gradation of different types of competencies and abilities. In addition, the management of resources is regarded as essential. In order to achieve different types of goals and objectives, the management of all types of resources needs to take place in an adequate manner. Furthermore, these need to be utilized in diligent and conscientious manner (Physical Resource Management, 2020).

Throughout the lives of the individuals, they need to augment information in terms of measures, which are to be put into operation in management of resources. All types of measures are to be put into practice in a well-ordered and disciplined manner. Furthermore, wastage needs to be prevented. One of the important aspects that needs to be taken into account is, all types of measures need to be facilitating in promoting well-being and goodwill of individuals, communities and organizations. Therefore, measures to be put into operation in managing resources are stated as follows:

Being well-informed regarding Job Duties and Responsibilities

The individuals, belonging to all communities and socio-economic backgrounds need to be well-informed in terms of their job duties and responsibilities in personal and professional lives. These are manageable and complicated, these are implemented in less amount of time or can be more time-consuming and these are put into operation on one's own or through working in co-ordination with other members, including family and community members. Hence, possession of information in terms of various types of job duties and responsibilities is facilitating in making use of different types of resources in an appropriate manner. Furthermore, individuals need to augment information in terms of various types of techniques, which are facilitating in carrying out all types of job duties and responsibilities in a satisfactory manner. The possession of information in terms of various types of techniques is facilitating in making use of all types of resources in an adequate manner.

The individuals need to inculcate the traits of efficiency, honesty and truthfulness. These traits are considered as crucial in utilizing resources in various types of job duties and responsibilities in an efficient manner. Furthermore, individuals need to be well-prepared in terms of ways of overcoming all types of problems and challenging situations in an appropriate manner. In addition, these are prevented from giving rise to impediments within the course of doing well in all types of job duties and responsibilities. Therefore, being well-informed regarding job duties and responsibilities is considered as one of the indispensable measures to be put into operation in managing resources.

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Being well-aware in terms of Methodologies and Procedures

Within personal lives, pursuance of educational programs and implementation of job duties within various types of employment settings, individuals need to augment information in terms of various types of methodologies and procedures. These are to be understood well in order to generate desired outcomes. As a consequence, expectations will be met of family and community members. Furthermore, individuals need to augment information in terms of traits of reliability and meticulousness. These are essential in putting into operation different types of methodologies and procedures in an appropriate manner. Furthermore, individuals need to get engaged in regular practice. The regular practice is facilitating in augmenting confidence levels. In addition, feelings of apprehensiveness and vulnerability needs to be prevented from giving rise to impediments within the course of generation of desired outcomes.

The possession of adequate information in terms of various types of methodologies and procedures is facilitating in generating information in terms of ways of management of resources. Furthermore, individuals will augment information in terms of different types of techniques, which are facilitating in managing all types of resources in a satisfactory manner. As a consequence, individuals will make sure that all types of methodologies and procedures are implemented in a well-ordered manner. Furthermore, desired outcomes will be generated in both personal and professional lives of the individuals. Therefore, being well-aware in terms of methodologies and procedures is one of the significant measures to be put into operation in managing resources.

Utilizing Pioneering Methods and Materials

With the advent of technologies, individuals, belonging to all professions and fields are making use of various types of pioneering methods and materials. The different types of these methods and materials are, utilization of tools, devices, apparatus, machinery, gear and technologies. Furthermore, individuals need to augment information in terms of traits of honesty and reliability in order to achieve desired goals and objectives. These are essential in putting into operation different types of these methods and materials in an appropriate manner. Furthermore, individuals need to get engaged in regular practice. The regular practice is facilitating in augmenting confidence levels. In addition, feelings of apprehensiveness and vulnerability needs to be prevented from giving rise to impediments within the course of generation of desired outcomes. One of the major benefits of making use of these methods and materials is, job duties will be put into operation in an appropriate manner.

The possession of adequate information in terms of various types of these methods and materials is facilitating in generating information in terms of ways of management of resources. Furthermore, individuals will augment information in terms of different types of techniques, which are facilitating in managing all types of resources in a satisfactory manner. As a consequence, individuals will make sure that all types of these methods and materials are put into operation in a well-organized and regimented manner. Furthermore, desired outcomes will be generated in both personal and professional lives of the individuals. Therefore, utilizing pioneering methods and materials is an eminent measure to be put into operation in managing resources.

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Providing Solutions to various Problems

Within the course of putting into operation various types of job duties and responsibilities, there are occurrences of problems in terms of various factors. The different factors are, job duties, responsibilities, methodologies, procedures, techniques, approaches, work pressure, unawareness in terms of various factors, scarcity of financial, human, technical, material and information resources, lack of infrastructure, amenities and facilities, peer issues, health problems, illnesses and so forth. The individuals need to provide solutions to these in an appropriate manner. Furthermore, these are prevented from giving rise to impediments within the course of carrying out all types of job duties and responsibilities in a satisfactory manner. In order to provide solutions to various types of problems, individuals are required to manage resources in an adequate manner. The various types of resources need to be utilized in a moral and ethical manner.

The possession of adequate information in terms of problem-solving skills is facilitating in generating information in terms of ways of management of resources. Furthermore, these skills are facilitating in identifying the causes of problems. After the causes are identified, individuals will augment information in terms of different types of techniques, which are facilitating in providing solutions to these. Furthermore, all types of resources are managed in a satisfactory manner. As a consequence, individuals will ensure that all types of job duties, responsibilities, methods and materials are implemented in a well-ordered and regimented manner. Furthermore, desired outcomes will be generated in both personal and professional lives of the individuals. Therefore, providing solutions to various problems is an expedient measure to be put into operation in managing resources.

Honing Analytical and Critical-Thinking Skills

In management of resources, the individuals need to lead to up-gradation of analytical and critical-thinking skills. The analytical skills are the skills, which are facilitating in conducting analysis of various types of alternatives and options that are available. After the analysis is conducted, selection is made of the most favorable and worthwhile alternative or option. On the other hand, critical-thinking skills are facilitating in implementing rational, logical and methodological thinking. These skills are facilitating in making wise and productive decisions in terms of various types of resources. The individuals need to make wise and productive decisions in terms of various factors, when management of resources will have to be carried out in an appropriate manner. Hence, these skills need to be strengthened on regular basis in order to carry out all types of job duties and responsibilities in a satisfactory manner.

In putting into operation various types of job duties and methodologies, the up-gradation of these skills is facilitating in doing well in one's job duties and responsibilities. Furthermore, the individuals will make use of various types of resources in a satisfactory manner. In addition, wastage needs to be prevented. Hence, it is well-understood, the up-gradation of these skills is facilitating in managing resources in an adequate manner. Hence, within homes, educational institutions of all levels and in various types of employment settings, these skills need to be honed in order to generate desired outcomes. Therefore, honing analytical and critical-thinking skills is a decisive measure to be put into operation in managing resources.

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Making Wise and Productive Decisions

In management of resources, individuals are required to make wise and productive decisions in terms of various factors, i.e. financial institutions, schemes, policies, recruitment and selection methods, training and development programs, technologies, tools, devices, apparatus, equipment, machinery, books, articles, reports, newspapers, magazines, and other reading materials. In making wise and productive decisions, the individuals need to lead to up-gradation of analytical and critical-thinking skills. The analytical skills are the skills, which are facilitating in conducting analysis of various types of alternatives and options that are available. After the analysis is conducted, selection is made of the most favorable and worthwhile alternative or option. On the other hand, critical-thinking skills are facilitating in implementing rational, logical and methodological thinking. These skills are facilitating in making wise and productive decisions in terms of various types of resources.

In management of resources, the individuals need to ensure, they lead to up-gradation of decision-making skills. The up-gradation of these skills is facilitating in making wise and productive decisions in terms of resources and strategies for managing these. Furthermore, the individuals will make use of various types of resources in a satisfactory manner. In addition, wastage needs to be prevented. Hence, it is well-understood, the making of wise and productive decisions is facilitating in managing resources in an appropriate manner. Hence, within homes, educational institutions of all levels and in various types of employment settings, themaking of wise and productive decisions are regarded as the keyin generating desired outcomes. Therefore, making wise and productive decisions is an imperative measure to be put into operation in managing resources.

Organizing Training and Development Programs

When recruitment and selection of individuals takes place, they are required to get enrolled in training and development programs. These are the programs, which are facilitating in augmenting information and understanding in terms of various factors, i.e. goals, mission, purpose, objectives, job duties, responsibilities, methodologies, procedures, techniques, approaches, departments, personnel, infrastructure, amenities, facilities, organizational culture and overall structure of the organizations. These are organized for one day, two days, two weeks, one month or even more. The recruitment of well-qualified and experienced trainers is facilitating in imparting information among trainees in a satisfactory manner. Within the course of implementation of job duties as well, the individuals need to get enrolled in these programs. As a consequence, they generate information in terms of various types of modern, scientific and innovative methods and materials.

It is well-understood that in managing human resources, the individuals in leadership positions in different types of organizations are required to lead to up-gradation of these programs. The human resources need to put emphasis on leading to up-gradation of listening skills. Furthermore, they need to interact with trainers and other trainees. In addition, they need to ensure, they are not overwhelmed by any doubts or problems. This is facilitating in getting well-prepared. As a consequence, they will render an important contribution in carrying out their job duties and responsibilities in a satisfactory manner. Therefore, organizing training and development programs is a notable measure to be put into operation in managing resources.

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Augmenting Knowledge and Understanding

In management of resources, individuals need to augment knowledge and understanding in terms of essential factors in an appropriate manner. This is in terms of job duties, methodologies, procedures, techniques, approaches and traits of morality, ethics, diligence and conscientiousness. The possession of information in terms of all these factors is facilitating in making use of different types of resources in an appropriate manner. The individuals, belonging to all professions and fields need to augment knowledge and understanding in terms of various types of techniques that are facilitating in making use of all types of resources in a satisfactory manner(Physical Resources, n.d.).

The individuals need to inculcate the traits of efficiency, honesty and truthfulness. These traits are considered crucial in utilizing resources in various types of job duties and responsibilities in an efficient manner. Furthermore, individuals need to be well-prepared in terms of different types of ways of overcoming all types of problems and challenging situations in an adequate manner. In addition, these are prevented from giving rise to impediments within the course of doing well in all types of job duties and responsibilities and management of resources. As a consequence, various types of resources will be managed and utilized in an appropriate manner. The individuals will be able to achieve their goals and objectives, when they are managing various types of resources in a satisfactory manner. Therefore, augmenting knowledge and understanding is a noteworthy measure to be put into operation in managing resources.

Maintaining Cleanliness

In management of resources, the maintenance of cleanliness is regarded to be of utmost significance. This is in cases of technical, material and information resources. These resources need to be kept clean. In some cases, these are kept covered as well. The maintenance of cleanliness is regarded as essential in managing these resources in a satisfactory manner. The lap-tops need to be serviced within the time period of six months. Hence, it is well-understood, when these resources are kept clean, they are being utilized in an appropriate manner in implementation of different types of job duties and responsibilities. The individuals within homes, educational institutions of all levels and in various types of organizations are carrying out this task on their own. In some cases, the technical experts are communicated with, especially when lap-tops are to get serviced.

The individuals need to be well-informed in terms of ways of maintaining cleanliness. All types of ways are to be put into operation in a well-ordered and efficient manner. Furthermore, individuals need to be well-prepared in terms of different types of ways of overcoming all types of problems and challenging situations in an effective manner. In addition, these are prevented from giving rise to impediments within the course of doing well in all types of job duties and responsibilities and management of resources. As a consequence, various types of resources will be managed and utilized in an adequate manner. Furthermore, the individuals will do well in their work, achieve their goals and objectives and meet the expectations of family members, educators and employers, when they are managing various types of resources in a satisfactory manner. Therefore, maintaining cleanliness is a favorable measure to be put into operation in managing resources.

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Generating Information regarding Essential Factors

From the stage of early childhood, throughout the lives of the individuals, they need to generate information in terms of essential factors, i.e. implementation of effective communication processes; honing analytical and critical-thinking skills; making wise and productive decisions; inculcating the traits of morality and ethics; implementing the traits of diligence, resourcefulness and conscientiousness; reinforcing the traits of efficiency, honesty and truthfulness; taking out sufficient amount of time for all tasks and activities; being well-informed regarding job duties and responsibilities; being well-aware in terms of methodologies and procedures; utilizing pioneering methods and materials; providing solutions to various problems; putting in efforts to one's best abilities; possessing the abilities to work under stress; developing mutual understanding with family and community members and carrying out all types of tasks and activities in a well-ordered manner. The acknowledgement and implementation of these factors is facilitating in managing various types of resources in a satisfactory manner.

All types of factors are to be put into operation in a well-organized and efficient manner. Furthermore, individuals need to be well-prepared in terms of different types of ways of overcoming all types of problems and challenging situations in a satisfactory manner. In addition, these are prevented from giving rise to impediments within the course of doing well in all types of job duties and responsibilities and management of resources. As a consequence, various types of resources will be managed and utilized in an appropriate manner. Furthermore, the individuals will do well in their work, achieve their goals and objectives and meet the expectations of family members, educators and employers, when they are managing various types of resources in a satisfactory manner. Therefore, generating information regarding essential factors is a prominent measure to be put into operation in managing resources.

Advantages of Managing Resources

The individuals, belonging to all occupations, communities and socio-economic backgrounds have one of the major goals of bringing about improvements in their overall standards of living. In order to achieve this goal, they are required to manage resources in a satisfactory manner. The individuals, belonging to all occupations, communities and socio-economic backgrounds have recognized the meaning and significance of education. They have formed the viewpoint that education is the instrument, which not only imparts information in terms of academic subjects and lesson plans, but also in terms of ways that are necessary in emerging into moral and ethical human beings. Hence, in order to pursue education in educational institutions of all levels, the management of various types of resources is essential. On the other hand, in various types of employment settings as well, all members, belonging to all job positions need to manage various types of resources in a satisfactory manner (Preparing to Manage Human Resources, 2022).

The individuals will do well in their work, achieve their goals and objectives and meet the expectations of family members, educators and employers, when they are managing various types of resources in a satisfactory manner. Hence, information needs to be augmented in terms of various types of techniques of managing resources. Furthermore, these techniques need to be implemented in an adequate manner in order to generate desired outcomes. All types of factors are to be put into operation in a well-organized and

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efficient manner. Furthermore, individuals need to be well-prepared in terms of different types of ways of overcoming all types of problems and challenging situations in a satisfactory manner. In addition, these are prevented from giving rise to impediments within the course of doing well in all types of job duties and responsibilities and management of resources. As a consequence, individuals will be successful in their job duties and responsibilities within personal lives, educational institutions of all levels and in different types of employment settings. The management of resources is considered to be advantageous on a comprehensive basis. Therefore, advantages of managing resources are stated as follows:

1. Implementation of effective communication processes with family and community members.
2. Honing analytical and critical-thinking skills.
3. Making wise and productive decisions.
4. Inculcating the traits of morality and ethics.
5. Implementing the traits of diligence, resourcefulness and conscientiousness.
6. Reinforcing the traits of efficiency, honesty and truthfulness.
7. Taking out sufficient amount of time for all tasks and activities.
8. Being well-informed regarding job duties and responsibilities.
9. Being well-aware in terms of methodologies and procedures.
10. Utilizing pioneering methods and materials.
11. Providing solutions to various problems.
12. Promoting good health and well-being, physically and psychologically.
13. Developing mutual understanding with family and community members.
14. Carrying out all types of tasks and activities in a well-ordered manner.
15. Meeting expectations of individuals in leadership positions.
16. Promoting enhancement of career prospects.
17. Promoting enhancement of organizational culture.
18. Leading to up-gradation of overall structure of the organizations.
19. Incurring the feeling of job satisfaction and retaining one’s jobs.
20. Leading to up-gradation of overall standards of living.

Conclusion

The types of resources that needs to be managed are, financial, human, technical, material and information. Measures to be put into operation in managing resources are, being well-informed regarding job duties and responsibilities, being well-aware in terms of methodologies and procedures, utilizing pioneering methods and materials, providing solutions to various problems, honing analytical and critical-thinking skills, making wise and productive decisions, organizing training and development programs, augmenting knowledge and understanding, maintaining cleanliness and generating information regarding essential factors. Managing resources is advantageous to a major extent. Finally, it can be stated, managing resources leads to progression of individuals, communities and organizations.

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