VOLUME 17 NUMBER 3 Aug 2025
ISSN 2076-9202 (Print)
ISSN 2218-046X (Online)

International Journal of Information, Business and Management

ELITE HALL PUBLISHING HOUSE

International Journal of Information, Business and Management

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ISSN 2076-9202

International Journal of Information, Business and Management

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Web:http://ijibm.elitehall.com
ISSN 2076-9202 (Print)
ISSN 2218-046X (Online)

CORPORATE SOCIAL RESPONSIBILITY AND FINANCIAL PERFORMANCE OFLISTED INFORMATION TECHNOLOGY FIRMS

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Abstract

The study aims to build a research framework for examining the relationship between Corporate Social Responsibility and Vietnamese information technology companies' performance. In the study, Corporate Social Responsibility consists of employee responsibility, customer responsibility, creditor responsibility, government responsibility, and supplier responsibility. Data on Corporate Social Responsibility and financial performance will be gathered from the top information technology firms listed on the Ho Chi Minh Stock Exchange (HOSE) and the Hanoi Stock Exchange (HNX) during the years 2013 and 2023. Descriptive statistics and multiple linear regression models will be employed to analyse the effect of engaging in Corporate Social Responsibility on information technology companies' financial performance in Vietnam.

Keywords: Corporate Social Responsibility, Financial Performance, Technology Firms, Vietnam

INTRODUCTION

1.1 Research Background

In recent decades, corporate social responsibility (CSR) has become an increasingly significant concern for governments, investors, and businesses. According to Carrol (1991), the CSR pyramid model is a framework that outlines the significance of four key aspects of corporate social responsibility, including economic, legal, ethical, and philanthropic responsibilities.

Therefore, CSR is considered a new trend for the sustainable development of businesses and will add value if companies implement it effectively. CSR plays an extremely important role in the sustainable development of both businesses and society. First, it helps build and enhance a company's image, fostering trust and credibility among customers and the community. Second, CSR enables businesses to minimize their negative impacts on the environment and society while promoting the sustainable use of resources and energy. Lastly, CSR creates a positive work environment and encourages personal development among employees, thereby contributing to the success of the organization and the business. Nowadays, as environmental concerns grow, consumer expectations and standards have risen, making sustainability a widespread issue and raising awareness among companies worldwide about the value of integrating social responsibilities into business operations and stakeholder interactions (Li et al., 2024; Zhang et al., 2022). With external and public pressure,

ISSN 2076-9202

companies and private corporations no longer view CSR as a business cost or merely philanthropic and ethical activities but have established processes and principles to integrate it into business decision-making.

A survey conducted by Visa in 2021 revealed that Vietnamese consumers tend to support companies that are socially responsible. Specifically, 47% of Vietnamese consumers reported choosing socially responsible companies in the past year, compared to the global average of 33%. A Deloitte survey in 2022 also indicated that 39% of consumers are concerned with the sustainability and impact of a brand when shopping; 36% of consumers are willing to pay a premium for products and services from companies committed to sustainable development and demonstrating social responsibility. Therefore, it is inevitable for multinational corporations and companies to develop CSR strategies. In 1953, Bowen asserted that corporate social responsibility not only benefits the community but also the companies themselves. The Eldelman Trust Barometer (2014) echoed this view, stating that 84% of consumers believe that companies can pursue their own interests while doing good for society. Although social responsibility increases obligations for businesses, these actions help companies achieve certain benefits (Freeman &Dmytriyev, 2017). Katenova and Qudrat-Ullah (2024) believe that CSR and profitability can have a big impact on one another. Since corporate social responsibility (CSR) is a high-value activity, it is beneficial for businesses that can permit it, and vice versa—CSR will boost the profitability of the business. CSR has an effect on business, boosts earnings, and results in new advancements for the organization. (Miethlich, 2018). Today, participating in the trend of enhancing CSR activities is essential for achieving sustainable business development. However, companies must find a way to balance social responsibility with economic efficiency to ensure sustainable growth for themselves, the nation, and the world.

Some researchers argue that Western values, laws, and free market conditions don't always align with the Asian context. They also note that corporate social responsibility (CSR) in Asia has unique characteristics shaped by factors like local socio-cultural values and traditions (Khan et al., 2021; Murphy & Smolarski, 2020), economic development levels (Conte et al., 2020; Hong & Kim, 2017) and political systems and governance (Rauf et al., 2020; Khan et al., 2018). However, CSR studies face challenges in navigating the complexities and nuances of the Asian context. In light of globalization pressures and the anticipated standardization of management practices across cultures, there are arguments advocating for a uniform approach to CSR across all organizations irrespective of cultural, religious, and national differences (Mazboudi et al., 2020). Furthermore, there are shortcomings in the way CSR has been defined and studied empirically. Therefore, conducting country-specific research on CSR in Asia is important (Khan et al., 2018; Khan et al., 2020).

1.2 Problem Statement

In the current context of digital transformation, corporate social responsibility (CSR) is a key issue for Vietnamese information technology (IT) companies. It is an essential and necessary part of the operations of large enterprises in general, and IT companies in particular. However, Vietnamese IT businesses have yet to fully recognize and properly understand CSR. Their CSR activities are still limited to charitable or humanitarian efforts, and they face challenges in effectively implementing CSR due to constraints in experience, awareness, and resources. IT companies should place greater emphasis on CSR and community

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support. By working together to address societal issues, Vietnam will become stronger, and the reputation of the domestic IT sector will become more appealing. This, in turn, brings benefits to society as a whole and to the IT industry in particular. According to CSR expenditure, companies like Apple, Amazon, Cisco Systems, Microsoft, and others had a commensurate rise in income over the research period.

According to Vietnam Report's media analysis, the top four topics most frequently mentioned in the media regarding the information technology sector from May 2023 to April 2024 include: (1) Image/ PR/ Incidents, (2) Products, (3) Business Strategy/ M&A, and (4) Finance/ Business Results. The factor "Enhancing corporate reputation and image in the media" received the most attention, which suggests that technology companies need to recognize this and effectively implement CSR to score points with customers and investors.

The urgency of this topic stems from the increasing expectations of society, consumers, investors, and legal requirements in Vietnam for businesses. The IT sector, in particular, is gaining more attention as researchers argue that the actual global greenhouse gas emissions rate of the Information & Communications Technologies (ICT) sector could be around 2.1-3.9%. Although there is a margin of error, these figures suggest that the ICT sector emits more than the aviation industry, which accounts for approximately 2% of global emissions. Additionally, research warns that emerging trends in computing and ICT, such as Big Data, Artificial Intelligence (AI), the Internet of Things (IoT), as well as blockchain and cryptocurrencies, could significantly increase the greenhouse gas emissions of the ICT sector (Freitag et al., 2021). Consequesntly, the impact of CSR activities on the operational performance of IT companies is garnering increased attention and scrutiny.

In Vietnam, studies examining the impact of CSR on business performance have not been widely explored, even though businesses today are increasingly dedicating attention and resources to CSR. Furthermore, no study has been conducted in Vietnam to evaluate how CSR affects financial performance in IT industry. Therefore, this study aims to enrich the existing knowledge base by studying the link between CSR implementation and financial performance specifically within Vietnam's IT industry. The study results will offer recommendations for the IT sector and deepen understanding of the diverse effects of CSR on this particular industry.

1.3 Research Objectives

The study attempts to reach the following objectives:

- Develop a research model to assess the impact of CSR implementation on the financial performance of IT companies.
- Evaluate the effect of CSR practices on the financial performance of listed IT companies in Vietnam.
- Propose practical solutions based on the results obtained from the analysis of IT companies to improve CSR financial performance and ensure corporate benefits.

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LITERATURE REVIEW

2.1. Review of Related Theory

2.1.1. Agency Theory

The theory clarifies the relationship between the principal (shareholders) and the agent (management and supervisors) within enterprises (Ross, 1973; Jensen & Meckling, 1976), with the core of the theory being the separation between ownership and control. According to agency theory, a conflict of interest between the agent and the principal will always exist, leading to a continuous misalignment of interests between shareholders and managers (Jensen & Meckling, 1976).

These "agency problems" arise when principals, as company owners, hire agents to act on their behalf in carrying out company activities as per contractual agreements. Consequently, managers may prioritize their own benefits over those of the shareholders. If managers use the company's resources for personal gain without investing in development and improving performance, it can harm shareholder interests, creating conflicts. A business involves numerous stakeholder groups, and conflict resolution can only be achieved when these differing interests reach a balanced goal (Krisnawati et al., 2014).

When applying agency theory to CSR issues, several points become clear. First is the issue of moral hazard, where companies might disclose CSR activities dishonestly or purely for personal gain, such as enhancing their reputation (Tirole&Bénabou, 2010). Second, is the problem of adverse selection, where shareholders or stakeholders may not fully understand the company's ability to execute and the effectiveness of its CSR efforts, making it challenging to evaluate and choose the best strategies. Third, monitoring costs are borne by the shareholders to ensure an accurate assessment of CSR activities. Finally, CSR activities aim to align stakeholders toward a common social goal.

2.1.2 Stakeholder Theory

Freeman (1984) proposed and expanded on the idea that a company's success is influenced by its stakeholders, meaning that businesses need to meet the expectations of all stakeholders rather than solely focusing on shareholder profits. According to Freeman, any group or individual that can affect or is affected by the company's objectives is considered a stakeholder and plays a crucial role in maintaining and promoting the company's development. Both internal and external stakeholders of a company are identified as shareholders, suppliers, society, government, managers, customers, lenders, employees, and owners (Brem &Viadrot, 2015; Cardwell et al., 2017).

By meeting the expectations of stakeholders, companies can reduce the risk of stakeholders withdrawing resources, endangering their survival and ability to conduct business (Wang et al., 2016). Due to this impact, investors will see the company's shares more favorably (Flammer, 2015; Madsen & Rodgers, 2015).According to this approach, companies should treat all stakeholders equally and try to find the best possible balance between them. (Freeman, 1984).

2.1.3 Legitimacy Theory

Legitimacy theory emerged in the 1980s, recognizing that the survival and success of a business depend on

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the perception that its activities are legitimate within the system of norms, values, beliefs, and definitions constructed by society (Suchman, 1995). According to this theory, businesses seek to ensure that their actions are viewed as appropriate and beneficial by various stakeholders, including the public, government authorities, and other key social groups. The theory emphasizes that societal approval is crucial for gaining and maintaining access to resources, which are essential for the organization's continuous operation and long-term sustainability.

In relation to CSR, legitimacy theory underscores the importance of engaging in CSR activities to align with societal expectations and values. By doing so, businesses can enhance their legitimacy, thereby increasing their ability to secure resources and external stakeholder support. CSR activities may include environmental sustainability efforts, community engagement, ethical labor practices, and transparent governance.

This theory requires businesses to continually assess and adjust their strategies and activities to meet the evolving norms and expectations of society. If this isn't done, there may be a legitimacy gap—a situation in which stakeholders believe there is a discrepancy between the organization's behavior and societal norms—which could result in a loss of resources and support. Furthermore, research on corporate social responsibility (CSR) frequently makes use of this theory to examine how companies maintain their legitimacy through CSR efforts. The theory clarifies how outside social factors affect the creation and application of corporate social responsibility initiatives. By addressing these pressures through proactive and transparent CSR activities, businesses can improve their legitimacy, ensuring the necessary resources for their survival and sustainable growth.

2.2.Review of Previous Studies

The study by Katenova& Qudrat-Ullah (2024) on the topic of Corporate Social Responsibility (CSR) and company performance: The case of Kazakhstan, found a positive correlation between CSR activities and net profit margin in Kazakhstani companies. Economically, developing a CSR strategy is an integral part of a company's successful operations as it strengthens social relationships. It serves as a key driver of economic growth for both individual businesses and nations as a whole.The study examines the ten-year performance of the eight biggest companies in the Republic of Kazakhstan, as gathered from yearly audited reports from January 2010 to December 2020. Katenova& Qudrat-Ullah, 2024 used the least squares approach to analyze the data, and the main model consists of ROA (return on assets), ROE (return on equity), MV (market value), and NPM (net profit margin).

In brief, the findings show that Kazakh businesses generally use Net Profit Margin (NPM) to link CSR policies to company performance. In this regard, profitable companies with greater NPM find CSR initiatives in the Republic of Kazakhstan more appealing. Furthermore, performance metrics including Market Value (MV), Return on Equity (ROE), and Return on Assets (ROA) do not significantly correspond with CSR in the Republic of Kazakhstan, according to Katenova& Qudrat-Ullah, 2024. Additionally, the report provides factual proof that CSR initiatives can improve financial results. This alignment supports the idea that businesses operating in emerging markets can generate significant benefits by taking socially responsible measures.

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Okafor et al. (2021) conducted a study titled “Corporate social responsibility and financial performance: Evidence from U.S. Tech firms”, provided robust quantitative evidence demonstrating that investing in socially responsible initiatives positively impacts the long-term growth of U.S. technology companies. Through content analysis and both fixed-effects and pooled regression models, Okafor et al. (2021) explored the relationship between CSR engagement and the financial performance of tech companies. Their empirical study utilized panel data from the top 100 technology firms listed on the S&P 500 between 2017 and 2019. The findings revealed a strong correlation between corporate financial performance and CSR activities, showing that tech companies that allocate more resources to CSR see significant increases in both revenue and profitability. The study included 267 observations, with the independent factors being the CSR assessment variables derived from the ISS-ESG disclosure scores, and the five dependent variables being net profit margin (NPM), return on assets (ROA), return on equity (ROE), revenue growth (RG), and firm value (TQ). Spending on environment (ENV), employee relations (EMP), climate change (CCR), human rights (HRR), governance (CG), and corporate social responsibility (CSRS) are some of these. One control variable that is provided is the firm age (AGE).

Additionally, Okafor et al. (2021) provide quantitative evidence that spending on socially responsible causes positively affects the long-term growth of U.S. technology companies. Based on Okafor et al. (2021), the study showed that tech companies that invest more in CSR experience a corresponding increase in revenue and profitability. Companies in the tech industry viewed fulfilling corporate social responsibility as essential for enhancing growth and ensuring long-term financial performance. The study also established that corporate governance was one of the key mechanisms through which CSR influenced firm performance. Additionally, the findings demonstrated that investors were increasingly drawn to well-managed companies, highlighting how effectively a firm’s assets were utilized to generate shareholder wealth.

Another study by Nirino et al. (2019) investigates the impact of corporate social responsibility (CSR) on the financial performance of food and beverage companies. The study's sample size comprised 190 companies, with a focus on data from listed corporations in the United States, Canada, Europe, and Japan that were involved in the food and beverage industry in 2018 and could be accessed through the Datastream Thomson Reuters database.Nirino et al. (2019) looked at the firm size that small and large businesses have distinct CSR governance and ethics practices, which can affect the results (Waddock & Graves, 1997). They also considered total assets and total revenues. Additionally, the leverage ratio was used to gauge a firm's risk, as high leverage typically signals potential financial risk that could negatively impact financial performance due to debt-related costs. To assess the impact of CSR on firm performance in the F&B sector, they employed a two-step approach. To test their hypotheses and produce reliable findings, Nirino et al. (2019) utilized ordinary least squares (OLS) regression models.

The study findings reveal that social outcomes positively influence financial performance across all measures (ROA, ROE, and ROS). This suggests that addressing social expectations such as security, gender equality, and discrimination, particularly in relationships with employees and customers leads to improved company performance in the F&B sector. A higher level of customer and employee satisfaction is linked to enhanced firm performance (Edmans, 2011). However, environmental expectations (e.g., pollution control, animal

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protection) are not met to the same extent. The results show that while companies engage in CSR strategies related to environmental issues, these efforts do not positively impact ROE and ROS and may even negatively affect ROA. This is likely due to the increased costs associated with implementing environmental strategies (Franceschelli et al., 2018). The research highlights that CSR strategies focused on social concerns (e.g., security, gender, discrimination) significantly boost a firm's performance, whereas those related to environmental issues do not have the same positive effect. These findings emphasize the need to analyze CSR from multiple perspectives, as each aspect can impact company performance differently. Furthermore, managers should view CSR strategies as essential tools for ensuring the long-term success of their firms.

CSR is a crucial tactic for companies worldwide to grow sustainably, but in Vietnam, the idea is still relatively new, and there is not much research on it. Nguyen et al. (2021) report that just 4 out of 143 studies concentrate on the IT business, indicating that there are extremely few studies on this sector. In particular, implementing corporate social responsibility (CSR) is one of the issues that Vietnamese information technology (IT) enterprises are interested in, especially in the current context of digital transformation.The majority of recent CSR research tends to concentrate on sectors like manufacturing, textiles, and tourism. Nevertheless, the IT sector has unique traits, including a heavy reliance on human capital, technological innovation, and intangible assets. CSR in this sector could not be quite the same as in others and calls for a distinct strategy.To fill this research gap, the current study on how CSR in IT companies impacts and influences financial performance is conducted.

2.5 Hypothesis Development

Corporate Responsibility Towards Employees AndFinancial Performance

Employee satisfaction and commitment are crucial intangible resources that significantly enhance a company’s financial performance (Nirino et al., 2019). The findings from the study indicate that companies with strong intangible resources, such as high employee satisfaction, tend to achieve better financial outcomes. This is supported by the stakeholder theory, which posits that addressing the needs and interests of employees, a key stakeholder group, leads to improved organizational performance (Freeman, 1984). Furthermore, the agency theory suggests that aligning the interests of employees and management reduces agency costs and conflicts, thereby enhancing overall efficiency and profitability (Jensen & Meckling, 1976).

The study by Nirino et al. (2019) further reveals that corporate social responsibility (CSR) initiatives aimed at employees, such as providing better working conditions and benefits, not only improve employee morale but also contribute to the company’s financial success. This is particularly evident in the technology sector, where the alignment of employee and management interests through CSR activities can lead to increased innovation and productivity. Additionally, Okafor et al. (2021) provide quantitative evidence that spending on socially responsible causes positively affects the long-term growth of U.S. technology companies. Their study shows that tech companies that invest more in CSR experience a corresponding increase in revenue and profitability. This reinforces the idea that CSR initiatives targeting employees can drive financial success by fostering a positive work environment and aligning the goals of employees and management. Employees may experience a stronger psychological bond with their companies when they understand that they engage in a pro-social manner for the benefit of many stakeholders (Stawiski, Deal, & Gentry, 2010).

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Hypothesis 1: Corporate responsibility towards employees has a positive impact on the financial performance of listed information technology companies in Vietnam.

Corporate Responsibility Towards Customers And Financial Performance

A company's responsibility toward its customers is believed to have a positive impact on the company's financial performance (Okafor et al., 2021). Customers have long been the focal point of business operations.Thus, it is important for companies to invest resources to ensure customer satisfaction. CSR activities send positive signals about the company's quality and reliability to customers, thereby building trust and reducing information gaps (Spence, 1973).

The study by Nirino et al. (2019) highlights that CSR initiatives aimed at customers lead to better financial performance by increasing customer loyalty and reducing the costs associated with customer acquisition and retention. Additionally, Okafor et al. (2021) provide the idea that CSR towards customers can drive financial success by reducing information asymmetry and building trust.

Hypothesis 2: Corporate responsibility towards customers has a positive impact on the financial performance of listed information technology companies in Vietnam

Corporate Responsibility Towards Creditors And Financial Performance

The study by Nirino et al. (2019) suggests that CSR initiatives aimed at maintaining good relationships with creditors, such as transparent financial reporting and ethical financial practices, significantly enhance the trust and confidence of creditors. According to the agency theory, reducing conflicts of interest between the company and its creditors can lead to lower agency costs and improved financial performance (Jensen & Meckling, 1976). Moreover, the legitimacy theory suggests that companies engaging in responsible financial practices gain legitimacy and support from financial institutions and the broader financial community (Suchman, 1995). This legitimacy can translate into favorable credit terms and conditions, further enhancing the company’s financial performance.

Moreover, Okafor et al. (2021) assume that tech companies investing in CSR activities experience increased revenue and profitability, reinforcing the idea that CSR towards creditors can drive financial success by fostering trust and reducing financial risks.

Hypothesis 3: Corporate responsibility towards creditors has a positive impact on the financial performance of listed information technology companies in Vietnam.

Corporate Responsibility Towards The Government And Financial Performance

Research by Nirino et al. (2019) demonstrates that CSR initiatives focused on regulatory compliance and public policy support can substantially boost a company’s legitimacy and reputation. This was mentioned at the legitimacy theory, companies that engage in responsible practices gain legitimacy and support from the government and society, which can lead to favorable regulatory conditions and enhanced reputation (Suchman, 1995). Additionally, Okafor et al. (2021) provide empirical evidence that technology firms investing in CSR activities witness increased revenue and profitability, supporting the notion that CSR towards the government can drive financial success by fostering a positive regulatory environment.

ISSN 2076-9202

Therefore, it is evident that corporate responsibility towards the government not only creates a favorable regulatory environment but also acts as a strategic asset, enhancing financial performance by aligning the objectives of the company and the government.

Hypothesis 4: Corporate responsibility towards the government has a positive impact on the financial performance of listed information technology companies in Vietnam.

Corporate Responsibility Towards Suppliers And Financial Performance

Nirino et al. (2019) & Okafor et al. (2021) discovered that a company's financial performance is positively impacted by its duty toward its suppliers. Paying suppliers on time and in full demonstrates a company's commitment to them and helps to prevent suppliers from feeling financially pressured by the business. This is further supported by the stakeholder theory, which emphasizes the importance of addressing the needs and interests of suppliers, a key stakeholder group, to enhance organizational performance (Freeman, 1984). Suppliers must be viewed as vital to an organization's success. In order to improve their performance and competitive advantage, firms must build connections with their key stakeholders (Clarkson, 1995). CSR activities towards suppliers can drive financial success by fostering trust and reducing operational risks.

Hypothesis 5: Corporate responsibility towards suppliers has a positive impact on the financial performance of listed information technology companies in Vietnam.

RESEARCH METHODOLOGY

3.1 Research Model

The research model is presented as follows:

$$Firm\ Performance = \beta_0 + \beta_1 EMP_{i,t} + \beta_2 CUS_{i,t} + \beta_3 CRE_{i,t} + \beta_4 GOV_{i,t} + \beta_5 SUP_{i,t} + \beta_6 AGE_{i,t} + \beta_7 SIZE_{i,t} + \beta_8 LEV_{i,t} + \varepsilon_{i,t}$$

Where:

- β0, β2,…, β6: Constants of the regression model
- ε: Random error of the model
- i: Enterprise i
- t: Time t

3.2Variable Measurement

Dependent Variables

In the study, financial performance is indicated by ROA (Return on Assets),ROE (Return on Equity), and ROS (Return on Sales). These financial measures are widely used to assess firms' operational effectiveness and profitability.

Independent Variables

The independent variable is examined through five aspects including CSR towards employees, CSR towards

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customers, CSR towards creditors, CSR towards the government and CSR towards suppliers.

Control Variables

The research model usually has many features unique to the control variables of the business. Firm age, firm size, and financial leverage are examples of firm characteristics variables in this study.

3.3 Data Collection and Analysis

Corporate social responsibility (CSR) and financial and performance data will be extracted from the financial reports of listed information technology companies on the HOSE and HNX stock exchanges, covering a 10-year period (2013 –2023). The source of the data is finance.vietstock.vn. While there are three stock exchanges including HOSE, HNX, and UPCOM in Vietnam, HOSE and HNX are the two largest and officially recognized stock exchanges. UPCOM is only designated for companies that have not yet been listed.Such a data source is suitable for studying the impact of corporate social responsibility on the market value of companies, as large-cap companies are more likely to have the resources to meet stakeholder demands compared to smaller firms that primarily focus on shareholder interests.The above 10-year data timeframe ensures that the selected companies have ample data available in their financial reports and is also close to the present time. The research findings, thus, are expected to be relevant to the market and ensure current relevance. Statistical tools like descriptive statistics, correlation, and regression analysis, will be conducted to examine the effect of CSR activities on corporate financial performance.

CONCLUSION

The current study's key purpose is to build a research model investigatingrelationship between Corporate Social Responsibility (CSR) and the financial performance of information technology companies in Vietnam, addressing a notable gap in the literature on CSR and corporate financial performance in emerging markets. Through an analysis of key financial metrics that will be collected from the financial reports of listed companies on the HOSE and HNX stock exchanges, including balance sheets and income statements. The research is expected to provide empirical insights into how CSR engagement influences business success within a rapidly evolving technology sector in an emerging country, Vietnam. The present study attempts to contribute toboth academic literature and industry practices concerning the link between CSR and financial performance of information technology companies in an emerging economy, Vietnam.

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ISSN 2076-9202

AI-POWERED SMART WAREHOUSING: INNOVATIONS AND FUTURE TRENDS

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Abstract

Artificial intelligence (AI) is revolutionizing supply chain and logistics operations, with smart warehousing emerging as a focal point of innovation. This paper explores the role of AI in transforming traditional warehouse operations into intelligent, automated, and adaptive systems. It delves into recent innovations such as autonomous mobile robots (AMRs), AI-powered inventory management, predictive analytics, and real-time tracking. Moreover, the paper highlights future trends including human-AI collaboration, edge AI, digital twins, and sustainability-driven AI applications. The study synthesizes current academic and industrial developments, identifies challenges, and outlines future research directions.

Keywords: Artificial Intelligence, Smart Warehousing, Autonomous Robots, Predictive Analytics, Inventory Management, Supply Chain Innovation

1. Introduction

The increasing complexity of global supply chains has necessitated the evolution of warehousing from traditional manual operations to smart, AI-driven environments. Smart warehousing integrates advanced technologies such as AI, machine learning (ML), robotics, and IoT (Internet of Things) to optimize the movement, storage, and tracking of goods. This transformation enhances operational efficiency, accuracy, and responsiveness in logistics systems (Wamba et al., 2021).

2. Background and Literature Review

2.1 Traditional Warehousing Challenges

Traditional warehouses face challenges including labor shortages, inventory inaccuracies, suboptimal space utilization, and delayed decision-making (Gu et al., 2007). Manual processes are often error-prone and inefficient in handling dynamic supply chain demands.

2.2 Emergence of Smart Warehousing

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Smart warehousing is characterized by automation, real-time data processing, and intelligent decision-making. According to Zhang et al. (2022), the integration of AI technologies enables warehouses to become self-optimizing systems capable of adaptive learning.

2.3 AI in Supply Chain and Logistics

AI applications in logistics include demand forecasting, route optimization, and customer service automation (Chopra & Meindl, 2019). In warehousing, AI enhances performance through machine vision, natural language processing (NLP), and reinforcement learning algorithms (Ivanov et al., 2020).

3. Key Innovations in AI-Powered Smart Warehousing

3.1 Autonomous Mobile Robots (AMRs)

AMRs navigate warehouse environments using sensors, SLAM (simultaneous localization and mapping), and AI-based path planning. These robots replace traditional automated guided vehicles (AGVs) with greater flexibility and scalability (Kumar et al., 2020).

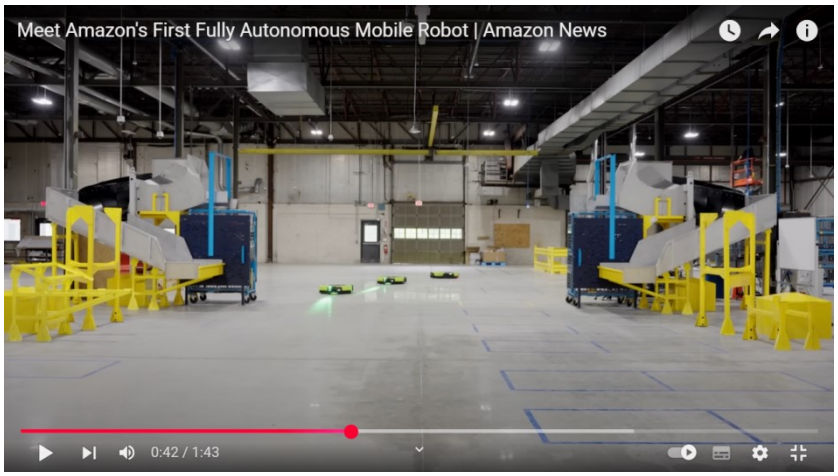

Figure 1. Amazon's First Fully Autonomous Mobile Robot

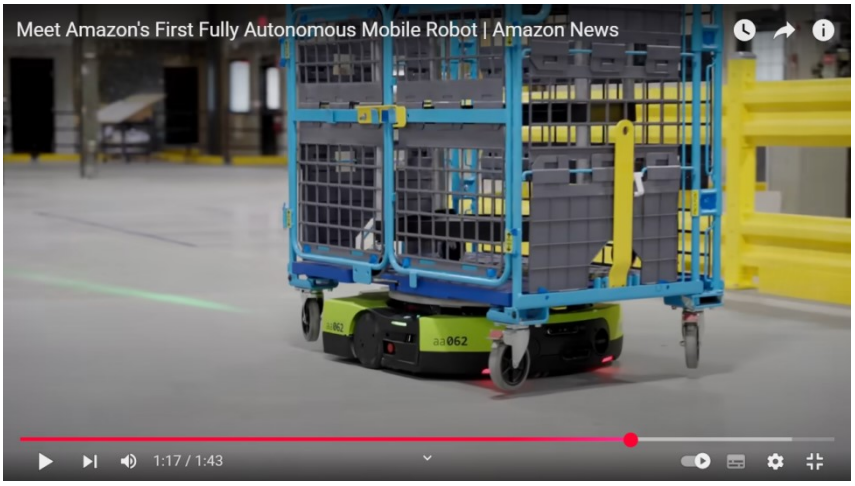

Figure 2. Amazon's First Fully Autonomous Mobile Robot in operation

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3.2 AI-Powered Inventory Management

AI algorithms analyze historical data to optimize stock levels, reduce carrying costs, and prevent stockouts. Computer vision systems are used to monitor inventory in real time and trigger automatic replenishment (Wang & Xu, 2021).

3.3 Predictive Analytics and Demand Forecasting

Predictive analytics models leverage AI to anticipate future inventory needs based on seasonality, market trends, and customer behavior. This leads to proactive inventory control and resource allocation (Hosseini et al., 2021).

3.4 Real-Time Tracking and Visibility

AI enables real-time visibility of inventory and shipments using IoT sensors and digital dashboards. Enhanced transparency facilitates better coordination across supply chain nodes (Shukla et al., 2020).

4. Future Trends in AI-Driven Warehousing

4.1 Human-AI Collaboration

The future of warehousing lies in symbiotic relationships between humans and AI-driven systems. Rather than viewing AI as a replacement, forward-thinking companies are adopting human-AI collaboration models where AI complements human decision-making. Collaborative robots (cobots) work alongside warehouse personnel to assist in repetitive, physically demanding, or high-precision tasks such as picking, sorting, and packaging. These cobots utilize sensors and machine learning to adapt to the behavior of human workers, promoting efficiency and safety.

Emerging research suggests that human-centric AI design enhances worker satisfaction and reduces resistance to automation. Training programs and interface usability are critical to ensuring that workers can comfortably interact with AI systems. Furthermore, decision support systems empowered by AI enable warehouse managers to make data-driven decisions with enhanced confidence and speed.

4.2 Edge AI and Distributed Processing

Edge computing, where AI computations occur at or near the data source (e.g., sensors and devices in the warehouse), is gaining momentum in smart warehousing. Traditional cloud-based processing often introduces latency and connectivity issues, which are problematic for time-sensitive operations like robotics control, dynamic routing, or environmental monitoring.

Edge AI mitigates these issues by enabling local decision-making and reducing dependence on centralized data centers. For example, an edge-enabled vision system on a robotic arm can instantly detect defects or classify items without sending data to the cloud. In large-scale warehouse environments, edge AI supports distributed intelligence, where multiple nodes (robots, cameras, sensors) operate autonomously yet remain coordinated through peer-to-peer communication.

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As 5G technology continues to expand, edge AI will become more viable and powerful, enabling hyperconnected, responsive, and resilient warehouse ecosystems. Real-time alerts, anomaly detection, and autonomous maintenance are some of the anticipated benefits.

4.3 Digital Twins for Warehouse Simulation

Digital twin technology involves creating real-time, AI-enhanced virtual models of physical assets, processes, or systems. In warehousing, digital twins can simulate operational scenarios, model inventory flow, and analyze system bottlenecks before implementation.

By integrating data from IoT devices and AI algorithms, digital twins continuously evolve with the physical environment, providing an up-to-date simulation space for testing hypotheses. For instance, before rearranging warehouse layout or deploying a new fleet of robots, managers can use a digital twin to evaluate efficiency gains and potential disruptions.

Digital twins also enable predictive maintenance by simulating the wear and tear of equipment based on historical usage and real-time sensor inputs. As AI models within the twin learn from past patterns, they can provide increasingly accurate forecasts. These capabilities not only improve resource utilization but also enhance supply chain agility and responsiveness.

4.4 Green and Sustainable Warehousing

AI can play a significant role in driving sustainable practices within warehouses. Smart energy management systems, powered by AI, optimize lighting, heating, and cooling systems based on real-time environmental data and occupancy levels. For example, machine learning models can predict electricity demand and adjust consumption during peak and off-peak hours to reduce energy costs and emissions.

AI also enhances reverse logistics by improving the tracking and processing of returned goods. This supports circular supply chains where materials are reused, recycled, or refurbished. Moreover, AI-driven analytics help identify areas where packaging waste can be reduced or shipping can be consolidated to lower transportation emissions.

Sustainability-driven warehousing is not only environmentally responsible but also aligned with evolving regulatory requirements and consumer expectations. AI facilitates reporting and compliance by automating data collection and analysis for sustainability audits.

5. Challenges and Limitations

Despite the promise of AI in warehousing, several challenges hinder its widespread adoption and effectiveness.

5.1 Data Privacy and Security AI systems rely heavily on data, making data privacy and cybersecurity paramount. The interconnectivity of smart devices and cloud platforms exposes warehouses to potential cyberattacks, data breaches, and unauthorized surveillance. Implementing robust encryption, access controls, and compliance with regulations such as GDPR is essential.

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5.2 Integration with Legacy Systems

Many warehouses operate on outdated systems that lack interoperability with modern AI solutions. Integrating AI with these legacy systems can be complex and costly. Often, custom interfaces or middleware are required to bridge the gap between old and new technologies.

5.3 High Implementation Costs Deploying

AI systems—particularly those involving robotics, IoT, and cloud infrastructure—requires substantial capital investment. Smaller firms may struggle to justify the upfront costs, despite the long-term benefits. A phased implementation strategy and government incentives can help alleviate this barrier.

5.4 Skills Gap and Organizational Readiness

AI adoption necessitates a workforce with new skills in data science, robotics, and system integration. The current talent shortage in these domains slows down implementation. Moreover, resistance to change from existing staff can undermine deployment efforts. Training programs, change management strategies, and transparent communication are crucial for fostering a culture of innovation.

5.5 Data Quality and Model Bias

AI systems are only as good as the data they are trained on. Poor data quality, missing values, and biased datasets can lead to inaccurate predictions and flawed decisions. Continuous data governance, validation, and the use of explainable AI (XAI) techniques can mitigate these risks.

6. Implications for Practice

The integration of AI into warehousing operations presents both opportunities and responsibilities for businesses.

6.1 Strategic Alignment and Leadership

AI initiatives must be aligned with organizational goals and supported by executive leadership. A clear roadmap, including short- and long-term objectives, is necessary to prioritize use cases and allocate resources effectively.

6.2 Cross-Functional Collaboration Successful

AI deployment requires collaboration among IT, operations, HR, and finance departments. Cross-functional teams ensure that solutions are technically sound, financially viable, and operationally relevant. This collaborative approach also fosters ownership and accountability.

6.3 Infrastructure Investment

Robust infrastructure—both physical (e.g., robots, sensors) and digital (e.g., cloud platforms, data pipelines)—is essential for sustaining AI systems. Companies must also invest in cybersecurity frameworks to protect sensitive data and ensure business continuity.

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6.4 Workforce Development and Training

A proactive approach to workforce development involves reskilling and upskilling employees to work alongside AI. Training programs should cover both technical skills and soft skills like problem-solving and digital literacy. Companies may also partner with educational institutions to create customized learning pathways.

6.5 Vendor and Ecosystem Management

Given the complexity of AI systems, many organizations rely on external vendors for software, hardware, and consulting services. Effective vendor management and ecosystem governance are necessary to ensure quality, compatibility, and ethical standards across the supply chain.

6.6 Performance Monitoring and Continuous Improvement

AI systems must be monitored continuously for accuracy, efficiency, and relevance. Key performance indicators (KPIs) should be established to measure ROI, throughput, error rates, and sustainability outcomes. Feedback loops and A/B testing can drive iterative improvements.

7. Conclusion and Future Research

AI-powered smart warehousing represents a transformative shift in logistics and supply chain management. As warehouses evolve into intelligent ecosystems, the benefits of AI—ranging from efficiency and accuracy to sustainability and resilience—are becoming increasingly evident.

However, realizing the full potential of AI requires overcoming significant technical, organizational, and ethical challenges. Future research should explore hybrid models where human expertise and AI capabilities are integrated seamlessly. There is also a growing need for frameworks that address the ethical implications of AI decision-making, such as fairness, accountability, and transparency.

Moreover, longitudinal studies examining the long-term impact of AI on workforce dynamics, organizational agility, and supply chain resilience are warranted. Comparative studies across industries and geographies can offer deeper insights into contextual factors that influence AI adoption.

Finally, interdisciplinary collaboration between engineers, data scientists, management scholars, and policymakers will be crucial in shaping the future of AI-powered warehousing. By combining technical innovation with human-centered design and strategic foresight, businesses can build smart warehouses that are not only efficient but also sustainable, adaptable, and inclusive.

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ISSN 2076-9202

REGIONAL ECONOMIC INTEGRATION AND INFRASTRUCTURE DEVELOPMENT: A CASE OF ZIMBABWE

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ABSTRACT: Regional economic integration and infrastructure development are critical drivers of sustainable economic growth and poverty reduction in developing countries. This paper explores the role of regional economic integration and infrastructure development in shaping Zimbabwe's economic trajectory, with a focus on its participation in regional frameworks such as the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA). The study examines Zimbabwe's infrastructure challenges, including transportation, energy, and telecommunications, and evaluates how integration with neighboring countries can provide opportunities for infrastructure improvements and economic diversification. It further discusses the implications of regional initiatives like the African Continental Free Trade Area (AfCFTA) on Zimbabwe's trade, investment, and infrastructure needs. The paper uses qualitative analysis to assess the alignment of Zimbabwe's infrastructure policies with regional integration goals and provides recommendations for enhancing the synergies between economic integration and infrastructure development in the country.

Keywords: *Regional Economic Integration; Infrastructure Development*

1.0 INTRODUCTION

Regional economic integration has become a key strategy for fostering sustainable development in many African countries, including Zimbabwe. The country's economic growth has been hindered by inadequate infrastructure, limited access to regional markets, and its geographical location in a landlocked region. As Zimbabwe seeks to rebuild and diversify its economy, regional integration and infrastructure development are critical to enhancing its competitive advantage and promoting trade within the Southern African region.The purpose of this paper is to examine how regional economic integration has influenced infrastructure development in Zimbabwe. The study aims to assess the extent to which Zimbabwe has leveraged regional agreements and initiatives for infrastructure improvement and the challenges it faces in aligning national infrastructure needs with regional integration objectives.

2.0 LITERATURE REVIEW

2.1.1 Regional Economic Integration in Africa

The African Union (AU) and regional economic communities (RECs) like SADC and COMESA have been pivotal in promoting regional integration in Africa. Literature highlights the importance of regional economic

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agreements in reducing trade barriers, enhancing market access, and fostering infrastructure development. Regional integration offers member countries opportunities to pool resources, increase foreign direct investment, and improve cross-border infrastructure, which can stimulate economic growth.

2.1.2 Infrastructure Development in Africa

Infrastructure is a fundamental pillar of economic development. The lack of adequate infrastructure in Africa, especially in energy, transportation, and telecommunications, has been a major hindrance to growth. Many studies point to the role of regional infrastructure projects and intergovernmental cooperation as vital to bridging these gaps. Initiatives like the Programme for Infrastructure Development in Africa (PIDA) underscore the importance of coordinated efforts in addressing infrastructure deficits across the continent.

- **Zimbabwe's Economic Challenges**

Zimbabwe's economy has faced significant challenges over the past few decades, including hyperinflation, political instability, and a lack of infrastructure development. The country's infrastructure deficit is particularly evident in areas like road transport, energy supply, and communication networks. Zimbabwe's participation in regional economic integration initiatives has been viewed as a potential pathway for overcoming these challenges and fostering economic development.

2.1.3 Zimbabwe's Participation in Regional Economic Integration

- **SADC and COMESA Membership**: Zimbabwe is an active member of both SADC and COMESA, two of the largest regional trade blocs in Africa. These organizations aim to promote economic integration by reducing trade barriers, enhancing cooperation, and supporting regional infrastructure projects. Zimbabwe benefits from access to larger regional markets, but its economic growth potential remains constrained by insufficient infrastructure.
- **The Role of the African Continental Free Trade Area (AfCFTA)**: The AfCFTA, which came into force in 2021, is expected to create a single continental market for goods and services, offering significant opportunities for Zimbabwe to expand its trade within Africa. The AfCFTA is also likely to enhance the demand for better infrastructure to support cross-border trade and investment. Zimbabwe's participation in the AfCFTA could help facilitate infrastructure improvements, particularly in areas like transport corridors, energy supply, and digital connectivity.
- **Infrastructure Development Initiatives under Regional Integration**:Through SADC, COMESA, and the African Union's PIDA, Zimbabwe has access to various regional infrastructure initiatives. These projects are aimed at improving transport networks, energy access, and information technology systems. The country's infrastructure challenges can potentially be alleviated through collaborative efforts with its regional neighbors, as regional infrastructure investments tend to reduce costs and promote efficiency.

2.1.4 Infrastructure Development in Zimbabwe: Challenges and Opportunities

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- **Transport Infrastructure**: Zimbabwe's road, rail, and air transport systems are critical to its economic development, yet these sectors face significant challenges. Poor road conditions, inadequate rail infrastructure, and aging airports hinder trade and movement of goods. Regional infrastructure projects like the North-South Corridor, which connects Southern Africa's major ports with landlocked countries, offer opportunities for Zimbabwe to improve its transportation networks. However, political and financial barriers have delayed the country's participation in these initiatives.
- **Energy Infrastructure**: Zimbabwe's energy supply is insufficient to meet the demands of its industries and households. Power shortages and a reliance on hydropower leave the country vulnerable to fluctuations in water levels, as seen with the Kariba Dam. Regional power grids and energy projects, such as the Southern African Power Pool (SAPP), present opportunities for Zimbabwe to diversify its energy sources and enhance grid connectivity.
- **Telecommunications and Digital Infrastructure**:Zimbabwe's telecommunications infrastructure, though improved in recent years, still lags behind that of other African countries. With the growth of the digital economy, enhancing broadband infrastructure and access to mobile services is essential. The SADC Digital Economy Strategy provides a framework for improving digital infrastructure in the region, and Zimbabwe stands to benefit from greater connectivity and collaboration in this area.
- **Financing and Investment in Infrastructure**:One of the major challenges in infrastructure development is securing adequate financing. Zimbabwe faces economic and political risks that deter foreign investment, and domestic funding for infrastructure is often limited. Regional cooperation under frameworks like SADC and AfCFTA could help attract investment from regional and international sources, particularly through public-private partnerships (PPPs) and development financing institutions.

- **CASE STUDIES**

  The North-South Corridor:The North-South Corridor is one of Southern Africa's largest regional infrastructure projects, designed to improve transportation networks connecting Southern Africa to the rest of the continent. Zimbabwe, as a key member of this initiative, has the potential to improve its road and rail infrastructure, which could significantly reduce transportation costs and enhance its trade competitiveness. However, challenges like funding gaps and political instability have hindered full participation.

- **The Kariba Dam and Southern African Power Pool**:The Kariba Dam, which is shared between Zimbabwe and Zambia, plays a crucial role in the region's power supply. Zimbabwe's involvement in the Southern African Power Pool is vital for ensuring energy security through greater regional integration of power grids. However, infrastructure upgrades and maintenance of the dam have been challenging due to financial constraints and the country's economic difficulties.

3.0 POLICY RECOMMENDATIONS

- **Enhanced Regional Cooperation**:Zimbabwe should strengthen its commitment to regional infrastructure projects by actively participating in joint initiatives and advocating for more focused

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integration in critical infrastructure sectors. Coordination with regional partners will facilitate the pooling of resources and knowledge, making large-scale infrastructure projects more feasible.

- **Focus on Sustainable Infrastructure**: The development of green infrastructure, particularly in energy and transportation sectors, should be prioritized to ensure long-term sustainability. Zimbabwe should work with regional partners to implement renewable energy projects and eco-friendly transport solutions.

- **Improve Policy Alignment**:Zimbabwe should align its national infrastructure policies with regional goals, ensuring that its infrastructure development plans are in sync with regional integration strategies. This will help in attracting regional and international investors who are keen on supporting integrated infrastructure systems.

4.0 CONCLUSION

Regional economic integration presents a unique opportunity for Zimbabwe to improve its infrastructure through collaborative efforts with neighboring countries. While challenges persist, especially in financing and political instability, the potential benefits of regional infrastructure development are significant. Zimbabwe's participation in regional initiatives like SADC, COMESA, and AfCFTA offers a pathway to improved infrastructure, increased trade, and enhanced economic growth.Moving forward, Zimbabwe's success in regional integration and infrastructure development will depend on its ability to align national and regional strategies, attract investment, and leverage the benefits of regional partnerships. With the right policies and collaboration, Zimbabwe can unlock significant opportunities for growth and development through improved infrastructure.

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ISSN 2076-9202

IMPLEMENTATION OF MEASURES TO PROMOTE WELL-BEING AND GOODWILL OF EMPLOYEES AND ORGANIZATIONS

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Abstract

Within all types of organizations, all the members of the organization, irrespective of their job positions in the hierarchy are focusing upon doing well in their job duties, achieving organizational goals and carrying out the overall functioning of the organizations in an efficacious manner. In order to put emphasis on all these tasks, it is apparently understood, they are required to be well-versed in terms of methods and approaches. Furthermore, they need to implement the measures to promote well-being and goodwill. As a consequence of promoting well-being and goodwill, members will contribute significantly towards leading to up-gradation of the overall structure of the organizations. All the members need to work in collaboration with each other within the course of implementation of these measures. The measures to promote well-being and goodwill are required to be implemented in a well-organized manner. One of the important factors that need to be taken into account is, positivity needs to be reinforced in these measures. The challenges and dilemmas need to be identified and prevented from assuming a major form. The members need to make sure these measures should not give rise to any unfavourable effects. Therefore, it is well-understood, implementation of measures willpromote well-being and goodwill of employees and organizations. The main concepts that are taken into account in this research paper are, understanding the significance of promoting well-being and goodwill, measures to promote well-being and goodwill and advantages of promoting well-being and goodwill.

Keywords: *Activities, Contribution, Employees, Goodwill, Organizations, Tasks, Up-gradation, Well-being*

Within all types of organizations, production, manufacturing, services, educational institutions, financial institutions and so forth, the members need to work in co-ordination with each other in the implementation of measures to promote well-being and goodwill. When all the members of the organization, irrespective of their job positions in the hierarchy are focusing upon well-being and goodwill, they will contribute significantly towards doing well in their job duties, achieving organizational goals and leading to up-gradation of the overall structure of the organizations. Hence, throughout their jobs, they need to be well-equipped in terms of measures (Murphy, 2021). The members need to communicate with each other in an effective manner. They need to make use of polite language and decent words within the course of implementation of effective communication processes. Furthermore, they need to make provision of factual information to each other. The communication processes takes place in a verbal and written form. Verbal communication takes place face to face or through usage of technologies. Whereas, written communication

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takes place through letters, notices, emails, messages and so forth. Therefore, implementation of effective communication processes is a vital measure to promote well-being and goodwill.

The members need to be informative in terms of their job duties and responsibilities. It is the job duty of the employers and supervisors to impart information in terms of job duties and responsibilities. The employees need to acquire an efficient understanding of their job duties and responsibilities. Furthermore, they need to be well-equipped in terms of the methods to put them into operation in an effective manner (We Help Leading Employers, n.d.). When the members are overwhelmed by any problems, they need to put into operation their best abilities to provide solutions to them. In the present existence, with the advent of technologies, it is necessary to make use of modern, scientific and innovative methods within the course of implementation of job duties. The members need to augment their knowledge and understanding in terms of these methods on regular basis. The organization of training and development programs will enable the members to acquire information in terms of these methods. Therefore, generation of information in terms of job duties and responsibilities and utilization of modern, scientific and innovative methods are regarded as significant measures to promote well-being and goodwill.

It is apparently understood within the course of implementation of job duties, there are occurrence of problems and challenges. Hence, the individuals need to hone their problem-solving skills. In the implementation of these skills, the analysis is conducted in terms of causes of problems. After the causes are identified, the members need to implement the strategies to provide solutions to them. Solutions are provided on one's own or through obtaining support and assistance from the colleagues or supervisors. Furthermore, the problems need to be prevented from assuming a major form. The individuals are required to augment their abilities to work under stress. This ability will enable them to cope with various types of problems and challenges in an effective manner. Furthermore, the members will develop motivation towards the implementation of job duties. These measures will enable the members to do well in their job duties and generate the desired outcomes. As a consequence, the members will be able to promote well-being and goodwill. Therefore, it can be stated, honing problem-solving skills and possessing the abilities to work under stress are essential measures to promote well-being and goodwill.

Understanding the Significance of promoting Well-Being and Goodwill

Within all types of organizations, there are organizational goals, i.e. leading to an increase in productivity and profitability; satisfying customer requirements; managing financial, human, technical and material resources in an appropriate manner; augmenting knowledge, competencies and abilities; leading to up-gradation of training and development programs; organizing seminars and workshops; utilizing modern, scientific and innovative methods in the implementation of job duties; being informative in terms of methods and strategies to bring about changes; making wise and productive decisions; implementing time management skills and leading to up-gradation of the overall structure of the organizations. When the members are wholeheartedly determined towards achievement of organizational goals, they need to put emphasis on promoting well-being and goodwill. The concepts of well-being and goodwill will render an important contribution in building trust among members. Even if the job duties are cumbersome, still individuals will be enthusiastic towards putting them into practice in a well-organized manner. Therefore,

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the members are able to acquire an efficient understanding of significance of promoting well-being and goodwill, when these traits facilitate in the achievement of different organizational goals.

When the members of the organization are wholeheartedly determined towards promoting well-being and goodwill, they need to be informative in terms of various factors. These are, being well-versed in terms of job duties and responsibilities; being informative in terms of methods and strategies; making wise and productive decisions; implementing time management skills; depicting the traits of helpfulness and co-operation; reinforcing the traits of efficiency, honesty and truthfulness; augmenting analytical, critical thinking and problem-solving skills; forming amiable and cordial terms and relationships with others; utilizing modern, scientific and innovative methods; possessing the abilities to work under stress; promoting teamwork and inculcating the traits of morality, ethics, diligence and conscientiousness. Furthermore, all the members need to focus upon reinforcement of all these factors. These need to be put into practice in a satisfactory manner to promote well-being and goodwill. In other words, through implementation of these factors, the members will contribute significantly in promoting well-being and goodwill. Therefore, the implementation of these factors would facilitate in acquiring an efficient understanding of the significance of promoting well-being and goodwill.

When the employees get recruited within organizations, they are required to get enrolled in training and development programs. In these programs, there is recruitment of well-qualified and proficient trainers. They have the main job duty of imparting knowledge among the trainees in terms of various aspects of the organization. Furthermore, information is imparted in terms of pioneering methods. The primary emphasis is put upon the implementation of job duties and measures to put them into operation in a well-organized manner. Furthermore, the trainers also train the employees in terms of implementation of measures to promote well-being and goodwill. The employees need to acquire an efficient understanding of the measures. In some cases, the implementation of these measures is cumbersome, whereas, in other cases, they are manageable. The members will be able to provide solutions to various types of dilemmas, when they are determined towards implementation of these traits. These traits facilitate understanding in terms of various aspects of the organization. Therefore, the members are able to acquire an efficient understanding of significance of promoting well-being and goodwill, when these traits prove to be worthwhile in augmenting knowledge and understanding in terms of various aspects of the organization.

Measures to promote Well-Being and Goodwill

Within all types of organizations, all the members need to augment their knowledge and understanding in terms of approaches to do well in their job duties and generate the desired outcomes. Within the course of putting into operation their job duties, they need to inculcate the traits of morality, ethics, diligence, and conscientiousness. Furthermore, they need to be informative in terms of measures to promote well-being and goodwill. When they are putting into practice these measures, they need to ensure, the measures prove to be advantageous to the overall structure of the organization. Hence, they need to focus on reinforcement of these measures on regular basis (Interactive Wellness Solutions for Your Workforce, 2021). Within the organizations, the workforce needs to be provided with sufficient amount of time to implement the job duties, particularly the ones, which are lengthy and time consuming. In other words, the work pressure should be

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alleviated. In addition, tasks and activities should be promoted and organized in such a manner, which would encourage the promotion of well-being and goodwill. Measures to promote well-being and goodwill are stated as follows:

Implementation of Effective Communication Processes

The members need to generate information and augment their knowledge and understanding in terms of various aspects. Furthermore, they need to exchange ideas and viewpoints and develop mutual understanding with each other. These are the key factors to do well in one's jobs and achieve the desired goals. Hence, the members are required to communicate with each other in an effective manner. The communication processes takes place among superiors and subordinates and among colleagues. Individuals need to make use of polite language and decent words within the course of implementation of effective communication processes. Furthermore, they need to make provision of factual information to each other. The members need to put emphasis on reinforcement of the traits of helpfulness and co-operation. The communication processes takes place in a verbal and written form. Verbal communication takes place face to face or through usage of technologies. Whereas, written communication takes place through letters, notices, emails, messages and so forth. Therefore, implementation of effective communication processes is an indispensable measure to promote well-being and goodwill.

Generation of Information in terms of Job Duties and Responsibilities

The members need to generate information in terms of their job duties and responsibilities. The implementation of these is the main priority of the members. Hence, when they will put in efforts to their best abilities, they will be able to generate the desired outcomes. As a consequence, well-being and goodwill will be promoted of the employees as well as the organization as a whole. It is the job duty of the employers and supervisors to impart information in terms of job duties and responsibilities. The employees need to acquire an efficient understanding of all types of job duties and responsibilities. Furthermore, they need to be well-equipped in terms of the methods to put them into operation in an effective manner. When the members are overwhelmed by any problems, they need to put into operation their best abilities to provide solutions to them. When the workforce generates information in terms job duties and responsibilities and do well in them, they are able to render an important contribution in promoting well-being and goodwill. Therefore, generation of information in terms of their job duties and responsibilitiesis a significant measure to promote well-being and goodwill.

Utilization of Modern, Scientific and Innovative Methods

With the advent of modernization and globalization, it is necessary to make use of modern, scientific and innovative methods within the course of implementation of job duties. The members need to augment their knowledge and understanding in terms of these methods on regular basis. The organization of training and development programs will enable the members to acquire information in terms of these methods. When the workforce is informative in terms of these methods, the job duties will be carried out in an efficient manner. The various types of these methods are, graphs, models, charts, maps, pictures, images, designs,

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structures, and various types of technologies. In some cases, their utilization is overwhelming. In other words, the individuals experience difficulties. But getting engaged in regular practice will enable the individuals to hone their competencies. These methods facilitate the implementation of job duties in a well-ordered and satisfactory manner. As a consequence, well-being and goodwill will be promoted. Therefore, in all types of organizations, utilization of modern, scientific and innovative methods is regarded as an important measure to promote well-being and goodwill.

Honing Problem-Solving Skills

Within the course of implementation of job duties, there are occurrence of problems and challenges. The various aspects in terms of which these take place are, job duties, responsibilities, methods, procedures, strategies, approaches, infrastructure, amenities, facilities and the overall working environmental conditions. The problems may take place in a major as well as in a minor form. Hence, the individuals need to hone their problem-solving skills not just at one point of time, but throughout their jobs. In the implementation of these skills, the analysis is conducted in terms of causes of problems. After the causes are identified, the members need to implement the strategies to provide solutions to them. Solutions are provided on one's own or through obtaining support and assistance from the colleagues or supervisors. Furthermore, the problems need to be prevented from assuming a major form. When these skills will be honed, the individuals will be able to concentrate well on their job duties. In addition, they will be able to meet the expectations of their supervisors and employers. As a consequence, well-being and goodwill will be reinforced. Therefore, honing problem-solving skills is a crucial measure to promote well-being and goodwill.

Possessing the Abilities to Work under Stress

The job duties in some cases are manageable, whereas, in other cases, they are tedious and complicated. It is usually stressful to work on difficult tasks. When the individuals are required to work for long hours, then also they feel stressed. The stress is regarded as the barrier within the course of promoting well-being and goodwill. Hence, it is of utmost significance for the individuals to augment their abilities to work under stress. The individuals need to be informative in terms of ways to cope with stressful situations in an effective manner. Furthermore, this ability will enable individuals to cope with various types of problems and challenges in a satisfactory manner. Furthermore, the members will develop motivation towards the implementation of job duties. This measure will enable the members to do well in their job duties and generate the desired outcomes. As a consequence, the members will be able to promote well-being and goodwill. Therefore, possessing the abilities to work under stress is a meaningful measure to promote well-being and goodwill.

Promoting Teamwork

Promoting teamwork will enable the individuals to do well in their job duties, achieveorganizational goals and lead to up-gradation of the overall structure of the organizations. Hence, throughout their jobs, they need to be well-equipped in terms of meaning and significance of teamwork. Teamwork will prove to be beneficial to the members as well as the organization as a whole. When the members are working in a

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team, they have assistance available from the other individuals to do well in their job duties. The members need to generate information and augment their knowledge and understanding in terms of various aspects. Furthermore, they exchange ideas and viewpoints and develop mutual understanding with each other. These are the fundamental factors to do well in one's jobs and achieve the desired goals. The employees in this manner are able to incur the feelings of pleasure and contentment and retain their jobs. Hence, it can be stated, promoting teamwork will prove to be beneficial in promoting well-being and goodwill of the employees and overall structure of the organization. Therefore, promoting teamworkis a suitable measure to promote well-being and goodwill.

Encouraging the Participation of Employees in Wellness Programs

It is of utmost significance for the employees to promote good health, physically and psychologically. It is essential for the supervisors and employees to organize wellness programs within the workplace. There are training centres, which make provision of opportunities to the employees to get engaged in physical activities. The employees do yoga and meditation, obtain gym memberships to stay fit and are provided with information in terms of measures and approaches to maintain good health physically and psychologically. There is recruitment of fitness experts, who make provision of meaningful information to the employees. The employees need to acquire an understanding of the information and put it into operation in an adequate manner. When the employees are encouraged to participate in wellness programs within the workplace, their mind-sets get stimulated. As a consequence, they will develop motivation towards the implementation of their job duties. Furthermore, there will be an increase in the concentration levels. All these factors will render an important contribution in promoting well-being and goodwill. Therefore, encouraging the participation of employees in wellness programsis an eminent measure to promote well-being and goodwill.

Organization of Leisure and Recreation Activities

It is essential for the supervisors and employees to organize leisure and recreation activities. The employees should be encouraged to participate in these activities. There is a saying that "all work and no play makes Jack a dull boy". This signifies that apart from work, the employees should be encouraged to participate in various types of leisure and recreation activities. These are, presentations, debates, field-visits, group discussions, and so forth. These activities are regarded significant in all types of organizations (Break the Pay Cycle, 2021). When the employees are encouraged to participate in these activities within the workplace, their mind-sets get stimulated. As a consequence, they will develop motivation towards the implementation of their job duties. Furthermore, there will be reinforcement of cordial and amiable terms and relationships with others. All these factors will render an important contribution in promoting well-being and goodwill. The employees will get to know each other. They will understand that in order to achieve desired goals and promote well-being and goodwill, they need to develop mutual understanding with the other members. Therefore, organization of leisure and recreation activitiesis a favourable measure to promote well-being and goodwill.

Promoting good Health Physically and Psychologically

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Within the course of implementation of job duties, there are occurrence of problems. The problems may take place in a major as well as in a minor form. Hence, the individuals need to provide solutions to them in an effectual manner. In some cases, the implementation of job duties have unfavourable effects on the physical as well as psychological health conditions of the individuals. In hazardous jobs, the workforce experiences injuries and accidents. On the other hand, they also experience the psychological problems of anger, stress, anxiety and frustration. It is of utmost significance for the employees to promote good health, physically and psychologically. This will facilitate in enabling them to develop motivation towards the implementation of their job duties. Furthermore, they will provide solutions to various problems and the members will be able to utilize the methods and strategies in an adequate manner. All these factors will render an important contribution in promoting well-being and goodwill. Therefore, promoting good health physically and psychologically is a measure to promote well-being and goodwill which needs to be focused upon throughout the job duties of the individuals.

Carrying out overall functioning of the Organization in an Efficacious Manner

In carrying out overall functioning of the organization in an efficacious manner, the members need to be informative in terms of various factors. These are, being well-versed in terms of job duties and responsibilities; being informative in terms of methods and strategies; making wise and productive decisions; implementing time management skills; augmenting analytical, critical thinking and problem-solving skills; forming amiable and cordial terms and relationships with others; utilizing modern, scientific and innovative methods; possessing the abilities to work under stress; promoting teamwork and inculcating the traits of morality, ethics, diligence and conscientiousness. Furthermore, all the members need to focus upon reinforcement of all these factors. These need to be put into practice in a satisfactory manner to promote well-being and goodwill. In other words, through implementation of these factors, not only the overall functioning of the organization will take place in an efficacious manner, but the members will contribute significantly in promoting well-being and goodwill. Therefore, carrying out overall functioning of the organization in an efficacious manner is a measure to promote well-being and goodwill which needs to be paid attention towards by all the members of the organization on regular basis.

Advantages of Promoting Well-Being and Goodwill

Promotingwell-being and goodwill has proven to be advantageous to the members as well as the organization as a whole. The members of the organization need to be well-equipped in terms of methods and strategies to do well in their job duties and achieve organizational goals. The job duties and organizational goals are regarded as the main priority of the individuals. Apart from these, they need to be informative in terms of the advantages of promoting well-being and goodwill (16 Surefire Ways to Boost Employee Well-being in Your Workplace, 2021). When information in terms of advantages is acquired, the members are able to understand that promoting well-being and goodwill will render an important contribution in enhancing their career prospects and the overall personality traits. Advantages of promoting well-being and goodwill are, facilitating the implementation of job duties in a well-organized manner; enabling the individuals to incur the feeling of job satisfaction; facilitating in retaining their jobs; developing motivation

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towards the implementation of job duties; developing mutual understanding with others and leading to up-gradation of the overall structure of the organizations. These are stated as follows:

Facilitating the implementation of Job Duties in a Well-organized manner

The employees need to acquire an efficient understanding of all types of job duties and responsibilities. Furthermore, they need to be well-equipped in terms of the methods to put them into operation in an effective manner. When the members are overwhelmed by any problems, they need to put into operation their best abilities to provide solutions to them. When the workforce generates information in terms job duties and responsibilities and do well in them, they are able to render an important contribution in promoting well-being and goodwill. On the other hand, promoting well-being and goodwill will enable the members to carry out their job duties in a well-organized manner. Therefore, it can be stated, facilitating the implementation of job duties in a well-organized manner is an advantage of promoting well-being and goodwill, which has been acknowledged by the individuals on a comprehensive basis.

Enabling the Individuals to incur the feeling of Job Satisfaction

Promoting well-being and goodwill will enable all the members to carry out their job duties in a well-organized manner. When they will meet the expectations of their supervisors, they will acquire appreciation. Furthermore, they will acquire rewards such as, certificates, trophies, benefits, incentives, increase in pay, promotional opportunities and so forth. As a consequence, the individuals will incur the feeling of job satisfaction. When the members will implement the measures to promote well-being and goodwill within the workplace, they will feel satisfied with their jobs. Promoting well-being and goodwill will enable the members toincur the feeling of job satisfaction. Therefore, enabling the individuals to incur the feeling of job satisfactionis regarded as one of the significant advantages of promoting well-being and goodwill.

Facilitating in retaining their Jobs

Acquisition of employment opportunities is regarded as one of the main objectives of the individuals, irrespective of their communities, categories and backgrounds. When the members will put into operation the measures to promote well-being and goodwill within the workplace, they will be able to retain their jobs. The reason being, when the employees will form the viewpoint that implementation of measures to promote well-being and goodwill will enable them to carry out their job duties successfully, they will be able to render a significant contribution in retaining their jobs. Furthermore, the implementation of these measures will facilitate in fulfilling the expectations of their employers and supervisors. Hence, they will be able to retain their jobs. Therefore, facilitating in retaining their jobs is one of the vital advantages of promoting well-being and goodwill.

Developing Motivation towards the implementation of Job Duties

Putting into operation the measures to promote well-being and goodwill within the workplace will facilitate in development of motivation towards the implementation of job duties. In order to do well in their

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job duties, achieve organizational goals and lead to up-gradation of the overall structure of the organizations, the members need to develop motivation. The supervisors and employers need to put into operation the measures to develop motivation among employees. Giving of certificates, trophies, benefits, incentives, increase in pay, promotional opportunities and so forth are some of the essential ways of developing motivation in all types of organizations. In some cases, the employees are provided with additional job duties and responsibilities, which would facilitate in enhancing their career prospects. These usually include, opportunities to augment leadership skills. Therefore, it is well-understood, developing motivation towards the implementation of job duties is a meaningful advantage of promoting well-being and goodwill.

Developing Mutual Understanding with Others

The job duties cannot be carried out in seclusion. Hence, the members need to work in co-ordination with each other in the implementation of various types of job duties and responsibilities. Putting into operation the measures to promote well-being and goodwill within the workplace will facilitate in development of mutual understanding with others. In order to do well in their job duties and generate the desired outcomes, the members need to exchange ideas and viewpoints. Furthermore, they need to augment their competencies and aptitude in terms of various subjects and concepts. Hence, development of mutual understanding with others will prove to be beneficial to the members as well as the organization as a whole. Therefore, developing mutual understanding with othersis an advantage of promoting well-being and goodwill, which has proven to be beneficial to all the members, irrespective of their job positions in the hierarchy of the organization.

Leading to Up-gradation of the overall Structure of the Organizations

In leading to up-gradation of the overall structure of the organizations, all the members need to be well-versed in terms of the measures to promote well-being and goodwill. On the other hand, putting into operation the measures to promote well-being and goodwill within the workplace will facilitate inleading to up-gradation of the overall structure of the organizations. When the members will be informative in terms of their job duties and responsibilities, methods and approaches, hone skills and abilities, form cordial and sociable terms and relationships with others and form positive viewpoints in terms of various aspects of the organizations, they will promote well-being and goodwill and lead to up-gradation of the overall structure of the organizations. Therefore, leading to up-gradation of the overall structure of the organizationsis an advantage of promoting well-being and goodwill, which needs to be emphasised upon by all the members throughout their jobs.

Conclusion

Within all types of organizations, all the members need to work in co-ordination with each other in the implementation of measures to promote well-being and goodwill. Measures to promote well-being and goodwill are, implementation of effective communication processes, generation of information in terms of job duties and responsibilities, utilization of modern, scientific and innovative methods, honing problem-solving skills, possessing the abilities to work under stress, promoting teamwork, encouraging the

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participation of employees in wellness programs, organization of leisure and recreation activities, promoting good health physically and psychologically and carrying out overall functioning of the organization in an efficacious manner. Advantages of promoting well-being and goodwill are, facilitating the implementation of job duties in a well-organized manner; enabling the individuals to incur the feeling of job satisfaction; facilitating in retaining their jobs; developing motivation towards the implementation of job duties; developing mutual understanding with others and leading to up-gradation of the overall structure of the organizations. Finally, it can be stated, within the workplace, when there are implementation of measures to promote well-being and goodwill, they will prove to be favourable to the employees and the overall structure of the organization.

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ISSN 2076-9202

VAT POLICYANDINPUT COSTS IN THE SERVICE SECTOR

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Abstract

The small and medium-size enterprises (SMEs) are the backbone of the Vietnamese economy, but they have started facing new challenges with the alteration in the financial landscape brought by the new VAT policy. The present study aims to build a research framework for investigating how changes in Vietnam's recent value-added tax policy reforms impact the cost structure of service sector inputs in small and medium-sized enterprises (SMEs). The study discovers the implications for its compliance costs, input costs and tax burden positioning of its products. Financial reports from service SMEs, tax filing data from Vietnam General Department of Taxation, and public documents from Department of Planning and Investment, Ho Chi Minh City, are gathered to examine the association between VAT adjustments and increased input costs, which include compliance-related costs. Descriptive statistics are used in the first step to provide a summary of cost patterns both before and after the policy changes. Regression model is applied to discover the connection between changes in VAT policy and SME input costs. Multivariate analysis is then employed to examine variations in the impact of the policy in greater detail. The study is expected to provide an investigation into the consequences of a shift in input costs and providing evidence-based recommendations may thus contribute to multiple levels of academic, policy, and practical relevance.

Keywords: *Value Added Tax (VAT), Input costs, Tax Policy Reform, SMEs in Vietnam*

Introduction

Background of the Study

The SME sector is crucial in the economy of Vietnam in most respects, such as job creation, economic growth, and innovation. Generally, SMEs are seen to account for the largest share in a country and, often, prove to be much more agile and adaptive. Operations of SMEs are highly sensitive to changes in regulations, especially those dealing with taxation policies (Shittu, 2024). The VAT emerged in Vietnam in 1999, replacing the old system with the turnover tax. Changing of the tax was considered strategic, aiming at simplification of systems to attain increased revenues based on improved compliance(Cyrilla, 2024).The value-added tax policy in Vietnam has undergone big recent changes, especially in the areas of tax rates and refund conditions, to optimize national budget revenues and ensure sustainable development for the economy (World Bank, 2023).In the last couple of years, there have been adjustments in Vietnam's VAT policy as an effort to streamline tax collection and increase government revenue. Such alteration in policies shall supposedly further economic stability but also bring in various challenges for SMEs, including issues

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on input cost. (KPMG & VVA, 2022).The new VAT policy does not merely apply to big enterprises but also to SMEs, mostly in the service sector. The latter is a field that contributes much to Vietnam's GDP annually (more than 40% of value) and generates many job opportunities (General Statistics Office, 2022).With such importance, SMEs are mostly challenged by their limited access to capital, non-advanced technologies, and often scant or no experience of functioning in complicated regulatory environments, such as one involving VAT compliance.(Vi, 2024).

The critical issue surfacing due to the emergence of a new VAT policy may be the rise in input costs faced by SMEs. VAT is hence linked directly to the cost structure of firms because it is levied on goods and services along value chains(Shittu, 2024). SMEs, operating on generally thin profit margins, could therefore see an influential effect on their financial performance from even a marginal increase in input costs. This research attempts to study the influence of recent changes in VAT on input costs among SMEs in Vietnam, with an emphasis on sectors and regions. (Nguyen & Tran, 2022). However, most of the studies related to the impact of VAT on SMEs in the service sector of Vietnam do not delve into input cost elements thoroughly in the recent times when there has been a change in the policy of tax(Cyrilla, 2024). While some studies concern that SMEs in service sectors face higher difficulties in the absorption of VAT costs due to their small scale and lesser financial capacity, this may affect competitiveness and profitability directly (OECD, 2021). Moreover, international studies found that service businesses are less flexible in price adjustment compared with manufacturing businesses, so the influence of VAT on the input cost is a serious challenge(World Bank, 2020).

Problem Statement

The recent changes in the policy of VAT in Vietnam have brought on major challenges for small and medium enterprises with regards to the cost of inputs. The VAT is a consumption tax levelled at various levels of production, even service delivery. For SMEs, which often rely on slender budgets and operate with minimal financial buffers, even slight increases in input costs tend to achieve cascading effects on profitability and sustainability.(Hameed, 2023) With the new VAT, life will become more difficult for these already highly competitive pressurized businesses with economic uncertainties to manage their cost structures.(General Department of Taxation - Ministry of Finance, n.d.).

The grassroots problem is that there is increased compliance in respect of the imposition of VAT, coupled with direct hits on input costs, such as raw materials and operational and administrative overheads. Preliminary industry reports indicate that sectors like manufacturing and retail are among those where increases in input costs have been disproportionate due to their heavy reliance on inputs that attract higher rates of VAT(Luchetta, 2022). Besides, the cost of compliance with new VAT legislation-upgrading of accounting systems or even engaging tax consultants-has further strained the resources of SMEs. These financial challenges are likely to cause erosion to SME competitive positioning both in domestic and international markets.(Bellon, 2022)

The issue is very important, as SMEs form a sizable component of the economy of Vietnam, supplying almost 40% of the nation's GDP, in addition to employing millions of people(Bank, 2021). If left unaddressed, increasing input costs may reduce profitability, lead to layoffs, or even business closures. Beyond their proximal impact on SMEs, such challenges could jeopardize more general economic growth,

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along with reduced tax revenues, which is opposite to the very goals of the VAT policy reforms (General Statistics Office, 2022).

The present research‘s purpose is to outline the issue by analyzing the change in selected key financial indicators, namely input cost increase, profit margin variation, and compliance cost, before and after VAT variation(Schrijvers, 2020). Evidence based on data from government tax reports, SME surveys, and industry analyses will provide a quantitative basis in examining the extent of these impacts(National Accounts Statistics-Sources & Methods, 2007). Case studies from various sectors will also provide qualitative insight into the operational difficulties faced by the SMEs. By highlighting these issues, this research aims to underscore the urgency of addressing VAT-related challenges to ensure the long-term resilience of Vietnam’s SME sector.

Research Objectives

The key objective of the study is to build a research model for assessing the overall impact of the new VAT policy on SME input costs, identifying specific challenges that SMEs face in adapting to these changes and any resulting increase in their administrative burdens, and exploring whether such impacts vary across industries or geographical locations.

Literature Review

Review of Theories

Tax Incidence Theory

Taxation incidence theory is important in analyzing whose economic burden VAT falls between SMEs and their customers. The theory examines the various aspects of the division of responsibility on tax between producers, businesses, and end consumers using price elasticity to find the eventual consumer of the cost(Gulati, 2017).

For SMEs, input VAT directly increases operation costs, especially for those that cannot perform full deductions due to exemptions or partial compliance. SMEs operating in inelastic demand sectors may well pass on the cost to consumers through price adjustments. In highly competitive or elastic markets, businesses might absorb this cost to maintain market share(Asimakopulos, 2023). Distribution adds a layer of impact that affects profitability, market positioning, and consumer behavior.

Changes in the VAT policy may raise input costs for SMEs reliant on taxed supplies of, for example, raw materials or intermediary goods. It could be underlined how changes in VAT-driven costs influence production efficiency and pricing models, based on secondary data about VAT reforms in comparable economies like Indonesia or Thailand.

AT-related burdens cascade through the supply chain. SMEs supplying larger firms may face renegotiated contracts if downstream companies seek to offset tax increases. Secondary data, or instance, industry reports, can map these impacts along the supply chain and provide insight into vulnerabilities that particularly apply to a sector(Kopczuk, 2013).

The ability of SMEs to respond strategically to changes in VAT is usually resource-dependent; thus, firms with meager financial or technical capabilities are not able to adapt. Consequently, their economic burden worsens. Such cross-sector analyses may stipulate how value addition tax disproportionately burdens smaller or informal businesses.This analysis, supported by empirical studies and case comparisons,

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underscores tax incidence theory's value in explaining VAT's nuanced impacts on SMEs and market dynamics(Wu, 2012).

Compliance Cost Theory

Compliance cost theory explains how businesses bear administrative and financial costs when complying with tax laws(Azmi, 2016). The costs are, therefore, very high for the small resources usually characterizing SMEs-a fact that makes this situation much more problematic in the context of VAT reforms. New VAT policies generally lead to businesses having to adapt complex reporting and record-keeping requirements. With the lack of dedicated tax departments or sophisticated accounting systems, SMEs usually have a harder time in trying to meet such demands efficiently(Giberson, 2020). For example, VAT reforms may require investment in software, training personnel, or buying external consultancy that may divert resources away from mainstream business activities. Secondary data, like government reports or SME surveys, could provide the details of these administrative costs.

Beyond administrative efforts, SMEs bear direct financial costs related to compliance. Filing errors, delayed submissions, or penalties for non-compliance increase these costs. In various similar developing economies, research shows that SMEs tend to spend a far greater percentage of revenue on compliance compared to their larger counterparts, especially because larger firms benefit from economies of scale. For example, VAT compliance cost studies in Indonesia indicate that for small enterprises, the compliance costs per unit of revenue can go as high as 60% compared to large corporations(Cyrilla, 2024).

Financial and administrative pressures brought about by compliance with VAT can stifle growth and productivity among SMEs. Tied up by regulatory demands, SMEs might forgo opportunities to expand, innovate, or even invest in their workforce. Comparative studies from other ASEAN countries have shown that excessive compliance costs deter informal enterprises from transitioning to the formal economy, limiting broader economic development.Its application in Vietnam also bodes with the trend in other developing countries. This can be conceived by the data extracted from World Bank studies on tax reform in Southeast Asia, which suggests that simplifying tax processes can bring down compliance burdens substantially. As such, these reforms should be investigated for practical guidance for the VAT policy framework of Vietnam(Dang-Duc, 2021).

With the use of compliance cost theory, this study places into context the very real effects that VAT reforms have upon SMEs. These compliance problems need to be addressed if tax policy reforms are going to achieve their intended economic benefits without unduly burdening smaller enterprises.

Review of Previous Studies

The study by(Hameed, 2023)evaluates the implementation and impact of VAT in Nigeria between 1994 and 2014, VAT was adopted to replace the Sales Tax system as part of the wider-ranging tax reforms during the transition of Nigeria into a market-driven economy.Using quarterly data and Johansen cointegration tests, the research found a significant positive relationship between VAT revenue and economic growth as represented by the GDPs.Moreover, the statistical analysis indicated stationary after the first difference. Also, there is a long-run relationship between the variables. However, the adjustment rate to economic equilibrium is comparatively slow, correcting only 5% distortions quarterly(Eragbhe, 2014).

The study concludes with pragmatic recommendations that include retaining the VAT system while its

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administration is improved and ensuring greater accountability in revenue managements(Ojo, 2023). The findings also established the need for control of inflation to achieve the maximum positive impact of the VAT on the economies.The Nigerian study has also shown that VAT is positively correlated with economic growths, which is useful to Vietnam because both are developing economies using VAT as a major revenue source(Shittu, 2024). Emphasis on administrative efficiency and eradicating loopholes is particularly applicable to Vietnam as VAT administration and compliance remain ongoing challenges in the country. However, some important differences should be underlined as follows. Vietnam introduced VAT earlier (1999) and with a different rate structure compared to Nigeria.The economic context and the system of tax administration is significantly different in Vietnam.The finding of an adjustment rate of 5% per quarters could also be different in the context of Vietnam because of different economic structures.For instance, researching studies based on that country is necessary to have a proper understanding of the effect of VAT in Vietnam specifically. Of course, given that economic policies work differently across countries, the Nigerian study might be helpful for similar research in Vietnam, specifically its methodology.

The case study of VAT in SMEs, conducted in Nigeria, has been able to highlight the business impacts emanating from VAT(Ojo, 2023). However, several research gaps appear when considering the context of the evolving SME sector in Vietnam. With Vietnam's modernization efforts in its economy and digitization of its infrastructure, it becomes highly relevant to study the dynamic of VAT through the eyes of a Vietnamese. This essay highlights some crucial gaps in the literature and develops certain areas of future research that may help in comprehending better the role of VAT in Vietnam's SMEs.

Although that period gave an informed look at the general effects of VAT over time, a study conducted for Vietnam today would better serve by analysing more recent data. This is because, in just the last ten years alone, the SME sector of Vietnam has undergone rapid digitalization and major change. From the pervasiveness of digital technologies to the changing dynamics of international trade, such changes could have important ramifications for the application of the VAT in Vietnam. This is where future research should be focused on recent data that captures the prevailing economic environment and technological changes prevailing in Vietnam, hence being able to give a truer picture of the VAT's impacts on SMEs today.(Decree 92/2021/ND-CP, 2021)

Nigeria's study did not differentiate between varying VAT rates and their impacts on compliance among SMEs. A comprehensive study in Vietnam could examine how different VAT rates—such as those for specific sectors—affect SME compliance behaviour. Understanding the relationship between VAT rates and SME tax compliance would allow policymakers to optimize tax policy for the sector.

Different sectors face unique challenges when it comes to VAT compliance(Shittu, 2024)(Huong, 2022). The manufacturing, services, and retail sectors, for example, may experience differing administrative burdens, cash flow challenges, and tax collection mechanisms. Research could examine how sector-specific characteristics influence VAT’s impact on SME compliance and financial health.

The Nigerian study identified a 5% quarterly equilibrium adjustment rate, indicating the speed at which businesses adapt to changes in VAT policy(Ojeka, 2021). For Vietnamese SMEs, it would be valuable to explore similar adjustment rates, but with a focus on how small businesses specifically adjust their financial and operational strategies in response to VAT changes.The study points to the need for eliminating

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administrative loopholes in VAT systems, a finding that is equally relevant for Vietnam. However, Vietnam's tax administration landscape is unique and warrants specific investigation.

The study of VAT in Nigerian SMEs provides valuable insights but leaves several gaps that future research can address in the context of Vietnam(Shittu, 2024). By examining more recent data, extending methodologies to explore the impact of different VAT rates, and focusing on administrative issues specific to Vietnam's SME sector, future research can offer more relevant and nuanced findings(Nguyet, 2024). This research could contribute to more effective VAT policy, improved compliance strategies, and ultimately, a more thriving SME sector in Vietnam.

Hypothesis Development

VAT Policy and Total Input Costs

This primary hypothesis examines whether the new VAT policy influences the overall input costs of SMEs. Theoretical and empirical studies suggest that VAT changes can directly increase operating expenses, particularly for smaller firms with limited resources to offset tax burdens(Muthoka, 2022). In addition, Liew and Sokgee(2018) mentioned that the increase in input costs-a result of the new VAT policy-will have a positive impact on service prices. The following hypothesis will focus on verifying whether SMEs experience significant increases or decreases in total input costs following the implementation of the new VAT policy.

H1: The new VAT policy has a significant negative impact on the total input costs of SMEs in the service sector.

VAT Policy and Labor Costs

Previous studies indicate that higher operating costs due to VAT changes might force businesses to adjust labor expenditures, either by reducing wages, cutting back on staff, or increasing salaries to retain skilled workers(Krzikallová, 2016). This hypothesis examines the relationship between the new VAT policy and labor cost adjustments.

H2: The new VAT policy has a significant negative effect on the labor costs of SMEs in the service sector.

VAT Policy and Material Input Costs

Material costs are a critical expense for SMEs. Changes in VAT can either increase or decrease these costs depending on how the policy affects VAT deductibility and supply chain costs. This hypothesis focuses on identifying these variations and their magnitude(Yoke, 2018).

H3: The new VAT policy has a significant negative influence on the material input costs of SMEs in the service sector.

Research Model

To test the hypotheses, the study employs a regression analysis model. A multiple regression model is specified as follows:

$$\text{Total Input Cost} = \beta_0 + \beta_1(\text{VAT Policy}) + \beta_2(\text{Labor Cost}) + \beta_3(\text{Material Cost}) + \beta_4(\text{Service Type}) + \epsilon$$

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Where:

- $\beta_1, \beta_2, \beta_3, \beta_4$ are coefficients representing the relationship between each independent variable and the dependent variable.
- ϵ is the error term.

This model will help identify how VAT policy and other variables individually and collectively influence the total input costs of SMEs.

Operationalization of Variables

To ensure clarity and accuracy in data collection, each variable is operationalized as follows:

VAT Policy: A binary variable representing the status before and after the implementation of the new VAT policy.

Labor Cost: The average cost per employee, based on financial data collected from SMEs.

Material Cost: The average expense on material inputs, also derived from SMEs' financial records.

Service Type: A categorical variable classifying the different types of services offered by SMEs (e.g., hospitality, transportation, education).

Research Methodology

Research Design

The research utilizes a quantitative approach to objectively examine the influence of VAT policy reforms on the operational costs of Small and Medium Enterprises (SMEs). By exclusively relying on secondary data, the study circumvents the logistical complexities associated with primary data collection while capitalizing on existing datasets to facilitate comprehensive analysis(Ojo, 2023)(Shittu, 2024).

Variables Measurement

Independent Variable: The VAT policy reform was operationalized as the implementation date and specific changes to VAT rates or exemptions.

Dependent Variable: Input costs was measured as the average cost of raw materials, operational expenses, and compliance-related expenditures.Compliance costs was quantified by administrative expenses and penalties reported in SME financial data.

Control Variables: External factors consist of inflation, exchange rates, and GDP growth to isolate the VAT policy's impact on input costs.

Data Collection and Analysis

The secondary data will be collected from financial reports of the companies in the service industry, tax reports from the General Department of Taxation of Vietnam, and the public documents from the Department of Planning and Investment of Ho Chi Minh City. These figures give the actual picture of input cost changes, like material cost, labour cost, and operational cost, before and after the implementation of the new VAT tax policy. Besides these, business reports and market analyses of the service industry would also be employed to gauge the general effects this tax policy has on the whole sector. Data from different sources can guarantee comprehensiveness and accuracy for the statistically valuable analysis results that indicate the real impact of VAT policy on SMEs. The systematic nature and accuracy of the secondary data

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in the study will allow an overall picture about the fluctuations in the levels of input costs and their specific impact on service companies in Ho Chi Minh City. Government and institutional reportsand industry reports are also gathered.Appropriate statistical tools like descriptive statistics,linear regression, and multiple regression are employed to examine the relationship between VAT policy and the input cost of SMEs.The analysis result is predicted to give a clear view of the effect of the new VAT policy on input costs of small and medium-sized service enterprises in Ho Chi Minh City, by which the effectiveness of the policy will be assessed or appropriate solutions for businesses will be proposed.(Hameed, 2023)

Conclusion

The Vietnamese government implemented new VAT policies aimed at economic stabilization. However, these changes have posed significant challenges for small and medium-sized enterprises (SMEs) within the service sector. This research's purpose is to build a research model investigating the effects of the new VAT policy on input costs for these SMEs, with a specific focus on those located in an emerging economy, Viet Nam.

The current research is expected to add to the pool of academic discourses on taxation policies and, importantly, the impact of VAT on SMEs in emerging economies like Vietnam. In addition, the implications of this study are important for both policymakers and business practitioners. In fact, the study results will provide policymakers with evidence on the efficiency and equity effects of Vietnam's VAT regimeto design interventions-which may include compliance burden reductions or tax exemptions in certain industries-that consider the new VAT policy's impact on the input costs of SMEs. This study will also provide doable strategies for managing theinput costs in the context of the new VAT system to SMEs. These suggestions could include supply chain optimization, effective pricing strategies, and making the most of the tax incentives that are available(Anculien Schoeman et al., 2021). Besides, the study has the potential to raise the financial literacy of SMEs. Business owners will have the knowledge to make legally binding decisions about financial planning and tax compliance.

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ISSN 2076-9202

UNDERSTANDING THE SIGNIFICANCE OF IMPROVEMENTS REGARDING HUMAN RESOURCES AND ORGANIZATIONS

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Abstract

Improvement is a concept which takes place among individuals and various aspects of the organizations on a regular basis. The individuals need to put emphasis on bringing about improvements in their knowledge, competencies and abilities. On the other hand, the various aspects of the organizations in terms of which improvements take place are, job duties, methods, procedures, strategies, approaches, training and development programs, infrastructure, amenities, facilities and the overall working environmental conditions. The individuals in leadership positions are vested with the authority of bringing about improvements. When these are brought about, it needs to be ensured, they prove to be encouraging to all the members and the organization as a whole. The implementation of this task is manageable as well as there are occurrence of complications. The members, irrespective of the job positions in the hierarchy need to work in co-ordination with each other in the implementation of this task. They human resources need to put emphasis on up-gradation of their knowledge, skills and abilities on regular basis. They are required to identify the areas, which need to be improved. After these are identified, the measures need to be put into operation to bring about improvements. Therefore, it is well-understood, improvements need to take place among human resources as well as the organization as a whole. The main concepts that are taken into account in this research paper are, understanding the meaning and significance of improvements, factors in terms of which improvements take place on regular basis and measures to be implemented to bring about improvements.

Keywords: *Abilities, Approaches, Improvement, Individuals, Job Duties, Methods, Organizations, Skills*

Improvement is a concept, which needs to take place on regular basis. It takes place within various aspects of the organization as well as the individuals themselves. The individuals need to be informative in terms of measures and approaches. When improvements are to take place, they need to be favourable to all the members and the organization as a whole (Improvement, 2021). Communication processes are regarded as the key that need to be improved on regular basis. The individuals need to be well-equipped in terms of communication skills. Within the course of implementation of their job duties, they are required to communicate with other members as well. Furthermore, they are required to deal with clients and stakeholders. The communication takes place in a verbal and in a written form. Verbal communication takes place face to face or through the utilization of technologies. Whereas, written communication takes place through emails, messages, letters, notices and so forth. The individuals need to make use of polite language

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and decent words. Furthermore, they need to make provision of factual information. Therefore, communication processes is a vital factor in terms of which improvements take place on regular basis.

The methods, procedures and approaches are significant areas in terms of which improvements need to take place. In the present existence, with advancements taking place and with the advent of technologies, it is necessary to make use of modern, scientific and innovative methods in the implementation of tasks and activities. The individuals need to ensure, these methods prove to be favourable to them as well as the organization as a whole. The commitment and determination of the individuals need to be strong to utilize these methods (Improvement, 2021). In order to do well in their job duties, achieve organizational goals and lead to up-gradation of the overall structure of the organization, the individuals need to possess adequate knowledge. The knowledge needs to be honed in terms of job duties, methods, procedures, approaches, and other aspects of the organization. Individuals make use of various sources, i.e. books, articles, reports, projects, other reading materials and internet. Utilizing these sources would prove to be favourable and advantageous in augmenting knowledge among individuals in terms of various aspects. Therefore, methods, procedures, approaches and knowledge are regarded as significant factors in terms of which improvements take place on regular basis.

The individuals need to ensure the working environmental conditions are pleasant and amiable. In this manner, they will be able to concentrate well on their job duties. The improvements need to take place in infrastructure, amenities and facilities on regular basis. These are, power supplies, water supplies, restrooms, clean drinking water, elevators, ramps, parking space, materials, technologies, heating and cooling equipment in accordance to the weather conditions and so forth. These should be in a well-developed state. As a consequence, the members will do well in their job duties and generate the desired outcomes. There should be improvements made in the conflict resolution methods. These should be peaceful. As when the members are wholeheartedly determined towards the implementation of job duties and leading to overall functioning of the organization in a well-organized manner, they need to form cordial and amiable terms and relationships with each other. The individuals need to depict the traits of kind-heartedness, understanding and generosity. Therefore, it is well-understood, working environmental conditions and conflict resolution methods are indispensable factors in terms of which improvements take place on regular basis.

Understanding the Meaning and Significance of Improvements

In the present existence, with progressions taking place and with the advent of modernization and globalization, it is necessary to bring about improvements. Improvement is referred to up-gradations, enhancement, progressions and expansion. Improvements is a concept, which needs to take place on regular basis within all types of organizations. It takes place within various aspects of the organization as well as the conduct and personality traits of the individuals. The main reason for bringing about improvements is, the utilization of same methods and approaches in the implementation of same job duties tend to make job duties monotonous. Hence, it is of utmost significance for the individuals to bring about improvements in various aspects on regular basis. For this purpose, the individuals need to be wholeheartedly determined. Furthermore, they need to be informative in terms of measures and approaches. When improvements are to take place, they need to be favourable to all the members and the organization as a whole. Therefore, the individuals are able to understand the meaning and significance of improvements, when they prove to be

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favourable to the individuals as well as the overall structure of the organizations.

All the members, irrespective of their job positions in the hierarchy are required to take into accountvarious factors to bring about improvements in different aspects of the organization. These are, being well-versed in terms of job duties and responsibilities; generating information in terms of techniques, methodologies and strategies; inculcating the traits of morality and ethics; implementing the traits of diligence, resourcefulness and conscientiousness; communicating effectively with others; making wise and productive decisions; implementing time management skills; augmenting knowledge, skills and abilities; honing analytical, critical thinking and problem-solving skills; making use of modern, scientific and innovative methods and possessing the abilities to work under stress. Throughout the job duties of the members, they need to bring about improvements in all these factors. The implementation of these factors in an appropriate manner will not only bring about improvements, but also contribute in promoting comfort and welfare of the workforce and in leading to up-gradation of the overall structure of the organizations. Therefore,the individuals are able to understand the meaning and significance of improvements, when they render an effective contribution in promoting well-being and goodwill.

The individuals in leadership positions need to ensure, the workforce feel comfortable within the working environment. The human resources are the assets of the organization. They need to make use of their skills and abilities to do well in their job duties, achieve organizational goals and lead to up-gradation of the overall structure of the organization. Furthermore, in order to bring about improvements in their job duties, methods, approaches, materials and so forth, the individuals are required to augment their knowledge and understanding in terms of various aspects. The individuals need to ensure the working environmental conditions are pleasant and amiable. In this manner, they will be able to concentrate well on their job duties. Furthermore, they will be able to communicate with other members to acquire an efficient understanding of the methods. These are needed to do well in job duties and responsibilities. Furthermore, members will incur the feeling of job satisfaction. All the members need to be informative in terms of measures and approaches to bring about improvements in their tasks and functions. Therefore, meaning and significance of improvements is understood on a comprehensive basis, when they facilitate in leading to up-gradation of skills and abilities among individuals.

Factors in terms of which Improvements take place on Regular Basis

The task of bringing about improvements does not take place at one point of time, but throughout their jobs, individuals need to put emphasis on implementation of this task. In all types of organizations, i.e. production, manufacturing, services, financial institutions, educational institutions and so forth, all the members, irrespective of their job positions in the hierarchy need to be informative in terms of the factors in which improvements take place on regular basis. In some cases, bringing about improvements is manageable, whereas, in case of others, there are occurrence of various types of problems and challenges. The causes need to be identified of the problems and challenges. After these are identified, measures need to be put into operation to bring about improvements. This task can be put into operation on an individual basis as well as in groups. All the members need to work in collaboration and integration with each other to carry out this job (Science of Improvement, 2021). Factors in terms of which improvements take place on regular basis are stated as follows:

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Communication Processes

Communication processes are regarded as the key that need to be improved on regular basis. The individuals need to be well-equipped in terms of communication skills. They need to put emphasis on improvements of communication skills throughout their jobs. Within the course of implementation of their job duties and responsibilities, they are required to communicate with other members. As they are required to augment their knowledge and understanding in terms of various aspects, exchange ideas and viewpoints and provide solutions to various types of problems. Furthermore, they are required to deal with clients and stakeholders. The communication takes place in a verbal and in a written form. Verbal communication takes place face to face or through the utilization of technologies. Whereas, written communication takes place through emails, messages, letters, notices and so forth. The individuals need to make use of polite language and decent words. Furthermore, they need to make provision of factual information. Therefore, communication processes is an indispensable factor in terms of which improvements take place on regular basis.

Job Duties and Responsibilities

All the members, irrespective of their job positions in the hierarchy need to be informative in terms of job duties and responsibilities. The implementation of job duties and responsibilities are regarded as the main priority for which the individuals get recruited within the organizations. When the individuals do well in their job duties and meet the expectations of their supervisors and employers, they will acquire rewards, incentives, increase in pay, promotional opportunities, additional job duties and responsibilities and so forth. When the employees are given additional job duties and responsibilities by the supervisors, it is regarded as one of the ways in terms of which improvements take place. This task has proven to be beneficial and favourable to the individuals on a comprehensive basis. The individuals are able to augment their knowledge and understanding in terms of various aspects, exchange ideas and viewpoints, provide solutions to various types of problems and contribute significantly in enhancing their career prospects and overall personality traits. Therefore, job duties and responsibilitiesis an important factor in terms of which improvements take place on regular basis.

Methods, Procedures and Approaches

Leading to an increase in productivity and profitability is regarded as the primary goal of the organization. In order to achieve this goal, improvements need to take place in methods, procedures and approaches. These are regarded as significant factors in terms of which improvements need to take place throughout one's jobs. In the present existence, with advancements taking place and with the advent of technologies, it is necessary to make use of modern, scientific and innovative methods in the implementation of various tasks and activities. The individuals need to ensure, these methods prove to be favourable to them as well as the organization as a whole. The commitment and determination of the individuals need to be strong to utilize these methods. The job duties are normally carried out in accordance to the procedures. Hence, improvements need to take place in them, which prove to be meaningful. Approaches are regarded as techniques, which direct the implementation of job duties. Hence, within the course of time, improvements need to take place in them. Therefore, methods, procedures and approaches are significant factors in terms of which improvements take place on regular basis.

Knowledge

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In order to do well in their job duties, achieve organizational goals and lead to up-gradation of the overall structure of the organization, the individuals need to possess adequate knowledge. The knowledge needs to be honed in terms of job duties, methods, procedures, approaches, and other aspects of the organization. Furthermore, the individuals need to possess knowledge in terms of laws and rules. When the individuals implement their job duties in accordance to the laws and rules, they will depict efficiency. Furthermore, they will be able to generate the desired outcomes. Individuals make use of various sources, i.e. books, articles, reports, projects, other reading materials and internet. Utilizing these sources would prove to be favourable and advantageous in augmenting knowledge among individuals in terms of various aspects. Furthermore, they will be able to clear their doubts and provide solutions to various types of problems. This is regarded as a notable factor in terms of which improvements need to take place throughout one's jobs. With the advent of technologies, it is necessary to hone technical skills and augment knowledge in terms of pioneering methods. Therefore, knowledge is a vital factor in terms of which improvements take place on regular basis.

Infrastructure, Amenities and Facilities

The individuals need to ensure the working environmental conditions are pleasant and amiable. In this manner, they will be able to concentrate well on their job duties. The infrastructure, amenities and facilities are regarded as an integral part of the working environmental conditions. These need to be in an adequate state. The improvements need to take place in infrastructure, amenities and facilities on regular basis. These are, power supplies, water supplies, restrooms, clean drinking water, elevators, ramps, parking space, materials, technologies, furniture, heating and cooling equipment in accordance to the weather conditions and so forth. These should be in a well-developed state. As a consequence, the members will do well in their job duties and generate the desired outcomes. They will feel comfortable within the workplace. The management of financial resources is regarded to be of utmost significance to bring about improvements in infrastructure, amenities and facilities. Furthermore, electricians, carpenters, plumbers, repair workers are contacted, when any work is to be done. The members work in co-ordination with each other to bring about improvements in these aspects. Therefore, infrastructure, amenities and facilities is a crucial factor in terms of which improvements take place on regular basis.

Skills and Abilities

The members need to bring about improvements in various skills, i.e. communication skills, decision making skills, time management skills, analytical skills, critical thinking skills, problem-solving skills, creative skills, technical skills, personal skills, professional skills, leadership skills, presentation skills and negotiation skills. On the other hand, the abilities, which need to be improved are, being aware in terms of job duties and responsibilities; being informative in terms of methods and approaches; coping with various types of problems in an adequate manner; making wise and productive decisions; forming sociable and pleasant terms and relationships with others; possessing the abilities to work under stress; managing anger in an adequate manner; honing interactive abilities; promoting a normal mind-set and creating a balance between personal and professional lives. Throughout their jobs, the members need to bring about improvements in skills and abilities. These are indispensable to do well in one's job duties, achieve organizational goals and carry out the overall functioning of the organization in an efficient manner. Therefore, skills and abilitiesis an eminent factor in terms of which improvements take place on regular

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basis.

Conflict Resolution Methods

Within the workplace, there are in some cases, occurrence of conflicting situations among individuals. These are superiors and subordinates as well as colleagues. These take place in a major or in a minor form. The implementation of peaceful conflict resolution methods are fundamental in forming cordial and amiable terms and relationships with each other. The reason being, in order to do well in their job duties, achieve organizational goals and lead to up-gradation of the overall structure of the organization, the individuals need to build trust. Hence, they are required to put into operation peaceful conflict resolution methods. There should be improvements made in the conflict resolution methods. The individuals need to feel satisfied with their usage. These should be peaceful. As when the members are wholeheartedly determined towards the implementation of job duties and leading to overall functioning of the organization in a well-organized manner, they need to form cordial and amiable terms and relationships with each other. Furthermore, all the individuals, irrespective of their job positions need to depict the traits of kind-heartedness, understanding and generosity. Therefore, it is well-understood, conflict resolution methods are essential factors in terms of which improvements take place on regular basis.

Terms and Relationships with Others

When the members are wholeheartedly determined towards putting into operation their job duties and leading to overall functioning of the organization in a well-ordered manner, they need to form pleasant and sociable terms and relationships with their superiors, subordinates and colleagues. The members need to bring about improvements in terms and relationships with others. The various factors that need to be implemented to carry out this task are, communicating effectively with others; treating others with respect and courtesy; depicting the traits of helpfulness and co-operation; reinforcing the traits of honesty, truthfulness and morality; providing equal rights and opportunities to all; formulating anti-discrimination policies; forming positive viewpoints in terms of various aspects of the organizations and individuals with whom one is dealing with; possessing an approachable nature and an amiable attitude; augmenting listening skills; possessing the abilities to work under stress and managing the psychological problems of anger, stress, anxiety and frustration in an adequate manner. Throughout the jobs of the members, they need to bring about improvements in all these factors (Improvement, 2021). Therefore, terms and relationships with others is a favourable factor in terms of which improvements take place on regular basis.

Personality Traits

The personality traits of the individuals is another indispensable factor, in terms of which improvements need to take place throughout one's jobs. This factor is regarded as indispensable by all the members of the organization. The various factors that need to be taken into account to carry out this task are, promoting good health from the physical as well as psychological perspectives; dressing neatly; inculcating the traits of morality and ethics; implementing the traits of diligence, resourcefulness and conscientiousness; communicating effectively with others; treating others with respect and courtesy; depicting the traits of helpfulness and co-operation; reinforcing the traits of honesty, truthfulness and righteousness; possessing an approachable nature and an amiable attitude; augmenting listening skills; possessing the abilities to cope with problems and stressful situations in a satisfactory manner and managing the psychological problems of

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anger, stress, anxiety and frustration in an adequate manner. Throughout the jobs of the members, they need to bring about improvements in all these factors. Therefore, personality traits is a useful factor in terms of which improvements take place on regular basis.

Working Environmental Conditions

Improvements need to take place on regular basis in the working environmental conditions. The improvements will enable the members to feel comfortable within the working environment. Furthermore, they will be able to acquire an efficient understanding of the techniques that are needed to do well in job duties and responsibilities. All the members need to be informative in terms of measures and approaches to bring about improvements in working environmental conditions. These are, formulating laws and policies in an appropriate manner; leading to up-gradation of training and development programs; organizing seminars and workshops; promoting teamwork; making available infrastructure, amenities and facilities; implementing decision making processes in an adequate manner; taking out sufficient amount of time for all tasks and activities; promoting cleanliness; spreading greenery; communicating effectively with others; treating others with respect and courtesy; depicting the traits of usefulness and teamwork; reinforcing the traits of trust-worthiness, honesty and goodness; and providing equal rights and opportunities to all. Throughout the jobs of the members, they need to bring about improvements in all these factors. Therefore,working environmental conditionsis an advantageous factor in terms of which improvements take place on regular basis.

Measures to be implemented to bring about Improvements

In some cases within the organizations, bringing about improvements is a manageable task, whereas, in case of others, there are occurrence of various types of problems and challenges. When the individuals experience problems, they need to be informative in terms of ways to bring about solutions in them. Furthermore, these need to be prevented from having any unfavourable effects on any job duties (Three Ways to Measure Success, n.d.). The causes need to be identified of the problems and challenges. After these are identified, measures need to be put into operation to bring about improvements. This task can be put into operation on an individual basis as well as in groups. Normally, all the members need to work in collaboration and integration with each other to carry out this job. Measures to be implemented to bring about improvements are, generating awareness in terms of various aspects; honing interactive abilities; conducting research on regular basis; forming constructive viewpoints in terms of various factors; inculcating the traits of morality and ethics and implementing the traits of diligence, resourcefulness and conscientiousness. These are stated as follows:

Generating Awareness in terms of various Aspects

In order to do well in one's tasks and activities, achieve organizational goals and lead to up-gradation of the overall structure of the organization, the individuals need to generate awareness in terms of various aspects. The awareness that need to be up-graded throughout one's jobs is in terms of job duties, methods, procedures, approaches, and other aspects of the organization. Furthermore, the individuals need to generate awareness in terms of laws and rules. When the individuals implement their job duties in accordance to the laws and rules, they will depict proficiency. Therefore, generating awareness in terms of various aspects is a measure to be implemented to bring about improvements, which has proven to be favourable to all the

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members on a comprehensive basis.

Honing Interactive Abilities

Interactive abilities are regarded as fundamental that need to be improved on regular basis. The individuals need to be well-resourced in terms of competencies, abilities and aptitude. Furthermore, they need to put emphasis on bringing about improvements in professionalism throughout their jobs. Within the course of implementation of their job duties and responsibilities, individuals are required to interact with other members. As they are required to augment their knowledge and understanding in terms of various aspects, exchange ideas and viewpoints, overcome barriers, make use of pioneering methods and provide solutions to various types of problems. Furthermore, the individuals are required to deal with clients and stakeholders. Therefore, honing interactive abilities is a measure to be implemented to bring about improvements, which has rendered a significant contribution in generating the desired outcomes.

Conducting Research on Regular Basis

The members of the organization need to conduct research on regular basis. The primary objective of conducting research is to identify the areas, which need to be improved. Furthermore, when improvements need to be brought about in various aspects, then also this measure has proven to be favourable. The information of the individuals need to be up-graded in terms of job duties, methods, procedures, approaches, strategies and other aspects of the organization. Individuals make use of various sources, i.e. books, articles, reports, projects, other reading materials and internet. Utilizing these sources would prove to be favourable and advantageous in augmenting knowledge among individuals in terms of various aspects. On the internet, the individuals are able to generate information in terms of all the necessary factors. Therefore, conducting research on regular basis is regarded as one of the indispensable measures to be implemented to bring about improvements.

Forming Constructive Viewpoints in terms of various Factors

Within the course of implementation of job duties, there are occurrence of various types of challenges and difficulties. The various areas in terms of which these take place are, job duties, responsibilities, methods, procedures, approaches, strategies, technologies and the overall environmental conditions of the organization. Individuals need to formconstructive viewpoints in terms of various factors. Furthermore, they need to develop positive thinking in terms of the individuals whom they are working with. When the members need to bring about improvements in various aspects and concepts, they need to reinforce their constructive viewpoints. The supervisors and the employers need to make provision of information to the employees that when they will formconstructive viewpoints in terms of various factors related to their job duties, they will be able to benefit on a comprehensive basis. Therefore, in all types of organizations, forming constructive viewpoints in terms of various factors is one of the significant measures to be implemented to bring about improvements.

Inculcating the Traits of Morality and Ethics

Inculcating the traits of morality and ethics is the key to do well in their job duties, meet the expectations of the employers and supervisors, enhance career prospects, achieve organizational goals and lead to up-gradation of the overall structure of the organization. The individuals need to put emphasis on this measure throughout their jobs. The individuals are adults. Hence, they are well-aware that to do well in their

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tasks and to generate the desired outcomes, traits of morality and ethics are regarded to be of utmost significance. The individuals are able to differentiate between appropriate and inappropriate. Furthermore, they make selection of the most suitable and useful alternative. When the members need to bring about improvements in various aspects and concepts, they need to reinforce these traits. Therefore, it is well-understood, inculcating the traits of morality and ethics is a meaningful measure to be implemented to bring about improvements.

Implementing the Traits of Diligence, Resourcefulness and Conscientiousness

All the members, irrespective of their job positions in the hierarchy need to be informative in terms of job duties and responsibilities. In order to do well in them and incur the feeling of job satisfaction, the traits of diligence, resourcefulness and conscientiousness are regarded as indispensable. When the members need to bring about improvements in various aspects and concepts, they need to implement the traits of diligence, resourcefulness and conscientiousness. The members of the organization are aware that improvements need to take place on regular basis in job duties, responsibilities, methods, procedures, approaches, strategies, technologies and the overall environmental conditions of the organization. Hence,traits of diligence, resourcefulness and conscientiousness are regarded as the key. Therefore, implementing the traits of diligence, resourcefulness and conscientiousnessis a measure to be implemented to bring about improvements, which needs to be reinforced by the members throughout their jobs.

Conclusion

Improvement is a concept, which needs to take place on regular basis. It takes place within various aspects of the organization as well as the individuals themselves. The individuals need to be informative in terms of methods and strategies to implement this task. When improvements are to take place, they need to be favourable to all the members and the organization as a whole. Factors in terms of which improvements take place on regular basis are, communication processes, job duties and responsibilities, methods, procedures and approaches, knowledge, infrastructure, amenities and facilities, skills and abilities, conflict resolution methods, terms and relationships with others, personality traits and working environmental conditions. Measures to be implemented to bring about improvements are, generating awareness in terms of various aspects; honing interactive abilities; conducting research on regular basis; forming constructive viewpoints in terms of various factors; inculcating the traits of morality and ethics and implementing the traits of diligence, resourcefulness and conscientiousness. Finally, it can be stated, when improvements are brought about in an appropriate manner, they prove to be beneficial to the members as well as the overall structure of the organization.

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ISSN 2076-9202

INTRA TRADE BARRIERS: MOVING FORWARD OR BACKWARDS IN INTERNATIONAL TRADE FOR THE SADC BLOC?

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ABSTRACT:
Intra-Southern African Development Community (SADC) trade has the potential to drive economic growth and development in the region, yet trade barriers continue to hinder its full potential. Despite the establishment of various protocols aimed at improving trade and economic integration, the region remains beset by numerous non-tariff and tariff barriers that stymie the flow of goods and services. This paper explores the nature and impact of these trade barriers within SADC, analyzing how they affect both intra-regional trade and the broader international trade landscape. The study assesses the key barriers, including customs procedures, infrastructure deficits, regulatory frameworks, and political instability, that continue to limit trade flows between SADC member states. Through a comprehensive examination of existing trade agreements, particularly the SADC Free Trade Area (FTA), and the African Continental Free Trade Area (AfCFTA), the paper critically evaluates whether SADC is moving forward or backward in its efforts to promote regional trade integration. The paper concludes by offering policy recommendations for overcoming these barriers, fostering smoother trade relations within SADC, and enhancing the region's competitiveness in global markets.

Keywords: *Intra-SADC Trade Barriers; International Trade*

1.0 INTRODUCTION

The Southern African Development Community (SADC), comprising 16 member countries, holds significant economic potential as a trading bloc. It aims to promote regional integration, economic cooperation, and development among its member states. However, trade within the region remains below its potential due to a complex array of barriers that limit the free flow of goods, services, and capital.This paper aims to identify and analyze the key trade barriers within SADC, with a particular focus on how these barriers affect the region's integration efforts and its participation in global trade. The study will assess the overall direction of intra-SADC trade and examine the extent to which the region is making progress or facing setbacks in reducing these barriers.

2.0 LITERATURE REVIEW

2.1.1 Intra-Regional Trade Integration and Barriers

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Several studies have identified that despite the existence of the SADC Free Trade Area (FTA) and other regional trade protocols, trade flows within the region remain constrained. The barriers in question include both tariff and non-tariff barriers, such as customs procedures, technical standards, and lack of harmonization in regulatory policies. Studies also suggest that while tariff barriers have been progressively reduced, non-tariff barriers (NTBs) remain a significant impediment to trade.

2.1.2 Trade Integration and Economic Growth

Literature highlights that trade integration, when properly executed, can boost regional economic growth, reduce poverty, and increase employment opportunities. However, for trade integration to be effective, the reduction of trade barriers is critical. The SADC FTA has made strides in tariff reduction, but there has been less progress in addressing NTBs, which continue to undermine regional trade potential.

2.1.3 SADC Trade and Development

The SADC protocol on trade aims to establish a customs union, eliminate barriers to trade, and foster greater cooperation among member states. However, many SADC countries still face significant challenges in aligning their trade policies, addressing infrastructure deficiencies, and improving customs procedures. Additionally, political instability and governance issues in some member states further complicate the implementation of trade agreements.

2.1.4 Key Trade Barriers in SADC

- **Tariff Barriers**:Although SADC has made substantial progress in reducing tariffs through the SADC FTA, some tariff barriers still exist. These tariffs, particularly on sensitive products, continue to increase the cost of goods within the region, hindering intra-SADC trade. Additionally, non-tariff barriers often serve as indirect tariffs, inflating trade costs for small and medium-sized enterprises.
- **Non-Tariff Barriers (NTBs)**: NTBs are often cited as the most significant barrier to intra-regional trade in Africa. These include cumbersome customs procedures, complicated import/export documentation requirements, and inconsistent application of tariffs across different member states. Delays at border posts, varying technical standards, and sanitary and phytosanitary measures also impede the free movement of goods. NTBs are a particularly pressing issue for landlocked countries within SADC, as they face higher transportation costs and delays.
- **Infrastructure Deficits**: Inadequate infrastructure in areas such as transportation, energy, and communication further hinder trade within the region. Poor roads, underdeveloped rail networks, and unreliable ports limit the efficiency of intra-SADC trade, making it costly and time-consuming to move goods between member states. The lack of quality infrastructure reduces the region's competitiveness in international markets.
- **Regulatory and Standards Differences**: The lack of harmonization in regulatory frameworks and technical standards between member states is another major barrier. Different rules for product standards, labeling, and packaging create additional costs for businesses seeking to export within the

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region. The lack of a unified approach to intellectual property, competition policies, and consumer protection adds to the complexity of regional trade.

- **Political Instability and Governance Issues**:Political instability, conflicts, and governance challenges in some SADC countries contribute to trade barriers. Inconsistent enforcement of trade agreements, corruption, and unpredictable policy changes create an unfavorable environment for businesses. These issues further hinder the smooth flow of goods and services across borders, reducing investor confidence in the region.

2.1.5 The Role of Regional Trade Agreements and Initiatives

- **SADC Free Trade Area (FTA)**:The SADC FTA, established in 2000, aims to create a single market for goods and services by removing barriers to trade. While tariff barriers have been significantly reduced, the FTA has not fully addressed the underlying NTBs that persist in the region. The lack of effective implementation and enforcement mechanisms remains a major challenge, limiting the FTA's effectiveness in driving regional trade integration.
- **African Continental Free Trade Area (AfCFTA)**:The AfCFTA, launched in 2021, aims to create a single continental market for goods and services, significantly boosting intra-Africa trade. For SADC member states, the AfCFTA represents a major opportunity to deepen economic integration and reduce trade barriers, especially in the areas of customs procedures and technical standards. However, challenges such as the overlap between SADC and AfCFTA obligations, the alignment of national policies, and infrastructure gaps remain significant obstacles.
- **Regional Infrastructure Projects**:Initiatives such as the North-South Corridor, which links landlocked countries in Southern Africa to the Indian Ocean, aim to improve regional infrastructure and reduce transportation costs. However, infrastructure development in the region remains underfunded, and projects often face delays due to political, financial, and logistical challenges.

2.1.6 Impact of Trade Barriers on Intra-SADC Trade

- **Economic and Trade Performance**:Intra-SADC trade remains low compared to other regions, accounting for a small percentage of total trade on the continent. This is due in large part to the persistent trade barriers, which limit the ability of businesses to access regional markets. As a result, SADC countries often rely on exports to markets outside the region, particularly to Europe and Asia, despite the potential for greater economic gains from intra-regional trade.
- **Investment and Competitiveness**:Trade barriers create an unpredictable environment for investors, reducing the region's competitiveness in global markets. Foreign direct investment (FDI) flows are often directed to regions with fewer trade barriers, and the inability to access efficient and cost-effective transportation and logistics networks further diminishes the attractiveness of SADC as an investment destination.
- **Regional Value Chains**:The persistence of trade barriers limits the development of regional value chains, which are essential for industrialization and economic diversification. By failing to reduce barriers, SADC countries miss the opportunity to integrate their economies and build mutually beneficial trade relationships that could drive economic growth.

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3.0 POLICY RECOMMENDATIONS

(i)To reduce NTBs, SADC member states should prioritize the harmonization of technical standards and regulatory frameworks. A unified approach to product standards, competition policies, and intellectual property rights will help reduce barriers to trade and create a more predictable environment for businesses.

(ii)Investment in regional infrastructure projects, including roads, railways, and energy networks, should be prioritized. Public-private partnerships (PPPs) can play a key role in financing these projects and ensuring their successful implementation. Additionally, improving cross-border infrastructure, such as ports and border posts, is critical for reducing trade costs.

(iii)Simplifying customs procedures, improving trade facilitation measures, and increasing transparency at border posts can significantly reduce delays and costs. The implementation of electronic customs platforms and the adoption of single window systems will enhance the efficiency of cross-border trade within the region.

(iv)Strengthening political cooperation and improving governance in the region are essential to ensuring the effective implementation of trade agreements. Regional cooperation frameworks must be backed by strong political will and commitment to addressing the root causes of trade barriers, such as corruption and inconsistent policy enforcement.

4.0 CONCLUSION

Intra-SADC trade is hindered by a complex array of trade barriers, including tariff and non-tariff barriers, infrastructure deficiencies, regulatory inconsistencies, and political instability. While the region has made progress in reducing tariffs, NTBs remain a major obstacle to economic integration and trade growth.Moving forward, SADC must strengthen its efforts to reduce trade barriers and improve regional infrastructure. The success of the AfCFTA offers an opportunity for SADC to enhance regional integration and boost intra-regional trade. However, addressing these barriers will require sustained political commitment, effective governance, and coordinated regional efforts.

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ISSN 2076-9202

ESG AND TAX AVOIDANCE

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Abstract

With an emphasis on businesses listed on the Hong Kong Stock Exchange (HKEX), thecurrent study aims to build a research framework for investigating the connection between corporate tax evasion, audit quality, and Environmental, Social, and Governance (ESG) practices. Quantitative methods and cross-sectional data are employed to examine whether companies with higher ESG performance have lower levels of tax evasion and whether audit quality—specifically, the involvement of Big Four audit firms—modifies this relationship in the context of Hong Kong, where ESG reporting is required. To guarantee a solid analysis, the study also considers factors like firm size and leverage.

By demonstrating the relationship between ESG practices, audit quality, and tax behavior in the financial and regulatory framework of Hong Kong, this study is expected to add to the body of current literature. In order to encourage moral business practices and sustainable development, the stuty offers politicians, investors, and auditors useful recommendations for enhanced ESG transparency and strict auditing standards.

Introduction

Research Background

Environmental, Social, and Governance (ESG) criteria have become a significant paradigm for evaluating the sustainability and ethical ramifications of investments, business conduct, and policymaking. The proliferation of ESG reporting is increasingly propelled by various factors. Initially, apprehensions regarding environmental change have resulted in an increasing acknowledgment that corporations contribute to pollution and must consequently assume a pivotal role in tackling issues like as climate change and social inequality.

Eccles and Serafeim assert that ESG elements are pertinent when assessing a company's long-term risk and potential for value development. Investors, particularly those that incorporate ESG criteria into their investing strategies, recognize that companies with strong ESG performance may be more adept at managing risks. From an environmental standpoint, ESG disclosure represents a company's initiative to oversee natural resources and mitigate its ecological footprint. Moreover, ESG reports frequently encompass community involvement regarding human rights matters, illustrating a company's dedication to the ethical and equitable treatment of employees and other stakeholders. Additionally, authorities and industry standards organizations are either requiring or promoting extensive ESG reporting. The Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) are two entities that have developed frameworks to facilitate ESG disclosure for corporations. These frameworks aim to standardize

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reporting, enabling stakeholders to readily compare and assess ESG performance across various organizations and industries.

The relationship between Environmental, Social, and Governance (ESG) initiatives and corporate tax avoidance has garnered significant scholarly interest in recent years. There is considerable discourse regarding the rationale for corporate adoption of sustainable performance initiatives, although tax avoidance persists (Adomako & Nguyen, 2020; Adu et al., 2022; Al-Shaer, 2020; Ayayi & Wijesiri, 2022; Bassetti et al., 2021). Research has sought to demonstrate the correlation between sustainability initiatives and unethical corporate practices, including tax evasion (Baudot et al., 2020; Gallemore et al., 2014). This study subject investigates the correlation between robust ESG performance and diminished tax evasion in organizations, or alternatively, if firms with elevated ESG ratings can still pursue aggressive tax method

Numerous research has investigated this association, yielding inconclusive results. Studies indicate that superior ESG performance correlates with less tax avoidance, implying that companies dedicated to ESG principles are less likely to partake in tax avoidance practices. (Kim et al., 2011)

Moreover, certain research indicates that sustainability tactics are employed to cultivate and augment business reputation, enabling companies to obfuscate their tax and earnings manipulation practices. Furthermore, it serves as a mechanism to mitigate the risk of reputational harm when the corporation engages in other misconduct. (Prior et al., 2008)

The disparate findings underscore the intricacy of the correlation between ESG performance and tax avoidance. Some research indicates that robust ESG pledges may inhibit aggressive tax techniques, while others propose that ESG measures can obscure unethical financial behaviors. This research topic seeks to elucidate the impact of ESG performance on corporate tax behavior, specifically in Hong Kong, where ESG reporting is regarded as the most obligatory and thorough in Asia, thereby contributing to the wider dialogue on corporate responsibility and ethical financial conduct.

Problem Statement

The relationship between Environmental, Social, and Governance (ESG) practices and corporate tax avoidance is a significant focus in modern business ethics and corporate governance studies. Although ESG frameworks aim to enhance transparency, ethical conduct, and long-term sustainability, their efficacy in preventing unethical financial behaviors, including tax avoidance, is still debated. This study aims to examine this topic within the framework of Hong Kong, a global financial center characterized by a distinctive tax regime and corporate governance landscape.

The competitive tax framework of Hong Kong, marked by low corporate tax rates and limited taxes on overseas income, fosters opportunities and incentives for tax avoidance tactics. The city has concurrently established itself as a leader in advancing ESG norms, with a growing number of enterprises incorporating sustainability guidelines into their operations. Notwithstanding this advancement, there exists few empirical study investigating whether compliance with ESG principles in Hong Kong genuinely deters tax evasion or if these practices are essentially superficial, aimed at augmenting reputational value while obscuring unethical financial conduct.

Prior research has produced inconsistent findings about the correlation between ESG performance and tax avoidance on a global scale. Research utilizing European data indicates that companies with robust ESG

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commitments frequently exhibit less tax avoidance, attributable to their emphasis on long-term ethical obligations and stakeholder accountability. Contrarily, divergent data indicate that certain firms with elevated ESG ratings persist in aggressive tax planning, utilizing ESG measures to mitigate possible reputational problems linked to these techniques.

The Hong Kong market offers a distinctive environment in which these concerns converge. The city, serving as a center for international firms and regional offices, has experienced an escalating focus on ESG reporting, propelled by regulatory measures from the Hong Kong Stock Exchange and heightened investor demand for sustainability disclosures. Notwithstanding these advancements, inquiries persist about the profundity and genuineness of ESG implementation among corporations, especially in relation to their financial practices.

This research seeks to discover the relationship between ESG adoption and tax avoidance in Hong Kong. The study will investigate whether companies with superior ESG performance are less inclined to adopt aggressive tax avoidance methods or if they utilize ESG frameworks to obscure such operations from oversight. The empirical data from Hong Kong-listed firms will be gathered and analyzed to offer detailed insights into the impact of ESG practices on tax habits within the city's unique financial and regulatory environment.Comprehending this link is essential for various parties. It offers policymakers evidence-based information regarding the efficacy of current ESG legislation in mitigating unethical tax activities. It underscores the reliability of ESG ratings as a standard for ethical investing choices for investors. It emphasizes the necessity for company leaders to synchronize sustainability objectives with financial accountability. This research will enhance the understanding of ESG's influence on ethical business conduct in Hong Kong and worldwide.

Research Objectives

This study’s purpose is toreach the following objectives.

- To investigate the relationship between corporate tax avoidance and the adoption of Environmental, Social, and Governance (ESG) practices in firms located in Hong Kong.
- To evaluate the influence of audits performed by Big Four accounting firms on the propensity for corporate tax avoidance.
- To elucidate the impact of ESG metrics and audit quality on company tax practices within Hong Kong's regulatory and financial framework.

Literature Review

Theoretical Background

Stakeholder Theory

Stakeholder Theory, introduced by Freeman (1984), asserts that an organization’s success hinges on its capacity to fulfill the expectations of its stakeholders, including several groups including shareholders, employees, consumers, suppliers, regulators, and society as a whole. In contrast to conventional shareholder-centric theories that focus on profit maximization, Stakeholder Theory underscores the necessity of harmonizing the varied interests of all entities impacted by a company's actions. This thesis posits that organizations should implement policies aligned with ethical norms, foster transparency, and tackle social and environmental issues to establish and sustain trust with their stakeholders. Consultants are progressively utilizing ESG reports to guide their investment decisions and furnish firms with comprehensive and precise

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ESG data. Customers receive environmental and social protocols for the things they utilize, prompting corporations to enhance their ESG disclosures to preserve customer trust and loyalty. For laborers, staff, and communities to advocate for improved working conditions and enhanced corporate social responsibility. The long-term performance and survival of a company fundamentally rely on the adept management of stakeholder relationships through the satisfactory addressing of their requirements and goals (Amran et al. (2020)

Stakeholder Theory elucidates the rationale behind the growing adoption of sustainable and ethical governance frameworks by firms within the realm of Environmental, Social, and Governance (ESG) activities. These policies address the increasing demands from stakeholders, particularly socially responsible investors and regulators, who emphasize ethical corporate conduct. Cheng, Ioannou, and Serafeim (2014) discovered that companies with robust ESG procedures are more inclined to attract long-term investors, since these activities indicate a dedication to ethical conduct and risk mitigation. Lanis and Richardson (2012) similarly found that enterprises with robust ESG processes are less inclined to partake in aggressive tax avoidance, as such conduct contradicts stakeholder expectations of openness and equity.

Nonetheless, Stakeholder Theory acknowledges the possibility of conflicts among stakeholder groups. For instance, while investors may want optimal financial returns, other stakeholders, like regulators and the public, may prioritize corporate accountability. Companies may implement ESG disclosures as a strategic measure to mitigate these conflicts, utilizing them to foster confidence and legitimacy while addressing issues related to unethical practices, such as tax avoidance. The dual function of ESG is endorsed by Hoi et al. (2013), who contend that although certain corporations authentically match ESG initiatives with stakeholder values, others may resort to "greenwashing" to obscure favorable tax methods.

In conclusion, Stakeholder Theory offers a comprehensive framework for analyzing company conduct related to ESG and tax procedures. It emphasizes how organizations manage intricate stakeholder demands, utilizing ESG as a mechanism to bolster trust, mitigate reputational risk, and conform to wider society standards. Stakeholder Theory underscores the necessity of reconciling ethical practices with financial objectives to secure enduring success.

Legitimacy Theory

Legitimacy theory posits that organizations endeavor to align their operations and practices with public norms, values, and expectations to preserve legitimacy and get a "social license to operate" (Suchman, 1995). This idea underscores that legitimacy is a crucial asset for organizations, as it affects their capacity to attract stakeholders, secure public endorsement, and maneuver through regulatory frameworks. Companies aim to show that their activities align with society standards, especially on ethical governance, environmental sustainability, and social responsibility.

Legitimacy Theory elucidates the rationale for firms' adoption of Environmental, Social, and Governance (ESG) practices and their disclosure of sustainability initiatives. By exhibiting a dedication to ethical and sustainable practices, organizations validate their operations and respond to the concerns of regulators, investors, and the public. Khan, Serafeim, and Yoon (2016) demonstrate that tackling significant ESG concerns pertinent to an industry bolsters a company’s legitimacy and mitigates the risk of reputational harm. Organizations that disregard these concerns jeopardize their credibility, perhaps resulting in stakeholder

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opposition and regulatory examination.

Legitimacy theory elucidates ostensibly conflicting corporate conduct, such as employing ESG disclosures as a veneer to obscure unethical practices like tax fraud. Christensen et al. (2021) emphasize that the absence of standardized ESG criteria enables corporations to selectively reveal advantageous practices, thereby cultivating a socially responsible facade while obscuring actions that contradict societal norms. This strategy, sometimes known as "greenwashing," signifies an effort to preserve respectability without genuinely committing to ethical behaviors.

In highly regulated contexts like Hong Kong, international corporations must adhere to ESG reporting requirements. Legitimacy Theory underscores the necessity of integrating ESG activities and tax procedures with societal norms. Organizations that neglect this risk reputational harm and erosion of stakeholder trust, rendering legitimacy a vital factor for sustained success. By implementing robust ESG standards and transparent tax processes, companies not only meet social expectations but also enhance their credibility, thereby securing ongoing support from stakeholders and access to critical resources.

Hypotheses Development

ESG and Tax Avoidance.

Recent research has enhanced our comprehension of the impact of environmental, social, and governance (ESG) performance on corporate tax conduct, underscoring the increasing acknowledgment that firms with robust ESG performance are less inclined to partake in aggressive tax evasion. This relationship is especially pertinent in Hong Kong, where obligatory ESG reporting mandates, together increasing stakeholder demands for openness, create an optimal environment for analyzing these dynamics.

Duong and Huang (2022) examined the association between ESG performance and tax behavior in ASEAN nations, identifying a distinct negative correlation between ESG and tax avoidance. Socially responsible consultants and management businesses utilize ESG metrics to assess corporate behavior, urging companies to refrain from practices like tax fraud that contradict their public commitments. Their research indicates that companies with elevated ESG ratings are more inclined to comply with ethical standards, as tax avoidance can compromise the sustainability narrative detrimental to ESG outcomes. This aligns with the overarching concept that ESG functions both as a framework and as a strategic instrument for developing value chains and ensuring internal coherence.

Watson (2015) discovered that, in the United States, companies with inferior CSR scores participate in more tax-favorable practices, including increased book tax arbitrage, reduced effective tax rates (ETR), and increased tax avoidance. Furthermore, Watson (2015) discovered that corporations lacking social accountability possess greater unrealized tax advantages compared to socially responsible firms. He contends that socially responsible enterprises draw consumers and investors who share analogous standards and values, consequently deterring their tax-positive behaviors. Likewise, Hassan Karbala (2023) performed a literature study regarding the influence of ESG reporting on tax behavior. The results demonstrate that enhanced transparency in ESG disclosures promotes corporate accountability to stakeholders and diminishes the propensity for aggressive tax maneuvers. The research indicated that ESG disclosure serves as an indicator of corporate integrity, compelling corporations to synchronize their tax practices with their public pledges to sustainability and ethical governance. This is especially pertinent in Hong Kong, where

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corporations encounter pressure to adhere to the stringent ESG disclosure mandates of the Hong Kong Stock Exchange (HKEX).

The study conducted by Nguyen and Luu (2021) inside Asian economies corroborates this idea. Their study revealed that research organizations emphasizing critical ESG issues—those intricately linked to their operational risk and social performance—generally exhibit reduced tax avoidance behavior. A financial services organization in Hong Kong that emphasizes governance enhancements is likely to eschew tax techniques that could contradict its ESG affiliations. This relationship underscores the necessity of synchronizing ESG initiatives with industry-specific instruments to guarantee authenticity and ethical conduct.Within Hong Kong's regulatory framework, robust ESG implementation not only establishes disclosure mandates but also functions as a strategic tool to augment corporate accountability and mitigate unethical conduct. This link establishes a basis for additional investigation into the interaction of ESG, tax practices, and stakeholder engagement within a global financial hub. Consequently, we present the initial hypothesis:

H1: Companies with higher ESG performance will evade taxes to a lesser extent than their counterparts.

Tax Avoidance and Audit Quality.

In contrast to the perception that Big Four audit firms inhibit tax avoidance, certain studies indicate that these firms may enable aggressive tax techniques.

Jones, Temouri, and Cobham (2017) discovered that multinational businesses (MNEs) audited by Big Four firms were 12% to 14% more inclined to utilize tax havens compared to those audited by non-Big Four firms.Their research indicated that the rate of tax haven subsidiary establishment was at least 2.9% more for multinational enterprises that engaged Big Four audit firms, implying that these businesses may contribute to tax avoidance via intricate international tax strategies.

In a similar vein, Sikka (2010) contends that Big Four accounting firms significantly contribute to the formulation and promotion of tax avoidance strategies, frequently prioritizing profit over ethical principles. These findings contest the belief that Big Four accounting firms naturally enhance compliance levels and indicate that, in certain instances, their substantial resources and knowledge may be utilized to enable intricate tax dodging tactics.

Nonetheless, it is crucial to acknowledge that the correlation between audit quality and tax avoidance is intricate and may differ based on the legal framework, corporate governance mechanisms, and the practices of individual audit firms.The contribution of Big Four accounting firms to mitigating corporate tax avoidance is extensively documented in academic literature, as these firms are esteemed for their stringent auditing processes and commitment to reputational integrity. Their international scope, proficiency, and stringent requirements improve financial openness and discourage aggressive tax practices. Francis and Wang (2008) illustrate that organizations audited by Big Four accounting firms display superior financial reporting quality and partake in reduced earnings management, encompassing tax-related tactics. The authors contend that the Big Four's reputation and commitment to preserving stakeholder confidence compel them to implement more stringent adherence to financial standards, so indirectly deterring tax avoidance. Companies audited by Big Four accounting firms exhibited elevated effective tax rates (ETRs) compared to those examined by non-Big Four firms, suggesting reduced instances of tax fraud(Chyz and Gaertner (2018).

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Gul, Wu, and Yang (2013) contend that in regions with diminished regulatory monitoring, the involvement of a Big Four audit firm serves as an external governance mechanism, assuring adherence to international financial norms and mitigating the exploitation of tax loopholes.

Based on the preceding statements, the second hypothesis is developed as follows.

H2: Companies audited by Big Four accounting firms demonstrate lower instances of tax avoidance.

ESG, Tax Avoidance, and Audit Quality.

The relationship between ESG performance and audit quality significantly influences corporate tax behavior, particularly in firms audited by Big Four accounting firms. Companies exhibiting robust ESG performance are anticipated to comply with ethical and transparent policies, hence diminishing the likelihood of tax avoidance. The involvement of Big Four auditing firms enhances this effect by adding an extra layer of scrutiny and legitimacy.

The study by Francis and Wang (2008) indicates that Big Four auditing companies uphold superior audit quality standards owing to their international reputation and considerable resources. These audit firms implement more rigorous scrutiny of financial and non-financial disclosures, including ESG reporting, ensuring that companies genuinely incorporate ESG principles into their operations rather than employing them as a facade for unethical acts such as tax avoidance. This enhanced credibility strengthens the connection between ESG performance and ethical tax conduct.

Knechel, Vanstraelen, and Zerni (2015) established that Big Four audit companies exhibit greater independence and are less vulnerable to client pressure compared to non-Big Four firms. This autonomy is crucial to guarantee that ESG pledges are not employed to obscure aggressive tax practices. By validating ESG disclosures, Big Four audit firms increase stakeholder trust in the veracity of ESG practices, hence discouraging avoidance of taxes.

Furthermore, research conducted by Cheng, Ioannou, and Serafeim (2014) substantiates the assertion that firms with superior ESG ratings possess more effective governance frameworks. The engagement of the Big Four accounting firms by major companies enhances governance procedures, resulting in an additional layer of liability. This synergy diminishes the potential for aggressive tax strategies while harmonizing tax conduct with ESG principles. This interaction serves as the foundation for the subsequent third hypothesis

H3: The relationship between ESG performance and the decrease in tax avoidance is particularly significant for corporations audited by Big Four accounting firms.

Methodology

Sample and Data Collection

The research investigates the correlation between Environmental, Social, and Governance (ESG) practices, audit quality, and tax avoidance in companies listed on the Hong Kong Stock Exchange (HKEX). The sample comprises publicly traded enterprises in Hong Kong from multiple industries, guaranteeing diversity and the generalizability of the results. The study period extends over five years, from 2021 to 2023, facilitating the examination of longitudinal trends and providing ample data for rigorous statistical analysis.

Data gathering comprises two principal sources: publicly accessible financial reports and ESG disclosures. Financial data, comprising Total Tax Expense, Pre-Tax Income, Total Assets, and Total Debt, are sourced from companies' annual reports and financial statements accessible on HKEX or corporate websites. These

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variables are employed to compute tax avoidance proxies, including the Effective Tax Rate (ETR). ESG performance data, encompassing ESG scores and qualitative disclosures, is sourced from HKEX's compulsory ESG reporting database. Information regarding audit quality, particularly the involvement of one of the Big Four companies (PwC, Deloitte, EY, KPMG), is obtained from financial statements and auditor reports.

Data cleaning and preparation procedures, including the elimination of organizations lacking essential financial or ESG data, are conducted to maintain sample integrity. The final dataset consists of a balanced panel of around 116 enterprises, featuring repeated observations throughout the study period, offering a solid foundation for empirical analysis.

Research Model

$$\boldsymbol{ETR_{i,t} = \beta_0 + \beta_1 \times (ESG_{i,t}) + \beta_2 \times AQ_i + \beta_3 \times (LEV_{i,t}) + \beta_4 \times (SIZE_{i,t}) + \epsilon_{i,t}}$$

Here, the letters *i* and *t* represent the company *i* in the year *t*. In this study, the ETR serves as the dependent variable, while the ESR disclosure score and audit quality are the independent variables. Among the control variables that are included are leverage and firm size, and the error term is denoted by the symbol ϵ.

Variable Measurement

Dependent Variable

The Effective Tax Ratio (ETR) is a crucial metric for evaluating a company's tax burden in relation to pre-tax income, functioning as a significant indicator of corporate tax avoidance in both academic and practical research. The Effective Tax Rate (ETR) is determined by dividing the total tax expense, encompassing both current and deferred taxes, by pre-tax income. This metric assesses the degree to which corporations synchronize their tax remittances with the legal tax rate, indicating their tax compliance or evasion tactics. An elevated ETR signifies that a corporation pays taxes near the statutory rate, suggesting minimal tax avoidance, whereas a diminished ETR may indicate the use of active tax planning tactics, including the exploitation of deductions, credits, or tax havens to reduce tax obligations.

Independent Variable

The independent variables in this study comprise ESG Performance and Audit Quality, both of which are intrinsically linked to corporate transparency and accountability. ESG Performance quantifies a company's dedication to environmental sustainability, social responsibility, and robust governance processes, typically assessed through ESG scores from esteemed databases such as Bloomberg or MSCI. Companies with elevated ESG scores are anticipated to exhibit less tax avoidance, as they emphasize ethical conduct and stakeholder confidence.

Audit Qualitydenotes the thoroughness and autonomy of the auditing process, quantified as a binary variable: 1 for enterprises examined by Big Four auditors (PwC, Deloitte, EY, KPMG) and 0 for all others. The Big Four auditors are linked to superior audit quality owing to their substantial resources and reputational considerations, which diminish the likelihood of aggressive tax techniques.

ControlVariables

The control variables in this study encompass Firm Size and Leverage, both of which are essential determinants affecting corporate tax behavior and are frequently utilized in tax avoidance research.

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Firm size is quantified as the logarithm of total assets, a conventional metric to assess the magnitude and resources of a corporation.

Leverage, quantified by the Debt to Assets Ratio, indicates a company's dependence on debt funding. Firms with elevated leverage frequently gain from the tax-deductibility of interest payments, thereby diminishing their taxable income.

Incorporating these control variables allows the study to consider firm-specific financial attributes that could obscure the connection between the key independent variables (ESG performance and audit quality) and tax avoidance, hence enhancing the robustness and precision of the analysis.

Research Method

This study employs a quantitative research methodology to investigate the correlation among ESG performance, audit quality, and tax avoidance, utilizing theoretical frameworks such as stakeholder theory and legitimacy theory. The study used a cross-sectional design to analyze data from several organizations at a single moment, offering an extensive overview of corporate behavior and its drivers. The dataset encompasses companies listed on the Hong Kong Stock Exchange (HKEX), emphasizing financial and ESG data to derive essential factors.

The analysis utilizes Stata, a sophisticated statistical software, to guarantee precise and reliable computations. The research uses regression methodologies to evaluate the hypotheses, commencing with Ordinary Least Squares (OLS) for foundational estimate. The study acknowledges the possible complications of unobserved heterogeneity and subsequently employs the Fixed Effects Model (FEM) and Random Effects Model (REM) to address firm-specific characteristics that may affect tax behavior. Hausman tests assess the suitability of Fixed Effects Model (FEM) or Random Effects Model (REM) for the dataset, assuring methodological rigor.

This methodological approach facilitates systematic quantitative research that connects theoretical conceptions to empirical data, offering insights into the influence of ESG activities and audit quality on corporate tax avoidance among corporations. This study utilizes Stata's capabilities and incorporates advanced econometric techniques to enhance the knowledge of the fundamental influences on tax behavior concerning ESG and governance aspects.

Conclusion

Thepresentstudy attempts to construct a research modelexamining the linkage between audit quality, ESG variables, and the effective tax rate. Quantitative methods and cross-sectional data are utilized to figure outif companies with higher ESG performance have lower levels of tax evasion and if audit qualitymodifies this association in the context of Hong Kong,

the connection between.

This study will offer managers, investors, and tax authorities significant practical value. The study's conclusions not only advance knowledge of the connection between auditing, taxation, and ESG, but they also serve as a foundation for the creation of regulations that assist publicly traded companies in maintaining reasonable tax rates, reducing tax evasion and promoting open business practices. In brief, the study is expected to not only advances the theory of ESG, auditing, and taxation, but also offers concrete recommendations for laws and real-world initiatives that will enhance the tax environment while

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encouraging businesses to uphold environmental preservation and social responsibility in the pursuit of a sustainable economy.

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ISSN 2076-9202

PROMOTING PRODUCT AND SERVICE ENHANCEMENT IS ESSENTIAL IN LEADING TO ORGANIZATION DEVELOPMENT

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Abstract

In the production, manufacturing and service organizations, the members need to be informative in terms of ways of promoting product and service enhancement.In the present existence, with advancements taking place, it is indispensable to be informative in terms of pioneering methods. The utilization of these methods will facilitate the implementation of job duties in a well-organized manner. Furthermore, the job duties may get completed in less amount of time. The enhancement of products and services will prove to be beneficial and suitable to the members as well as the organization as a whole. The various benefits are, developing motivation towards the implementation of job duties; stimulating the mind-sets; utilizing modern, scientific and innovative methods in the implementation of job duties; promoting brand loyalty; promoting well-being and goodwill of the organizations; augmenting knowledge, competencies and abilities; leading to an increase in productivity and profitability; satisfying customer requirements; incurring the feeling of job satisfaction and rendering a significant contribution in retaining one's jobs. These benefits augment the feelings of pleasure and contentment among human resources. Furthermore, developments will take place in the overall structure of the organizations. Therefore, it can be stated, promoting product and service enhancement is essential in leading to organization development. The main concepts that are taken into account in this research paper are, promoting product and service enhancement is favourable to members and organizations, measures to promote product and service enhancement and benefits of promoting product and service enhancement.

Keywords: *Enhancement, Members, Organizations, Product, Production, Promoting, Service*

In the production, manufacturing and service organizations, the individuals need to put emphasis on promoting product and service enhancement. This is an essential goal of the organizations. The individuals need to be well-equipped in terms of various types of measures and strategies to promote product and service enhancement. The individuals need to implement modern, scientific and innovative methods in the production of products and services (Product, 2021). Innovation is referred to something new, advanced, useful and suitable. When innovation is brought about, it needs to be ensured, it is useful to the customers and clients. In order to bring about modern, scientific and innovative methods, it is necessary to conduct research on regular basis. The task of research would enable the individuals to augment knowledge and understanding in terms of various aspects. Furthermore, the individuals understand the areas in which they are required to bring about improvements. The reason being, in order to promote enhancement, it is of

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utmost to bring about improvements. Therefore, it can be stated, bringing about modern, scientific and innovative methods and conducting research on regular basis are regarded as vital strategies to promote product and service enhancement.

The advertisements are referred to the ways through which the individuals market their products and services (Services, 2021). These generate information among the customers in terms of the usefulness and suitability of products and services. The individuals adopt various schemes through which the information in terms of products and services is communicated to the customers. It needs to be ensured that customers acquire an efficient understanding of the products and services. The various sources through which advertisements are displayed are, television, websites, magazines, newspapers, notices, bulletin boards, and so forth. One of the important aspects that needs to be taken into account is, the information should be factual. Furthermore, it needs to be ensured, it should be clearly understandable to the customers. The individuals in leadership positions as well as the other members of the organization need to work in co-ordination with each other to lead to product and service enhancement. Therefore, in the production, manufacturing and service organizations, the individuals need to reinforce the strategies to lead to up-gradation of advertisements.

Leading to an increase in productivity and profitability is regarded as one of the primary goals of all organizations. In order to attain this goal, the individuals need to focus upon product and service enhancement. The workforce need to inculcate the traits of diligence, resourcefulness and conscientiousness. These traits will enable them to put in efforts to their best abilities. Furthermore, they will be able to provide solutions to various types of problems and prevent them from assuming a major form. When they are making use of various types of methods, approaches, technologies and materials, they need to ensure they make use of them in an effective manner. Within training and development programs, they are imparted with adequate information regarding these factors. Within the course of time, it is necessary to bring about improvements in these programs. The reason being, the individuals are provided with knowledge and understanding in terms of various aspects of the organization and methods of increasing productivity and profitability. Hence, when they acquire sufficient information, they will promote product and service enhancement. Therefore, inculcating the traits of diligence, resourcefulness and conscientiousness and bringing about improvements in training and development programs are vital measures to promote product and service enhancement.

Promoting Product and Service Enhancement is Favourable to Members and Organizations

The individuals need to put emphasis on promoting product and service enhancement, particularly when they are employed in production, manufacturing and service organizations. This is regarded as one of the primary goals of the organizations. This will facilitate in enhancement of career prospects of the human resources as well. The individuals need to be well-equipped in terms of various types of processes and approaches to promote product and service enhancement. The individuals need to put into operation modern, technical and innovative methods in the production of products and services. When these methods are put into operation, it needs to be ensured, they are advantageous and suitable to the customers and clients. In order to bring about improvements in these methods, it is necessary to conduct an analysis of the areas, which need to be improved. The tasks of examination and investigation would enable the individuals to

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augment knowledge and understanding in terms of various aspects. Furthermore, the individuals understand the areas in which they are required to bring about improvements. In this manner, the overall structure of the organizations will be enriched. Therefore, it can be stated, promoting product and service enhancement is favourable to members and organizations.

Within employment settings, the individuals have the primary goal of doing well in their jobs, achieving organizational goals and carrying out the overall functioning of the organization in an effective manner. Promoting product and service enhancement is one of the significant organizational goals. The workforce is required to make use of their knowledge, skills and abilities in achievement of this goal. There are various factors that need to be taken into account, i.e. being informative in terms of job duties and responsibilities; being well-versed in terms of methods and procedures; making wise and productive decisions; implementing time management skills; forming cordial and sociable terms and relationships with others; making use of pioneering methods; developing mutual understanding with others; augmenting knowledge, skills and abilities; abiding by laws and rules; implementing the traits of morality and ethics; inculcating the traits of diligence, resourcefulness and conscientiousness; bringing about improvements in training and development programs; organizing seminars and workshops; honing presentation, analytical and critical thinking skills and providing solutions to the problems in an effective manner. The reinforcement of these factors will signify that promoting product and service enhancement is favourable to members and organizations.

When the employees get recruited within organizations, they are imparted with information in terms of methods to put into operation their job duties in a well-organized manner. In the production, manufacturing and services organizations, when they are putting into operation the job duties of production, they need to be informative in terms of methods, approaches, technologies and materials. Furthermore, they need to ensure they make use of them in an effective manner. The workforce is required to go through training and development programs. In these programs, they are imparted with information in terms of techniques to promote product and service enhancement. Within these programs, they are imparted with adequate information regarding the essential factors, which would facilitate in the implementation of tasks and activities in a well-organized manner. Furthermore, the individuals acquire an efficient understanding of all the areas in which they are required to bring about improvements. In this manner, there will be an increase in productivity and overall structure of the organizations will be enriched. Therefore, it is understood on a comprehensive basis that promoting product and service enhancement is favourable to members and organizations.

Measures to Promote Product and Service Enhancement

When the employees get recruited within organizations, they are imparted with information in terms of methods to put into operation their job duties in a well-ordered manner. In the production, manufacturing and services organizations, when they are putting into operation the job duties of production, they need to be informative in terms of methods, approaches, strategies, technologies and materials. They need to ensure they make use of them in an effective manner. In some cases, when the job duties are cumbersome, the individuals feel overwhelmed. But they need to develop critical thinking skills and form constructive viewpoints in terms of various aspects (How to Improve Customer Service, 2021). Furthermore, they need to

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enhance communication skills. The reason being, within the course of implementation of job duties and achievement of desired goals, the individuals need to work in collaboration with others. These are, supervisors, colleagues and other members of the organization. It is of utmost significance for the individuals, belonging to all levels to be informative in terms of measures to promote product and service enhancement. These are stated as follows:

Bringing about Modern, Scientific and Innovative Methods

The individuals need to implement modern, scientific and innovative methods in the production of products and services. Innovation is referred to something new, advanced, useful and suitable. When innovation is brought about, it needs to be ensured, they are useful to the customers and clients. In order to bring about modern, scientific and innovative methods, it is necessary to conduct research on regular basis. Furthermore, the individuals need to be informative in terms of strategies that would facilitate the utilization of these methods in a well-organized and efficient manner. The job duty of exploration would enable the individuals to augment knowledge and understanding in terms of various aspects. Furthermore, the individuals acquire an efficient understanding of the areas in which they are required to bring about improvements. The reason being, in order to promote enhancement, it is of utmost to bring about improvements in modern, scientific and innovative methods. This task needs to be put into operation throughout the job duties of the workforce. Therefore, bringing about modern, scientific and innovative methods is regarded as one of the significant measures to promote product and service enhancement.

Conducting Research on Regular Basis

It is necessary to conduct research on regular basis. Through the implementation of this task, the individuals are able to promote new products and services or bring about improvements in the existing ones. The task of research would enable the individuals to augment knowledge and understanding in terms of various aspects. All the members of the organization, throughout their jobs are required to make use of various sources to conduct research. These are, books, articles, reports, projects, other reading materials and internet. On the internet, the individuals are able to generate information and augment their knowledge and understanding in terms of all factors, subjects and concepts. Furthermore, the individuals are also able to augment their knowledge and understanding in terms of techniques and processes as well. It is indispensable for the individuals to understand the areas in which they are required to bring about improvements. The reason being, in order to promote enhancement, it is of utmost significance to conduct research on regular basis. Therefore, conducting research on regular basis is one of the indispensable measures to promote product and service enhancement.

Up-gradation of Advertisements

The advertisements are referred to the ways through which the individuals market their products and services. In leading to enhancement of products and services, it is of utmost significance to focus on up-gradation of advertisements. These generate information among the customers in terms of the effectiveness and appropriateness of products and services. The individuals adopt various schemes through which the information in terms of products and services is communicated to the customers. It needs to be ensured that customers acquire an efficient understanding of the products and services. The various sources through which advertisements are displayed are, television, websites, magazines, newspapers, notices,

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bulletin boards, and so forth. One of the important aspects that needs to be taken into account is, the information should be accurate. Furthermore, it needs to be ensured, the information is evidently understandable to the customers. The individuals in leadership positions as well as the other members of the organization need to work in co-ordination with each other to lead to product and service enhancement. Therefore, up-gradation of advertisements is an essential measure to promote product and service enhancement.

Implementing Effective Communication Processes

The individuals need to enhance communication skills throughout the implementation of their job duties. The reason being, within the course of implementation of job duties and achievement of organizational goals, the individuals need to work in collaboration and integration with others. These are, supervisors, colleagues and other members of the organization. In order to lead to product and service enhancement, it is of utmost significance for the individuals to be informative in terms of methods and approaches, put in efforts to their best abilities, provide solutions to various types of problems and form cordial and sociable terms and relationships with others. When the job duties are complicated, it is necessary that individuals need to provide solutions to various types of problems. Furthermore, these need to be prevented from giving rise to impediments within the course of implementation of job duties. Effective communication processes would facilitate in the exchanging of ideas and viewpoints. Hence, they are useful in providing solutions to all types of problems, which can bein a major or minor form. Therefore, implementing effective communication processesis a vital measure to promote product and service enhancement.

Inculcating the Traits of Diligence, Resourcefulness and Conscientiousness

In leading to product and service enhancement, the workforce needs to inculcate the traits of diligence, resourcefulness and conscientiousness. These traits will enable them to put in efforts to their best abilities. Furthermore, they will be able to provide solutions to various types of problems and prevent them from assuming a major form. The workforce normally is aware that strengthening of these traits is necessary to retain their jobs. When they are making use of various types of methods, approaches, technologies and materials, they need to ensure they make use of them in an effective manner. When the job duties are complicated, it is necessary that individuals need to provide solutions to various types of problems. In other words, they need to put in efforts to make the job duties manageable. Hence, the reinforcement of these traits would prove to be favourable to them. These traits would enable the individuals to augment their understanding in terms of techniques, which would be facilitating in generating the desired outcomes. Therefore, inculcating the traits of diligence, resourcefulness and conscientiousnessis a crucial measure to promote product and service enhancement.

Bringing about Improvements in Training and Development Programs

When the workforce gets recruited within the organizations, they are required to go through training and development programs. In these programs, they are imparted with information in terms of methods to promote product and service enhancement. Within training and development programs, they are imparted with adequate information regarding the essential factors, which would facilitate in the implementation of job duties in a well-ordered manner. There is recruitment of well-qualified and competent trainers, who are

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carrying out the job duty of training the workforce. In putting into operation the task of product and service enhancement, the individuals need to be well-prepared. This task is facilitated through these programs. Within the course of time, it is necessary to bring about improvements in these programs. The reason being, the enhancement of these programs would enable the individuals to up-grade their knowledge and understanding in terms of various aspects of the organization and methods of increasing productivity and profitability. Hence, when they acquire sufficient information, they will promote product and service enhancement. Therefore, bringing about improvements in training and development programsis an eminent measure to promote product and service enhancement.

Leading to Enhancement of Analytical and Critical Thinking Skills

When workforce is putting into operation the job duties of production, they need to be well-aware in terms of methods, approaches, technologies and materials. They are required to make use of them in an effective manner. In leading to product and service enhancement, the honing of analytical and critical thinking skills is regarded to be of utmost significance. In doing well in one's job duties and in generating desired outcomes, these skills play an important role. Analytical skills are the skills, which put emphasis upon conducting an analysis of the areas, which need to be improved. Furthermore, analysis is conducted in terms of methods and approaches. The most suitable method or approach is selected. Critical thinking skills are the skills, which enable the individuals to make wise decisions and make selection of the most suitable and useful approach. In some cases, when the job duties are cumbersome, the individuals feel overwhelmed. But they need to develop analytical and critical thinking skills and form constructive viewpoints in terms of various aspects. Therefore, leading to enhancement of analytical and critical thinking skillsis a meaningful measure to promote product and service enhancement.

Honing of Problem-Solving Skills

It is apparently understood, in promoting product and service enhancement, there are occurrence of various types of problems. These take place in terms of methods, procedures, strategies, approaches, resources, materials, technologies and the overall working environmental conditions. Hence, the workforce need to put emphasis on honing of problem-solving skills. In the implementation of these skills, the individuals are required to conduct an analysis of the causes of problems (What is a Product? n.d.). In alleviating the causes, the individuals may work on their own or obtain help from the other individuals. The problems that may take place within the course of promoting product and service enhancement can be solved by managing the resources. The various types of resources that need to be managed are, human, financial, technical and material. These resources are regarded to be of utmost significance in promoting product and service enhancement. When the members are well-versed in terms of ways of managing resources, they are able to render a significant contribution in honing problem-solving skills. Therefore, it can be stated, honing of problem-solving skillsis a favourable measure to promote product and service enhancement.

Augmenting Technical Skills

In the present existence, with progressions taking place within organizations and external environmental conditions, it is indispensable to augment technical skills. The individuals are making use of various types of technologies to promote product and service enhancement. The utilization of technologies

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would facilitate the implementation of job duties in a less time consuming and efficient manner. The workforce is imparted training in terms of various types of technologies. Through the utilization of the internet, the individuals are able to generate information and augment their knowledge and understanding in terms of all factors, subjects and concepts. Furthermore, the individuals are also able to augment their knowledge and understanding in terms of methods and processes as well. It is indispensable for the individuals to understand the areas in which they are required to bring about improvements, hence, they make use of the internet and various types of technologies. Getting engaged in regular practice will enable the individuals to augment technical skills. Furthermore, they will overcome the feelings of apprehensiveness and vulnerability. Therefore, augmenting technical skills is a measure to promote product and service enhancement, which has been acknowledged by the workforce on a comprehensive basis.

Leading to Up-gradation of the overall Structure of the Organizations

In promoting product and service enhancement, it is necessary to be informative in terms of the factors that would contribute in leading to up-gradation of the overall structure of the organizations. These factors are, being informative in terms of job duties and responsibilities; being well-versed in terms of methods and procedures; making wise and productive decisions; implementing time management skills; forming cordial and sociable terms and relationships with others; making use of pioneering methods; developing mutual understanding with others; augmenting knowledge, skills and abilities; abiding by laws and rules; implementing the traits of morality and ethics; inculcating the traits of diligence, resourcefulness and conscientiousness; bringing about improvements in training and development programs; organizing seminars and workshops; leading to enhancement of analytical and critical thinking skills and providing solutions to the problems. The reinforcement of these factors will contribute in promoting product and service enhancement, and in leading to up-gradation of the overall structure of the organizations. Therefore, leading to up-gradation of the overall structure of the organizationsis a measure to promote product and service enhancement, which needs to be recognized by all the members throughout their jobs.

Benefits of Promoting Product and Service Enhancement

Promoting product and service enhancement is regarded as one of the concepts towards which all the members of the organization are dedicated towards. The individuals in leadership positions need to hone their knowledge and competencies to promote product and service enhancement. The human resources are regarded as the assets of the organizations. The leaders need to ensure that human resources are well-trained. They are able to facilitate the implementation of job duties in a well-organized manner. The workforce needs to be well-versed in terms of their job duties and responsibilities and methods and procedures. They organize discussion meetings in which they encourage the participation of other members. They give their suggestions. But the authority to make decisions is vested in the hands of the leaders (Nagaland's BhootJolokia, 2021). All the members need to be well-equipped in terms of benefits of promoting product and service enhancement. These are, promoting brand loyalty; promoting well-being and goodwill of the organizations; augmenting competencies and abilities; leading to an increase in productivity and profitability; satisfying customer requirements and incurring the feeling of job satisfaction. These are stated as follows:

Promoting Brand Loyalty

The workforce is making use of pioneering methods in production of goods and services. The

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utilization of these methods will render an important contribution in augmenting the production processes. Hence, this is regarded as one of the significant aspects in promoting brand loyalty. When these methods are put into operation, the human resources have the primary objective of ensuring that they lead to enhancement of the products and services. Furthermore, it needs to be ensured, they prove to be advantageous to the customers. The brand loyalty will prove to be efficacious and meaningful to the members within the organization as well as the customers. Therefore, promoting brand loyalty is a benefit of promoting product and service enhancement, which has proven to be favourable to the individuals and the organization as a whole.

Promoting Well-Being and Goodwill of the Organizations

When the workforce implement the ways to promote product and service enhancement, they are able to render an important contribution in promoting well-being and goodwill of the organizations. The reason being, when the workforce will carry out their job duties and responsibilities in a well-ordered manner, they will render an important contribution in promoting well-being and goodwill of the organizations. When the customers will feel satisfied with the products or services, there will be an increase in productivity and profitability. In this manner, well-being and goodwill of the organizations will be promoted. This aspect will prove to be favourable and meaningful in incurring the feeling of job satisfaction among the workforce. Furthermore, they will be able to retain their jobs. Therefore, promoting well-being and goodwill of the organizationsis a significant benefit of promoting product and service enhancement.

Augmenting Competencies and Abilities

The workforce needs to put emphasis on augmenting competencies and abilities. These need to be augmented in terms of methods, procedures and approaches that are utilized within the course of implementation of the job duty of production. The work experience is an important aspect that needs to be taken into account when recruitment and selection of the workforce takes place. They are imparted with information in terms of methods to promote product and service enhancement. Within the training and development programs, they are imparted with adequate information regarding the essential factors, which would facilitate in the implementation of job duties in a well-ordered manner. When the competencies and abilities will be augmented, the individuals will not experience any major problems within the course of implementation of job duties. Therefore, it is well-understood, augmenting competencies and abilitiesis a vital benefit of promoting product and service enhancement.

Leading to an increase in Productivity and Profitability

Leading to an increase in productivity and profitability is regarded as one of the primary goals of all organizations. The members need to put in their wholehearted efforts to achieve this goal throughout their jobs. In order to attain this goal, the individuals need to focus upon product and service enhancement. The workforce need to inculcate the traits of meticulousness, creativity and thoroughness. These traits will enable them to put in efforts to their best abilities. Furthermore, they will be able to provide solutions to various types of problems and prevent them from assuming a major form. When they are making use of various types of methods, approaches, technologies and materials, they need to ensure they make use of them in a satisfactory manner. Therefore, leading to an increase in productivity and profitability is a benefit of promoting product and service enhancement, which needs to be emphasised upon by the individuals

ISSN 2076-9202

throughout their jobs.

Satisfying Customer Requirements

Promoting product and service enhancement needs to be suitable to the customers is one of the indispensable organizational goals. But the job duties need to be carried out in an efficient manner in order to meet the needs and requirements of the customers. When individuals are making use of various types of methods, approaches, technologies and materials, they need to ensure they make use of them in a satisfactory manner. In other words, when the procedures are carried out of production and manufacturing, the primary objective is to ensure, they are satisfying to the needs and requirements of the customers. When the customers will form the viewpoint that the products and services are suitable to them, there will be an increase in demand. As a consequence, there will be an increase in productivity and profitability. Therefore, satisfying customer requirementsis a favourable benefit of promoting product and service enhancement.

Incurring the feeling of Job Satisfaction

The individuals need to incur the feeling of job satisfaction within the workplace. For this purpose, there are various factors in terms of which they need be informative, i.e. being informative in terms of job duties and responsibilities; being well-versed in terms of methods and procedures; implementing decision making processes in an adequate manner; implementing time management skills; forming cordial and sociable terms and relationships with others and augmenting knowledge, skills and abilities. When these factors will be reinforced, not only products and services will be enhanced, but the members will render an important contribution in achieving organizational goals and leading to up-gradation of the overall structure of the organization. Hence, they will incur the feeling of job satisfaction. Therefore, incurring the feeling of job satisfactionis a benefit of promoting product and service enhancement, which needs to be reinforced on regular basis.

Conclusion

In the production, manufacturing and service organizations, the individuals need to put emphasis on promoting product and service enhancement. The individuals need to be informative regarding measures to carry out this task.Promoting product and service enhancement is favourable to members and organizations. Measures to promote product and service enhancement are, bringing about modern, scientific and innovative methods, conducting research on regular basis, up-gradation of advertisements, implementing effective communication processes, inculcating the traits of diligence, resourcefulness and conscientiousness, bringing about improvements in training and development programs, leading to enhancement of analytical and critical thinking skills, honing of problem-solving skills, augmenting technical skills and leading to up-gradation of the overall structure of the organizations. Benefits of promoting product and service enhancement are, promoting brand loyalty; promoting well-being and goodwill of the organizations; augmenting competencies and abilities; leading to an increase in productivity and profitability; satisfying customer requirements and incurring the feeling of job satisfaction. Finally, it can be stated,promoting product and service enhancement is favourable to the members and the organizations as a whole.

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ISSN 2076-9202

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ISSN 2076-9202

International Journal of Information, Business and Management

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