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The Impact of Information Technology Adoption, Government Policies, and Effective Labor Force on the Financial Performance of Manufacturing Companies in Vietnam: Moderating Role of Organizational Support

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Abstract: Due to economic unpredictability, the financial performance of organizations must receive the utmost attention, and this aspect6 must be the focus of recent studies and policymakers. Therefore, this study investigates the effect of information technology adoption, government policies, and effective labor force on the financial performance of Vietnam's manufacturing firms. The research also examines the moderating influence of organizational support on adopting information technology, government policies, effective labor force, and the financial performance of Vietnamese manufacturing firms. The research employed survey questionnaires to collect primary data from manufacturing company employees. SPSS-AMOS was also used to examine the relationship between variables. The results indicated that adopting information technology, government policies, and an effective labor force positively correlates with the financial performance of Vietnamese manufacturing companies. The results also revealed that organizational support moderates the relationship between adopting information technology, government policies, an effective labor force, and the financial performance of manufacturing firms in Vietnam. The research provides regulators with guidelines for establishing policies to improve financial performance through adopting information technology, implementing government policies, and utilizing an efficient labor force.

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Introduction

Economists argue that the firm's responsibility is to increase the value for its stakeholders and that the primary objective of firms, particularly in the private sector, should be to increase profits. Nonetheless, achieving this objective should not harm society and stakeholders. According to stakeholder theory, if a company can maintain its relationship with its shareholders, it will be more successful. Companies manage their financial performance by investing in their enterprises (Cho, Chung, & Young, 2019). A company's financial performance is essential for determining its profitability, which is crucial for determining its success. By analyzing financial statements (balance sheets and income statements), a business can determine if it will generate sufficient revenue to cover its expenses and generate profits (Alshehhi, Nobanee, & Khare, 2018). The financial performance of the firms is also essential for attracting investors, as investors are more likely to invest in firms with strong financial performance, as this demonstrates that the organizations are producing a return on investments and are well-managed. In addition, companies can obtain loans from financial institutions if their financial performance indicates that they can repay the loan. By analyzing its financial data, a company can determine where it should invest or reduce costs (Gofwan, 2022). The financial performance of a company also aids its management in making decisions. In addition, the firm's financial performance assists them in meeting regulatory requirements, as numerous government agencies require them to present financial data and financial statements as part of their regulatory obligations. The firm's financial performance may include liquidity, solvency, market, and efficiency ratios. Other financial performance metrics include revenue, operating profit, gross profit, and return on equity; management, investors, and stakeholders can make decisions by analyzing these ratios and metrics. However, a few factors, such as information technology, government policies, effective labor, and organizational support, significantly impact the firm's financial performance.

The incorporation of technology has had a significant impact on the financial performances of businesses, and the use of technological systems and tools has assisted businesses in managing their processes, thereby maximizing efficiencies and minimizing costs (Liu et al., 2021). Automating financial procedures has enabled them to accurately and rapidly process transactions, improving financial management and cash flow. Government policies also play an important role in the firms' financial performance. By determining the boundaries and legal framework, tax policies, trade policies, monetary policies, and regulators' policies affect the performance of firms (F. Zhang & Zhang, 2018). In addition, the labor force plays a crucial role in firms' financial performances, as productive labor can increase sales and output, thereby generating more profits and revenue for the business. Organizational support is also essential to the financial operations of businesses. Organizations with strong management support can effectively manage their investments, profits, and revenues (Lee & Kim, 2020).

Vietnam's manufacturing sector plays a considerable role in the country's economic growth, contributing 24.62 percent of the country's total GDP in 2021 (Le, Vu, & Nghiem, 2018). According to the Ministry of Trade and Industry, 10 million people are employed in the manufacturing sector in automobiles, footwear, textiles, and electronics industries. Moreover, Vietnam is regarded as the export market with the quickest growth, exporting $281,5 billion in 2020. Numerous international countries have invested in Vietnam due to the manufacturing sector's ongoing development, resulting in the integration of expertise and technology into the workforce. This has resulted in establishment of a high-tech hub with numerous production facilities outfitted with global technology (Nguyen & Nguyen, 2019). In addition, the progress of the manufacturing sector has contributed to the growth of the industrial sector, which provides various services and facilities to the nation. Overall, the manufacturing sector is contributing significantly to the country's development. With favorable business conditions, competitive labor costs, and a strategic location, the Vietnamese manufacturing sector is anticipated to develop further. Figure 1 depicts the manufacturing sector's development rate in Vietnam.

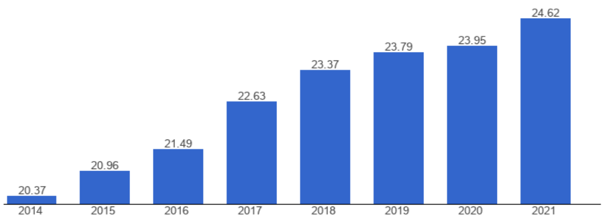

Figure 1: Growth rate of the manufacturing sector in Vietnam

However, the country's financial performance still faces some obstacles. Due to COVID-19, the operations of many sectors are significantly impacted, resulting in risk and instability, which has led to a high level of debt among businesses (Giang, Trung, Yoshida, Xuan, & Que, 2019). Despite the country's robust and favorable economic growth, various manufacturing firms, particularly SMEs, continue to face obstacles in gaining access to capital, which hinders their ability to expand their operations and invest in technology. Moreover, the fluctuation of the currency has caused many problems, as the manufacturing sector's financial performance has been negatively impacted by lower export revenues and higher import costs, thereby reducing profitability (Calza, Goedhuys, & Trifković, 2019). In order to surmount these obstacles, this paper analyzes the impact of various factors on the financial performance of businesses. The primary purpose of this paper is to investigate the impact of information technology adoption, government policies, effective labor force, and organizational support on a company's financial performance.

Literature Review

By providing balance sheets and income statements, the firms' financial performance defined the company's revenues, profits, and losses. With the aid of financial performance, shareholders and investors make important investment decisions regarding the company's endeavors. In summary, the firm's financial performance reveals the organization's true nature. Numerous factors, including the incorporation of information technology, government policies, and an efficient labor force, play a crucial role in determining the financial performance of businesses.

The adoption of information technology is revolutionizing the business environment in the current digital era.

Without cutting-edge and innovative technology, business survival is virtually impossible; therefore, incorporating cutting-edge technologies into business operations is crucial to the company's success. Incorporating information technology increases the firm's productivity by streamlining and automating processes, minimizing the resources and time required for manual tasks, thereby resulting in reduced costs, increased productivity, and enhanced efficiency. Adopting technology also facilitates the creation of real-time analytics and data, resulting in informed decision-making that aids organizations in optimizing operations, making predictions, and identifying trends. This improves financial performance (Hannoon, Al-Sartawi, & Khalid, 2021). Adopting technology reduces risk by enhancing financial performance visibility, highlighting potential errors and forgeries, and integrating internal control, decreasing the likelihood of financial losses, reputational harm, and fines. In addition, information technology helps businesses maintain a competitive advantage by offering innovative services and products, adapting to changing circumstances, and differentiating themselves from other market competitors (Xie, Huo, & Zou, 2019). Thus, the adoption of information technology plays a significant role in augmenting the financial performance of businesses by improving decision-making, boosting productivity, reducing risks, and fostering competitive advantage. This preceding discussion generates the following hypothesis;

Hypothesis 1: The adoption of information technology plays a positive role in improving the firm's financial performance.

Government policies denote the decisions and actions taken by the government to achieve particular objectives and aims. Social policies, economic policies, and foreign policies categorize these policies. Government policies play a substantial role in determining the firm's financial policies. The government can regulate various economic aspects, including monetary policy, labor law, trade policy, and taxation. These policies and regulations indirectly or directly affect the firm's financial performance. Government strategies and policies, such as fiscal and monetary policies, would aid businesses in establishing a stable economic environment, thereby encouraging investment and business expansion. Stable economic conditions can reduce business firms' exposure to risk and uncertainty, allowing them to generate long-term investments (Hakimah, Pratama, Fitri, Ganatri, & Sulbahrie, 2019). Government policies also provide funding and incentives for research and development, increasing firm productivity and technological innovation. This assists companies in obtaining a competitive edge in the manufacturing industry and improving their financial performance. Government policies such as the reduction of tariffs and trade agreements, the expansion of market access, the growth of revenues, and the expansion of consumer bases also contribute to the promotion of international trade. In addition, government policies support small businesses and entrepreneurs, stimulating innovation and increasing the firm's profitability, development, and financial performance. This discussion leads to the development of the following hypothesis:

Hypothesis 2: The positive role of government policies in the firm's financial performance.

An effective labor force is motivated, skilled, and motivated to achieve the company's objectives. Effective labor aids businesses in achieving their goals, obtaining a competitive edge, and enhancing their market performance financially. Ethical, responsible, adaptable, flexible, and team-oriented traits are essential for an efficient workforce. An effective labor force increases productivity by minimizing errors and waste and enhancing work quality, resulting in shorter production times, greater efficiency, and higher output levels, increasing firms' profits and revenues. Effective labor also contributes to cost savings by reducing training expenses and employee turnover, which improves the firm's bottom line by increasing profitability and decreasing expenses (Chang, Lin, Tsai, Wang, & Huang, 2021). Effective labor also improves customer service by addressing customer concerns, providing courteous and prompt service, and establishing strong relationships. This increases consumer loyalty and satisfaction, resulting in an increase in word-of-mouth recommendations, which boosts the firm's financial performance. Effective labor also promotes innovation by fostering problem-solving and creative thinking, which leads to the development new services and products, thereby increasing the firm's profits and revenue (Duque-Grisales & Aguilera-Caracuel, 2021). An efficient workforce is essential to the operations of businesses, as they are considered the organization's backbone. They aid businesses in reducing expenses, enhancing customer service and productivity, and fostering innovation. Therefore, organizations must invest in effective labor policies and practices to achieve long-term objectives and optimize the firm's financial performance. This preceding discussion led to the formation of the following hypothesis:

Hypothesis 3: The positive role of an effective labor force in enhancing the organization's financial performance.

Organizational support refers to the systems, structures, and resources companies provide to their employees to help them create a platform from which they can execute their duties efficiently and effectively. It includes resource availability, organizational culture, and assistance from management. Organizational support moderates the relationship between information technology adoption and financial performance (Baah et al., 2021). In addition to training, management support, resource allocation, and development programs, organizational support enables the incorporation of information technology, which ultimately impacts the organization's financial performance. According to previous research, organizational support will facilitate the firm's integration of technological software and instruments for business operations. Without support from company management, it will be difficult for employees to contribute to the organization's success (Frank, Dalenogare, & Ayala, 2019). Organizations can provide various training and seminars that provide information to aid in utilizing technological devices. Through automation, real-time data collection, and improved decision-making, technology adoption improves financial processes. Not only does technological support reduce manual time, but it also eliminates errors in financial processes (Shabbir & Wisdom, 2020). This discussion demonstrates the importance of organizational support for implementing innovative and new technology, which then improves the financial performance of the organizations. This resulted in the subsequent hypothesis;

Hypothesis 4: The positive moderating role of organizational support between adopting information technology and financial performance.

The moderating effect of organizational support on the relationship between financial performance and government policies indicates how much the organization influences these relationships through its support. It would be difficult for employees to implement or follow any policies or strategies without the support of higher management. A company's financial performance is affected by government policies such as trade policies, tax policies, labor laws, environmental regulations, and monetary policies. Organizational support is required to integrate these policies and achieve long-term objectives successfully (Chen & Eyoun, 2021). According to previous research, organizational support moderates the positive impact of government policies on their implementation. When companies offer the most assistance to their employees, government policies improve their financial performance. Organizational support ensures that all policies and strategies are implemented. Consequently, businesses must comprehend their organizational function in supporting the integration of government policies and improving their financial performance. This resulted in the subsequent hypothesis;

Hypothesis 5: The positive moderating role of organizational support between government policies and the firm's financial performance.

Organizational support is essential to any organization's success; for this support, the company must provide training, incentives, workshops, and a collaborative cultural environment. Effective labor denotes the effectiveness and efficacy of employees in achieving the organization's long-term objectives. Employees who are motivated, skilled, and committed to achieving their objectives can enhance the company's financial performance, which can be achieved through organizational support. Organizational support consists of training, workshops, managerial support and assistance, resources, and development programs that enhance the capabilities and skills of the employees, thereby increasing their efficiency and productivity and influencing the companies' financial performances (Fatoki, 2019). Organizational support influences the relationship between financial performance and productive labor in a positive manner. When companies provide support and assistance to their employees, they can increase employee productivity, improving the firm's financial performance. Caesens, Stinglhamber, Demoulin, De Wilde, and Mierop (2019) found that firms that provide opportunities for career development and training programs can enhance their employees' capabilities and skills, thereby maximizing their efficiency and productivity. Consequently, businesses need to assess the significance of the moderating effect of organizational support on the workforce, which increases the firms' financial performance by generating revenue and profit. This dialogue leads to the following conclusion:

Hypothesis 6: The positive moderating role of organizational support between effective labor and the firm's financial performance.

Research Methods

This study examines the impact of information technology adoption, government policies, and effective labor force on the financial performance of manufacturing companies in Vietnam and the moderating effect of organizational support among information technology adoption, government policies, and effective labor force. The research employed survey questionnaires to collect primary data from manufacturing company employees. Information technology adoption is measured with five items extracted from Chiu and Yang (2019), government policies have four items adopted from Roziqin, Mas' udi, and Sihidi (2021), the effective labor force is measured with eight items extracted from Kiliç, Eryılmaz, and Boz (2020), organizational support is measured with four items extracted from S. X. Zhang et al. (2020), and financial performance was measured with eight items extracted from Kiliç et al. (2020).

Respondents to the study were selected from manufacturing companies in Vietnam. These personnel are chosen using a simple random sampling technique. The surveys were distributed to the personnel of the manufacturing company through personal visits. The researchers sent 540 surveys, but only 302 valid responses were received, representing a response rate of approximately 55.93 percent. In addition, SPSS-AMOS was utilized to examine the association between variables. This efficient statistical method yields the finest results when applied to primary data (Hair, Hult, Ringle, Sarstedt, & Thiele, 2017). It offers dependable results using complex models and larger data sets (Hair Jr, Howard, & Nitzl, 2020). The study employed three independent variables: adoption of information technology, government policies, and effective labor force. In addition, one moderating construct called organizational support (OS) and one dependent variable called financial performance (FP) were employed in this study. Figure 2 contains these variables.

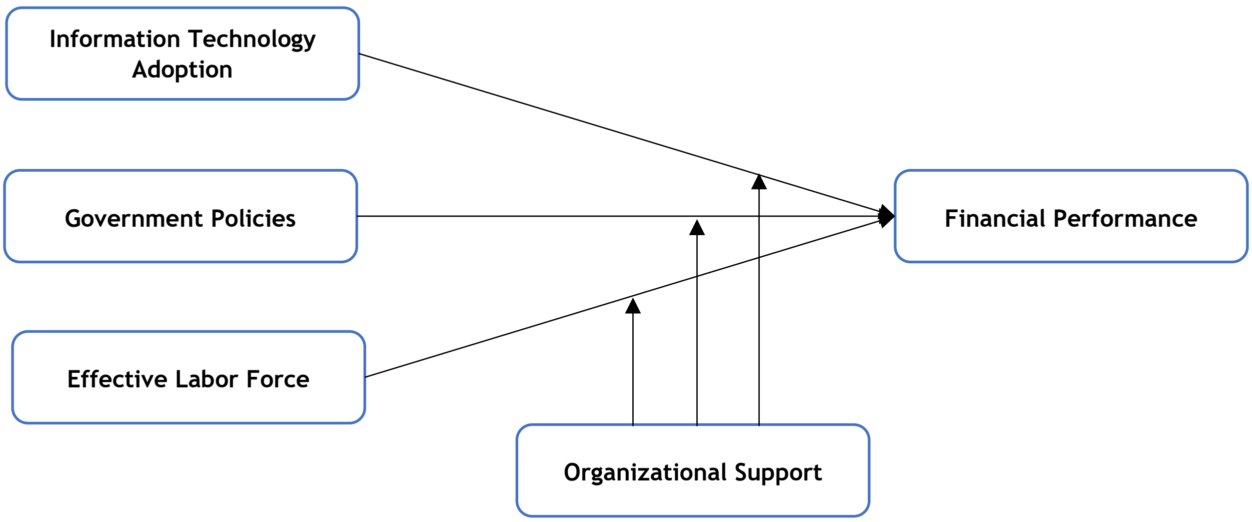

Figure 2: Theoretical model

Research Findings

This study examines the convergent validity that provides the correlation between items. It is examined with loadings, and values are greater than 0.50. It is also evaluated using composite reliability (CR), with figures exceeding 0.70. In addition, it is analyzed using average variance extracted (AVE), and figures greater than 0.50 are observed. In addition, values for Maximum Shared Variance (MSV) and average Squared Shared Variance (ASV) were compared to AVE and found to be lower. These numbers demonstrated convergent validity. These numbers are presented in Table 1.

Table 1: Convergent validity

Items and Constructs			Loadings	CR	AVE	MSV	ASV
GP1	<---	GP	0.817	0.832	0.623	0.397	0.280
GP2	<---	GP	0.758				
GP4	<---	GP	0.792				
ITA1	<---	ITA	0.997	0.928	0.766	0.397	0.144
ITA2	<---	ITA	0.769				
ITA4	<---	ITA	0.738				
ITA5	<---	ITA	0.966				
ELF1	<---	ELF	0.606	0.923	0.641	0.311	0.179
ELF2	<---	ELF	0.986				
ELF3	<---	ELF	0.699				
ELF4	<---	ELF	0.889				
ELF5	<---	ELF	0.500				
ELF6	<---	ELF	0.950				
ELF8	<---	ELF	0.848				
OS1	<---	OS	0.880				
OS3	<---	OS	0.915	0.937	0.831	0.332	0.220
OS4	<---	OS	0.939				
FP1	<---	FP	0.703	0.859	0.638	0.361	0.263
FP2	<---	FP	0.643				
FP3	<---	FP	0.571				
FP4	<---	FP	0.529				
FP5	<---	FP	0.659				
FP6	<---	FP	0.768				
FP7	<---	FP	0.828				
FP8	<---	FP	0.528				

The investigation evaluates the discriminant validity that provides the correlation between variables. According to Fornell Larcker, the first figure in the column is larger than the other figures. These numbers demonstrated discriminant validity. These numbers are presented in Table 2.

Table 2: Discriminant validity

	OS	GP	ITA	ELF	FP
OS	0.912				
GP	0.459	0.789			
ITA	0.161	0.630	0.875		
ELF	0.558	0.391	0.148	0.801	
FP	0.576	0.601	0.360	0.481	0.662

The Tucker-Lewis index (TLI) and comparative fit index (CFI) are used to evaluate the model's fitness, and the results are greater than 0.90. In addition, it is examined using the root mean square error of approximation (RMSEA), and the figures must be less than 0.05. These values indicate a strong model fit. These numbers are presented in Table 3.

Table 3: Model Good Fitness

Selected Indices	Result	Acceptable level of fit
TLI	0.903	TLI > 0.90
CFI	0.909	CFI > 0.90
RMSEA	0.004	RMSEA < 0.05 good; 0.05 to 0.10 acceptable

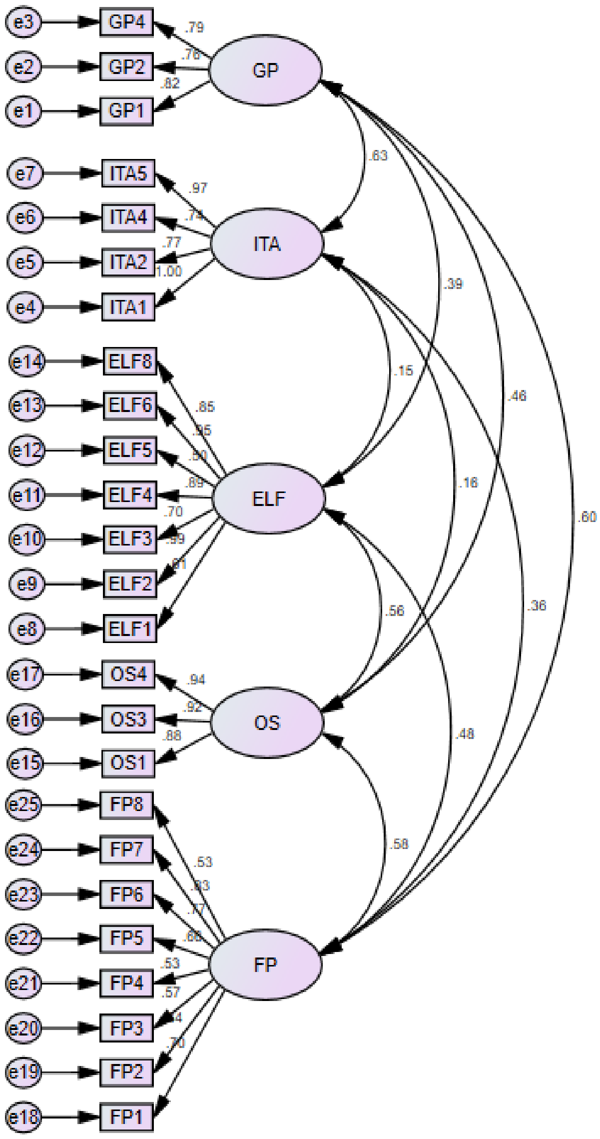

Figure 3: Measurement model assessment

The study also examines the direct relationship between variables using direct path analysis. Accept H1, H2, and H3 based on the findings that adopting information technology, government policies, and an effective labor force positively correlates with the financial performance of manufacturing companies in Vietnam. These numbers are presented in Table 4.

Table 4: Direct associations

Relationships			Beta	Std. Beta	SE.	CR.	P
Financial Performance	<---	Information Technology Adoption	0.208	0.135	0.026	8.042	0.000
Financial Performance	<---	Government Policies	0.711	0.369	0.032	22.069	0.000
Financial Performance	<---	Effective Labor Force	0.293	0.166	0.030	9.915	0.000
Financial Performance	<---	Organizational Support	0.963	0.637	0.025	38.037	0.000

Using indirect path analysis, the study examines the indirect connection between variables. The results also revealed that organizational support considerably moderates the relationship between adopting information technology, government policies, effective labor force, and the financial performance of manufacturing firms in Vietnam and accepts H4, H5, and H6. These numbers are presented in Table 5.

Table 5: Moderation analysis

Relationships			Beta	Std. Beta	SE.	CR.	P
Financial Performance	<---	GP x OS	0.142	0.556	0.004	33.195	0.000
Financial Performance	<---	ELF x OS	0.017	0.072	0.004	4.318	0.000
Financial Performance	<---	ITA x OS	0.033	0.131	0.004	7.847	0.000

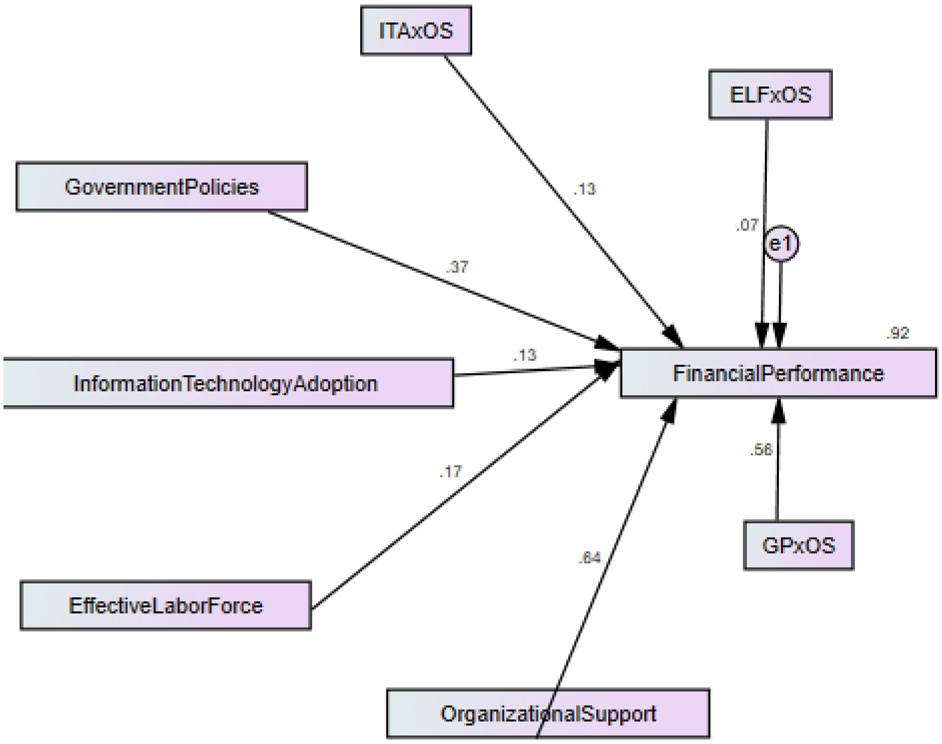

Figure 4: Structural model assessment

Discussions

The results demonstrated that adopting information technology positively affects the financial performance of manufacturing firms in Vietnam. Past research (Hannoon et al., 2021) supports this hypothesis. Technological devices, tools, and software have altered the business process. These technological tools have improved the efficacy of business operations due to their incorporation. Cheah, Bellavitis, and Muscio (2021) supported this theory. In addition to saving time by eliminating the manual process, implementing information technology has made the process error-free. The automation of the process and the creation of real-time data and analytics due to technological advancements in financial operations enable managers to make better decisions that increase the firm's financial performance and productivity.

The results demonstrated that government policies positively affect the financial performance of Vietnam's manufacturing sector. The government's policies include monetary policy, trade policy, taxation, and labor laws. Previous research by Songling, Ishtiaq, Anwar, and Ahmed (2018) supports this hypothesis. Government policies that provide incentives and funding also contribute to the firm's business success. Additionally, studies conducted under stable economic conditions boost a company's financial performance. Without government policies, it would be difficult for businesses to implement and integrate diverse business strategies. Therefore, government policies not only improve the financial performance of businesses but also provide them with opportunities to expand their operations in the manufacturing industry.

The results indicated that effective labor policies significantly improve Vietnam's manufacturing industry's financial performance. Mao and Weathers (2019) also support this hypothesis through prior research. An effective labor force is considered the organization's backbone because it contributes to the achievement of the organization's objectives. An efficient workforce will increase productivity, profitability, and revenue through their talents and abilities. Motivated and devoted employees assist companies in expanding their production facilities and services and satisfy customers by promptly responding to their requests. This, in turn, improves the firms' efficiency and financial performance. The results indicated that organizational support moderates the relationship between Vietnam's manufacturing industry's adoption of information technology and its financial performance.

Moreover, Songling et al. (2018) were consistent with this hypothesis. The results indicated that organizational support is crucial not only for the success of organizations but also for enhancing the financial performances of businesses. As is well known, organizations must support and implement technological software and tools to increase the firms' profitability, which in turn improves their financial performance.

The results indicated that organizational support moderates the relationship between government policies and the financial performance of Vietnam's manufacturing sector. Roziqin et al. (2021) provide support for this theory. These findings indicate that organizational support is required to incorporate government policies in organizations. With management support, organizations can observe and comprehend government strategies and policies, which aid firms in achieving success. The support of management will ensure the implementation of government policies that are advantageous for the firms, improving the firms' financial performance. The results demonstrated that organizational support moderates the relationship between the effective labor force and financial performance in Vietnam's manufacturing sector. Cheah et al. (2021) provide support for this assertion. It would be difficult for employees to accomplish their objectives without the support and assistance of their organization. When employees receive support from management through training, seminars, incentives, and rewards, they will be better equipped to engage in activities that boost their firms' financial performance.

Implications

This paper contributes to the body of knowledge as it examines the impact of various factors on the financial performance of businesses. Vietnam's manufacturing sector contributes considerably to the country's economic growth, despite the fact that it faces financial performance challenges for various reasons. This paper analyzes the factors that contribute to organizations' revenue and profit growth to resolve these challenges. The Vietnamese government is working hard to enhance business operations, particularly in manufacturing, to boost the nation's economy. No previous research has analyzed the financial operations of the companies. Effective implementation of the adoption of technology, government policies, and an effective labor force play a significant role in the financial growth of firms, according to this paper.

This paper provides managers, policymakers, and regulatory bodies with insights for implementing policies that improve the financial performance of firms. The firm's financial performance is essential for luring investors and shareholders to invest in any organization. Any organization's financial performance reflects how it manages its operations, where it needs to reduce costs, and which division is generating the most profit. Incorporating information technology, effective labor support, and government policies significantly improve the firms' financial performance. The research provides regulators with guidelines for establishing policies to improve financial performance through adopting information technology, implementing government policies, and utilizing an efficient labor force. This paper also analyzes the moderating effect of organizational support between government policies, effective labor force, adoption of information technology, and financial performance.

Conclusion

In recent years, Vietnam's manufacturing sector has made significant contributions to the country's gross domestic product (GDP). Despite the difficulties caused by COVID-19, they continue to operate their business. Due to the workforce, labor cost, strategic location, and production facilities, this industry has created many employment opportunities and attracted significant foreign investment. However, despite the development of the economy, the nation still faces numerous financial performance obstacles. As measured by balance sheets, revenues, income statements, and profit generation, financial performance is crucial because it determines a company's growth. Shareholders and investors decide whether or not to invest in particular companies based on their financial performance. This paper determined the relationship between an efficient labor force, government policies, and the adoption of information technology and the firm's financial performance. The role of organizational support as a moderator between government policies, adoption of information technology, effective labor force, and financial performance is also investigated. The technological revolution is altering the world, and its implementation in business organizations has positively affected the company's performance. Incorporating technological tools and software reduces time and makes the process error-free and transparent; furthermore, firms can manage their resources due to the automation of financial operations. It also facilitates the creation of real-time data and analytics that aid businesses in making better decisions. Government policies, including trade policies, monetary policies, taxation, and subsidies, also positively affect the performance of businesses. A stable economic environment for the business environment also aids in generating profits for companies. In addition, government policies provide incentives, funding, and training for companies, particularly small and medium-sized businesses, to generate more revenue and profit, thereby enhancing the firm's financial performance. An effective labor force also plays a significant role in enhancing the performance of the firms, as the employees are considered the most important component. Without their efficacy and motivation, the firms would be unable to increase their productivity and financial performance. This study also investigates the moderating effect of organizational support. Organizational support includes management assistance, development programs, training, and workshops that aid in implementing technology that increases the firm's profitability. Organizational support also aids businesses in implementing government policies that are beneficial to them, as it improves their financial performance. In addition, organizational support in rewards, incentives, and training guides employees to investigate their expertise and improve their efficiency, thereby enhancing the firm's productivity and financial performance. Consequently, this paper investigates these factors' influence on businesses' financial operations.

Limitation

This paper has a few limitations that scholars can surmount in the future. This study investigates the direct impact of an efficient labor force, government policies, and the adoption of information technology on a company's financial performance. In the future, organizational culture and ecological policies can be used to examine their positive impact on a company's financial performance. This study also investigates the moderating influence of organizational support on the relationship between an effective labor force, government policies, and the adoption of information technology and the firm's financial performance. Future research may include additional moderators, such as corporate social responsibility and sustainability, to examine the moderating relationship between adopting information technology, effective labor force, government policies, and the firm's financial performance. This study was conducted on the Vietnamese manufacturing sector in a developing country, so it may not be applicable to a developed nation. Future research on developed nations with other sectors, such as services, can investigate the impact of these factors on the financial performance of businesses.

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