



Factors Affecting Financial Management of Superior -Level Trade Unions in the Digital Transformation Period

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Abstract

The article focuses on analyzing the factors influencing the financial management of superior-level trade unions in the era of digital transformation. Based on theoretical synthesis and practical surveys conducted at several provincial and city labor federations, the study identifies several key groups of factors affecting trade union financial management, including: (1) *The trade union financial management policy system*, (2) *Information technology*, (3) *Functions and duties of the Trade Union organization*, (4) *Capacity of financial staff*, (5) *Awareness of trade union members*, (6) *Coordination and communication among functional departments and sectors*, and (7) *Quality of inspection and audit work*.

The research results indicate that limitations in financial management at superior-level trade unions primarily stem from the uneven capacity of staff, formalistic inspection processes, and a lack of digitalization application in management. Based on these findings, the article proposes solutions aimed at strengthening trade union financial management at the superior level.

Keywords: Superior-Level Trade Unions, Financial Management, Digital Transformation

1. Introduction

In the current period, Vietnam's socio-economic landscape is witnessing profound transformations under the impact of international integration, digital transformation, and the reform of economic and public administrative institutions. These changes impose new demands on the Trade Union organization to innovate its operational methods, especially in the work of trade union financial management.

Trade union finance is not only the resource that ensures the organization's regular activities, but also the foundation for the Trade Union to effectively fulfill its role of representation, care, and protection of the legitimate and rightful interests of its members and employees.

However, the reality shows that trade union financial management at many levels, especially at the superior level, still suffers from limitations such as unsynchronized management processes, staff capacity failing to meet the requirements of digital transformation, and formalistic inspection and supervision mechanisms.

Meanwhile, the factors affecting trade union financial management are becoming increasingly diverse, complex, and rapidly changing, yet they have not been studied systematically and comprehensively. Therefore, researching the factors influencing trade union financial management in the context of digital transformation is an urgent requirement with both theoretical and practical significance, aiming to contribute to improving the efficiency, transparency, and sustainability of the trade union financial system in the new development stage.

2. Research overview

Recent studies on trade union financial management and public sector finance have indicated that the efficiency of financial management is the result of the combined impact of various groups of factors, including organizational capacity, the institutional-legal framework, revenue structure, operating costs, and the level of IT application.

Willman (2019), in analyzing the trade union model in the United Kingdom, pointed out the phenomenon of "cost disease," where administrative and operational expenditures of trade unions tend to increase faster than their resource generation capacity. This necessitates an urgent need to strengthen internal governance mechanisms, expenditure management, and the diversification of financial resources.

In the Asian context, Huang (2022) ^[6] further elaborated on the role of a transparent legal framework, uniform accounting standards, and financial supervision mechanisms as foundational elements ensuring the effectiveness and legality in the management and utilization of public sector union funds. Within the education sector, Liu (2018) ^[7] highlighted the critical role of grassroots trade union officials' competence and the extent of information technology adoption in budgetary management, thereby underscoring the importance of human capital and technology in the context of public financial digitalization.

Empirical research in Africa, notably by Munge, Kimani, and Ngugi (2016) ^[3], provides further evidence regarding the strong impact of budgetary administration, financial control, and personnel capacity on the financial performance of public organizations. In Vietnam, works by Le Thi Mai (2021) and Trinh Trung Hieu (2024) demonstrate that financial management effectiveness in public non-business units is significantly contingent upon the professional expertise of financial staff, the policy and legal framework, decentralization mechanisms, and the degree of digital technology adoption.

Nevertheless, these studies predominantly focus on specific sectoral or local scopes, lack a comprehensive analysis of the impact of macro factors, do not consider the differences between trade union organizational models, and rarely address the regulating role of digital transformation within the trade union financial system.

From the preceding literature review, it can be asserted that a research gap exists regarding the construction of an integrated multi-factor model to explain trade union financial management effectiveness in the contemporary context. Specifically, the salient factors that should be incorporated into the research model include: (1) *The trade union financial management policy system*, (2) *Information technology*, (3) *Functions and duties of the Trade Union organization*, (4) *Capacity of financial staff*, (5) *Awareness of trade union members*, (6) *Coordination and communication among functional departments and sectors*, and (7) *Quality of inspection and audit work*.

This will serve as an essential basis for proposing a suitable research model, combining qualitative and quantitative analysis to elucidate the magnitude and direction of impact of each factor on the effectiveness of trade union financial management amidst current organizational reform and digital transformation.

3. Theoretical basis

The theoretical foundation of this research is based on four critical platforms that explain the behavior and effectiveness of trade union financial management:

3.1. Institutional Theory

DiMaggio and Powell's (1983) Institutional Theory posits that the behavior and structure of organizations are influenced by three types of pressure: coercive (from state laws and regulations), mimetic (from learning and adopting models of successful organizations), and normative (professional standards and social expectations). For trade union organizations, these pressures determine the methods of revenue collection and expenditure, budget allocation, internal control, and compliance with accounting regimes. When financial management policies and mechanisms are clear and stable, trade union financial management becomes more transparent and efficient. Conversely, an unsynchronized regulatory system leads to risks of misconduct and diminished financial governance efficacy.

3.2. Technological Innovation Theory

According to Schumpeter (1934) and Fountain (2001), technological innovation encompasses not only invention but, more importantly, the application of technology in management and operations to enhance organizational effectiveness. In the public sector domain, the application of Information Technology (IT) helps increase transparency, reduce fraud, improve control, and accelerate transaction processing speed. For trade unions, the digitalization of revenue and expenditure processes, the use of accounting software, financial data portals, and electronic documentation form a crucial foundation for improving financial management efficiency. Technological innovation also facilitates enhanced supervision by union members and supports automated inspection and reporting processes.

3.3. Human Capital Theory

As proposed by Schultz (1961) and Becker (1964), human capital is the collection of knowledge, skills, and competencies accumulated through training, experience, and professional development; it is a decisive factor in organizational productivity and efficiency. In the context of trade union finance, the professional qualifications, accounting and financial expertise, ability to apply IT, and legal awareness of financial staff are key factors ensuring the quality of resource collection, expenditure, and budget administration. Studies indicate that grassroots trade unions often lack dedicated staff, leading to errors in financial settlement, bookkeeping, and reporting. Therefore, investment in training and enhancing financial capacity is a prerequisite for improving trade union financial management efficiency.

3.4. Stakeholder Theory

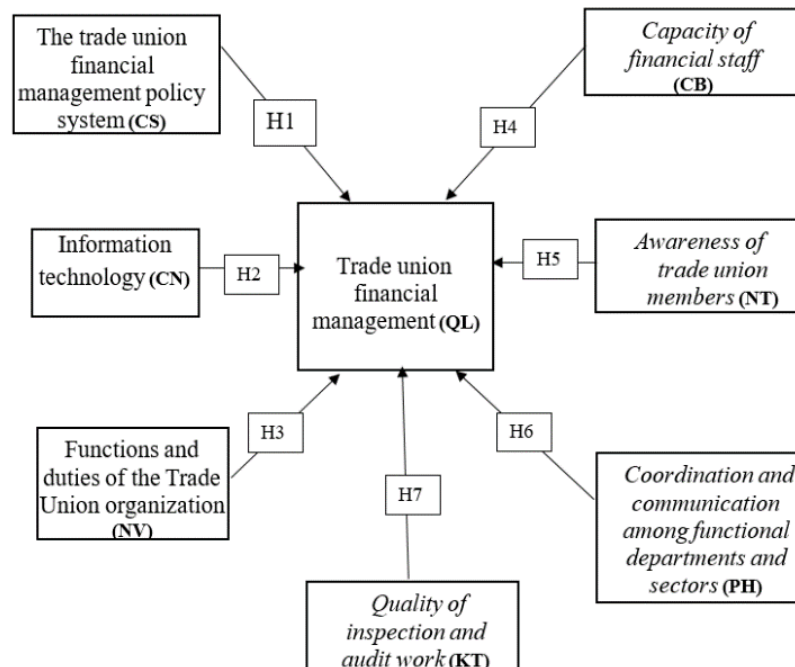
Freeman's (1984) theory emphasizes that an organization operates effectively only when it balances the expectations of its stakeholder groups that influence its operations. For a trade union, stakeholders include members, employees,

union officials, employers, state management agencies, and society. Trade union financial management is significantly impacted by pressure for supervision from members, demands for transparency and public disclosure from state agencies, and the cooperation of enterprises in contributing trade union funds. When stakeholders participate fully and a feedback mechanism is in place, the financial management system becomes more transparent, reducing the risk of loss

and increasing confidence in the trade union organization.

4. Research Model and Hypotheses

Based on the existing research gap and the theoretical foundation presented above, the report constructs a research model for the factors influencing Trade Union Financial Management as follows



Source: Authors' synthesis

The proposed model is constructed with seven hypotheses:

- **Hypothesis H1:** The Financial Management Policy System has a positive impact on Trade Union Financial Management effectiveness.
- **Hypothesis H2:** Information Technology has a positive impact on Trade Union Financial Management effectiveness.
- **Hypothesis H3:** The Functions and Mandates of the Trade Union Organization have a positive impact on Trade Union Financial Management effectiveness.
- **Hypothesis H4:** The Capacity of Financial Personnel has a positive impact on Trade Union Financial Management effectiveness.
- **Hypothesis H5:** The Awareness of Trade Union Members has a positive impact on Trade Union Financial Management effectiveness.
- **Hypothesis H6:** The Coordination and Communication among Functional Agencies and Sectors have a positive impact on Trade Union Financial Management effectiveness.
- **Hypothesis H7:** The Quality of Inspection and Audit Activities has a positive impact on Trade Union

Financial Management effectiveness.

In the proposed research model, featuring seven independent variables and one dependent variable, the research team adjusted and refined the wording of the observational variables (indicators) accordingly. Consequently, there are a total of 29 observational variables.

According to Hair *et al.* (2010), the minimum sample size should be 50, preferably 100, with a recommended ratio of five observations per measured variable (5:1). Therefore, the minimum required sample size is samples. The author conducted the survey with 260 financial management officials at the superior-level trade union.

5. Research Results

5.1. Cronbach's Alpha test

All Cronbach's alpha coefficients of the variables were ≥ 0.6 , thus meeting the requirements to be included in factor analysis. At the same time, the total correlation coefficients of the observed variables all meet the requirement of ≥ 0.3 , ensuring that the given scales can be trusted in a statistically significant way.

Table 1: Reliability Statistics

Scale Mean if Item Deleted		Scale Variance if Item Deleted		Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Cronbach's Alpha = 0.889					
CS1	15.45		8.078	.796	.853
CS2	15.63		7.276	.768	.857
CS3	15.59		7.672	.716	.869
CS4	15.58		8.306	.698	.873
CS5	15.75		8.016	.697	.873
Cronbach's Alpha= 0.848					
CN1	13.40		8.967	.704	.806
CN2	13.34		9.290	.500	.861
CN3	13.67		8.463	.733	.796
CN4	13.39		8.980	.670	.814
CN5	13.73		8.460	.700	.805
Cronbach's Alpha = 0.784					
NV1	11.60		4.132	.552	.750
NV2	11.54		3.792	.650	.699
NV3	11.52		3.816	.679	.685
NV4	11.57		4.324	.487	.782
Cronbach's Alpha= 0.692					
CB1	7.84		1.809	.548	.550
CB2	7.91		1.741	.470	.654
CB3	7.78		1.868	.509	.598
Cronbach's Alpha= 0.777					
NT1	7.51		2.093	.604	.710
NT2	7.57		2.092	.673	.633
NT3	7.55		2.251	.565	.749
Cronbach's Alpha= 0.656					
PH1	8.01		1.826	.425	.626
PH2	7.33		1.966	.494	.527
PH3	7.32		1.946	.489	.532
Cronbach's Alpha= 0.705					
KT1	7.95		1.808	.622	.484
KT2	8.12		1.830	.549	.579
KT3	7.85	2.267	.407	.746	

Source: Results compiled

Exploratory factor analysis (EFA)

The results of data testing with KMO = 0.768 (> 0.5), Sig of Bartlett's Test is 0.000 less than 0.05, showing that these observations are correlated with each other and completely suitable for factor analysis. The factor loading coefficient of the observed variables are all > 0.5, the total variance

extracted is 68.261% (> 50%) and the Eigenvalue coefficient = 1.443 (> 1). These tests have been guaranteed for exploratory factor analysis.

As a result, every scale chosen for the model's variables satisfies the criteria and is suitable for use in later analyses.

Table 2: Rotated Component Matrix^a

	Component						
	1	2	3	4	5	6	7
CS4	.782						
CS5	.776						
CS1	.754						
CS2	.751						
CS3	.697						
CN1		.810					
CN3		.793					
CN2		.696					
CN5		.694					
CN4		.676					
NV3			.832				
NV2			.768				
NV1			.750				
NV4			.647				
CB1				.849			
CB2				.796			
CB3				.782			
NT2					.789		

NT3					.778		
NT1					.750		
KT1						.802	
KT3						.781	
KT2						.744	
PH2							.822
PH1							.695
PH3							.689

Source: Results compiled

Results of regression analysis

The following are the findings of the regression analysis of the model of factors influencing the desire to use T with 7

independent variables: The model's appropriateness test value, sig. = 0.000 (< 0.05), indicates that the dependent variable's change can be explained by the model's variables.

Table 3: Coefficients^a

Model		Coefficients ^a				Collinearity Statistics
		Unstandardized Coefficients		Standardized Coefficients	t	
		B	Std. Error	Beta		Tolerance
1	(Constant)	-.575	.206		-2.789	.006
	CS	.222	.032	.287	6.885	.000
	CN	.136	.032	.185	4.266	.000
	NV	.189	.036	.205	5.232	.000
	CB	.189	.033	.221	5.759	.000
	NT	.193	.040	.205	4.862	.000
	PH	.090	.040	.108	2.270	.024
	KT	.169	.036	.184	4.663	.000
a. Independent Variable: KT, NV, CS, NT, CB, CN, PH						
b. Dependent Variable: QL						

Source: Results compiled

$$QL = 0.287*CS + 0.185 * CN + 0.205*NV+ 0.221*CB + 0.205*NT + 0.108*PH+ 0.184*KT + \varepsilon (1)$$

The testing of the regression model and the research hypotheses reveals that the Adjusted R-Square coefficient is 0.671 (67.1%). This indicates that the research model is suitable for the study data at an explanatory level of 67.1%. Furthermore, the Durbin-Watson value is 1.873, suggesting the absence of serial correlation among the residuals. The model does not violate the assumptions of error independence, and the VIF < 2 coefficients confirm the absence of multicollinearity. The results of the normality distribution test demonstrate that the survey data follows a bell-shaped normal distribution and has a small mean value, confirming the scientific validity of the model data assumptions.

The factors CS, CN, NV, CB, NT, PH, and KT all have a positive and significant impact on Financial Management (QL) effectiveness. Specifically: The Financial Management Policy System (CS) is the most important factor. This is followed by the factor "Capacity of Financial Personnel (CB)". The factor "Coordination and Communication among Functional Agencies and Sectors (PH)" has the lowest influence.

6. Conclusion and Recommendations

Conclusion

In the context of deep international integration, the socialist-oriented market economy, and the impact of the 4.0 Industrial Revolution, the Vietnam General Confederation of Labour is facing fundamental demands for changes in its functions and operational methods. The study successfully systematized the theoretical framework and the factors influencing trade union financial management.

Recommendations

Based on the research findings, the author proposes comprehensive solutions, including:

- Finalizing the legal framework
- Consolidating the organizational apparatus
- Innovating methods for revenue collection and distribution
- Applying Information Technology
- Strengthening rigorous inspection and supervision

The comprehensive innovation of financial management is identified as an urgent requirement and a crucial foundation for the Vietnam General Confederation of Labour to enhance its effectiveness in representation, caring for the rights and interests of its members and employees, and affirming its position within the new organizational structure.

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