

Factors Affecting the Business Performance: A Case Study of Toan Thang Company Limited

Nguyen Thanh Long¹

¹University of Transport Technology, Viet Nam

Abstracts

The potential for success of any organization depends significantly on its business performance, which in turn affects its growth and environmental behavior. Management and stakeholders can benefit greatly from understanding the factors that influence business success, especially in highly competitive markets. Toan Thang Company Limited is the subject of this study, which aims to identify and examine the key variables that influence the performance of small and medium-sized enterprises.

For more than ten years, Toan Thang Company Limited has been operating, consistently maintaining its leading position in Hai Duong's market share in the automobile business. Even with a significant market share, the company continues to face several obstacles that may affect its performance. Using a descriptive research method, the study examines the variables that influence the performance of the company. Employee surveys were used to collect data from businesses in the same segment. We also gathered secondary data from annual reports and other research projects. The data were processed through Statistical Package for Social Sciences (SPSS) 20.0 software and analyzed using descriptive statistics, with frequency tables employed for clarity.

The findings demonstrated a strong correlation between independent variables include marketing competence (MAC), financial competence (FC), management competence (MC), quality of products and services (QP), and information technology (IT) on business performance. Additionally, factors such as access to government support policies, the education level of enterprise owners, enterprise scale, social relationships of enterprises, and revenue growth rate were found to significantly affect business performance. To maintain economic stability, the report recommends that financial sector players sustain a large customer base and promote healthy competition. Scholars and other stakeholders will find these findings interesting, which will support economic stability.

Keywords : Business performance (BP), Toan Thang Company Limited, marketing competence (MAC), financial competence (FC), management competence (MC), quality of products and services (QP), and information technology (IT)

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I. Introduction

A major competitor in its sector, Toan Thang Company Limited, deals with a number of issues that affect how well it does business. Even while the business has made progress in solidifying its place in the market, it still faces a number of internal and external issues that have a direct impact on its development, profitability, and general competitiveness. These elements include internal organizational procedures, competitive challenges, technology developments, and economic reasons. Despite their importance, little study has been done expressly on how these elements interact and affect Toan Thang's company performance. This information vacuum prevents Toan Thang from making strategic decisions that work (Porter, 1980; Hill & Jones, 2012).

Toan Thang's cost structure and profitability are greatly impacted by external economic factors including inflation, currency rates, and material costs. Changes in these economic factors might raise production costs and cause financial planning issues for a firm that depends on capital-intensive resources (Jensen, 1986). For example, Toan Thang's pricing plans and market positioning may be disrupted by abrupt inflationary pressures or changes in currency rates, which might impact the price of raw materials. There is a dearth of thorough study on the ways in which particular external economic issues specifically impact Toan Thang's performance, despite the fact that most firms are aware of the difficulties posed by general economic conditions.

For Toan Thang, the quick speed of technology advancement offers both possibilities and difficulties. Automation and process optimization are two examples of new technologies that might increase productivity and save expenses, but they also come with a high cost and the potential to cause operational interruptions (Brynjolfsson & McAfee, 2014). To be competitive, the business must be able to innovate and incorporate these

technologies into its current processes. But little is known about the strategic decision-making process around technology adoption, especially when it comes to the risks associated with putting new systems in place and the potential effects of these innovations on company results.

Another important element impacting Toan Thang's company performance is competition. The firm works in a highly competitive market where it's always difficult to hold onto market share. Both domestic and foreign rivals constantly develop and modify their tactics in an effort to lower prices and enhance their products. To keep clients, Toan Thang needs to make sure it can set itself apart via quality and innovation. There may be tactics like cost leadership or product differentiation, but nothing is known about how they are applied and how successful they are in the particular competitive environment of the business (Porter, 1980). Not enough research has been done on how well these tactics work in Toan Thang's competitive environment.

The success of the business also depends on internal organizational elements including corporate governance, operational effectiveness, and leadership caliber. In order to steer the business through difficulties and guarantee that strategic objectives and daily operations are in harmony, effective leadership is crucial. Ineffective decision-making or a mismatch between operational and leadership tasks can result in inefficiencies that impair company performance (Yukl, 2013). Strong corporate governance procedures that prioritize accountability and openness can also boost investor confidence and increase financial results (Bushman & Smith, 2001). However, the research currently in publication has not sufficiently examined how these internal issues influence Toan Thang's overall company performance.

The company's success is also impacted by its financial reporting procedures, especially in relation to its interactions with stakeholders and investors. By building investor trust, excellent, transparent financial reporting reduces perceived risks and the cost of capital (Bushman & Smith, 2001). Investor worries may be heightened by inaccurate or ambiguous financial disclosures, which may result in increased equity costs and restricted access to financing. One area of Toan Thang's business performance that is still not given enough attention is the connection between its cost of equity and its financial reporting procedures.

By analyzing the relationships between these internal and external factors, the study **"Factors affecting the business performance: A case study of Toan Thang Company Limited"** is to remove light on how Toan Thang may improve its business strategy, increase operational effectiveness, and manage external issues. The firm will be able to identify areas for improvement and put more effective plans into place to improve overall performance by completing the research gaps on these components.

II. Literature review

Quality is widely recognized as a critical competitive goal for businesses, yet scholars have not reached a consensus on its definition, viewing it as a subjective concept influenced by individual perspectives (Tamimi & Sebastianelli, 2002). Key definitions include Deming's assertion that quality involves meeting customer needs, Juran's idea of "fitness for use", and Crosby's emphasis on conforming to customer requirements. Kotler (1984) underscores that quality must start with customer needs and end with customer satisfaction, highlighting the importance of a customer-centric approach in marketing. Furthermore, research indicates a strong correlation between Total Quality Management (TQM) practices and business performance, with studies showing that TQM can enhance sales, market share, and profitability. This suggests that prioritizing quality not only boosts customer satisfaction but also positively impacts an organization's overall performance metrics.

Business performance varies significantly in interpretation and context. Pehlivan (2014) asserts that defining "business performance of an enterprise" is challenging due to its diverse applications. Sotley (2018) expands on this by describing it as encompassing various operational aspects like lean production, competitiveness, and value creation. Furthermore, Carrie and Devitt (2018) propose that business performance is evaluated at three levels: individual, company goals, and the relationship between these criteria and the operational environment. This framework lays the groundwork for translating corporate strategies into actionable execution, highlighting the essential role of business performance metrics in organizational effectiveness.

Marketing competence (MAC) is defined by Zhang (2015) as an integrated process leveraging a company's resources and expertise to meet market demands. Tamber and Harp (2014) emphasize that effective marketing capabilities improve product and service value, while Kotler and Armstrong (2012) note the importance of gathering market intelligence for adaptation. Empirical evidence supports the positive correlation between marketing capability and corporate performance, as David (2012) asserts that strong marketing abilities significantly influence small business success. Thus, a successful marketing strategy can substantially enhance competitiveness, especially for SMEs during economic downturns.

Financial competence plays a crucial role in business success, as indicated by Suselid (2016), who suggests that it reflects an organization's effective use and mobilization of capital. Fortuin and Stoop (2016) further assert that financial competence is essential for operational success, as efficient capital management can lower costs and enhance competitiveness. Tannock and Pawar (2017) emphasize that organizations must

balance successful operations while managing financial resources wisely. A robust financial foundation positively impacts business outcomes, reinforcing the idea that financial competence is integral to achieving corporate performance goals.

III. Research Methodology

The study on Toan Thang Co. Ltd, with updated data as of November 2024, involved 156 employees to ensure the findings reflected the current workforce's characteristics and productivity. This sample facilitated analysis of workforce composition and informed decision-making regarding organizational development and resource allocation. Both primary and secondary data sources were utilized, with primary data obtained through surveys designed for clarity and relevance to the study's objectives, while secondary data enriched the research framework and informed questionnaire design.

To process and analyze the data, it was organized, classified, and coded to enhance accuracy and facilitate comparison. Microsoft Excel was initially used for visualization, followed by advanced statistical analysis with SPSS 20.0. The study focused on evaluating the relationships between independent variables (such as age, education, and specialization) and company success, employing p-value significance testing to confirm correlations. Inferential methods like regression and correlation analyses quantified the impact of specific factors on performance, while descriptive statistics provided insights into data trends.

The research ensured reliability through Cronbach's Alpha testing, with scores between 0.7 and 0.95 indicating consistency. Findings were presented using visual aids such as tables and charts, enhancing understanding of the results. Overall, the study's thorough analysis identified key factors affecting business performance and offered actionable insights for improvement, supported by systematic data processing and statistical methods.

IV. Findings and Discussions

The components of the company's performance such as marketing competence (MAC), financial competence (FC), management competence (MC), information technology (IT), quality of products and services (QP), and overall business performance (BP) can all be understood from the data provided by Toan Thang Company Limited. Each item consistently receives 74 replies, with ratings ranging from 1 to 5.

With modest standard deviations and mean scores ranging from 2.91 to 3.03 for marketing ability, the results show that answers are somewhat consistent but not particularly high. The mean scores for financial competence are somewhat higher, ranging from 3.03 to 3.18, and answers vary moderately, especially for FC4, which has the biggest standard deviation. With mean scores ranging from 3.14 to 3.18 and low to moderate standard deviations, managerial competence is likewise constant, indicating that it is seen as comparatively steady. However, the range of mean scores for the quality of goods and services is smaller, ranging from 2.76 to 3.04; QP3 has the lowest mean and a comparatively high standard deviation, suggesting significant discontent in this area.

Although there is considerable variation in the replies, information technology (IT) has the highest mean scores, ranging from 3.07 to 3.22, indicating a favorable opinion of IT inside the organization. Last but not least, business performance scores exhibit consistent views of the overall success of the firm, with minimal standard deviations and means ranging from 2.97 to 3.01, much like the other capabilities.

Overall, although there may be room for improvement in the quality of the company's products and services, the data generally indicates that it does rather well in the areas of finance, management, and IT.

The statistical analysis provides insights into Toan Thang Company Limited's operations, highlighting key factors that influence performance. It identifies the company's strengths, weaknesses, and critical elements affecting success.

Toan Thang's positive outcomes stem from three main factors: information technology, management competency, and marketing competency.

Marketing competence shows a strong positive association with business performance ($p\text{-value} = 0.000$), indicating its crucial role. The high Cronbach's Alpha value (0.784) confirms the effectiveness of the company's marketing strategies.

Effective management is also essential, as demonstrated by the positive correlation with business performance ($p\text{-value} = 0.009$) and a Cronbach's Alpha of 0.932. Strong leadership and decision-making help Toan Thang navigate challenges.

Information technology significantly impacts performance with a high Cronbach's Alpha of 0.938 and a positive correlation ($p\text{-value} = 0.034$). Investments in technology enhance productivity, decision-making, and customer engagement.

However, the company faces challenges in financial competence and product quality, which showed no significant correlation with performance. Financial competence did not positively impact success ($p\text{-value} =$

0.782), signaling potential inefficiencies that require reassessment. Similarly, product quality lacked a significant link to success (p -value = 0.589), suggesting possible misalignment with customer expectations.

Key elements impacting performance include marketing competence, management competency, and information technology. Continued investment in these areas is crucial for sustaining success.

In conclusion, while Toan Thang excels in marketing, management, and technology, it must address weaknesses in financial competence and product quality. Focusing on these areas will support future growth and competitiveness in a changing market.

V. Conclusion and Recommendation

5.1. Conclusion

Toan Thang Co., Ltd's success is influenced by various internal and external factors, including IT, management, marketing, and financial capability. The study found a significant positive link between marketing competence and business performance (p -value = 0.000), indicating effective marketing strategies are crucial for revenue and brand loyalty. However, financial competence showed no correlation with performance (p -value = 0.782), suggesting inefficiencies in financial management that require enhanced planning and resource allocation. Management competency also positively impacted performance (p -value = 0.009), emphasizing the importance of strong leadership. Surprisingly, product quality did not significantly correlate with success (p -value = 0.589), suggesting that factors like customer service and operational efficiency may matter more. Additionally, IT was shown to significantly enhance performance (p -value = 0.034), highlighting the need for continual investment in technology. Overall, the company should focus on improving marketing strategies, refining financial practices, investing in leadership development, and leveraging IT to strengthen its market position and ensure sustainable growth.

5.2. Recommendation

Toan Thang Co., Ltd excels in IT, management, and marketing but has notable weaknesses in product quality and financial capability. A p -value of 0.782 reveals inefficiencies in financial processes, suggesting the need for a financial audit, improved forecasting, and better cost management. Additionally, the lack of correlation between product quality and business success (p -value of 0.589) indicates that factors like pricing and customer service are more influential. To improve, the company should conduct market research, implement a quality management system, and prioritize customer experience. Strengthening financial management and product quality will be crucial for sustaining competitiveness and achieving long-term success.

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