Indian Journal of Information Sources and Services
ISSN: 2231-6094 (P) Vol.16, No.2, 2026, pp.284-297

DOI: https://doi.org/10.51983/ijiss-2026.16.2.29

Employee Welfare, Financial Slack, and Corporate Risk: Evidence from Vietnam's Retail Industry

Thuy Ha Vu[1] and Thanh Nha Nguyen[2*]

[1]VNU University of Economics and Business, Vietnam National University, Hanoi, Vietnam
[2*]University of Finance - Marketing, Ho Chi Minh City, Vietnam
Email: [1]vuthuyhakt@gmail.com, [2]nhatdg@ufm.edu.vn
ORCID: [1]https://orcid.org/0009-0000-3429-7541, [2]https://orcid.org/0000-0001-5362-961X
(Received 07 March 2026; Revised 11 April 2026, Accepted 24 April 2026; Available online 05 June 2026)

Abstract - **It is in this context of a highly competitive business environment in Vietnam that this study aims to create an understanding of whether investment in employee welfare is an effective risk management tool and its effectiveness in relation to some corporate conditions. As a method to answer this question, the article uses 29 listed retail companies' panel data during 10 years between 2015 and 2024 (including 256 firm-year observations) and uses a Fixed Effects Model (FEM) including an interaction term. The analysis shows that the direct, statistically significant effect of welfare investment on corporate systematic risk is zero ($\beta = 0.083$; $p > 0.10$). Nevertheless, the essence and the most valuable message of the study is that fiscal slack is a moderating factor, as it considerably increases the risk-reducing impact of welfare policies. This is revealed by the negative and significantly (having a high level of statistical significance) negative coefficient of the interaction between welfare and slack ($\beta = -0.953$; $p < 0.01$). It is worth noting that, in further analysis, this mechanism can be effective only in the category of large-scale enterprises. In the academic field the research elucidates the boundary conditions of welfare-risk relationship that indicates that it is a contingent strategy and not a universal rule. Practically, the conclusions suggest that welfare expenditure is only useful as a risk management tool when tactfully used when in a position of financial strength, which is quite applicable to large businesses.**

Keywords: **Corporate Risk, Employee Welfare, Financial Slack, Systematic Risk, Retail Industry, Vietnam**

I. INTRODUCTION

During the last ten years, the retail sector in Vietnam has been experiencing fundamental changes, which are preconditioned by the global economic integration and highly influential changes in consumer behavior. The influx of foreign retail giant groups, as well as the expansion of local firms, has led to a highly competitive market. At the same time, the emergence of e-commerce as a prevailing distribution channel has redefined the way businesses in the market operate, and hence, traditional retailing businesses are forced to constantly innovate in order to survive and be profitable. Here, quality of customer service and the shopping experience have become critical substituting elements (Nguyen, 2025).

In the case of the retail business that has a high number of working populations, the employees represent the business and the closest point of contact to the customers. Not only is internal productivity influenced by the stability, satisfaction, and engagement of employees, but the quality of services, customer loyalty, and brand reputation also depend on them (Afolabi et al., 2023; Loon et al., 2025). As a result, the human resource investment, particularly in the welfare policies, is taken as a strategic investment to create a sustainable competitive advantage.

Nonetheless, the recent world economy and domestic macroeconomic environment have been typified by growing uncertainty, both in terms of shocking the supply chain and inflationary pressures, as well as regarding unforeseeable policy shifts. Within the framework of this environment, managers and investors are becoming less interested in maximizing their short-term profits and more focused on risk management and long-term stability of their enterprises (Sousa et al., 2023; Hung, 2025). This poses a critical research question that has not yet been sufficiently addressed in the Vietnamese setting. The question that arises is: Is it better to spend more on employee welfare, which is regarded as a cost, actually an effective risk management approach that enables businesses to become more stable in the face of market fluctuations?

The issue of the correlation between human resource management and corporate performance has elicited significant interest among scholars and professionals. The fact is backed up by a high body of empirical studies, including the many meta-analyses, that high-performance human resource management positively impacts financial performance (e.g., Jiang et al., 2012; Edmans, 2011; Valeeva et al., 2020; Sousa et al., 2023; Loon et al., 2025). Nonetheless, in the vast majority of these works, the performance level, i.e., productivity, return on assets (ROA), or market value (Tobin's Q), is involved, whereas the direct correlation with the financial risk, i.e., that which is becoming a significant factor in an uncertain business environment, is an almost uncharted territory in Vietnam. It starts by addressing this gap in the study by testing the effect of employee welfare investment on corporate systematic risk directly.

Although the available literature contains crucial information on the HR-performance relationship, it usually implicitly presupposes the universality of this link. However, a more critical, yet often overlooked, question is: Is the risk-reducing effect of investing in employee welfare an effective 'remedy' for all businesses, or does it only work under specific conditions? This paper fills this important gap by going beyond the direct effect to test a multifactor moderation model in which financial slack is one of the decisive contextual factors. In this way, it not only presents evidence of the HR-risk relationship but also aim at explaining its mechanisms and boundary conditions (Graham, 2022). This method is especially required in the context of the retail sector of the country, where the financial abilities of the firms differ significantly, and the awareness of these contingencies is crucial in making optimal strategic decisions.

Therefore, it use panel data regression on data collected from audited financial statements and market data of listed retail companies on the Ho Chi Minh Stock Exchange (HOSE) and the Hanoi Stock Exchange (HNX) over a 10-year period, from 2015 to 2024, to address the following specific objectives: (i) First, to empirically test the impact of employee welfare investment on the systematic risk of enterprises; (ii) Second, to examine the moderating role of financial slack in the relationship between employee welfare investment and corporate risk; (iii) Third, based on the analysis results, to propose managerial implications for leaders of retail enterprises and suggestions for investors in the Vietnamese stock market.

In doing so, the study makes significant contributions to both academia and practice. Academically, this is one of the pioneering works in Vietnam to clarify the quantitative link between human resource management (through welfare investment) and financial risk management (through systematic risk), a gap that has received little attention in emerging market research. In practice, the research offers credible quantitative data, which helps managers in the retail sector in Vietnam and in the developing countries with similar circumstances to apply the employee welfare policies in a proper, effective, and sustainable way to a significant extent.

The paper starts by giving an Introduction on the retail sector in Vietnam and how employee welfare contributes to the risk management. Theoretical Background and Hypothesis Development make available the appropriate theories and hypotheses. Research Methodology describes the method of data collection and their analysis. Research Results gives results based on statistical analysis and hypothesis testing. These results are discussed, and are compared with the already existing studies. Finally, the Conclusion and Implications give the findings that are necessary, managerial conclusions and recommendations and directions of the future research.

II. Theoretical Background and Hypothesis Development

2.1. Theoretical Foundation

In order to explain the intricate dependency between employee welfare investment, financial slack, and corporate risk, the convergence of three major theoretical streams, Stakeholder Theory, the Resource-Based View, and the Theory of Financial Slack, is used to construct this study. The stakeholder Theory, first introduced by Mahajan et al., (2023), gives the background of the argument about the relevance of investing in employees. This theory argues that the survival and success of a firm in the long term does not depend on shareholder value maximization only, but rather on a combination of the interests of all the relevant parties, such as workers, who are among the most important groups. It is gratifying to fulfill the needs and ensure that the employees are happy, interested, and faithful. This puts a direct counter on the threats of the operation (high turnover rates, strikes, or production disruption), which helps in stabilizing the cash flows of the firm. A more predictable and stable cash flow is perceived to be less risky by the investors, and it eventually minimizes the cost of capital and risk profile of the company (El Ghoul et al., 2011).

Meanwhile, the Resource-Based View (RBV) explains how investing in employees creates a competitive advantage and stability. The Resource-Based View (RBV) posits that a firm's sustainable competitive advantage stems from its control over resources that are valuable, rare, inimitable, and non-substitutable (VRIN). Such a strategic resource is a faithful, skilled, and highly motivated workforce. This intangible asset aids the company in becoming more adaptable, resourceful, and resilient to unfavorable shocks of the business environment (Jiang et al., 2012). As a result, a company with better human capital will have a more stable business, which will reduce the systematic risk.

Lastly, the Theory of Financial Slack presents an important situational circumstance, which contributes to clarifying the circumstances in which the aforementioned relationship is reinforced. Slack refers to the level of extremely liquid assets beyond the sum of money needed to sustain the operations at hand (Shi & Feng, 2024). The resources are a strategic buffer, so the company is not only able to withstand bad times but also be in a position to maintain long-term investments, including employee welfare policies, despite a drop in cash flows. This commitment is an effective message of economic security and duration of management outlook, and hence will strengthen investor confidence and may enhance the resilience of HR policies in curbing risks.

These three theories, when incorporated simultaneously, can help to develop a complex explanatory framework, in which the major relationship is explained by inner processes and influenced by the overriding circumstances. In particular, the Stakeholder Theory and the Resource-Based View give reasons to make a hypothesis of a direct impact: the systematic risk of the firm will be decreased by investing in

the welfare of employees through developing human capital and minimizing conflicts of interest of stakeholders. At the same time, a moderating variable is introduced in the Theory of Financial Slack- it is possible to test a more sophisticated argument that such a positive effect will be increased in firms with good financial health (Shi & Feng, 2024). This is not only more rigorous of the model, but also assists in deriving managerial implications that are closer to the realities that are common in businesses.

2.2. Research Hypothesis Development

2.2.1. Employee Welfare Investment and Corporate Risk

Employee welfare investment is categorized as voluntary expenses incurred by an organization, on top of minimum salaries and legal requirements, to enhance the physical and mental health and life quality of its workforce (Guest, 2017). The amount of this investment in quantitative research can also be quantified using financial indices like employee spending on the overall revenue, as an indicator of the financial investment the company has in its human resources (Edmans, 2011).

In the meantime, the corporate risk in this paper is explored in terms of systematic risk, which is quantified by the Beta coefficient. This coefficient indicates how the stock price of a company is sensitive to market movements in general, which is a well-known non-diversifiable risk in corporate financing.

The correlation between the two factors implies that a company with a ratio between employee expenses and revenue that is higher than the industry average can be used to indicate an investment in competitive compensation and welfare policies. This helps in attracting and retaining talent, which is very cost-saving as compared to recruitment, training, and lost productivity as the new employees are settling (Jiang et al., 2012). Second, the good working environment and the perfect benefits increase employee satisfaction and engagement. This directly converts into the quality of customer service delivery, customer loyalty, and eventually stabilizes and predictable operating cash flows in the retail sector (Afolabi et al., 2023). In financial marketing terms, there is stability, which is always appreciated by investors. A firm experiencing less risky cash flows and whose operations are less risky will be deemed less responsive to the macroeconomic shock and therefore priced with a lower systematic risk (low Beta).

Other empirical studies, like that of Edmans, (2011), have indicated that firms that are listed on the 100 Best Companies to Work for in America list possess better and less volatile stock returns than their counterparts in the industry. On the same note, Faleye & Trahan, (2011) also reported that the cash flow volatility of employee-friendly firms is lower. Strong performance, profitability, and reduced risk can be achieved due to the good human resource management practices, including training, development, and engagement of employees, which positively influence the performance of the organization, its profitability, and risk reduction (Almutairi & Arabiat, 2021; Saad et al., 2021). Moreover, the mediating variables in the connection between human resource management practice and organizational performance, such as risk mitigation, are the health of employees and job satisfaction (Gede, 2025; Saad et al., 2021). Moreover, investment in employee welfare and the development of a favorable work environment may be used to attract and keep qualified employees, which is critical to sustainable growth and having a competitive advantage in the market (Afolabi et al., 2023; Sumathi et al., 2020; Jhamb et al., 2022; Madhani, 2021).

Nonetheless, other studies have not identified a statistically significant association or claim that it is just a cost that minimizes short-term profits. Indicatively, a number of studies suggest that the beneficial impacts of high-performance work practices are relative and may be balanced out by higher labor expenses, which leads to an unsatisfactory net outcome on the financial performance of a firm (Mostafa et al., 2019). In the same line of thinking, the other argument that has been put forward by the proponents of the agency theory is that such extravagance in employee welfare may be a symptom of agency cost issues where managers are interested in benefiting themselves (by having a nice working environment) rather than maximizing shareholder value (Faleye & Trahan, 2011; Chang & Jo, 2019). Hence, whether welfare investments have a net positive or negative impact on the corporate risk is still an empirical question that hinges on the benefits of better human capital and operational stability as compared to the possible costs.

Despite the lack of consensus in the literature, it argue that the hypothesis of a negative relationship between welfare investment and corporate risk (the higher the investment in employee welfare, the lower the corporate risk) is appropriate in the specific context of listed retail firms in Vietnam. The reason is that the Vietnamese retail industry is in a phase of rapid growth accompanied by fierce competition. The size of the Vietnamese retail market is forecasted to grow at a double-digit rate in the 2023-2026 period, attracting both large domestic corporations (such as Masan, The Gioi Di Dong, etc.) and international giants (such as AEON, Central Retail, etc.). The price or place is no longer the only source of competitive advantage in such a market; the quality of the services and customer experience is becoming a more important source of competitive advantage. It is a people-heavy industry in which frontline staff (salespeople, front-office employees, call center workers) form the face of the brand and the point of contact with the consumer that determines their level of satisfaction. Therefore, the professionalism and the stability of such a workforce are not complementary aspects but strategic resources. Conversely, high turnover rates are one of the biggest challenges in the labor market of the Vietnamese retail industry. During the HR survey, the retail/FMCG industry has always recorded the highest turnover rate in Vietnam, and the average turnover is 20-25% /year. The financial aspect of the ongoing

recruitment, retraining, and performance loss in the initial phase is a tangible strain on the financial aspect and a threat to the business. In this context, firms that spend more heavily on welfare are not merely incurring "costs" but are making a strategic investment to mitigate risks arising from personnel instability. Based on the above arguments, itpropose the first hypothesis as follows:

H1: Employee welfare investment has a negative impact on the corporate risk of listed retail firms in Vietnam.

2.2.2. The Moderating Role of Financial Slack

One of the rudimentary concepts of strategic management is financial slack, which can be understood as the number of deployable resources an organization has in excess of the minimum required to operate on a day-to-day basis. It is viewed as a financial cushion, which gives the firm the go-ahead to achieve strategic goals without being influenced by temporary pressures of the external environment. This resource can be a great portion of cash and other forms of cash equivalents, unused capacity of borrowing, or a low debt-to-equity ratio (Shi & Feng, 2024).

It argue that the moderating role of financial slack is that it enhances the sustainability and credibility of the signal a firm sends when investing in employee welfare. The risk-mitigating effect of welfare policies will be enhanced in companies with abundant financial resources. This is given the fact that such companies are able to ensure good compensation policies but in a sustainable manner, even when the economic conditions are tough or when the market is in recession. This long-term commitment is extremely appreciated by the investors and other stakeholders (including those working in the company) as it is regarded as a measure of good governance and good financial stability. On the other hand, a low-financially endowed firm, though it might attempt to adopt good welfare policies in the immediate term, is always subject to the risk of being forced to reduce its voluntary spending on such welfare schemes in case it experiences cash flow problems. Therefore, their commitment becomes less credible. The financial slack "cushion" is the factor that makes the "investment in people" signal more credible, thereby enhancing its positive impact on mitigating corporate risk.

Most studies suggest that financial slack is a positive catalyst. For instance, Rahim & Aisyah, (2025) and Promise et al., (2023) found that activities that sustainably maintain welfare commitments without compromising core financial stability have a stronger impact on reducing stock risk in companies with large financial slack. This argument is reinforced by evidence showing that firms with abundant resources tend to invest more heavily in corporate social responsibility initiatives, including employee welfare, which helps to mitigate financial risk and enhance firm value (Gillan et al., 2021; Mangal & Dhamija, 2024). Li & Hu, (2024) demonstrate in the framework of developing countries that financial slack enables firms to make more effective strategic decisions, resulting in the reduction of risks and high performance.

Nevertheless, financial slack as a moderating factor is not necessarily a good driver; in fact, that moderating aspect may also be neutral or even negative in weakening instead of enhancing the risk-reducing effect of welfare investment. This is mostly as a result of Agency Theory. The main point of this theory is that the agency cost is prone to be developed by the presence of financial slack. The available resources can be used by managers to invest in inefficient projects or work towards the fulfillment of personal objectives, or to increase welfare spending unnecessarily to enhance shareholder value, but just to make the working environment pleasant for them. This welfare investment, no longer, then, to investors as well as to the market, will be a good omen of a stable situation, but will be a bad omen of lax government and poor money management. In this case, it can be seen that financial slack does not reinforce the effect of risk-reducing the effect of welfare, but, on the contrary, it augments the perceived risk of the firm due to the ability of the firm to spend inefficiently. According to research conducted by Pham & Pham, (2025), cash holdings in poorly governed firms are undervalued in the market, which suggests that it has already been discounted that the managers of such companies will squander such resources. Therefore, in the case when a poorly managed company uses its slack to increase welfare, it can be considered in the market as a wasteful process, and, accordingly, the risk-minimizing nature of the welfare policy becomes worthless. Additionally, the literature suggests that there is some kind of limit, about slack; some slack can lead to flexibility and resilience; however, excess slack can lead to complacency and bureaucracy (Shi & Feng, 2024). Some slack can be healthy, but excessively high amounts can be extremely complacent, not to mention bureaucratic. Once this inefficiency occurs, it will cause any welfare investment, which is funded by slack, to be doubtful on its merit, and the moderating effect it has will dissipate or vanish.

With these academic arguments notwithstanding, it posits that in the particular situation where the Vietnamese retail industry is being examined in hypothesis H1, the competition has come to be associated with service quality and workforce stability. A long-term employer commitment toward the employees in this context is a definite competitive edge. The aspect that makes this promise not to be disrupted is financial slack. Moreover, in a developing capital market such as Vietnam, where information asymmetry is still widespread, tangible and hard to imitate signals (including the capability to stick with good welfare policies even during the hard economic times) are much sought after by the investors. Therefore, a retail enterprise with abundant financial resources will be better able to convince the market that its investment in employees is a long-term strategy, not an opportunistic move, thereby making the risk-reducing impact more potent. From the above arguments, itpropose the second hypothesis as follows:

H2: Financial slack has a moderating role that strengthens the negative impact of employee welfare investment on corporate risk.

III. Research Methodology

To empirically test the developed hypotheses, it applies a quantitative analysis method based on panel data. This method allows for controlling for unobserved, time-invariant firm-specific factors, thereby increasing the reliability of the estimation results.

3.1. Research Model

To test the research hypotheses, it uses the following panel data regression model (Model 1):

$$Risk_{it} = \beta_0 + \beta_1 * Welfare_{it} + \beta_2 * Slack_{it} + \beta_3 * (Welfare_{it} * Slack_{it}) + \sum_{k=1}^{K} (\beta_k Controls_{itk}) + \varepsilon_{it} \quad (1)$$

In equation (1) $Risk_{it}$: Dependent variable, representing the systematic risk of firm i at year t; $Welfare_{it}$: Main independent variable, measuring the level of employee welfare investment of firm i at year t; $Slack_{it}$: Moderating variable, measuring the level of financial slack of firm i at year t; $Welfare_{it} * Slack_{it}$: Interaction term between welfare investment and financial slack, used to test hypothesis H2; $Controls_{itk}$ is the vector of k control variables for firm i at year t; β_0 β_1, β_2, β_3, β_k: Regression coefficients to be estimated; ε_{it}: Random error term of the model.

To visualize the hypotheses, the conceptual research model is presented in fig. 1.

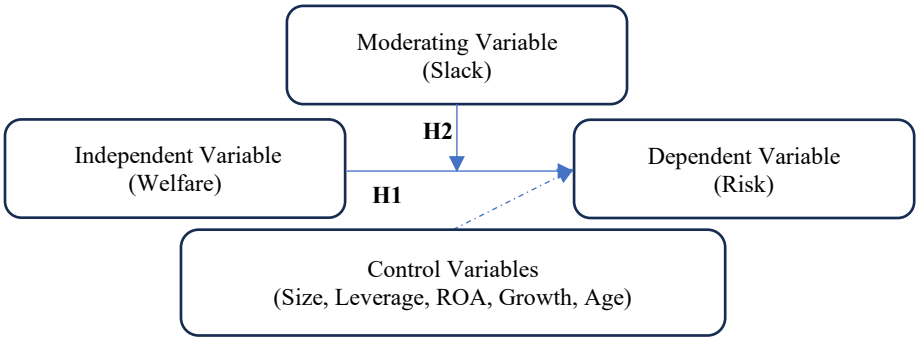

Fig. 1 Conceptual Research Model

Note: The solid arrows depict the main hypothesized relationships of the study, while the dashed arrows represent the effect of the control variables on the dependent variable.

The model represents the hypothesized negative correlation between the Employee Welfare and Corporate Risk (H1), and the mediating negative impact of Financial Slack on the correlation (H2). It also contains the control variables that are used to explain other possible factors that affect corporate risk.

To select the most appropriate estimation model, it performed necessary diagnostic tests. The F-test result shows a p-value of less than 0.05, allowing to reject the null hypothesis that the Pooled OLS model is appropriate, and confirming the existence of individual firm-specific effects. Subsequently, the Hausman test was conducted to choose between the Fixed Effects Model (FEM) and the Random Effects Model (REM). The Hausman test value had a p-value lower than 0.05, which was an indication of the unobserved factors, such as the correlation between the variables that are not observed and those that explain the model. Thus, the FEM regression model was selected as the best and most effective estimation model in the study.

3.2. Sample and Data Collection

The sample of the research is formed out of the retail businesses that are listed on the Ho Chi Minh Stock Exchange (HOSE) and the Hanoi Stock Exchange (HNX). The time frame of the study opposes the time frame of 10 years between January 1, 2015, and December 31, 2024. Screening and construction of the final sample were done in the following way:

Step 1: Initial Screening: An initial review identified 35 enterprises classified under the retail sector listed on both exchanges. (Based on the level-4 industry classification by FiinPro (https://fiinpro.com/fiinpro-x)).

Step 2: Implementing Exclusion Criteria: Then filtered out enterprises failing to meet the research conditions, including: (i) financial companies, banks and insurance firms because of their unique financial reporting structure; (ii) firms listed after December 31, 2017 (so that the time series would be long enough); and (iii) those without the financial or market data on the research variables over two consecutive years.

Step 3: Final Sample: F: The final research sample is made up of 29 retail enterprises after a screening process. The resulting data is an unbalanced panel data containing 256 firm-year observations that are available to be analysed, although these span over 10 years. The annual audited

financial statements of the companies were used to obtain financial data, and the market data (stock prices, VN-Index) was obtained through reputable sources of data (FiinPro).

3.3. Variable Measurement

3.3.1. Dependent Variable: Corporate Risk (Risk)

The corporate risk is measured by systematic risk, which is the Beta coefficient (5). This indicator reflects the general market variation in the share prices of a firm that is expected to take place. The historical background of the Beta as a risk proxy is the original Capital Asset Pricing Model (CAPM), and it remains common to the current multi-factor models of asset pricing (e.g., Fama & French, 2015). The computation of the Beta coefficient was done in a rigorous manner, as follows: Model Foundation Beta is estimated using the Market Model, and the regression equation is:

Here is the equation in a box format:

$$R_{it} = \alpha_i + \beta_i * R_{mt} + \epsilon_{it} \qquad (2)$$

In equation (2) Where R_{it} is the stock return of company i at period t, and R_{mt} is the market index return at period t . The slope coefficient β_i is the Beta value to be found.

Data: The study uses monthly adjusted closing price data for each stock in the sample and for the VN-Index. The data was collected from the financial data provider FiinPro.

Calculation Process: Rolling Window Regression: The calculation is the rolling window regression with a time span of 60 months (5 years), which serves as the default way of calculating risk in empirical finance, as it is dynamic (Fama & French, 2015). In particular, to compute the Beta of a company by the end of year t, an OLS regression model is developed on the basis of a sequence of 60 monthly pairs of returns (computed as natural logs) of that particular stock and the VN-Index, and terminating by December of year t. This is performed for every observation in the research sample of the firms-years, so that the risk measure is not static over time.

3.3.2. Independent, Moderating, and Interaction Variables

Welfare Investment (Welfare): According to the research of Edmans, (2011) and other human capital research papers like Faleye & Trahan, (2011), this variable is calculated as the ratio of the Total Employee Expenses to Net Revenue.

Financial Slack (Slack): According to the definition and newer empirical measurement methods of financial slack (Shi & Feng, 2024), use the Current Ratio (Current Assets/Current Liabilities) as the proxy of "available slack". This ratio is applied to show the liquidity and flexible resources that an organization is able to raise to either implement the shock response or to invest in a strategic opportunity.

To test the hypothesis about the moderating role of financial slack (H2), an interaction variable was created. The final step in the moderated regression analysis, according to the standard approach (Hayes, 2017), is to compute the interaction term, which in this case is WelfareSlack, as the product of the mean-centered independent variable (Welfare) and the mean-centered moderating variable (Slack) Equation:

$$WelfareSlack_{it} = \left(Welfare_{it} - Mean(Welfare)\right) \times \left(Slack_{it} - Mean(Slack)\right) \qquad (3)$$

The equation (3) measures the combined effect of these deviations on the welfare-slack relationship for each observation i at time t.

3.3.3. Control Variables

To be able to isolate the effect of the main variables and contain the effect of other variables, it incorporates the control variables, which in the model have been shown to have effects on corporate risk: Firm Size (Size): The natural logarithm of total assets. Controlling for size is a fundamental requirement in corporate finance, as firm size is a key determinant of risk and return profiles. Financial Leverage (Leverage): This is the ratio of Total Debt to Total Assets. It is a major factor of financial risk, which is managed as per capital structure research. Performance (Performance): The Return on Assets (ROA). More efficient firms are often more stable, so this variable is controlled for as a standard practice in corporate finance research. Growth Opportunities (Growth): Measured by the annual growth rate of net revenue. The young companies can be associated with greater risk, and this factor is often regulated by empirical research in corporate finance. Firm Age (Age): This is the natural logarithm of the years since going public. This is a business risk management that applies to older companies since it has a more stable business, and are familiar with it.

3.4. Data Processing and Analysis

To ensure rigor and transparency, the empirical analysis was conducted sequentially through the following steps. All statistical analyses were performed using Stata 17.0.

Step 1: Data Collection and Screening: 35 retail firms listed between 2015 and 2024 were gathered and screened with regard to financial and market data. It subsequently used the exclusion criteria (as described in Section 3.2) to build the final dataset, which is composed of 256 firm-years observations of 29 firms.

Step 2: Outlier Treatment: To reduce the effect of the abnormal observations that characterize financial data, it used the Winsorizing method at the 1 st and 99 th percentile of all the continuous variables in the model.

Step 3: Variable Calculation and Measurement: The variables in the research (dependent, independent, moderating, and control) have been computed using the cleaned data in accordance with the definitions in Section 3.2.

Step 4: Model selection and estimation: F-test and the Hausman test were used to choose the model that was most

suitable. The findings showed that the Fixed Effects Model (FEM) was the best to use. Subsequently, it performed sequential regressions of three models to test hypotheses H1 and H2.

Step 5: Robustness Checks: To confirm the reliability of the findings, it conducted robustness checks using alternative measures for financial slack and corporate risk, as well as analyses on size-based subsamples.

IV. Research Results

4.1. Descriptive Statistics

Table I below is a summary of the descriptive statistics of the variables used in the research model. Such statistics give the picture of how data are distributed in statistics, mean, median, standard deviation, and minimum and maximum values.

TABLE I DESCRIPTIVE STATISTICS OF RESEARCH VARIABLES

Variable	Symbol	Observations	Mean	Median	Std. Dev.	Min	Max
Dependent Variable							
Corporate Risk	Risk	256	1.028	1.015	0.352	0.41	1.89
Independent Variable							
Welfare Investment	Welfare	256	0.085	0.081	0.041	0.032	0.195
Moderating Variable							
Financial Slack	Slack	256	1.754	1.680	0.621	0.85	3.51
Control Variables							
Firm Size	Size	256	28.53	28.61	1.25	26.12	31.05
Financial Leverage	Leverage	256	0.521	0.510	0.183	0.15	0.88
Firm Performance	ROA	256	0.055	0.061	0.048	-0.023	0.182
Growth Opportunities	Growth	256	0.182	0.165	0.157	-0.11	0.63
Firm Age	Age	256	2.21	2.30	0.45	1.10	3.12

Corporate Risk (Risk): The mean of the dependent variable is 1.028, which is virtually equal to the average market risk ($\beta = 1$). It means that the retail companies of the sample, in general, possess an average amount of systematic risk, as compared to the market. However, the standard deviation (0.352) and the range from 0.41 to 1.89 show a significant difference in the level of risk among firms and across years. Further to depict the distribution of Beta coefficient in the sample, fig. 2 below shows the distribution of the coefficient. Welfare Investment (Welfare): In the average, the firms use 8.5% of net revenue on employee expenses. This is a high percentage, and this is an indication of the high labor intensity of the retail business. This investment is also quite different (3.2-19.5), showing that the human resource management approaches and welfare policies differ among firms.

Financial Slack (Slack): The average current ratio stands at 1.754, which implies that the companies in the sample are fairly well able to meet the short-term liabilities. This is a higher expected value than the traditional safety level (1.5), which is indicative of flexibility in finances.

Control Variables: The data reflects the diversity of the research sample: there exist big differences in size (Size), the use of debt (Leverage averages 52.1%), the efficiency of operations (ROA averages 5.5% although it includes the loss-making firms), and opportunities of growth (average revenue growth rate is 18.2%, yet with high volatility).

Below is a chart describing the distribution of the corporate risk variable (Risk).

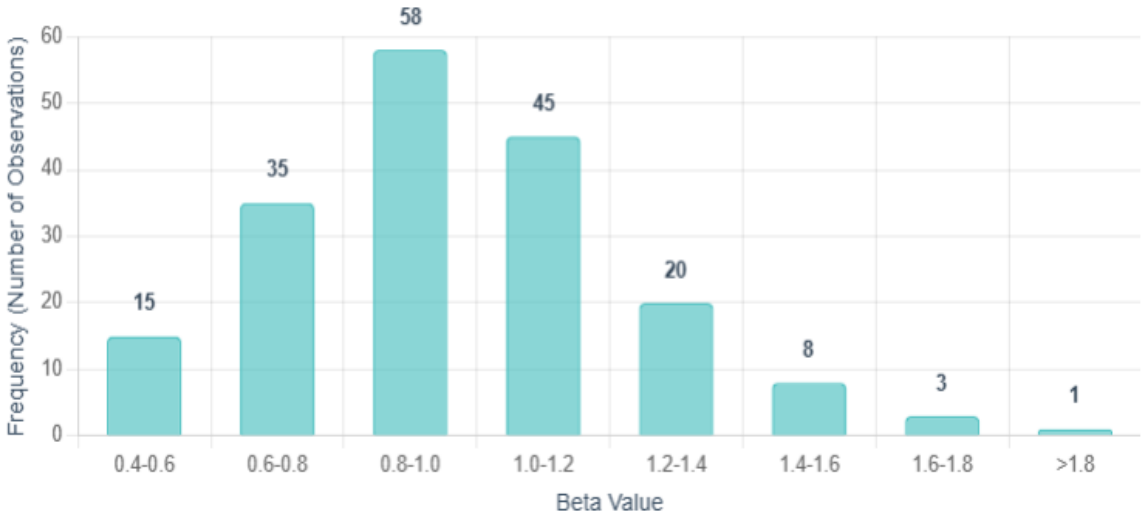

Fig. 2 Distribution of Corporate Risk (Beta Coefficient)

4.2. Correlation Analysis and Multicollinearity Diagnostics

This analysis would give the first glimpse of the relationship between variables, and it would also make sure that further regression estimates would be free of bias due to high correlation between independent variables. Table II below shows the results of the Pearson correlation matrix analysis and the Variance Inflation Factor (VIF) test.

TABLE II PEARSON CORRELATION MATRIX AND MULTICOLLINEARITY DIAGNOSTICS

Variable	1	2	3	4	5	6	7	8
(1) Risk	1.000							
(2) Welfare	-0.075	1.000						
(3) Slack	-0.251***	0.198**	1.000					
(4) Size	-0.181**	0.315***	0.288***	1.000				
(5) Leverage	0.498***	-0.204**	-0.412***	-0.153*	1.000			
(6) ROA	-0.312***	0.291***	0.355***	0.210**	-0.456***	1.000		
(7) Growth	0.148*	0.112	0.089	0.167**	0.195**	0.054	1.000	
(8) Age	-0.166**	0.098	0.124	0.255***	-0.076	0.133*	-0.041	1.000
VIF	-	1.25	1.41	1.33	1.62	1.55	1.09	1.18

*Notes: *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively. The mean VIF is 1.35.*

The results from table II show: First, regarding correlation, the coefficient between the employee welfare variable (Welfare) and corporate risk (Risk) is -0.075, a value very close to 0 and not statistically significant. This suggests that a simple linear relationship may not exist between these two variables.

Second, as far as the problem of multicollinearity is concerned, the results provided in the final row of table II reveal that the VIF coefficients of all independent variables are not very high, with the Leverage variable having the highest value of 1.62, and the average VIF of a model being 1.35. All of these values are much less than the generally accepted 10-value, which means that the issue of multicollinearity is not severe in the research model.

4.3. Regression Results and Hypothesis Testing

To test the research hypotheses, it uses the Fixed Effects Model (FEM), a choice confirmed as appropriate through the F-test and Hausman test as presented in the methodology section. It estimates three models sequentially: Model (1) includes only the control variables as a baseline; Model (2) adds the main independent variable (Welfare) and the moderating variable (Slack) to test for direct effects; and Model (3) is the full model with the interaction term (Welfare*Slack) to test the moderating role of financial slack.

The detailed estimation results of all three models are presented in table III.

TABLE III REGRESSION RESULTS OF THE IMPACT OF EMPLOYEE WELFARE AND THE MODERATING ROLE OF FINANCIAL SLACK ON CORPORATE RISK

Variable	Model (1)	Model (2)	Model (3)
	Controls Only	*Testing H1*	*Testing H2*
	Coefficient (t-stat)	Coefficient (t-stat)	Coefficient (t-stat)
Welfare		0.083(0.68)	0.165(1.32)
Slack		-0.181**(-2.45)	-0.224***(-3.11)
Welfare * Slack			-0.953***(-4.08)
Size	-0.248***(-3.41)	-0.229***(-3.12)	-0.207**(-2.85)
Leverage	0.512***(5.45)	0.494***(5.21)	0.451***(4.83)
ROA	-0.305***(-3.92)	-0.283***(-3.66)	-0.254***(-3.31)
Growth	0.114(1.41)	0.103(1.28)	0.091(1.15)
Age	-0.118*(-1.88)	-0.112*(-1.78)	-0.103(-1.65)
Constant	2.481***(6.15)	2.415***(5.89)	2.297***(5.52)
Observations	256	256	256
R-squared (within)	0.423	0.461	0.534
F-statistic	18.98***	19.55***	23.14***

*Notes: *t-statistics are in parentheses. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.*

The results of the regression provided in table III are the empirical evidence that can be used to test the hypotheses about the proposed ones. Hypothesis H1 Test: The coefficient of the Welfare variable, as revealed in Model (2) in table III, has a coefficient value of 0.083 with a t-statistic of 0.68 and is not significant at any standard level. It means that, at other things held constant, the systematic risk of the enterprise does not exhibit an unequivocal impact on the increase in investment in the welfare of workers (either positive or negative). The outcome of this finding causes rejection of

hypothesis H1. The given outcome supports the thesis that the correlation between welfare and risk might not be as straightforward as it might be deemed, but it must be viewed in the context of a more complicated issue.

Hypothesis H2 Testing: To test the moderating effect, it turns to Model (3). The coefficient of the interaction term Welfare*Slack is -0.953 and is highly statistically significant ($p < 0.01$, with a t-statistic = -4.08). The negative and highly significant coefficient of the interaction term is the most important finding of the study. It confirms that the impact of welfare investment on corporate risk is not constant but depends systematically on the level of the company's financial slack. Specifically, the negative sign of the interaction coefficient indicates that financial slack has a moderating role that strengthens the risk-reducing effect of welfare. In companies with a strong financial "buffer" (high Slack), investing in welfare will have a clear effect of reducing corporate risk. On the other hand, this effect is not evident in financially constrained businesses or may even lead to risk. As such, hypothesis H2 is strongly supported.

Moreover, R-squared (within) in Model (2) is 0.461, whereas the corresponding value in Model (3) is 0.534, which suggests that the addition of the interaction term has provided meaningful explanations of the difference in variance in corporate risk. Also, the control variables across all three models demonstrate consistent and theoretically reasonable findings: Leverage is positively and significantly related to risk, whereas Size, ROA, and Age are negatively related, indicating that larger, profitable, and older firms are less likely to be risky.

4.4. Robustness Checks

4.4.1. Using a Cash-based Measure of Financial Slack

To confirm the robustness of the research findings, it conducts additional analyses to ensure that the main discovery is not dependent on the specific measurement of variables.

In the main model, it uses the Current Ratio to measure Slack. This is actually a standard way of assessing liquidity, but it comprises fewer liquid assets, including inventory. A more rigorous argument suggests that a sustainable commitment to welfare policies must be supported by the most flexible and readily available resources. Therefore, in this check, it replaces the Slack variable with a new variable, Slack_Cash, measured as the ratio of Cash and Cash Equivalents to Total Assets. This measure focuses on the aspect of "uncommitted slack," reflecting the true flexible financial strength of the enterprise.

It reruns the full regression model (Model 3) with the Slack_Cash variable and the new interaction term Welfare*Slack_Cash. The results are presented in column (4) of table IV, directly compared with the results from the original model in column (3).

TABLE IV ROBUSTNESS CHECK WITH AN ALTERNATIVE MEASURE OF FINANCIAL SLACK

Variable	Model (3)	Model (4)
	Baseline Model (Slack = Current Ratio)	*Robustness Model (Slack = Cash Holdings)*
	Coefficient (t-stat)	Coefficient (t-stat)
Welfare	0.165(1.32)	0.172(1.38)
Slack / Slack_Cash	-0.224***(-3.11)	-0.310***(-3.50)
Welfare * Slack	-0.953***(-4.08)	
Welfare * Slack_Cash		-1.089***(-4.25)
Size	-0.207**(-2.85)	-0.215**(-2.95)
Leverage	0.451***(4.83)	0.465***(4.91)
ROA	-0.254***(-3.31)	-0.261***(-3.45)
Growth	0.091(1.15)	0.099(1.25)
Age	-0.103(-1.65)	-0.098(-1.59)
Constant	2.297***(5.52)	2.251***(5.18)
Observations	256	256
R-squared (within)	0.534	0.551
F-statistic	23.14***	24.76***

*Notes: *t-statistics are in parentheses. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.*

The table IV results indicate: In Model (4), the new interaction Welfare Slack Cash has a coefficient of = -1.089, which is statistically significant at the most significant level ($p < 0.01$, t = -4.25). The moderating effect of financial slack is once again tested by the negative value of this coefficient and the strong statistical significance value.

This means that the essence of the research has been valid and not an incidental finding because of the nature of measuring the variables. What is more intriguing is how the indicators alter when changing to Slack Cash, i.e., (i) the R-squared (within) of the model moved in the positive direction, and (ii) the change in values was rather significant, i.e., the value rose by 0.017. It implies that the model based on the holdings of cash possesses a more prominent capacity to explain the difference in corporate risk; (ii) the value of the interaction coefficient also enhanced (-0.953 to -1.089) and the statistical significance is really high. On the basis of these changes, it contends that Slack is not moderating in all its forms. The fact that the interaction between welfare and cash is more responsive in the market implies that investors require a larger amount of cash to be more believable as a guarantee of a company being committed to its strategic direction in the long run, in terms of a company-to-employee relationship, than a less flexible index of liquidity (inventory).

Overall, this robustness test is not only a demonstration that the findings are sound but also assists in explaining the process: the loose and uncommitted nature of financial slack is the key driver that will be able to turn welfare investment into an efficient risk-reduction indicator according to the market.

4.4.2. Using a Measure of Corporate Risk Based on Earnings Volatility

The Beta coefficient in the main model is a measure of corporate risk based on the market, which is an indicator of investor perceptions and responses. But according to the theoretical background (Stakeholder Theory and Resource-Based View), the effect of the welfare of the employees is a result of the stabilization of the internal operations of the firm. The important robustness check that it performs to directly test this mechanism is to substitute the dependent variable with a risk measure that is based on accounting: Earnings Volatility.

This is computed by computing the following: In year t, it computes the standard deviation of Return on Assets (ROA) in a 3-year rolling window (t, t-1, t-2). The Earnings Volatility value is higher, which means that the company has lower stability of its profits and operational risk. It reruns the entire regression instrument using this new dependent variable. The findings are displayed in column (5) of table V against the initial model in column (3).

TABLE V ROBUSTNESS CHECK WITH AN ALTERNATIVE MEASURE OF CORPORATE RISK

Variable	Model (3)	Model (5)
	Dependent Variable = Risk (Beta)	*Dependent Variable = Earnings Volatility*
	Coefficient (t-stat)	Coefficient (t-stat)
Welfare	0.165(1.32)	0.051(0.95)
Slack	-0.224***(-3.11)	-0.078**(-2.15)
Welfare * Slack	-0.953***(-4.08)	-0.157***(-3.88)
Size	-0.207**(-2.85)	-0.025***(-3.11)
Leverage	0.451***(4.83)	0.081***(4.32)
ROA	-0.254***(-3.31)	-0.095**(-2.48)
Growth	0.091(1.15)	0.042*(1.71)
Age	-0.103(-1.65)	-0.018(-1.35)
Constant	2.297***(5.52)	0.512***(4.98)
Observations	256	256
R-squared (within)	0.534	0.489
F-statistic	23.14***	20.55***

*Notes: *t-statistics are in parentheses. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively. The dependent variable in Model (5) is the 3-year rolling standard deviation of ROA.*

The results in table V show: The core conclusion is reaffirmed. In Model (5), the coefficient of the interaction term Welfare*Slack is -0.157 and is statistically significant at the highest level ($p < 0.01$, $t = -3.88$). The negative sign of this coefficient once again confirms that financial slack has a moderating role that strengthens the negative impact of welfare on risk. The fact that this result holds even when completely changing the nature of the risk variable (from market-based to accounting-based) shows that this is a substantive relationship, not just a phenomenon that exists only in the stock market.

The fact that a meaningful effect on Earnings Volatility was detected signifies that welfare policy with a sound financial basis not only alters investor attitude towards risk (as embodied in Beta), but it actually levels the core business performance of the company. This is direct proof of the theoretical mechanism: investing in employees will lower the turnover rates and make them more engaged, enhance service quality, and eventually stabilize the flow of profits, making it less unpredictable.

It can be observed that this robustness test has managed to prove that the results are not only statistically viable but also have a substantial economic implication. It also brings human resource management strategy in close connection to the very basic financial stability of the enterprise, which has a substantial contribution to both academics and practitioners.

4.4.3. The Role of Firm Size

An important question is that is the risk-reducing impact of welfare policy, which is supported by financial resources, is constant in all the firms or only effective in a certain group of firms? To answer this question, it divides the entire research sample into two subsamples based on the median value of the Firm Size (Size) variable. The companies whose total assets are higher than the median are considered to be "Large Firms" and those whose total assets are lower are considered to be "Small Firms". It then reruns the full regression model (Model 3) on each of these subsamples. The results are presented in table VI.

TABLE VI REGRESSION RESULTS ON SUBSAMPLES BY FIRM SIZE

Variable	Model (6)	Model (7)
	Subsample: Large Firms	*Subsample: Small Firms*
	Coefficient (t-stat)	Coefficient (t-stat)
Welfare	0.191(1.45)	0.115(0.88)
Slack	-0.285***(-3.42)	-0.151(-1.55)
Welfare * Slack	-1.150***(-4.51)	-0.210(-0.85)
Leverage	0.488***(4.95)	0.410***(3.75)
ROA	-0.291***(-3.60)	-0.195*(-1.89)
Growth	0.105(1.31)	0.075(0.91)
Age	-0.122*(-1.81)	-0.080(-1.12)
Constant	2.501***(5.33)	1.984***(4.02)
Observations	135	121
R-Squared (within)	0.575	0.410
F-statistic	21.89***	12.44***

*Notes: *t-statistics are in parentheses. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively. The sample is split by the median value of the Size variable.*

The analysis of the subsamples in table VI has yielded a new and very interesting finding, further clarifying the boundary conditions for the mechanism are studying.

(i) The impact is significant only in the group of large firms: In Model (6) (the subsample of large firms), the coefficient of the interaction term Welfare*Slack is -1.150 and is highly

statistically significant ($p < 0.01$, $t = -4.51$). This result not only supports the main hypothesis but also shows that the risk-reducing effect of welfare policy, "backed" by finance, is particularly strong in this group of firms.

(ii) The impact is not significant in the group of small firms: Conversely, in Model (7) (the subsample of small firms), the coefficient of the interaction term Welfare*Slack is -0.210 and is completely statistically insignificant ($t = -0.85$). This means that in the small firms, although it may have financial slack, it does not appear that an investment in welfare has a definite risk-alleviating effect.

This observation is a strong indication of the boundary condition of the relationship. It demonstrates that the approach of making investments in the welfare of employees as a risk management tool must have a certain magnitude to be capable of delivering the proper signal to the market. In the example of large companies, when the market studies them more attentively, a sustainable dedication to the welfare may be considered an efficient strategic pointer of steadiness and sustainable sight. On the other hand, in the case of small companies, it can be too weak or rather noisy to the investor's perception and thus fail to add the desired effect of risk reduction.

V. Discussion of Research Results

5.1. The Relationship between Welfare, Slack, and Risk

5.1.1. Why doesn't Welfare Investment Directly Reduce Risk?

The regression results in Model (2) of table III show that the coefficient of the Welfare variable is not statistically significant. This implies that, when considered independently, an increase in spending on employee welfare is not automatically recognized by the financial market as an action capable of reducing the systematic risk of retail enterprises in Vietnam.

The absence of a direct impact can be explained from two main perspectives. One, this finding echoes the reserved opinion in earlier research, which holds that as much as high-performance HR practices have the potential of enhancing productivity, also have a profound cost-effect in terms of labor costs. In this way, can generate their net contribution to the final financial performance as ambiguous or statistically insignificant (Mostafa et al., 2019). Higher cost of welfare may be viewed by an investor as only the reduction of the potential profits, and not a short-term gamble on stability.

Second, and more importantly, it is a good signifier of the specific environment in the Vietnamese retail market during the time of the research. This is a market where competition is high, with a chronic problem of high turnover (20-25%). In this kind of environment, spending on welfare to retain employees ceased to be the strategic decision to generate differentiation but has turned into a cost of survival, which is mandatory. This move ceases to be a good signal when the majority of the businesses are forced to spend more on their personnel in order to sustain their operations. Thus, investing in welfare as such is insufficient to make a company demonstrate its higher ability in risk management than competitors, which makes the market react ambiguously.

5.1.2. The Moderating Role of Financial Slack

The most important one is the finding that there is a negative and statistically significant interaction term Welfare*Slack (Model 3, table III). This goes a long way in confirming the fact that the risk-reducing impact of welfare policy does not remain constant but has a systematic dependence on the extent of the firm financial slack. Differently put, it is only after investing in welfare is supported by a sound financial base that it becomes an efficient risk management tool.

This finding, in the opinion, can be explained by the meeting of several streams of theoretical thinking. Under the Signaling Theory, the financial slack can be considered as a signal that ensures that there is increased believability of the signal that is being conveyed by the firm. Among the main principles of the specified theory is the fact that the credibility of the signal is identified by its great price and the absence of its falsification. Any company can be claimed to possess good welfare policies but only a company that had good financial capacity would be in a position to ensure that it can sustainably pursue the company commitment even during tough economic times. The welfare policy and financial slack therefore play together such a strong and compelling message of good governance and long-term outlook, which is valued and realized in a lower risk premium by investors.

This result is also fully consistent with the Resource-Based View and Stakeholder Theory. A core tenet of the Resource-Based View is that a resource only creates a sustainable competitive advantage if it is valuable, rare, and inimitable. A loyal and engaged workforce is such a resource. However, building this resource requires consistent and long-term investment. Financial slack is the factor that allows a company to make this consistent commitment to its employees (a core stakeholder), helping to build trust and stabilize the workforce. The result of this stability is that the operational risks are reduced and cash flow and service quality are stabilized, which in turn lowers the systematic risk of the firm (El Ghoul et al., 2011).

Lastly, the results provide a critical opinion of Agency Theory in relation to listed retail companies in Vietnam. This theory tends to caution that managers can use financial slack to enrich themselves or spend unwisely, such as too much money on welfare. Nonetheless, this argument is not supported by the results. It believe that the highly competitive nature of the Vietnamese retail industry has become an excellent source of discipline and has aligned the interests of managers (who prefer to have a stable workforce to be able to provide quality services and remain competitive) with the interests of shareholders (who prefer to have a stable business operation with low risk in its operation).In this regard,

investing in welfare with slack is not a wasteful act but a purely strategic decision to solve a core business challenge.

5.2. Robustness and Deeper Mechanisms

5.2.1. The Power of Flexible Financial Resources

The robustness check results in table IV show a clear improvement in the model when the measure of slack is changed from the Current Ratio to the Cash Holdings Ratio (Slack_Cash). Specifically, the model's R-squared (within) increases, and the magnitude and statistical significance of the interaction term are also strengthened.

This observation is essential in explaining the moderating process: not any form of slack has the same influence. In theory, there are three categories of slack, namely available slack, potential slack, and uncommitted slack (Shi & Feng, 2024). Although the Current Ratio reflects available slack, which may comprise less liquid assets such as inventory, the most familiar example of available slack is the cash holdings. This is the most flexible and liquid resource, in which the management is able to take quick and decisive actions.

The fact that the market reacts more to the interaction of welfare and cash implies that investors perceive a lot of cash as a better credibility of a company as a guarantee of the long-term strategic commitment of the company to its employees. It illustrates that the company will be at position to continue with the compensation policies in an authentic manner without the impact of the business cycle in the short-run. It would conform to the recent results that market would place a greater premium on liquidity status in companies with good environmental, social and governance (ESG), as this would reflect flexibility and good governance in strategic-level (Pham & Pham, 2025). Thus, it may conclude that the moderating role of liquidity and uncommitted nature of financial slack are the factors which are likely to contribute to the welfare investment the ability of becoming an effective risk-reduction signal in the market.

5.2.2. From Market Perception to Internal Stability

The fact that a significant influence was determined on an accounting-based measure of risk in this study has closely associated human resource management strategy and the inherent financial stability of the enterprise. It turns out that the logical chain that it constructed on the theoretical background is real: welfare policy with the strong financial background will contribute to creating a loyal and effective workforce (Jiang et al., 2012). The direct effect of this personnel stability in the retail industry is long-term and high-quality customer service, customer satisfaction, and loyalty, resulting in a more stable, less fluctuating flow of profits (Afolabi et al., 2023). According to (El Ghoul et al., 2011), the basis of lowering operational risk and, consequently, the lower Beta coefficient by the market is this stability in cash flow and profits. Thus, it has been able to substantiate that the action of action does not merely consist in altering the perception of the investors (which is manifested in the Beta), but it actually stabilizes the internal area of operation of the company.

5.3. Who Can Effectively Use This Strategy?

The analysis of the subsamples in table VI yielded a very interesting new finding that clarifies the "boundary conditions" of the mechanism it is studying. The analysis shows that the moderating effect of financial slack is only statistically and economically significant in the group of large-scale enterprises. In the group of small-scale enterprises, this relationship becomes unclear. The reason for this stark difference can be explained through the lens of Signaling Theory combined with principles from corporate finance and communication.

First is the visibility and clearness of signal. It is against a wider community of financial analysts, institutional investors and the media where large-scale enterprises are scrutinized by. This high level of information intermediation reduces information asymmetry. Thus, their tactical moves, including a long-term investment in employee well-being supported with excellent financials, can be identified more simply, decoded properly, and viewed as a valid indicator of stable governance and long-term opportunities. The signal emit is "louder" and less prone to noise.

Second is the credibility of the signal, which is reinforced by the firm's accumulated reputation capital. Big companies usually have more than a century of operation experience and a well-developed brand image to defend. Their spending on welfare is therefore seen as having been a part of a long-term, premeditated plan and not a short-term initiative. On the other hand, though, smaller companies that are not as heavily attended to the market and have less reputational collateral can have the same signal being too weak or ambiguous. Investors may look at it as a discounted promise that it is not a lasting commitment, and would make the strategy ineffective in perceived risk reduction.

5.4. Comparison with Previous Research and Contributions

The study has expanded and deepened the classic works on the relationship between human capital and firm performance. Influential studies such as Edmans, (2011), which demonstrated that the best companies to work for can generate superior stock returns, and Faleye & Trahan, (2011), which showed that being employee-friendly helps reduce cash flow volatility, have laid the foundation for the positive impact of investing in personnel. Nevertheless, the analysis goes an extra mile to demonstrate that such a positive correlation is not a universal fact. Rather it is a factor that varies depending on the financial situation, and the magnitude of the enterprise. It have shifted the question from "whether there is an impact" to "when and for whom that impact occurs," thereby clarifying the moderating mechanisms and boundary conditions of the relationship.

Furthermore, this study provides a lens to explain the existence of contradictory or statistically insignificant results

in previous research. As a case in point, positive effects were reported in some studies (Almutairi & Arabiat, 2021; Saad et al., 2021; Afolabi et al., 2023; Sumathi et al., 2020; Jhamb et al., 2022), but others, including the one by Mostafa et al., (2019), revealed that the impact of the rise in labor costs can be counteracted by the rise in productivity, so the net effect is zero. Likewise, the works identified in the agency theory also provide warnings that spending on welfare may be an indicator of poor governance in certain companies (Lin et al., 2020). The findings suggest that this inconsistency can be explained by the fact that those studies did not consider the role of contextual factors. The relationship between welfare and risk can become strong and positive when "backed" by abundant financial resources and a sufficiently large scale, but will become faint or insignificant when these conditions are not met.

This innovative research identifies the intricate association amid the management of human resources, financial management, and risk management in the retail industry in Vietnam, a major information gap in the emerging markets. In practice, the findings can give managers an evidence-based point of view: investing in employee welfare is not an expensive risk management tool but a point of view. Nevertheless, the paper stresses that the effectiveness of this strategy depends on the financial status and size of the enterprise, which provides a subtle way of strategic implementation.

VI. Conclusion and Implications

6.1. Conclusion

This analysis indicates that investing in employee well-being is not a panacea for risk reduction, and a dependent measure where the financial health and corporate size release the potential for success. The analysis reveals no direct, statistically significant relationship between welfare investment and systematic risk. More importantly, the risk-reducing welfare effect is both created and enhanced only when there is a high level of financial slack, which is indicated by the high negative interaction term ($\beta = -0.953$, $p < 0.01$). This process, however, works only in the large-scale business, when the strategic message of a long-term commitment to employees is noticeable and authoritative enough to the market. In theory, the results change the discussion since it diverges from the issue of *whether* welfare influences risk to *when* and to *whom* it works, which is the human resource management and financial strategy. After all, this study offers strong reasons to believe that welfare expenditure is much more than an operational expense, and it is actually an effective risk-management instrument, provided that it is tactically implemented when the financial hand holds a strong position.

6.2. Managerial Implications

From the research findings, it proposes several important implications for corporate managers and investors in the Vietnamese stock market.

For managers of listed retail enterprises: Managers should not view increasing welfare spending as a standalone solution that can automatically reduce risk. Instead, employee welfare needs to be integrated into the overall risk and financial management strategy. These findings shows that a welfare policy, which is sustainably maintained, particularly when supported by a robust financial base (especially by a large sum of cash), will send a plausible signal of permanence and long-standing perspective, thus, play a role in alleviating risk amongst the stakeholders. This implication is especially significant regarding the case of large-scale enterprises, when this strategic signal has the highest likelihood of being easily identified by the market. That is why welfare policy communication should accompany openness in financial health disclosure to make the risk mitigation effect as high as possible. To investors: Investors should be more multi-dimensional and in-depth with regard to determining the risk of a retail enterprise. Rather than merely reading the statements concerning welfare policies, investors are supposed to take them in relation to the financial capacity of the company. The fact that a company is able to sustain a good welfare policy with numerous slack resources (particularly cash) is an indication of reduced risk relative to a company with the same policy, albeit, one with a weak financial base. Moreover, this mitigation effect of risk is more significant in large-scale enterprises. Thus, in case of analyzing and investment decision-making, the synergistic approach of human resource strategy and financial strength will serve as a better predictive of the stability and future worth of the firm.

6.3. Limitations and Future Research Directions

Although, attained the research goals, it is conscious of the fact that the research study has a number of limitations. Firstly, the welfare variable is a sum, which does not un-factor personal effects of different spending factors (e.g., training and healthcare).

Second, the paper is limited in that it focuses on the Vietnamese retail sector. Future studies may build on this by looking at other intermediate transmission channels, e.g., customer satisfaction and employee turnover rates, or by conducting a generalization of the model to other industries and market settings.

Acknowledgments

This research is partly funded by the University of Finance – Marketing.

REFERENCES

[1] Afolabi, J. O. A., Olatoye, F. O., Eboigbe, E. O., Abdul, A. A., & Daraojimba, H. O. (2023). Revolutionizing retail: HR tactics for improved employee and customer engagement. *International Journal of Applied Research in Social Sciences*, *5*(10), 487-514. https://doi.org/10.51594/ijarss.v5i10.635

[2] Almutairi, B. A., & Arabiat, K. M. (2021). The impact of human resource management practices and job satisfaction on employee performance in the ministry of foreign affairs of Kuwait. *Journal of University of Shanghai for Science and Technology*, *23*(3). https://doi.org/10.2139/ssrn.3815078

[3] Chang, S., & Jo, H. (2019). Employee-friendly practices, product market competition and firm value. *Journal of Business Finance & Accounting*, *46*(1-2), 200-224. https://doi.org/10.1111/jbfa.12353

[4] Edmans, A. (2011). Does the stock market fully value intangibles? Employee satisfaction and equity prices. *Journal of Financial economics*, *101*(3), 621-640. https://doi.org/10.1016/j.jfineco.2011.03.021

[5] El Ghoul, S., Guedhami, O., Kwok, C. C., & Mishra, D. R. (2011). Does corporate social responsibility affect the cost of capital?. *Journal of banking & finance*, *35*(9), 2388-2406. https://doi.org/10.1016/j.jbankfin.2011.02.007

[6] Faleye, O., & Trahan, E. A. (2011). Labor-friendly corporate practices: is what is good for employees good for shareholders?. *Journal of Business Ethics*, *101*(1), 1-27. https://doi.org/10.1007/s10551-010-0705-9

[7] Fama, E. F., & French, K. R. (2015). A five-factor asset pricing model. *Journal of financial economics*, *116*(1), 1-22. https://doi.org/10.1016/j.jfineco.2014.10.010

[8] Gede, D. U. (2025). Strategic alignment and its effects on employee engagement: empirical evidences from Ethiopian education sector. *International Review of Public Administration*, *30*(2), 113-135. https://doi.org/10.1080/12294659.2025.2454058

[9] Gillan, S. L., Koch, A., & Starks, L. T. (2021). Firms and social responsibility: A review of ESG and CSR research in corporate finance. *Journal of corporate finance*, *66*, 101889. https://doi.org/10.1016/j.jcorpfin.2021.101889

[10] Graham, J. R. (2022). Presidential address: Corporate finance and reality. *The Journal of Finance*, *77*(4), 1975-2049. https://doi.org/10.1111/jofi.13161

[11] Guest, D. E. (2017). Human resource management and employee well-being: Towards a new analytic framework. *Human resource management journal*, *27*(1), 22-38. https://doi.org/10.1111/1748-8583.12139

[12] Hayes, A. F. (2017). *Introduction to mediation, moderation, and conditional process analysis: A regression-based approach*. Guilford publications.

[13] Hung, P. H. (2025). The applicability of lean accounting in enterprises: The case of pulp and paper manufacturing enterprises in Vietnam. *Multidisciplinary Reviews*, *8*(4), 2025121-2025121. https://doi.org/10.31893/multirev.2025121

[14] Jhamb, D., Kampani, N., & Arya, V. (2022). Embracing the employee orientation: does customer relationship matter in brand building?. *Benchmarking: An International Journal*, *29*(2), 411-433. https://doi.org/10.1108/BIJ-12-2020-0614

[15] Jiang, K., Lepak, D. P., Hu, J., & Baer, J. C. (2012). How does human resource management influence organizational outcomes? A meta-analytic investigation of mediating mechanisms. *Academy of management Journal*, *55*(6), 1264-1294. https://doi.org/10.5465/amj.2011.0088

[16] Li, Z., & Hu, J. (2024). Key factors for sustainability—Corporate culture and employee well-being. *Advances in Economics, Management and Political Sciences*, *78*(1), 263-267. https://doi.org/10.54254/2754-1169/78/20241734

[17] Lin, C. M., Chen, C. C. S., Yang, S. Y., & Wang, W. R. (2020). The effects of corporate governance on credit ratings: the role of corporate social responsibility. *Emerging markets finance and trade*, *56*(5), 1093-1112. https://doi.org/10.1080/1540496X.2018.1512486

[18] Loon, C. H., Khan, N., & Mohamad, O. (2025). The key role of customer touch points towards optimising customer experience in retail stores. *International Journal of E-Services and Mobile Applications (IJESMA)*, *17*(1), 1-25. https://doi.org/10.4018/ijesma.369818

[19] Madhani, P. M. (2021). Retail workforce sizing strategy for enhancing service delivery and store performance. *International Journal of Business Strategy and Automation (IJBSA)*, *2*(3), 1-19. https://doi.org/10.4018/ijbsa.20210701.oa1

[20] Mahajan, R., Lim, W. M., Sareen, M., Kumar, S., & Panwar, R. (2023). Stakeholder theory. *Journal of Business Research*, *166*, 114104. https://doi.org/10.1016/j.jbusres.2023.114104

[21] Mangal, V., & Dhamija, S. (2024). Performance management in the FMCG industry: an empirical analysis of its effect on employee retention. In *Sustainability in Digital Transformation Era: Driving Innovative & Growth* (pp. 265-273). CRC Press. https://doi.org/10.1201/9781003534136

[22] Mostafa, A. M. S., Bottomley, P., Gould-Williams, J., Abouarghoub, W., & Lythreatis, S. (2019). High-commitment human resource practices and employee outcomes: The contingent role of organisational identification. *Human Resource Management Journal*, *29*(4), 620-636. https://doi.org/10.1111/1748-8583.12248

[23] Nguyen, T. M. A. (2025). Understanding the Impact of Auditor-Client Relations on Audit Quality: Evidence from Vietnam's Independent Auditors. *Economic Development Research Journal*, *13*(3), 19-33. https://doi.org/10.5281/zenodo.17543815

[24] Pham, T. T., & Pham, H. H. (2025). The Impact of Green Governance and the Moderating Role of Institutional Ownership on Financial Reporting Quality in VN-Allshare Listed Companies. *Management (Montevideo)*, *3*, 337. https://doi.org/10.62486/agma2025337

[25] Promise, E., Beals, S., & Victory, O. C. (2023). Employee Welfare and Financial Performance of Listed Nigerian Manufacturing Firms. *Journal of Production, Operations Management and Economics, 3*(4), 40-50. https://doi.org/10.55529/jpome.34.40.50

[26] Rahim, S. A., & Aisyah, E. N. (2025). Corporate social responsibility, good corporate governance and financial sustainability: A financial stability role. *Asian Journal of Economics, Business and Accounting*, *25*(2), 231-242. https://doi.org/10.9734/ajeba/2025/v25i21677

[27] Saad, M. M., Gaber, H. R., & Labib, A. A. (2021). Investigating the impact of human resource management practices on employee engagement, and the moderating role of strategy implementation in Egypt. *SA Journal of Human Resource Management*, *19*, 9. https://doi.org/10.4102/sajhrm.v19i0.1412

[28] Shi, H., & Feng, T. (2024). Organizational slack and firm performance: do supply chain resilience and organizational ambidexterity matter?. *International Journal of Physical Distribution & Logistics Management*, *54*(9), 903-935. https://doi.org/10.1108/IJPDLM-05-2023-0179

[29] Sousa, C. M., Coelho, F., & Silva, S. C. (2023). Do goal orientations really influence performance?. *International Journal of Retail & Distribution Management*, *51*(2), 262-283. https://doi.org/10.1108/IJRDM-12-2021-0593

[30] Sumathi, K., Vidya, R., & Sujatha, K. (2020). HRD practices-a strategic tool for employee engagement at organized retail organizations. *Shanlax International Journal of Management*, *7*(3), 31-37. https://doi.org/10.34293/management.v7i3.1617

[31] Valeeva, Y. S., Gatina, E. A., Bagrova, E. A., & Fedorova, O. V. (2020, January). Customer orientation management of employees as part of value-oriented growth of organization. In *First International Volga Region Conference on Economics, Humanities and Sports (FICEHS 2019)* (pp. 77-82). Atlantis Press. https://doi.org/10.2991/aebmr.k.200114.017