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Impact of transaction costs, service quality and relationship quality on business results of enterprises using environmental protection services in Ho Chi Minh city

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Abstract

Vietnam's economy is growing rapidly, especially in the industrial sector thanks to policies to attract foreign investment. However, the process of industrialization and economic development has caused serious environmental pollution problems in Vietnam, especially in industrial parks in dynamic cities like Ho Chi Minh City. In that context, the government has introduced regulations and promoted businesses to carry out environmental protection work to reduce pollution and increase brand recognition. During their business operations, businesses need to consider environmental protection as a responsibility and obligation, because environmental protection not only brings short-term benefits but also creates long-term benefits for businesses. Therefore, the urgent issue is to conduct research and propose policies to improve business results of businesses using environmental services in Ho Chi Minh City. The goal of the article is to propose a research model based on inheriting the research results of related studies. Based on the research model proposed in this study, future studies can use quantitative research methods with tools such as Alpha Cronbach coefficient analysis and exploratory factor analysis (EFA), confirmatory factor analysis (CFA), as well as linear structural analysis to evaluate the impact of transaction costs, service quality and relationship quality on the business results of businesses using Environmental services in Ho Chi Minh City.

Keywords: Transaction costs, service quality, relationship quality, business results, environmental services, SEM linear structural analysis

Introduction

For any economy, the environment is an important and indispensable factor in the process of sustainable development. Effective environmental management is becoming an increasing challenge for businesses, especially in the industrial sector. From 2022, Vietnam will have a high industrial growth rate, which will make an important contribution to the country's economic development. However, the rapid development of industry and modernization along with commercial and service activities has simultaneously caused environmental pollution problems in Industrial Parks and densely populated areas such as Ho Chi Minh City. In that context, production and business enterprises often limit investment in waste management projects because they consider it an ineffective source of costs. The current practice creates conditions for the environmental protection service industry to emerge and become the focus for developing the national economy.

On the other hand, currently in the world there are many studies on relationship quality (Vieira *et al.*, 2008, Athanasopoulou, 2009) ^[15, 4]. Relationship quality is a topic that comes from the field of marketing, concerned with the wants and needs of businesses to develop mutually beneficial relationships and success with business associates and partners (Athanasopoulou, 2009) ^[4]. Grasping and in-depth understanding of the relationship between environmental management, businesses and industrial customers is the first step in determining how to optimize both of these important goals: environmental protection and sustainable business development.

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However, research on Relationship Quality in Vietnam still has many limitations (Hoang Le Chi, 2013, Nguyen Thi Thanh Van, 2018) ^[1, 3].

In summary, to further research the nature, influencing factors and results received by partners of relationship quality in the environmental services industry in Vietnam, This study was conducted with the goal of basing on the previously proposed research model, performing quantitative analysis to determine the level of influence of the factors in the model. Quantitative results are the basis for the author to propose management implications to improve business efficiency of businesses using environmental services in Ho Chi Minh City.

Theoretical basis

The theoretical basis of the research is Transaction Cost Economics (TCE) and Service Quality (SQ) theory. TCE theory is an economic theory that focuses on studying the costs that organizations incur when carrying out economic transactions (Coase, 1937; Williamson, 1985) ^[7, 17]. TCE focuses on analyzing the organizational structure and production decisions of market parties. From the perspective of TCE, an economic transaction includes activities, decisions and asset exchanges between parties, such as a purchase transaction or labor contract. TCE emphasizes that each transaction is associated with transaction costs, including costs of information discovery, negotiation, contract formation, control and dispute resolution. TCE has created the theoretical foundation for understanding organizational structures, purchasing or production decisions in a market society, and has played an important role in the fields of strategic management and resource management. Applying theory to study the impact of transaction costs, service quality and relationship quality on business results of businesses using environmental protection services in Ho Chi Minh City, author concluded that if the parties do not want to have long-term commitments, they will stop the relationship and look for new partners, which will increase transaction costs; In other words, opportunistic behavior will hinder good relationships between parties, so businesses need to carefully consider their behavior.

Besides, SQ Theory focuses on measuring and improving the quality of services that organizations provide to

customers. SQ helps understand customer perceptions and evaluations of services and its impact on satisfaction, loyalty and consumer behavior (Brady & Cronin, 2001) ^[5]. Some of the main and most used SQ models are accepted in many areas of SQ measurement such as: (1) Parasuraman *et al.*'s (1985) ^[11] Quality Service Model (PZB) is a famous theory about SQ, including 5 dimensions: reliability, responsibility, flexibility, knowledge and empathy; (2) Gronroos (1984) ^[8] compared to the PZB model has two more dimensions: interaction and process, focusing on interactive activities and the service delivery process; (3) The Gaps model of Parasuraman *et al.* (1988) ^[12] identifies 5 main gaps that can occur in service delivery, creating discrepancies between customers' expectations and actual experiences. This study adopts the authors' point of view with two technical and functional aspects being seen as the main aspects to study the impact of service quality on relationship quality: People and Organization facilities.

Literature review and research gaps

The results of the literature review in Table 1 show that previous studies only considered and tested some of the factors and criteria considered most important in the industry that the researcher recommended. Although previous research authors have pointed out most of the concepts involved in the research model, there are still shortcomings that need to be explored such as:

1. Research on relationship quality in the case of the environmental services industry in Vietnam.
2. When the survey object is a business using the service, the result of relationship quality research is mostly "customer loyalty"; When the survey object is a service provider, the results of relationship quality research are mostly "business results of service providers". In this study, the author surveyed customers who are businesses using the service and the result of the relationship quality research is "business results of businesses using the service".

Research hypotheses and models

A general model to study the impact of transaction costs, service quality and relationship quality on business results of enterprises using environmental protection services in Ho Chi Minh City is presented at Figure 1.

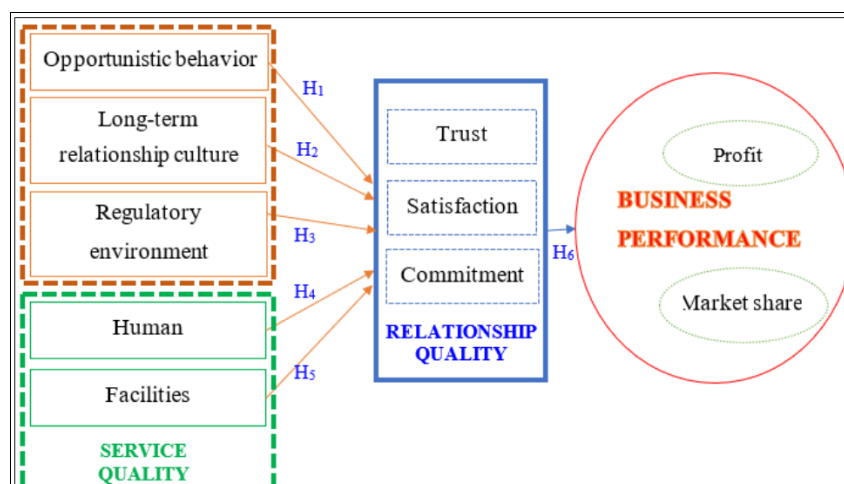


Fig 1: Proposed research model

The research hypotheses were built to test as follows

- **Hypothesis H1:** The less opportunistic behavior, the better the RQ.
- **Hypothesis H2:** The higher the long-term relationship culture, the better the RQ.
- **Hypothesis H3:** The simpler the legal environment, the better RQ.
- **Hypothesis H4:** IF people are better, RQ is better.
- **Hypothesis H5:** IF the facilities are better, the RQ is better.
- **Hypothesis H6:** The better the RQ, the higher the business results.

Research and Method

First, the author clearly states the urgency of research in today's context along with the process of reviewing documents on the relationship model between factors, implementation methods and practical results. Next, the article mentions the process and methods to conduct research, including the analytical framework and research contents. Research hypotheses serve as a premise for proposing a model to study the impact of transaction costs, service quality and relationship quality to business performance of businesses using environmental protection services in Ho Chi Minh City.

No.	Study	Sample size/ Sample characteristics	RQ/Field type	RQ Agent	RQ structure	RQ results
1	Maria Abdul Rahman and Yusniza Kamarulzaman, 2015	249 / Hotel manager	B2B/Hotel	Images Emotional value Value for money Service benefits 5. Social value	Satisfaction Trust Commitment	Loyalty
2	Ahmed Hussein and Mohamed Hassan, 2015	143 / Retailer	B2B/ Logistics	Personnel quality Timeliness	Satisfaction Trust	Commitment Purchase intention
3	Paul Williams, Nicholas J. Ashill, Naumann, Eric Jackson, 2015	588 / Senior Management	B2B/ Building services	Planning efficiency Project implementation business performance 3. Project delivery business performance	Enterprise quality Business guarantee Business performance	Satisfaction
4	Mohammad Hossein Askariazad, Nazila Babakhani, 2015	90 / Construction contractor	B2B/Construction	Enterprise image Complaint handling Feel the quality Perceived value 5. Expectations	Satisfaction Trust	Loyalty
5	Eman Mohamed Abd-El-Salam, 2015	499 / Chemical manufacturer	B2B/ Chemicals	Enterprise image Complaint handling Feel the quality Perceived value 5. Expectations	Satisfaction Trust Commitment	Loyalty
6	Lujun Su, Scott R. Swanson, Xiaohong Chen, 2016	451 / Tourist	B2C/Hotel	Service quality	Satisfaction Trust	Return intention Happiness
7	Ernest Emeka Izogo, 2016	332 / Customer	B2C/Banking	Customer orientation Expertise 3. Share information	Satisfaction Trust	Loyalty
8	Zhizhong Jiang and Eric Shiu, Stephan Henneberg, Peter Naude, 2016	201 / Construction contractor	B2B/Construction	Long-term orientation Social satisfaction Economic satisfaction Contact	Trust Commitment	
9	Mostafa Babaeian Jelodar, Tak Wing Yiu, Suzanne Wilkinson, 2016	21 / Construction expert	B2B/Construction	Personal and attitude modifications Shopping strategy Clarity and building common goals Joint evaluation, problem solving and continuous improvement Shared culture and win-win approach Synchronize education, training and culture	Trust Commitment Teamwork	

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In the qualitative stage, by reviewing documents, the research has inheritance as well as proposed corresponding contents; From there, a draft scale is formed. This scale is the subject of in-depth discussion with highly specialized experts in the field of economic environmental services. The purpose of this process is to edit wording, structure the questionnaire or add questions suitable for the thesis. The proposed research model is sent to experts to interview, discuss opinions and adjust the model with relationships based on individuals' perspectives and research practices. Interview experts included 12 experts in the field of environmental services and economics in Vietnam. From there, the official model will be determined to distinguish it from previously proposed models. Simultaneously with the above process, the author also conducted direct discussions with experts on the contents mentioned in the draft scale. The result is the formation of a preliminary scale to distinguish it from the draft scale proposed previously. Entering the preliminary quantitative stage, a preliminary scale (questionnaire) is used to collect preliminary survey results. Non-probability sampling methods and convenient sampling methods are applied. The results form the official measurement scale of the study. Entering the official quantitative stage, the scale (questionnaire) was officially collected from 360 survey subjects who are organizations/enterprises operating in the fields of direct production and business using environmental services.

Conclusion

In this article, the author proposed a research model based on inheriting research results from related studies. By implementing quantitative methods and using survey and interview techniques with experts, the author has clarified and adjusted the original research model. The survey subjects included 360 organizations/enterprises operating in direct production and business fields that use environmental services.

The model proposed in the article has the potential to become the basis for further quantitative research, helping businesses understand the impact of transaction costs, service quality and relationship quality on performance. business results of enterprises using environmental protection services. The quantitative analysis tools proposed by the author, including Cronbach's Alpha coefficient and exploratory factor analysis (EFA), are designed to provide detailed and reliable information about the research model. This combination of proposed modeling and quantitative analysis tools opens up potential research avenues in this area, while contributing to the development of effective business strategies for businesses. Karma.

However, the sample selected based on non-probability sampling method may not be completely representative of the population. Future research could also retest the factors used in this study with a larger sample size to make the results generalizable to a larger population of workers. Besides, the study only included research subjects in Ho Chi Minh City, therefore, future research can be conducted to

overcome this limitation by expanding the investigation to other provinces. /neighboring cities in the south or further afield could be the Central region, Central Highlands and the North to get a more general vision of the research field.

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