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ARTICLE

Exploring Key Drivers of Operational Sustainability in Vietnam's People's Credit Funds: The Crucial Role of Transparency and Governance

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ABSTRACT

This study aims to identify the key factors influencing the sustainability of People's Credit Funds (PCFs) in Vietnam, focusing on organizational capacity, loan portfolio management, risk management, and transparency. Data were collected from 219 respondents across PCFs nationwide. Statistical analyses, including Cronbach's alpha, exploratory factor analysis, and structural equation modeling (SEM), were conducted using SPSS to validate the research model and hypotheses. The results indicate that transparency, particularly in governance and financial reporting, has the most significant positive impact on the sustainability of PCFs. Meanwhile, organizational capacity and risk management show less influence on long-term sustainability. These findings highlight the critical importance of enhancing transparency to build trust, improve operational efficiency, and ensure the long-term stability of PCFs. This has implications for improving governance practices and financial reporting standards in Vietnam's credit fund sector.

Keywords: Operational Sustainability; People's Credit Funds; Transparency; Risk Management; Organizational Capacity

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1. Introduction

People's Credit Funds (PCFs) are crucial cooperative financial institutions that support Vietnam's rural economy, particularly in agricultural regions. Established on the principles of voluntariness, mutual support, and autonomy, PCFs play a significant role in driving local economic development by providing accessible financial services to rural communities. However, with the modernization of Vietnam's economy and the expansion of commercial banks, PCFs face increasing challenges in maintaining operational safety and ensuring their long-term sustainability. These challenges are exacerbated by their reliance on small, rural economies and the informal nature of many member transactions. One of the major obstacles for PCFs is managing risk, particularly in terms of operational stability and financial sustainability. Issues such as undercapitalization and poor asset quality in Vietnam's credit institutions, which also affect PCFs, have been highlighted. Similarly, organizational improvements, including the establishment of safety funds and training programs to enhance the resilience of PCFs, have been recommended. However, these recommendations often lack the detailed financial models and strategies necessary to address the specific needs of rural areas, where resources are often scarce. The adoption of digital technologies offers promising solutions to these challenges. The implementation of digital platforms and advanced technologies could streamline operations, reduce costs, and improve service delivery for PCFs, particularly in areas with limited banking infrastructure. For example, the integration of digital banking could significantly enhance PCFs' ability to manage economic fluctuations, increase their competitiveness, and ensure sustainability in the face of external shocks, such as agricultural price volatility and global market changes. In addition to technological innovation, effective governance is critical for the long-term sustainability of PCFs[1]. Studies have emphasized the importance of governance structures tailored specifically to the cooperative nature of PCFs, as strong governance is essential for balancing returns and risks[2]. Governance reforms, combined with improved risk management, could bolster the resilience of PCFs and allow them to continue serving as a catalyst for rural economic development. While substantial research has been conducted on PCFs, gaps remain. Many studies have overlooked external economic factors, such as inflation and rural demographic changes, which have a significant impact on PCF performance[3]. To address these gaps, a concerted effort by policymakers, financial institutions, and local communities is needed to support PCFs. This includes the development of regulatory reforms, the adoption of digital technologies, and the strengthening of governance structures to ensure that PCFs can thrive in an evolving economic landscape.

2. Literature Review

2.1. Organizational Capacity of PCFs

The organizational capacity of PCFs is pivotal to their sustainability, particularly in an evolving financial landscape. A well-defined governance structure, which includes leadership, operational processes, personnel management, and robust internal controls, is essential for ensuring effective and efficient operations. Research highlights that PCFs with strong organizational capacity are more adaptable and innovative, which enhances their resilience in rapidly changing market conditions[4]. Consequently, developing an effective governance model is critical for PCFs to maintain long-term viability, especially amid increasing competition from commercial banks and the digital transformation of the financial sector. Studies have shown that organizations incorporating sustainability into their strategies tend to exhibit better performance, indicating that strong organizational processes can lead to competitive advantages[5]. This is particularly relevant for PCFs, as their ability to integrate environmental and social considerations into business practices not only improves their public image but also boosts financial performance. Furthermore, managerial capabilities that foster green innovation play a significant role in improving operational sustainability by enhancing resource optimization and minimizing waste. Organizations with strong capabilities are better positioned to adapt to environmental changes, contributing directly and indirectly to their sustained operational success. This underscores the importance of cultivating robust organizational capacity

within PCFs to ensure their continued relevance and stability in Vietnam's financial sector.

2.2. PCF Performance

The performance of PCFs is critical to ensuring their long-term sustainability. Evaluating the performance of these organizations involves assessing several key factors, including financial health, profitability, service quality, and alignment with sustainable development goals. High-performing PCFs contribute to financial inclusion by offering essential services at competitive costs, enhancing access to financial resources for local communities, and supporting rural development. However, recent analyses suggest that many PCFs face operational risks that hinder their sustainability. Over-reliance on mobilized capital and low equity ratios raise concerns about financial stability and effective risk management. Furthermore, the growing number of PCFs under special control indicates a need for improved oversight and predictive analytics to address potential financial risks [6]. Research on organizational performance also indicates that robust operational frameworks correlate with enhanced sustainability. For instance, operational sustainability mediates the relationship between strategic orientation and overall performance [7]. This finding is relevant for PCFs, suggesting that strong performance metrics can drive sustainable practices, thereby improving operational efficiency. Organizations that implement sustainability initiatives often experience significant benefits, such as reduced operating costs and better resource management. For example, companies that adopt energy-efficient technologies not only reduce their environmental footprint but also cut energy costs, directly contributing to enhanced financial performance. A systematic literature review shows that the majority of studies report positive financial outcomes for organizations adopting sustainability practices. These findings emphasize that improved operational performance, particularly through effective resource use and waste reduction, can substantially improve sustainability metrics.

In conclusion, while PCFs play a vital role in supporting local economies, ongoing performance evaluation and the integration of sustainable practices are crucial for ensuring their long-term operational viability and contribution to community development.

2.3. Loan Portfolio Management of PCF

Loan portfolio management is critical to the sustainability of PCFs, as it ensures that lending activities are strategically managed to balance profitability with risk. Effective loan management enhances operational efficiency, aligning financial goals with social responsibilities and supporting long-term viability. While numerous studies suggest that proper loan management practices contribute positively to financial sustainability, gaps remain in empirical evidence, especially concerning the direct impact of loan management on credit risk and overall performance. Additionally, integrating robust credit risk management frameworks is essential to minimize default risks and ensure high loan recovery rates [8]. Future research should develop models that combine both financial performance indicators and community impact assessments to further validate the role of loan management in enhancing PCF sustainability. Research indicates that organizations prioritizing sustainable financing options experience better operational outcomes [9]. For example, a study on Indian MFIs found a positive correlation between effective loan management and financial sustainability. This suggests that PCFs could improve their sustainability by adopting similar loan management practices. Effective portfolio management includes rigorous risk assessments, strategic planning, and sound underwriting standards. The integration of sustainability into loan portfolio management has become a best practice. Institutions increasingly offer sustainable financing products, such as ESG loans and green loans, to fund environmentally conscious projects. These products not only align with sustainability goals but also enhance operational performance by addressing environmental concerns. Research supports the hypothesis that organizations with sustainable loan portfolios outperform their peers in financial metrics and operational efficiency. By prioritizing sustainable investments, institutions enhance both their reputation and financial returns. Furthermore, a comprehensive analysis of public loan management practices shows that institutions emphasizing sustainability in their lending de-

cisions experience fewer operational risks and greater financial stability. This underscores the significance of strategic loan portfolio management in fostering sustainable operations, contributing to overall organizational stability and long-term success.

2.4. Risk Management Quality of PCF

The quality of risk management plays a crucial role in ensuring the operational stability and financial security of PCFs. Effective risk management involves identifying, analyzing, evaluating, and controlling risks that could potentially disrupt operations. A robust risk management system must include mechanisms for early risk detection, continuous employee training, comprehensive internal controls, and the implementation of corrective actions when necessary. Research indicates that organizations with well-structured risk management frameworks not only experience improved financial performance but also foster greater trust among members and enhance community engagement. Despite these positive outcomes, many PCFs still face significant challenges, including heavy reliance on mobilized capital and low equity ratios, which can jeopardize their financial stability. Increased oversight and rigorous risk monitoring are therefore essential to mitigate operational risks and ensure regulatory compliance [10]. In conclusion, the enhancement of risk management practices is vital for the long-term sustainability of PCFs. High-quality risk management is fundamental for organizations aiming for operational sustainability. According to a study, organizations with effective risk management practices experience better corporate sustainable performance (CSP) [11]. These practices allow firms to identify and mitigate risks that may hinder their sustainability objectives, thus improving operational resilience and contributing to long-term stability. Furthermore, integrating risk management within the corporate strategy is essential for maximizing operational sustainability. A report on sustainability risk management highlights that organizations proactively managing environmental, social, and governance (ESG) risks tend to enhance financial performance and build stakeholder trust. By aligning risk management practices with sustainability goals, PCFs can create long-term value while reducing vulnerabilities tied to operational disruptions. Empirical research further supports the hypothesis that high-quality risk management positively impacts operational sustainability. A study on Vietnamese listed companies revealed that effective Enterprise Risk Management (ERM) frameworks significantly enhance business performance by facilitating strategic goal achievement and improving compliance. This suggests that institutions with strong risk management capabilities are better positioned to sustain operations over the long term. Additionally, recent findings indicate that effective ERM strengthens the relationship between sustainability performance and competitive advantage, highlighting the pivotal role of robust risk management in achieving sustainable business practices. This reinforces the idea that high-quality risk management not only shields organizations from potential risks but also enhances their overall performance.

2.5. PCF Transparency

Transparency is essential for maintaining the trust of members and stakeholders in PCFs. It involves providing complete, accurate, and publicly accessible information about a fund's financial activities, management practices, and strategic decisions. Regular disclosures, including financial reports, credit policies, risk management practices, and other operational details, form the core of a transparency framework. Enhanced transparency fosters accountability, which in turn strengthens stakeholder confidence and engagement, both of which are crucial for the sustainability of PCFs. However, many PCFs still face challenges in achieving optimal transparency due to regulatory constraints and internal governance issues. As such, improving transparency mechanisms is essential to ensure operational sustainability and reinforce the legitimacy of PCFs within the broader financial ecosystem. Transparency in sustainability reporting is particularly important for reducing information asymmetry between organizations and stakeholders [12]. Research suggests that firms with greater levels of sustainability transparency often experience improved financial performance and operational sustainability. For example, a study on Brazilian companies found that higher levels of sustainability trans-

parency, as measured by Environmental, Social, and Governance (ESG) Disclosure Scores, correlated with better financial returns [13]. This suggests that transparent communication about sustainability practices not only builds trust but also improves access to capital and overall operational outcomes. High levels of transparency build trust among stakeholders, including investors, customers, and regulators. According to the European Sustainability Reporting Standards (ESRS), enhanced transparency in sustainability reporting allows stakeholders to make informed decisions based on reliable, accessible data. Trust is fundamental for operational sustainability, as it encourages greater stakeholder engagement and support for the firm's initiatives. Furthermore, transparency plays a vital role in ensuring regulatory compliance. Companies that adhere to established reporting standards are better equipped to meet evolving regulations, minimizing the risk of penalties and boosting their reputation. Organizations that embrace transparency can also differentiate themselves in the marketplace, attracting socially conscious investors and customers, ultimately supporting long-term sustainability. Empirical research further supports the view that transparency positively influences operational sustainability. For instance, an analysis of environmental transparency and corporate performance highlighted that companies with strong governance structures typically exhibit higher levels of environmental transparency, which enhances their overall performance. This aligns with the notion that effective governance facilitates greater transparency in sustainability practices. Additionally, research shows that firms with transparent sustainability reports are more likely to engage in sustainable practices that contribute to improved operational outcomes. This underscores the importance of transparency not only as a reporting tool but also as a strategic asset in achieving operational sustainability.

3. Research Methodology

3.1. Hypotheses Development

The study examined factors such as organizational capacity, performance, loan portfolio management, risk management quality, and transparency, all hypothesized to positively affect operational sustainability.

H1. *The organizational capacity of PCFs positively affects operational sustainability.*

H2. *The performance of PCFs positively affects operational sustainability.*

H3. *The loan portfolio management of PCFs positively affects operational sustainability.*

H4. *The quality of risk management of PCFs positively affects operational sustainability.*

H5. *The transparency of PCFs positively affects operational sustainability.*

This structured approach provided a comprehensive evaluation, aligning with best practices in factor analysis and ensuring a rigorous, valid research process (see **Figure 1**).

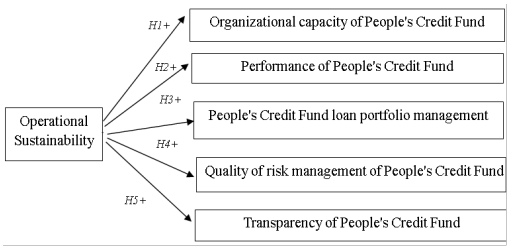

Figure 1. Conceptual framework.

3.2. Sample and Specification of the Model

The authors opted to implement a survey methodology, distributing questionnaires to managers and employees of PCFs in Vietnam, primarily at the headquarters of each organization. Data collection spanned from May 2024 to September 2024. Throughout the testing phase, a total of 300 questionnaires were distributed. The sample size adhered to the guidelines, which recommend a sample at least five times the number of observed variables [14–16]. The observed variables were evaluated using a five-point Likert scale, with response options ranging from (1) Strongly disagree to (5) Strongly agree, to measure the awareness of sustainable development among PCFs. All valid samples were processed using SPSS software for reliability analysis,

correlation analysis, factor analysis, regression analysis, and hypothesis testing, based on the developed questionnaire. The survey comprised five independent variables and one dependent variable, examining the perceptions of PCF managers in Vietnam regarding the sustainability of their operations.

Reliability testing is a crucial aspect of the research methodology, ensuring that the measurement scales consistently assess the intended variables. One of the most commonly used measures for reliability is Cronbach's alpha, which gauges the internal consistency of a set of observed variables. A value of 0.6 is deemed acceptable, values between 0.7 and 0.8 indicate good reliability, and values exceeding 0.8 suggest very good reliability [17]. To improve the reliability of the scale, researchers also evaluate the Corrected Item-Total Correlation. Variables with correlations below 0.3 are typically excluded from the analysis to enhance overall reliability

Exploratory Factor Analysis (EFA) is a statistical tool used to reduce a set of interrelated variables into fewer factors while preserving most of the original information. Factor loadings play a key role in EFA, loadings of 0.3 are minimally acceptable, 0.4 are considered significant, and 0.5 are regarded as practically significant. For EFA results to be valid, factor loadings should generally exceed 0.5. In contrast, Confirmatory Factor Analysis (CFA) is used to test a hypothesized model, where variables are assigned to specific latent constructs. CFA is a more rigorous approach, evaluating model fit based on composite reliability, unidimensionality, convergent validity, and discriminant validity. Prior to conducting EFA or CFA, it is essential to assess the suitability of the data using the Kaiser-Meyer-Olkin (KMO) index, which should range between 0.5 and 1 to indicate adequacy. Additionally, Bartlett's Test of Sphericity should display a significance level below 0.05, indicating that correlations among variables are statistically significant [18]. The total variance explained in EFA should exceed 50%, which indicates that the model accounts for more than half of the total variance, with eigenvalues greater than 1 used to determine the number of factors to retain. In regression analysis, the R-squared (R^2) value reflects the extent to which the independent variables explain the dependent variable. An R^2 value between 0.5 and 1 indicates a good model fit. The Durbin-Watson (DW) statistic measures autocorrelation in residuals, with values near 2 indicating no autocorrelation [15]. Lastly, the F-test assesses the overall fit of the model, with significance values below 0.05 indicating statistical significance.

4. Results and Discussion

4.1. Descriptive Statistics

The survey yielded 300 responses, of which 219 valid responses (73%) were used for analysis. The gender distribution among participants was almost equal, with a slightly higher proportion of female respondents (53.4%). Participants represented a well-balanced age range, with the majority aged between 22 and 50 (73.6%). This group primarily represents the younger demographic, forming the core workforce of the PCFs. Additionally, 39.73% of the participants held undergraduate or postgraduate degrees. The survey also revealed that 66.65% of the respondents were experienced professionals occupying mid- to senior-level positions within the PCFs sector, ensuring the reliability of their responses, as these individuals had over five years of experience and a comprehensive understanding of PCF operations (see **Table 1**).

4.2. Results of the Multinomial Logistic Regression

Table 2 outlines the Cronbach's alpha results, a key measure for evaluating the reliability and internal consistency of the study's measurement scales. Organizational capacity exhibits the highest reliability, with an alpha value of 0.93, signifying excellent consistency across its items. Its minimum corrected item-total correlation is 0.721, indicating a robust relationship between individual items and the overall construct. PCF's operational efficiency also shows strong reliability with an alpha of 0.864. For Loan Portfolio Management, Risk Management Quality, and PCF sustainability, alpha values range from 0.720 to 0.764, reflecting good reliability. However, Transparency of PCF has the lowest alpha at 0.439, signaling weaker internal consistency, with a minimum

Table 1. Descriptive statistics of the sample by individual characteristics.

Personal Characteristics	Detail	Quantity	Percent (%)
Gender	Male	102	46,6
	Female	117	53.4
Age	22–under 35	84	38.4
	35–50	77	35.2
	Above 50 years old	58	26.4
Academic qualification	Bachelor	132	60.27
	Master	83	37.9
	Doctorate	4	1.83
Job position	Specialist	167	76.25
	Manager	52	23.75
Experience duration	Under 5 years	73	33.33
	5–under 10 years	92	42.01
	10–under 15 years	28	12.79
	Above 15 years	26	11.87

Table 2. Cronbach's alpha reliability test results.

Variables	Number of Items	Cronbach's Alpha	The Minimum Value of the Corrected Item-Total Correlation
Organizational capacity	5	0.93	0.721
PCF's operational efficiency	5	0.864	
Loan Portfolio Management	4	0.720	0.568
Quality of risk management	5	0.859	0.549
Transparency of PCF	4	0.439	0.367
Sustainability of PCF's operations	4	0.764	0.481

item-total correlation of 0.367.

Table 3 presents the KMO and Bartlett's Test, confirming that the data is suitable for factor analysis. The KMO score of 0.855 is considered high, and Bartlett's Test of Sphericity ($p < 0.001$) further supports the data's appropriateness. While the scales generally demonstrate strong reliability, the low consistency in Transparency of PCF warrants further review.

Table 3. KMO and Bartlett's test.

Kaiser-Meyer-Olkin measure of sampling Adequacy	0.855
Bartlett's test approx. chi-square of sphericity	1881.608
Df	171
Sig.	0.000

Table 4 presents the total variance extracted through principal component analysis (PCA), highlighting the distribution of variance across components. The Extraction Sums of Squared Loadings indicate that the variance retained post-extraction mirrors the Initial Eigenvalues, confirming no components were removed. The Rotation Sums of Squared Loadings show how the variance is redistributed, optimizing factor loadings for clearer interpretation. The first principal component explains 32.105% of the variance, and the first five components together account for 71.834%, providing a comprehensive overview of the data structure. The analysis followed standard procedures, retaining factors with an Eigenvalue of one or higher. Variables CN4, HQ5, MB1, and MB2 were excluded due to weak loadings, ensuring only relevant variables contributed to the model.

Table 5 illustrates the results from the rotated matrix, which was employed to assess the factor loading coefficients, shedding light on the relationship between observed variables and their respective factors. The results reveal that the 23 observed variables are categorized into five distinct factors, with all variables demonstrating loadings greater than 0.3. This suggests a strong cor-

Table 4. Total variance extracted.

	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Ingredient	**Total**	**% of Variance**	**Cumulative %**	**Total**	**% of Variance**	**Cumulative %**	**Total**	**% of Variance**	**Cumulative %**
1	6.100	32.105	32.105	6.100	32.105	32.105	4.439	6.100	32.105
2	2.516	13.241	45.347	2.516	13.241	45.347	4.172	2.516	13.241
3	1.945	10.238	55.585	1.945	10.238	55.585	4.097	1.945	10.238
4	1.580	8.318	63.903	1.580	8.318	63.903	3.665	1.580	8.318
5	1.507	7.931	71.834	1.507	7.931	71.834	1.672	1.507	7.931
6	1.507	7.931	71.834						

relation between the observed variables and the factors, reinforcing the validity of the factor structure and ensuring that the variables are well-represented in the analysis. For instance, scales such as A5, A2, and A3 have high loadings on Factor 1 (0.846, 0.820, and 0.812, respectively), indicating that these variables are strongly associated with this factor. Similarly, the D4 scale exhibits a loading of 0.849 on Factor 2, making it the most strongly related variable to that factor. Other scales such as D3 (0.821) and D2 (0.762) also show notable relationships with Factor 2, albeit with slightly weaker associations. The remaining scales are distributed across Factors 3, 4, and 5, each demonstrating varying degrees of correlation. These results provide a deeper understanding of how the observed variables contribute to the extracted factors, aligning with the theoretical framework. The clear delineation of these relationships emphasizes the importance of factor analysis in identifying the underlying dimensions of complex constructs, a method widely used in social science research. The significant factor loadings highlight the robustness of the model and the reliability of the scales, further validating the measurement instruments used in this study. By grouping the variables into meaningful factors, this analysis helps pinpoint key drivers that influence the data patterns, which can guide future research and policy development.

The results presented in **Tables 6** and **7** offer important insights into the overall model fit and the relationships between the key constructs in the research model. The fit indices from **Table 6** show that the proposed model demonstrates a good to excellent fit with the data. The CMIN/DF value of 1.455 falls within the recommended threshold (1–3), indicating a good model fit. Similarly, the CFI value of 0.955 exceeds the threshold of 0.95, suggesting excellent comparative fit, while the GFI (0.885) and TLI (0.946) indicate reasonable to good fit, close to their recommended thresholds. The RMSEA value of 0.048 is well below the <0.06 threshold, further confirming a close fit, and the PCLOSE value of 0.0613 indicates that the RMSEA value is not significantly different from the target value. **Table 7** presents the standardized regression weights, which quantify the strength and direction of relationships between the model's constructs. The path from A to G (0.131) and the path from F to G (0.298) indicate positive, moderate relationships, while the paths from B to G (0.094) and C to G (–0.33) show weaker relationships. The strongest negative relationship is between D and G (–0.47), suggesting that an increase in D negatively impacts G. These results provide a comprehensive evaluation of the model's fit and the hypothesized relationships, demonstrating the model's robustness in explaining the data. The clarity of these relationships is essential for both theoretical development and practical applications in the research domain, as they identify key drivers and interactions that can guide future studies and inform policy decisions.

The structural equation modeling (SEM) analysis (**Figure 2**) reveals important relationships between the constructs. The path from Construct F to Construct G is statistically significant, with a p-value less than 0.05, indicating a strong positive relationship. The standardized regression weight of 1.134 shows that as Construct F increases, Construct G increases substantially. This highlights the pivotal role of Construct F in driving changes in Construct G. In contrast, the relationships from Constructs A, B, C, and D to Construct G are statistically insignificant, with p-values above 0.05. Specifically, the path from A to G has a p-value of 0.50, indicating no meaningful impact, while the weak negative relationships from Constructs C and D (with weights of –0.041

and –0.081, respectively) further emphasize the lack of significant influence. The path from B to G, though positive, has a low weight of 0.104 and is also insignificant with a p-value of 0.192. These findings highlight that while Construct F has a strong influence on Construct G, the other constructs have minimal or no significant effects. This underscores the importance of refining the model and aligning it with theoretical frameworks to better explain the observed relationships.

Table 5. Rotated factor loading matrix.

Scale	Factor				
	1	2	3	4	5
A5	0.846				
A2	0.820				
A3	0.812				
A4	0.778				
A1	0.777				
D4		0.849			
D3		0.821			
D2		0.762			
D1		0.754			
D5		0.349			
B4			0.827		
B2			0.805		
B1			0.803		
B3			0.746		
C2				0.825	
C1				0.795	
C3				0.719	
F4					0.874
F3					0.693

Table 6. Model fit measures.

Measure	Estimate	Threshold
CMIN/DF	1.455	Between 1 and 3
CFI	0.955	>0.95
GFI	0.885	>0.9
TLI	0.946	>0.9
RMSEA	0.048	<0.06
PCLOSE	0.0613	>0.05

Table 7. Standardised regression weights.

	Estimate
A → G	0.131
B → G	0.094
C → G	–0.33
D → G	–0.47
F → G	0.298

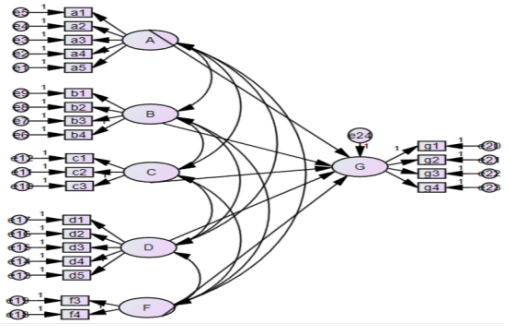

Figure 2. SEM testing results of the research model.

The results presented in **Tables 8** and **9** provide a detailed evaluation of the validity and relationships between constructs in the proposed research model. **Table 8** outlines various validity measures used to assess the model's quality. The CR values exceed the recommended threshold of 0.7 for all constructs, indicating strong internal consistency and reliability. The AVE values range from 0.4 to 0.651, with most exceeding the threshold of 0.5, suggesting good convergent validity. Additionally, the MSV and MaxR(H) values meet the criteria (MSV < AVE, MaxR(H) > AVE), supporting the model's discriminant validity. The individual construct loadings (A, B, C, D, F, G) all exceed 0.3, confirming that the items align well with their respective constructs. **Table 9** presents the standardized regression weights, revealing the strength and direction of the relationships between constructs. The path from A to G (0.130) and from B to G (0.104) are both statistically significant, with p-values of 0.050 and 0.192, respectively. The path from C to G (–0.041) and from D to G (–0.081) are statistically significant but show weaker effects, with p-values of 0.676 and 0.533. The strongest relationship is observed for the path from F to G (1.134), which is highly significant ($p < 0.001$).

5. The Research Discussion

Recent studies reveal that organizational capacity—encompassing management efficiency, workforce, and resource distribution—is crucial for the sustainability of financial institutions. However, its influence on the sustainability of PCFs may not be as significant as earlier research suggested. This study finds a p-value of 0.050, challenging previous works that underscored the critical role of organizational frameworks and

Table 8. Model validity measures.

	CR	AVE	MSV	MaxR(H)	A	B	C	D	F	G
A	0.903	0.651	0.154	0.906	0.807					
B	0.864	0.613	0.202	0.864	0.353***	0.783				
C	0.799	0.571	0.239	0.803	0.393***	0.369***	0.755			
D	0.861	0.556	0.239	0.868	0.327***	0.450***	0.489***	0.745		
F	0.755	0.607	0.989	0.756	–0.039	–0.111	0.018	–0.014	0.779	
G	0.715	0.400	0.989	0.785	0.097	–0.005	0.048	0.008	0.994***	0.632

Table 9. Regression weights.

	Estimate	S.E.	C.R.	P
A → G	0.130	0.066	1.963	0.050
B → G	0.104	0.080	1.305	0.192
C → G	–0.041	0.098	–0.419	0.676
D →G	–0.081	0.130	–0.623	0.533
F → G	1.134	0.105	10.783	***

resource management in operational stability. While earlier literature posited that organizational strength predicts sustainability, our research suggests that external factors—such as economic conditions, regulatory changes, and community involvement—may have a greater influence on PCF sustainability than organizational capacity alone. For instance, external macroeconomic conditions have often been highlighted as primary determinants in shaping the performance of community-based financial institutions. This finding encourages further examination of the broader influences affecting PCF sustainability. Despite common assumptions that strong operational performance leads to sustainability, our regression analysis finds no significant impact of operational performance on PCFs' long-term viability, with a p-value of 0.192. This contrasts with research by Wafula et al, which identified financial metrics like loan recovery rates, profitability, and operational efficiency as key sustainability drivers for microfinance institutions. However, our results suggest that high performance does not guarantee sustainability. Certain studies argue that microfinance institutions can maintain long-term viability even with subpar operational performance if they effectively manage external challenges such as regulatory pressures or community dynamics. Our regression results further indicate that loan portfolio management does not significantly impact the operational sustainability of PCFs, with a p-value of 0.676. Unlike larger financial institutions, PCFs operate within community-specific markets, where external factors such as regulatory frameworks and local economic conditions play a more decisive role in sustainability. Although risk management is widely considered essential for ensuring sustainability, this study finds no significant impact of risk management on PCF sustainability, with a p-value of 0.533. This suggests that risk management alone may not suffice in guaranteeing the long-term sustainability of PCFs. Other factors, such as financial strategies, business models, and the economic environment, may play more critical roles. This raises the question of whether current PCF risk management approaches are adequately designed to address their unique challenges. Further research is necessary to explore the interplay of factors affecting operational sustainability. Among the tested hypotheses, transparency emerged as a key factor influencing PCF sustainability. Regression analysis shows a significant positive effect of transparency on PCF sustainability, with a p-value of 0.000. This underscores the importance of clear financial reporting and good governance practices in achieving PCF success. Transparency fosters trust, enhances institutional reputation, attracts new clients, and promotes a stable operational environment. For community-based institutions like PCFs, transparency is not only crucial for regulatory compliance but also for engaging stakeholders. Transparency boosts institutional credibility, strengthens ties

with local communities, and supports long-term sustainability. While operational and organizational factors are essential, external conditions—such as economic trends and community engagement—must also be considered when assessing the long-term viability of PCFs.

6. Conclusions

The sustainability of the operations of PCFs in Vietnam depends not only on internal organizational and operational factors but is also strongly influenced by external factors, including economic trends, community participation and economic challenges. Factors such as organizational capacity, performance, loan portfolio management, and risk management quality play a role, but transparency emerges as a key factor ensuring sustainable success in the operations of PCFs. In particular, transparency in financial reporting and governance is the foundation for PCFs to build trust, improve operational efficiency and maintain long-term stability. It is through transparency that PCFs can improve their autonomy, creating a foundation for stability and sustainable development. Strengthening the governance model and operational mechanisms also helps PCFs overcome current weaknesses and improve operational efficiency. In addition, innovation in financial products and services to meet the needs of members and customers is essential for the sustainable development of PCFs. In particular, the application of technology in the operational process not only improves efficiency but also helps PCFs flexibly adapt to changes in the economic environment. Therefore, governance and compliance, together with the application of technology, become key factors to ensure long-term stability and sustainable development for PCFs. PCFs need to focus on improving transparency in management and operation and continuously adapt to technology and international governance standards to build a solid foundation for a sustainable future.

Author Contributions

Conceptualization, T.T.H.N., and A.P.; methodology, Q.C.T.; software, T.M.N.L.; validation, V.L.N.; formal analysis, T.T.H.N.; investigation, A.P.; data curation, Q.C.T. and T.M.N.L.; writing—original draft preparation, T.T.H.N.; writing—review and editing, A.P. and Q.C.T.; visualization, T.M.N.L.; supervision, T.T.H.N.; project administration, T.T.H.N. All authors have read and agreed to the published version of the manuscript.

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Institutional Review Board Statement

Ethical review and approval were waived for this study due to the nature of the research, which involved an anonymous, voluntary online survey that did not collect personally identifiable or sensitive information, and posed minimal risk to participants

Informed Consent Statement

Informed consent was obtained from all subjects involved in the study.

Data Availability Statement

Not applicable.

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Conflicts of Interest

The authors declare no conflict of interest.The funders had no role in the design of the study; in the collection, analyses, or interpretation of data; in the writing of the manuscript; or in the decision to publish the results.

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