

## The impact of corporate culture on employee's commitments At Vietnamese commercial banks

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### Abstract

This study applies the research model of Jung et al. to measure the factors of corporate culture that impact the employee's engagement at commercial banks in Vietnam. The study used Cronbach's Alpha reliability test method and discovery factor analysis (EFA) to test and evaluate the scale. The results show that the factors of Teamwork, Training and Development, Rewards and Recognition, and Corporate Communication affect the employee's engagement at Vietnamese commercial banks. The research results will be the basis for the management of commercial banks to improve the employee's commitment. In addition, the study also proposes to enhance the employee's engagement at commercial banks in the future.

**Key words:** 1 Corporate culture 2 Engagement commitment 3 Training and development 4 Rewards and recognition 5 Teamwork 6 Business communication

### 1. Introduction

Currently, recruitment is ongoing because employers are looking for candidates to meet the needs and to fill the positions that have changed the jobs of newly recruited employees. This issue is considered urgent for employers who want employees to have a long-term commitment to the business.

The question is what makes business owners retain good employees. Perhaps the high salary, the right salary is important but not the only one, it is the remuneration policies, promotions, working environment of employees. In each field, there are always enterprises from small to large scale. These businesses are always competitive in recruiting and how to recruit employees who can commit to the business. The current status quo is the fact that employees are constantly changing jobs from one business to another, there are new employees who have been properly trained but after only a few months they quit and transferred to another enterprise. Back then, old businesses had to recruit new employees to fill the vacancies and add to that a very expensive training cost.

Commercial banks are an intermediary of the economy and a special type of business with the main purpose of trading currencies. How to increase staff engagement levels at Vietnamese commercial banks can improve and enhance staff engagement levels. Therefore, research on the impact of corporate culture on the employee's engagement at Vietnamese commercial banks is essential for the Bank's Board of Directors to retain good employees and improve the quality of work.

### 2. Theoretical basis

#### 2.1 Cultural overview

According to Unesco, the definition of culture is as follows: Culture should be referred as a set of physical, intellectual and emotional characteristics of a society or a group of people in society and it contains, in addition to literature and the arts, lifestyles, value systems, media and faith.

The culture represents a combination of values and interdependent behaviors common in businesses and tends to be self-propagating and often for a long time (Heskett & Kotter 1992).

In general, culture is the core spiritual value depicting the identity and mode of existence of an individual, an organization or a community, giving that individual, organization or community a unique character. (According to corporate culture & entrepreneurship culture, Entrepreneur/DNSG at the weekend).

## 2.2 Overview of corporate culture

There are many authors who study corporate culture and they come up with different concepts. In this section, the author will present some concepts about popular culture of some previous research works:

Studies in the 1990s, such as Schein (1990), suggest that corporate culture is a form of basic hypotheses, invented, discovered, developed by a group of people as they studied. how to deal with issues related to external adaptation and internal integration, has worked and is considered effective and therefore communicated to the new members to follow.

According to (Recardo & Jolly, 1997) also asserted that when it comes to corporate culture, people often talk about a set of values and beliefs that are understood and shared by its members. These values and beliefs are specific to each business and to distinguish between one business and another. The culture of an enterprise helps define and form attitudes and behaviors of members of that enterprise.

According to (Lund, 2003; Pool, 2000), "corporate culture can be viewed as a system of values, beliefs and behavioral patterns that form the core characteristics of businesses and help shape employee behavior." According to (EH Schein, 2010) corporate culture is a special combination of values, standards, habits and traditions, behaviors and rituals that are all unique to a now know.

### 2.2.1 The level of corporate culture

According to the famous author of culture (Edgar H. Schein, 2010), culture is divided into the following levels: level 1, level 2, level 3.

**Level 1:** The visible part - that is, visible and perceived structures and processes, observable behaviors. Tangible entities such as objects: reports, products, furniture, films, etc. or technology: machines, equipment, factories.

**Level 2:** Values expressed - agreed beliefs and values, ideas, goals, values, aspirations, ideologies, rational interpretations. Value is a measure of behaviors, determining what we think we should do, which determines what we think is right or wrong.

**Level 3:** The underlying assumptions underlying the foundation - that is, beliefs, perceptions, thoughts and emotions that are ingrained in every subconscious individual in the business.

### 2.2.2 The role of corporate culture

Understanding corporate culture is essential because corporate culture can influence the thoughts, emotions, emotions, and interaction effectiveness in a business (Saeed & Hassan, 2000).

According to Nguyen Manh Quan (2012), corporate culture has two important roles: Firstly, corporate culture is a tool to implement strategies for managers and secondly, corporate culture is a motivational method. for workers and the strength of unity for the business.

According to Ezekiel S.N. & Darius N.I. (2012), corporate culture is so strong that it can create incentives or also obstacles in enterprises.

### **2.2.3 Elements of corporate culture**

In the study of (Jung et al., 2009) identified elements of corporate culture including 4 elements including Business Communication, Training & Development, Rewards & Recognition, Teamwork. .

**Business communication:** Business communication can be understood as the communication between superiors and subordinates, between colleagues in the same company with each other. It is understandable that this is a process in which people interact in different ways and in different fields to achieve the goals of the business. Communicating business goals to employees will play an important role in promoting employees to work effectively, and greatly increase commitment.

**Training & Development:** Systematic activities to develop and improve employees' skills, knowledge and behaviors to help employees perform work-related tasks, complete tasks and specifically meet the requirements of the quality of human resources in the enterprise (Bulut & Culha, 2010).

**Rewards & recognition:** rewards are considered to be the form of financial payment, tangible services and benefits received by an employee as part of a labor relationship (Adeniji & Osibanjo, 2012 ). Rewards and recognition can be defined as salaries, bonuses and promotions awarded to employees with outstanding performance (Kambey, Djastuti, & Suharnomo, 2016).

**Teamwork:** (Recardo & Jolly, 1997) Teamwork is a working method in which members work closely together to solve a specific problem in order to achieve a common goal. This factor relates to the importance, form, and effectiveness of teamwork in the business

## **2.3 Overview of employee commitment**

### **2.3.1 Concept**

According to Porter et al. (1974), commitment to corporate engagement is the power of personal identity with the business and active participation in the enterprise is expressed through three factors: Yes strong beliefs and satisfaction with the values and goals of the business, a willingness to make every effort for the business, and desire to remain a member of the business.

Research by Rajendran Multhueloo and Raduan Che Rose (2005) suggests that commitment to commitment is a move of loyalty, trust of employees with businesses. In order to achieve the employee's corporate commitment, managers need to build and establish positive relationships between employees and businesses while encouraging and encouraging employees to respect loyal, devoted to the business. The more employees appreciate being a part of the business and proud of being a member of the business, the more likely they are to stick with the business.

### **2.2.2 The role of employee commitment to the business**

According to Bhatnagar, (2007), it is suggested that employees attached to the business can create a competitive advantage for their businesses, as explained in a view based on the resources of the business. A resource-based perspective suggests that an organization or business can build

a sustainable competitive advantage by creating value with its own know-how that competitors are hard to emulate.

Ranya N, (2009) thinks that commitment has a huge value in the enterprise. In research the author emphasizes that commitment has a strong impact on the performance and success of a business. Because employees with a high commitment will determine the goals and values of the business, they have a strong desire to stick with the business and are ready to fulfill the mission that exceeds the requirements of their superiors.

#### **2.4 The relationship between corporate culture and employee commitment**

A positive corporate culture will increase the commitment and cooperation of the staff, resulting in improved business efficiency, high consensus on strategic directions, and productivity. increased labor, better decision making, and high commitment at all levels of staff, (Thompson & Luthans, 1990). (Do Thuy Lan Huong 2008), Believing that aspects of culture include: corporate communication, training and development, taking risks of innovation and innovation, orientation to future plans and Consistent equity in governance policies positively affects employees' commitment to corporate engagement, training and development, and risk-taking because innovation and innovation are important. in improving employee commitment to the business.

From the studies mentioned, the author found that corporate culture is closely related to employee commitment in the business including factors such as in-business communication, rewards and success. receive, work in groups, .. each factor affects corporate culture in the positive direction.

### **3. Research model and process**

#### **3.1 Research process**

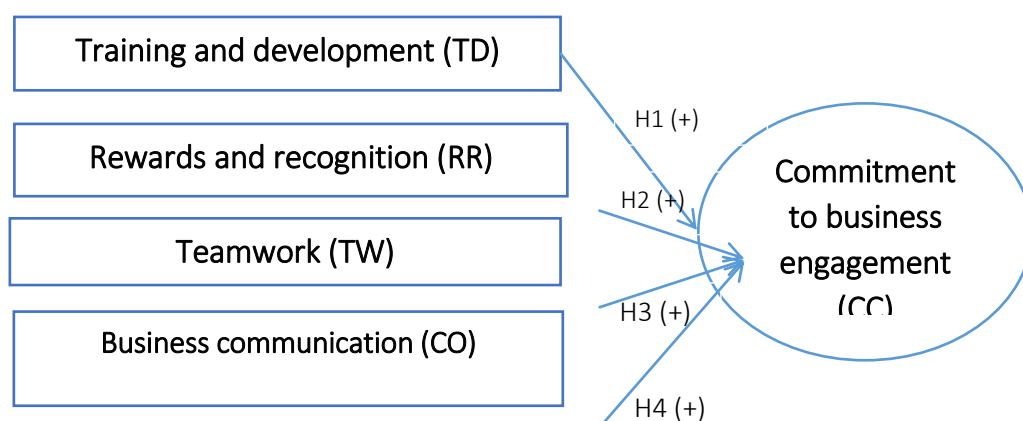
Preliminary research (qualitative research) was conducted to establish and complete the questionnaire. The study was conducted through direct surveys of employees working at Vietnamese commercial banks.

In-depth interviews are questions that are based on theory and practical information, and are used to find more information around research topics. After completing the questionnaire, we will check, evaluate the rationality, adjust and perfect.

Conduct a formal survey using a completed questionnaire. The collected data will be cleaned, coded and analyzed through SPSS 20.0 software.

#### **3.2 Research model**

The model shows the relationship between corporate culture and employees' commitment to corporate engagement, in which: corporate culture consists of 4 components: Business communication, Training and development, Rewards and Acknowledgment, Teamwork. From the point of view (Jung et al., 2009), corporate culture is a prefix that influences employee commitment. From the research model, we need to examine the relationship between the components of corporate culture and commitment to employee engagement.



Picture1: Research model

### 3.3 Research hypotheses

**Hypotheses:** factors of corporate culture that influence the employee's engagement at Vietnamese commercial banks.

**Hypothesis H1:** Training and developing relationships in the same direction of commitment to sticking to the business, that is, the higher the evaluation and training factor is, the higher the commitment to engage the business and vice versa.

**Hypothesis H2:** Rewards and Accreditation have a positive effect on the commitment to sticking to the business, that is, the higher the reward and recognition factor is, the higher the commitment to engage the business and vice versa .

**Hypothesis H3:** Teamwork has a positive impact on the commitment to sticking to the business, that is, the higher the teamwork factor, the higher the commitment to sticking to the business and vice versa.

**Hypothesis H4:** Corporate communication has a positive impact on the commitment to sticking to the business, that is, the higher the Communication factor in the business, the higher the commitment to sticking to the business and vice versa.

### 4. Research results and discussion

The survey was conducted from September to December 2019, conducted through the distribution of questionnaires directly to employees working at Vietnamese commercial banks. As a result, 140 satisfactory surveys from 200 questionnaires were distributed. The data is analyzed and reported.

#### 4.1 Reliability test results with Cronbach's Alpha

Table 1: Summary results of Cronbach's Alpha coefficients

STT	Scale	Number of observed variables	Cronbach's Alpha
1	Communicate in the business	4	0,804
2	Training and developing	6	0,845
3	Rewards and Recognition	5	0,858
4	Team work	5	0,853
5	Commitment to sticking with the business	5	0,841

After completing the scale test using Cronbach's Alpha coefficient, the number of observed variables remained 25 variables, remaining four independent variables (Business Communication, Training and Development, Rewards and Recognition, Team work) and the dependent variables are Commitment to sticking with the business.

#### 4.2 Results of exploratory factor analysis (EFA)

Cronbach's Alpha coefficient test results are used for discovery factor analysis (EFA). After four analyzes, the results obtained from the initial 25 observed variables are grouped into 5 factors with 16 observed variables, namely:

##### 4.2.1 The factor analysis results explore corporate cultural factors

Table 2: Results of factor analysis

KMO= 0,861
<ul style="list-style-type: none"> <li>• Sig = 0,000</li> <li>• variance deduction = 66,523%</li> <li>• observed variables: 19 observed variables</li> </ul>

KMO and Bartlett's tests in factor analysis showed that KMO coefficient =  $0.861 > 0.5$  with sig significance level. = 0.000. Thus, the factors qualify for EFA factor analysis.

Table 3: Factor rotation matrix in exploratory factor analysis

Observed variables	Factors			
	1	2	3	4
TD2	0.706			
TD5	0.670			
TD1	0.660			
TD6	0.659			
TD4	0.609			
TD3	0.577			
RR4		0.804		
RR5		0.790		
RR3		0.685		
RR1		0.595		
RR2		0.583		
TW2			0.812	
TW3			0.780	
TW1			0.773	
TW4			0.587	
TW5			0.568	
CO1				0.871
CO4				0.870

CO2				0.650
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Based on the results of the sample matrix shows that the observed variables have factor load factor > 0.5, so it is eligible in factor analysis. Based on the results of the total variance explained at the level of Eigenvalues greater than 1, the analysis table extracted 4 groups of factors from 19 observed variables with extracted variance of 66,523% which is satisfactory because it is greater than 50%.

After conducting discovery factor analysis (EFA), there are 4 groups of factors extracted from the model.

The first group of factors includes 6 observed variables TD2, TD5, TD1, TD6, TD4, TD3.

The second group of factors includes 5 observed variables RR4, RR5, RR3, RR1, and RR2.

The third group of factors includes 5 observed variables TW2, TW3, TW1, TW4, TW5.

The fourth group of factors includes 3 observed variables CO1, CO4, and CO2.

#### 4.2.2 The results of the factor analysis of the corporate commitment commitment

KMO and Bartlett's tests in factor analysis for satisfaction show that KMO coefficient is 0.794 greater than 0.5, sig significance level. is 0.000 < 0.05. Therefore, the basis of variables is correlated with each other and suitable for EFA analysis.

Eigenvalue coefficient of components greater than 1, with deduction variance, is 61,240% greater than 50% so satisfactory.

Factor load factor of observed variables is greater than 0.5, thus meeting the requirement of factor analysis.

**Table 4: Results of factor analysis of firm commitment**

Observed variables	Factor
	HL
CC3	0.851
CC6	0.805
CC2	0.769
CC1	0.753
CC5	0.729
Variance deduction (%)	61.240
KMO: 0.794	Sig. 0.000

#### 4.3 Regression analysis results

**Table 4: Summary of models**

Model	R	R <sup>2</sup>	R <sup>2</sup> hiệu chỉnh	Std. Error of the Estimate	Durbin-Watson
1	0.694 <sup>a</sup>	0.481	0.466	0.73074168	1.644



The determination coefficient R<sup>2</sup> has been shown to be non-decreasing function by the number of independent variables included in the model (4 variables). However, the model often does not match the actual data as the R<sup>2</sup> value (0.481) shows. In this situation, R<sup>2</sup> is considered as an optimistic estimate of the model's suitability with data and the adjusted R<sup>2</sup> from R<sup>2</sup> is used to better reflect the relevance of the linear regression model multivariate (0.466). Comparing the adjusted R<sup>2</sup> and R<sup>2</sup> values in the model summary table, the adjusted R<sup>2</sup> coefficient is 0.466 smaller than R<sup>2</sup> (0.481), so using adjusted R<sup>2</sup> to evaluate the suitability of the model will be more safe because it does not depend on the magnification deviation of R<sup>2</sup> and does not inflate the model's suitability. The adjustment coefficient R<sup>2</sup> means that 46.6% of employee commitment variation is explained by 4 independent variables: TD, RR, TW, CO and 54.4% of employee commitment variation. This is explained by factors that have not been included in the model yet.

Consider the regression weight table because the weight  $\beta$  of these variables is statistically significant (Sig. = 0.00 < 0.05). Therefore, the variables TD, RR, TW, CO have an effect on the CC variable

Thus, the linear regression equation is rewritten as follows:

$$CC = 0.435TW + 0.394TD + 0.316RR + 0.191CO$$

The regression results show that the independent variables TW, TD, RR, CO with Beta coefficients, respectively, 0.435, 0.394, 0.316, and 0.191, all have positive signs, so all variables positively influence the commitment of employees at Vietnamese commercial banks.

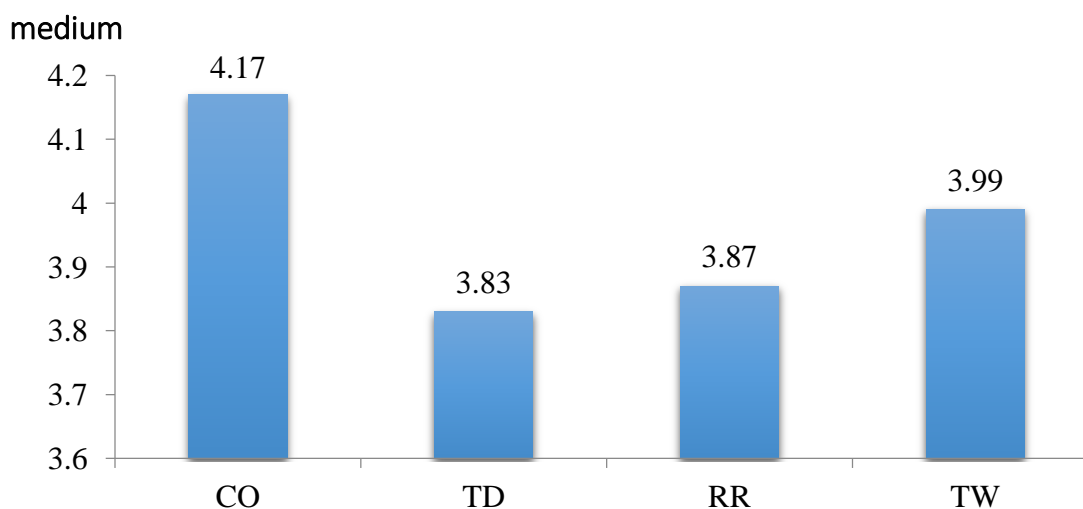
**Table 5: Regression weights**

Model		The coefficient is not standardized		The coefficient is standardized	T	Level of significance Sig.	Multicollinearity statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	5.602E-017	0.062		0.000	1.000		
	TD	0.394	0.060	0.394	6.357	0.000	1.000	1.000
	RR	0.316	0.062	0.316	5.104	0.000	1.000	1.000
	TW	0.435	0.060	0.435	7.024	0.000	1.000	1.000
	CO	0.191	0.062	0.191	3.084	0.002	1.000	1.000

So it can be concluded that the theoretical model suitable for the data, hypotheses H1, H2, H3, H4 are accepted. The results show that there are 4 independent variables with significant effects on the dependent variable (sig < 0.05). And the remaining 4 factors included in the regression analysis are retained in the model.



#### 4.4 Current status of the impact of corporate culture on employee engagement at Vietnamese commercial banks



**Picture2: Current situation of the impact of corporate culture on employee engagement at Vietnamese commercial banks**

Through Picture 2, the Communication factor in the enterprise with the highest average of 4.17 indicates the level of agreement on this factor. Demonstrating that this factor makes the staff quite agree, bank leaders need to focus on Corporate Communications to increase the employee's commitment to the business. Next is the teamwork scale with an average value of 3.99, so the bank needs to have a suitable teamwork regime to increase the level of Commitment to businesses. Next comes to the Award and Recognition scale with an average of 3.87, Training and Development scale with an average of 3.83. Although these two scales are a bit low, but it is approximately equal to 4 which is the meaning of agreement, this requires bank leaders also need to pay attention to 2 factors Training and Development, Rewards and Recognition to increase the level of commitment to engage businesses.

#### 5. Conclusion

The objective of this study is to identify and assess the extent to which corporate culture factors impact employee engagement at commercial banks in Vietnam.

The study uses the corporate culture research model of "Jung et al., 2009" with 4 independent variables (Training and Development, Rewards and Recognition, Teamwork, Corporate communication) and a dependent variable Commitment to business engagement. Through the verification of Cronbach's Alpha reliability coefficient and analysis of discoverable factors, 24 observation variables matching the model of elimination of 2 CO3 observation variables were obtained (at the bank you are working on, employees are encouraged to exchange information between work related departments to improve efficiency) and CC4 (At the bank you are working in, you want to devote to the overall development of the bank. ). In the research results, the first 4 elements of corporate culture all influence in the same direction as the dependent variable Commitment to enterprises.

The results of analyzing the current state of the elements of corporate culture impacting the Enterprise Engagement Commitment show that Corporate Communication with the highest

average of 4.22 indicates the level on factor agreement. This is demonstrating that this factor makes the staff quite agree that bank leaders need to focus on Corporate Communications to increase the employee's commitment to the business. Next is the teamwork scale with an average of 3.99, a Rewards and Recognition scale with an average of 3.87, a Training and Development scale with an average of 3, 83, but these two scales are also rated as high.

In addition, multiple regression analysis shows that the four factors TD, RR, TW, CO have a positive effect on CC (Commitment to sticking to the enterprise). Considering the central variable, which has the largest influence on employee commitment to engagement ( $\beta = 0.435$ ), the TD variable has the second largest influence on the commitment of corporate engagement ( $\beta = 0.394$ , the RR variable has The third largest influence on commitment commitment ( $\beta = 0.316$ ) The variable CO has the lowest influence level ( $\beta = 0.191$ ) .The results showed that 4 independent variables have significant effects on the variable. dependency (sig <0.05).

After determining the impact factors of corporate culture on employee engagement at Vietnamese commercial banks, the author continues to analyze by statistical methods to give the basis and topic. propose ideas to increase the commitment level of businesses. In summary, the research results have achieved the goals that the author has set out to assess the impact of corporate culture on employee engagement at Vietnamese commercial banks.

#### **Proposing to improve commitment to sticking with businesses with teamwork**

Through the results of multiple regression analysis, the central variable has the largest impact on employee commitment to ( $\beta = 0.435$ ). So to increase the level of teamwork to the employee's commitment, the author offers some solutions as follows:

Commercial banks need to have group working activities at the bank, such as encouraging employees to work in groups to connect colleagues with each other, create a harmonious relationship in the same department or department, and bewilling to support at work and for the bank's development goals.

The Board of Directors of the bank must be the one who takes the initiative in organizing groups or collective activities during holidays and New Year for everyone to join and increase the level of cohesion among employees.

#### **Proposing to improve the commitment to stick businesses with the element of Training and Development**

Through multiple regression analysis, the variable TD, has the second largest impact on firm commitment ( $\beta = 0.394$ ). So in order to enhance the Training and Development element, the author makes the following specific proposals:

At banks, the Board of Directors must ensure that adequate provision of specialized knowledge is provided to employees for work needs. In addition to specialized knowledge, there are soft skills, training programs that employees feel are appropriate to create favorable conditions for job development. Development always ensures that employees have lots of opportunities for advancement and a clear promotion plan for each employee. Adopting a good Training and Development policy will make employees feel respectful and long-term.

### **Proposal to improve commitment to sticking with businesses with Rewards and Recognition**

Through multiple regression analysis, the RR has the third largest influence on engagement commitment ( $\beta = 0.316$ ). Soto increase the level of the Reward and Recognition factor the author made some suggestions as follows:

At commercial banks in general and Vietnamese commercial banks in particular as follows: At the bank always ensures fairness in all employees, information is clearly transmitted to employees. The Bank has a policy of reward and recognition as committed to employees, based on the quality of work and the capacity of each employee to evaluate and thereby reward and recognize the achievements of employees.

### **Proposing to improve the commitment to sticking with the business with the element of Communication in the business**

Through multiple regression analysis, the CO variable has the lowest level of influence ( $\beta = 0.191$ ). The author gives some suggestions as follows:

At Vietnamese commercial banks, the Board of Directors when making policies related to employees must be clearly informed and must have a job description for each employee position. In addition, the Board of Directors should suggest to employees so that employees can easily exchange jobs with superiors when it is necessary to consult work.

### **Some other suggestions**

Enhancing and improving physical infrastructure to ensure employees feel happy at work not only physically but also mentally.

Regularly update and upgrade the machines and technology at the bank so that employees feel working in a dynamic working environment and employees do not feel backward.

The Bank regularly innovates and promotes promotional policies on deposit interest rates, customer appreciation, so that employees can be confident in working and introducing new things to customers. At that time, employees feel proud to be employees at the bank, which brings a sense of long-term attachment.

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