

THE IMPACT OF CORPORATE CULTURE ON THE EMPLOYEE ENGAGEMENT AT TRUNG NAM CONSTRUCTION INVESTMENT JOINT STOCK COMPANY

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ABSTRACT:

In this study, 305 employees at Trung Nam Construction Investment Joint Stock Company (Trung Nam Group) are surveyed in order to determine how the factors of corporate culture impact the employee engagement at Trung Nam Group. The study's results show that there are six factors affecting the employee engagement. These factor, in descending order of impacting level, are communication within the organization, training and development, rewards and recognition, working group, creativity at work, and orientation toward future plans. Based on the study's results, some managerial implications are made to help Trung Nam Group's Board of Directors enhance the employee engagement.

Keywords: corporate culture, employee engagement, Trung Nam Group.

1. Introduction

Trung Nam Construction Investment Joint Stock Company (Trung Nam Group - TNG) was founded in 2004 and operates in a multi-industry ecosystem encompassing energy, infrastructure, construction, real estate, and the industry electronic information industry. TNG has developed into a large private corporation over its 18 years of operation.

Using the slogan "Dedication-Perseverance-Aggression" as the foundational criterion for constructing corporate culture (corporate culture). Managers of TNG are able to influence the thoughts, emotions, and actions of employees through corporate culture. The subsequent effect on external entities such as customers, partners, suppliers, etc. Corporate culture creates a bond between employees and the company, resulting in a friendlier workplace. When employees are pleased with their work environment, their

performance will improve. This increases employee productivity, which boosts output and helps businesses generate more revenue.

The purpose of this study is to identify the corporate culture factors that influence employee engagement at Trung Nam Construction Investment Joint Stock Company (Trung Nam Group) and to recommend suitable governance implications for the Board of Directors. The leaders of the company maintain stable human resources as well as retain and recruit good and talented employees who contribute to the business's success.

2. Concepts and literature review

2.1. Concepts

2.1.1. Corporate Culture

Corporate Culture is a program of the mind that differentiates the members of one business from those of another. (Smircich, 1983).

The organization's depth structure is rooted in the

shared values, beliefs, and assumptions of its business members (Denison, 1995).

Corporate Culture is a collection of shared ideas that members of an organization learn in the course of resolving internal issues and dealing with external issues (Schein, 2004).

Corporate Culture is defined as a system of key meanings, values, beliefs, and perceptions that are shared by all members of an enterprise and have a significant impact on the actions of each member (Qûn, 2007).

Corporate Culture is not a discrete and contrasting addition, but rather the most general and dominant synthesis of perceptions, concepts, values, ethical standards, philosophies, and beliefs. Business principles, codes of conduct, business ideas, management methods, and rules governing attitudes and manners in an enterprise are accepted, adhered to, and developed by all enterprise members - growth in the organization's business practice (Phong, 2009).

Thus, Corporate Culture can be understood as the totality of meanings, values, core beliefs, and a system of tangible logos selected, created, and used by enterprises in their business activities to form the company's identity.

2.1.2. Organizational commitment

Organizational commitment is regarded as a psychological state, is a characteristic of the relationship between members and the organization, and determines whether members remain or leave the organization (Meyer J, 1991).

Organizational commitment is an individual's identification with and active participation in an organization (Mowday R.T., 1979).

An individual's organizational commitment consists of a sense of dedication to work, loyalty, and a belief in the organization's core values. (O'Reilly, 1986).

Organizational commitment is a multidimensional relationship consisting of employee loyalty to the organization, willingness to work for the organization, level of shared goals and legitimate values, and desire to remain with the organization (Bateman, 1984).

Strong desire to continue membership in the organization. Willing to use all of his or her abilities to

represent the organization and to believe in and accept all of its goals and values (Luthan, 1995).

2.2. Literature review

Numerous authors are interested in and investigate the relationship between Corporate Culture and employee engagement. First, (Tariq I. K., 2011) asserts that organizations with a work culture have a more engaged workforce.

The compatibility between Corporate Culture and employee values will strengthen employee loyalty to the organization (Lee X. L., 2014).

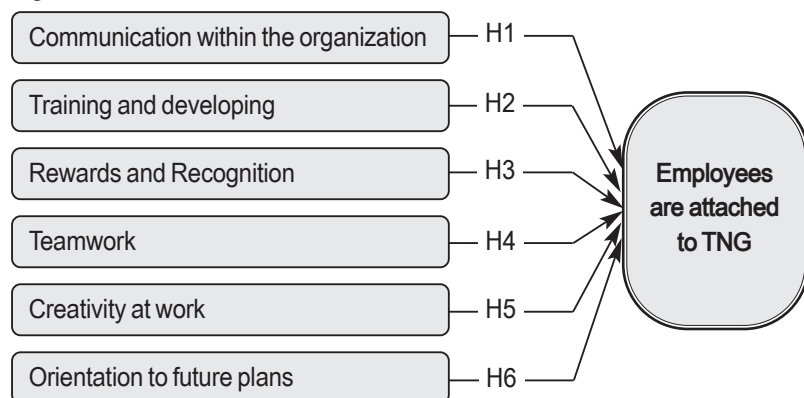
Corporate Culture influences the employee's commitment to the organization both directly and indirectly through the values and beliefs of the organization's policies. (Manetje, 2009).

It is demonstrated that organizational commitment is the result of the theoretical relationship between Corporate Culture and organizational commitment (Manetje, 2009).

3. Proposing research model

The proposed research model is the Corporate Culture model of Lau H. C. (2001), with reference to the research findings of Hà Nam Khánh Giao (2021). There are six corporate culture factors that influence employee attachment to TNG: Communication within the organization; Training and development; Rewards and recognition; Group work; Creativity at work. Employee engagement with TNG is impacted by orientation on future plans.

Figure 1: Research model proposed by the author



Source: Author's compilation and recommendation, 2022

4. Research sample

Minimum sample size for EFA exploratory multivariate analysis is $N > 5 \times X$ (where X represents the total number of observed seas) (Hair, 2010). In a study with six independent variables, one dependent variable, and 35 observed variables, the minimum

number of survey samples is: $N = (35 \times 5) = 175$ samples (votes).

A questionnaire was distributed directly to TNG's 305 employees in order to conduct the survey. The total number of collected questionnaires was 273 tables. After screening, 250 valid questionnaires are available for analysis.

5. Research Methods

Quantitative research method through regression analysis, multiple regression model is a linear regression model for unadjusted β coefficient of the form:

$$Y = \beta_0 + \beta_1 \cdot X_1 + \beta_2 \cdot X_2 + \beta_3 \cdot X_3 + \beta_4 \cdot X_4 + \beta_5 \cdot X_5 + \beta_6 \cdot X_6$$

6. Research results and discussion

6.1. Scale test results

Test results of communication within the organization (CO) scales; Training and development (TD); Rewards and Recognition (RR); Teamwork (TW); Creativity at work (CW); Orientation towards future plans (OP) in the following order: 0.871; 0.893; 0.785; 0.838; 0.851; 0.912. The test results also show that the total correlation coefficients are greater than 0.3. All scales meet testing requirements and are included in the analysis in the next step.

6.2. Exploratory factor analysis results

6.2.1. Independent variables

From the results of the reliability analysis of the scale above, the EFA analysis was conducted with 30 observed variables of 6 independent variables affecting employee's commitment to TNG.

Barlett's test in factor analysis shows that sig. = 0.000 and KMO coefficient = 0.905 ($0.5 < 0.905 > 1$), showing that the observed variables are correlated with each other and are completely consistent with EFA.

The EFA results show that at the Eigen extraction level > 1 , there are 6 factors extracted from 30 observed variables with a total extracted variance of 70.103% ie the ability to use this factor to explain the observed variable is 70.10% (50% higher than specified level), able to explain 70.10% of data variation.

6.2.2. Dependent variable

The results of factor analysis to explore the dependent variable show that KMO coefficient = 0.704 and Bartlett's coefficient with Sig significance level. = 0.000 (< 0.5), extracted variance 50.688%, and all observed variables have factor loading coefficients greater than 0.5.

6.3. Linear regression between the independent variables and the dependent variable

6.3.1. Pearson correlation coefficient

Table 1 shows that the Pearson correlation coefficient between the dependent variable (EA) and the independent variables (CO, TD, RR, TW, CW, OP) are all 0.3 or higher (specifically, the lowest correlation coefficient is 0.450, and the highest is 0.643). At the 1% significance level, it was initially found that the variables CO, TD, RR, TW, CW and OP could be included in the model to explain the employee's commitment to TNG.

Besides, the independent variables (CO, TD, RR, TW, CW, OP) are also highly correlated (the lowest correlation coefficient between the independent variables is 0.310).

6.3.2. Evaluate and test the fit of the model

Table 2 shows the value of $F = 50.662$ at very small significance level (sig = $0.000 < 0.05$). Therefore, we can conclude that the independent variables are related to the dependent variable and explain the change of the dependent variable.

Multivariable linear regression has the primary function as a tool to describe and confirm/reject stated research hypotheses and predict the degree of association between variables at the overall level, not just stop at the sample. By the Enter method, six independent variables are entered simultaneously to determine which is acceptable. Test values are presented in the analysis in Table 3.

The results show that the independent variables all have a statistically significant impact (Sig. < 0.05) on the dependent variable.

6.3.3. Multicollinearity test

The results from Table 3 also show that the variables' coefficients of variance exaggeration VIF are all less than 3, so there is no multicollinearity phenomenon. Thus, the relationship between the independent variables does not affect the interpretation of multiple linear regression models.

6.3.4. Check the fit of the model

From Table 4, the coefficient of determination R^2 is 0.556, and the adjusted R^2 is 0.545, which means that the linear regression model was built appropriately; the independent variables in the model explained 54.5% ($> 50\%$) of the Variation of the dependent variable.

6.3.5. Check residual assumptions

Assumption of no correlation between residuals: this assumption is tested by the Durbin-Watson

Table 1. Correlations

	CO	TD	RR	TW	CW	OP	EA
CO	1						
TD	0.318**	1					
RR	0.424**	0.473**	1				
TW	0.341**	0.340**	0.386**	1			
CW	0.310**	0.416**	0.508**	0.387**	1		
OP	0.375**	0.466**	0.551**	0.359**	0.574**	1	
EA	0.490**	0.457**	0.583**	0.450**	0.514**	0.643**	1

Note: ** Correlation is significant at 1% level.

Source: Author's data analysis, 2022

Table 2. Anova

	Model	Sum of Squares	df	Mean Squares	F	Sig.
1	Regression	37.276	6	6.213	50.662	0.000b
	Residual	29.799	243	0.123		
	Total	67.075	243			

Source: Author's data analysis, 2022

Table 3. The results of multiple regression analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	VIF
		B	Std. Error	Beta			
1	Constant	0.738	0.173		4.258	0.000	
	CO	0.117	0.031	0.188	3.833	0.000	1.315
	TD	0.148	0.036	0.169	1.333	0.004	1.454
	RR	0.166	0.050	0.187	3.301	0.001	1.777
	TW	0.111	0.040	0.135	2.749	0.006	1.318
	CW	0.145	0.044	0.184	1.502	0.014	1.694
	OP	0.282	0.048	0.341	5.873	0.000	1.839

Table 4. Criteria to evaluate the fit of the model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.745	0.556	0.545	0.35018	1.672

statistic, $1 < \text{Durbin-Watson} < 3$ is in the acceptance region. The results show that the Durbin-Watson coefficient is 1.672 (suitable), so there is no correlation between the residuals.

The test results show that the regression model is suitable and statistically significant. The regression model with normalized beta coefficient is:

$$EA = 0.341*OP + 0.188*CO + 0.187*RR + 0.184*CW + 0.169*TD + 0.135*TW$$

7. Conclusions and recommendations

7.1. Conclusion

The study combines theory and practice to clarify the cause-effect relationship when surveying with 30 independent variables. Through the regression results, it has been determined that there is a positive relationship between the factors affecting the employee's attachment to TNG. The order of impacts is arranged in descending order as follows: (1)

Orientation towards future plans ($\beta = 0.341$); (2) Communication within the organization ($\beta = 0.188$); (3) Reward and recognition ($\beta = 0.187$); (4) Creativity at work ($\beta = 0.184$); (5) Training and development ($\beta = 0.169$); (6) Teamwork ($\beta = 0.135$).

7.2. Management Implications

7.2.1. Orientation to future plans

The organization's future directions serve as the basis for planning specific, relevant goals, objectives, and necessary changes. Consequently, linking the organization's activities to the objectives to be pursued. They align the organization's activities with its strategies, objectives, plans, and necessary changes, thereby achieving the desired results. Employees gain a better understanding of the organization's operations and a sense of belonging when business strategies and goals are communicated. As a result, each employee is aware of his or her contribution to the organization's success and is prepared to give their best effort for the organization's future.

7.2.2. Communication within the organization

Leaders must establish effective personal-to-personal and personal-to-leader channels of communication. Leaders must routinely close and supervise employees as they perform their duties. In addition, employees are encouraged to provide complete and accurate information so that their superiors have a basis for swiftly and efficiently resolving difficulties and problems at work.

7.2.3. Rewards and Recognition

When an employee performs well, direct

management must motivate and encourage that employee immediately. Possible forms include a surprise bonus or a direct message from the manager to the employee. Complimenting this employee in front of coworkers benefits the organization.

7.2.4. Creativity at work

To foster creativity at work, the company encourages employees to generate new ideas and conduct process improvement research. To create an environment where employees can freely offer innovative suggestions.

7.2.5. Training and developing

The leaders of a company need to organize training courses on fundamental skills through on-the-job training programs and develop other standard methods for department employees to acquire knowledge and skills. To create a preparatory step, it is also necessary to supplement training and development programs with external resources, such as software/tools - advanced knowledge application design tools, professional development courses, etc. For the following administration.

7.2.6. Teamwork

The company need to organize team-building exercises both inside and outside the organization. Develop relationships not only between employees but also between employees and superiors within the team. In order to strengthen the spirit of teamwork toward the common goal of the group, department, or organization, the company should also implement an employee evaluation policy that links individual results with pooled results ■

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Trung Nam Construction Investment Joint Stock Company

TÁC ĐỘNG CỦA VĂN HÓA DOANH NGHIỆP ĐẾN SỰ GẮN KẾT CỦA NHÂN VIÊN TẠI CÔNG TY CỔ PHẦN ĐẦU TƯ XÂY DỰNG TRUNG NAM

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TÓM TẮT:

Nghiên cứu này đã tiến hành khảo sát 305 nhân viên tại Công ty Cổ phần Đầu tư Xây dựng Trung Nam (Trung Nam Group) để xác định các yếu tố của văn hóa doanh nghiệp tác động như thế nào đến sự gắn kết của nhân viên tại Trung Nam Group. Kết quả nghiên cứu cho thấy có 6 yếu tố ảnh hưởng đến sự gắn kết của nhân viên. Các yếu tố này, được sắp xếp theo thứ tự tác động giảm dần, gồm: giao tiếp trong tổ chức, đào tạo và phát triển, khen thưởng và công nhận, nhóm làm việc, sự sáng tạo trong công việc, và định hướng cho các kế hoạch tương lai. Dựa trên các kết quả này, nghiên cứu đã đưa ra một số hàm ý quản trị để giúp Ban Giám đốc của Trung Nam Group tăng cường sự gắn kết của nhân viên.

Từ khoá: văn hóa doanh nghiệp, sự gắn kết của nhân viên, Tập đoàn Trung Nam.