

Internal Factors Affecting Human Resource Management at Hai Duong Clean Water Joint Stock Company

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Abstracts

The purpose of the research is to assess the internal factors affecting to the human resource management of Hai Duong clean water business joint stock company. This study employs samples based Primary data were collected through a structured questionnaire in 2021. To carry out the research objectives, the authors conducted quantitative analysis through the Correlation analysis and OLS multivariable regression. The results shown that the internal factors (Organizations Size, Organizational Structure, Business Strategy, Organization Culture, Senior and Middle Management, Training and developing human resources, and Employee's attitude) are positively affect to human management; Empirical research results show that the factors that have a positive and strong impact on human resource management (HRM) are Organization Culture, Senior and Middle Management and Training and developing human resource. In addition, factors with a positive impact but weaker effect include Organizations Size, Organizational Structure, Business Strategy. The findings of this study suggest that when Hai Duong Clean Water Joint Stock Company develop strategies and policies on human resources, it is necessary to consider this internal factor effectively.

Keywords: Hai Duong, human resource management

1. Introduction

There are a large number of works by scientists studying the effective management of financial, material and immaterial resources and information, but the issue of effective use of human resources is always the main topic. The topic is of interest to researchers at different scales and levels. An efficient and highly competitive business is due to the optimal combination of all resources of the enterprise. Inefficient use of a resource can lead to a decrease in output, quality of products and services leading to a decrease in the competitiveness of the business. Human resource management (HRM) refers to practices, systems, and policies that influence employee behavior, performance, and attitudes (Armstrong, 2014). Human resource management is a system, philosophy, policies and practices that can affect individuals working in an organization (Nasiripour et al., 2012). In practice, human resource management includes human resource needs selection, screening, recruitment, training, response, appraisal as well as participation in labor relations, safety and health, and equality (Armstrong, 2014).

Effective and competitive human resource management is the key strength of organizations in facing the challenges of the business environment. The sustainable development of an enterprise depends on the effective management of human resources (Mandip et al., 2012). Robertson & Swan (2004) concluded that social management and knowledge-based business activities are increasing. The effective implementation of human resource management activities in organizations is a major source of competitive advantage and has a positive relationship with organizational performance (Becker, 1996; Collins, 2007). However, the factors affecting the effectiveness of human resource management have not been given due attention. These factors can be divided into two groups: external factors, including all factors affecting employees from outside and those are established by enterprises; internal factors, including factors related to job satisfaction and individual psychosocial characteristics of employees.

The literature review shows that the impact of internal and external factors on the effectiveness of human resource management of enterprises is inconsistent or the relationship between these factors depends on the role of managers in Every business is different. In this context, the paper will contribute to the literature by

exploring two research questions: first, what are the internal factors affecting the effectiveness of human resource management at enterprises? Second, how do internal factors affect the effectiveness of human resource management of Hai Duong Clean Water Joint Stock Company? To achieve this, the paper is structured as follows. Section 2 reviews the literature on internal factors affecting the effectiveness of human resource management in enterprises. The results of the empirical study are analyzed in Section 3. Section 4 concludes and provides some policy recommendations

2. Literature Review

The internal factors influencing human resource management relate to events and changes taking place within the organization. This may include changes in ownership, changes in the organization's management structure, mergers, acquisitions, and downsizing or hiring trends. The internal environment of enterprises has a strong influence on their human resource management. Research by Zheng and Morrison (2009) shows that different human resource management activities in SMEs are influenced by organizational variables including ownership, age and size of the business (Milkovich and Boudreau, 1991). The important internal factors are as follows:

2.1 Organizations Size (OS1)

Each business will have its own size, nature and difficulties, requiring the human resources administrator itself to find solutions to be able to set up processes, manage and control the situation strictly tightest. Organizational size plays an important role in human resource management in an organization (Armstrong, 2014). Armstrong, 2014 found that there is a large number of small and medium-sized enterprises that do not carry out formal human resource activities (there is no dedicated HR department). In large enterprises, a separate human resource management department is required, which performs management differently (Jackson et al., 1989; Kaynak et al., 1998).

2.2. Organizational Structure (OS2)

Organizational structure is a system used to define the hierarchy within an organization. It defines the position, job, function of each department, each employee and reporting regime in the organization. An organizational structure that is scientifically and flexibly built will increase the operational efficiency of the business. There are important structural differences between firms that affect how HRM practices are designed and implemented (Gravin, 1986; Armstrong, 2014).

2.3 Business Strategy (BS)

Business strategy helps businesses create an operating trajectory, it helps businesses exploit and use resources optimally in scarce conditions. In human resource management activities, effective business strategies will help businesses connect employees with different interests towards a common goal, helping businesses develop and improve their capabilities competition. To gain competitive advantage, businesses use different competitive strategies. These strategies are more effective when they are systematically applied to human resource management practices. Armstrong (2014) show that when business strategies and HRM policies are developed simultaneously, they positively affect organizational performance. HR strategy is an important determinant of both the intensity and variety of HR activities (Gravin et al., 1986). This is more valuable for decisions made simultaneously regarding employee quality and development, innovation and reward and employee relations as well as costs and human resources. Mello (2006) recommends that organizations while designing and implementing their HRM functions should consider the organization's goals, objectives, policies and strategies. Companies can improve their environment by making effective choices about human resource practices that support their chosen strategy (Milkovich and Boudreau, 1991).

2.4 Organization Culture (OC)

Organizational culture includes beliefs, practices, value systems, codes of conduct, and ways of doing business that are widely shared by members of the organization. The organization's culture depends on each employee, so human resource management is especially important, directly related and has the strongest impact on the organization's culture. Eniola et al., (2019) argue that the approach of management and the way in which decisions are made reflects an organization's culture. In the field of human resource management, organizational culture helps businesses attract talent, each member understands his or her own value to the job, increases work motivation, and unites internally. Buller (1998) has shown that a positive culture in an organization has a

positive effect on both retention and recruitment. Several closely related factors, such as history, traditions and past practices tend to create resistance to change in most organizations (Kane and Palmer, 1995; Pardo and Fuentes, 2003).

2.5 Senior and Middle Management (SMM)

The orientation of senior leadership is another factor affecting HRM activities. Most studies acknowledge the influence of senior leadership on HR performance. In the design and implementation of human resource management policies, the support and advice of senior management is required (Kane and Palmer, 1995).

Middle managers are managers to whom employees or groups of individuals directly report and are accountable to higher management for those employees or groups. They are involved in the design and implementation of HR activities that are key to the organization's success. Research by Lansu et al. (2020) suggests that, as middle managers with a responsibility to create value, they should integrate HR practices in their work. Since line managers know the requirements and needs of their teams and departments, they can play an important role in structuring effective HR policies. Rosman et al (2013) said that management style is one of the important factors shaping the policies of the human resource management department.

2.6 Training and developing human resources (TAD)

Training and developing human resources in order to make the most of existing human resources and improve the efficiency of the organization by helping them better understand their jobs, master their careers and perform their functions and self-consciously and with better work attitudes than before and to increase their adaptability to future work (College Meerut, 2014). The goal of training and development is to ensure that employees through value addition can effectively perform their jobs, gain competitive advantage and seek personal growth: performance can Measurable by good training and development, will enhance organizational development. Training will equip employers to put that information and knowledge into practice to improve organizational efficiency and productivity as well as the quality of people management. It should be considered together with policies and education system as an important factor for human resource development (Armstrong, 2014).

2.7. Employee's attitude (EA)

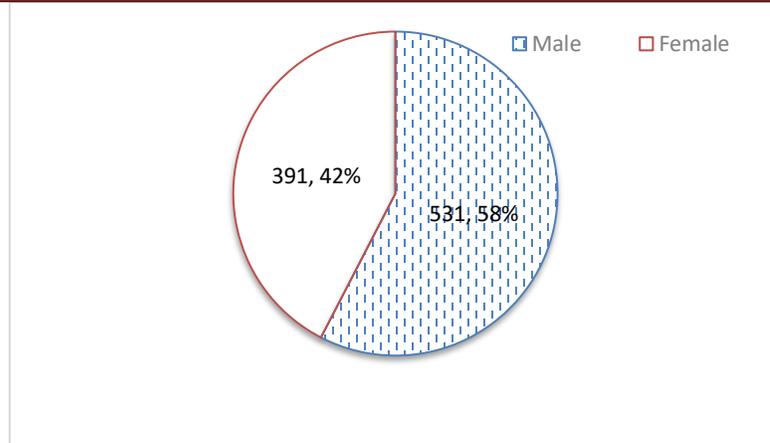
The relationship between employees in the workplace shows that a strong link exists between HRM and both employee attitudes and performance in the workplace (Guest, 1999). Human resource management is the primary means by which an enterprise can influence and shape the skills, attitudes and behaviors of individuals to perform their jobs and thus achieve organizational goals. Productivity is affected by employee motivation. Financial performance is influenced by the skills, motivation and organizational structure of employees (Huselid, 1995). The effectiveness of HRM depends on how it creates the right attitudes and behaviors in employees. Wajda (2019) argues that human resource management of an organization can improve employees' job satisfaction and strengthen their commitment to their organization.

3. Research Methods and Materials

3. 1. Research context

Hai Duong Clean Water Trading Joint Stock Company, formerly known as Hai Duong Water Plant, was built in 1936. In 2014, the Company officially operated in the form of a joint stock company with the current charter capital of 318,824,700,000 VND. By the end of 2019, the Company had a staff of 930 people with the structure shown in Figure 1.

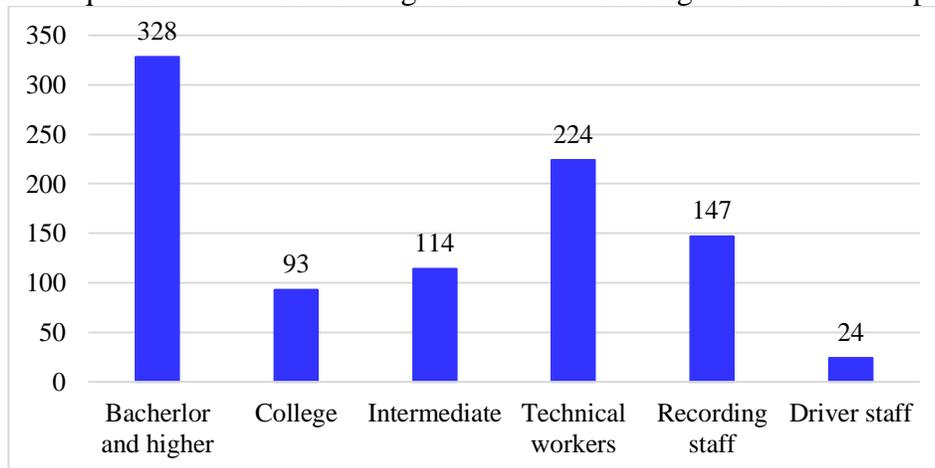
Figure 1: Labor structure at Hai Duong Clean Water Trading Joint Stock Company in 2019



The labor structure by gender clearly does not have a big difference among the total of 930 employees, there are 531 men accounting for 57.1% and 399 women accounting for 42.9%. With such a labor structure, the Company's activities will be harmonious in all fields. The customer care department, collecting water bills, etc. are usually female; engineering, management, operation, maintenance and repair of pipelines, equipment and machinery department are usually male. This is a very reasonable arrangement of the company, contributing to the strength and stability of the company's operations in the long run.

According to 2019 data, the level of labor at Hai Duong Clean Water Business Joint Stock Company is divided by labor level as follows:

Figure 2. Labor qualification at Hai Duong Clean Water Trading Joint Stock Company, 2019



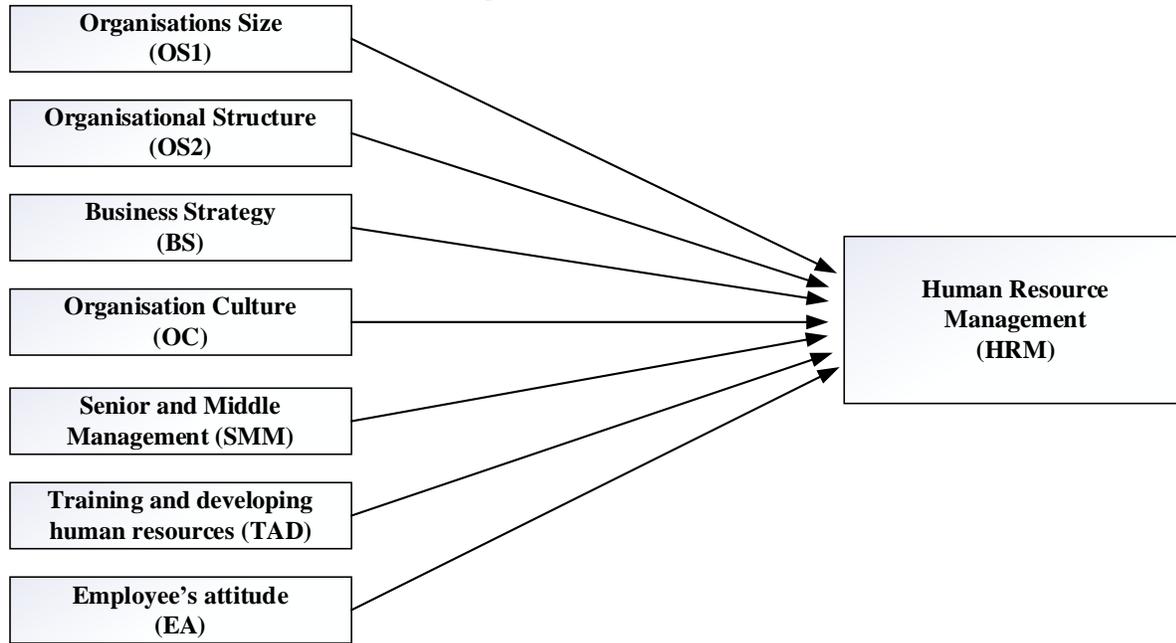
Source: Organization Department of Hai Duong KDNS Joint Stock Company)

Considering the labor structure by professional qualifications, by the end of 2019, the whole company had 328 people with bachelor and higher, accounting for 35.28%; and 93 people with college degrees, accounting for 10.0%; intermediate level is 114 people, accounting for 12.26%; driver is 24 people, accounting for 2.25%; The number of workers recording revenue is 147 people, accounting for 15.8% and the number of technical workers is 224 people, accounting for 24.1.0%. It can be seen that the level of labor at Hai Duong Clean Water Business Joint Stock Company is technical workers (including technical workers and recording staff) accounting for the highest percentage. This is understandable because, so the number of workers working in departments is relatively large such as technical repair, operation, customer care ...

3.2. Research models

After reviewing the theories related to the internal factors affecting the effectiveness of human resource management. This paper proposes a research framework model on the relationship between internal factors affecting the effectiveness of human resource management as follows:

Figure 3. Research models



Source: Author's summary

3.3. Research Methods

This study is based on primary data. Primary data were collected through a structured questionnaire. Random sample technique has been used to interview the HR managers of the firms. A sample of 406 employees was selected from Hai Duong Clean Water Joint Stock Company. The questionnaire was developed by using a 5 points Likert scale, From 1= no impact to 5=Great Impact. Data was analyzed using descriptive statistics such as Mean, SD & percentages.

Second, how do internal factors affect the effectiveness of human resource management of Hai Duong Clean Water Joint Stock Company?

To answer first question, what are the internal factors affecting the effectiveness of human resource management at enterprises? Correlation analysis was done to establish the relationship between various HRM practices and internal factors.

To answer second question, how do internal factors affect the effectiveness of human resource management of Hai Duong Clean Water Joint Stock Company? This article uses OLS multivariable regression to determine the effect of independent variables on dependent variables. The choice of the OLS method gives the least squares the least squares and has some advantages such as zero deviation, consistency, minimal variance and minimum efficiency; It is widely used based on BLUE (Best, Linear, Unbias, Estimate) rules, simple and straightforward (Gujarati, 2004). The Stata econometric software 15.0 was used for this analysis. Statistical testing of parametric estimators was conducted using standard errors, t-test, F-test, R, and R². Economic criteria show that the coefficients of the variable are consistent with predicted economic expectations, while the statistical criteria test is used to assess the magnitude of the overall regression.

4. Results and Discussion

4.1. Descriptive statistics

Table 1. Descriptive statistics about Internal Factors affecting HRM Practices

Variable	Obs	Mean	Std. Dev.	Min	Max
HRM	406	3.65025	1.10256	1	5
OS1	406	3.74877	1.14652	1	5
OS2	406	3.72906	1.13333	1	5
BS	406	3.68473	1.14573	1	5
OC	406	3.66995	1.19853	1	5
SMM	406	3.69951	1.08564	1	5
TAD	406	3.64532	1.21404	1	5
EA	406	3.76847	1.20107	1	5

The mean values of the variables in the model are all greater than 3.6 points (on a 5-point Likert scale), showing that the variables in the research model are larger than the average. In which, the EA variable has the largest mean value of 3.76847 points (table 1).

Correlation was performed to find out the pair wise relationship between the factors.

4.2. Correlation analysis

Table 2. Correlation matrix

	HRM	OS1	OS2	BS	OC	SMM	TAD	EA
HRM	1							
OS1	0.5046	1						
OS2	0.4614	0.5404	1					
BS	0.5341	0.5373	0.5159	1				
OC	0.6524	0.5936	0.5702	0.5210	1			
SMM	0.6010	0.4986	0.5518	0.5946	0.5232	1		
TAD	0.6007	0.4751	0.5437	0.5372	0.6524	0.5896	1	
EA	0.5764	0.5888	0.4581	0.5425	0.5746	0.5790	0.5023	1

Source: Primary Data ** Correlation is significant at the 0.05 level (2-tailed).

According to the table 2. There is a positive and significant association between Human resource management and internal factors. It is assumed from the question that Human resource management practices have positive association with internal factors that influence these practices. The result shows that internal factors that influence Human resource management practices are independently positively correlated with Human resource management practices and also highly significant at 5% level. Therefore hypothesis 1 of the study is accepted. Maximum correlation ($r= 0.6524$) is existing between oc and Human resource management practices, followed by Senior and Middle Management (0.6010) and Training and developing human resources ($r= 0.6007$) which impact the Human resource management practices most. Meanwhile, factors such as employee's attitude, business strategy, organizations size and organizational structure have a smaller impact than the above factors.

4.3. Regression analysis

The key idea of the Ordinary Least Square regression is that employing this model in order to estimate the coefficients and intercept through minimizing the sum of squared estimate errors in the multiple regression models.

Table 3. OLS regression

	Coef.	Std. Err.	t	P>t
OS1	0.024770	0.045317	4.55	0.005
OS2	0.053390	0.044456	3.20	0.000
BS	0.081115	0.044613	1.82	0.020
OC	0.293369	0.046951	6.25	0.000
SMM	0.224196	0.049345	4.54	0.000
TAD	0.145105	0.044402	3.27	0.001
EA	0.137065	0.043402	3.16	0.002
_CONS	0.506049	0.156660	3.23	0.001

According to the results in table 3, the coefficient of organizations size is estimated to be 0.024770, implying that a 1% increase in organizations size can lead to a 2.47 % increase in Human resource management. The calculated statistic for organizations size is 4.55 which is greater than the value of the statistic implying that the relationship between organizations size and Human resource management is positive and statistically significant.

The coefficient of organizational structure of 0.053390 implies that in the long run a 1% increase in organizational structure can lead to 5.33% increase in human resource management. The calculated statistic for organizational structure is 3.20 greater than the value of the t-statistic implying that the relationship between human resource management and organizational structure is positive and statistically significant.

The coefficient of business strategy is 0.081115, implying that in the long run a 1% increase in business strategy can lead to 8.11% increase in human resource management. The calculated statistic for business strategy is 1.82 which is greater than the value of t-statistic which implies that the relationship between human resource management and business strategy is positive and statistically significant.

The coefficient of Organizational culture is 0.293369, implying that in the long run, a 1% increase in Organizational culture can lead to 29.22% increase in human resource management. The calculated statistic for an Organizational culture of 6.25 is greater than the value of the t-statistic implying that the relationship between human resource management and Organizational culture is positive and statistically significant.

The coefficient of Senior and Middle Management is 0.224196, implying that a 1% increase in Senior and Middle Management can lead to 22.41% increase in human resource management. The calculated statistic for Senior and Middle Management of 4.54 is greater than the value of the t-statistic implying that the relationship between human resource management and Senior and Middle Management is positive and statistically significant.

The coefficient of Training and developing human resources is 0.145105, implying that a 1% increase in Training and developing human resources can lead to a 14.51% increase in human resource management. The calculated statistic for Training and developing human resources of 3.27 is greater than the value of the t statistic implying that the relationship between human resource management and Training and developing human resources is positive and statistically significant.

Similarly, a coefficient of Employee's attitude of 0.137065 implies that a 1% increase in Employee's attitude can lead to a 13.7% increase in human resource management. The calculated statistic for an Employee's attitude of 3.16 is greater than the value of the t-statistic implying that the relationship between human resource management and Employee's attitude is positive and statistically significant.

5. Conclusion

This article investigated the internal factors that affect the human resource management policies and practices of hai duong clean water joint stock company. Research results have shown that the company considers internal factors at a high or at least moderate level while formulating human resource management policies, contributing to improving the efficiency of human resource management. The results of this study have shown the internal factors that affect human resource management activities in enterprises, which suggest a positive and meaningful relationship between human resource management policy and internal factors of the firm. The results indicate that the most important internal factor influencing human resource management practice is Organizational culture, followed by Senior and Middle Management and Training and developing human resources. Therefore, when hai duong clean water joint stock company develop strategies and policies on human resources, it is necessary to consider this internal factor effectively.

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