

Establishing a Model for Assessing the Effects of Cultural Organization to Employees' Loyalty at Viettinbank Vietnam

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Abstract:

The objective of the paper is to review the research, build the expected research model to assess the impact of corporate culture and organizational culture on employee loyalty on the organization. Vietnam Joint Stock Commercial Bank for Industry and Trade has long been known as one of the leading banks in the Vietnamese banking system. In the context of internal and external demands, VietinBank has pioneered the application of modern banking management model, with modern technology platform, management level, risk management and an important factor. Most importantly, the bank has built a high-quality staff; standardize personnel quality from recruitment, training, rotation and appointment; improve technical and operational efficiency, affirming the position of a leading commercial bank in Vietnam. Therefore, the author wants to evaluate the factors affecting the loyalty of employees in the bank to make lessons and recommendations for the banking system.

Keywords: Organizational culture, employee loyalty, bank, Vietnam

1. Introduction

On the way to create and develop a business in a sustainable way, human resources is a key factor to decide success along with other factors such as technology, infrastructure, service quality, ... When enterprises operating for many years in the industry, having financial potential, creating a brand name and other conditions relatively stable, then competition in technology and natural resources is no longer a competition for core competencies. . Instead, the competition for human resources is the top concern of administrators. The situation of employees leaving the company to move to the workplace with better conditions is becoming increasingly popular and greatly affecting businesses. More than anyone else, an executive is someone who understands the effects of an increase in training costs, new hiring costs, psychological effects and job retention, coordination between departments, and reputation. of businesses in the market ... Therefore, businesses need to maintain a stable human resource, minimize the organization's leave of staff, need to take actions to improve and join in. increase employee engagement with your business. In other words, increase employee loyalty to the business. Domestic and foreign studies indicate that organizational culture is the glue between employees and organizations. Organizational culture influences a range of expected outcomes that are considered on an organizational and personal perspective such as commitment, loyalty, reasons for leaving the organization and job satisfaction (Chow et al. , 2001). Organizational culture is a management philosophy and management style of organizations to improve efficiency and perform work. The work of Saeed and Hassan (2000) has demonstrated that corporate culture has the ability to influence ideology, emotions, communication activities and perform work within the organization. In the article, "Competitive organizational culture," 2007 concludes that "Japanese companies give top priority to building organizational culture with a focus on investing in people, building a team of people." loyal employees dedicated to life with the mission of the business ”.

Tran Hoang Ngan (2015) said that in Vietnam, the commercial banking system is considered the backbone of the economy; Commercial banks are the bridge to mobilize idle capital of economic organizations, businesses and individuals and redistribute this capital and banking services related to businesses and individuals with needs to use capital with the goal of developing the economy. With such importance, the Government has proposed a scheme to restructure the commercial banking system, contributing to restructuring the economy; Banks must change from organization, personnel and commercial banking to meet the requirements of innovation in the current period. In the midst of increasingly fierce competition with other commercial banks in the market and the restructuring requirements within the system to meet the demands of the economy, the

construction of a workforce Having enough capability, experience and loyalty to the organization is essential. In addition, banking is a sensitive business in the monetary field, therefore, requires employees to have professional ethics, comply with organizational culture in a standard way. Therefore, the cost of training and training an employee costs time and money quite a lot compared to other business sectors. Meanwhile, according to today's trend, because of the risks and responsibilities at work, the interest of workers in the banking sector not only includes elements of work, wages ... but they also Pay attention to organizational culture especially for capable, brave and talented employees because it is one of the factors directly affecting the decision to stay or leave the organization. There are many elements of organizational culture that affect employee loyalty. However, the extent of the study of the impact of organizational culture on loyalty of employees, especially in the banking sector, is still in its infancy. A number of studies are conducted on a part of the staff or a bank's operations, so the results provide very insightful and meaningful foundation for research or management decisions based on the ministry. but it is not too general for all staff in different departments. The bank is an organizational system with many branches stretching and coordination of many different departments. In order to operate smoothly, develop strongly and sustainably of each branch in particular and the system in general, it is necessary to have a close coordination between different fields. Therefore, research can be done for a dynamic area and occupy an important position in the system (cannot cover the whole system of a bank because of resource issues, regional differences, ...), but research requires a general overview of the various parts. Vietnam Joint Stock Commercial Bank for Industry and Trade (Vietinbank) has long been known as one of the leading banks in the Vietnamese banking system. In the context of internal and external demands, VietinBank has pioneered the application of modern banking management model, with modern technology platform, management level, risk management and an important factor. Most importantly, the bank has built a high-quality staff; standardize personnel quality from recruitment, training, rotation and appointment; improve technical efficiency and operational efficiency, confirming the position of a leading commercial bank in Vietnam (Website VietinBank.vn). At VietinBank, although a VietinBank culture manual has been developed, it is only a set of standards for employees to deal with customers, their superiors and with each other. However, organizational culture is not only encapsulated in a cultural handbook, manner of communication and behavior, but also contains many other factors affecting employee loyalty from daily operations to projects. Therefore, every business in general and Vietinbank in particular needs to be aware of the importance of organizational culture and its factors affecting loyalty. Staff. In order to clarify the above issues, at the same time contribute to increase loyalty in the staff of VietinBank, meet integration requirements, create competitive advantages of the unit.

2. Literature review

2.1. Organizational culture

Corporate culture, also known as organizational culture, is defined in various ways by different authors and researchers in organizational behavior theory.

Schein (1990), a scholar with a lot of research on corporate culture, argues that corporate culture is a form of basic hypotheses, invented, discovered, developed by a group of people when they learn how to deal with issues related to external adaptation and integration, work well and are considered effective and therefore communicated to the people. New members follow.

Kotler and Heskett (1992) stated in *Corporate Culture and Performance* that organizational culture is conceived as a belief and value sharing within organizations, which helps shape employee behavioral patterns.

Organizational culture is recognized as a persuasive concept that describes many aspects of a work environment (Saeed and Hassan, 2000).

Kimiz (2005) defines an organization's culture as a set of values, beliefs and codes of conduct for an organization and its members. Customs, rituals, self-shaping of each member ... things that make it different from other organizations, collectively called the culture of the organization.

In this same view, according to two authors Recardo and Jolly (1997), when it comes to organizational culture, people often talk about a set of values and beliefs understood and shared by its members. . These values and beliefs are specific to each organization and to distinguish between one organization and another. The culture of an organization helps determine and shape the attitudes and behaviors of its members. Company culture is measured based on eight aspects, namely: (1) Corporate communication, (2) Training and Development, (3) Rewards and Recognition, (4) Effectiveness effective in decision making, (5) Taking risks by creativity and innovation, (6) Orientation for future plans, (7) Teamwork, (8) Governance policies.

Syed Z et al. (2011) think that organizational culture is a system of shared meanings, which helps the members of the organization understand how to behave. A pattern of trust, ritual, customs and imagination is developed over a period of time. Aspects of organizational culture affect the overall behavior of individuals within the organization.

In general, "culture is deep, wide and complex" (Schein, 1992) and organizational literature can be called a set of values, beliefs and behaviors that form the key identity. of an enterprise, helping it in determining employee behavior (Ooi KB and Veeri A. 2006). From there, organizational culture forms the basis for the behaviors and activities of each individual in the organization, which are the products and assets of each business.

Organizational culture has an important role to play in governance, as more and more academics study it. Organizational culture can affect the thoughts, emotions, and interaction effectiveness within an organization (Saeed and Hassan, 2000).

Nguyen Manh Quan (2012) thinks that organizational culture has two important roles: First, organizational culture is a tool to implement strategies for managers. Secondly, organizational culture is a method to motivate employees and the strength of solidarity for organizations and businesses.

Katarzyna S. (2014) also asserts that organizational culture plays an important role in the organization, helping to regulate the behavior of each member of the organization, even the behavior of the whole organization. The organizational culture is formed based on the "idealization of common experiences". If the organizational culture is built and developed healthy, it will increase the commitment and loyalty of employees. At the same time, it also promotes healthy relationships among employees, creating a strong bond in the business.

Thus, it can be seen that organizational culture can be considered as "glue", or vice versa, can also be considered as a "wind blowing employees" out of the organization. Therefore, organizational culture can create encouragement or it can create obstacles in the organization (Ezekiel S. N. and Darius N. I., 2012).

2.2. Employee loyalty to the organization

There have been many models to study the factors that affect employee loyalty. Allen and Meyer (1990) defined organizational loyalty as a psychological state that signifies employee relationships with the organization, closely related to the decision to remain a member of the organization. .

The findings of Muhammad Irshad have highlighted factors that affect employee loyalty, including: Personal values of employees in accordance with jobs, empowerment, reward, training and career development. career advancement opportunities, support from higher level, working environment, family support, organizational culture, fair income distribution.

According to a study by Janet Cheng Lian Chew (2004), employees' loyalty to the organization, including 8 influencing factors: salary, bonus, empowerment, training and career development, opportunities challenges,

support from leadership, workplace relations, corporate culture and structure, work environment and communications.

Research results of Ho Huy Tu and Pham Hong Liem (2012) explore factors affecting employee loyalty to Khanh Hoa Tourism Company including factors such as: organization, training and development, organizational culture, compliance with objectives, empowerment, spiritual rewards and support of the organization.

Research results by Tran Kim Dung and Nguyen Thi Mai Trang (2007) suggest that leadership style and organizational culture, organizational support, organizational branding, empowerment, training and development have Affect employee loyalty.

From the above points of view, we can understand loyalty is the psychological state that shows an individual's connection to an organization or a career. Employee loyalty comes from the true feelings of employees, intending to stay and work with the organization for a long time, always connecting with the organization in all different circumstances for the organization's goals.

If human resources play an important role and are an asset of the organization, then their commitment or loyalty to the organization is considered to be its competitive advantage. With loyalty from employees, the organization can create and develop a competitive advantage that is difficult for the opponent to catch up. Employees attached to the organization based on these criteria will become assets and strengths that serve the organization's sustainable competitive advantage (Bhatnagar 2007). Research by Ranya N. (2009) states that commitment has a huge value in an organization. In its study, the author emphasizes that commitment has a strong impact on performance and achievement. merit of an organization. Because highly committed employees will identify the organization's goals and values, they have a strong desire to stick with the organization and be ready to fulfill the mission that exceeds the requirements of their superiors. .

Quan Minh Nhut and Dang Thi Doan Trang (2015) affirmed that, in a business, the staff with good qualification and long-term commitment to the unit can help businesses create many products and services. New good quality, competitive price. Businesses with stable and professional staff will always attract more investors, the value of the business will increase more and more. In addition to the above factors, Bozlagan et al. (2010) pointed out important roles of loyalty such as helping to improve employee satisfaction in the organization, increasing employee income, improve the atmosphere in the organization in a positive direction; retain employees to stay with the organization, promote teamwork within the organization, increase employee productivity, improve employee trust in the organization, and help the organization stay flexible. with these situations, contributing to the development of the business, It can be seen that loyalty plays an important role in the success of an organization. It is clear that no company or organization can achieve long-term success and goals without employees who believe in the company's mission and understand how to carry out that mission. Therefore, the organization should focus on building a long-term working environment that helps the organization adapt quickly to changes. Employees who have confidence and commitment to the organization will have a loyal trust in the organization, the organizational changes that are conducted will be recognized as necessary and they will have a more positive attitude.

2.3 Relationship between organizational culture and employee loyalty

Research by Tran Kim Dung (2009) with the topic "The influence of leadership and organizational culture on the performance of employees and their loyalty to the organization", in which organizational culture measured by Wallach's concept with 3 components: innovation culture, support culture and administrative culture, the results show that organizational culture affects employee loyalty.

The values of organizational culture positively reflect a good image of the business and create an attractive working environment, maintaining the current human resources, especially talented and talented employees. In addition, a positive organizational culture creates an appeal to outside talents by workers in addition to

considering factors such as salaries, job characteristics, etc., the more they pay attention to. cultural factors before deciding to join a new organization. A positive organizational culture will increase the commitment and cooperation of the staff, resulting in improved organizational efficiency, high consensus on strategic directions, and labor productivity. In addition, employees are motivated by increased incentives, better decision making, strong commitment at all levels of staff (Thompson & Luthans, 1990) and creating organizational competitive advantage (Saeed and Hassan, 2000). Research by Shinichi Hirota et al. (2007) have found that culture and its values increase the level of completion of Japanese companies and they gain a competitive advantage through cultural development. Thus, it can be seen that if employee loyalty creates a distinct competitive advantage, creates coordination, unites to deal with situations, helps employees trust and endeavor for the purpose. In the company's goals and mission, the elements of organizational culture are the catalysts that influence employee loyalty, creating those competitive advantages. According to a 2007 survey of tools and management trends by Bain & Company - an American company operating in the field of global business consulting - over 90% of the total number of more than 1,200 International executives from South America, Asia-Pacific, Europe, USA and Canada have agreed that culture is an important strategy for the success of the business.

3. Selecting a research model and proposing future research hypotheses

The author selected the research model of Recardo and Jolly (1997) that identified eight aspects of corporate culture that are consistent with the characteristics of the enterprise to conduct research on the effects of organizational culture on employee loyalty in the banking sector in Vietnam.

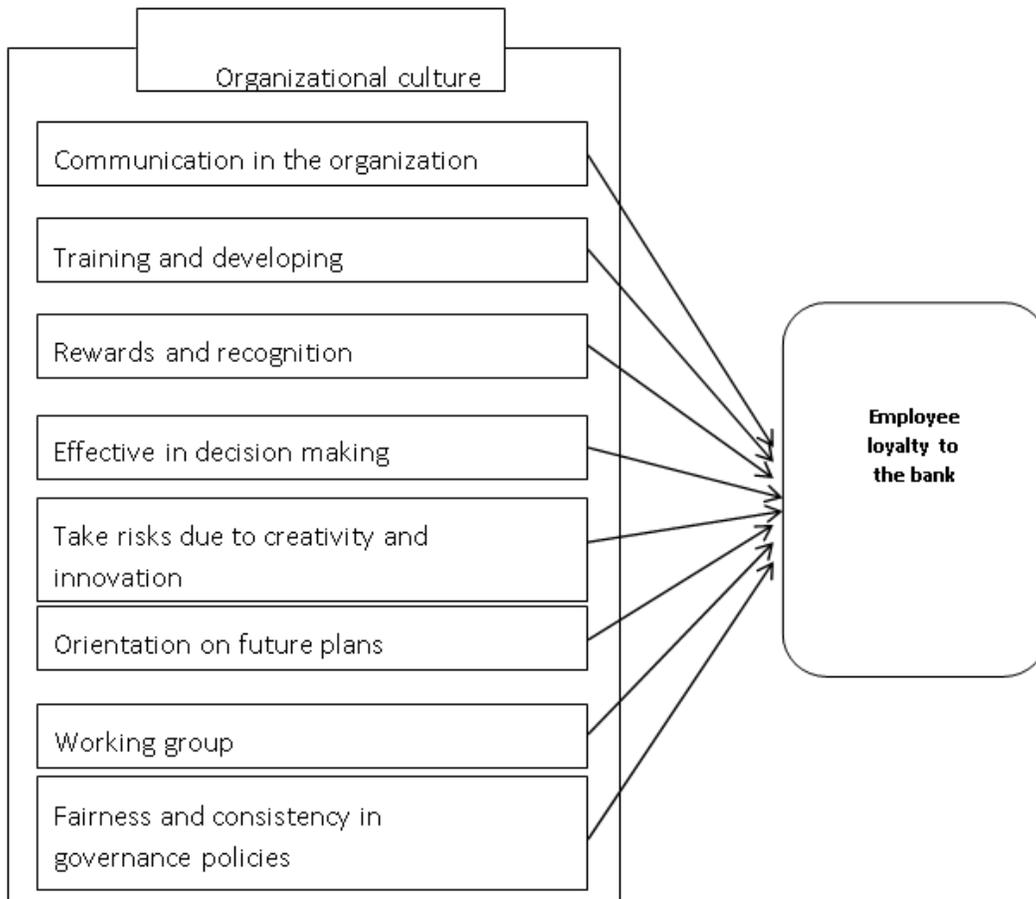


Figure 1: Expected research model

This study examines the relationship between the cultural aspects of the company and the level of employee engagement. The reason for choosing the research model of the research of Recardo and Jolly (1997) is because

this model is relatively complete and generalized the elements of organizational culture. When selecting a model and conducting research for the banking sector in Vietnam, in particular, Vietinbank will avoid missing some elements of the organizational culture that affect employee loyalty, making Research results do not or do not achieve the desired results and the practical applicability is limited.

Banks need to have clear directions and strategies for development in the short and long term. This demonstrates the vision and direction of the company, which has a positive impact on employees. Orientation on future plans in addition to orienting for development through market share, growth, human resources, finance, etc., the bank should pay attention to planning both influence situations and methods. suitable handling method. This can be considered as a method of limiting risks in operations. Scenarios can be considered such as liquidity risk scenario, interest rate risk scenario, data security risk scenario, card security scenario and operational risk scenario. The scenarios are built for each time, different periods, in accordance with actual requirements. Developing scenarios to help employees avoid being passive when risks occur, avoiding pressure when handling situations or fearing responsibility issues in the operation. Orientation for a good future plan helps the bank both develop and minimize losses and damages when risks occur. When the orientations for the future are clear and disseminated fully and clearly, employees are proactive in their work, have skills and problem-solving facilities; Trust, employee satisfaction is improved. As a result, employee loyalty is also improved.

Banks should encourage teamwork among employees to create cohesion between people. Teamwork activities need to clearly define the requirements as well as responsibilities, work obligations, avoid activities "hugging" too much work or avoid and neglect at work. Teamwork helps employees learn, share experiences and create favorable conditions to perform work. However, avoid working in a "routine" that requires research and learning from training based on banking regulations and processes. Strengthened teamwork will make the work handled fluently, flexibly, and respond, coordinate handling when new problems occur. Teamwork needs to be respected in both horizontal and vertical rows. Team work among departments and divisions; between units; between the unit and its headquarters. "Banking culture handbook Vietnam Industry and Trade "only shows teamwork at the level of solidarity and cooperation; therefore, it is necessary to be more specific and appreciate teamwork from everyday tasks.

The Bank should pay attention to, encourage communication in the organization, in which, exchange information to support each other among departments and divisions, facilitating the completion of work. Information for employees to perform the job must be complete and changes in policies related to employees must be fully and clearly informed. In addition, communication needs to create an open environment, emphasizing two-way communication between superiors and subordinates. That helps superiors to grasp the status of work progress, promptly remove difficulties and problems for employees, help them feel comfortable and secure when performing the work. Communication in the organization should be built as a culture of unity, creating an atmosphere of work, harmony, cooperation and respect for each other. For Vietinbank, the communication has been focused and included in the "Cultural Manual of Vietnam Bank for Industry and Trade" issued under Decision No. 089 / QD-HĐQT-NHCT1 dated March 5, 2009. This Cultural Handbook of Vietinbank has shown quite adequately from welcome culture, talk and exchange culture, listening culture, communication culture between leaders and employees ...

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