

Factors affecting talent management in Vietnam



Minh The Ho ¹, Viet Thang Pham ^{1,*}, Vu Phuong Anh Do ¹, Quang Tuyen Bui ¹, Thi Thu Hang Trinh ²

¹Faculty of Business and Administration, University of Economics and Business - Vietnam National University, Hanoi, Vietnam

²Faculty of Development Economics, University of Economics and Business - Vietnam National University, Hanoi, Vietnam

ARTICLE INFO

Article history:

Received 24 March 2021

Received in revised form

14 June 2021

Accepted 28 June 2021

Keywords:

Talent management

SEM

Human resource

Vietnam

ABSTRACT

The purpose of this research is to evaluate factors affecting talent management in Vietnam. Through building the theoretical basis and literature review, the author chooses 4 typical factors: Talent strategy; Motivation to work; Work environment; Corporate culture to assess the impact on talent management. The strength of that research is to use the SPSS model in conjunction with AMOS, and at the same time carry out surveys on the largest scales of Vietnam to accurately assess the model compared to other research. The study used survey data of 570 samples, collected from 27 enterprises with the largest scale in Vietnam. Research results show that there is a difference between the influences of selected factors on talent management in Vietnam. From the results of this study, a system of scales to evaluate talent for the business was re-tested, and at the same time showed the relationship between latent variables in the model as well as between latent variables and variables observe. Since then, the author gives recommendations to improve the efficiency of talent management in Vietnam. These recommendations include awareness of talent management, appropriate remuneration, strategies, recognition and support for talent at work, satisfaction, confidence in the leadership.

© 2021 The Authors. Published by IASE. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

1. Introduction

Talent management in Vietnam is quite new. All research in this country only revolves around some ways of using talent, there is no formal management theory, nor has any research on the impact of external factors on performance talent management. Meanwhile, this is an important issue for organizations and businesses, especially in large-scale organizations or enterprises. In this paper, the authors have rebuilt a theoretical framework to evaluate the factors affecting talent management. Through the evaluation results with the SEM model, the article gives some recommendations on talent management in Vietnam.

The sample selected was 570 surveyed, focusing on 27 largest-scale enterprises in Vietnam. In Vietnam, an enterprise is considered a large enterprise defined by two criteria: Having a total capital of over 100 billion VND or having a human resource of 300 or more people. In these enterprises,

there are many ways to manage talent. Typically motivating employees: Creating more reasons for employees to be attracted to the organization, such as creating greater purpose or meaning for employees. More than 90% of employees surveyed by management experts said that they not only want to make money but need other motivations. Attract top talent: Recruit the highest quality and talented staff. When you manage talent strategically, you can create an employer brand, which organically attracts your ideal talent, and in turn, contributes to improving business efficiency. Ensuring critical roles: An organization will be prepared for gaps in critical skills and have a plan to address critical and highly specialized roles in the workforce. This means that an organization will have a constant flow of employees so that critical roles are not left blank, ensuring smooth operations and satisfied customers and stakeholders. Increase employee productivity: It is easier to identify a 'more suitable' employee than it is to make a hiring decision. This can lead to fewer performance management issues and complaints. It will also ensure that the top talents in the organization stay longer. Employee commitment: An organization that can make systematic and consistent decisions about staff development, ensuring that the people you ask for have the necessary skills and development.

* Corresponding Author.

Email Address: phamvietthang79@gmail.com (V. T. Pham)

<https://doi.org/10.21833/ijaas.2021.10.001>

Corresponding author's ORCID profile:

<https://orcid.org/0000-0003-4314-1471>

2313-626X/© 2021 The Authors. Published by IASE.

This is an open access article under the CC BY-NC-ND license

(<http://creativecommons.org/licenses/by-nc-nd/4.0/>)

Top talent retention: Good new employee training and integration results in 69% higher employee retention. This helps an organization save on recruiting costs and manage performance in the long run. Improve business efficiency: When employees are committed, skilled and dynamic, they will work towards your business goals, which will increase customer satisfaction and business efficiency. Higher customer satisfaction: A systematic approach to talent management means broad integration and a consistent approach to management within the organization. As the system is more integrated, the customer satisfaction rate is usually higher, as they are dealing with fewer people and their needs are being met faster. Firstly, in terms of research methodology, this research contributes to a system of scales of talent evaluation criteria for businesses, trust, satisfaction, and commitment. This is also the basis for researchers, businesses, and regulators to have a scale system to perform research or assessment related to talent for businesses. Second, the study shows the relationship between latent variables in the model as well as between latent variables and observed variables. Specifically, the relationship between latent variables in the model as well as between latent variables and observed variables. Specifically, the relationship between remuneration, strategic factors, planning factors to talent satisfaction, and factors of satisfaction and trust in the commitment of talent to the business.

Large enterprises are those with large scale in terms of capital, labor, or turnover. While the total number of enterprises in Vietnam in 2020 will be 580,000, according to the General Statistics Office, of which the number of large enterprises is just over 10,000. However, the percentage contribution to the GDP of large enterprises is many times higher than that of SMEs in the economy. The article focuses on learning about talent management activities in the 27 largest enterprises in Vietnam.

2. Literature review

Theories have been formulated through several stages indicating the following factors are important in talent management:

1. Cognitive Factor: Talent needs to feel valued and the merit of leadership. It is an important factor in recognizing the ability of talent to work in order to demonstrate professionalism in the workplace (Jackson and Schuler, 1990; Tabachnick and Fidell, 1991).
2. Remuneration: Working conditions include wages and other forms of remuneration, working time, time off, vacation, disciplinary procedures and layoffs, protection of pregnant women and problems, other benefits such as safe drinking water, sanitary conditions, cafeterias, and access to medical services (Frank and Taylor, 2004; Frank et al., 2004).
3. Talent Strategy: Talent Strategy in an enterprise is one of the important factors to retain talent. Talents will develop themselves and have the opportunity to be shown in a professional environment (Sabuncu and Karacay, 2016).
4. Succession plan and work position swap: The periodic change of working positions for talents aims to create conditions for them to train, improve practical working capacity, mature in all aspects to meet the task requirements in the new situation, and have human resources adjacent to the titles when necessary (Lewis and Heckman, 2006; Suh et al., 2012).
5. Satisfaction level: It is used as a control variable in the analysis because employee attitudes about the organization can affect their perceptions. Internal succession planning proactively reduces recruitment and training costs and increases company profits. Furthermore, seamless inheritance can reduce knowledge loss and enhance quality work, for example, because information and practices can be personally transferred (Kontoghiorghes, 2016; Sabuncu and Karacay, 2016; Dang et al., 2020).

2.1. Hypotheses

The hypotheses of this study are as follows:

- H1a:** The talent Strategy has a positive effect on the trust of talent.
- H1b:** Talent Strategy has a positive effect on talent satisfaction.
- H2a:** Work motivation has a positive effect on the confidence of talent.
- H2b:** Work motivation has a positive effect on talent satisfaction.
- H3a:** The working environment has a positive influence on the trust of talents.
- H3b:** The working environment has a positive effect on talent satisfaction.
- H4a:** Corporate culture positively affects the trust of talents.
- H4b:** Corporate culture has a positive effect on talent satisfaction.
- H5:** There is a link between trust and satisfaction with talent.
- H6:** There is a link between trust and commitment of talent.
- H7:** There is a link between talent satisfaction and commitment.
- H8:** There is a relationship between responsibility satisfaction and talent commitment.

2.2. The scale

Based on a literature review of each investigated variable, to define a scale for the groups of factors affecting talent management, the author synthesizes and encodes data in order of each content.

1. Scale of talent Strategy: Talent Strategy is one of the key factors. The scale can include factors such

as talent acquisition, talent succession, or talent development and development factors.

2. Scale of work motivation: Talent must take more responsibility for their own careers; go to productive workplaces and where they can develop skills that guarantee their ability, their employer, in any organization.
3. Scale of working environment: Retaining employees is a challenge, regarding how to create and maintain a daily work environment in which talented people can pursue the joy of their work and financially benefit from personal contributions or collectively.
4. Scale of corporate culture: Corporate culture is one of the central factors for an organization's ability.
5. Scale of talent satisfaction: Job satisfaction is an emotional attitude-a relative to the feeling of likes or dislikes (for example, a satisfied employee might remark: "I like having a lot of work to do"). Satisfaction can be defined as the difference between actual performance and expected rewards.
6. Scale of trustworthy talent: "Belief is the subjective probability that an individual, A, expects that another individual, B, will perform a certain action based on the benefit of that action".
7. Scale of commitment of talent to businesses: The most recent popular hypothesis is the three-factor model, which develops studies of organizational commitments by bringing together the three components of emotional commitment, commitment to continuity, and legal commitment.

3. Research method

After collecting data from 27 large enterprises in Vietnam, the author conducted data cleaning, encoding necessary information in the survey, data entry, and analysis using SPSS software and soft AMOS.

The imported data is analyzed according to the following steps:

- **Step 1:** Descriptive statistics of data collected by comparing the frequencies between different groups by control variables.
- **Step 2:** Evaluate the reliability of the scale through Cronbach's alpha's
- **Step 3:** Exploratory Factor Analysis (EFA)

After performing Cronbach's Alpha analysis, the study conducted exploratory factor analysis (EFA) to determine the convergence and differentiation of the scales. EFA uses the "Principle Axis Factoring" method with the "Promax" rotation and the stop when extracting the elements with an eigenvalue of 1 because this method will reflect the data structure more accurately than using "Principles Component" with the filming "Varimax".

- **Step 4:** Confirmatory Factor Analysis (CFA)

In the SEM model, CFA is one of the powerful statistical techniques that help us test how well-observed variables represent factors.

The Chi-square index adjusted for degrees of freedom to measure the suitability of the model in more detail.

- **Step 5:** Analyze the linear structure model

The SEM structural model is widely used in the fields of psychological research, sociology research child development, and extensively studied in the field of management.

The SEM model combines all techniques such as multivariate regression, factor analysis, and mutual relationship analysis (between elements in the network diagram) to allow us to test complex relationships in the model.

4. Results and discussion

4.1. The result of exploratory factor analysis (EFA)

The Kaiser-Meyer-Olkin Test (KMO) as a Measure of Sampling Adequacy was used in the present study (Table 1) to detect multicollinearity in the data to verify the appropriateness of carrying out a factor analysis. For our data, KMO was $0.718 > 0.5$. The results of our analysis for Bartlett's Test of Sphericity showed a significance level of 0.00. It can be concluded that the relationship among variables is strong. Because there is no change in the names of the factors, the hypotheses proposed to test the previous section are still kept for testing in the next sections.

Table 1: Coefficient KMO and BT

KMO and Bartlett's Test		1 st	Last
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.763	.718
Bartlett's Test of Sphericity	Approx. Chi-Square	11791.102	2847.071
	Df	1485	210
	Sig.	.000	.000
Total variance extracted		51.504	50.526

As we can see, all the factors in Table 2 are satisfactory because they are greater than 0.5. Not only that, there are 5 factors with factor loading greater than 0.7, so the factors have a very good statistical level and satisfy the requirements to go to the CFA analysis step.

4.2. Factor analysis results confirm CFA

After performing exploratory factor analysis, the author conducts CFA confirmation factor analysis, and obtained the results of the model as follows:

- The coefficient GFI=0.934, CFI=0.904 are all greater than 0.9, TLI=0.884 value is less than 0.9, not significantly. CMIN/df value=2.478<3); RMSEA=0.051<0.06 so the model is considered to

be suitable with market data and guarantee uni-direction.

- All scales have good general reliability (CR>0.5); Total variance extracted (VA)> 0.5. From 14 factors with 81 initial scales, initially evaluated, EFA

analysis, CFA analysis reduced to 21 scales, the scale was included in SEM model analysis to test the hypotheses related to employee satisfaction, trust, and commitment.

Table 2: Pattern Matrix

	Factor					
	1	2	3	4	5	6
work motivation 2(daingo2)	.732					
work motivation 5(daingo5)	.730					
work motivation 3(daingo3)	.696					
work motivation 4(daingo4)	.629					
talent Strategy7(chienluoc7)		.699				
talent Strategy6(chienluoc6)		.623				
talent Strategy8(chienluoc8)		.591				
talent Strategy9(chienluoc9)		.575				
talent Strategy5(chienluoc5)		.573				
responsibility satisfaction3(HL_trachnhiem3)			.806			
responsibility satisfaction2(HL_trachnhiem2)			.671			
responsibility satisfaction1(HL_trachnhiem3)			.671			
commitment of talents4(CK_thitruong4)				.697		
commitment of talents6(CK_thitruong4)				.610		
commitment of talents5(CK_thitruong4)				.557		
commitment of talents7(CK_thitruong4)				.529		
satisfied talent Strategy3(HL_chienluoc3)					.771	
satisfied talent Strategy4(HL_chienluoc4)					.710	
satisfied talent Strategy5(HL_chienluoc5)					.564	
trust3(TT_nangluc3)						.617
trust 2(TT_nangluc2)						.517

- Factor Loading at ± 0.7: The observed variable has a very good statistical significance
- Factor Loading at ± 0.5: The observed variable has a good statistical significance
- Factor Loading at ± 0.3: The minimum condition for the observed variable to be retained

4.3. Structural equation modelling (SEM)

After finding the results of checking the suitability of the whole model, the author put all the observations and satisfied latent variables into the model to analyze SEM and test hypotheses. Analysis results of the linear structure model in Fig. 1 show

that the values Cmin/df=2.180<3, TLI=0.924, CFI=0.938, and GFI=0.953 have achieved very good results because they are both greater than 0.9 and RMSEA=0.046<0.05. As such the data is considered appropriate.

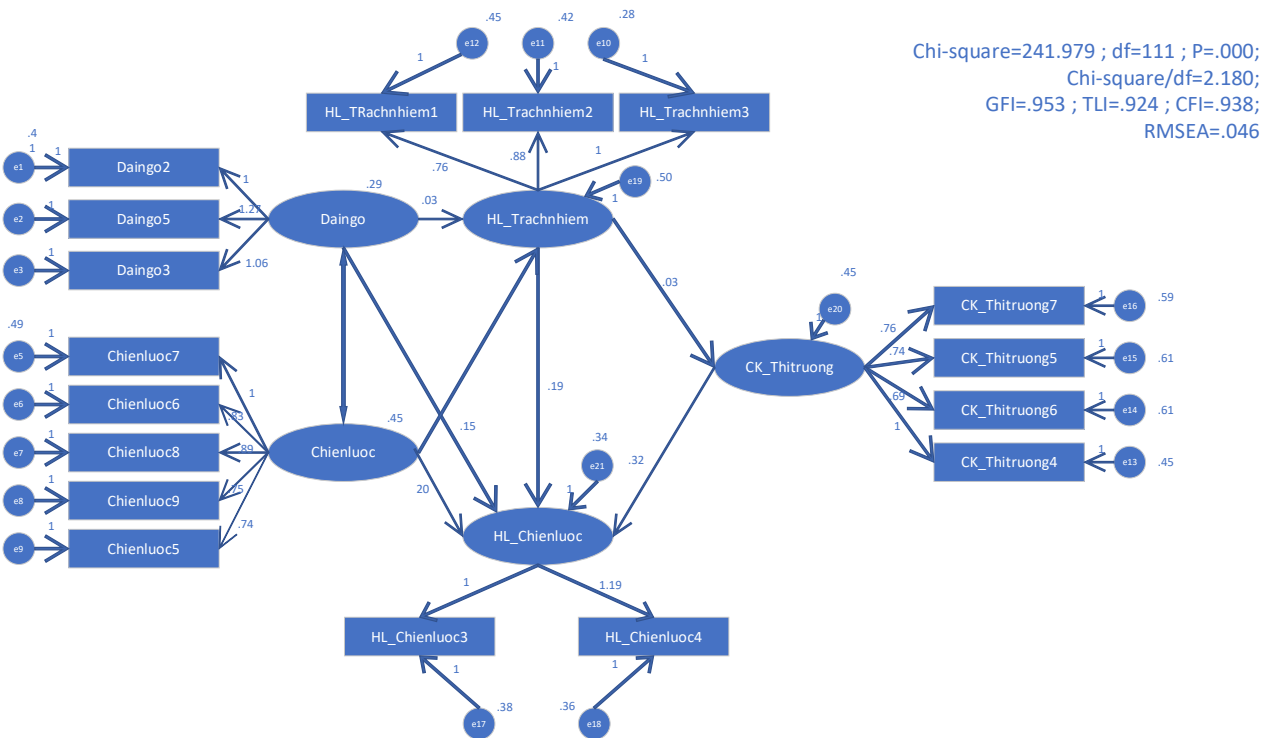


Fig. 1: Result SEM

4.4. Results of hypothesis testing

After testing the appropriateness of the model, the results of the research hypothesis test are shown through the Regression Weights and Standardized Regression Weights.

Hypothesis testing results are obtained: The strategic satisfaction factor group is affected the most by the strategic factor with the weight of 0.214 (H5), then the factor of satisfaction and responsibility with weight 0.212 (H6), and finally the remuneration factor (H4). Factors such as remuneration and talent Strategy do not have enough grounds to conclude that affects responsibility satisfaction. The factor of strategic satisfaction positively affects the commitment of talents with the weight of 0.284 (H7), while the factor of responsibility satisfaction is not enough

basis for decisions affecting commitment of talents (H8). Research results also show that there is a difference between the influence of strategic factors, compensation on satisfaction, trust, and the level of commitment between talent and business leaders, in particular: Remuneration factor does not have an impact on talent satisfaction, but has an impact on the strategic satisfaction of talents; Strategic factors have a direct effect on talent satisfaction and strategic talent but do not affect talent satisfaction. The element of strategic satisfaction of business leaders has a direct effect on the level of commitment of talent. The factor of satisfaction and responsibility does not directly affect the commitment of talent. Table 3 shows hypothesis test results.

Table 3: Hypothesis test results

Hypothesis	Content	Results
H1	Talent Strategy has a positive effect on the trust of talent	No statistical significance
H2	Remuneration factor has a positive effect on talent satisfaction and responsibility	No statistical significance
H3	Strategic factors that affect talent satisfaction and responsibility	Statistical significance
H4	Remuneration factor affects the strategic satisfaction of talents	Statistical significance
H5	Strategic factors that affect the strategic satisfaction of talent	Statistical significance
H6	The factor of responsibility satisfaction affects the strategic satisfaction factor of talent	Statistical significance
H7	There is a link between strategic satisfaction and talent commitment	Statistical significance
H8	There is a relationship between responsibility satisfaction and talent commitment	No statistical significance

Hypothesis testing results are obtained: The strategic satisfaction factor group is affected the most by the strategic factor with the weight of 0.214 (H5), then the factor of satisfaction and responsibility with weight 0.212 (H6), and finally the remuneration factor (H4). Factors such as remuneration and talent Strategy do not have enough grounds to conclude that affects responsibility satisfaction. The factor of strategic satisfaction positively affects the commitment of talents with the weight of 0.284 (H7), while the factor of responsibility satisfaction is not enough basis for decisions affecting commitment of talents (H8). Research results also show that there is a difference between the influence of strategic factors, compensation on satisfaction, trust, and the level of commitment between talent and business leaders, in particular: Remuneration factor does not have an impact on talent satisfaction, but has an impact on the strategic satisfaction of talents; Strategic factors have a direct effect on talent satisfaction and strategic talent but do not affect talent satisfaction. The element of strategic satisfaction of business leaders has a direct effect on the level of commitment of talent. The factor of satisfaction and responsibility does not directly affect the commitment of talent.

5. Conclusion

The results of the research have clearly shown how these factors affect each other and talent management. It is a better study than others because the factors chosen by the authors are very clear and closely related to the extent to which talent

management and retention are affected. The easiest way we can view statistics based on the most advanced models is that SPSS and AMOS score from good to very good. Thereby shows the superior level of the outstanding reputation of the study compared to previous research.

Research results show that there is a difference between the influence of strategic factors, compensation on satisfaction, trust, and the level of commitment between talent and business-leader, specifically: Remuneration factor does not have an impact on talent satisfaction, but has an impact on the strategic satisfaction of talents; Strategic factors have a direct effect on talent satisfaction and strategic talent. The element of strategic satisfaction of business leaders has a direct effect on the level of commitment of talent. The factor of satisfaction and responsibility does not directly affect the commitment of talent. First, in terms of research methodology, this research contributes to a system of scales of talent evaluation criteria for businesses, trust, satisfaction, and commitment. This is also the basis for researchers, businesses, and regulators to have a scale system to conduct research or assessment related to talent for businesses. Secondly, the study shows relationships between latent variables in the model as well as between latent variables and observed variables.

From the results, the study has some recommendations as follows: First, it is necessary to raise awareness (including raising awareness of employees and leaders in the business) about talent management. Second, there should be an appropriate remuneration regime such as building regulations on salary and bonuses for talents and

arranging working space and equipment for talents. Third, businesses need to have a specific strategy for attracting, retaining, and developing talent. Solutions such as: Creating a cultural environment that values talent, creating succession plans, and swapping work positions. Fourth, businesses attach great importance to the dedication of talents through activities to recognize and support talents at work. Fifth, talents need to be satisfied with the sustainable development strategy of the business, these strategies also need to be associated with the strategy of developing talent. Sixth, it is necessary to create confidence in the leadership's ability over talent. When talent believes in leadership, they easily talk to leaders about relevant issues for the business, which can promote the growth of the business and reduce risks if encountered. Seventh, there is a need for an emotional commitment to the company of talent.

Compliance with ethical standards

Conflict of interest

The author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

References

Dang NTT, Nguyen QT, Habaradas R, Ha VD, and Nguyen VT (2020). Talent conceptualization and talent management

approaches in the Vietnamese banking sector. *The Journal of Asian Finance, Economics, and Business*, 7(7): 453-462.

Frank FD and Taylor CR (2004). Talent management: Trends that will shape the future. *Human Resource Planning*, 27(1): 33-41.

Frank FD, Finnegan RP, and Taylor CR (2004). The race for talent: Retaining and engaging workers in the 21st century. *Human Resource Planning*, 27(3): 12-25.

Jackson SE and Schuler RS (1990). Human resource planning: Challenges for industrial/organizational psychologists. *American Psychologist*, 45(2): 223-239.
<https://doi.org/10.1037/0003-066X.45.2.223>

Kontoghiorghes C (2016). Linking high performance organizational culture and talent management: Satisfaction/motivation and organizational commitment as mediators. *The International Journal of Human Resource Management*, 27 (16): 1833-1853.
<https://doi.org/10.1080/09585192.2015.1075572>

Lewis RE and Heckman RJ (2006). Talent management: A critical review. *Human Resource Management Review*, 16(2): 139-154. <https://doi.org/10.1016/j.hrmr.2006.03.001>

Sabuncu KU and Karacay G (2016). Exploring professional competencies for talent management in hospitality and food sector in Turkey. *Procedia-Social and Behavioral Sciences*, 235: 443-452. <https://doi.org/10.1016/j.sbspro.2016.11.055>

Suh GH, Hong YW, Jin S, and Jo GJ (2012). Foundation of management innovation and a success model of micro enterprise by increasing entrepreneurship and organization relationship analysis. *The Journal of Distribution Science*, 10(3): 31-42.

Tabachnick BG and Fidell LS (1991). Software for advanced ANOVA courses: A survey. *Behavior Research Methods, Instruments, and Computers*, 23(2): 208-211.
<https://doi.org/10.3758/BF03203365>