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DETERMINANTS OF THE ORGANIZATIONAL PERFORMANCE OF BUSINESSES IN NINH THUAN PROVINCE

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Abstract

This research explores the critical factors influencing organizational performance in businesses based in Ninh Thuan Province, Vietnam. Leveraging key theoretical frameworks, including Resource-Based View and Dynamic Capability Theory, the study evaluates the impacts of human resource management practices, organizational culture, organizational innovation, intellectual

capital, and organizational citizenship behavior (OCB). Using Structural Equation Modeling, data from 412 senior and middle-level managers were analyzed to validate the proposed hypotheses. The findings highlight that organizational culture exerts the most significant influence on performance, followed closely by OCB, intellectual capital, HRM practices, and organizational innovation. These results underscore the interplay between these factors, emphasizing the need for a robust organizational culture, strategic HRM, and proactive engagement in intellectual capital development. The study provides a comprehensive foundation for managerial strategies aimed at improving organizational efficiency, fostering innovation, and ensuring sustainable growth in competitive markets.

Keywords

Organizational performance, human resource management, organizational culture, innovation, intellectual capital, organizational citizenship behavior.

1. Introduction

In the context of the Fourth Industrial Revolution, businesses, particularly in Vietnam, must optimize resources, especially human resources, to enhance operational efficiency and maintain competitive advantages. A skilled and creative workforce significantly contributes to business development. To achieve high performance, enterprises need to invest in human resource management, focusing on training, skill development, and fostering innovation. Additionally, organizational culture plays a vital role in employee engagement, boosting productivity, and creating a positive work environment.

Intellectual capital is another critical factor that enables businesses to adopt modern technologies and management practices, thereby strengthening competitive capabilities. However, previous studies have provided inconsistent conclusions regarding the impact of intellectual capital and organizational innovation on performance outcomes, particularly between developed and developing economies. In Vietnam, research on human resource management (HRM) practices and organizational culture has primarily focused on individual factors without delving into their overall impact on performance outcomes.

Amidst the trends of economic integration and digital transformation, investigating the comprehensive impact of HRM practices, organizational culture, organizational innovation, and intellectual capital on enterprise performance (EP) in Ninh Thuan is highly necessary. This study

aims to offer valuable managerial implications to help businesses in Ninh Thuan enhance operational efficiency and achieve sustainable long-term development.

2. Theoretical Framework and Research Model

Intellectual capital, encompassing human, structural, and relational capital, has been demonstrated to be a crucial driver of organizational performance (OP). Numerous studies have shown that when businesses invest in knowledge and professional skill development, they significantly improve financial performance and achieve long-term competitive advantages. However, this relationship is not always consistent, as some R&D expenses may reduce short-term profits (Lerro et al., 2014). In general, effectively managed intellectual capital optimizes internal capabilities, positively contributing to OP.

Human resource management (HRM) practices and organizational culture also play critical roles in enhancing OP. HRM practices, including recruitment, training, and equitable compensation, foster a competent and committed workforce, thereby improving job performance (Pfeffer, 1998). A positive and adaptable organizational culture promotes an engaging work environment, supports organizational citizenship behavior (OCB), enhances OP, and aids in talent retention (Zhao et al., 2018).

Finally, organizational innovation enables businesses to adapt quickly to market changes and maintain competitive advantages. Research indicates that organizational innovation enhances learning capabilities, improves processes, and increases efficiency. When combined with OCB—voluntary behaviors exhibited by employees—organizational innovation fosters a collaborative environment that promotes creativity and sustainable growth. Thus, intellectual capital, HRM practices, organizational culture, organizational innovation, and OCB establish a solid foundation for OP and the long-term development of enterprises.

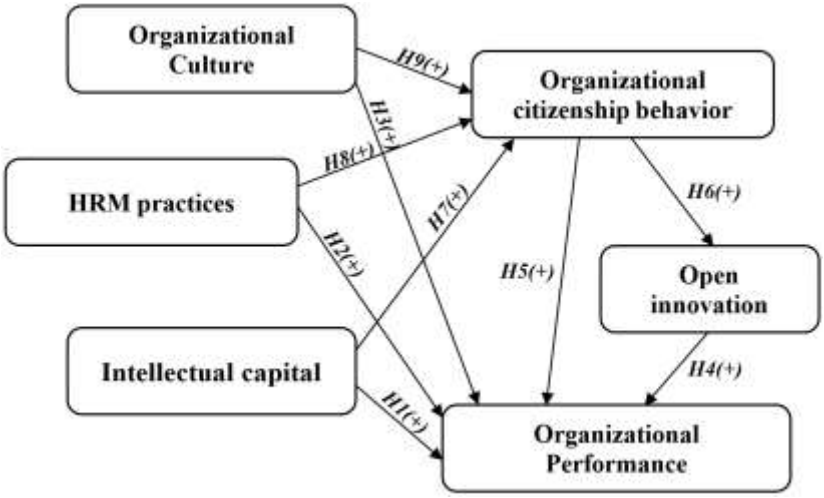
Based on the literature review and these insights, this study proposes the following hypotheses:

- H1: Intellectual capital positively impacts organizational performance.
- H2: Human resource management practices positively impact organizational performance.
- H3: Organizational culture positively impacts organizational performance.
- H4: Organizational innovation positively impacts organizational performance.
- H5: Organizational citizenship behavior positively impacts organizational performance.

- H6: Organizational citizenship behavior positively impacts organizational innovation.
- H7: Intellectual capital positively impacts employees' organizational citizenship behavior.
- H8: Human resource management practices positively impact employees' organizational citizenship behavior.
- H9: Organizational culture positively impacts employees' organizational citizenship behavior.

Based on the review of related studies and the above considerations, the author has conceptualized the relationships among these factors, as depicted in Figure 1.

Figure 1: *Proposed Research Model*



3. Research methods

The research methodology of this dissertation employs key terms such as human resource management practices, organizational culture, innovation, intellectual capital, and organizational performance to conduct a literature review using reputable databases (Web of Science, Google Scholar, ScienceDirect, Emerald, and SAGE). This process identifies research gaps and proposes the conceptual model.

A draft measurement scale was developed and refined through discussions with 11 experts to ensure relevance to the Vietnamese context. The quantitative research was conducted in two stages: a preliminary survey with a sample of 60 managers to assess the initial reliability of the measurement scales, followed by a formal survey administered directly using printed

questionnaires to 650 managers from 650 enterprises in Ninh Thuan province.

Data were collected through direct survey questionnaires and Google Forms, and analyzed using SmartPLS 4.0. The analysis utilized lower-order constructs (LOC), higher-order constructs (HOC), and structural equation modeling (PLS-SEM) to validate the proposed relationships and assess the overall model fit.

4. Research results

Out of the 650 distributed survey questionnaires, the author received 476 responses. However, 64 responses were deemed invalid because the participants were not senior or middle-level managers. As a result, 412 valid observations were retained for subsequent analyses.

4.1 Evaluation of low-order measurement models

The scale achieves reliability and convergent validity when the composite reliability (CR) exceeds 0.7 and the average variance extracted (AVE) is greater than 0.5. The results of the convergent validity analysis, as presented in Table 1, indicate that all CR values exceed 0.8, and all AVE values are greater than 0.6. Moreover, all AVE values are smaller than their respective CR values. Therefore, the model meets the criteria for convergent validity.

Table 1. *Convergent Validity Analysis for the Lower-Order Model*

Scale	Cronbach's Alpha	Composite Reliability	Average Variance (AVE)
DMST- Innovation	0.939	0.953	0.803
GTCL- Core Values	0.935	0.953	0.836
HVCT- Organizational Citizenship Behaviour	0.914	0.936	0.744
PTNL- Capability Development	0.915	0.940	0.796
TGT- Learning Organization	0.901	0.931	0.770
TQHD- Firm performance	0.911	0.931	0.691
TTDP- Training and Development Practices in HR	0.943	0.955	0.780
TTDT - Retention Practices in HR	0.948	0.960	0.829
TTTH- Attraction Practices in HR	0.862	0.900	0.645
VCN- Human Capital	0.892	0.933	0.822

Scale	Cronbach's Alpha	Composite Reliability	Average Variance (AVE)
VHTN- Vision	0.934	0.953	0.834
VHTQ- Empowerment	0.916	0.940	0.798
VQH- Relational capital	0.907	0.931	0.730
VTC- Structural capital	0.918	0.939	0.753

4.2 Evaluation of high-order measurement models

The results of the convergent validity analysis, presented in Table 2, indicate that all Cronbach's Alpha coefficients and composite reliability (CR) values exceed 0.8, while all average variance extracted (AVE) values are greater than 0.6. Moreover, all AVE values are smaller than their respective CR values. These findings confirm that the reflective scales meet the criteria for reliability and convergent validity. Additionally, the discriminant validity analysis results in Table 3 demonstrate that the model achieves discriminant validity, indicating that the constructs are distinct and the model is well-suited to the research data.

Table 2. *Convergent Validity Analysis Results for the Higher-Order Model*

Scale	Cronbach's Alpha	Composite Reliability	Average Variance (AVE)
DMST- Innovation	0.939	0.953	0.803
HVCT- Organizational Citizen Behaviour	0.914	0.936	0.744
TQHD- Firm performance	0.911	0.931	0.691

Table 3. *Discriminant Validity Analysis Results Based on Fornell-Larcker Criterion*

	DMST	HVCT	TQHD
DMST	0.896		
HVCT	0.787	0.863	
TQHD	0.598	0.721	0.831

Using the bootstrapping technique with 5,000 resamples, Figure 2 demonstrates that all outer weights are statistically significant. This indicates that the indicators meet the quality requirements for further analysis. The results indicate that both the lower-order and higher-order models meet the reliability criteria for conducting structural model analysis. The structural model assessment is detailed as follows.

4.3 Discriminant Validity Assessment

The discriminant validity assessment reveals that the outer loadings of any observed variable within each construct are greater than all cross-loadings of that observed variable with other constructs in the model. Thus, it can be concluded that the observed variables in the model ensure discriminant validity, enabling further in-depth analysis.

4.4 Collinearity Assessment in the Structural Model

Table 4 presents the collinearity analysis results for the higher-order measurement model, showing that all VIF values are below 5. This indicates the absence of multicollinearity among the variables in the measurement model. Additionally, the results in Table 5 demonstrate that the SRMR values of both the saturated model and the estimated model are below 0.08. Therefore, the estimated model meets the requirements for data compatibility between the survey data and market data.

Figure 2. *Evaluation of High-Order Measurement Model*

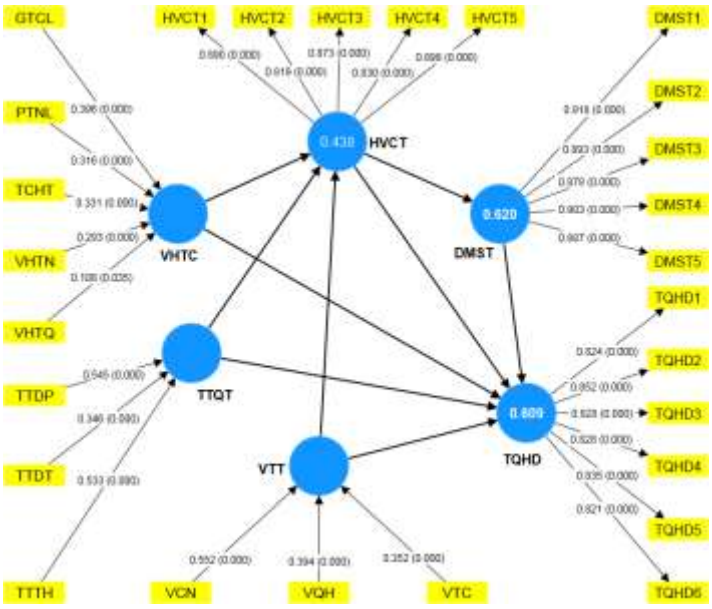


Table 4. *Collinearity Analysis Results of the Structural Model*

Relationship	VIF
DMST → TQHD	2.643
HVCT → DMST	1.000
HVCT → TQHD	3.557
TTQT → HVCT	1.506
TTQT → TQHD	1.550
VHTC → HVCT	1.851
VHTC → TQHD	2.211
VTT → HVCT	1.450
VTT → TQHD	1.505

Table 5. *Assessment of Model Fit*

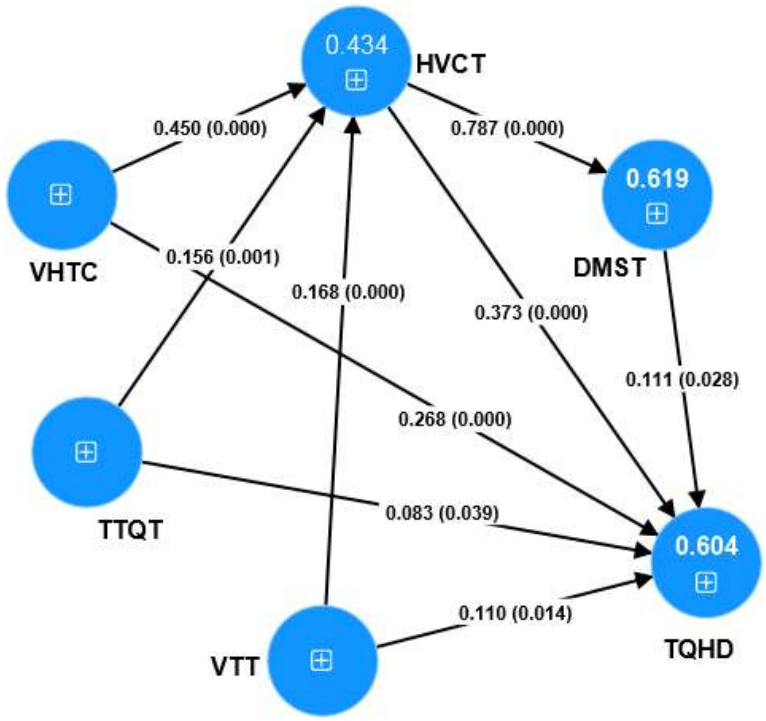
	Saturated model	Estimated model
SRMR	0.046	0.047
d_ULS	0.799	0.819
d_G	0.566	0.567
Chi-square	1258.429	1264.52
NFI	0.833	0.832

4.4 Assessment of Direct Effects

The study employs the bootstrapping technique with N = 5,000 resamples (Henseler et al., 2015) to evaluate the direct effects. The estimation results indicate that the original weights are significant compared to the bootstrapped mean weights, as all weights fall within the 95% confidence interval. This confirms the reliability of the estimates within the model.

The structural model estimation results are visually represented in Figure 3, which illustrates the relationships among the constructs and the magnitude of the direct effects. The significance and strength of these effects provide robust evidence for the hypothesized relationships in the research model.

Figure 3. *Path Coefficient and Adjusted R2 of Structural Model*



The formal quantitative research results presented in Figure 3 demonstrate that all research hypotheses in this study are accepted at a 5% significance level, as detailed in Table 6.

Table 6. *Results of hypothesis testing*

Relationship		**Beta** *(p-value)*	**Conclusion**
H1	Intellectual capital positively impacts organizational performance.	0.112 *(0.014)*	Supported
H2	HRM practices positively impact organizational performance.	0.087 *(0.039)*	Supported
H3	Corporate organizational culture positively impacts organizational performance.	0.269 *(<0.1%)*	Supported
H4	Organizational innovation positively impacts organizational performance.	0.108 *(0.028)*	Supported
H5	Organizational citizenship behavior positively impacts organizational performance.	0.370 *(<0.1%)*	Supported
H6	Organizational citizenship behavior positively impacts organizational innovation.	0.787 *(0.003)*	Supported
H7	Intellectual capital positively impacts organizational citizenship behavior.	0.169 *(<0.1%)*	Supported

Relationship		Beta *(p-value)*	Conclusion
H8	HRM practices positively impact organizational citizenship behavior.	0.157 *(0.001)*	Supported
H9	Corporate organizational culture positively impacts organizational citizenship behavior.	0.452 *(<0.1%)*	Supported

4.5 Discussion of research findings

The quantitative research findings reveal that human resource management (HRM) practices, organizational culture, and intellectual capital positively impact organizational citizenship behavior (OCB) and organizational performance (OP) among enterprises in Ninh Thuan Province. Specifically, among the factors influencing OP, organizational culture has the strongest impact (β = 0.475), followed by OCB (β = 0.460). Notably, OCB significantly affects organizational innovation (β = 0.787), while organizational innovation has a positive impact on OP (β = 0.111). These relationships suggest that the combined effects of these factors enhance their influence on OP. Based on the total impacts of the factors in the research model, the importance of the factors to OP is ranked in descending order as follows: organizational culture, OCB, intellectual capital, HRM practices, and organizational innovation.

5. Conclusion

This study identifies that HRM practices, organizational culture, innovation, intellectual capital, and OCB have positive and significant relationships with organizational performance. Effective HRM and a positive organizational culture create a supportive work environment, enhancing employee engagement and commitment. Strategically managed intellectual capital enables firms to sustain competitive advantages and foster sustainable growth, while innovation enhances operational efficiency and market adaptability. OCB contributes to organizational effectiveness through voluntary behaviors, fostering a flexible, cohesive, and innovation-ready environment.

Together, these factors form a solid foundation for the success and long-term development of enterprises. Based on the research findings, the author proposes the following implications:

5.1 Effective Management of Intellectual Capital

Enterprises should manage intellectual capital effectively by developing both internal capabilities (e.g., R&D) and external capabilities (e.g., partnerships). Intellectual capital is an asset that generates competitive advantages and drives operational efficiency.

5.2 Focus on Human Resource Management Practices

HRM practices should prioritize talent acquisition, training, and retention. A positive work environment and supportive policies enhance productivity, engagement, and employee commitment, thereby improving organizational performance.

5.3 Building a Strong Organizational Culture

Establishing a robust organizational culture helps businesses adapt to changing environments, strengthen internal cohesion, and achieve higher performance. A positive culture provides stability and fosters sustainable value creation.

5.4 Encouraging Innovation

Promoting innovation enables businesses to adapt and thrive in competitive markets. The adoption of new technologies and process improvements boosts efficiency and enhances competitive capacity.

5.5 Linking HRM Practices to Organizational Citizenship Behavior (OCB)

Effective HRM encourages OCB among employees, motivating them to contribute proactively and increasing their commitment to the organization, ultimately enhancing operational performance.

5.6 Training Programs for Intellectual Capital Development

Training and development programs should emphasize the value of OCB, fostering commitment and a spirit of citizenship within the organization.

5.7 Cultural Influence on OCB

Organizational culture significantly impacts OCB. Developing a positive and collaborative culture fosters employees' sense of responsibility and encourages voluntary behaviors that benefit the organization.

5.8 OCB as a Driver of Organizational Innovation

OCB contributes to creating a flexible and open work environment, fostering organizational innovation. These behaviors encourage creative thinking and improve the competitive edge of enterprises.

5.9 OCB's Contribution to Organizational Performance

OCB enhances organizational performance by increasing employee engagement, improving productivity, and boosting work efficiency. It also enables organizations to adapt more effectively to changing environments.

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