REALITY OF BUILDING CORPORATE CULTURE TO DEVELOP WORK FORCE AT START UPS IN THE MODERN ERA – A CASE STUDY OF THOSE IN HO CHI MINH CITY

Vu Quoc Anh¹, Nguyen Thuy Le Vy²
¹Ho Chi Minh City University of Foreign Languages - Information Technology (HUFLIT)
²Sojitz Vietnam Company
vu.quoc.anh2408@huflit.edu.vn, vy.ntl@iphhouses.com

ABSTRACT: Corporate culture plays an important role in managing and developing human resources in enterprises. A company with a corporate culture of interest will tend to create an effective working environment, a clear personnel regime, human resource development, and attracting talents, building trust and attracting customers and partners. Startup companies that wish to develop sustainably will have to build and invest in a variety of tangible elements such as production tools, business tools, office buildings, financial resources, human resources, etc. to intangible aspects called corporate culture. Quantitative research method by detailed questionnaire with Likert 5 scales was used to collect, analyze survey data, estimate and verify models. The survey was carried out with 319 models of startup leaders, who had been operating for at least one (01) year. The objective of the article is to evaluate the status of building corporate culture to develop personnel at startup businesses to meet the needs of the society in the modern era - the case of those in Ho Chi Minh City.

Keywords: Corporate culture, personnel development, startup.

I. INTRODUCTION

Start-up activities have been strongly promoted in Vietnam in recent years. Many policies from government and organizations call for the society and supporting startup groups to concretize ideas and plans into reality. Many startup groups founded their companies, making more jobs for society. Le Van Hung and Tran Dinh Nuoi (2018) [1] considered Ho Chi Minh City to have the largest number of startup incubators in Vietnam. Nguyen Viet Dung (quoted in Tien Luc, 2018) [2], Director of Department of Science and Technology of Ho Chi Minh City, said that among about 1,800 startups across the country, there are about 834 ones in Ho Chi Minh City (42 %). This is a statistic figure of those who received supports and capital investment to encourage production and service provision in the direction of using new technology. Another data on the number of startups, in the first six months of the year, in the city was more than 16,000 newly licensed businesses with a total registered capital of nearly 145,000 billion đồng (Minh Ngan & Le Hoang, 2018) [3]. The above figures show that the number of startups in Ho Chi Minh City is very big.

However, establishing and then developing sustainably is a problem for the investors. There are many issues that need long-term strategic investment such as capital, work force, technology equipment, brand development, etc. for businesses to exist and develop in a dynamic competitive context. The cause of a startup's failure is often because of the following reasons. They do not have products to meet the market demand (about 42 %), appropriate financial plans leading to a lack of finance to develop the business (29 %), and a suitable business model (17 %) and talented workforce for development (23 %) (Tien Luc, 2019) [2]. Therefore, the businesses must find its own ways for competitive position besides technology like building a system of standards, values, concepts, behaviors of the enterprise, creating their own identity as well as invisible strength for the enterprise, which is called corporate culture (Duong Thi Thanh Mai, 2015) [4]. Building a corporate culture is a requirement to retain talented people by inspiring individuals to dedicate the entreprises and any startups could not be outside of this rule.

The objective of the paper is to research the reality of building corporate culture to develop high quality work force at startup enterprises, a case study of those in Ho Chi Minh City. The scope of the topic is surveyed on those which are granted business licenses with the number of the staff of above ten and have operated for at least one year in Ho Chi Minh City.

In the paper, the theoretical framework (Figure 1) shows the independent variables of the elements and activities of corporate culture including understanding of corporate culture of leaders of startup companies, building the artifacts, building the espoused beliefs and values, building underlying assumptions, investment in training activities, investment in facilities and corporate culture compliance of the workers in the companies and dependent variable of reality of building corporate culture at startup companies in Ho Chi Minh City.
A. The role of corporate culture

Corporate culture has certain roles in the initial formation of the company and during the operation and development stage. It plays an important contribution to the construction of the staff team and brand reputation. The followings are the core roles of corporate culture.

- Reducing conflict.
- Creating motivation to work and devote.
- Creating a competitive advantage.
- Creating trust with customers and other social objects.
- Coordinating and controlling the staff.

(Nguyen Tien Dung, 2013) [5].

B. Three levels of corporate culture

Schein (2004) [6] proposes the three levels that make up the corporate culture through the following model.

1. Artifacts
   It is tangible values that can be seen, heard, touched and smelled when exposed such as building architecture, decoration, organizational structure, logos, slogans, brand identity, behaviors, attitudes, languages, company songs etc. They help the businesses create their own image and identity, different from the others.

2. Espoused beliefs and values
   Are the strategies, goals, philosophies, core values, morals and vision of the business. These values are announced to all workers, transmitted to them in many forms such as training, documents, designs, code of conducts etc. so that they can understand them correctly.

---

**Figure 1.** Theoretical framework

**Figure 2.** Three levels of corporate culture
3. Underlying assumptions - general accepted concepts

It is the belief, perception, thoughts, pride and affection that the employees have recognized unconsciously. These concepts exist and are shared so that the staff can act according to them for a long time. It can be deeply ingrained in psychology, difficult to erase and even difficult to accept other different behaviors and thoughts.

C. The importance of training in business

Workforce are a valuable asset of every business. If there is a good staff, the enterprise can concretize the strategies effectively and quickly. When recruiting, businesses always recruit candidates who have good professional skills, attitudes, behaviors, ethics, and views in consistency with the company's culture (Amah, 2013) [7]. However, it is difficult for a new comer to keep pace with the requirements of the company. After a period of time working, they need to be updated with ever-changing professional and cultural skills with social needs and the non-stop progress of science (Paschal & Nizam, 2016) [8]. Therefore, the businesses wishes to always develop to meet professional skills and fit with the company culture, learning must be trained regularly. As a result, the reasons that training needs to be invested and developed are listed as follows.

- Offsetting personnel, ensuring work goes smoothly and efficiently.
- Preparing workers to adapt and fulfill their responsibilities and duties due to technical, cultural, policy innovations, etc.
- Improving the ability of workers.
- Maintaining and improving the quality of workforce.
- Creating competitive advantages for businesses.
- Creating motivation and confidence for employees.
- Solving organizational problems such as conflicts and crisis.
- Meeting workers' development expectations.
- Creating a harmonious, cohesive, supportive and shared working environment.
- Creating a sense of peace of mind at work, especially new employees.

(Nguyen Tien Dung, 2013) [5].

D. The role of investing in facilities

The foundation for building a certain corporate culture is not only in human factors, values, beliefs and awareness but also reflected in invested facilities (Schein, 2004) [6]. Activities of building, maintaining and developing culture are difficult to fully implement without adequate facilities for internal activities, information exchange, training, and exchange activities. For example, building reading activities and sharing content with each other requires a reading room, bookshelf, tables and chairs and building exchange activities also requires an entertainment space or a coffee corner, etc.

The businesses do not often need to invest in facilities, however, the role of facilities plays an important role in building corporate culture. Regardless objectives, facilities environment plays an important role in forming the corporate culture.

E. Corporate culture compliance of the workers in the companies

The corporate culture is built with the purpose of sustainable company development and the key factor is people in general and the employees in particular. The corporate culture combines employees into a team with similar qualities, lifestyles, attitudes and beliefs. They voluntarily strive for their goals under the common interests of their teammates and organizational vision (Schien, 2004) [6]. The employees who wish to survive in the company must agree to promote healthy relationships, interact each other effectively and understand their own roles in their personal affairs. Therefore, each individual must be well aware and contribute to building an effective working environment to achieve the set goals. Any individuals who feel inappropriate to the culture will separate themselves from the organization or group. The organization may also refuse them who adversely affect the goals and working environment (Paschal & Nizam, 2016) [8].

III. METHODOLOGY

The method of quantitative research by detailed questionnaire includes 29 questions with Likert 5 scales to collect, analyze the survey data, as well as estimate and test the models. Thirty ones were run for a pilot test to measure the reliability of the questionnaire before conducting the official survey. It was designed in Google Form and distributed...
through business, human resources clubs as well as to other different relationships and the data is processed by SPSS. Data collected from this study will be checked by Cronbach Alpha reliability analysis method and EFA factor analysis to eliminate unsatisfactory variables in the questionnaire. Hierarchical regression method will be used to test the research hypotheses and the degree of impact of the independent variables on the dependent variable. The final valid sample size is 319 samples.

IV. RESULTS

A. Testing the reliability of the scales

For the scale "Investment Facilities" with observed variable VC2 with variable correlation coefficient - total = 0.211 < 0.3, unsatisfactory. For the scale "Corporate culture compliance of the workers in the companies " with observed variable TG3 with a correlation coefficient - total = 0.285 < 0.3, unsatisfactory. The remaining scales have a reliability coefficient of 0.6 or more and a variable correlation coefficient - the sum is greater than 0.3. So the scales reach the required reliability.

B. Exploring factor analysis (EFA)

1. Independent EFA analysis

The scales of the components of the factors that influence reality of building corporate culture at start up companies in HCMC after Cronbach Alpha reliability test continues to be analyzed by EFA factor analysis technique with Principal component extraction and Varimax rotation. The EFA analysis results (Table 4.1) shows the results as follows.

| Table 4.1. Exploratory factor analysis (EFA) of independent variables |
|---------------------------------|-----------------|-----------------|
| 1. KMO                          | 0.828           | ≥ 0.5           |
| 2. Sig. of Bartlett’s Test      | 0.000           | ≤ 0.5           |
| 3. Eigenvalue                   | 1.005           | ≥ 1.0           |
| 4. Total variance extracted     | 68.13 %         | ≥ 50 %          |

Bartlett’s test results (Bartlett’s test of sphericity) in the KMO and Bartlett test with sig. = 0.000 and KMO = 0.828 > 0.5 meet the requirements. The factor analysis extracted 7 factors from 29 observed variables with a total variance extracted of 68.130 % > 50 %, satisfactory.

Loading factors of these variables are greater than 0.5. Ensuring the requirements of convergence and distinguished values. Therefore, these variables are used for the following analysis.

2. EFA analysis of dependent variables

According to the results in Table 4.2, the KMO coefficient = 0.712 and the Barlett test with Sig. = .000 (< .05) show that the observed variables in the scales are correlated. Therefore, EFA analysis is appropriate. At eigenvalue = 2.167, factor analysis extracted 1 factor from 3 observed variables with extraction variance of 72.230 % (> 50 %), satisfactory.

| Table 4.2. Exploratory factor analysis (EFA) dependent variable results |
|---------------------------------|-----------------|-----------------|
| 1. KMO                          | 0.712           | ≥ 0.5           |
| 2. Sig. of Bartlett’s Test      | 0.000           | ≤ 0.5           |
| 3. Eigenvalue                   | 2.167           | ≥ 1.0           |
| 4. Total variance extracted     | 72.23 %         | ≥ 50 %          |

C. Testing theoretical models and research hypotheses

1. Testing the appropriate of Regression model

<table>
<thead>
<tr>
<th>Table 4.3. Model Summaryb</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), TG, VC, AH, HH, QN, TB, DT
b. Dependent Variable: VHDN
Table 4.3 shows that the value of \( R^2 = 0.610 > 0.5 \) is the appropriate model to be used to evaluate the relationship between the dependent variables and independent variables. The result of \( R^2 \text{ Adj} = 0.602 \) indicates that the independent variables in the model can account for 62% of the variation in the dependent variable. In other words, 62% of the variation of the reality of building corporate culture in startup companies in Ho Chi Minh City is explained by variables: understanding of corporate culture of leaders of startup companies, building the artifacts, building the espoused beliefs and values, building underlying assumptions, investment in training activities, investment in facilities and corporate culture compliance of the workers in the companies.

2. Testing the Appropriate of ANOVA Model

To test the suitability of the model, F-test (the appropriateness of the overall linear regression model) is used. It means that whether the dependent variable is linearly correlated with the entire independent variable.

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of square</th>
<th>Df</th>
<th>Mean square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>51.931</td>
<td>7</td>
<td>7.419</td>
<td>69.584</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>33.158</td>
<td>311</td>
<td>.107</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>85.089</td>
<td>318</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: VHDN  
b. Predictors: (Constant), TG, VC, AH, HH, QN, TB, DT

The F-test used in the ANOVA analysis (Table 4.4) tests the hypothesis on the suitability of the overall linear regression model, \( F = 69.584 \) with sig = 0.000 < 0.05. Therefore, the given linear regression model is suitable for the data and can be used. Thus, from the results of the multiple regression model, the evaluation conditions are met and the suitability test for the study results are drawn.

3. Regression Results

To test the match between the 7 factors affecting the situation of building corporate culture in the startup ones, multiple linear regression functions with one-pass input method (Enter) are used. The larger the standardized partial regression coefficient of any factor, the higher the factor's influence on the reality of corporate culture building in the startup enterprises. If the same sign, the influence level is the same direction and vice versa (Table 4.5).

<table>
<thead>
<tr>
<th>Mô hình</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.125</td>
<td>.168</td>
<td>.739</td>
</tr>
<tr>
<td>AH</td>
<td>.199</td>
<td>.032</td>
<td>.249</td>
</tr>
<tr>
<td>HH</td>
<td>.138</td>
<td>.034</td>
<td>.159</td>
</tr>
<tr>
<td>TB</td>
<td>.222</td>
<td>.032</td>
<td>.279</td>
</tr>
<tr>
<td>QN</td>
<td>.100</td>
<td>.028</td>
<td>.140</td>
</tr>
<tr>
<td>DT</td>
<td>.066</td>
<td>.024</td>
<td>.112</td>
</tr>
<tr>
<td>VC</td>
<td>.057</td>
<td>.026</td>
<td>.083</td>
</tr>
<tr>
<td>TG</td>
<td>.171</td>
<td>.031</td>
<td>.222</td>
</tr>
</tbody>
</table>

a. Dependent Variable: VHDN

Regression analysis shows that the model does not occur multi-collinearity phenomenon because the magnification coefficient of variance of toxic variables (VIF) is all less than 2. Regression analysis, the statistical results show the coefficients The standardized regression of the regression equation is different 0 and Sig. < 0.05 means that all 7 independent variables are involved in affecting the results of the current situation of building corporate culture in startups.

After satisfying the test conditions, the multivariate regression equation has standardized Beta coefficient as follows.

\[ TT = 0.249*AH + 0.159*HH + 0.279*TB + 0.140*QN + 0.112*DT + 0.083*VC + 0.222*TG \]
The regression equation shows that the situation of building culture in the startup company is affected by 7 factors arranged in order of importance from high to low: building espoused beliefs and values, understanding of corporate culture of the leaders, corporate culture compliance of the workers in the companies, building artifacts, building basic underlying assumptions, training and investment in facilities, in which the building espoused value is the most influencing factor. All factors have a positive coefficient $\beta$, so they have a positive impact with the investment in building business culture in the startup business or in other words, 7 hypotheses of the model are accepted and tested accordingly.

4. Hypothesis testing

Based on the results of regression analysis will explain and test the hypotheses given. This result shows that hypotheses H1, H2, H3, H4, H5, H6, H7 are accepted because the normalized coefficients $\beta$ are not zero and with sig. $< 0.05$, that is, the independent variables in the author's proposed model have an effect on the dependent variable with the impact level.

V. DISCUSSION

The leader plays a key role in building corporate culture (Schein, 2004) [6]. They set out strategies, values, perspectives, approve and approve related activities, etc. Therefore, if the leader does not have an understanding of the corporate culture, the construction and development of the corporate culture will not work well. H1 answers a research question about the understanding of corporate culture of leaders of startup companies in HCMC about the importance of corporate culture. Mean results ranged from 3.31 (AH7: I understand that corporate culture contributes to sustainable startup development.) To 4.23 (AH1: I learn about corporate culture). They understand that corporate culture supports the development of startups (AH3 with mean = 4.02), finding and retaining talents (AH4 with mean = 3.30), making a difference for the company (mean = 3.72). This shows that business managers have a high level of interest in learning about corporate culture.

Building artifacts play an important part of the identity that distinguishes one business from others (Kotter & Heskett, 2004) [9]. H2 has the results for the question of building artifacts. Regarding the logo design and putting it into use, the Mean of HH1 = 4.24, which means that the number of companies that have their own logos accounts for more than 90%. At the same time, the design boards for slogans expressing the vision, mission, calling for the working spirit of the employees, etc., also reached a very high level (HH2 = 4.21). However, the building of brand identity is not high as compared to the previous two scales with only HH3 = 3.66. Thus, for building artifacts start to pay a very high level of interest from businesses.

Building the espoused values (H3) is both "average" (average) and "satisfied" with the Mean of the scale TB1 = 3.29 (with built-in code of conduct) at the average level. Building mission, vision (TB2 = 3.45), handbook of employees (Mean = 3.12) and KPIs system (Mean = 2.55) are only average, not high with Mean = 3.45 (TB2). However, the number of enterprises building working rules is more than the other declared value scales, reaching Mean = 3.89. Thus, the status of building espoused values is not high, only average. For H4 (General concept: core value with Mean = 3.68, business philosophy with Mean = 3.91) are satisfied, showing that startup companies have invested in core values and philosophy.

The companies rate them to have activities that share common values and concepts among their members. Most of the startups invest more in business, products, product designs, and service quality rather than building espoused values. This can hardly help a newly founded business assert its position and make a difference with others. When the espoused values that are not appreciated it will make the investors difficult to orient the right direction and develop their business, connect members together and make them more loyal to the company. It is because they do not see the orientation and the values of the company (Kotter & Heskett, 2011) [9].

H5 is related to the investment in training with high results in short-term internal training (DT1) with Mean = 4.24 and team building organization (DT3) with Mean = 4.5. However, sending employees to attend public training classes is not high, only at the average level (Mean = 3.39). The results for employee training in startups are quite positive when the leaders invest in training. When being trained, the employees feel safe and confident with the innovations from technical expertise to cultural changes. They feel they are more mature when working at the company.

H6 answered the question of investing in facilities in building corporate culture with the results of two observed variables on building exchange space and collective activities (VC1) with Mean = 3.39 achieved average content and invested in modern equipment and techniques to create good working conditions and motivation at a very high level (Mean = 4.94).

H7 answers the question about corporate culture compliance of the workers in the companies. The results show that the company has an interest in its employees in building and developing culture. TG1 (employees are encouraged to participate in corporate cultural activities into habits) with Mean = 3.83 and TG2 (employees are encouraged to work
together to build and sustainably develop values company culture) with Mean = 3.74. For the construction of corporate culture, with average results with the question of having an average investment in human resources in building and developing company culture (Mean = 3.39) and investment finance to take initiative in corporate culture, Mean = 3.62, satisfaction level. However, the managers intend to build a sustainable public culture with Mean = 4.04.

VI. CONCLUSIONS AND RECOMMENDATIONS

The corporate culture is formed and developed in parallel with the establishment and development of the enterprise. It includes everything belonging to the spirit of the brand, business quality, production, market position, reputation in the business history to the core values, code of conduct, leadership styles, attitudes and behaviors of each member. The importance of business is to help businesses adapt to changes from inside and outside the business. Startup businesses are invested from material to spirit of investors. They put their whole heart into this brainchild. One of the principles that any investor understands very well when starting a business is that besides the opportunity, there is fierce competition among businesses in the same industry. They can reap a lot of success, yet the continuous changes in technology, the increasingly diverse needs of the society, they may face difficulties.

Though it is not the only deciding factor for all its success and survival, the culture plays one of irrefutable important roles. Therefore, the leaders of startup companies should focus on building corporate culture since the establishment of the company. There should be clear policies and plans in place for building artifacts, espoused values, and basic underlying assumptions.

Investment in staff training should be more focused and planned for regular interal and external training. Amah (2013) [7] identified employee training as an important means of motivating beyond cash bonuses. Other activities such as exchanging, knowledge and experience sharing, festivals, etc. will create employees to connect better with each other and devote to the company more, even spiritual activities bring about employee loyalty to the company.

The culture appears by default, but to construct, maintain and grow sustainably, the company should assign at least one person in charge so that they have time to invest in the company's corporate culture, helping the company to operate within the frameworks that the leadership has shaped./.

VII. REFERENCES