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## Working environment and labor efficiency of state-owned enterprises and foreign corporations in Vietnam

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### Abstract

The research was conducted to find out the relationship between the working environment and labor efficiency, comparative analysis between State enterprises and foreign enterprises in Vietnam. A good working environment is one of the key factors influencing the development of public servants as well as deciding on quality, the performance of the, organization, its business and functional unit. If the work environment is not good, it is very easy to encounter problems such as: quality, poor work performance; loss of solidarity; even the experienced public officials will resign and seek transfer to other working environment.

**Keywords:** Work environment, labor efficiency, state owned enterprises, foreign enterprises

### 1. Introduction

Today, the working environment is an important factor, greatly influencing the productivity and quality of employees. The working environment includes many factors: facilities for work, internal corporate culture, remuneration regimes, relationships between leaders and employees [Nguyen Hoang Tien, 2017a] <sup>[5]</sup>. If employees see a professional and modern working environment with many motivating factors for the development of staff capacity, they will have strong motivation to work and vice versa if the working environment is not as normally expected, it will lead to psychological depression, low quality of working results, lack of confidence in future development of the company and their resignation is only a matter of time [Nguyen Hoang Tien, 2017b] <sup>[6]</sup>. Therefore, domestic and foreign enterprises are now paying highest attention to the working environment of employees in the company. Because they know that a good working environment will motivate employees, inspire them to work and bring about a great success to business [Nguyen Hoang Tien, 2018] <sup>[7]</sup>. Recent research shows that there is a close correlation between the working environment and the labor efficiency of enterprises. Accordingly, a good working environment will bring about higher working efficiency for business and more benefits for other members of the company [Timothy *et al*, 1994] <sup>[11]</sup>. In a high-performance environment, employees achieve personal goals, employers must give them challenging tasks and specify methods to perform the work and how output products need to be achieved [Timothy *et al*, 1992] <sup>[12]</sup>. The awareness of the need to master new skills at work will let employees feel satisfied and creatively motivated.

If we compare the working environment between domestic and foreign enterprises, we will have many things to learn and rethink about [Timothy and Robert, 1991] <sup>[13]</sup>. Because before our domestic enterprises know how important the working environment is to the efficiency of labor, foreign enterprises have known and done many things long ago. In short, any business that wants to achieve success in its operations must focus on the important role of human factors [Vu Thuy Duong and Hoang Van Hai, 2008] <sup>[14]</sup>. First of all, the organization needs to have a clear leadership, not only at the executive and senior level of management to plan and implement its operations [Duong Trong Chau, 2008] <sup>[2]</sup>. Second, the organization needs to be effectively managed. Third, the organization must have a staff with adequate knowledge, skills, talents, and high-level working attitudes to fulfill its mission. The organization is man-managed and built up. Without people, organizations do not exist [Hoang Van Hai, 2010] <sup>[3]</sup>.

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## 2. Theoretical Framework

Whether it is a state-owned enterprise or a foreign enterprise, the working environment should be concerned [Nguyen Ngoc Thanh, 2010] <sup>[8]</sup>. Because it is one of the factors determining the success enterprises, helping them achieve many development goals in the future [Pham Thanh Nghi and Vu Hoang Ngan, 2004] <sup>[10]</sup>. State enterprises are economic organizations with the entire charter capital owned by the State, organized in the form of state companies, joint-stock companies or limited companies. Foreign enterprises are a type of business that has started to develop in our country since the opening and development reforms to this day. Foreign-invested enterprises are enterprises established by foreign companies to invest in business development in Vietnam or are domestic enterprises acquired and merged with foreign companies. In short, state owned enterprise is an enterprise established or registered under Vietnamese law and has its head office in Vietnam. Foreign enterprise is an enterprise owned by a foreign investor, established in Vietnam self-managed and responsible for its business results.

In fact, many institutions, organizations and units have a bad working environment, leading to visible consequences such as poor quality and low efficiency of working staff and working performance; disunity; trends to resignation and transfer amongst cadres and civil servants with High qualifications [Bui Xuan Hai, 2007] <sup>[11]</sup>. In order to build a good working environment, each institution, organization, unit, especially the person in charge, must determine that this is a task that needs to be given top priority in parallel with the implementation of their functions and mission [Nguyen Dinh Cung, 2004] <sup>[14]</sup>.

First of all, the organization unit must ensure conditions and facilities of good working environment such as rooms, desks, chairs, phones, computers and other stationery for the purpose of performing professional tasks.

Secondly, a very important content to promote the capacity of officials and staff is to implement regimes and policies according to the Party's views, the State's policies and the law on wages, reward, discipline, training, retraining, promotion and appointment of officials. In this content, attention should be paid to the training and improvement of the quality of officials and staff. Institutions and units need to identify this as one of the most important tasks in building and developing their organization. It is necessary to have specific plans and plans for training and retraining officials and staff in terms of expertise, tasks, fostering knowledge, political reasoning, state management, foreign languages and IT. Training and retraining need to be conducted in accordance with the standard requirements posed for civil servants and requirements of duties of institutions and units.

Thirdly, the relationship between leaders and employees is a very important content that requires leaders to have a forward-looking vision, to be conscientious, to have a passion for work, to be able to build strong units. The relationship between leaders and employees includes a lot of content, but the most important content is the organization, assignment, rational arrangement of work, consistent with professional qualifications and working capacity of each staff member. Besides, psychological factors of leaders are also very important. The leaders are required to listen and control in all circumstances, to keep a close relationship with employees [Nguyen Quoc Tuan *et al*, 2007] <sup>[9]</sup>. In

addition to the aforementioned factors, leaders need to have timely comments, in terms of compliments and criticisms, and evaluations for staff behavior and attitude. The staff assessment both individually and collectively must be very correct and objective, creating a comfortable psychology to encourage officials and staff to try harder in performing professional tasks. In addition, leaders should pay attention to the life condition and situation of each staff member in the unit and provide timely support when there are difficulties.

Fourth, to build a united team. This is one of the most important contents in the staff management. If there is solidarity and unity, it will fulfill the common mission of the organization. This content requires leaders to regularly care for people, give people a real sense of collective work, help each other in life and work situation, detect personal conflicts within to promptly resolve and let people stick together again.

In short, building a good working environment is one of the top contents and tasks that organizations or units must pay attention to. In a good working environment, each individual staff member has good conditions to promote his/her ability, and jointly perform the tasks. In addition, organizations and units need to create necessary conditions for staff members to approach the external environment in terms of science-technology development in order to keep up with the socio-economic trends and context. Implementing administrative reforms is needed to continuously improve the operational efficiency of enterprises. To achieve that goal, each organization and unit must build for itself a good working environment so that staff members can comprehensively promote their capacities for the implementation of common tasks.

## 3. Research Methodology

This article mainly uses theoretical research methods such as collecting and synthesizing theories and empirical data, classification and systematizing theories. The article studies different documents from different sources by analyzing them into each section to deeply understand the object of research. Synthesis is related with each part of information and data that has been analyzed to create a new and complete theoretical view Ans system of objects. Classification is to arrange scientific documents, arrange knowledge into a system based on theoretical model to make the understanding of the object more complete. Based on the above two methods, the article will search and collect secondary sources of information and data on the websites, books, newspapers and journals to determine close relationship between the working environment and the labor effectiveness. From that point we could to draw conclusions ready for the enterprises to implement in order to bring efficiency to businesses. Besides, the article also proposed to implement a practical survey research method to investigate some related subjects, namely employees working in state-owned enterprises and foreign enterprises in Vietnam through a series of prepared questions, to get more accurate, reliable and practical information sources at the present time to help the article to be more valuable in terms of theoretical and practical reference.

## 4. Research Results and Discussion

Once an enterprise becomes an ideal place to work, the talent will automatically come to it. Sometimes, it will turn

the business around, from the competition to retain talents to become the competition of the talents themselves to get a top job in the business. Although wages and benefits are important, it is not only factor that makes employees stick with the business. Regular activities that show interest in employees such as Christmas party, birthday party and diverse anniversaries are opportunities to connect staff members together and express the company's interest for them. The working environment needs to be healthy, fair, and democratic, creating favorable working conditions for everyone. Such working environment is built on transparent working standards, and people are consulted, built and committed. Such working environment contributes to promoting the sense of self-awareness and sense of community responsibility of each person. Transforming the working environment of the company into a place for each individual to maximize his/her own capacity, to cultivate and improve professional knowledge and advancement opportunities. It is an enormous motivation for each employee to work effectively and achieve the highest performance. If employees are working in an environment where their colleagues are willing to make constructive comments, their satisfaction will tend to increase. In such an environment, employees will easily develop themselves as well as enhance their work capacity. Moreover, superiors should spend more time interacting, providing useful information to improve performance, work results and to avoid focusing only on mistakes. Comments and suggestions should be given continuously and from both sides. Learning opportunities improve job satisfaction because they create promotion opportunities for employees. The work environment should support learning opportunities, including learning from mistakes. A company with a culture that encourages employees to learn through training programs will facilitate them to increase knowledge and continually improve work processes. A good learning environment will create higher levels of job satisfaction. Monitoring style has a direct impact on job satisfaction. Enterprises that tend to monitor too closely can receive a decrease in job satisfaction. This relates to the need for self-esteem and self-assertion of people as independent, reliable, respected and engaged in a collaborative working environment. The company's working environment and office design also have a certain influence on employee behavior and job satisfaction. Innovative design workplaces always facilitate information flow, improve communication and increase labor productivity. Conversely, if the office is too badly designed, it will lead to frustration and reduce job satisfaction.

## 5. Conclusion and Recommendation

### 5.1 Conclusion

Companies need to pay attention to orienting new employees, helping them to integrate quickly with the working environment. It is of urgent need to conduct orientation programs for new employees as soon as they have received a job offer so they can get used to it from the first day. That helps the company to easily develop its successor team. The level of employee satisfaction with work is an important criterion in achieving business goals as well as performance. Employee satisfaction is made up of two elements: internal and external. Internal satisfaction is the feeling of success when employees complete a task. External satisfaction depends greatly on the satisfaction of

the employee with colleagues, managers, organizational culture and remuneration system. The working environment is the factor that influences external satisfaction and there are many factors that managers can influence to increase and maximize this satisfaction.

### 5.2 Recommendation

Business owners need to pay more attention to the work environment, because people are the determining factor of the work efficiency. Therefore, if the working environment in enterprises is not really good, it should be as soon as possible improved. If it's good then try to improve to be better. Enterprises should have a timely and fair reward policy in recording employees' efforts to reach high levels of job satisfaction. The rewards for outstanding contributions can be financial reward or non-financial reward, depending on employee needs and corporate policy. However, the reality shows that employees often respond better to non-financial rewards, such as the "Excellent Staff" award because it increases their perceived own value and self-esteem.

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