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### Corporate Culture at Construction Firms in Hanoi

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#### Abstract

In recent years, corporate culture has attracted more and more attention from firms and researchers. The issue of corporate culture has been mentioned as a criterion when discussing businesses. Construction firms in Hanoi have been interested in building their corporate culture; even many firms do not regret hiring consultants to plan corporate culture for their businesses. This study examines the corporate culture of construction firms in Hanoi. Corporate culture is measured by nine components, including power distance, institutional collectivism, in-group collectivism, uncertainty avoidance, assertiveness, future orientation, performance orientation, human orientation, and gender

egalitarianism. Data was collected through survey questionnaires sent to 150 employees working at construction firms in Hanoi. Quantitative research methods are applied to evaluate corporate culture. The results show that corporate culture (including its nine components) is highly appreciated. There was no difference in the assessment of corporate culture between men and women or between respondents with different working seniority. Based on the research results, some issues related to the building and development of corporate culture in construction firms in Hanoi are recommended for the following years.

**Keywords:** Corporate Culture, Construction Firms, Employees

**JEL Classifications:** M14, M41, O15

#### 1. Introduction

Corporate culture plays an important role in reducing conflicts and harmonizing labor relations in the enterprise by affecting labor relations. Corporate culture establishes common values and ideologies as the basis for each person's behavior in the absence of any regulation or supervision.

Corporate culture is not a new concept, but many firms do not appreciate how important it is to their survival. In addition to capital and business strategy, the strength of corporate culture is deeply embedded in each employee, making the difference between firms and competitors (Duong, 2018) <sup>[2]</sup>. Corporate culture can be a real source of competitive advantage (Phan, 2018) <sup>[12]</sup>.

The cultural environment of the enterprise has a decisive impact on the spirit, attitude, and motivation of employees. Using corporate culture as a management tool will help firms become a working community in the spirit of cooperation, trust, attachment, friendliness, and progress. In such a spirit, it will help increase efficiency, productivity, and quality of work, thereby making production and business efficiency better and helping firms have a stronger position in the market (Phan, 2018) <sup>[12]</sup>.

Vietnam's participation in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is expected to help Vietnam attract more foreign investment, leading to an increase in demand for infrastructure and factory development. This further shows the important role of construction firms in the process of integration, industrialization, and modernization, but also poses a great challenge for construction firms in Vietnam in general and in Hanoi in particular. It is necessary to constantly improve corporate governance standards, operational efficiency, and transparency of information to increase investment attraction and competitiveness. Improving corporate culture is also one of the solutions to achieving those standards.

In recent times, the social issues that society has paid much attention to and voiced about are loss and waste of assets in the construction of works, low quality of works, unsatisfactory construction status, testing and accepting wrong objects, unit prices, and causing waste of investment capital. In order for the image and reputation of the construction firm to not be affected

by such mistakes, besides the solutions for control, supervision, risk assessment, etc., construction firms should perfect their culture.

## 2. Research Overview

Cameron and Quinn (1999) [1] classified businesses into four main cultural categories based on four different criteria: collaborate (clan culture), create (adhocracy culture), control (hierarchy culture), and compete (market culture). The authors have shown that there is no good or bad comparison between cultures of enterprises, but only cultures that are suitable for each characteristic of each enterprise.

According to Gold (1982) [3], corporate culture is the distinct quality of an organization that is perceived and that distinguishes it from other organizations in the field. Corporate culture is a collection of common concepts that members of an organization learn in the process of solving internal problems and dealing with problems in the surrounding environment (Schein, 2004) [15]. Corporate culture is a system of key meanings, values, beliefs, perceptions, and methods of thinking that is agreed upon by all members of an organization and has a wide-ranging influence on the actions of each member (Nguyen, 2012) [11]. Messner (2013) [8] conducted interviews with 291 employees of information technology outsourcing companies in Bangalore and Pune, India. The author based his conclusions on the cultural characteristics of GLOBE research (House & Javidan, 2004) [7], according to which nine elements of corporate culture include: power distance, institutional collectivism, in-group collectivism, assertiveness, future orientation, uncertainty avoidance, performance orientation, gender egalitarianism, and human orientation. Compared with the study of Messner (2013) [8], Tran (2015) [16] identified a new work-oriented cultural factor that is the result of combining several variables of the factors of assertiveness, efficiency orientation, and determination of future direction.

Corporate culture is concerned with the following contents: Values: reflecting an individual's ability to synthesize and derive their own values from the synthesis of cultural factors affecting them (Schein, 1986) [14]; Norms: rules that express the pressures of society on individuals, the recognition of which creates a distinction between the cultural product of one society and another (Schein, 1986) [14]; Behavior: the actions that individuals take when solving an internal problem or responding to a certain environmental situation (Tran, 2015) [16]; Difference: characteristics that distinguish one organization from another (Tran, 2015) [16].

According to Mullins (1999) [10], corporate culture consists of seven aspects: habits, rituals, anecdotes, symbols, power structures, control systems, and organizational structures. Recardo and Jolly (1997) [13] suggest eight elements of corporate culture: communication within the organization, training and development, rewards and recognition, effectiveness in decision-making, risk-taking through creativity and improvement, future orientation, teamwork, fairness, and consistency in governance policies. On the basis of the study of GLOBE by House and Javidan (2004) [7], Messner and Schäfer (2012) [9] presented nine elements of corporate culture: power distance, collectivism, collectivism in groups, assertiveness, future-oriented, risk-averse attitude, efficiency-oriented, gender equality, and people-oriented.

## 3. Methodology

This study was carried out through two methods: qualitative and quantitative. Qualitative research was used to complete the scale and design the questionnaire. We conduct in-depth interviews with experts and firm managers.

Quantitative research is carried out using the technique of "questionnaire-answer". According to Hair *et al.* (2009) [4], the minimum sample size is calculated according to the ratio 5:1 (number of observations/measured variables); 1 measurement variable needs at least 5 observations. This study has nine observed variables, so the minimum sample size is  $9 * 5 = 45$  observations (questionnaire). Construction firms in the Hanoi area selected for the research sample were selected by a convenient method based on the available data of the author's group. With the above sampling method, the response rate is about 50% or more, so the authors chose the number of enterprises for the study to be 100 (2 questionnaires per enterprise). The number of questionnaires was collected, and the remaining 150 questionnaires were included in the analysis after screening.

Respondents to the questionnaire are directors, deputy directors, heads, or deputy heads of departments in the enterprise. Respondents will assess the company's situation and answer contentious questions about corporate culture.

The scales of research concepts are all multivariate scales. Observed variables are measured on a 5-point Likert scale (from 1: strongly disagree to 5: strongly agree). The statements in each scale are based on previous studies (see Table 1). The scale is adjusted to suit the conditions of construction enterprises in Hanoi based on the results of in-depth interviews with experts and business managers.

Inheriting the above research results, we assume to define corporate culture at construction firms in Hanoi with nine attributes (indicators and scales) in Table 1 as follows:

**Table 1:** Scale of corporate culture at construction firms in Hanoi

Code	Scale
CC1	Power distance
CC2	Institutional collectivism
CC3	In-group collectivism
CC4	Uncertainty avoidance
CC5	Assertiveness
CC6	Future orientation
CC7	Performance orientation
CC8	Human orientation
CC9	Gender egalitarianism

## 4. Result

### 4.1 Descriptive Statistics

Table 2 indicates that the respondents agree with the dependent variables of "Corporate culture at construction firms in Hanoi," where nine attributes were quite high with an average of 4.14 compared with the highest of the Likert 5-point scale. All five attributes nine rated at an average of 3.93 or higher.

**Table 2:** Descriptive analysis of attributes

Code	N	Minimum	Maximum	Mean	Std. Deviation
<b>Corporate culture at construction firms in Hanoi (CC)</b>					
CC1	150	1.00	5.00	4.24	0.792
CC2	150	2.00	5.00	4.31	0.778
CC3	150	2.00	5.00	4.30	0.809
CC4	150	2.00	5.00	4.27	0.791
CC5	150	2.00	5.00	4.28	0.752

CC6	150	2.00	5.00	3.94	0.869
CC7	150	2.00	5.00	4.01	0.859
CC8	150	2.00	5.00	3.93	0.880
CC9	150	2.00	5.00	3.99	0.905
Valid N (listwise)	150			4.14	

### 4.2 Cronbach's Alpha

Corporate culture at construction firms in Hanoi has been measured by Cronbach's alpha. The results of testing Cronbach's alpha for attributes are presented in Table 3 below. The results also show that attributes of the dependent variables have Cronbach's alpha coefficients that are greater than 0.6, and the correlation coefficients of all attributes are greater than 0.3. So, all the attributes of the dependent variables are statistically significant (Hoang & Chu, 2008; Hair *et al.*, 2010) [6, 5].

**Table 3:** Results of Cronbach's alpha testing of attributes and item-total statistics

Cronbach's Alpha	N of Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
.917	9				
		33.03	26.905	0.707	0.908
		32.96	27.045	0.703	0.908
		32.97	26.872	0.693	0.909
		33.01	26.852	0.715	0.907
		32.99	27.040	0.733	0.906
		33.33	26.197	0.718	0.907
		33.26	26.274	0.719	0.907
		33.34	26.172	0.710	0.907
		33.29	26.192	0.683	0.910

**Table 5:** Differences in corporate culture at construction firms in Hanoi with participants of different genders: An independent test

		Levene's Test for Equality of Variances		T-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
CC	Equal variances assumed	0.266	0.607	-0.637	148	0.525	-0.07302	0.11454	-0.29936	0.15333
	Equal variances not assumed			-0.653	88.050	0.516	-0.07302	0.11183	-0.29526	0.14923

### 4.5 ANOVA

An ANOVA test was needed to make a comparison of the results of corporate culture at construction firms in Hanoi between the three subjects, including participants who have worked for less than 5 years, participants who have worked for 5 to 10 years, and participants who have worked for over 10 years. Table 6 shows that the sig Levene statistic is 0.008 (results in a row based on mean), which is smaller than 0.05, which means that the hypothesis of homogeneity of variance among the variable value groups (different job seniorities) has not been violated. Therefore, this study uses the results of the Robust Tests of Equality of Means (see table 7). Table 7 shows that sig. = 0.543 is more than 0.05, which indicates that there is no statistically significant difference in the level of corporate culture at construction firms in Hanoi between the mentioned three groups of job seniorities (Hoang & Chu, 2008; Hair *et al.*, 2010) [6, 5].

### 4.3 Exploratory Factor Analysis (EFA)

Next, Table 4 shows that exploratory factor analysis (EFA) was conducted through component analysis and variance. The results of factor analysis in Table 4 show that  $0.5 < KMO = 0.901 < 1$ . Bartlett's testimony shows sig. =  $0.000 < 0.05$ , which means variables in the whole are interrelated (Hoang & Chu, 2008; Hair *et al.*, 2010) [6, 5]. After implementing the rotation matrix, nine components of corporate culture at construction firms in Hanoi had a factor load factor greater than 0.5, eigenvalues greater than 1, and the variance explained as 77.549%. These statistics demonstrate that research data analysis for factor discovery is appropriate. Through the corporate culture scale and the test of the EFA model, we have identified nine components of corporate culture at construction firms in Hanoi.

**Table 4:** KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.901
Bartlett's Test of Sphericity	Approx. Chi-Square	996.562
	Df	36
	Sig.	.000

### 4.4 Independent T- Test

A comparison of assessment results on corporate culture at construction firms in Hanoi between different genders is presented in Table 5. According to Table 5, Sig Levene's Test =  $0.607 > 0.05$ , so the variance between genders is not different. T-Test sig value =  $0.525 > 0.05$ ; there is no statistically significant difference in the level of assessment of corporate culture at construction firms in Hanoi among survey subjects with different genders (Hair *et al.*, 2010; Hoang & Chu, 2008) [5, 6].

**Table 6:** Test of Homogeneity of Variances

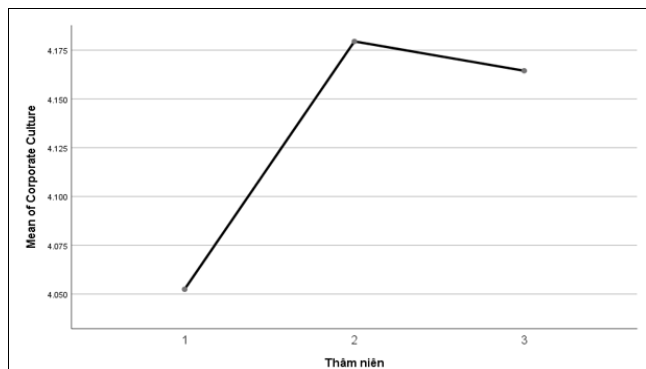
Corporate culture at construction firms in Hanoi				
Descriptions	Levene Statistic	df1	df2	Sig.
Based on Mean	4.985	2	147	0.008
Based on Median	3.790	2	147	0.025
Based on Median and with adjusted df	3.790	2	128.230	0.025
Based on trimmed mean	4.300	2	147	0.015

**Table 7:** Robust Tests of Equality of Means

Corporate culture at construction firms in Hanoi				
	Statistic <sup>a</sup>	df1	df2	Sig.
Welch	0.615	2	87.309	0.543

Next, the line graph shows the relationship between corporate culture at construction firms in Hanoi and each respondent's seniority (Fig 1). Fig 1 shows that this

line tends to slope up when the respondents' job experience gradually increases to 10 years, showing that corporate culture at construction firms in Hanoi is highly valued in seniority, from 1 to 10 years. But this line tends to go down when the respondents' work experience is 10 years or higher.



**Fig 1:** The line graph shows the relationship between the average corporate culture at construction firms in Hanoi, and each respondents' seniority

## 5. Discussion and Implications

**Power distance:** Managers pay attention to disseminating information widely in the company, reducing the division between ranks and creating a culture of less use of power when dealing with work.

**Institutional collectivism:** Managers need to increase the coordination of tasks among members of the company, put the collective interests first, and encourage employee loyalty.

**In-group collectivism:** Managers who want to increase the level of commitment for existence and for employee standards can focus on employee work groups, encouraging employees to focus their efforts and contribute to the team, creating warm cohesion in working groups. In addition, managers can also increase the emotional attachment of employees by reducing discrimination between members of the group and outside the group, encouraging people to focus on relationships with all members of the company, and creating a dynamic working atmosphere in the company. In addition, the administrator must also pay attention to having a separate policy for each group of employees in the company to match the characteristics of each group: Single people tend to stick to the organization less than those who have already established themselves. family; younger people tend to be less committed to the company than older people.

**Uncertainty avoidance:** Administrators need to create a tidy working environment, carefully record and store information, issue formal procedures to guide employees to work, carefully calculate risks when deploying projects, and keep the working environment stable.

**Assertiveness:** Assertiveness is making decisions quickly and decisively, without hesitation, and judging decisively. Decisiveness is the courage of those who dare to think, dare to do, and dare to take responsibility. It is the opposite of a life of peace, weakness, and lack of bravery. Decisiveness is not arbitrariness, not even a "risk of death", but bravery and the confidence of the leader when making decisions on the basis of judgment, grasping the essence of the problem, predicting trends and development directions, etc., to protect their own views and not be influenced by anything else. In

fact, in leadership and administration, decisiveness or indecisiveness will produce different results.

**Future orientation:** Future orientation means that the business determines the purpose for the actions of the business and employees in the coming time. For example, businesses orient new products toward new customers. Future-oriented has wide coverage. Enterprises should develop specific orientations and determine exactly what they want to achieve. Then, the enterprise should make efforts and make a clear and complete plan to conquer it and have a better future.

**Performance orientation:** Construction firms should pay attention and spend adequate resources to invest in culture. Corporate culture plays the role of regulating the value system; culture plays the role of guiding the development of the enterprise with its humane purpose; and cultural milestones in people's minds are always solid and certain. Therefore, investing in culture is a long-term investment that looks to the future.

**Human orientation:** Different people in different organizations will create different corporate cultures, with the most influential central figure being the top management. As such, it is not possible to have a common corporate culture or copy it from one organization to another. It has a unique nature that is formed by the people in that organization, created and maintained by those with the highest authority, and in many cases by those with the greatest influence. If firm leaders are aware of what the mission and core values of the organization are, they will be clear about the content of the corporate culture they need. Since then, there have been correct directions and decisions in establishing mechanisms, standards, working principles, and behaviors from which to gradually create a suitable and unique culture that supports effective business development goals.

**Gender egalitarianism:** Gender equality means that men and women have equal positions and roles, are given conditions and opportunities to develop their capacities for the development of enterprises, and equally enjoy the fruits of that development. Construction firms in Hanoi have specific regulations on men and women being equal participants in cultural activities. At the same time, equality in cultural enjoyment, access, and use of information resources.

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