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Employee Work Capacity and Employees Working in Salary Management in the Construction Firms in Hanoi

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Abstract

Gomez-Mejia (2010) ^[4] proves that workers' salaries are based on their ability to perform work. Each different job requires different abilities from workers. The employee's capacity must meet the complexity of the job, so when paying salary, capacity factors must be considered. Workers can receive more wages when they accumulate new knowledge and skills through training (Zingheim & Schuster, 2007) ^[14]. Nguyen and Le (2010) ^[9] believe that if the team of human resource management officers in general and salary labor officers in particular are sufficient in number to ensure capacity (trained in the right field, capable of the ability to perform the job well, etc.), it will have a favorable impact on the effectiveness of salary policy. The objective of this study was to investigate, analyze, and measure the employee work capacity and employees

working in salary management in construction firms in Hanoi. In the 769 samples of workers and employees in construction firms in Hanoi, we analyzed employee work capacity and employees working in salary management using descriptive statistics and Cronbach's alpha analysis. The results revealed that employee work capacity and employees working in salary management in construction firms in Hanoi are highly appreciated by respondents. Based on the findings, some recommendations are given to improve employee work capacity and employees working in salary management in construction firms in Hanoi. This study provides information on salary management and its moderating role in the relationship with human resource management.

Keywords: Employees Work Capacity, Employees Working, Construction Firms, Salary Management, Human Resource Management

JEL Codes: F43, F63, J21, J22, E24

1. Introduction

A person's ability plays an important role in determining the success or failure of everything. Working capacity is one of the competitive strengths of each employee. Good working capacity will be the premise for helping employees complete assigned tasks well, thereby making positive contributions to the firm.

Work capacity can be measured by the time it takes to complete tasks, the amount of work the employee has performed, the soft skills, and the ability to master the work of each employee in the organization.

The payroll staff is the main department responsible for building and implementing the enterprise's salary policy and is the one who realizes the salary views of the firm owner. Therefore, the quantity and quality of this department have a great influence on the salary payment plan, affecting the salaries of employees.

The staff working in enterprise salary administration are the ones who realize the salary views of the firm owner. The salary perspective is a guideline for the salary management team to design and build salary policies and plans in the enterprise. From the employer's perspective, the salary administrator will advise on which payment method is appropriate.

In the context of many changes in the Vietnamese economy, which is growing stronger and integrating with the world economy, salary management has become one of the popular topics receiving the attention of firms and researchers. Employee work capacity and employees working in salary management in the firm are two of the factors closely related to salary management. Therefore, evaluating, analyzing, and measuring these two factors is necessary and meaningful.

2. Literature Review

2.1 Employee Work Capacity

Employee work capacity in an enterprise is determined by their professional qualifications, professional skills, seniority, work performance, health, and working attitude. The different abilities of each worker will lead to different salaries. Even within one person, the working capacity at each stage may be different. In the payment method, employees must be encouraged to develop their full potential to complete the job.

Joint-stock companies build a very rich and diverse workforce with many different job positions. For workers who are direct workers, there needs to be a different way of paying wages than for management workers, and management workers must also have a different pay policy than the team of engineers and designers. Good salary management will promote each person's capacity, and conversely, a properly assessed employee's capacity will also be more favorable in salary management.

The employer is the basis for paying wages and implementing salary increases for employees. Employers depend on many factors, such as the working time budget, science and technology, the level of organization serving the workplace, and, more importantly, the capacity of the employee. Therefore, when paying salaries, businesses need to consider many factors and determine an appropriate salary payment plan based on the employee's capacity.

Ability is a factor that affects workers' wages and is explained through human capital theory. Gomez-Mejia (2010) [4] proves that workers' salaries are based on their ability to perform work. Each different job requires different abilities from workers. The employee's capacity must meet the complexity of the job, so when paying salary, capacity factors must be considered. Workers can receive more wages when they accumulate new knowledge and skills through training (Zingheim & Schuster, 2007) [14].

Van Zyl's (2010) [13] research also shows that under the same circumstances, the difference in salary between different workers is mainly due to their abilities and qualifications. Therefore, the author has given consideration to factors that lead to salary differences including personal characteristics of workers, differences in attitudes and skills when they perform assigned tasks.

In general, the research works of scholars agree that the capacity of workers affects salary. Combined with practice, construction joint stock enterprises in Hanoi are paying attention to salaries based on the capacity, quality, and work performance of workers.

2.2 Employees Working in Salary Management in the Firm

Nguyen Tiep and Le Thanh Ha (2010) [9] believe that if the team of human resource management officers in general and salary labor officers in particular are sufficient in number to ensure capacity (trained in the right field, capable of the ability to perform the job well, etc.), it will have a favorable

impact on the effectiveness of salary policy. At that time, the enterprise's wage policy is built to suit the enterprise, meet changes in state legal policies, and especially build professionalism in the wage policy to help increase productivity. Enhance the ability of firms to respond to the competitive labor market.

If the team working on salary administration is lacking in quantity, lacks capacity, lacks expertise, and does not understand the provisions of the law, it will have a negative impact on the salary management of the enterprise, and the salaries of workers are not guaranteed. It is difficult for firms to respond to state policies and laws. The enterprise's salary policy will not stimulate employees to improve their sense of responsibility, which will improve employers, and work efficiency will not contribute to attracting competitive human resources.

Maintaining a team of salary administration staff depends largely on the cost of paying this team. Charles Brown (1990) [2] chose a simple method of calculating time wages, so the cost of paying the salary staff is zero. When paying product salaries with supervision, the cost of paying this team of supervisors increases. When paying salary with bonus, the cost for this team is significant. Applying a combination of multiple salary calculation methods and maintaining a team of workers to manage salaries is mandatory. Many groups of people are paid different salaries in the same system, requiring staff working in salary administration to ensure both quantity and quality.

Salary administration includes many specific tasks, such as determining salary funds, building and choosing salary forms and regimes, and building necessary tools to pay salaries, such as scale systems and salary tables, a system of labor norms, a system of criteria for evaluating work performance to pay salaries, a system of timekeeping forms, statistics, and product acceptance, implementing scientific labor organization, etc. Therefore, salary management will have a decisive influence on the choice of salary form and regime, fairness in salary, the ability to develop employees' abilities, and the ability to attract and retain employees. Good at working for firms.

To implement salary management well, it is required to consolidate and build a team of human resources and salary staff with a number appropriate to the scale of the enterprise and well equipped with knowledge about labor law, labor and salary operations, and social insurance. Because of the reality of today's market economy, the human resources and payroll department has the role of advising the director on salary and welfare issues in the enterprise and is the department that directly implements current salary policies and regimes in the enterprise under the direction of the business owner.

Therefore, the quantity and quality of the staff working in payroll will greatly affect the effectiveness and fairness of salary administration. In recent times, construction joint-stock enterprises have paid attention to training staff working in human resources..

Table 1: Observable variables of employee work capacity and employees working in salary management in the firm

Code	Scale	Sources
Employee work capacity		
CW1	Employee qualifications	Miciuła (2016) ^[8] ; Zingheim & Schuster (2007) ^[14]
CW2	Experience and seniority of employees	
CW3	Employee's work-handling skills.	
CW4	Employee communication skills.	
CW5	An employee's attitude at work.	
CW6	Employee's level of job completion.	
Employees working in salary management in the firm		
CB1	Professional qualifications of human resources department employees	Nguyen & Le (2010) ^[9] ; Tran and Mai (2012) ^[11] , Do (2013) ^[3] , Tran (2005) ^[12] , Armstrong (2006) ^[1] , Le (2008) ^[7] , Pham (2021) ^[10]
CB2	Consulting capacity of human resources department employees	
CB3	Policy-building capacity of human resources department employees	
CB4	Ability of human resources department staff to implement policies and regimes for employees	
CB5	Work performance attitude of human resources department staff employees	

3. Methodology

3.1 Research Context

Contributing to creating jobs for workers is one of the results that construction joint stock companies in Hanoi bring. Many solutions and policy mechanisms have been promulgated and implemented by the city, such as:

supporting production investment, creating an open environment to attract investment, reforming administrative procedures, supporting vocational training, labor market development as an important basis, and contributing to creating conditions for construction joint stock companies to create jobs for workers.

Table 2: Number of employees in construction joint stock companies in Hanoi

S. No	Index	2016	2017	2018	2019	2020
1	Construction labor in Hanoi	444.094	444.255	448.403	457.371	461.945
2	Percentage increase compared to the previous year	-	(0.00)	0.01	0.02	0.01
3	Female workers	81.269	85.741	90.129	87.358	87.770
4	Percentage of female employees in the company	18.3	19.3	20.1	19.1	19.0

The number of employees working in construction joint-stock companies has been relatively stable over the years. In 2016, it was 444,094 people, but in 2017, it only increased by 161 people to 444,255 people. In 2018, the number of employees in these companies was 448,403 people, an increase of 4,148 people, equivalent to an increase rate of 0.01%. In 2019, the number of employees in these companies was 457,371 people, an increase of 8,968 people (equivalent to 0.02%) compared to 2018. In 2020, the number of employees in these companies was 461,945 people, an increase of 4,574 people (equivalent to 0.02%) compared to 2019.

From 2016 to 2020, the number of people working in construction joint stock companies did not increase much; in 2016, there were 444,094 people, and in 2020, there were 461,945 people, an increase of 17,851 people, equivalent to an increase rate of 4%. The above analytical data shows that in the period 2016–2020, although the enterprise's capital increased by 92% and revenue increased by 75.8%, the number of employees only increased by 4%. Although the number of firms is increasing and revenue and added value are also increasing, the number of workers in the construction industry has not increased much because the industry has applied scientific and technical measures to increase productivity and labor rates.

It is worth noting that the proportion of female employees in construction joint-stock companies is low, accounting for about 20% of the total number of employees. In 2016, there were 81,269 female employees, accounting for 18.3%; in 2017, there were 85,741 female employees, accounting for 19.3%; in 2018, there were 90,129 female workers, accounting for 20.1%; in 2019, there were 87,358 female workers, accounting for 19.1%; and in 2020, there were 87,770 female workers, accounting for 19%. While the

proportion of female workers in businesses across Hanoi city over the years from 2016 to 2020 was 38%, 39.8%, 39.7%, and 39.3%. In 2020, the proportion of female workers in the manufacturing and processing industries will be 59.6%, the service industry will be 53.6%, finance and banking will be 57%, education and training will be 60%, and medical and social support activities will be 62.2%.

The reason the participation rate of female workers is low is because working conditions in the construction industry are very dangerous. Construction workers are often in very dangerous situations at construction sites. Occupational accidents occur if bricks fall, scaffolding collapses, falls from high places, falls into holes, or steps on nails and working objects. Machines and equipment can leak electricity and heat, putting workers in danger, not to mention working outside the construction site. People always have to face the harshness of unpredictable weather, sunshine, and rain, making them susceptible to illness, sunstroke, dizziness, and falling from high places, which are extremely dangerous. The working equipment and machinery are not safe because they have not been inspected, maintained, or repaired for a long time, so when working, they easily encounter problems that affect the lives of workers. Besides, the job is not fixed in one place and is often associated with projects that require long-distance work, so female workers will encounter many problems when pregnant or taking care of children.

Demand People's Housing

According to World Bank predictions, Vietnam's population will reach 104 million people by 2030, corresponding to an average growth rate of 0.7% per year. At the same time, household size gradually decreased, averaging 0.03 people per household per year. Most of Vietnam's future housing

demand will be in urban areas. Every year, more than one million residents will move to Vietnam's urban areas, creating high housing demand, especially in the affordable and mid-range segments. Vietnamese urban areas will need about 374,000 additional apartments annually to meet the needs of the population flow. Of which, Ho Chi Minh City and Hanoi alone need 134,000 and 130,000 apartments annually, respectively, corresponding to about 40% of the national demand. In the medium term, housing demand is driven by foreign capital thanks to the government's moves to remove investment restrictions.

3.2 Research Method

In this study, a quantitative approach was applied with a cross-sectional survey. The research population was defined as construction firms in Hanoi. The sampling method was based on random sampling. All respondents were those who engaged in manufacturing or were office employees. The research instrument involved the questionnaire survey, in which the scales of measurement for the variables were applied from those used in previous research (Miciuła, 2016; Zingheim & Schuster, 2007; Nguyen & Le, 2010; Tran & Mai, 2012; Do, 2013; Tran, 2005; Armstrong, 2006; Le, 2008; Pham, 2021) [8, 14, 9, 11, 3, 12, 1, 7, 10] and Cronbach's alpha for this scale was 0.6 or higher. Each indicator achieved an alpha of 0.6 or higher, which suggests strong internal consistency, with the use of a five-point Likert scale ranging from strongly disagree (1) to strongly agree (5). The email with a link to the questionnaire survey was sent to 850 respondents from construction firms in Hanoi. IBM SPSS Statistical Software was used as a statistical analysis tool for Cronbach's alpha analysis.

4. Result

Cronbach's Alpha

According to Hair *et al.* (2014) [5], the scale with a Cronbach's alpha coefficient greater than 0.6 is qualified, 0.7 is the scale with good reliability, and 0.8 and above is the scale with very good reliability. The results of Table 3 show that the scales have qualified reliability when the Cronbach's alpha coefficients are all greater than 0.6 except CW3 and CB1. Thus, CW3 and CB1 are removed, and the scales remaining are all statistically significant (Hair *et al.*, 2014; Hoang & Chu, 2008) [5, 6].

Employee work capacity in construction firms 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, smaller than Cronbach's alpha coefficient of the general variable, and the correlation coefficients of all attributes are greater than 0.3, except CW3. The scale shows a concentrated way of responding, ensuring that the reliability between variables in this group is not duplicated. So, all the attributes of the dependent variables are statistically significant, except CW3 (Hair *et al.*, 2014; Hoang & Chu, 2008) [5, 6].

Employees working in salary management in the firm after being evaluated by Cronbach's alpha coefficient show quite good results. The scale shows the answers in a concentrated way with a Cronbach's alpha coefficient of 0.6 or higher (greater than the 0.6 level of popular acceptance), except for CB1. The correlation coefficient between the variables is greater than 0.3, so the reliability between the variables in

this group is not duplicated. CB1 is removed, and Cronbach's alpha coefficient variables remain at 0.7 or higher (Hair *et al.*, 2014; Hoang & Chu, 2008) [5, 6].

For employee work capacity and employees working in salary management in the firm, this factor increased, the salary administration increased, and it was statistically significant at 5%. When other factors are constant, employee work capacity and employees working in salary management in the firm increase.

Table 3: Results of Cronbach's Alpha Testing of Attributes

Employee work capacity

Case Processing Summary			
		N	%
Cases	Valid	769	100.0
	Excluded ^a	0	.0
	Total	769	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics	
Cronbach's Alpha	N of Items
.743	6

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
CW1	16.6788	7.474	.558	.687
CW2	16.6957	7.590	.531	.694
CW3	17.2263	9.089	.071	.824
CW4	16.8908	6.949	.619	.666
CW5	16.9181	6.896	.623	.664
CW6	16.6047	7.192	.600	.674

Employees Working in Salary Management in the Firm

Case Processing Summary			
		N	%
Cases	Valid	769	100.0
	Excluded ^a	0	.0
	Total	769	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics	
Cronbach's Alpha	N of Items
.699	5

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
CB1	14.8791	5.950	.108	.826
CB2	14.0286	5.155	.595	.600
CB3	14.2263	4.876	.609	.585
CB4	14.0377	5.185	.607	.597
CB5	14.3966	4.901	.550	.608

After Eliminating Variables CB1

Case Processing Summary			
		N	%
Cases	Valid	769	100.0
	Excluded ^a	0	.0
	Total	769	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.826	.829	4

Item-Total Statistics					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
CB2	11.0156	3.726	.628	.442	.792
CB3	11.2133	3.366	.693	.483	.762
CB4	11.0247	3.657	.686	.483	.768
CB5	11.3836	3.414	.613	.407	.802

Hotelling's T-Squared Test				
Hotelling's T-Squared	F	df1	df2	Sig
210.484	69.979	3	766	.000

5. Discussion and Implications

Construction Firms should Improve Workers' Capacity Through Training

Working capacity can be all the knowledge and skills that an employee has, helping the employee to optimize assigned tasks within a certain period of time. Therefore, workers should improve their working capacity by improving their cognitive capacity, communication and leadership capabilities, organizational and management capacity, technical capacity, and professional capacity.

Employee capacity affects salary management. Accordingly, to achieve the goal of effective salary management, construction joint stock companies in Hanoi need to pay attention to training solutions to improve the quality of workers.

Construction enterprises should focus on determining the training needs associated with the requirements of production and business activities at each stage to avoid training that does not meet the needs, causing loss, waste, and ineffectiveness for the firm.

Determining training goals is the next important activity because it provides direction for the training work of the Construction Joint Stock Company. Based on the approved training plan and corresponding objectives, target each group of subjects participating in the training.

And it is especially important to determine the training content according to job requirements and practical conditions. The content should be concise so that training is not widespread and affects the working time at the enterprise.

For Employees Working in Salary Management in the Firm

Enterprises with state shares will not be able to be completely proactive in building salary management with a commensurate compensation and pay distribution mechanism in the market because the salary of the unit's leaders is still subject to the opinions of the unit's leaders. owner, so in some ways, the employee's salary must also be built in a correlated way.

In order to create a common mechanism for salary policy while enhancing the positive impact of capital ownership on salary management, it is necessary to give full authority to joint stock companies to develop and decide on the mechanism for salaries like other businesses without being

affected by capital ownership factors, thereby creating fairness in the design and construction of salary administration.

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