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IMPACT MODEL OF SOME FACTORS ON ORGANIZATIONAL PERFORMANCE

Vo Tan Phong

*Faculty of Postgraduate Studies, Lac Hong University, Dong Nai, Vietnam
phongvt8294@gmail.com*

Mai Thi Anh Tuyet

*Faculty of Postgraduate Studies, Lac Hong University, Dong Nai, Vietnam
maiatuyetag@gmail.com*

Do Van Ly*

*Faculty of Postgraduate Studies, Lac Hong University, Dong Nai, Vietnam;
Nong Lam University Ho Chi Minh City- Campus in Ninh Thuan, Ninh Thuan, Vietnam
dovanlynt@gmail.com*

Abstract

This research explores the effects of human resource management practices, organizational culture, organizational innovation, and intellectual capital on organizational performance, with a focus on enterprises in Vietnam. Utilizing foundational theories such as the Resource-Based View and Dynamic Capability Theory, the study integrates these elements to provide a comprehensive understanding of their combined impact. The methodology employs Structural Equation Modeling

to analyze data collected from representative firms, ensuring robust insights. Findings demonstrate that human resource management practices significantly influence employee satisfaction and productivity, while an innovation-oriented organizational culture enhances adaptability and creativity. Furthermore, investment in intellectual capital drives competitive advantage, and organizational innovation directly contributes to improved performance outcomes. These results offer critical implications for both academic research and practical applications, providing strategies for business leaders to enhance operational effectiveness and sustain competitive performance in dynamic markets.

Keywords

Human resource management, Organizational Culture, Innovation, Intellectual Capital, Organizational Performance.

1. Introduction

To enhance organizational performance, businesses must invest in research and development, capital, human resources, and the modernization of infrastructure. Among these resources, human resources are considered one of the most critical. Therefore, to achieve the overall objectives of the organization, businesses should focus on effectively developing and managing human resources through the recruitment and retention of qualified employees, as well as providing training and skill development programs. These efforts aim to foster innovation and creativity in the workplace.

Additionally, organizational culture plays a pivotal role in maintaining employee engagement and improving productivity. A positive work environment, where innovation and continuous improvement are encouraged, helps businesses not only retain talent but also maximize their potential. A strong organizational culture provides a solid foundation for innovation, enabling businesses to quickly adapt to market fluctuations and sustain their competitive advantage.

Moreover, investing in intellectual capital through research and development activities is indispensable. This allows businesses to continuously update trends, new technologies, and modern management methods, thereby enhancing creativity, optimizing production processes, and improving operational efficiency and competitiveness in the market.

In Vietnam, numerous studies have explored the impact of human resource management practices on job satisfaction, employee engagement with organizations, and trust and commitment

to organizations. Understanding the effects of human resource management practices on organizational performance helps identify employees' attitudes toward their work and enhances organizational performance.

Thus, this study aims to establish a model that examines the impact of human resource management practices, organizational culture, organizational innovation, and intellectual capital on organizational performance. The findings will serve as a foundation for formulating practical actions to support the survival and growth of businesses.

2. Theoretical Framework and Research Hypotheses

This study is grounded in foundational theories, including the Resource-Based Theory, Dynamic Capability Theory, and the Theory of Economic Development, among others.

2.1 Knowledge Capital and Organizational Performance

The relationship between knowledge capital and organizational performance remains inconsistent across developed and developing economies. Bontis et al. (1998) noted that all elements of knowledge capital directly influence business performance, except for human capital, which has an indirect impact. Seleim et al. (2007) also identified a positive relationship between human capital and organizational performance in software firms. However, some studies highlight a negative correlation between knowledge capital and organizational performance due to exogenous factors that require researcher control (Lerro et al., 2014). Therefore, this study tests the following hypothesis:

H1: Knowledge capital positively influences organizational performance.

2.2 Human Resource Management Practices and Organizational Performance

Pfeffer (1994) and Wagner (1994) observed a positive link between organizational performance and employee satisfaction and productivity. Singh (2004) identified a significant relationship between human resource practices, such as training and compensation, and organizational performance, emphasizing that equitable profit-sharing systems enhance employee participation and performance quality. Similarly, Dung et al. (2017) concluded that human resource management practices have a strong positive impact on organizational performance. Hence, the study proposes:

H2: Human resource management practices positively influence organizational performance.

2.3 Organizational Culture and Organizational Performance

Organizational culture, defined as a set of shared values, norms, beliefs, and practices, profoundly impacts organizational activities, from strategic decisions to daily operations. Zhao et al. (2018) demonstrated a significant positive relationship between an innovation-oriented culture and organizational performance, especially in fostering creativity and innovation. Torgaloz et al. (2023) highlighted the benefits of a collaborative and supportive culture in enhancing employee satisfaction and organizational performance. Zakari (2013) found that organizational culture positively influences organizational performance. Consequently, this study tests:

H3: Organizational culture positively influences organizational performance.

2.4 Organizational Innovation and Organizational Performance

Zaied et al. (2015) emphasized the impact of organizational innovation on job performance through new methods of work and processes. Cainelli et al. (2006) found that innovative firms outperform non-innovative ones and allocate more resources to innovation. However, some empirical studies have reported no significant impact (Heunks, 1998) or even negative effects (Vermeulen, 2005) of innovation on organizational performance. Therefore, the following hypothesis is proposed:

H4: Organizational innovation positively influences organizational performance.

2.5 Organizational Citizenship Behavior and Organizational Performance

Organ et al. (2006) demonstrated that organizational citizenship behavior enhances organizational effectiveness by improving productivity, reducing absenteeism and turnover, and increasing customer satisfaction. Podsakoff et al. (2009) highlighted that organizational citizenship behavior fosters a supportive work environment that drives creativity and innovation, thereby boosting organizational competitiveness. Suryani et al. (2019) suggested that organizational citizenship behavior's impact on organizational performance may depend on external factors. This study hypothesizes:

H5: Organizational citizenship behavior positively influences organizational performance.

2.6 Organizational Citizenship Behavior and Organizational Innovation

Wijaya & Purba (2020) argued that organizational citizenship behavior creates a supportive work environment, significantly fostering organizational innovation. Sumarmi & Tjahjono (2021) explored the role of leadership in developing a collaborative workplace to stimulate innovation. This leads to the hypothesis:

H6: Organizational citizenship behavior positively influences organizational innovation.

2.7 Knowledge Capital and Organizational Citizenship Behavior

Patel & Behrani (2023) found a positive relationship between knowledge capital and organizational citizenship behavior, indicating that employees with high levels of knowledge capital are more likely to exhibit organizational citizenship behavior by sharing their expertise to support colleagues and the organization. Similarly, Hermanto et al. (2024) demonstrated that knowledge capital enhances organizational citizenship behavior and employee commitment. Hence:

H7: Knowledge capital positively influences organizational citizenship behavior.

2.8 Human Resource Management Practices and Organizational Citizenship Behavior

Human resource management practices shape employee rights, responsibilities, and contributions, influencing individual behaviors and outcomes (Boselie et al., 2005). Studies have shown a positive link between comprehensive human resource management practices and organizational citizenship behavior (Gupta et al., 2024; Gupta et al., 2022). Thus, the hypothesis is:

H8: Human resource management practices positively influence organizational citizenship behavior.

2.9 Organizational Culture and Organizational Citizenship Behavior

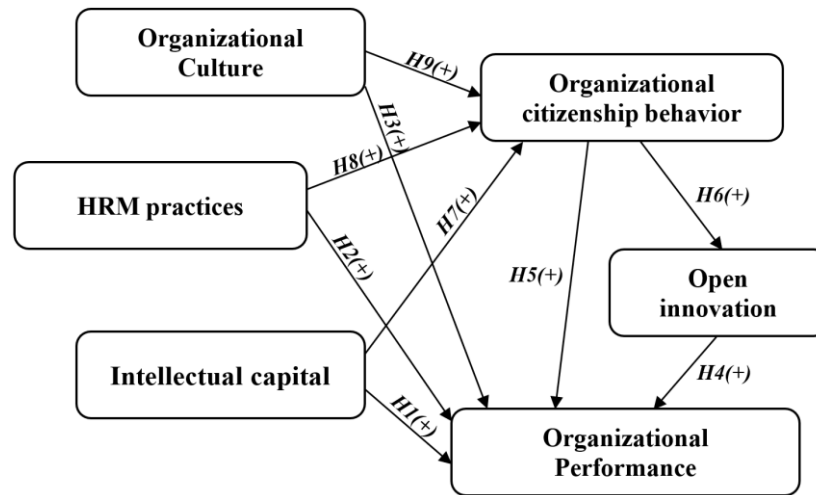
Erkutlu (2011) highlighted the mediating role of organizational culture in shaping organizational citizenship behavior. Chen et al. (2021) found that collaborative and supportive work environments foster superior organizational citizenship behavior. Kumar and Pansari (2016) confirmed that cultures emphasizing respect and collaboration encourage employees to exceed their job requirements, enhancing organizational success. The study proposes:

H9: Organizational culture positively influences organizational citizenship behavior.

3. Proposed Research Model

The author conceptualizes the relationships between key factors, as illustrated in Figure 1. This serves as the foundation for quantifying the impacts of Organizational Culture, Human Resource Management Practices, Knowledge Capital, Organizational Innovation, and Organizational Citizenship Behavior on Organizational Performance.

Figure 1: *Proposed research model*



4. Conclusion

This study has developed a research model to evaluate the impacts of Organizational Culture, Human Resource Management Practices, Knowledge Capital, Organizational Innovation, and Organizational Citizenship Behavior on Organizational Performance. Using this model, the author quantifies specific impacts and identifies key issues that need to be addressed. The findings aim to provide managerial implications and recommendations to help organizations enhance their operational effectiveness and overall performance.

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