

# The Commitment with FDI Firms of Accountants in Noi Bai Industrial Park - Creative Application in Economics Sociological Knowledge

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## Abstracts

This study was conducted to identify, evaluate and measure the attributes of accountants' commitment with FDI firms in Noi Bai industrial park, Hanoi based on the organizational commitment theory of Meyer & Allen (1991) and Creative application in economics sociological knowledge. Beside, we based on literature review and the results of some interviews, 150 questionnaires were sent directly to accountants in FDI firms in Noi Bai industrial park and were collected in 1 month. However, only 110 questionnaires were satisfactory and included in the analysis. The results of descriptive statistics, Cronbach's Alpha analysis and Independent T-test have identified and measured 12 attributes of accountants' commitment which effect on accountants in the FDI firms in Noi Bai industrial park. Based on the findings, some recommendations are given to improve the accountants' commitment.

**Keywords:** commitment, accountants, FDI firms, Noi Bai industrial park

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## 1. Introduction

Employee commitment is the main key to the organization's success in a competitive environment. When employees commit with the organization, they will perform in their best capacity, contribute to the organization's overall goals. This is exactly what businesses always want to achieve from their employees (Bui, 2018). By recruiting and retaining the best employees, companies can get higher profitability and market share than average (Smith, 207).

Noi Bai Industrial Park was developed by Noi Bai Development Company, a joint venture company between Renon (Malaysia) and Hanoi industrial construction Company, under the Investment License No. 839 / GP which was issued Ministry of Planning and Investment of Vietnam on 12/4/1994. The industrial park has attracted approximately 20 projects, 37 firms, with the total capital of hundred of millions of dollars, the occupancy ratio is 100%. Noi Bai Industrial Park plays a particularly important role in the development of the national economy, which has created opportunities for industrial development and shortened industrialization because it combined and learned from the latest achievements in science and technology. As for organization and management, they took advantage of foreign investment capital for development. In addition, Noi Bai Industrial Park has created job opportunities for thousands of workers, eradicating poverty and developing human resources, etc.

In the global integration era, competition among enterprises becomes fiercer than ever. Recruit talents are hard, but how to retain them is even harder, especially high-quality accounting personnel. In recent years, the situation of leaving the organization for a new workplace is becoming a problem of many organizations and businesses in general and FDI firms in Noi Bai industrial park in particular.

Previous studies have shown that the cost of an employee quitting the job is high, which is counted up to \$ 78,000 to find a replacement (Ramsey, 2004). These costs include recruitment, training (Alexander et al., 1994), social costs (Des & Shaw, 2001), temporary loss of labor productivity (Osterman, 1987) and, more importantly, organizations also lose other hidden knowledge. Therefore, researching the commitment with FDI firms of accountants is appropriate, which has scientific significance and contributes to helping human resource managers in FDI firms to develop the human resource program.

## 2. Literature Review

Typical studies in the world about organizational commitment such as Commitment with the organization are defined as the strong steadfastly, the consistency of an individual with the organization and active participation in a specific organization (Mowday et al., 1979). Commitment with the organization is defined as the psychological state of a member in the organization, reflecting the extent to which individuals absorb, or accept the characteristics of the organization (O'Reilly & Chatman, 1986). Mayer & Allen (1991) defined, **committing** with an organization as a psychological state which indicates the employee's relationship with the organization, closely related to the decision to become a member of the organization, an individual's promise to the organization, including a sense of commitment with work, loyalty, and faith in the values of the organization. The authors also design scales "Commitment with the organization" including 18 indicators: (i) Affective Commitment (AC), refers to the closeness of the staff emotionally with organization; (ii) Normative Commitment (NC), based on a long relationship, which emphasizes the importance of the obligation and (iii) Continuance Commitment (CC), which describes employees' perceptions of the damage when leaving an organization.

Studies in Vietnam on typical commitment such as: Research by Trinh & Nguyen (2015) explained the commitment with the organization of knowledgeable female workforce based on the situation of changing the workplace. The authors also said that one of the characteristics of commitment is the active participation of employees in the organization's activities and long-term attachment to the organization. Pham (2018), surveyed 560 lecturers from 10 universities and colleges in Hanoi, Thaibinh and Tuyenquang on the impact of awareness of school reputation on the commitment of lectures. The author affirms that the commitment is defined as the psychological attachment of the lecturer to the school, in which the lecturer works due to his true feelings, wishes, and desires to contribute to the development and growth of the school (emotional commitment) or due to the sense of responsibility that attaches to the school (responsibility commitment) or awareness of the benefits when working at school (linked needs interests commitment). Based on a study of Ko (1996), Bui (2017) conducted a survey of 250 bank employees in HoChiMinh City on the influence of leadership on employees' commitment in joint-stock commercial banks in HoChiMinh City. The results of the study show that the commitment with the organization of a bank employee consists of 13 attributes (indicators), of which the commitment based on emotion includes 4 indicators, the commitment based on benefits include 5 indicators and the commitment based on ethics including 4 indicators.

This study is one of the first studies in Vietnam on the commitment of accountants with organizations. We conduct research of the commitment with FDI firms of accountants because: At present, Vietnam's economy is integrating with the global economy, more and more foreign investors pour money into Vietnam, FDI firms in industrial zones still have difficulty in recruiting accounting positions as well as retaining accountants, Vietnam's accounting system is changing a lot when the Ministry of Finance has built and developed the roadmap of applying financial reporting standards internationally (IFRSs) in Vietnam.

## 3. Research Methodology

*Research subjects:* The research subjects of this study are accountants in the FDI firms in Noi Bai industrial park, Hanoi.

*Qualitative research methodology:* We used a qualitative research methodology based on some in-depth interviews with 3 lecturers with extensive experiences in accounting in FDI firms of the National Economics University and University of Labor and Social Affairs. They are the two leading universities in Vietnam in training accounting and human resource management. At the same time, we interviewed 3 experts working as chief accountants in FDI firms in Noi Bai industrial park. The contents of the interviews focus on the subject of the commitment of accountants's attributes.

Inheriting the results conducted by **Meyer & Allen (1991)** and using qualitative research methodology through interviews with experts, we identify the commitment of accountants with FDI firms including 12 attributes in table 1 as follows,

**Table 1: Attributes of the commitment of accountants**

Code	Scale	Sources
<b>Affective Commitment (AC)</b>		
AC1	I really found that I belong to this FDI firm	Mayer & Allen (1991), results of expert interviews
AC2	I have feelings for this FDI firm	Mayer & Allen (1991), results of expert interviews
AC3	I see this FDI firm as part of my family	Mayer & Allen (1991), results of expert interviews
AC4	This FDI firm means a lot to me	Mayer & Allen (1991), results of expert interviews
<b>Normative Commitment (NC)</b>		
NC1	I feel obligated to maintain my job with the FDI firm which I am working	Mayer & Allen (1991), results of expert interviews
NC2	This FDI firm deserves my loyalty	Mayer & Allen (1991), results of expert interviews
NC3	I feel that I will still remain with FDI firms because I feel I have a duty to everyone here	Mayer & Allen (1991), results of expert interviews
NC4	I owe this FDI firm for having a great working deal	Mayer & Allen (1991), results of expert interviews
<b>Continuance Commitment (CC)</b>		
CC1	Although I really want to leave this FDI firm, I find it really difficult	Mayer & Allen (1991), results of expert interviews
CC2	If I decide to leave FDI firms at this time, my life will be in turmoil	Mayer & Allen (1991), results of expert interviews
CC3	I feel that I have too few options to consider leaving this FDI firm	Mayer & Allen (1991), results of expert interviews
CC4	I made too much effort for this FDI firm so I will stay	Mayer & Allen (1991), results of expert interviews

*Quantitative research methodology*

We have designed a questionnaire consisting of 12 variables with a 5-point Likert scale from 1 “Strongly disagree” to 5 “Strongly agree”. The method of data collection was accomplished through the survey and subjects were accountants doing in FDI firms in Noi Bai industrial park. We sent 150 questionnaires and received the feedback of 100. Time to complete is one month. There were 110 questionnaires with full information for data entry and analysis, the size of this sample was consistent with study of Hair et al. (1988): The research sample must be at least 5 times the total number of indicators in the scales. The questionnaire of this study includes 12 indicators, therefore, the minimum sample size to achieve are  $5 * 12 = 60$  observations.

After collecting 110 questionnaires, we cleaned the data and coded the necessary information in the questionnaires. We inputted the data and we used SPSS23 to analyze the data.

The steps of data analysis, as follows

- (i) Descriptive statistics
- (ii) Cronbach's Alpha: We assess the reliability of the scale
- (iii) Independent T-test

**4. Research results**

**4.1. Descriptive Statistics**

Information of data collected is shown in Table 2

**Table 2: Respondents by gender, age, job description, seniority work**

	Frequency	Percent	Cumulative Percent
<b>Gender</b>			
Male	32	29.1	29.1
Female	78	70.9	100.0
<b>Age</b>			
Over 27 years old	60	54.5	54.5
From 22 to 27 years old	50	45.5	100.0
<b>Job description</b>			
General accountants	37	33.6	33.6
Chief accountants	34	30.9	64.5
Accounting staff	39	35.5	100.0
<b>Seniority work</b>			
From 1 to 5 years	71	64.5	64.5
Over 5 years	39	35.5	100.0
<b>Total</b>	<b>110</b>	<b>100.0</b>	

Data in Table 2 show that among the 110 respondents, 29.1% of the participants were male while the remaining 78 were female, representing for 70.9%. Of these, 50 of them from 22 to 27 years old, accounting for 45.5%; and 54.5% of the participants were over 27 years old. Among the 110 respondents, accounting staff accounted for 35.5%, general accounting accounted for 33.6%, while the remaining 34 were chief accountant, accounted for 30.9%. Of these, 35.5% of the participants have from 1 to 5 years and over 5 years accounted for 64.5%.

**Table 3: Descriptive Analysis of Attributes of the commitment with FDI firms of accountants**

	N	Minimum	Maximum	Mean	Std. Deviation
<b>Affective commitment (AC)</b>					
AC1	110	2.0	5.0	3.527	.775
AC2	110	1.0	5.0	3.882	.832
AC3	110	2.0	5.0	3.655	.840
AC4	110	2.0	5.0	3.673	.692
Valid N (listwise)	110			<b>3.684</b>	
<b>Normative commitment (NC)</b>					
NC1	110	2.0	5.0	4.000	.650
NC2	110	2.0	5.0	4.009	.748
NC3	110	2.0	5.0	4.045	.759
NC4	110	2.0	5.0	4.109	.805
Valid N (listwise)	110			<b>4.041</b>	
<b>Continuance commitment (CC)</b>					
CC1	110	2.0	5.0	4.009	.748
CC2	110	2.0	5.0	3.973	.723
CC3	110	2.0	5.0	4.000	.717
CC4	110	2.0	5.0	4.055	.764
Valid N (listwise)	110			<b>4.009</b>	

Data in Table 3 illustrate that the respondents agree with the dependent variables of “the commitment with FDI firms of accountants” where 12 attributes were quite high with, inside (i) Affective commitment (AC) with an average of 3.684 compared with the highest of the Likert 5-point scale, all 4 attributes were rated at an average of 3.527 or higher. (ii) Normative commitment (NC) with an average of 4.041 compared with the highest of the Likert 5-point scale, all 4 attributes were rated at an average of 4.000 or higher. (iii) Continuance commitment (CC) with an average of 4.009 compared with the highest of the Likert 5-point scale, all 4 attributes were rated at an average of 3.973 or higher

#### 4.2. Cronbach’s Alpha

The commitment with FDI firms of accountants has been measured by the Cronbach's Alpha. Results of testing Cronbach’s alpha of attributes are presented in Table 4 as follows,

**Table 4: Results of Cronbach's Alpha Testing of Attributes**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Affective commitment (AC): Cronbach's Alpha: .805 N of Items: 4				
AC1	11.21	3.947	.554	.787
AC2	10.85	3.557	.638	.747
AC3	11.08	3.489	.656	.738
AC4	11.06	3.987	.646	.748
Normative commitment (NC): Cronbach's Alpha: .772 N of Items: 4				
NC1	12.16	3.367	.608	.705
NC2	12.15	2.994	.651	.675
NC3	12.12	3.316	.487	.763
NC4	12.05	3.006	.567	.723
Continuance commitment (CC): Cronbach's Alpha: .810 N of Items: 4				
CC1	12.03	3.219	.663	.745
CC2	12.06	3.326	.649	.753
CC3	12.04	3.320	.660	.747
CC4	11.98	3.431	.545	.802

The results also show that attributes of the dependent variables had a Cronbach's Alpha coefficient greater than 0.6; the correlation coefficient of all attributes was greater than 0.3, so all the attributes of the dependent variables were statistically significant (Hoang & Chu, 2008).

#### 4.3. Independent T – test

Comparing the results of the evaluation of the commitment with FDI firms of accountants between participants are difference about seniority work (from 1 to 5 years and over 5 years) is shown in Table 5, table 6 and table 7.

**Table 5: Differences of the Affective commitment (AC) of accountants between participants are different about seniority work - 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
AC	Equal variances assumed	1.981	.162	-.773	108	.441	-.09651	.12481	-.34391	.15088
	Equal variances not assumed			-.732	66.813	.467	-.09651	.13188	-.35977	.16674

According to the results of Table 5, Sig Levene's Test = 0.162 more than 0.05; the variance between the two from 1 to 5 years and over 5 years is not different. Moreover, Sig value T-Test = 0.441 > 0.05, which means there is not statistically significant difference in the level of the Affective commitment (AC) of accountants competence evaluation by workers who have different seniority work (Hoang & Chu, 2008).

**Table 6: Differences of the Normative commitment (NC) of accountants between participants are different about seniority work - 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
NC	Equal variances assumed	2.368	.127	-1.079	108	.283	-.12297	.11397	-.34887	.10293
	Equal variances not assumed			-1.018	66.207	.312	-.12297	.12081	-.36416	.11822

According to the results of Table 6, Sig Levene's Test = 0.127 more than 0.05; the variance between the two from 1 to 5 years and over 5 years is not different. Moreover, Sig value T-Test = 0.283 > 0.05, which means there is not statistically significant difference in the level of the Normative commitment (NC) of accountants competence evaluation by workers who have different seniority work (Hoang & Chu, 2008).

**Table 7: Differences of the Continuance commitment (CC) of accountants between participants are different about seniority work - 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	.001	.970	-.880	108	.381	-.10347	.11760	-.33656	.12963
	Equal variances not assumed			-.873	76.630	.385	-.10347	.11851	-.33947	.13253

According to the results of Table 7, Sig Levene's Test = 0.970 more than 0.05; the variance between the two from 1 to 5 years and over 5 years is not different. Moreover, Sig value T-Test = 0.381 > 0.05, which means there is not statistically significant difference in the level of the Continuance commitment (CC) of accountants competence evaluation by workers who have different seniority work (Hoang & Chu, 2008).

## 5. Conclusion and administration implications

### Conclusion

The accounting department is one of the most important departments in firms: (i) Providing firms with the numbers in the business, (ii) Balancing the costs to make the highest profit, (iii) Providing accounting information through the accounting system and (iv) Contributing to attracting investment. Therefore, it is becoming more important to retain good accountants staying with FDI firms. The stability of the accounting staff will help FDI firms save costs, limit possible errors, create a trust for workers in recruiting and using accounting workers.

We used the qualitative and quantitative research methods, processed data by statistical method to define 12 attributes of the dependent variable.

### Administration implication

The commitment with FDI firms of accountants directly influences on the development of FDI firms: The numbers of accountants being absence and quitting jobs is lower, labor productivity is higher, the connection between accountants and with employees of FDI firms is increasing.

The working environment in FDI firms also appears rumors which stem from some reasons. Hence, leaders need to address all concerns of employees in the working environment by exchanging, discussing with employees and listening to their shares, wishes, aspirations or questions. Leaders publicly comment and

respond to employees' concerns in the most honest way so as to break employee's doubts and make them feel fully deserved and respected. Meanwhile, all employees' worries are answered directly and they also understand that this working environment really associates personnel.

The above research results show that accountants do not really understand the importance of their work (Continuance commitment). Consequently, the leaders should give justified arguments to show employees that the work they are doing is important for businesses and for themselves. For businesses, the absence of employees will make the business become stagnant, even stop operating. For employees, this is an environment that helps them connect, grow and learn from each other, helping each other improve gradually. From that point, the employees will feel love the work they are doing and feel satisfied because their contributions are meaningful to the business.

Characteristics of accounting require accountants to both works independently and teamwork. However, it is a shortcoming if the environment in FDI firms focuses too much on teamwork, but ignoring the individual's independent capabilities because every accountant has a different ability to think and create particular ideas. Therefore, the leaders need to listen to all employees, assess and select opinions fairly.

Employees in general, accountants in particular, before deciding to start or continue a job at a certain business, they are all very concerned about the welfare of that company. In consequence, in order to develop human resources, increase employees' commitment with businesses and create the highest profit, the leaders should invest in employees' welfare such as annual social insurance, holiday gifts, organizing interesting orientation for new employees, business theme days, paid leave, expanding workspace, reducing pressure programs, etc.

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