

FACTORS AFFECTING THE QUALITY OF HUMAN RESOURCES: A CASE STUDY OF TRAVEL AND TOURISM ENTERPRISES IN CAN THO CITY, VIETNAM

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Abstract

This study examines the factors influencing the quality of human resources (HR) in travel and tourism enterprises in Can Tho city, Vietnam. A survey of 350 employees from these enterprises was conducted, and data were analyzed using reliability testing, exploratory factor analysis (EFA), confirmatory factor analysis (CFA), and structural equation modeling (SEM) via SPSS 26.0 and AMOS 24.0. The results confirm that all 16 proposed hypotheses are supported at a 5% significance level, indicating positive relationships between HR quality and factors such as local government policies, linkages with training institutions, working environment, employee benefits, recruitment systems, training, digital transformation, and performance evaluation. The findings suggest that to enhance HR quality, enterprises should focus on improving internal factors like working conditions, benefits, recruitment, training, and digital adoption, while leveraging external support from local authorities and training institutions. These insights provide valuable recommendations for businesses and policymakers to improve HR management and contribute to the sustainable growth of the tourism sector in Can Tho city.

Keywords: Human Resource, Tourism Industry, Vietnam Tourism.

INTRODUCTION

HR is viewed as an invaluable asset capital that firm invested (Wuttaphan, 2017). The quality of HR in travel and tourism companies is significantly influenced by several factors. In the context of Can Tho, a city in the Mekong Delta region of Vietnam, the interaction of these dynamics is crucial to improving the competitiveness and efficiency of tourist companies' businesses (Tam, 2024).

The interaction of all these factors cannot be overlooked. Local government policies prepare the scenario for what is allowed within HR practices, while effective training links ensure that the workforce possesses the necessary powers. In addition, a work environment promotes and comprehensive employee benefits can significantly improve retention rates. Recruitment strategies that identify candidates who align with organizational culture further solidify the basis of HR quality. Subsequently, constant training, backed by rigorous performance evaluations, and a commitment to digital transformation can promote sustained improvements in HR practices (Chams and

García-Blandón, 2019). This study aims to investigate the relationships between eight factors—local government policies, linkages with training institutions, working environment, employee benefits, recruitment systems, employee training, digital transformation, and performance evaluation—and HR quality, as depicted in the conceptual framework (see Figure 1).

LITERATURE REVIEW

Human resource quality

Human resource quality is a pivotal factor in an organization's achievement, encompassing a multifaceted range of employee attributes such as skills, knowledge, and competencies (Armstrong, 2014). Previous research has employed multi-dimensional scales to evaluate human resource quality, considering elements such as employee skills, knowledge, experience, and adaptability as key indicators (Becker & Huselid, 1998; To, 2017).

Local government policies

Several local government policies can significantly influence, either directly or indirectly, the quality of a company's workforce (Sugino, 2010). This study proposes that local government policies have a positive impact on several human resource dimensions.

Local governments serve as key actors in facilitation of associations between training institutions and travel businesses. As documented by Liu et al. (2020), government policies can significantly influence the development of rural tourism by encouraging educational institutions to align their curriculum with the competencies required by local travel companies.

This alignment not only improves the preparation of the workforce, but also increases the conditions of employees by ensuring that workers have the skills and knowledge necessary to prosper in the tourism sector. Specifically, the proposed research hypotheses are as follows:

- H1: Local government policies have a positive impact on working environment and conditions.*
- H2: Local government policies have a positive impact on employee benefits.*
- H3: Local government policies have a positive impact on system of recruiting employees.*
- H4: Local government policies have a positive impact on employee training.*
- H5: Local government policies have a positive impact on digital transformation in enterprises.*
- H6: Local government policies have a positive impact on linkages between training institutions and travel businesses.*

Linkages between training institutions and travel businesses

The linkages between training institutes and travel companies significantly improve various aspects of the travel sector, including recruitment processes and the effectiveness of training (Sal & Raja, 2016).

These collaborations support digital transformation initiatives (Zhang & Chen, 2024), leading to a better evaluation of employees' performance (Anwar & Abdullah, 2021). The integration of digital technologies remodels the strategies of HR (Kraus et al., 2021). Hypotheses include:

H7: Linkages between training institutions and travel businesses have a positive impact on the system of recruiting employees.

H8: Linkages between training institutions and travel businesses have a positive impact on employee training.

H9: Linkages between training institutions and travel businesses have a positive impact on digital transformation in enterprises.

H10: Linkages between training institutions and travel businesses have a positive impact on employee performance evaluation.

Working environment and conditions

As Dung stated in 2012, a conducive work environment is imperative for employees to realize their full potential. Working environment and conditions significantly influence employee motivation, productivity, and overall job satisfaction (Schaufeli & Bakker, 2004).

Previous studies have measured working environment and conditions using scales assessing factors like physical work environment, safety measures, job security, and work-life balance (Spector, 1997; To, 2017).

H11: Working environment and conditions have a positive impact on human resource quality.

Employee benefits

Employee benefits are non-wage rewards offered to employees, which can significantly impact job satisfaction, motivation, and employee retention (Milkovich, 1987).

Depending on their capabilities, businesses offer various schemes and policies to attract talents, such as competitive salaries, comprehensive benefits, health insurance, job security, and other perks (Hussain & Rehman, 2013).

H12: Employee benefits have a positive impact on human resource quality.

System of recruiting employees

The effectiveness of system of recruiting employees significantly impacts the quality of talent acquired and the overall human resource strategy (Schmidt & Hunter, 1998).

Measurement scales for system of recruiting employees typically assess the efficiency of recruitment processes, the effectiveness of selection methods, and the quality of candidates hired (Schmidt & Hunter, 1998).

H13: The system of recruiting employees has a positive impact on human resource quality.

Employee training

Hill and Stewart's 2000 research indicates that training plays a crucial role in developing human capital within small to medium-sized enterprises. Through training, employees gain a deeper understanding of their roles, enhancing their skills and fostering a more proactive and positive attitude towards their work.

This, in turn, improves their adaptability to future challenges and aligns with the overall business objectives and growth. Employee training is crucial for developing employee skills and competencies, enhancing productivity, and improving organizational performance (Kirkpatrick, 1998; Noe, 2020).

Measurement scales for employee training typically assess the extent of training provided, its effectiveness in improving employee skills, and its impact on job performance (Noe, 2020).

H14: Employee training has a positive impact on human resource quality.

Digital transformation in enterprises

Digital transformation in enterprises has become increasingly important in today's business landscape, impacting various aspects of organizational operations and human resource practices (Brynjolfsson & McAfee, 2014).

Measurement scales for digital transformation in enterprises typically assess the extent of digital technologies adopted, the level of digital literacy among employees, and the impact of digital transformation on organizational processes and performance (Westerman et al., 2014).

H15: Digital transformation in enterprises has a positive impact on human resource quality.

Employee performance evaluation

The assessment of employees' performance significantly affects the general quality of HR by improving motivation and promoting the development of skills, which are fundamental for organizational culture (Paais & Pattuiruhu, 2020).

An effective evaluation system aligns with HR management practices, thus improving organizational performance (Anwar & Abdullah, 2021).

H16: Employee performance evaluation has a positive impact on human resource quality.

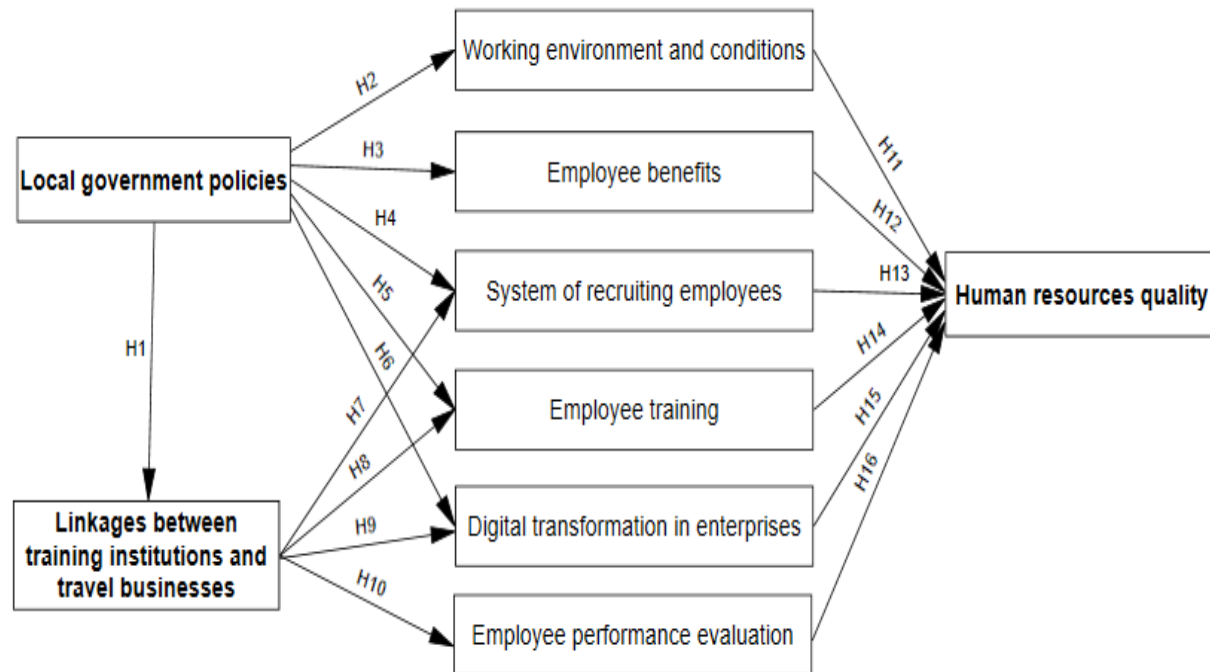


Figure 1: Conceptual framework.

Source: authors' work.

METHODOLOGY

This research focuses on travel and tourism businesses in Can Tho City, specifically targeting agency leaders or heads of HR departments. A convenience sampling method was employed to select participants.

The data collection instrument was a questionnaire comprising three sections:

- (1) Introduction and screening questions
- (2) Core research content
- (3) Respondent demographics.

Data were gathered through direct interviews conducted between September and October 2024, resulting in 350 completed surveys. The study utilized a widely adopted questionnaire with a five-point Likert scale ranging from “strongly disagree” (1) to “strongly agree” (5). The measurement scales were adapted from previous research by to (2017), Thuy (2019), and Nga & Lien (2020). The primary objective was to test research hypotheses using SEM with AMOS software. Table 1 provides a detailed description of the sample characteristics.

Table 1: Sample statistics

	Category	Frequency	Percent (%)
Enterprise Size	Less than 10 employees	5	1.4
	10-49 employees	261	74.6
	50-99 employees	2	0.6
	100 employees and above	82	23.4
Enterprise Type	State-owned enterprise	12	3.4
	Sole proprietorship	158	45.2
	Limited liability company	15	4.3
	Joint-stock company	165	47.1

Source: author's work.

DATA ANALYSIS AND RESULTS

Cronbach's Alpha reliability test

The reliability of each measurement scale was assessed using Cronbach's Alpha. Scales with Cronbach's Alpha values of 0.7 or higher were considered reliable. All scales demonstrated high reliability, with Cronbach's Alpha values ranging from 0.798 to 0.921. Additionally, all observed variables within each scale exhibited corrected item-total correlations greater than 0.3, indicating their suitability for further analysis.

Exploratory factor analysis

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was 0.866, indicating that the data was suitable for factor analysis. Bartlett's test of sphericity was significant ($p < 0.001$), confirming the presence of correlations between variables.

Nine factors were extracted, explaining 61.530% of the total variance, with eigenvalues greater than 2.221. All factor loadings were above 0.5, demonstrating the strong association between observed variables and their respective factors.

Confirmatory factor analysis

The results indicated a good fit, with the following indices: Chi-square/df = 1.843, CFI = 0.921, TLI = 0.913, and RMSEA = 0.049. All standardized regression weights were statistically significant ($p = 0.000$), and the composite reliability and average variance extracted (AVE) values exceeded the recommended thresholds, demonstrating convergent validity.

Structural model assessment

SEM was used to test the hypothesized relationships between the latent variables. The model fit indices were satisfactory: Chi-square/df = 1.950, CFI = 0.908, TLI = 0.902, and RMSEA = 0.052. All 16 hypotheses were supported by the data, with statistically significant path coefficients ($p < 0.05$).

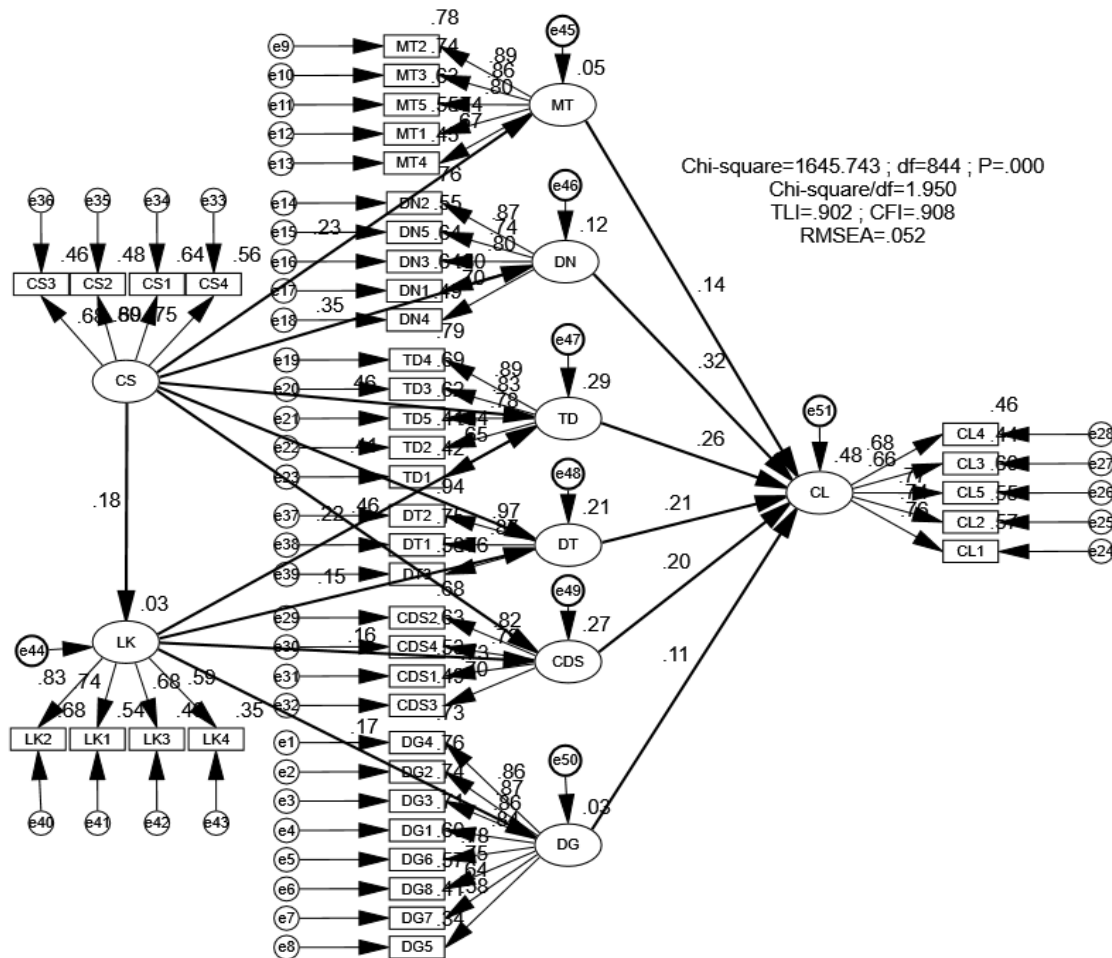


Figure 2: Structural model

Source: authors' work.

DISCUSSION AND CONCLUSION

Discussion

The linkages between educational institutes and travel companies are increasingly influenced by local government policies aimed at improving recruitment, training, digital transformation and employee performance in the workforce. Effective collaboration is essential to address skill gaps and meet the evolving demands of the labor market. Local government policies usually play a critical role in promoting this collaboration, creating structures that facilitate partnerships, which can later increase the quality of education and training provided in institutions (Galan-Muros & Davey, 2019). The impact of local government policies on recruitment practices can be significant, as institutions that align their curricula with local trade needs are better positioned to prepare students for immediate use. For example, policies that promote cooperative education stages and

programs allow students to obtain relevant work experience, thus increasing their employability (Ra et al., 2019). Training initiatives sponsored by local government policies are also crucial in developing a qualified workforce. Investing in training programs, particularly those focused on digital skills, is critical as organizations adopt new technologies. Educational institutions that collaborate with companies can better align training offers with the economy's digital transformation needs, thus preparing students for future workforce challenges (Song, Zhang and Zhang, 2021). In addition, effective collaboration can improve employee performance, ensuring that graduates have the skills needed to prosper in their roles. Policies that promote innovation in university business collaborations can lead to better educational results and workforce performance (Ngoc, Hieu & Tien, 2023).

Conclusion

In conclusion, this study provides strong evidence for the significant and positive impact of these factors on HR quality within the travel and tourism sector in Can Tho, Vietnam. The study provides valuable insights for policymakers, businesses, and researchers in understanding the critical role of these factors in shaping the future of the tourism industry.

To foster employee well-being and maximize productivity, businesses must prioritize comprehensive employee benefits. This includes competitive compensation, robust reward and recognition programs, clear career paths, and access to professional development opportunities. Cultivating a culture of open communication and employee involvement is essential. By actively listening to employee feedback, encouraging participation in decision-making, and providing a supportive work environment, businesses can enhance employee motivation, loyalty, and ultimately, achieve greater success.

A positive working environment is crucial for employee productivity and overall business success. It fosters trust and open communication, allowing employees to feel valued and comfortable expressing their ideas. By providing the necessary resources and support, companies can empower employees to perform at their best and unleash their creativity. Furthermore, a healthy and respectful work environment cultivates a strong sense of solidarity and belonging among employees, leading to increased job satisfaction and a greater commitment to the company's goals.

Continuous professional development is crucial for all employees, regardless of tenure. It involves a multifaceted approach, including formal training courses, both internal and external, experiential learning through site visits, and self-directed learning. This ongoing education is essential for maintaining and enhancing employee skills, ensuring they stay current with industry best practices and contribute to the overall growth and competitiveness of the organization.

To enhance human resource quality, businesses must implement a systematic and professional recruitment process to attract qualified and capable employees. This involves establishing a clear and detailed recruitment procedure. To minimize recruitment costs, cultivating relationships with educational institutions is crucial. This allows for early

identification of promising students through internships and practical training, enabling businesses to assess their abilities and work ethic firsthand. Upon graduation, qualified students can be directly hired, streamlining the recruitment process and reducing costs. Furthermore, organizing recruitment counseling sessions at universities for graduating students provides a platform for direct interaction and facilitates the hiring process.

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