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## Policy recommendations for enhancing human resource management and bank competitiveness: Evidence from commercial banks in Vietnam

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### Abstract

Human resource management plays a vital role in banking activities and is essential for ensuring sustainable development and improving the competitiveness of commercial banks. Currently, the issue of human resource management in banking activities still has certain limitations and difficulties that have significantly affected competitiveness. Therefore, this study aims to determine the influencing factors and their degree of influence on the human resource management of commercial banks in Vietnam. Based on these factors and their impact on human resource management, the authors proposed solutions to improve human resource management to enhance banks' competitiveness. This study uses a combination of qualitative and quantitative research methods. The study applied qualitative methods through expert methods and in-depth interview methods from 10 bank leaders, quantified from primary data collected by the survey authors through 350 questionnaires from 350 employees working in 10 commercial banks in 10 provinces in Vietnam. SPSS 20.0 and Amos software were used to quantify the degree of influence of the factors. The study identified six factors: leader support, training and developing human resources, work environment, employee benefits and regimes, incentive policies, and control and evaluation. Finally, the application helps banks ensure sufficient human resource management and appropriate bank competitiveness.

**Keywords:** Bank management, Competitiveness, Human resource management, Policy.

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**Transparency:** The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.

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## **1. Introduction**

Human resources are a critical factor in ensuring the success of an organization. In banking activities, human resources are directly involved in strategic planning; establishing plans, programs, projects, building business processes, and codes of conduct is the foundation for all banking activities [1, 2]. This resource is also involved in operating the system and controlling the technological infrastructure; implementing plans according to established procedures; working with state agencies, partners, and customers; interacting with colleagues; and managing cash flows and other resources under the bank's management responsibility [3-5]. At the same time, human resources help create new ideas and initiatives, improve business processes and system performance, save costs, and reduce risks for banking operations. Furthermore, the human resources team also contributes to the crystallization of corporate cultural values, building and preserving the bank's brand and identity, and serves as the driving force and goal for sustainable bank development [6, 7].

Thus, it can be seen that human resource management is an essential part of organization and management, making a necessary contribution to the development and success of the bank. Effective human resource management helps banks ensure sufficient qualified human resources and appropriate capabilities to implement business goals, create a positive working environment, and support employees in developing themselves and making maximum contributions to the organization. This also helps banks develop sustainably in the current context [8, 9]. Human resource management is the most critical factor that brings business success and enters the 4.0 industrial revolution. According to experts, we rely heavily on machines, but the decisive role of humans is still undeniable. In the banking sector, human resources determine the stability and development of banks and the safety of the banking system. Motivating employees to work is essential in improving banks' competitiveness. Therefore, the article aims to analyze some issues regarding human resource management in commercial banks and factors affecting human resource management, thereby proposing solutions to create work motivation and improve human resource management to increase the competitiveness of the commercial banking system in the context of the digitalization of the economy in Vietnam.

## **2. Literature Review and Hypotheses Development**

### **2.1. Human Resource Management**

Human resource management (HRM) involves implementing consistent strategies to manage people in an organization, such as planning, organizing, coordinating, and managing employees to realize the business's vision, mission, goals, and deliverables with optimal efficiency. This includes recruiting, training, rewarding, motivating, and retaining employees [10, 11]. At the same time, human resource management is also concerned with organizational change, maintaining good relations with employees, and balancing organizational activities with policies that follow government laws [12].

Human resource management is an integral aspect of every organization, regardless of whether it has a dedicated human resource management department. Human resource management is an essential management component and is integrated across businesses. Businesses have the resources, including money, materials, equipment, and people needed to create the goods and services they bring to the market [13, 14]. Most businesses develop procedures and processes for providing raw materials and equipment to ensure an adequate supply when needed. Similarly, banks must pay attention to managing people, an essential resource. Human resource management includes all decisions and activities that affect a business and its employees' relationships.

### **2.2. Bank Competitiveness**

Commercial banks are businesses; however, banking activities are a particular type of business: currency trading and related financial services. Therefore, based on the level of competitiveness division, the competitiveness of the commercial banking system is considered based on the level of enterprise competitiveness [15, 16]. A business is considered competitive when it can dominate the market and attract many customers by providing products and services of good quality, convenience, and customer satisfaction, gaining prestige and reputation in the market, and earning enough profits to ensure sustainable business development [17].

To evaluate the competitiveness of banks and the effectiveness of a business's competitiveness, people will rely on the following criteria: (1) Reputation and brand: This will be a condition to stimulate customers to quickly order products. With this, market share also increases significantly. (2) Production and business efficiency: People rely on labor productivity and product quality to evaluate this criterion. (3) The higher the labor productivity of an enterprise, the greater its competitiveness [18]. Good product quality leads to the highest level of competition. (4) Market share and ability to dominate the market: This is a critical criterion for evaluating the competitiveness of each business. The larger the market share, the more popular a business's product becomes. To develop market share, banks must promote trade, organize accompanying services, and provide reputable and high-quality products. (5) Social responsibility: To win customers' trust and achieve high competitiveness, a business's products must ensure that they do not cause pollution [19, 20].

The critical factor affecting competitiveness that banks need to pay attention to is human resources, which determine banks' competitive advantage. Human resource management is evaluated based on educational level, skills, etc. If an enterprise has a strong, loyal, and highly specialized workforce, the labor productivity efficiency is extremely high. Thus, businesses can cut costs and lower product prices to improve competitiveness compared to competitors [21].

### 2.3. Factors Affecting the Human Resource Management and Bank Competitiveness

The banking system is integral to all global economies. Experience in Vietnam demonstrates that the banking system serves as a positive, timely, and effective lifeline for the economy, functioning as the primary capital conduit for production and business, thereby facilitating economic restructuring, fostering an independent and self-reliant economy, promoting proactive and profound international integration, and significantly enhancing the quality of life for citizens [22, 23]. In any country, when the banking system is not developed, it proves that the country's economic potential has not been fully exploited. Finding solutions to improve competitiveness is always a top priority in the banking system, especially for commercial banks [24].

Currently, the issue of human resource management is a serious concern and is invested in by banks because this dramatically impacts their sustainable development [25, 26]. Human resource management in banking activities includes issues such as (1) leader support, (2) training and developing human resources, (3) the work environment, (4) employee benefits and regimes, (5) incentive policies, and (6) control and evaluation [27].

X1: Leader support is defined as a leader with a strategic plan to encourage subordinates to continuously develop themselves, such as providing tuition for studying at home or abroad and creating conditions for advanced learning. Leaders' support for employees largely depends on the manager's leadership style. Regarding training, research, and personal development, leaders' support at work increases employee confidence and improves work efficiency. Leader support means that leaders assist employees in advancing their studies by covering tuition fees and creating optimal learning conditions [28]. The research hypotheses were as follows:

H<sub>1</sub>: Leader's support has a positive impact on HRM.

X2: Training and developing human resources is the work that businesses focus on; it helps improve the efficiency of human resources management and increases employee satisfaction. Human resource training provides knowledge and enhances the capacity of personnel to use bank capital to increase work efficiency and effectiveness [29, 30]. Human resource training is a learning activity that helps workers acquire the knowledge and skills required to perform and complete their work well. The research hypotheses were as follows:

H<sub>2</sub>: Training and developing human resources have a positive impact on HRM.

X3: Work environment: The working environment is a broad concept that includes both internal and external environments. The working environment is related to each bank employee's activities, development, and capacity building. The working environment in a bank includes facilities, spirit, policies, and relationships between leaders and employees, as well as between employees in an agency, organization, or unit [31, 32]. The working environment includes facilities, labor safety, adequate lighting conditions, friendly relationships, and encouragement of cooperation among colleagues, leaders, and employees. Thus, the research hypothesis is as follows:

H<sub>3</sub>: Work environment has a positive impact on HRM.

X4: Employee benefits and regimes: When workers work for the banks they desire, their rights include high salaries, incentives, health assurance, life stability, and other benefits. Employees have the right to receive wages appropriate to their qualifications and skills based on an agreement with the employer, have labor protection, work in conditions that ensure occupational safety and hygiene, take leave according to the regime, receive pay for annual leave, and enjoy collective benefits [33, 34]. This study uses the concept of employee rights and benefits, which includes salaries and allowances appropriate to the qualifications and skills of the employee. Therefore, the following research hypothesis is proposed.

H<sub>4</sub>: Employee benefits and regimes have a positive impact on HRM.

X5: Incentive policies: Managers must have incentive policies to motivate employees to improve the efficiency of the bank's operations, in addition to the benefits and regimes to which they are entitled according to the agreement. Incentive policies include both positive and negative aspects. Favorable incentive policies are defined as employees' benefits, positive results from their personal development, or a lack of self-development [35]. Negative incentives are the benefits or consequences employees receive from developing or not developing themselves. Incentive policies encompass the benefits or positive results that employees receive from their personal development. If employees make efforts at work and strive for personal development, they receive positive benefits from the bank. Thus, the research hypothesis is as follows:

H<sub>5</sub>: Incentive policies have a positive impact on HRM.

X6: Control and evaluation: To improve human resource management and increase work efficiency, in addition to creating a good working environment with effective incentive policies, managers also need to monitor the working process of employees. People often want to enjoy high salaries and benefits but sometimes do not like to work or contribute [36, 37]. Therefore, banks need to have a process for controlling and evaluating employee performance that can be conducted periodically or unexpectedly. Controlling and assessing employees is necessary, but managers must evaluate employees comprehensively, clearly, and carefully, and have sensitive, flexible control measures to save face for employees. Proper control and evaluation can help banks improve the quality of human resources and employees' work efficiency [1, 24]. Thus, the research hypothesis is as follows:

H<sub>6</sub>: Control and evaluation have a positive impact on HRM.

Improving the competitiveness of joint-stock commercial banks is an essential task of the banking industry, contributing to promoting socioeconomic development. From the perspective of competitive economics, as a phenomenon associated with the market economy, the concept of competition has appeared in the formation and development of production. Competition between two or more entities in the economy seeks market share and improves the business efficiency of that entity [38, 39]. Healthy competition helps improve social welfare by reducing prices, enhancing service

quality, and promoting economic growth. Competition is essential for banking services to operate optimally and effectively, benefiting both banks and society. However, banking competition cannot be implemented at all costs, using all tricks, and must be subject to strict inspection, supervision, and government intervention when necessary. Thus, the research hypothesis is as follows:

H<sub>7</sub>: Human resource management has a positive impact on bank competitiveness.

With the goal and scope of this research, this study considers only internal factors affecting human resource management. According to the authors, human resource management is primarily affected by factors that belong to the nature of human resources. Banks can have timely solutions to improve the quality of human resources and operational efficiency, whereas macroeconomic external factors require synchronous solutions at many institutions, ministries, and departments over a long implementation period.

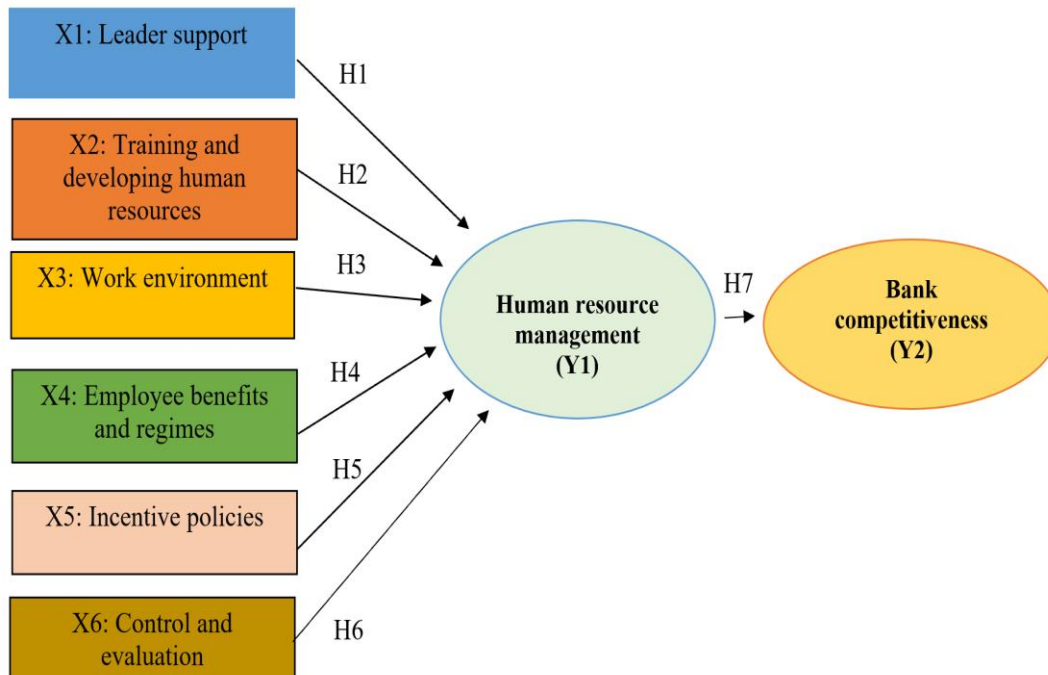


Figure 1.

Research model for factors affecting human resource management and human resource management affecting bank competitiveness.

Figure 1 shows the factors affecting the human resource management of commercial banks in Vietnam, proposed by the authors based on an empirical and theoretical model of factors affecting human resource management. In the model for researching factors affecting the human resource management of commercial banks, the authors proposed including six factors: (X1) leader support, (X2) training and development of human resources, (X3) work environment, (X4) employee benefits and regimes, (X5) incentive policies, and (X6) control and evaluation.

To confirm the impact and extent of these factors on the human resource management of commercial banks in Vietnam, it is necessary to design survey questionnaires, collect survey data, and use software to analyze the data to present the research results. This topic will be researched and presented in the following sections.

### 3. Research Methods

The research was conducted in three stages: (1) document research, (2) qualitative research, and (3) quantitative research.

**Stage 1:** Document research: The authors referenced related research in human resource management and competitiveness. Research gaps and objectives were identified from the results of the literature review. In addition, the proposed research model was based on the results of an analysis of previous studies and background theory.

**Stage 2:** Qualitative research – The authors discussed with 10 experts and 10 workers about research concepts and relationships in the model to adjust the scale and model to suit market realities in Vietnam. Based on the discussion results, a survey questionnaire was drafted. The survey was checked for understandability, clarity of meaning, survey design, question logic, question order, grammar, and spelling by people with expertise in human resource management and banking competitiveness. A preliminary questionnaire was developed to serve the following stages of the research process. The interview script was conducted with ten human resource managers and ten workers who had worked for ten years at commercial banks to ensure the comprehensibility and validity of the questions. Respondents were invited to participate in interviews to gain an in-depth understanding of human resource management in the banking sector. Interviews were scheduled in advance and conducted in person at suitable locations, specifically at the offices of respondents participating in in-depth interviews and in meeting rooms reserved for respondents by the researcher. The respondents participated in

group interviews. Interviews were conducted face-to-face by the researcher and two assistants (secretary and observer). Each interview lasted approximately 90 to 120 minutes. The qualitative method was implemented from November 2023 to December 2023 at 10 commercial banks in 10 provinces and cities in Vietnam.

Qualitative data were carefully reviewed, and text segments were marked based on predetermined codes. Any text that could not be classified using the original coding scheme was assigned a new code. The analyzed data were organized into three categories, including aspects in the literature review that did not appear in the interview aspects mentioned in both the literature review and interviews. These aspects were not included in the literature review but appeared in the interviews. The constructs' research model and measurement scale were adjusted based on the qualitative research results. Subsequently, a preliminary questionnaire was formulated for quantitative research.

**Stage 3: Quantitative research** - the authors included two preliminary and official stages:

**Preliminary stage:** An initial survey was conducted on a sample of 150 employees to evaluate the measurement model of the constructs. Specifically, confirmatory composite analysis (CCA) was used to test the reliability and validity of the scale. On the other hand [40], to determine whether the model meets the requirements, it is often chosen based on the indices CMIN/df (Chi-square/df), CFI, good fitness index (GFI), Tucker and Lewis Index (TLI), and RMSEA. Specifically, the criteria are as follows: CMIN/df  $\leq 3$  is good, CMIN/df  $\leq 5$  is acceptable; CFI  $\geq 0.9$  is good; CFI  $\geq 0.95$  is excellent; CFI  $\geq 0.8$  is acceptable; GFI  $\geq 0.9$  is good; GFI  $\geq 0.95$  is excellent; TLI  $\geq 0.9$  is good; RMSEA  $\leq 0.06$  is good; RMSEA  $\leq 0.08$  is acceptable. The results of the CFA analysis using AMOS 20 software showed that chi-square/df = 1.237, GFI, and CFI were all  $> 0.9$ , TLI  $< 0.9$ , and RMSEA  $< 0.06$ . Thus, the model satisfied these requirements.

**Official stage:** Formal quantitative research methods test the relationship between factors in the research model. Data were collected using quantitative research methods with 350 employees working at the 10 banks mentioned above during the survey period from November 2023 to December 2023. The survey was conducted online via email and phone. An analysis was performed to test the correlation and impact between the independent and dependent variables. The content of the quantitative research method is presented in the final analysis section. The study's research model comprises six independent variables and two dependent variables; the minimum required sample size is 98 individuals [40]. Increasing the sample size beyond the requisite minimum enhances the study's trustworthiness by mitigating sampling biases.

Model quality and research hypotheses were evaluated using partial least squares structural equation modeling with a bootstrapping technique (10,000 samples). This study applied the bootstrapping method to determine the statistical significance of the paths in the structural model and the influence of factors on human resource management and competitiveness.

## 4. Research Results and Discussions

### 4.1. Descriptive Statistical Results for Human Resource Management and Bank Competitiveness

Human resources are the most crucial factors that bring success to businesses and the banking sector. Even as we enter the 4.0 industrial revolution and rely heavily on machines, the decisive role of humans is still undeniable. Furthermore, approving the Vietnam banking industry development strategy for 2025, with a vision for 2030, highlights the importance of human resource management in the banking sector.

**Table 1.**  
Descriptive statistical results for human resource management and bank competitiveness.

Factors affecting human resource management and bank competitiveness	N	Min	Max	Mean	Standard deviation
X1: Leader support	334	1.00	5.00	3.4222	0.85508
X2: Training and developing human resources	334	1.00	5.00	3.0539	0.90880
X3: Work environment	334	1.00	5.00	3.5569	0.82822
X4: Employee benefits and regimes	334	1.00	5.00	3.1138	0.93590
X5: Incentive policies	334	1.00	5.00	3.5719	0.86607
X6: Control and evaluation	334	1.00	5.00	2.5838	0.67817
Y1: Human resource management	334	1.00	4.00	2.4820	0.60377
Y2: Bank competitiveness	334	1.00	5.00	2.5868	0.74128

Table 1 presents the mean values of all components, approximately 3.0. Moreover, the standard deviation approached 1.0. These data provide significant potential for enhancing Vietnam's human resource management and bank competitiveness. Furthermore, the data in Table 1 indicate that human resources are essential for ensuring an organization's success. In banking activities, human resources are directly involved in strategic planning; establishing plans, programs, projects, building business processes, and codes of conduct is the foundation for all banking activities.

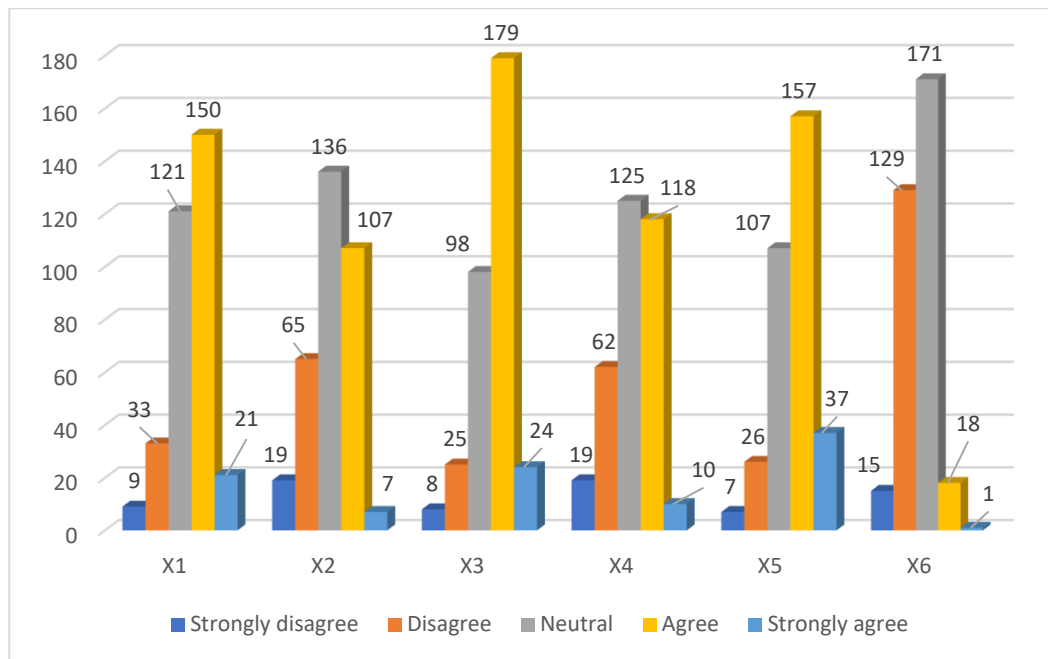


Figure 2.  
Frequency of statistical results for human resource management and bank competitiveness.

Figure 2 shows that the research results are over 50 percent from level 3 to level 5. In addition, human resource management activities help ensure that the bank has sufficient human resources with appropriate quality and capacity to meet business goals and sustainable development, manage risks, and improve performance efficiency at banks. Implementing human resource management activities can help increase labor productivity, ensure compliance with legal regulations, and create a competitive advantage for banks in an increasingly competitive business environment.

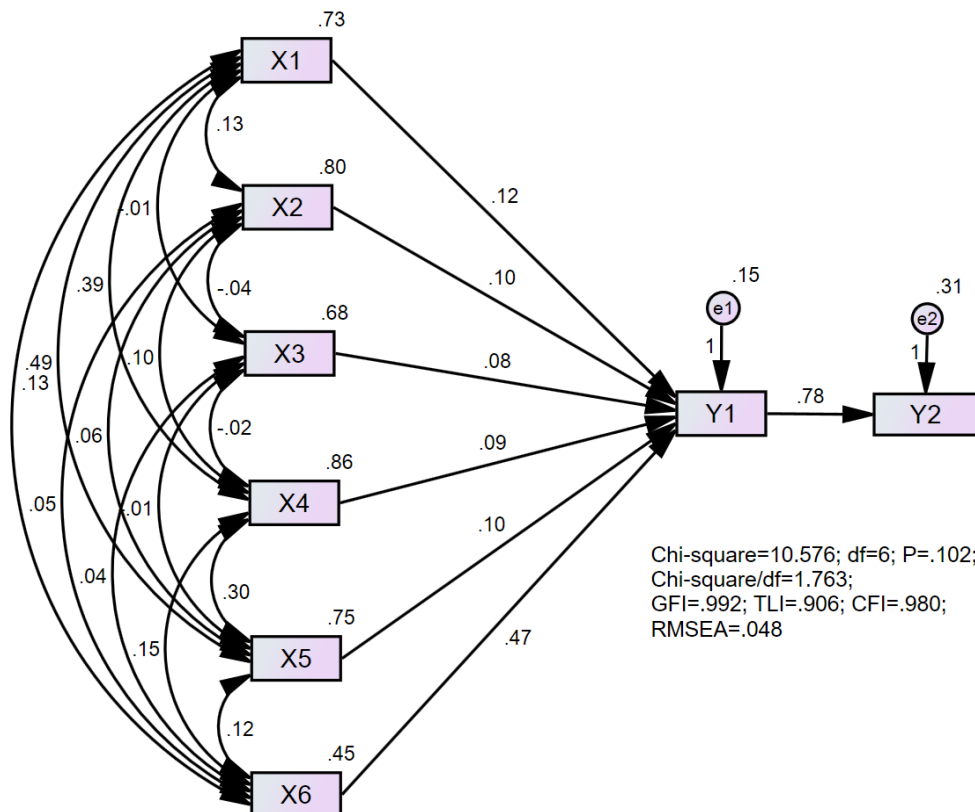


Figure 3.  
Testing results for factors affecting human resource management and bank competitiveness.

#### 4.2. Testing Results for Factors Affecting Human Resource Management and Bank Competitiveness

Figure 3 illustrates the testing results for the six variables influencing human resource management and bank competitiveness, yielding a statistically significant consequence at a significance level of 0.05. Six components must be taken into account: (X1) leadership support, (X2) training and development of human resources, (X3) work environment, (X4) employee benefits and policies, (X5) incentive strategies, and (X6) monitoring and assessment. All standardized regression weights in the crucial model attain statistical significance ( $p = 0.000$ ) and exhibit substantial values ranging from 0.450 to 0.860, exceeding 0.4. The CFA analysis conducted with AMOS 20 software yielded a Chi-square/df ratio of 1.763, with GFI, TLI, and CFI all exceeding 0.9 and RMSEA less than 0.05. Consequently, the model fulfilled these criteria. This research was based on a sociological survey of 350 employees from the 10 most prominent joint-stock commercial banks across 10 provinces and cities in Vietnam, aimed at identifying and assessing the factors influencing human resource management and competitiveness within banks. The findings indicated six primary contributing factors with a statistical significance level of 5%.

**Table 2.**  
Factors affecting human resource management and bank competitiveness.

Relationships			Unstandardized Estimate	Standardized Estimate	S.E.	C.R.	P	Results
X1	→	Y1	0.117	0.165	0.036	3.226	0.001	Accepted H1
X2	→	Y1	0.097	0.144	0.025	3.938	***	Accepted H2
X3	→	Y1	0.080	0.109	0.026	3.029	0.002	Accepted H3
X4	→	Y1	0.088	0.136	0.027	3.241	0.001	Accepted H4
X5	→	Y1	0.098	0.140	0.033	2.936	0.003	Accepted H5
X6	→	Y1	0.469	0.524	0.034	13.948	***	Accepted H6
Y1	→	Y2	0.779	0.647	0.052	14.968	***	Accepted H7

Note: \*\*\* 1%.

Table 2 presents the testing findings for six parameters influencing human resource management in commercial banks and their competitiveness, with a significance level of 0.05. Furthermore, the outcomes of model testing indicate that the scale defined in the study model aligns with the data according to the criteria of convergent validity, discriminant validity, composite reliability, and variance explained. Consequently, the working environment encompasses where employees remain and where their job performance occurs, including labor circumstances and prospects for advancement.

**Table 3.**  
Testing the research model estimates using Bootstrap (N = 10,000 samples).

Relationships			SE	SE-SE	Mean	Bias	SE-Bias	C.R.	Results
X1	→	Y1	0.042	0.001	0.114	0.003	0.002	1.50	Accepted H1
X2	→	Y1	0.025	0.001	0.097	0.001	0.001	1.00	Accepted H2
X3	→	Y1	0.025	0.001	0.079	0.001	0.001	1.00	Accepted H3
X4	→	Y1	0.027	0.001	0.088	0.002	0.003	0.67	Accepted H4
X5	→	Y1	0.034	0.001	0.099	0.001	0.001	1.00	Accepted H5
X6	→	Y1	0.050	0.001	0.474	0.005	0.003	1.67	Accepted H6
Y1	→	Y2	0.047	0.001	0.777	0.001	0.001	1.00	Accepted H7

Note: \*\*\* 1%.

Table 3 assesses the bootstrap, a resampling technique involving replacement where the original sample serves as the population. Consequently, this study employed the bootstrap method with 10,000 replicate samples. The findings derived from bootstrapping with  $N = 10,000$  are averaged and indicate that, while present, the bias is minimal (see Table 3, C.R. < 3 for details). Consequently, it can be inferred that the estimates in the research model were dependable. The authors endorsed all hypotheses, revealing six characteristics that influence human resource management and the competitiveness of commercial banks, with a significance level of 0.05.

#### 4.3. Research Discussions

Research results analyzing data on factors affecting human resource management have shown that there are six factors: (X1) leader support, (X2) training and developing human resources, (X3) work environment, (X4) employee benefits and regimes, (X5) incentive policies, and (X6) control and evaluation, in which the most influential factor is the evaluation control factor and the least influential is the work environment.

(1) The control and evaluation with the standardized estimate were 0.524 with a significance of 0.000 (In Table 2). The results showed that control and evaluation affect human resource management with a significance level of 5%, which is consistent with the findings of many studies, including Athamneh and Jais [3]; Cayrat and Boxall [6] and Gallego-Nicholls, et al. [13]. Control and evaluation are indispensable in the human resource management work of managers and processes. In addition, bank leaders should create friendly and comfortable relationships between leaders and employees,

make decisions based on employees' opinions, implement policies to encourage employees, ensure long-term stable work, focus on training and development, and ensure that employees complete their work and comply with the company's regulations. Managers also need a control and evaluation process, but the evaluation must be comprehensive, fair, and controlled.

(2) Leader support with a standardized estimate was 0.165 with a significance of 0.001 (In Table 2). Research results showed that the factor "leadership support" positively influences human resource management, with the second highest level of impact in the research model, with a significance of 5%. The same results were found in many studies (Duggan, et al. [11]; Kehoe and Han [15] and Lockhart, et al. [18]). Leadership support includes tuition for higher education, training, and attending vocational seminars. The better the support bank leaders provide for employees, the more the quality of the business's human resources will improve, thus increasing the business's operational efficiency. Other studies suggest that leaders' support for employees largely depends on their leadership style.

(3) Training and developing human resources with a standardized estimate of 0.144 and a significance level of 0.000 (In Table 2). The results show that "training and development" positively influence HRM but at the third level of impact with a significance of 5%, similar to the results of many studies by Evangelia and Barbara [12]; Lee, et al. [17], and Lopez-Cabral, et al. [20]. Training and development in this study are understood as the banks' training plans, whether the training skills are necessary and directly beneficial to the job. The training and development of banks' human resources impact the quality of human resources; the organization of appropriate training programs will help employees perform better.

(4) Incentive policies with a standardized estimate of 0.140 and a significance of 0.003 (In Table 2). Incentive policy has a factor shown to positively influence human resource management and is the fourth highest level of impact in the research model, with a significance of 5%, which is consistent with the results of many studies by Marler and Parry [21]; Newman, et al. [23] and Nyangu, et al. [25]. Incentive policies in businesses, in general, and in commercial banks, in particular, are necessary. Incentive policies include being rewarded, having the opportunity to advance to higher positions, and being developed under advanced learning conditions. Highly qualified, guaranteed long-term jobs are essential. Reasonable incentive policies motivate employees to improve themselves and increase labor productivity and efficiency.

(5) Employee benefits and regimes with the standardized estimate are 0.136 with a significance of 0.001 (In Table 2). Employees' working benefits and regimes include salaries, allowances, and other benefits that employees receive from bank leaders, with a significance level of 5%, similar to the results of many studies by Roundy and Burke-Smalley [29]; Strohmeier [32] and Tan, et al. [35]. Research results show that the factor "Benefits and working regime" positively impacts human resource management, with this study's fifth lowest level of impact. The results are consistent with previous studies on human resource quality in the banking sector.

(6) The work environment with the standardized estimate was 0.109 with a significance of 0.002. The working environment includes facilities, labor safety, and relationships between employees and between employees and leaders in the enterprise, with a significance level of 5%. This finding is consistent with many other studies, including those by Tarique, et al. [36] and Trullen, et al. [39]. Research shows that the 'working environment' positively influences banks' human resource management. This factor had the lowest impact on the research model. Banks with a better working environment (good facilities, friendly interactions among all employees, an open working environment, opportunities for everyone to express their opinions, and promotions based on working ability) increase the quality of human resources, thereby enhancing the operational efficiency of banks.

## **5. Conclusions and Policy Recommendations**

### **5.1. Conclusions**

Through many different stages of historical development, the Vietnamese banking system has set requirements for the quality of human resources to meet the needs of the actual development of the economy in general and the country's banking sector in particular. In recent times, the commercial banking system has become one of the critical components of the financial system, with a continuous increase in the scale and quality of products and services provided to the market, featuring increasingly high technology content. These factors pose requirements for improving the quality of human resources according to the development strategy to meet the development trend of the digital economy. Amidst the complex and unexpected dynamics of the COVID-19 pandemic, leaders, administrators, and executives are primarily concerned with two key trends: prioritizing digitization and cultivating top-notch human resources to effectively adapt to this digitalization process. The increasing importance of human resources with advanced technological skills is evident in the context of the robust and vigorous digital transformation of economies, which has been accelerated by the pandemic. Commercial banks have recognized the significance of such resources and prioritized them accordingly.

### **5.2. Policy Recommendations**

Based on the development orientation of the banking industry, the human resource requirements of commercial banks, and the orientation to improve human resource management in commercial banks in Vietnam by 2025, the authors also based their analysis on the results of secondary data regarding the current state of human resource management in commercial banks and the results of primary data analysis to evaluate factors affecting HRM and discuss research results. Based on the above grounds, the authors offered suggested policy recommendations to improve human resource management in commercial banks in the following years, in order of priority:

First, we improved control and evaluation with a standardized estimate of 0.524 with sig. 0.000, and an average value of 2.5838 (In Tables 1 & 2). The results showed that control and evaluation affect human resource management with a

significance of 5%, which is consistent with many studies. This inspection forces workers to adjust, comply with regulations, and improve work quality and efficiency. Control and evaluation are indispensable activities in human resource management; this is an activity that managers need to pay attention to and implement measures to check, evaluate, and assess appropriately, ensuring that employees complete their work and comply with the company's regulations without causing inhibition to employees. On the contrary, it helps them complete their jobs better.

Second, we improved leader support with a standardized estimate of 0.165 with sig. 0.001, and an average value of 3.4222 (In Tables 1 & 2). The results showed that leader support affects human resource management with a significance of 5%, and the same results were found in many studies. For employees to actively study to improve their professional qualifications, bank leaders need a learning support policy to help them pay training fees. This support policy must detail the level of support for each group of employees, their educational level, and their training major. The level of leadership support for advanced studies, participation in seminars, and study tours at home and abroad must encourage bank employees.

Third, training and developing human resources, with a standardized estimate of 0.144 with sig. 0.000, and an average value of 3.0539 (In Tables 1 & 2). The results showed that training and developing human resources affect human resource management with a significance of 5%, as many studies show. This involves perfecting and developing employees' knowledge, skills, qualities, and professional experience to improve work efficiency and a bank's overall business performance. Human resource training and development are essential to human resource activities, ensuring employees can access the latest knowledge and develop the necessary skills to adapt to the increasingly complex working environment both now and in the future. Human resource training and development activities can be carried out according to the process, including the following steps: identifying needs, developing plans, implementing, evaluating training results, and developing human resources.

Fourth, incentive policies should be improved, with a standardized estimate of 0.140 with sig. 0.003, and an average value of 3.5719 (In Tables 1 & 2). The results showed that incentive policies affect human resource management with a significance of 5%, which is consistent with many studies. Reward policies for employees are profoundly important; emulation and rewards create incentives to encourage the completion of assigned tasks by individuals and groups. Banks must comply with the reward principle: Focus on rewarding small groups and individuals directly working, and reward "the right people, the right job, the correct guidelines, and policies." Regarding the evaluation of reward achievements: Periodically, managers base their assessment of accomplishments on the control and evaluation criteria issued by the enterprise for each field of employment and job position employees or initiatives during the work process; the evaluation needs to be accurate and fair.

Fifth, we improved employee benefits and regimes with a standardized estimate of 0.136 with sig. 0.001, and an average value of 3.1138 (In Tables 1 & 2). The results showed that employee benefits and regimes affect human resource management with a significance of 5%, as many studies show. To retain employees and keep them attached to the bank, in addition to good working environment conditions, policies to encourage them during work, and learning support, bank administrators must have appropriate salary policies and working regimes to satisfy employees' needs. Regarding salary policy, due to fierce competition in the insurance market, especially with foreign businesses, banks need to consult more about payment regulations for salaries to attract and retain workers.

Finally, we improved the work environment with a standardized estimate of 0.109 with sig. 0.002, and an average value of 3.5569 (In Tables 1 & 2). The research results showed that the work environment affects human resource management with a significance of 5%, which is consistent with many other studies. It is necessary to have a positive working environment, improve the working space, and provide good, employee-friendly facilities. Improving the working space, such as the temperature and light color in office rooms, is one of the things that business administrators need to consider. According to previous research, cool light colors are more effective and make workers feel comfortable and relaxed. Banks can install cool-colored lights, maximizing the natural light space.

## 6. Limitations and Future Research

### 6.1. Limitations

Although the study has found and filled many research gaps and made significant contributions theoretically and practically related to human resource management issues, it cannot avoid limitations and practical constraints. Because many survey participants were primarily online, there were significant barriers to completing the authors' information survey.

### 6.2. Future Research

In the future, the authors hope to receive many comments and assessments from scholars to develop and improve the article based on a more extensive survey sample and more interviewees, such as managers. Regarding future research directions, the authors hope to continue developing the article to recognize and evaluate the fluctuating and changing trends of high-quality human resources in Vietnam from 2025 to 2030 to find more suitable directions for the banking industry.

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