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Critical Factors Affecting the Salaries of Employees of Manufacturing Enterprises in Vietnam

Thi Tuoi DO¹

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Abstract

The study aims to identify and measure factors affecting the salaries of employees in manufacturing enterprises in Hanoi, the important area of Vietnam's economy. We conducted a questionnaire consisting of 31 observation variables with a 5-point Likert scale. Independent variables were measured from 1 "without effect" to 5 "strongly". Based on the literature review and results of interviews, a total of 350 questionnaires were sent to participants; 300 of them met the standards and were subject to be analyzed. The results of Exploratory Factor Analysis (EFA) and Multiple Regression Analysis (MRA) identify six main determinants influencing the salaries of employees in manufacturing enterprises in Hanoi, including Paying views of business leaders (PV), Financial ability of the enterprise (FA), Capacity of workers (CW), Capacity of the contingent of employees engaged in salary work (CC), Role of grassroots trade unions (TU), and State policies and laws on labor – salaries (STL). Based on the findings, some recommendations have been proposed to help the firm leaders design appropriate personnel policies for creating better job satisfactions for employees in the future. On this basis, the authors propose a number of recommendations to improve the salaries of employees in manufacturing enterprises in Hanoi.

Keywords : Manufacturing Enterprises, Wages, Salaries, Factor, Employees.

JEL Classification Code: E24, J31, J01, J08.

1. Introduction

Salary is the main source of income for workers, and high salary will help workers and their families improve their lives, meet their material and spiritual needs and constantly reproduce and expand labor. Besides, salary is also a top concern of managers in enterprises because it has a close relationship with production and business activities in enterprises. Salary is an input cost of the production process, accounting for a large proportion of the company's production and business costs. In order to survive in the fierce competition today, businesses need to develop a reasonable wage policy, an appropriate remuneration system. Thus,

they can attract and retain employees, encourage employees to actively work, increase labor productivity, and raises efficiency and profitability for businesses.

In recent years, manufacturing enterprises have brought about socio-economic benefits for Hanoi City, in particular, and Vietnam, in general. It can be said that the processing and manufacturing industry in Hanoi is growing strongly, with brighter perspectives than other industries.

Along with the strong growth, manufacturing enterprises have created jobs for thousands of workers in the city and surrounding areas. Many businesses have built good remuneration policies, focusing on creating motivation to work through salaries and bonuses, to attract workers and especially high-quality workers. Businesses are interested in designing a fair, effective pay plan, attaching salaries to productivity and work efficiency. Therefore, the salary of workers is constantly increasing. However, among manufacturing enterprises in Hanoi, there are still some enterprises that implement salary policies, which are relatively low compared to the common ground. Many employees have the same position and seniority in industry, but there is a big difference in the salary they receive, thus

¹First Author and Corresponding Author. Lecturer, Faculty of Human Resource Management, University of Labor and Social Affairs, Vietnam [Postal Address: 43 Tran Duy Hung Road, Cau Giay District, Hanoi, 113000, Vietnam] Email: dothituoi@gmail.com

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negatively affecting work efficiency as well as the level of contribution to the business. This begs the question: Why is there a difference in the salaries of workers across enterprises? To answer this question is to find out the factors affecting the salary of employees in the enterprise.

2. Literature Review

When it comes to the influence of factors on the salaries of employees in the enterprise, a number of studies were examined on each factor affecting salaries such as employees' performances (Gomez-Mejia et al. 2010; Bevilacqua & Singh, 2009; Hansen, 2010); the capacity of workers (Gomez-Mejia et al. 2010; Van, 2010; Martocchio, 2010); enterprises' performances (Schuster & Zingheim, 2007); and business owners' views (Bol, 2011). In addition, there were group studies of factors affecting salaries, such as Nguyen and Le (2010) who pointed out four groups of factors, including: (i) labor market and social factors, (ii) factors that belong to enterprises, (iii) factors that belong to workers and (iv) factors regarding the nature of the job. Tran (2012) argued that employees' salaries are affected by five groups of factors: (i) social and state factors; (ii) market factors; (iii) factors that belong to the organization itself; (iv) factors related to the workers; and (v) factors related to the work. However, the above studies had certain commonalities, focusing on the following specific factors:

Paying views of business leaders:

Bol (2011) argued that employees' salaries are affected by the head of the organization. If the employers' view was that salaries were costs, the corporate salary policy would be tightened, reducing costs in order to maximize profits. If wages are considered an investment, the wage policy of the business would be more open and put more emphasis on the fair and efficient distribution of salaries. The viewpoint of the employers would determine the salary policy, mechanism, salary payment plan of the enterprise, etc. thus affecting the salary that the employees receive.

Financial ability of the enterprise:

Klarsfeld et al. (2003) suggested that the financial capability of an enterprise is expressed through various indices such as return on equity (ROE), return on assets (ROA), etc. and thereby forming a salary fund in the enterprise. Therefore, with enterprises with good business results, high financial ability will be a favorable factor in issues related to salaries and income of workers. Schuster and Zingheim (2007) argued that the salaries of employees depended greatly on the performance of the organization. An organization with strong financial capacity had favorable conditions and was in a strong position to be able to implement salary payment plans for employees in a more positive way.

Capacity of workers:

Workers might receive bigger salaries when they accumulated new knowledge and skills through training (Schuster & Zingheim, 2007; Corby et al., 2009). Capacity was a factor affecting workers' salaries, explained by the theory of human capital. Gomez-Mejia et al. (2010) proved that employees' salaries were based on their ability to do their jobs. The study by Van (2010) also showed that, under the same circumstances, the difference in salary levels among employees was mainly due to the capacity and qualifications of employees. Therefore, the authors identified the factors to consider for the difference in salaries, including personal characteristics of workers and differences in attitudes and skills when they performed assigned tasks.

The capacity of the contingent of employees engaged in salary work:

The staff getting salaries and wages is the mainly responsible for developing and implementing the salary policy of the enterprise. Therefore, the quantity and quality of this department have a great influence on the payment scheme of employees. Nguyen and Le (2010) said that if the staff in the labor force was sufficient in terms of quantity and capacity (properly trained in the right trades, able to perform the job well, etc.), it would positively affect salary policy. Therefore, it had a direct effect on the salary paid to employees.

The role of grassroots trade unions:

Stephan and Gerlach (2005) asserted that if trade unions performed well their intermediary role, ensuring the harmony of interests between enterprises and employees on salaries, bonuses and welfare policies, it would create favorable conditions that make it easy to find a common voice in salary payment. In addition, Bryson and Freeman (2006) argued that a trade union organization working well, having the capacity to advise on policies, having regular access to employees in enterprises, understanding employees' desires, knowing how to absorb the ideas and suggestions of workers about their benefits and other issues in work and life, would have an important contribution in the salary payment of the business.

State policies and laws on labor – salaries:

Turning to regulations related to minimum wages, working and rest regimes, collective bargaining agreements, etc. businesses can be flexible to suit different conditions, but still must base on rules. Martocchio (2010) analyzed the constraints between government policies, institutions and the salaries that workers received. Hoynes et al. (2012) demonstrated that State regulations related to remuneration of employees reduced the extent and frequency of violations of enterprises in payment, and entice workers be paid fairly,

more effectively, in accordance with the level of contribution and dedication in their work.

In addition, there are studies related to the research topic, such as Fernandez & Shiang (2017), who examined the likelihood of overemployment among employees in a particular state in Malaysia (Penang). A logit model is used to analyze the relationship between the likelihood of overemployment and various socio-demographic, household and work-related variables. The results showed that the factors that are significantly related to overemployment are ethnicity, age, education, number of children in the household, occupation, hours of work and control over work schedule. Nguyen et al., (2020a) examined the impact of international integration on Vietnam's rural and urban income inequalities using the regression model. The research results show that during the economic integration process, the Export/GDP factor is negatively related to income inequality. The remaining factors (GDP per capita, FDI/GDP, educational level of households, percentage of Internet users, aggregation of foreign cash inflow and GDP of the province) are all positively related to income inequality. Income is one of the factors affecting the loyalty of accountants (Nguyen et al., 2020b).

3. Theoretical Background

3.1. Theory of Equity

The theory of equity analyzes two main aspects: (i) inputs and (ii) results. Workers compare job inputs with outputs, if workers perceive inequality, they will act to change that inequality: workers can reduce productivity or reduce the quality of their work. If inequalities occur over a long period of time, workers can take a leave and even quit their jobs (Greenberg, 1990).

Adams's theory of fairness (1963) is considered to be one of the basic doctrines related to employees. Adams (1963) stated that employees would compare the percentage of results they received from the organization with the inputs they contributed to the organization with those within or outside the organization. Workers will be less motivated if they feel they are treated unfairly compared to others who work in the same organization and outside organizations. Employees will feel fairly treated if they find that the ratio of input to their results is the same as that of co-workers and people at other organizations. Adams (1963, 1965) suggested that workers would always find a way to be treated fairly. When workers find that their rates are lower than those of others, they will feel discontent and react negatively. On the contrary, if they find that their ratio is higher than others, they will feel guilty and embarrassed.

This study is based on the theory of equity to analyze and evaluate the influence of the independent variables on

the dependent variable “salaries of employees”, from which they present some recommendations to improve the salaries of employees.

3.2. Maslow's Needs Tower Theory

Maslow (1943) found that human needs are arranged in a hierarchical order and can be divided into two main groups: low-end needs and high-end needs. Low-level needs include basic needs and safety needs. High-level needs include: social needs, needs of respect, and needs to express themselves. Maslow (1943) believes that higher-level needs will not appear unless these basic needs are met and these basic needs will tame, urge and prompt someone to act on demand if this has not been achieved. According to Maslow, once the low-end needs have been satisfied, the high-end needs will become the driving force for all human behavior. Unmet need for lower levels will often cause discontent in higher-order needs; therefore, lower-level needs must often be satisfied before a person can move up the higher hierarchy of needs. Knowing where a person's position is in terms of the needs levels will help determine their motivation effectively.

This study is based on Maslow's demand pyramid theory (1943), to analyze and evaluate the dependent variables “salaries of employees” and some attributes of independent variables.

4. Research Methodology

4.1. Research Model

Inheriting the results of previous studies and by using a qualitative research approach, namely, interviews with selected experts, we have designed a research model as shown in Figure 1.

Dependent variable: Salaries of employees (SE) (Do, 2020).

Independent variables: The independent attributes are inherited by previous studies and adjusted appropriately to better suit the research context and space. The independent variables are described in Table 1:

Figure 1: Research model

Table 1: Determinants and Its Coding

Code	Variables	Sources
Paying views of business leaders (PV)		
PV1	Enterprises make salary policies in accordance with the development strategy of the business	Chen (2004); Wang (2006), Liang (2011)
PV2	Salary policy of the enterprise has a strong attraction for employees	
PV3	Enterprises have a clear salary increase	
PV4	Salary policy of the enterprise is consistent with the sustainable development of the business	
PV5	Enterprise focuses on creating a good salary system	
PV6	Salary distribution can reinforce the core values of businesses	
Financial ability of the enterprise (FA)		
FA1	Return on revenue (ROS)	Klarsfeld et al. (2003), Results of expert interviews
FA2	Return on assets (ROA)	
FA3	Return On Equity (ROE)	
FA4	Salary fund of the enterprise	
Capacity of workers (CW)		
CW1	Qualifications	Carson et al. (2004), Miciuła (2016)
CW2	Experience, seniority of work	
CW3	Job handling skills	
CW4	Communication skill	
CW5	Attitude at work	
CW6	The level of work completion	
The capacity of the contingent of employees engaged in salary work (CC)		
CC1	Professional qualifications	Nguyen & Le (2010); Tran (2012)
CC2	Consulting, advising capacity on policies and regimes	
CC3	Capacity to formulate policy	
CC4	Capacity to implement policies and regimes for employees	
CC5	Attitude to work execution	
The role of grassroots trade unions (TU)		
TU1	Advice on regimes and policies for laborers	Stephan & Gerlach (2005); Bryson & Freeman (2006)
TU2	Struggle to protect the rights of workers	
TU3	Cooperation with superior union	
TU4	Role of legal advice to workers	
TU5	Intermediaries ensuring harmony of interests of businesses - workers	
State policies and laws on labor – salaries (STL)		
STL1	Regulations on the minimum salary	Hoynes et al. (2012), National Assembly (2012)
STL2	Regulations on building degree and table of payment	
STL3	Regulations on labor norms	
STL4	Regulations on distribution of salaries and income	
STL5	Regulations on working hours and breaks	

4.2. Hypotheses

H1: Paying views of business leaders have a positive influence on the salaries of employees.

H2: Financial ability of the enterprise has a positive influence on the salaries of employees.

H3: Capacity of workers has a positive influence on the salaries of employees.

H4: Capacity of the contingent of employees engaged in salary work has a positive influence on the salaries of employees.

H5: Role of grassroots trade unions has a positive influence on the salaries of employees.

H6: State policies and laws on labor – salaries have a positive influence on the salaries of employees.

4.3. Research Methods and Sample

We used both qualitative and quantitative research methods. We collected both primary and secondary data for research purposes. Primary data was collected using questionnaires, while secondary data was collected from semi-structured research and interview documents. We conducted interviews with human resources (HR) managers and board of directors from five manufacturing enterprises in Hanoi. In total, seven individuals were interviewed. All interviews were recorded, creating a large data to analyze the factors influencing the salaries of employees in manufacturing enterprises in Hanoi. All interviewed individuals have experience in the field of research.

Next, we designed a questionnaire based on previous research and interview results. The official questionnaire had been distributed to a sample survey included 350 employees who are working at manufacturing enterprises in Hanoi. They indicated their degree of agreement and disagreement about six factors impacting the salaries of employees in manufacturing enterprises with the use of a 5-point Likert scale (from 1 “without effect” to 5 “strongly”).

The survey results collected 337 responses. Of which 37 invalid responses were removed and 300 valid responses were retained; the size of this sample is consistent with the study by Hair et al. (1998). Data analysis was conducted. We entered the responses into SPSS software 22.0. This software allowed us to perform reliability analysis, factor analysis and regression analysis.

5. Results

5.1. Descriptive Statistics

Information on data collected is shown in Table 2. It shows that, out the 300 respondents, 62 (20.7%) are Manager (deputy manager) of a department, 132 (44.0%) are Office

staff, and 35.3% of the participants are Worker on production lines. Of these, 87 (29.0%) are working at Food processing enterprises, 94 (31.3%) are working at Garment enterprises, 65 (21.7%) are working at Wood processing enterprises, and 18% of the participants are working at Electronics manufacturing enterprises.

5.2. Results of Quality Scale Analysis

Using scale analysis can eliminate inconsistent variables and reduce errors in the research model. Therefore, only variables, which have total correlation coefficients (Corrected Item – Total Correlation) greater than 0.3 and Cronbach's Alpha coefficients equal or greater than 0.6 are accepted (Hair et al. 2009; Hoang & Chu, 2008). Analyzing Cronbach's Alpha analysis of determinants has shown their influence on the salaries of employees (6 determinants with 31 observed variables) and the result is presented in Table 3.

Table 3 shows that, PV4 is excluded (Corrected Item – Total Correlation is 0.280 < 0.3 and the Cronbach's Alpha coefficient is 0.422 < 0.6), while the remaining, 30 Cronbach's Alpha coefficients of population are above 0.6; 30 Corrected Item – Total Correlation of observed variables are above 0.3. So, 30 variables of research model are suitable for next analyses (Hair et al, 2006).

5.3. Exploratory Factor Analysis (EFA)

EFA was conducted and we used the method of extracting coefficients. The results of Component Analysis and Varimax, the analysis yields 30 attributes for the independent variables (see Table 4).

The results of factor analysis in Table 4 show that $0.5 < KMO = 0.902 < 1$. Bartlett's testimony shows $sig. = 0.000 < 0.05$. It means variables in the whole are interrelated. After implementing the rotation matrix, six determinants have load factor greater than 0.5; Eigenvalues are greater than 1; the variance explained is 65.982%, which demonstrates that research data analyzing factor discovery is appropriate. Through the quality assurance of the scale and the test of the EFA model, we have identified six determinants influencing the salaries of employees.

5.4. Regression Model Analysis

Based on adjusted model after the exploratory factor analysis, we have the following multiple regression model:

$$SE = \alpha + \beta_1 PV + \beta_2 FA + \beta_3 CW + \beta_4 CC + \beta_5 TU + \beta_6 STL$$

Results of Table 5, 6, 7 show the following:

Table 2: Respondent Characteristics

	Frequency	Percent	Cumulative Percent
Work position			
Manager (deputy manager) of a department	62	20.7	20.7
Office staff	132	44	64.7
Worker of production	106	35.3	100
Area of operations			
Food processing enterprises	87	29	29
Garment enterprises	94	31.3	60.3
Wood processing enterprises	65	21.7	82
Electronics manufacturing enterprises	54	18	100
Total	300	100.0	

Table 3: Results of Determinants Scales in the Model

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Paying views of business leaders: $\alpha = .817$				
PV1	26.7450	29.151	.772	.922
PV2	26.8255	28.577	.764	.923
PV3	26.7584	28.739	.777	.922
PV4	26.6711	29.465	.280	.422
PV5	26.7181	29.190	.769	.922
PV6	26.6913	29.053	.803	.920
Financial ability of the enterprise: $\alpha = .856$				
FA1	26.6980	28.753	.747	.637
FA2	26.6510	29.377	.702	.683
FA3	26.7181	28.528	.787	.907
FA4	26.8591	29.487	.723	.913
Capacity of workers: $\alpha = .823$				
CW1	19.6980	50.131	.724	.913
CW2	19.7852	48.913	.772	.909
CW3	19.8188	48.879	.748	.911
CW4	19.8389	49.839	.731	.912
CW5	19.9128	50.188	.687	.916
CW6	19.5973	49.985	.725	.912
The capacity of the contingent of employees engaged in salary work: $\alpha = .831$				
CC1	25.4759	40.912	.754	.652
CC2	25.7862	40.781	.764	.646
CC3	25.3376	40.254	.712	.619
CC4	25.4651	40.673	.728	.681
CC5	25.6137	40.525	.736	.628
The role of grassroots trade unions: $\alpha = .845$				
TU1	28.4613	44.635	.825	.782
TU2	28.9187	44.483	.836	.781
TU3	28.6582	44.974	.864	.746
TU4	28.2635	44.846	.816	.754
TU5	28.6428	44.478	.845	.769
State policies and laws on labor – salaries: $\alpha = .824$				
STL1	26.3817	41.647	.810	.946
STL2	26.9478	44.592	.839	.927
STL3	26.8374	44.873	.893	.944
STL4	26.0498	44.802	.837	.953
STL5	26.1866	44.980	.866	.952

Table 4: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.902
Bartlett's Test of Sphericity	Approx. Chi-Square	8,736.053
	Df	1,265
	Sig.	0.000

Multicollinearity testing: all variance inflation factors (VIF) of independent variables are under 3, so multicollinearity of model is low (Hair et al. 2009, Hoang & Chu, 2008). Therefore, this regression model does not have any violation of the CLRM basic assumption. Durbin-Watson statistic, which is used to test the autocorrelation of residuals presents the model does not violate when using multiple regression method because Durbin-Watson value is 2.541 (in the interval of 1 and 3). In other words, the model indicated no autocorrelation of residuals (Hair et al. 2009, Hoang & Chu, 2008).

ANOVA testing result: level of significant (Sig.) = 0.000 implies that multiple regression model is suitable with data. Coefficient of R² (R Square) = 0.542, which means 54.2% of the total variation in the salaries of employees will be explained by the regression model. Research model result indicates that all independent variables; namely Paying views of business leaders (PV), Financial ability of the enterprise (FA), Capacity of workers (CW), The capacity of the contingent of employees engaged in salary work (CC), The role of grassroots trade unions (TU) and State policies and laws on labor – salaries (STL) are significant (because Sig. < 0.05) to the salaries of employees. Determinants have influences on the salaries of employees are presented in the following standardized regression model:

$$SE = 0.355 \times PV + 0.301 \times FA + 0.298 \times CW + 0.175 \times CC + 0.205 \times TU + 0.286 \times STL$$

Thus, six hypotheses (H1, H2, H3, H4, H5 and H6) are accepted.

Table 5: Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.598 ^a	.542	.532	.48622	2.541

a. Predictors (Constant): PV, FA, CW, CC, TU, STL

b. Dependent Variable: SE

Table 6: Anova^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	65.497	6	14.305	86.439	.000 ^b
Residual	43.564	293	.466		
Total	109.061	299			

a. Predictors (Constant): PV, FA, CW, CC, TU, STL

b. Dependent Variable: SE

Table 7: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std.	Beta			Tolerance	VIF
(Constant)	.502	.107		2.461	.000		
PV	.289	.043	.355	6.532	.000	.381	2.628
FA	.250	.022	.301	6.276	.000	.727	1.376
CW	.197	.031	.298	5.764	.000	.432	1.769
CC	.101	.027	.175	5.537	.000	.375	2.875
TU	.155	.054	.205	3.525	.000	.235	2.573
STL	.168	.046	.286	3.976	.000	.413	2.421

a. Dependent Variable: SE

6. Discussion and Implications

6.1. Paying Views of Business Leaders

Business leaders express the feelings and assessments of the employees on the development of the salary policy as well as the view of the leaders on the salary in each enterprise. The aspects that employees assess and feel here include the degree of compatibility with the development strategy of the business, the level of attraction to employees, and the degree of clarity of the salary increase. Perceptions of employees will show the views of business leaders as well as salary policies for employees.

6.2. Financial Ability of Enterprises

The financial capacity of an enterprise reflects its financial capability or strength. Indicators related to the financial capability of the business are ROS (Return on Sales), ROA (Return on Assets), ROE (Return on Equity). These indicators are usually measured by specific figures based on data generated at the enterprise. In this study, because the survey subjects consisted of different locations, the specific numbers were sometimes not captured by the employees, people used a scale to measure the perceived increase or decrease of the aforementioned indicators and the enterprise's salary. Assessment by the employees' feelings also partly reflected the reality of the operation situation of the enterprise.

Improving the financial capacity depends heavily on results of the manufacturing business of the enterprise. If it is stable, their turnover and profits increase quickly and they will create more sources of payment for enterprises and vice versa. Therefore, the problem for businesses is how to have stable and sustainable production and business results. This problem is not only posed to manufacturing enterprises, but also is a question for many manufacturing businesses in different industries. Therefore, it is necessary to synchronize solutions to contribute to creating favorable conditions for effective production and business enterprises, such as promoting market research and marketing, product policy formulation and reasonable pricing policies, building a system of product quality management, increasing capital mobilization and more efficient use of capital, and strengthening economic linkages.

6.3. Capacity of Workers

The capacity of employees is one of the criteria for assessing the qualifications as well as the capacity to perform work of the employees themselves. Employees will self-assess on qualifications (diplomas), seniority, job handling skills, communication skills to meet the job requirements of

workers as well as the performance results of the jobs they perform. Employees believe that with current experience and seniority they can meet the requirements of the job.

People are always the central factor determining the success or failure of any production and business activities. People impact on improving product quality, saving costs and lowering product costs, etc. Therefore, in any development strategy of any business, people are indispensable

Enterprises have many skilled workers, experienced and skilled managers. But along with the era of high-tech science and technology, gradually businesses will have to use modern machinery and equipment that requires workers to be qualified and knowledgeable to be able to master and operate new technology equipment. Therefore, capacity building is essential. Businesses need to survey the level of knowledge and ability of employees to determine the needs of education and training. The human resources (HR) department sums up those needs and also bases on the requirements to implement a strategic goal to develop a capacity training plan.

6.4. The Capacity of the Contingent of Employees Engaged in Salary Work

The capacity of the team working on the labor - salary is assessed by the perception of employees about the qualifications and competencies of those who directly consult, advise, formulate and implement the salary policy in enterprise; collectively assess the performance of the workforce in the enterprise, the degree of completion of the assigned work as well as the level of performance of their roles. Employees said that those working in labor - salary have not yet performed the function of consulting and advising business leaders in designing effective payment method that only stops at the implementation of policies that managers decide.

One of the causes leading to difficulties in formulating and implementing policies on labor and salary in the enterprise is the lack and weakness of the labor force and salary in the enterprise. These are all difficulties stemming from the weak capacity of the labor - salary force. In order to train and improve the quality of the contingent of employees engaged in labor - salary in enterprises, enterprises and employees need to encourage officials working in this section and human resource management to study knowledge on human resource management and apply it in their businesses. It is also necessary to gather enough people who are trained with proper professional skills, qualifications, capabilities in the field of salaries and bonuses, and regularly foster a rise in the quality and professional qualifications of labor - salaries for staff working in this section. It is vital to equip necessary facilities for the management of labor and salaries, in order to improve the quality and efficiency of the calculation work as well as to organize, direct and supervise the implementation.

6.5. The Role of Grassroots Trade Unions

The role of the grassroots trade unions is assessed by workers' perceptions of the level of the performance of the voice and representation for the workers of the grassroots trade union. Workers have not highly appreciated the implementation of grassroots trade union roles.

Trade unions are an important factor in the formulation and implementation of salary policies. So, whether the operation of a trade union is effective or not also greatly affects the effectiveness of the salary policy. Therefore, improving the operational efficiency of trade unions is essential. Activities of trade unions should be fully promoted, especially in participating in salary policy development.

There is a need to change and reorganize the grassroots trade union operation model. These trade unions must be financially independent of the union workforce. Thus, the trade union has an equal position and is independent of the employer when negotiating issues related to salary as well as to other labor relations. Initially, in order to become independent and autonomous in financial resources, these trade unions are considered as revenue-earning organizations and units. Salaries paid to union officials and the organization's operating costs are offset by union fees paid by workers. This solution is to avoid the fact that employers pay for trade union officials in enterprises, so for their own economic benefits, trade union officials stand for employers, not labors.

6.6. State Policies and Laws on Labor – Salaries

Policies and laws of the State on labor - salaries are essentially an assessment of the suitability of legal documents and by-laws related to the regime and policies that employees are entitled to. Workers express their views on the regulations: minimum salary, build a pay scale, labor norms, salary - income distribution in enterprises, etc. Employees highly appreciate the regulations issued by the State regarding labor - salary. However, there are ideas that the regulations on minimum salary and payroll construction still have certain shortcomings, which are not suitable for many subjects and types of businesses

Although the State has made positive changes in the salary policy for enterprises, the law on minimum salaries should periodically review and publish the minimum salary on the basis of the minimum living standard of workers, placing it in relation to the factors of the labor market, and the affordability of the business. It is also necessary to conduct a review of how each zone applies the minimum salary in line with the socio-economic development and labor market of each region. The minimum salary changing cycle needs to be longer-term (maybe every 2 to 3 years) and have a clear plan. At the same time, building a legal

framework to promote negotiation and agreement between the parties on the salary scales in the enterprise's payroll scale is a vital step. Focusing on improving the capacity of representatives of the parties to negotiate salaries (having a mechanism to create a more favorable environment for the organization of labor representatives to operate). Improving the capacity of employers and workers' representatives will increase the efficiency of negotiations, promote a more scientific negotiation process, and help ensure the rights of both parties in labor relations.

In addition, it is necessary to strengthen the supply of labor market information, labor supplies and demands, information on employment, especially information about wages and income in the market, including: salary, middle income average, salary, income of all types of employees by industries, occupations and fields of activity.

Through the study in the actual context of manufacturing enterprises in Hanoi, the article clarified the factors affecting workers' salaries by building a research model and testing it. Then, proposed solutions to improve salaries for workers are made. These proposals have practical implications for manufacturing enterprises in Hanoi, in particular, and in Vietnam, in general, helping businesses build a more attractive and fair salary system for workers.

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