

THE IMPACT OF PARTNER RELATION MANAGEMENT ON ORGANIZATIONAL PERFORMANCE AT VTI EDUCATION LLC., HA NOI

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| ARTICLE INFO | ABSTRACT |
|--------------------------------|--|
| Received: 19/4/2021 | These days, the large number of software businesses have been built, which makes an increase in demand of the information technology human resources. VTI Education (the operating name called VTI Academy) was founded to address the demand of information technology's job training but it has faced with tons of competitors, which requires the company to control efficiently performance and enhance their performance. Therefore, this study aims to define the factors of Partner Relation Management affecting VTI Academy's organizational performance, also to make managerial implication on performance. The two research questions and conceptual framework were explored to follow the above objectives, measuring how four factors of partner relation management, including top management commitment, trust, strategic supplier partnership, and age of relationship influence positively organizational performance. To examine the four hypotheses, email questionnaire was used to collect data. After that, both of quantitative analysis by using SPSS to analyze data and qualitative analysis after statistical analysis were carried out to make deeply assessment. The findings discovered reliable components of partner relation management's factors had positive impacts on economic performance and social performance. Furthermore, some recommendations were suggested to enhance the performance of VTI Academy. |
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| KEYWORDS | |
| Organizational performance | |
| Top management commitment | |
| Trust | |
| Strategic supplier partnership | |
| Age of relationship | |

SỰ TÁC ĐỘNG CỦA QUẢN TRỊ MỐI QUAN HỆ ĐỐI TÁC ĐỐI VỚI HIỆU QUẢ DOANH NGHIỆP TẠI CÔNG TY TNHH VTI EDUCATION, HÀ NỘI

Nguyễn Thị Mỹ Hạnh

Khoa Quốc tế – ĐH Thái Nguyên

| THÔNG TIN BÀI BÁO | TÓM TẮT |
|-----------------------------------|--|
| Ngày nhận bài: 19/4/2021 | Ngày nay, nhiều công ty sản phẩm phần mềm ra đời khiến nhu cầu nhân lực công nghệ thông tin ngày càng tăng. VTI Education (tên hoạt động là VTI Academy) được thành lập để giải quyết nhu cầu đào tạo việc làm của ngành công nghệ thông tin nhưng phải đối mặt với rất nhiều đối thủ cạnh tranh, điều này đòi hỏi công ty phải có cách kiểm soát và nâng cao hiệu quả hoạt động của họ. Do đó, nghiên cứu này nhằm mục đích xác định các yếu tố của Quản lý quan hệ đối tác, bao gồm cam kết của lãnh đạo cao nhất, sự tin tưởng, quan hệ đối tác chiến lược và thời gian duy trì mối quan hệ, ảnh hưởng đến hoạt động tổ chức của Học viện VTI, cũng đề đưa ra ý nghĩa của quản lý đối với hiệu suất. Để kiểm định bốn giả thuyết trên, bảng câu hỏi email được sử dụng để thu thập dữ liệu; sau đó, áp dụng cả phân tích định lượng bằng cách sử dụng SPSS để phân tích dữ liệu và phân tích định tính sau khi phân tích thống kê được thực hiện để đánh giá kỹ lưỡng hơn. Kết quả cho thấy, các yếu tố đáng tin cậy của quản lý quan hệ đối tác có tác động tích cực đến hoạt động kinh tế và hoạt động xã hội. Ngoài ra, tác giả sẽ đề xuất một số khuyến nghị để nâng cao hiệu quả hoạt động của Học viện VTI Academy. |
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| TỪ KHÓA | |
| Hiệu quả doanh nghiệp | |
| Cam kết của ban quản lý | |
| Lòng tin | |
| Quan hệ đối tác chiến lược | |
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1. Introduction

For few years ago, the Information Technology (IT) and Telecommunications Industry has been still considered as a major economic sector. In the first 6 months of 2020, especially during the complicated Covid-19 pandemic period, enterprises in the IT industry still the least affected economic sector and that has brought significantly bright spots for Vietnam economy. This was estimated at nearly 50 billion USD, increasing by 2.2% over the same period last year and accounting for 95% in FDI sector of total revenue [1].

From the aforementioned growth trend, some studies had research orientation about the determinants which make contribution to the high performance of the software companies. Particularly, previous research explored several factors affecting organizational performance of IT firms, such as the function of organizational structure, including formalization, specialization, centralization, organizational age and size [2], which makes an increase of organizational effectiveness especially by focusing on software industry organizations. Besides, complementary organizational resources of the firm and its trading partners, as well as the competitive and macro environment [3] were demonstrated how IT companies made great their organizational performance. With increasing links of IT firms and their partners in terms of enhancing products' productivity, the partnership orientation on partnership commitment which specifically identifies about innovation, operational, and financial performance positively contributes to their firm performance by using a model based on social capital theory and resource dependence theory [4]. Partner Relation Management (PRM) has been considered as a novel and significantly influenced factor on the performance and effectiveness of information-technology companies. As the research of [5], the number of management teams in young technology companies were aware that their success might depend on strong relationships with external organizations. Due to limited resources, the majority of relationship with partners as well as customers that these companies created and maintained is to provide remarkable value to the company, such as early substantial funding, niche identification, and building relationships with large firms. In terms of governance mechanisms of significant companies belonging to information and communications technology sector, these companies tailored PRM systems by employing the supplier who would oversee their partners. Particularly, Chris Storey [6] investigated how the two capabilities of PRM systems including relationship and fulfillment capabilities and two partnership governance mechanisms as formal involving in certification control and informal relating to service support reinforce each other. As a result, according to direct effects, a relationship capability helped to increase trust yet, but surprisingly, a fulfillment capability reduced commitment; in terms of moderating effects, certification control weakened the positive link between the relationship capability and performance, while service support could boost the positive impact of the fulfillment capability on performance.

VTI Academy has basically implemented partner relation management to improve their performance. Particularly, the company has oriented more communication with top managers of IT enterprises, try to negotiate to build partnership with business in the same field; besides, joining in partners' workshop to catch up the IT field's knowledge and quality standard, and tending to outweigh benefits for partners to attract them more. However, due to few human capital and new launch in the field of information-technology training, VTI Academy just has provided the handful of IT human resources compared to hundred-times human-resource demand of IT enterprises and partners. This could alleviate VTI Academy's partners' satisfaction and loss of partner relationship on further, if the company does not make strategies to improve the number and highly demanding quality of human resource, and leading to add new, maintain and extend develop new and existing relations of partnership.

Therefore, this study aims to identify the factors of PRM affecting VTI Academy's organizational performance, additionally, recommend managerial implications for VTI Academy to enhance their organizational performance.

In the next content, this study will show the experimental research method to investigate PRM's issues affecting the organizational performance at VTI Academy. After that, statistical results to address hypothesis are explored as well as solutions are concluded to enhance their organizational performance.

2. Methods

The conceptual framework guiding the study as detailed below indicates the relationship between the independent variables and the dependent variables [7]. After analyzing theoretical basis, the researcher decided to use four factors in conceptual framework to study deeply about factors measuring PRM which are top management commitment, trust, strategic supplier partnership and finally age of partnership.

This hypothesis indicated the factors of PRM impacting on organizational performance. To be specific,

H1: Top management commitment has a positive impact on organizational performance

H2: Trust has a positive impact on organizational performance

H3: Strategic supplier partnership has a positive impact on organizational performance

H4: Age of relationship has a negative impact on organizational performance

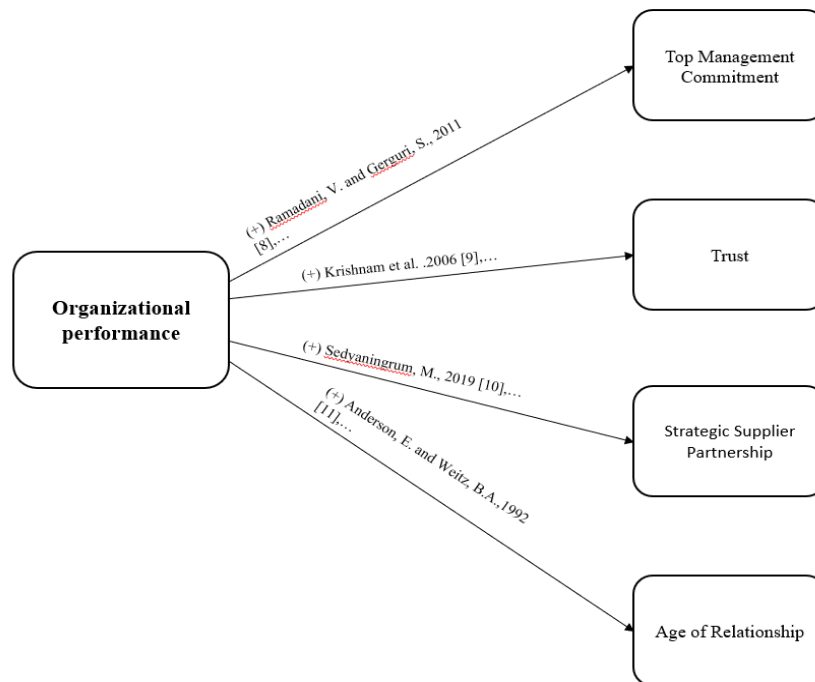


Figure 1. Conceptual Framework of PRM to Organizational performance

Figure 1 presented the PRM framework being developed in this research. The framework proposed that PRM practices would have a direct impact on organizational performance. It is clear that PRM practice was conceptualized as a four-dimensional construct. The four dimensions were top management commitment, trust, strategic supplier partnership, and age of relationship. Moreover, the four hypothesis that were based on other authors' research would be discussed in the context of this study; particularly, whether "top management commitment" impacted

positively organizational performance, whether “trust” had positive impact on organizational performance, whether “strategic supplier partnership” had a positive influence on organizational performance, and whether “age of relationship” impacted both positively and negatively organizational performance.

In this research, the author was willing to carry out an empirical method to measure the impact of partner’s factors on organizational performance which respondents work to. Because this study’s objective was to solve the problems of one specific entity but not overview issue, this method could help to access respondents and get results more reliably. Theoretically, the empirical method was implemented by both qualitative research method and quantitative research method and their numeric types, such as survey research, experimental research, observational method, one-on-one interview, and so on. However, the email questionnaire and survey were chosen by their simplicity and speed.

The examined period was at the end of 2020, with the respondents including employees of VTI Academy and sustainable partners of VTI Academy, namely VTI Vietnam joint stock company and HRI company, which are around 1000 people of this population. Among them, 110 respondents were selected as sample size. To send questionnaire to them via email, the author asked Human Resource department for list of employees’ email, then sent set of questionnaires for selected people randomly who are in each of 4 groups of sample, including board of directors, mentor, staff, and lecturer. Questionnaire for PRM measurement – contains statements organized by 18 items; 5-rank Likert scale was used for capturing the opinion of respondents on the formulated questions, while questionnaire for organizational performance – contains statements organized by 8 items (similar 5-rank Likert scale utilized). Besides, the 4- open-question survey after CFA analysis was defined to know the reasons why some components were deleted.

After data collection from questionnaire, the SPSS Version 20 were used in the data analysis process. For a start, the personal information was analyzed for respondent profiles. This helped to explain and describe the characteristics of the sample that was studied and to compare with the sampling frame and check the representativeness of the sample. Besides the descriptive analysis on demographic profile, further analysis was carried out on each construct by looking at the mean score and standard deviation for each item in the construct. Next, Cronbach’s alpha was a convenient test used to estimate the reliability, or internal consistency, of a composite score that gave us a simple way to measure whether or not a score was reliable. Theoretically, Cronbach’s alpha resulted a number from 0 to 1, but negative numbers as well. A negative number indicates that something is wrong with the data. The general rule of thumb is that a Cronbach’s alpha of 0.70 and above is good, 0.80 and above is better, and 0.90 and above is best. Finally, EFA and CFA were used to spot the underlying relationships between measured variables.

3. Results and discussion

3.1. Demographic characteristics

The data being gained from frequency analysis showed that the majority of respondents (84%) belonged to young labor forces. Additionally, the staff’s volume was 50% more than other that of higher positions that include CEO, project managers. The large number of companies which were founded at least 3 years have gained high revenue from 5 billion VND.

3.2. Test of Reliability

Reliability analysis examined whether or not statistics of four factors and organizational performance were reliable for the next step of study. Additionally, if the components reached over 0.6 Cronbach Alpha level, they could be measured as reliable and chosen to Exploratory Factor Analysis (EFA), Confirmatory Factor Analysis (CFA), and Regression test on further. From the data analysis, each factor had to delete 1 or 2 components to get reliability.

Furthermore, qualitative analysis after CFA analysis explained the reasons why some above components were deleted, which could allow a more open-ended and flexible approach to assessment [12]. In this study, the author made a survey and asked respondents why they measured quite badly the components. The survey's answers indicated their perspectives about internal organizational culture but not orienting to partnership working, different operating activities, lack of transparency and flexibility to build "support beyond the contract", cost of website's maintenance in terms of IT's competency of partners, and finally low effective performance without complain. The author agreed with above perspectives because they could constrain collaborative partner relationship on further.

3.3. EFA analysis

EFA is a technique at intervals correlational analysis whose overarching goal is to spot the underlying relationships between measured variables [13].

3.3.1. EFA analysis of top management commitment

Table 1. Total Variance Explained of top management commitment

| Component | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 2.047 | 68.228 | 68.228 | 2.047 | 68.228 | 68.228 |
| 2 | 0.552 | 18.399 | 86.627 | | | |
| 3 | 0.401 | 13.373 | 100.000 | | | |

Extraction Method: Principal Component Analysis

Table 1 indicated that the eigenvalues was 2.05 (higher than 1) and the percent of variance was more than 60%. These figures illustrated that 3 items explained the variability in the original variables.

3.3.2. EFA analysis of trust

Table 2. Total variance explained of trust

| Component | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 1.816 | 60.550 | 60.550 | 1.816 | 60.550 | 60.550 |
| 2 | 0.672 | 22.955 | 82.955 | | | |
| 3 | 0.511 | 17.000 | 100.000 | | | |

Extraction Method: Principal Component Analysis

Table 2 indicated that the eigenvalues was 1.816 (higher than 1) and the percent of variance was more than 60%. These figures illustrated that 3 items explained the variability in the original variables.

Table 3. Total Variance Explained of strategic supplier partnership

| Component | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 1.801 | 60.046 | 60.046 | 1.801 | 60.046 | 60.046 |
| 2 | 0.743 | 24.776 | 84.822 | | | |
| 3 | 0.455 | 15.178 | 100.000 | | | |

Extraction Method: Principal Component Analysis

3.3.3. EFA analysis of strategic supplier partnership

Table 3 indicated that the eigenvalues was 1.801 (higher than 1) and the percent of variance was more than 60%. These figures illustrated that 3 items explained the variability in the original variables.

3.3.4. EFA analysis of age of relationship

Table 4. Total Variance Explained of age of relationship

| Component | Total Variance Explained | | | Extraction Sums of Squared Loadings | | |
|-----------|--------------------------|---------------|--------------|-------------------------------------|---------------|--------------|
| | Initial Eigenvalues | | Cumulative % | % of Variance | | Cumulative % |
| | Total | % of Variance | | Total | % of Variance | |
| 1 | 1.900 | 63.345 | 63.345 | 1.900 | 63.345 | 63.345 |
| 2 | 0.655 | 21.825 | 85.169 | | | |
| 3 | 0.445 | 14.831 | 100.000 | | | |

Extraction Method: Principal Component Analysis

Table 4 indicated that the eigenvalues was 1.90 (higher than 1) and the percent of variance was more than 63%. These figures illustrated that 3 items explained the variability in the original variables.

From factor analysis of each PRM and organizational performance, the reliable components of each factor were in one component and the percent of variance was more than 60%. This brought the good result and could orient to carry out CFA analysis in the next step.

3.4. CFA analysis

Table 5. Pattern Matrix

| | Rotated Component Matrix ^a | | | |
|----------------------------------|---------------------------------------|-------------|-------------|-------------|
| | Component 1 | Component 2 | Component 3 | Component 4 |
| Top management commitment 5 | 0.831 | | | |
| Top management commitment 4 | 0.813 | | | |
| Top management commitment 2 | 0.771 | | | |
| Strategic supplier partnership 1 | | 0.760 | | |
| Strategic supplier partnership 2 | | 0.684 | | |
| Strategic supplier partnership 4 | | 0.536 | | |
| Age of relationship 5 | | | 0.868 | |
| Age of relationship 2 | | | 0.731 | |
| Age of relationship 3 | | | 0.720 | |
| Trust 4 | | | | 0.774 |
| Trust 1 | | | | 0.770 |
| Trust 3 | | | | 0.663 |

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

Confirmatory factor analysis (CFA) is a statistical technique used to verify the factor structure of a set of observed variables [10].

Table 5's result gained from factor analysis of all PRM and organizational performance's components demonstrated that Factor Loading > 0.50 of which observed variables satisfied the conditions when analyzing, as well as no multicollinearity in this study. On that basis of the

result, the author regressed these variables according to the dependent variable (general evaluation variable) to see the impact of variables on the performance of organization.

3.5. Regression Test

Linear regression was conducted to get hypothesis testing results.

3.5.1. Analyze the possible factors that could impact economic performance

Table 6. Model Summary

| Model Summary ^b | | | | | |
|----------------------------|--------------------|----------|-------------------|----------------------------|---------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 1 | 0.731 ^a | 0.535 | 0.528 | 0.68683 | 1 |

a. Predictors: (Constant), AOR, SSP, TMC, TRT
b. Dependent Variable: EP

The model summary in table 6 showed that R^2 for the combined model was 0.535. According to statistics, R-square indicated the percentage of variation in one variable was explained by other variables. In this model, economic performance accounted for 53.5% of the total variation in 4 independent variables.

Table 7. ANOVA^a

| ANOVA ^a | | | | | | |
|--------------------|------------|----------------|-----|-------------|--------|--------------------|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 119.748 | 3 | 39.916 | 84.616 | 0.000 ^b |
| | Residual | 104.252 | 221 | 0.472 | | |
| | Total | 224.000 | 224 | | | |

a. Dependent Variable: EP
b. Predictors: (Constant), AOR, SSP, TMC, TRT

Table 7 verified the hypothesis of the model's overall. The value $F = 84.616$ with $\text{sig.} = 0.000 < 5\%$ showed that the square R of the whole was different from 0. That means that the multiple linear regression models were consistent with the data set and the model was fit to be used.

3.5.2. Analyze the possible factors that could impact social performance

Table 8. Model Summary

| Model Summary ^b | | | | | |
|----------------------------|--------------------|----------|-------------------|----------------------------|---------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 2 | 0.773 ^a | 0.598 | 0.572 | 0.640081 | 2.169 |

a. Predictors: (Constant), AOR, SSP, TMC, TRT
b. Dependent Variable: SP

The model summary in table 8 showed that R^2 for the combined model was 0.598. According to statistics, R-square indicated the percentage of variation in one variable was explained by other variables. In this model, social performance accounted for 59.8% of the total variation in 4 independent variables.

Table 9 verified the hypothesis of the model's overall; the value $F = 71.161$ with $\text{sig.} = 0.000 < 5\%$ showed that the square R of the whole was different from 0. That means that the multiple linear regression models were consistent with the data set and the model was fit to be used.

Table 9. ANOVA^a

| | | ANOVA ^a | | | | |
|-------|------------|--------------------|-----|-------------|--------|--------------------|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 117.172 | 4 | 37.793 | 71.161 | 0.000 ^b |
| | Residual | 116.868 | 205 | 0.361 | | |
| | Total | 224.040 | 209 | | | |

a. Dependent Variable: SP

b. Predictors: (Constant), AOR, SSP, TMC, TRT

4. Conclusion

This study measured some factors of PRM influencing positively organizational performance after eliminating some items that were not reliable and inefficient. Particularly, effective meetings, communication and trips were organized to know and address common issue; the collaboration in terms of competencies to become strong community in internal industry; and innovation to catch opportunities. Besides, the company conformed contract and respect relationship with partner business in the same field, followed the IT field's knowledge and quality standard, as well as got advantage of partners to improve together. Finally, addressing immediately and totally complaints was a good way to maintain long-term partner relationship. Generally, the alliance among corporates in the same industry would help stronger development as well as interact regularly to provide the IT human resource's output to customers. Actually, this study also existed several limitations, including not adequate factors of PRM being discovered, a few of partner's entities and their respondents' volume, which could alleviate the reliability of data. Therefore, future researches in this topic should find out more PRM's research aspects and expand its scope of information technology industry, so as to have more meaningful research results. Besides, the author also would like to give some recommendations to VTI Education LLC as follows. Firstly, apart from the positive factors being demonstrated in this study should be strengthened, it should be more focused on the contract's rules, as partner's workflow for compliance with business rules and protection of information in terms of document and search engine, which could result in increasing their truth and more effective communication. Besides, some components that were measured as low advantaged impacts on the relation between PRM and organizational performance could make higher performance of firm in terms of extended points. For instance, if the partner has a collaboration tool as website to post recruitment information, it will be definitely beneficial to inform the IT trained attendants' volume to business and catch their recruitment response immediately. Additionally, the support of marketing and sales support material, with new students having experience in real working environment of partner businesses, not only makes higher sales-rate of VTI Academy's training service but also outputs IT's job vacancies those partners need, with discounts of human resource's cost.

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