

## **HUMAN RESOURCE DEVELOPMENT MEETING THE NEEDS OF THE INTERNATIONAL INTEGRATION IN VIENTIANE CAPITAL OF LAOS**

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**ABSTRACT:** *The objective of the study is to analyze the internal-external environment affecting the human resource development in order to meet the needs of international integration in Vientiane capital of Laos. Based research results, the researcher has the managerial implications for improving human resource quality for Vientiane capital of Laos. This is one of the first research paper to develop the measurement scale as well as the theoretical model illustrate the relationship between the internal-external environment and the human resource development. The official quantitative studied with a sample of 350 managers in Vientiane capital. The data collected from June 2017 to May 2018 in Vientiane capital and random sampling technique. The Data analyzed Cronbach's Alpha and the exploratory factor analysis (EFA) which used for multilinear regression. The tested results have the internal-external environment affecting the human resource development with significance level 0.01 based on 344 samples (06 sample lacked information).*

**KEYWORDS:** Human, Resource, Development, Vientiane Capital, Laos.

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### **INTRODUCTION**

In the context of accelerating industrialization, modernization and international integration, human resource development is considered one of the three breakthroughs of the strategy for transformation of the socio-economic development model of the Laos. At the same time, human resource development becomes the foundation for sustainable development and increase national competitiveness.

In addition, human resource is the most decisive factor for the development of each nation. Therefore, Laos in the world attaches great importance to human resource development. In the twentieth century, there were poor countries with natural resources, but due to the development of human resources, socio-economic development was achieved. Industrialization and modernization were completed in just a few decade. Moreover, human resource development is one of the most important goals for socio-economic development and it is also the best means of promoting development, not just within a Laos but across the globe. In addition, the development of human resources not only bring benefits to the Vientiane capital but also it also helps employees update their knowledge and skills and successfully apply changes. technology...

In the 21st century, Laos is facing of increasing international economic integration and development. The knowledge-based economy has emerged as a major economic development trend of the times. Knowledge becomes the most important source and strength determines the level of each nation. Therefore, Laos needs human resource quality in order to develop sustainably. Laos needs to build a firm position in the market and the work placed on the top priority is to pay attention to the human being. The reality is that successful industrialized Laos that must prioritize the development of a strong human resources team, especially in the context

of widespread international integration. Therefore, the researcher had chosen topic “*Human resource development meeting the needs of the international integration in Vientiane capital of Laos*” as a paper. This paper helps Vientiane capital managers who apply the research results for improving policy on the human resource development in the future.

## LITERATURE REVIEW

### The Reviewing of Human Resource Development

Human resources development refers to an organization's focus on improving the knowledge, ability, skills, and other talents of their employees. Organizations that care about the success of their employees and want to improve organization performance recognize. This is done by the skills of employees and will be willing to spend time and money on the growth and development of their employees. Besides, organization would upgrade their technical resources such as computer software or hardware to make their computers operate more effectively. Human resource development improves the human resources quality so that they can be more effective in their roles [1].

The development of employees takes numerous forms, this cannot be measured in time or cost, and require no additional cost such as on-the-job training. Development of employees can also happen one-on-one in management and employee meetings or even between employees. If one employee explains specific processes or functions to another and helps to develop the knowledge [2]. Human resource development also occurs via instructor-led trainings, online trainings and self-led education. Human resource development can take the form of college education, professional development or industry or career specific certifications or trainings. Any form of education or training that adds knowledge or skills to one of the organization's human resources is human resource development [3].

In a new approach, human resource development has broad implications including the constituent elements of quantity, knowledge, perception and acquisition of knowledge, social dynamics, creativity, transmission history and culture. Thus, these concepts show that human resources are not merely the forces of labor, but also the physical, intellectual and spiritual power of individuals in a community or a country that is brought out or is able to be used in the process of social development [4].

### The Reviewing of the Internal Environment

The internal environment includes: Population size; sociocultural; science, technology, education and training; legal politics and macroeconomic. (1) Science and technology is the decisive factor in the development resources, especially in the sustainable development of any organization or country. Other development resources such as investment capital, natural resources, science and technology, policies, etc. can only be efficiently exploited and properly exploited when science and technology are ensured. quantity needed [5]. However, the internal of human resources in science and technology, there must be accurate knowledge and evaluation on factors affecting the use, maintenance and development of human resources [6]. (2) Education and training are factors that directly influence the production force, determine the growth and socio-economic development. Because knowledge and the quality of workers are the product of the education and training process. In that sense, the education and training factor is one of the important influences directly on the attraction, use and development of

human resources in general and human resources in science and technology in particular. (3) System of political, economic and social policies are one of the factors related to human resource development [7]. To develop human resources for science and technology and socio-economic is a causal relationship, two-way interaction. The socio-economic development has increased, the investment capacity of the state and society are for human resource development. In general, scientific and technological for developing human resources are increasing, creating favorable conditions and environment for development. Besides, the human resources development of the country and the locality are well developed, contributing to the socio-economic development in this positive spiral and the other factor grows [8]. (4) Historical traditions and cultural values: Traditional cultural values, habits, rituals, ideological norms and ethics... create the cultural and social life style of human society in general and scientific human resources [9]. The historical tradition and cultural values of national consciousness, the pride of traditional values are fundamental, meaningful throughout not only today but also later. (5) Population growth: in developing countries, the large population size, the high rate of growth is the obstacle to economic growth and human resource development. High population growth has put pressure on social infrastructure affecting the planning of social policies of the state, including policies on education and training and human resources development [10].

### **The reviewing of the external environment**

The external environment includes: Globalization factor; international integration; 4.0 Industrial revolution and Foreign investment. (1) Globalization and international integration also affect the development of human resources in general and human resources in science and technology in particular. Because these factors facilitate the best combination of countries and localities. At the same time, globalization and international integration make the most of external resources for development [11]. The international integration trend is multifaceted and sets new requirements for the development of human resources in each country [12]. (2) International cooperation and integration are in the field of human resource development that has not met the requirements of the process of integrating deeply into our economy, society and culture to the world. There are many differences in the regulations on vocational education, human resources training of the legal system of Laos compared with the laws of other countries. The education and training system model, contents, programs and methods of human resource training are incompatible and incompatible with common standards of countries in the region and in the world [13]. It has not attracted much international resources for human development. (3) Industry 4.0 will create major changes in labor supply and demand. International economists and scientists warn that in this revolution the labor market will be severely affected by the supply and demand of labor as well as the structure of labor [14]. In some areas, with the arrival of the robot, the number of employees needed will be only one tenth of what it is today. Thus, the development of this revolution is urgently requiring new human resources, at the macro level of the nation as well as in every organization [15]. Human resources change will take place in society as well as in the macroeconomic environment and each social organization. (4) Through FDI, it will create new businesses or increase the size of existing ones, thereby FDI creating jobs for many workers, especially those in developing countries where there is always labor supply [16]. Besides, FDI sector will also acquire many professional skills and management. Management staff will acquire advanced and modern management techniques in different countries around the world, market approach, negotiation, trade promotion and human resource management [17].

## Related the internal-external environment affecting the human resource development

### Related the internal environment

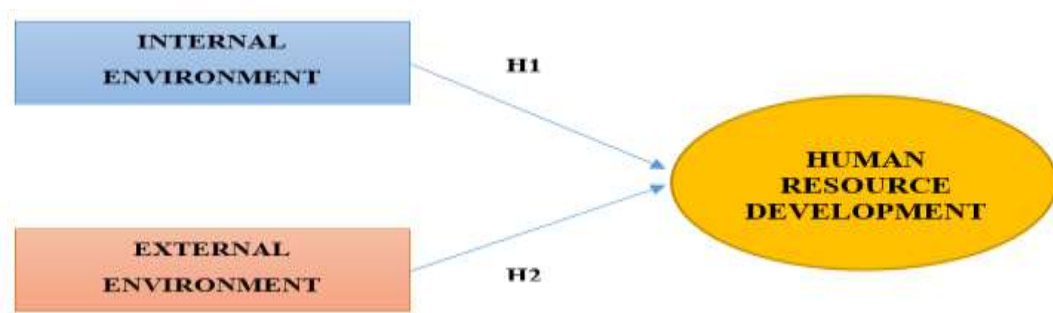
Human resources development influenced by many factors. Within the scope of the study, five elements were presented. Firstly, it is the factor of education and training which directly affected. Secondly, socio-economic development factor affected [3]. Thirdly, science and technology factor affected. Fourthly, Traditional elements of history and culture factor affected. Finally, population size factor affected. In short, each factor influences the development of human resources. It is important to recognize the role of the factors in order to have a reasonable impact to achieve the highest efficiency [18]. The author put this factor into the research model. The hypothesis is following:

*H1: The internal environment has a positive influence on the human resource development*

### Related the external environment

Human resources development influenced by many factors. Within the scope of the study, four elements were presented. Firstly, the trend towards greater international integration, especially the formation of the ASEAN Community and the implementation of new trade commitments such as the Trade Agreement with the EU and the Comprehensive Trans-Pacific Agreement (CPTPP). This asks Laos to prepare its workforce to meet and benefit from these commitments [19]. Secondly, the rapid evolution of the 4th Industrial Revolution and the deepening international integration with many large free-of-charge agreements has put Laos ahead of new opportunities and challenges [20]. Thirdly, the above-mentioned situation, abundant labor force, cheap price is the advantage of Laos in attracting foreign direct investment (FDI). Besides, high-skilled workers have the opportunity to work and the rest are at risk of unemployment [21]. Finally, the current requirements are to renovate management, improve the quality and effectiveness of vocational education; develop the labor market information system. In particular, Industry 4.0 will create major changes in labor supply and demand. This revolution the labor market will be severely affected [19]. The hypothesis is following:

*H2: The external environment has a positive influence on the human resource development.*



*(Source: The researcher supporting model-based literature reviews and related studies)*

**Figure 1. Research model for the internal-external environment affecting the human resource development**

**Table 1. Coding of the observed variables**

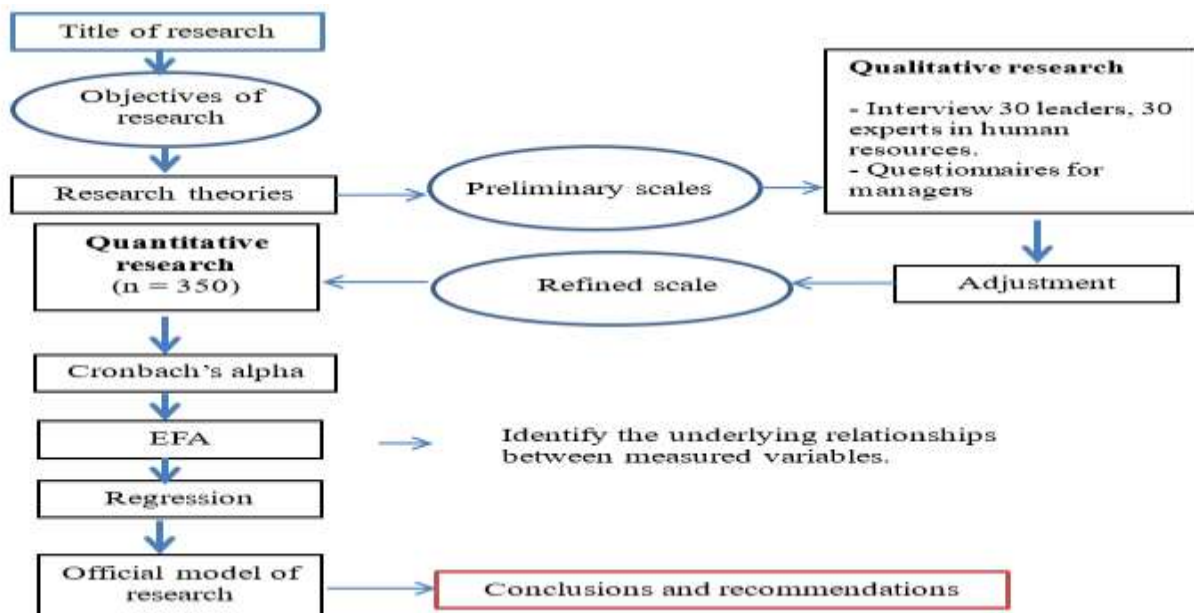
Code	Internal environment (INE)
INE1	Population size affecting human resource development
INE2	Sociocultural factor affecting human resource development
INE3	Science, technology, education and training affecting human resource
INE4	Legal politics affecting human resource development
INE5	Macroeconomic factor affecting human resource development
Code	External environment (EXE)
EXE1	Globalization factor affecting human resource development
EXE2	International integration affecting human resource development
EXE3	4.0 Industrial revolution affecting human resource development
EXE4	Foreign investment affecting human resource development
Code	Human resource development (HRD)
HRD1	Internal factor affecting human resource development
HRD2	External factor affecting human resource development

(Source: The researchers' collecting from literature reviews and related studies)

Table 1 showed that there are 3 components in in this study including: Internal environment (INE), External environment (EXE) and Human resource development (HRD).

**Methods of Research**

In this paper, the researcher applied both qualitative and quantitative methods that are in practice human resource development into the research process. Besides, the researcher discusses the stepping of the research process and the different considerations which apply in different phases [22]. The research process for the internal-external factors affecting the human resource development conducted in many steps following figure:



**Figure 2. Research process for the internal-external environment affecting the human resource development**



Research process are obtained from units selected with the sample designs needs to be taken into account in the survey analysis: weights need to be used in analyzing survey data and variances of survey estimates need to be computed in a manner that reflects the complex sample design [22].

This part outlines the development of weights and their use in computing survey estimates and provides a general discussion of variance estimation for survey data. It deals first with what are termed “descriptive” estimates, such as the totals, means, Cronbach Alpha, KMO and Regression that are widely used in survey reports. Research process of contenting following: (1) The researcher is to find the research problem and literature reviews. (2) The researcher is to find search the related studies and give the informal questionnaire. Managers’ responses measured through an adapted questionnaire on a 5 point Likert scale (Conventions: 1: Completely disagree, 2: Disagree, 3: Normal; 4: Agree; 5: Completely agree) [23]. (3) Quality research: the researcher applied the expert methodology and based on more than 30 experts’ consultation and 30 managers in human resources and based group discussions that are to improve the scale and design of the questionnaire [22]. (4) The researcher edits the scale and the researcher form the questionnaire. (5) The researcher has formal quantitative research. (6) The researcher has the analysis of the Cronbach Alpha. This testing helps any observational variables with a total correlation coefficient greater than 0.3 and Cronbach's Alpha coefficient greater than 0.6 would ensure reliability of the scale. (7) The researcher has the analysis of EFA and Finally, the researcher has the analysis of multilinear regression [24].

## RESEARCH RESULTS

### The scale reliability tests for factors

**Table 2. The scale reliability tests for the internal-external environment affecting the human resource development**

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
INE1	11.6134	12.249	0.956	0.981
INE2	11.6017	12.316	0.972	0.979
INE3	11.5901	12.476	0.961	0.981
INE4	11.6105	12.244	0.950	0.982
INE5	11.5843	12.220	0.937	0.984
<b>Cronbach's Alpha for internal environment (INE)</b>				<b>0.985</b>
EXE1	9.0756	13.400	0.715	0.873
EXE2	9.0436	13.581	0.763	0.857
EXE3	9.1483	12.821	0.746	0.863
EXE4	8.9680	12.521	0.810	0.837
<b>Cronbach's Alpha for external environment (EXE)</b>				<b>0.890</b>

(Source: The researcher' processing SPSS 20.0)

Table 2 showed that all of variables surveyed corrected item-total correlation greater than 0.3 and Cronbach's Alpha if Item deleted greater than 0.6 and Cronbach’s Alpha is very reliability. Such observations make it eligible for the survey variables after testing scale. This showed that

data was suitable and reliability for researching. The scale reliability tests for the internal-external environment affecting the human resource development with the level of significance (Sig) is 0.01.

**Table 3. KMO and Bartlett's test for the internal-external environment**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.880
Bartlett's Test of Sphericity	Approx. Chi-Square	4094.540
	df	36
	Sig.	.000

**Total Variance Explained**

Com.	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings <sup>a</sup>
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	5.226	58.066	58.066	5.226	58.066	58.066	4.968
2	2.523	28.028	86.094	2.523	28.028	86.094	3.364
3	.498	5.530	91.624				
...	...	...	...				
9	.036	.402	100.000				

**Structure Matrix**

Code	Component	
	1	2
INE2	0.982	
INE3	0.975	
INE1	0.972	
INE4	0.968	
INE5	0.959	
EXE4		0.901
EXE2		0.870
EXE3		0.862
EXE1		0.835

(Source: The researcher's processing SPSS 20.0)

Table 3 showed that KMO is an index used to examine the appropriateness of factor analysis. KMO value significantly larger factor analysis is appropriate. KMO coefficient is 0.880 and the level of significance (Sig) is 0.000. There were two components following: internal environment (INE) and external environment (EXE) based on 344 samples.

**KMO and Bartlett's test for the human resource development****Table 4. KMO and Bartlett's test for the human resource development**

Com.	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.656	82.806	82.806	1.656	82.806	82.806
2	.344	17.194	100.000			

(Source: The researcher's processing SPSS 20.0)

Table 4 showed that KMO coefficient is 0.500 and the level of significance (Sig) is 0.000. There were one component following: human resource development based on 344 samples.

**Table 5. Coefficients from the regression model**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error				Beta	Tolerance
(Constant)	1.924	.195		9.887	.000		
INE	.157	.046	.172	3.394	.001	.923	1.084
EXE	.307	.034	.455	8.972	.000	.923	1.084

a. Dependent Variable: HRD

(Source: The researcher's processing SPSS 20.0)

Table 5 showed that column "Sig. (2-tailed)" < 0.01 with significance level 0.01. This showed the internal-external environment affecting the human resource development with significance level 0.01 based on 344 samples.

**Table 6. Coefficients from Bootstrap based on 2000 bootstrap samples****Bootstrap for Coefficients**

Model	B	Bootstrap <sup>a</sup>				
		Bias	Std. Error	Sig. (2-tailed)	95% Confidence Interval	
					Lower	Upper
(Constant)	1.924	.005	.193	.000	1.557	2.318
INE	.157	-.001	.044	.000	.067	.238
EXE	.307	.000	.034	.000	.237	.372

a. Unless otherwise noted, bootstrap results are based on 2000 bootstrap samples

(Source: The researcher's processing SPSS 20.0)



Table 6 showed that column “Sig. (2-tailed)”  $< 0.01$  with significance level 0.01. This showed the internal-external environment affecting the human resource development with significance level 0.01 based on 2000 bootstrap samples.

## CONCLUSIONS AND MANAGERIAL IMPLICATIONS

### Conclusions

Human resource is needed to be developed as per the change in external environment of the organization, hence, human resource development helps to adapt such changes through the development of existing human resource in terms of skill and knowledge. Besides, the research results showed the internal-external environment affecting the human resource development. This is very an important evident to meet the needs of international integration in Vientiane capital of Laos. The official quantitative studied with a sample of 350 managers in Vientiane capital. The data collected from June 2017 to May 2018 in Vientiane capital and random sampling technique. The Data analyzed Cronbach's Alpha and the exploratory factor analysis (EFA) which used for regression. The tested results have the internal-external environment affecting the human resource development with significance level 0.01 based on 344 samples (06 sample lacked information). The researcher has managerial implications following.

### Managerial implications

Human being as the subject of all creation and creating the society. Thus, in every age, the social system, the development of human resources is placed at the center. In today's era, the development of human resources is more necessary than ever. The researcher has managerial implications following: **Firstly**, Government has strong state management of human resources development. In particular, it is necessary to focus on the improvement of the human resource development management apparatus, renovation of management methods, capacity building, effectiveness and efficiency of human resources management. It is necessary to form an agency responsible for collecting and building a system of information on demand and supply of human resources in the whole country in order to balance the supply and demand of human resources for socio-economic development. Besides, Government has renovation of policies, mechanisms and tools for human resource development including work environment, employment policies, income, insurance, social protection, housing conditions and regulations living conditions, settlement, attention to policies for high quality human resources, talents. Government has to improve the coordination among all levels of the sector, the actors involved in human resource development. **Secondly**, Government has to ensure financial resources for human development. The state budget is the main resource for developing national human resources by 2020. Government has to increase investment in human resources development in terms of absolute value and proportion of total investment capital of the whole society. It is necessary to develop a plan for allocating the state budget to focus on spending on programs, tasks, human resources in remote areas, ethnic minorities, policy beneficiaries, etc. Government has to research on the reform of the state budget allocation and support mechanism for human resource development from support to supply units to direct support for beneficiaries and ensuring equity among public institutions. **Thirdly**, Government has to promote socialization to increase the mobilization of capital for human resource development. The State shall adopt mechanisms and policies to mobilize capital from people for investment and contribute to the development of human resources in the following forms. Government has to

direct investment in the construction of educational and training establishments and medical establishments, culture, physical training... It is necessary to stipulate the responsibilities of organizations for the development of human resources, create favorable conditions and adopt strong mechanisms and policies for enterprises of all economic sectors to increase investment in human resource development. **Finally**, Government has to promote and create appropriate mechanisms to attract foreign capital sources for human resource development in Laos. Government has effectively to use foreign capital sources to support human resource development (ODA), to attract foreign direct investment (FDI) for human resource development (direct investment in the construction of educational and training establishments, hospitals, sport centers...). Besides, universities should participate in international accreditation of training programs. Government has to conduct quality assessment and management according to international standards. Beside, Government has to associate and exchange in universities and postgraduate education and training as well as projects on scientific and technological research among establishments both higher education in Laos and in the world. The above-mentioned managerial implications need to be successfully implement, it is necessary to promote the propaganda and work of cadres and civil servants of the whole political system at all levels, people of all classes, schools, enterprises and organizations. This is the role and responsibility of training and using human resources, turning human resources into advantages for economic and social development and enhancing national status in the international arena.

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