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HRM Practices of Multinational and Domestic Enterprises in Vietnam

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ABSTRACT

Human resource management is important for improving enterprises’ competitiveness. Consequently, many enterprises have paid much attention to managing and developing their human resources and a great number of professional and academic studies have been produced in this field. However, the literature on the human resource management (HRM) practices of multinational enterprises (MNEs) and their performance in developing countries like Vietnam is considerably less voluminous.

This research is motivated by two main research questions:

- RQ1. How do differing ownership types affect the adoption of HRM practices in Vietnam?
- RQ2. To what extent do differing HRM practices in Vietnam affect employee job satisfaction and employee performance?

The research contributes to the existing literature in several ways. First, it adds to the literature on HRM in Vietnam, a topic which remains under-researched, despite the country’s increasing significance in economic and geopolitical terms, and the very large and growing literature on HRM in developed countries. Specifically, the study focuses on comparisons of four main types of enterprise ownership: enterprises considered as state-owned (SOEs where the state is the sole shareholder); equitised state-owned (ESOEs where part of the ownership is sold to other sectors); privately owned (POEs, with 100% domestic private ownership); and multinational (MNEs, with majority or 100% foreign investment).

Second, the current study contributes to the broader international literature with regard to the possible relationship between HRM practices and employee outcomes. Although some previous research (e.g., Gardner, Moynihan, Park & Wright, 2001) has shown that employee outcomes play a crucial mediating role between HRM practices and enterprise performance, to date such a mediating role has been overlooked by most empirical HRM studies, which tend to focus on the direct relationship between HRM practices and enterprises outcomes (e.g., Arthur, 1994; Huselid, 1995; Macduffie, 1995, Wright et al., 2005). However, the relationship between employee outcomes and enterprise performance is beyond the scope of this research. This current research focuses on employee outcomes rather than organisational level outcomes. The current research covers HRM practices in four key areas: recruitment & selection (R&S),
training and development (T&D), performance management (PM), and reward systems (RS). It considers two types of employee outcomes: employee performance and job satisfaction.

Third, this research uses a theoretical framework (RBV) to gain a deeper understanding of the various patterns of enterprise practices observed. This helps to address a weakness in the current literature, as most previous studies in this particular area have tended to give little consideration to the theoretical underpinnings of their findings.

This research adopts a qualitative method and involves two studies of in-depth, semi-structured interviews, both of which were carried out in the Northern region of Vietnam. In Study 1, 18 managers were interviewed; in Study 2, interviews were conducted with 49 employees. Qualitative content analysis was utilised first (Flick, 2014), followed by thematic analysis, to compare and synthesise findings from the two groups of interviews.

The main findings from the analysis are as follows. First, the perceptions of managers and employees regarding HRM philosophy and practices at the various types of enterprises are somewhat similar, although there are a number of instances where the employees provide the differences. The similar perspectives between managers and employees could be due to the fact that employees did not want to be seen differ from their managers’. Some employees had different perspectives from their managers because they may see things at their personal view while the managers had a broader view on the interviewed issues.

Second, it appears that participating MNEs were more inclined (than the participating domestic enterprises) to see human resource as a critically important resource, to treat HRM as a key part of efforts to achieve strategic goals, and to implement HRM systems and practices that are in line with international standards (and that evidence a RBV approach). By contrast, the relevant SOEs were least likely to do so, while the large POEs were often quite close to the position of MNEs, and ESOEs tended to take intermediate paths between these two approaches. It should be emphasised that ownership was not the only influence on the adoption of HRM practices. Other factors also play important roles, including national culture (e.g., collectivism, respect for seniority, and the importance of “face”).
Third, while differences across the participating enterprises regarding employee outcomes are not as clear-cut as differences in terms of HRM practices, there are indications that employee outcomes at MNEs and large POEs are more favourable than at SOEs, especially for younger employees.

The findings suggest a number of practical implications for HR managers as well as for the government of Vietnam. The government should encourage and assist universities to provide prospective graduates with more up-to-date training, including more hands-on experience. Managers at domestic enterprises need to be familiar with the HRM practices of MNEs and should make an effort to select and adopt those practices that, on balance, are likely to enhance their own enterprise’s overall performance and competitiveness. Managers at MNEs could do more to ensure that their HRM practices do not conflict with the local business culture.
STATEMENT OF ORIGINALITY

This work has not been previously submitted for a degree or diploma in any university. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made within the thesis itself.

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<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>CPV</td>
<td>Communist Party of Vietnam</td>
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<tr>
<td>ESOEs</td>
<td>Equitised state-owned enterprises</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign direct investment</td>
</tr>
<tr>
<td>HRM</td>
<td>Human resource management</td>
</tr>
<tr>
<td>IHRM</td>
<td>International human resource management</td>
</tr>
<tr>
<td>KPI</td>
<td>Key performance indicators</td>
</tr>
<tr>
<td>MNEs</td>
<td>Multinational enterprises</td>
</tr>
<tr>
<td>PM</td>
<td>Performance management</td>
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<td>POEs</td>
<td>Private-owned enterprises</td>
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<tr>
<td>R&amp;S</td>
<td>Recruitment and selection</td>
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<td>RBV</td>
<td>Resource-based view</td>
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<td>RS</td>
<td>Reward systems</td>
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<td>SHRM</td>
<td>Strategic human resource management</td>
</tr>
<tr>
<td>SOEs</td>
<td>State-owned enterprises</td>
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<tr>
<td>T&amp;D</td>
<td>Training and development</td>
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</tbody>
</table>
CHAPTER 1. INTRODUCTION

1.1 BACKGROUND AND RESEARCH FOCUS

Effective Human Resource Management (HRM) is of vital importance to any enterprise wishing to strengthen its competitiveness. Many enterprises have invested substantially in their HRM and development (Mohammed, Bhatti, Jariko & Zehri, 2013). This has coincided with substantial research, which has examined specific HRM practices such as recruitment and selection (R&S), training and development (T&D), performance management (PM) and reward systems (RS) practices and systems which have been shown to have the potential to enhance productivity in enterprises (Bae & Lawler, 2000; Fey et al., 2009; Thang & Quang 2005b; Wright et al., 2005).

In developing and transitional economies, local enterprises may place less emphasis on the development of HRM practices compared with foreign-invested enterprises. The term “transitional” is used here to describe economies, centrally planned in the past, that have embarked on a transition to the market system (Forde & De Vylder, 1996). Some authors suggest that HRM practices in these developing and transitional economies are still in the early stages of development (Budhwar & Debrah, 2013), in that they focus more on administrative aspects of HRM such as wage and social welfare calculations (Zhu, Warner & Rowley, 2007) rather than on strategic HRM, which is typically of greater interest to managers of enterprises in developed countries.

In view of such differences in HRM approaches and practices, it is not surprising that several authors have suggested that some practices from the West can be profitably adopted by developing countries, despite obvious cultural and other environmental differences (King-Kauanui, Ngoc & Ashley-Cotleur, 2006). The presence of Multinational Enterprises (MNEs) in developing countries is one possible channel for such a transfer of management practices and experiences from (developed) countries of MNE origin to (developing) host countries. The literature shows considerable interest in possible systematic differences in HRM practices between MNEs and domestic enterprises in developing host countries.

Since the mid-1980s, Vietnam has pursued economic reforms that helped to place its economy on a clear transitional path from the centralised planning model to a market-based system (Dinh, 1993; Quy, 2016). The country has received substantial inflows of foreign direct investment (FDI) and MNEs have introduced new management
styles and approaches, including new HRM practices. These changes have accelerated since Vietnam joined the World Trade Organisation (WTO) in 2007, and completed trade and investment agreements with the USA, neighbouring Asian economies, and other important trading partners. Domestic enterprises have responded to the new, more competitive environment by adopting some Western HRM practices and making adjustments to existing practices (Zhu et al., 2008).

Vietnam’s government has also made efforts to reduce the number of State-Owned Enterprises (SOEs), many of which had operated with annual losses for years. A number of smaller SOEs were forced to merge to form larger enterprises, while many of the remaining SOEs were compelled to become partially privatised through a process known as “equitisation”, where parts of the state-owned equity would be sold to other parties, including private and foreign investors. The relevant SOE would then be known as an Equitised SOE (ESOE). ESOEs typically enjoy a greater degree of autonomy than SOEs.

From the above it is clear that it would be of interest to compare HRM practices of MNEs operating in Vietnam (with headquarters in developed countries) and domestic enterprises, including SOEs, ESOEs and POEs (Private-Owned Enterprises). Indeed, the main purpose of this study is to examine whether and how these different enterprise ownership types affect HRM practices and, in turn, what the impact of these practices is on employee outcomes such as employee performance and job satisfaction.

An additional aim of this research is to use the Resource-Based View (RBV) of HRM (Barney, 1991; Barney & Wright, 1998; Newbert, 2007; Wernerfelt, 1984) to gain a deeper, theoretically underpinned, understanding of the relevant issues. With the RBV approach, enterprises can be successful when they obtain and sustain a competitive advantage (Barney, 1991). To be able to gain a competitive advantage, enterprises need to implement a value-generating strategy that cannot be imitated easily by competitors and is not easily substitutable (Barney, 1991; Boselie & Paauwee, 2010; Jackson & Schuler, 1995). Thus, enterprises must have a strategy or resource that comprises four components: “value”, “rare”, “inimitable” and “non-substitutable” – “VRIN”. According to Jackson and Schuler (1995), there are three main types of resources within an organisation, and one of them is human resources (e.g., employees' experience, knowledge, skills and abilities). In some industries in which people are a core requirement for the operation (e.g. the service industry), human resources are regarded as the most important resource and strategic asset of an enterprise (Liu,
Combs, Ketchen & Ireland, 2007; Marchington, 2015; Mueller, 1996). Such resources could help enterprises obtain competitive advantages through the valuable and rare skills of employees (McWilliams, Van Fleet & Wright, 2001). Thus, the RBV framework is suitable for analysing enterprises’ use of human resources – in other words, for studying HRM practices.

Although a number of studies of HRM practices in Vietnam have already been undertaken (Cox & Warner, 2013; Kamoche, 2011; King-Kauanui et al., 2006; Thang & Bryant, 2004; Pham, 2011; Quang, 2006; Stanton & Pham, 2013; Thang & Buyens, 2008; Thang & Quang, 2005b; Thang, Rowley, Quang & Malcolm, 2007; Vo & Stanton, 2011; Zhu & Verstraeten, 2013), there remains a need for further research of this type. This claim can be justified on the following grounds.

First, despite the existence of previous studies, the literature covering Vietnam in general and Vietnam’s HRM practices in particular remains relatively sparse, compared with the country’s growing importance. As a developing and transitional economy in the Southeast Asian region, it is of strategic significance to many other countries, both developed and developing (World Bank, 2017). It has a sizable population of over 95 million in 2017 (Worldometer, 2017) and has received large amounts of FDI (Kvint, 2009; Anwar & Nguyen, 2010). Vietnam has also been one of the fastest growing economies in the region and in the world (World Bank, 2005). Yet the number of internationally available studies on its HRM remains quite modest.

Second, Vietnam represents opportunities for conducting research that would be of potential interest to scholars, business leaders, and policy advisers in many other countries, because it is one of the world’s transitional economies which have abandoned Soviet-style central planning and begun to implement market-oriented reforms. According to Bruton, Ahlstrom and Obloj (2008), the majority of existing research relating to HRM in developing and transitional nations has focused on China, Russia, and Eastern European countries. This leaves much scope for new research on Vietnam.

Third, previous research on HRM in Vietnam has tended to focus on discovering and ascertaining possible links between HRM practices and enterprise performance, and typically has not delved into the conceptual/theoretical underpinnings of the analysis. By contrast, this study will pay special attention to the impact of HRM practices on employee outcomes, and will explicitly use RBV as a conceptual framework in analysing enterprises’ motives in their selection and adoption of HRM practices.
1.2 RESEARCH QUESTIONS

This research study addresses the following overarching research problem: How do ownership types affect HRM practices and consequently impact on employee job satisfaction and employee performance in Vietnam?

Two research questions will be investigated to explore this overarching research problem:

- **RQ1.** How do differing ownership types affect the adoption of HRM practices in Vietnam?
- **RQ2.** To what extent do differing HRM practices in Vietnam affect employee job satisfaction and employee performance?

RBV theory is used as a conceptual framework for analysing these questions.

1.3 BRIEF REVIEW OF PREVIOUS LITERATURE

This section reviews the key areas of existing literature relating to HRM practices and employee outcomes, and the RBV approach in relation to HRM. This review will be expanded in Chapter 2.

1.3.1 HRM practices and employee outcomes

Since the introduction of Doi Moi policies, more FDI has occurred in Vietnam. Many MNEs around the world have entered this market, either bringing their HRM practices from their country of origin or harmonising their HRM practices with the local ones, creating an adoption and exchange of HRM in both domestic enterprises and MNEs. Some researchers (e.g., Thang, Rowley, Quang & Malcolm, 2007; Vo & Hannif, 2012; Vo & Stanton, 2011) have studied the issue of transference of foreign practices from home countries to host countries including Vietnam. Others (King-Kauanui et al., 2006; Zhu, Warner & Rowley, 2007) have studied how local enterprises in East Asia adapt Western HRM practices. However, none have studied the influence of ownership types under the lens of RBV in the context of Vietnam. In addition, this thesis addresses the need for further research on how HRM practices from MNE home countries have been modified for and diffused in organisations in Vietnam, because to date, little research has been done on this aspect (see Chapter 2 for further explanation).
Within Strategic HRM (SHRM) studies, employee outcomes are considered as pivotal mediating links between HRM practices and firm performance (Gardner, Moynihan, Park & Wright, 2001). However, most empirical SHRM research has overlooked this mediating role and has examined the direct relationship between HRM practices and enterprise outcomes (e.g., Arthur, 1994; Huselid, 1995; Macduffie, 1995, Wright et al., 2005). The studies on the link between HRM practices and enterprise performance have mainly been conducted in the US (e.g., Arthur, 1994; Huselid, 1995; Macduffie, 1995, Snell & Youndt, 1995; Wright et al., 2005), closely followed by Europe (e.g., Boselie, Paauwe & Jansen, 2001) and East Asia (e.g., Bae & Lawler, 2000; Bae et al., 2003; Ngo et al., 1998). Yet, this link is still under-theorised and not well understood (Fleetwood & Hesketh, 2008). In most cases, researchers (e.g., King-Kauanui et al., 2006; Thang & Quang, 2005a) have not used any intermediate step to help establish the substantial influence of HRM practices on performance, especially in South East Asia (including Vietnam). Moreover, to date, there has not been any research specifically concerning the relationship between HRM practices and employee outcomes in Vietnam, especially in relation to various ownership types.

Therefore, the current research aims to address the weak theoretical underpinnings of extant research regarding HRM practices and employee outcomes, specifically in Vietnam. This research examines the direct relationship between HRM practices and employee outcomes, especially employee performance and job satisfaction. The current research adds to the existing literature in that it investigates the adoption of HRM practices in Vietnam under the lens of the RBV approach. It will examine the relationship between HRM practices (including R&S, T&D, PM, RS and perceived the role of HRM) and employee outcomes (i.e., employee performance and job satisfaction) in four ownership types including SOEs, ESOEs, FOEs, and MNEs. The RBV is used to explain the extent to which ownership types utilise HRM practices and, as a consequence, its impact on employee outcomes. Therefore, the current research makes a major contribution to HRM research by demonstrating a range of HRM practices in relation to employee outcomes across all the major ownership types in Vietnam through the RBV approach.

### 1.3.2 The RBV approach in HRM studies

Jackson and Schuler (1995, p.243) suggest three types of resources that are prevalently seen at an organisation “i) physical (plant; technology and equipment; geographic
Among these resources, HRM is claimed to have a considerable impact on an organisation's human and organisational resources and therefore can help the organisation to gain competitive advantage (Jackson & Schuler, 1995; Schuler & MacMillan, 1984). The RBV shows VRIN (value, rare, inimitable, and non-reproducible) human resources to be the pivotal key for the enterprise to improve performance (Barney & Wright, 1998; Wright et al., 2001). A firm can transform internal resources to increase profit and gain competitive advantages by possessing resources with such four characteristics (Barney, 1991; Boselie & Paauwe, 2010). In any study of the strategic nature of HRM, the RBV affords several benefits (Delery & Shaw, 2001). A focus on competitive advantage from the viewpoint of inimitable (human) resources, compared with an organisation's more visible technological or physical resources, is a theme of the RBV. The complexity of organisational systems in determining competitive advantage is another emphasis, particularly when compared to the 'bundles and systems' approach to HRM research. Sustained competitive advantage or profitability in firms, compared with other theoretical frameworks that are concerned with behavioural outcomes, or internal efficiency issues, is another RBV focus. Another strength of the RBV approach is the breadth of its application to some research issues (Boselie & Paauwe, 2009).

RBV has been applied in a large range of HRM studies (i.e., Bae and Lawler, 2000; Boxall and Purcell, 2008; Delery and Shaw, 2001; Hutchinson et al., 2000). In these studies, the data for the analysis mainly come from industrialised economies. Therefore, it is necessary to consider RBV in transitional countries.

The context of developing and transitional economies is considered valuable, due to their rapidly changing economic setting (Peng, 2000). Many resources in a transitional economy can be seen as a source of an enterprise's competitive advantage even though they may not be considered as a competitive advantage in a developed economy. For example, according to the traditional RBV perspective, even though the resources may be in a highly efficient market, they may have a low level of imitation; such resources may not be a source of sustainable competitive advantage (Dierickx & Cool, 1989). It is easier to see this in the context of developing economies where “markets for many property-based resources are efficient, and barriers to imitation are
low” (Zhan, Chen, Erramilli & Nguyen, 2009, p.289). In other words, most property-based resources (i.e., modern plant and equipment) cannot be easily copied as competitors have attained technology parity. Nevertheless, many advanced property-based resources may not be seen in the market of transitional economies, but even if they do exist, they may have a lower level of efficiency (Child, 1990). Moreover, due to the inefficiency of operation, shortage of resources and skilled labour force, and low ability in management (World Bank, 2005; Quang, Van der Heijden & Rowley, 2010), it is possible that domestic enterprises utilise HRM practices that are less consistent with RBV.

Furthermore, only three articles focusing on RBV-related human resources in transitional economies were found (i.e., Holtbrügge, Friedmann & Puck, 2010; Khandekar and Sharma, 2005; Rao, 2010). Two articles (Rao, 2010; Khandekar & Sharma, 2005) consider MNEs and domestic enterprises in HRM. One researcher (Holtbrügge et al., 2010) emphasises HRM practices of MNEs. Only one publication (Khandekar & Sharma, 2005) focuses on the relationship between HRM practices and organisational performance. However, none of these articles studies the relationship between HRM practices and employee outcomes. Thus, this current research adds to the existing literature by demonstrating the RBV approach of HRM practices across ownership types and its influence on employee outcomes such as employee performance and job satisfaction.

It can be argued that the HRM practices of MNEs in Vietnam may be more consistent with the RBV than those of domestic enterprises due to the differences between the RBV characteristics in HRM in developed and developing countries, especially regarding the ownership types (see Hau & Evangelista, 2007; Thuc Anh, Baughn, Minh Hang & Neupert, 2006; Tsang, Nguyen and Erramilli, 2004; Zhan et al., 2009).

RBV, which is particularly suitable for analysing the dynamic changes facing organisations and managers in international businesses, helps to identify resources that MNEs require to overcome the liability of foreignness and to engage in product and international diversification (Zhong, Morris, Snell and Wright, 2012). According to the “liability of foreignness” argument, weak location-specific capabilities prevent MNEs from enjoying their ownership advantage, but strong local capabilities magnify MNEs’ ownership advantages (Miller & Parkhe, 2002; Zhan et al., 2009). As Zhong et al. (2012) noted, international business researchers have long recognised the dual HRM
challenges of adaptation and integration faced by MNEs as they expand their activities to new environments. Their HR systems need to adapt to suit the local environment and to make the most of the labour resources available; however, those HR policies and practices that are efficient and fruitful (“best practices”) should be shared, or integrated into the same organisation to maximise the value of such practices to the organisation. The challenge for MNEs is to decide how they can “preserve variety (and local customisation) while simultaneously establishing a foundation for integration and efficiency” (Zhong et al., 2012, p. 440). Recent developments in RBV such as those identified by Teece (2007) and Zhong et al. (2012) emphasise the role of dynamic capability, whereby new capabilities are constantly developing in response to changes in the business environment. RBV, in this newer and dynamic form, may provide insight into how MNEs in a transitional economy (e.g., Vietnam) balance the competing imperatives of adaptation/customisation and integration.

Furthermore, investigating whether local enterprises and MNEs in Vietnam hold different views regarding the strategic value of human resources is worth studying. Many MNEs may utilize an RBV approach because they see HR as a key source of potential comparative advantage. However, it is possible that a significant number of Vietnamese enterprises believe in the traditional view that employee capabilities are not as important as the job itself (Thang, 2003). Therefore, these enterprises are less likely to view employees as valuable and scarce resources that are pivotal to an organisation’s survival.

The main focus of RBV is the relationship between HR and firm-level performance in the existing HRM context (e.g., Chen, Mujtaba & Huang, 2012; Kaufman, 2015b; Paauwe, 2009; Saridakis, Lai & Cooper, 2016). In contrast, this current research seeks to better understand employee-level outcomes, including employee performance and job satisfaction. The linkages between HR practices and employee outcomes will be examined through an RBV lens. In essence, in this thesis, the researcher investigates whether ownership type influences the adoption of specific HRM practices (i.e., R&S, T&D, PM, RS and the roles of HRM) and how RBV influences this adoption.

1.4 OVERVIEW OF THE RESEARCH AND SCOPE OF STUDY

A qualitative approach is used for this research because it allows the researcher to explore deeper into the perspectives and attitudes of people from various levels and
positions within an organisation (Bryman, 2006; Veal, 2005). Also, the qualitative approach provides a holistic view of the phenomena under investigation (Matveev, 2002; Patton, 2015), and replicates a “realistic feel” of the world that cannot be found in the numerical data and statistical analysis used in a quantitative approach (Matveev, 2002).

The current research involves in-depth, semi-structured interviews conducted in two studies: in Study 1, the interviews are conducted to obtain manager perspectives; in Study 2, the interviews are with employees. The interviewees come from enterprises located in the Northern region of Vietnam – in particular, in the capital city, Hanoi, and the major seaport city, Hai Phong, cities in the North where enterprises display the most diversity in terms of ownership. Resource constraints and logistic issues preclude the inclusion of enterprises in the South for this study. The participating enterprises operate within a range of service industries, including banking, hotel and tourism, and labour-power.

All four main types of ownership – namely SOEs, ESOEs, POEs, and MNEs – are covered: four of the participating enterprises are SOEs, three are ESOEs, six are POEs and five are MNEs. The countries of origin of the MNEs, Japan, Germany and the USA, have all invested large amounts of FDI in Vietnam (Anh Phuong, 2017; Nguyen Hoa, 2016; Export Government, 2016).

Study 1 interviews involve 18 Chief Executive Officers (CEOs), HR managers and directors at the 18 participating enterprises. Eleven of these enterprises chose to participate in Study 2, with a total of 49 employees being interviewed. To analyse the relatively large dataset, qualitative content analysis (see Flick, 2014) was followed by thematic analysis to compare and synthesise findings from the two series of interviews. Further details regarding the underlying research paradigm and research design are given in Chapter 3.

1.5 EXPECTED CONTRIBUTIONS

FDI and MNEs bring new management practices and approaches to developing economies. This research investigates the extent to which strategic practices in the HRM field have been introduced and diffused in Vietnam. Some of the gaps in the existing literature regarding these matters can be addressed by the current research. For example, few existing studies focus on the link between ownership types and HRM
practices. Therefore, a key contribution of this research is to add to knowledge about differences in HRM practices between enterprises of various ownership types in Vietnam.

Although there has been much literature on the links between HRM practices and firm performance, typically the empirical findings are not very strong statistically, and the theoretical underpinnings remain weak (Fleetwood & Hesketh, 2008). One recent response to this situation has been to open up the HRM-performance black box (Harney & Jordan, 2008; Fey et al., 2009) to investigate the role of intervening variables, especially those relating to employee outcomes (Gould-Williams & Davies, 2005). While there are some studies about the relationship between HRM practices and enterprise performance in Vietnam, no studies on the relationship between HRM practices and employee outcomes in Vietnam have been found. According to Gardner et al. (2001) employee outcomes are considered as pivotal mediating links between HRM practices and firm performance. Thus, the current research on the relationship between HRM practices and employee outcomes, such as employee performance and job satisfaction, has the potential to contribute not only to the literature on HRM practices in Vietnam particularly but also to the international literature on this issue.

Furthermore, although earlier international studies have played an invaluable, pioneering role in identifying the influences of HRM practices on employee outcomes, many of them have limitations regarding their survey and/or analytical techniques (e.g. most of the research has been based on quantitative methods, see Boon, Den Hartog, Boselie & Paauwe, 2011; Del Valle & Castillo, 2009; Edgar & Geare, 2005; Ghafoor, 2015; Gould-Williams & Davies, 2005; Innocenti, Pilati & Peluso, 2011). These studies are mainly based on either managerial or employee perspective (see Innocenti, Pilati & Peluso, 2011; Kehoe & Wright, 2013). This research will enhance the robustness of extant research by utilising a qualitative approach to investigate both managerial and employee perspectives. The triangulation of perspectives is expected to assist with data validation (Flick, 2014).

1.6 THE VIETNAM CONTEXT

1.6.1 Geographical context

Vietnam is located in Southeast Asia, bordered by China to the north, Laos and Cambodia to the west, and the Eastern Sea to the east. The country has a long coastline
(3,260 kilometres) and the total land area of Vietnam is 331,689 square kilometres (Mylifelsewhere, 2017), making it approximately 30% larger than the Australian state of Victoria. Vietnam has 63 provinces and cities; Hanoi (the capital) and Haiphong in the north, Ho Chi Minh City and Can Tho in the south, and Da Nang in the centre are the five biggest cities (Thu, 2016). Figure 1.1 illustrates their locations and the seven economic zones within Vietnam.

1.6.2 Historical and political context

Since the establishment of the First State (Van Lang State) in the seventh century B.C., Vietnam has had a long history of nation building and coping with invasion and domination by external forces: occupation by Chinese dynasties for about a thousand years, French colonialists from the 1880s until the 1950s, and then US intervention until 1975 (Vien, 1987).

![Figure 1.1. Map of Vietnam in English and in Vietnamese](Source: Vietnamese Embassy in Australia, 2013)
The leader of the Communist Party of Vietnam (CPV), President Ho Chi Minh, declared independence from France in August 1945, and the Democratic Republic of Vietnam (DRV) was established in September of the same year (Schulzinger, 1997). Yet the War of Resistance against France continued until Vietnam won a major battle at Dien Bien Phu (May 1954).

Following the Geneva Accord in July 1954, North Vietnam (previously DRV) was placed firmly on a path towards Marxist socialism (Vien, 1987) and had friendly relations with China, the Soviet Union and other countries in the socialist block. In the South, a competing regime (the Republic of Vietnam) was established, with extensive support from the USA (Lawrence, 2014). Hostilities between the two regimes soon escalated into a devastating war – one of the most widely known wars of the second half of the twentieth century. The country remained divided for over 20 years (Karnow, 1997). The war ended in 1975 with complete victory for the North, and the re-unified country became known as the Socialist Republic of Vietnam (SRV); see Guan (2005).

The political system in Vietnam may be characterised as a one-party system, with the CPV in absolute control in the North since 1954, and over the whole country since 1975. The system is based on the principal tenets of socialism, including consensus and collective decision making (democratic centralism) (Ewards & Phan, 2013; Jeffries, 2011; Martin, 2014).

1.6.3 Recent economic history

The economic history of Vietnam can be divided into three periods: pre-1975, 1975–86, and 1986 to the present (Fforde & De Vylder, 1996; Zhu, 2003; Vo, 2005; Jeffries, 2011). The period between 1975 and 1986 saw the development of a national economy under the socialist planning system (Dinh, 2000). The very limited range of ownership types during the first half of this period included SOEs and collective cooperatives. POEs were seen as the “enemy” of socialism (Dinh, 1993). Production of SOEs focused on the industries that were considered important to national economic development, and the central government planned their activities. A system of labour regulations tightly governed labour allocation, employment status, wage and non-wage benefits, and management-labour relations. Permanent employment, a nationally standardised wage system, and the Party control over management at the workplace and over trade unions were typical of HRM in this period (Zhu & Fahey, 1999).
In 1982 the authorities formally acknowledged that there were three legitimate economic sectors in the North, including SOEs, collective enterprises and individual enterprises; in the South two other sectors were allowed, namely public–private partnerships, and private capital. This was one of the first steps towards changing the structure of the business entity, creating a basis for subsequent development of a market economy (Vietnam Government, 2013a).

Continuing serious problems with both production and distribution prompted the authorities to launch, from the mid-1980s, a series of fundamental and far-reaching economic reforms known as Doi Moi (renovation). The country moved from the central planning system to a market-oriented one, with a multi-sector economic structure and a multi-ownership system (Fforde & DeVylder, 1996). Private ownership was allowed throughout the country, and foreign investment was welcome. International trade was encouraged by the lowering of many barriers to trade. Managers of SOEs were given much greater autonomy than before over production and other business decisions. The traditional socialist form of HR practice was replaced by personnel management systems, ensuring that competitive advantage was gained through enterprise-level management reforms (Collins, 2005a). The legal system and legislation became increasingly comprehensive, with social management based on the rule of law being enacted (Han & Baumgarte, 2000; World Bank, 2005). The transition toward the market system was maintained and deepened during subsequent decades.

As a result of these reforms, Vietnam has achieved high rates of economic growth and sharp reductions in the poverty rate (World Bank, 2005). From being primarily a food importing country, it has become the second-largest exporter of rice in the world, and a major exporter of other agricultural products. Large inflows of FDI have transformed the character of the business system and, together with sizable flows of official development assistance (ODA), have underpinned the country’s very substantial investments in infrastructure.

It should be noted, however, that the dominance of the CPV and the rule of socialist principles still have strong effects on all activities of Vietnamese society and business relating to its structure, culture and HRM (Quang, 2006). For example, the leading role of the Communist Party in the state and society is embedded in the decision-making structures of all SOEs, and each SOE in Vietnam is managed by a Party Standing Board whose members are chosen from the Party Committee (Truong,
Hallinger & Sanga, 2016). SOEs have continued to occupy a significant role in the economy, even after decades of economic transition (Nguyen et al., 2012).

1.6.4 Business culture and the influence of other countries’ approaches

Due to its extensive history, Vietnam has three layers of overlapping culture: its local culture, a culture influenced by China and other countries in the region, and a culture that is influenced by the West (Eward & Phan, 2013). The country would typically adopt and utilise values and practices from abroad but would localise them to suit and enrich the national culture (Kamoche, 2001). A similar pattern has occurred in Vietnamese business culture.

Some characteristics of Vietnamese culture such as close family relationships, harmony, seniority and high power-distance are imprinted in Vietnamese business culture (Tran, Fallon & Vickers, 2016; Zhu, 2003). The harmonisation within a business could be seen in the application of group pay rather than individual pay to prevent jealousy that would disturb the harmony (Zhu, 2003). In Vietnam, older people are respected, and this is also true in Vietnamese domestic enterprises, where senior staff members are valued for their experience. Within Vietnamese society, people’s status dictates the level of formality and distance they are shown.

As for many business cultures across the globe, modern Vietnamese business culture has been characterised according to Hofstede’s dimensions (2003) of power distance, individualism, masculinity versus femininity, uncertainty avoidance, and long-term orientation. According to Hofstede, Hofstede and Minkov (2010), power-distance relates to inequality among members of organisations within a country and whether employees accept that power is distributed unequally. The score of power distance in Vietnam is 70, meaning that employees are more likely to accept a hierarchical order within their organisation (compared with other cultures) in which everybody has a place that does not require further justification (Hofstede, 2017).

Individualism is described as the degree of interdependence a society maintains among its members (Trompenaars & Hampden-Turner, 2011). In individualist cultures such as the United States and Germany, people are supposed to look after themselves and their immediate family only. In collectivist cultures such as those in Vietnam or Japan, people belong to in-groups that take care of them in return for loyalty. As a collectivist culture (individualism score = 20), Vietnamese culture values close long-term commitment to the “member” group, and people consider themselves as part of a
family, extended family or network of extended relationships. Loyalty in a collectivist culture is paramount and overrides most other societal rules and regulations (Chen, Peng, & Saparito, 2002; Ma & Allen, 2009).

Vietnamese people also tend to pay attention to “face” saving. According to Kim and Nam (1998), losing face makes people feel embarrassed or ashamed, and losing face happens when criticising someone in public and not staying true to promises. Therefore, many Vietnamese people will do anything to prevent loss of face, even if this means avoiding confrontation. They are also more likely to tell others what they want to hear rather than dealing with immediate issues. In such an environment, performance assessments are likely to be done in groups rather than individually.

Masculinity indicates the extent to which society will be driven by competition, achievement and success, with success being defined by the winner or the best in field (Hofstede, 2003). A low score (feminine) on the dimension means that the main values in the culture are caring for others and quality of life. The fundamental issue here is what motivates people – wanting to be the best (masculine) or liking what you do (feminine) (Hofstede, 2017). Vietnam scores 40 on this dimension and is thus considered a feminine society (Hofstede & Hofstede, 2005), which means that Vietnamese culture focuses on “working to live”, managers are more likely to concentrate on harmonious relations in the workplace, and people value equality, solidarity and quality in their working lives. Conflicts are resolved by conciliation and negotiation. An effective manager is a supportive one, and decision making is achieved through involvement (Hofstede, 2017).

Uncertainty avoidance (UA) relates to the way society deals with an uncertain future, and whether people try to control the future or just let it happen (Hofstede, 2017). Vietnam has a relatively low score of 30 on this dimension. This means Vietnamese business culture is more tolerant of organisational uncertainty (Hofstede & Hofstede, 2005). Low UA business cultures maintain a more relaxed attitude in which practice counts more than principles and deviance from the norm is more easily tolerated. Employees tend to believe there should be no more rules than are necessary and that they should be abandoned or changed if they are ambiguous or do not work. Schedules are flexible, hard work is undertaken when necessary but not for its own sake, precision and punctuality do not come naturally, and innovation is not seen as threatening (Hofstede, 2003).
Long-term orientation is associated with the extent to which a society shows a pragmatic future-oriented perspective rather than a conventional historical short-term point of view (Hofstede & Hofstede, 2005). Vietnam with a score of 70 is long-term oriented. This means that Vietnam businesses are more likely to have an ability to adapt traditions to a modern context which values concepts such as pragmatism, a strong propensity to save and invest thriftiness, perseverance in achieving results and an overriding concern for respecting the demands of virtue (Hofstede, 2017).

In short, Vietnamese traditional culture has been shaped throughout a turbulent history, resulting in a modern culture of high power distance, collectivism, femininity, low uncertainty avoidance, and long-term orientation. Such cultural values may influence how domestic enterprises and MNEs implement and develop HRM practices.

1.7 OVERVIEW OF THE STUDY

This study comprises six chapters. Following this introductory chapter, Chapter 2 reviews the relevant literature, including the development of personnel management to HRM, SHRM and Internationalisation of HRM, and the RBV theory. For context, the development of enterprise ownership types in Vietnam, and previous studies of HRM in Vietnam are also covered in this chapter.

Chapter 3 discusses research underpinnings, research design, and data collection and analysis.

Chapter 4 presents the qualitative findings from the interviews with managers; Chapter 5 presents the findings from the interviews with employees.

Chapter 6 synthesises the key findings from Chapters 4 and 5, and places them in the context of extant literature. This chapter also highlights the current study’s contributions, discusses its implications for enterprises and the government in Vietnam, and notes its limitations and possible directions for future research.
CHAPTER 2. LITERATURE REVIEW

2.1 INTRODUCTION

This chapter provides an overview of the literature on the impact of different ownership types on the adoption of human resource management (HRM) practices in Vietnam. The review will examine the extent to which HRM practices affect outcomes of both enterprises and employees, especially job satisfaction and employee performance. It will also examine the RBV about HRM. The literature review also explores the significance of the current studies by identifying the limited extent of research into the relationship between HRM practices, enterprises and employee outcomes, especially employee performance and job satisfaction, in Vietnam.

An examination of the development of personnel management, HRM, and international HRM follows this introduction. The third section presents the background of the types of enterprises in Vietnam. The fourth section, which discusses the existing studies of HRM in Vietnam, focuses on (i) characteristics of the traditional domestic approach, (ii) introduction and diffusion of Western-style HRM, (iii) differences with regard to general usage and sophistication, (iv) differences with regard to specific areas of HRM, (v) impact of HRM differences on company and employee outcomes. The final section on the Resource-Based View (RBV) provides a brief review of the evolution of RBV, RBV in HRM research, and applicability of the RBV involved in the current research.

2.2 FROM PERSONNEL MANAGEMENT TO HRM AND IHRM

In the latter part of the twentieth-century, personnel management in Western economies gradually evolved into HRM. In Vietnam, however, the two terms are still used synonymously by many people, and this has implications for how HRM is understood and operationalised in organisations. Before considering studies of HRM in Vietnam, it is thus useful to examine the differences between and the development of the two concepts in some detail.

2.2.1 Personnel management

The term “personnel management”, first used in the 1940s, was seen as “welfare” with a focus on meeting the basic needs of employees (Fleming, 2013). As noted by
Armstrong and Taylor (2014) and Nankervis, Compton, and Baird (2002a), personnel management is aligned with a set of functions or activities: recruitment, selection, training, salary administration and industrial relations. Until the 1970s, growing interest in the personnel function of industrial relations issues was recognised (Fleming, 2013). A criticism of personnel management is that it is based on the “lack of a strategic approach towards employment issues” (Buyens & De Vos, 2001, p.71), as the perspective of personnel management is predominantly administrative (Legge, 1978; Lundy, 1994). Likewise, Legge (1995) noted that if the personnel function is seen as an operational activity without strategic orientation, it will fail to achieve an organisation's success.

In response to the demand for a new orientation to employment, in the West in the 1980s, a more managerial-focused pattern associated with the long-term strategy of the organisation developed in which personnel experts put their concerns to higher level management (Buyens & DeVos, 2001; Tyson, 1987). This led to a paradigm shift, from classic “personnel management”, relating to “the optimum utilisation of human resources in pursuit of organisational goals” (Legge, 1995, p.3), to characteristics of strategic HRM consistent with the creation of linkages between the overall strategic aims of the business and the human resource strategy and its implementation (Buyens & Devos, 2001; Gratton et al, 1999).

2.2.2 Human resource management

A significant number of research findings suggested evidence of a shift in responsibilities for many aspects of personnel management away from its function and towards line management during the 1980s (Story, 1992). These changes were made because the personnel function needed to respond to the rapidly changing environment that demanded business to take a more strategic approach to people management (Lundy, 1994). Enterprises were expected to gain a competitive advantage when making full use of their human resources (Guest, 1990; Buyens & De Vos, 2001). Thus, the HRM approach, considered as an improvement on personnel management, has been developed to meet the requirements of globalisation (Lundy, 1994).

Certain approaches to managing employees and employee relations can be usefully described as HRM approaches because they are in line with its core philosophy, as described by Beer, Spector, Lawrence, Mills and Walton (1984), who
claim HRM to have two discrete characteristics. They suggest (i), that shifting to an HRM approach enhances the responsibility of line managers to guarantee the alignment of competitive strategy and HR policies and (ii), that HR has the mission of setting policies that govern how HR activities are developed and implemented in ways that make them mutually stronger. Consistent with this view, much research in the 1980s considered the argument that HR systems and an organisation’s structure should be managed in a way that is congruent with organisational strategy; that is, HR policy should be at the strategic level (Tyson, 1987; Buyen & Devos, 2001).

HRM has several key functions, depending on the nature of the organisation, the vision and skills of experts, and the impact of the external environment (Nankervis, Compton & Savery, 2002b). The primary obligation of HRM is to ensure that enterprises have the required numbers, types and appropriately qualified employees at a suitable time and cost to meet the human resource (HR) demand for present and future projected needs. HR functions are usually characterised as comprising six fundamental areas, encompassing the attraction, selection, retention, development, assessment and adjustment of employees (Cascio, 1989). Alternatively, HRM functions relate to acquisition, development, motivation and maintenance of staff (Robbins, Low & Mourell, 1986). Each function is tightly linked to others regarding cost-effectiveness and reflects organisational objectives (Nankervis et al., 2002a).

**Strategic Human Resource Management**

The field of strategic HRM (SHRM) is regarded as linking the HR function with the strategic goals and objectives of an organisation in order to improve business performance and develop organisational cultures that promote innovation and flexibility (Truss & Gratton, 1994; Buyens & Devos, 2001). Nowadays, there is a greater focus on strategic management because HR managers’ roles are now seen as those of an enterprise’s internal consultants instead of roles managing basic administrative activities. The strategic role of HRM demonstrates that people are a valuable resource, representing a considerable investment of enterprise (Mathis & Jackson, 2008). Thus, strategic HRM involves the measurement of the combination of HRM policies and practices that form the HR system of an enterprise; it also emphasises the link between this HR system and the performance outcome at an organisational level (Arthur & Boylrd, 2007; Becker & Gerhart, 1996; Wright et al., 2005).
The two core meanings of the notion of strategic HRM are also considered by previous studies (Buyens & Devos, 2001; Mayrhofer et al., 2000). The first core meaning relates to the relationship between organisational strategies and HRM (e.g. the best-fit approach), with a focus on whether or not the HR function is considered as a part of strategy development in the whole process of decision making in an enterprise. The second core involves functional areas of HRM, such as recruitment, selection, T&D, appraisal and compensation (Buyens & Devos, 2001).

2.2.3 International human resource management

International Human Resource Management (IHRM) is more complex than domestic HRM in that it involves management of people across borders. This results in more involvement in employees’ lives; the strategy, policy and practice of organisations are affected by local contextual factors (culture, politics and legislation). This section defines what IHRM is, discusses staffing approaches in IHRM, then considers convergence versus divergence and the country of origin effect on HRM policies and practices.

2.2.3.1 Definition of international human resource management

Globalisation first occurred hundreds of years ago regarding trade between countries and regions of the world, but it accelerated in the 1980s with rapid changes in politics, the economy, technology, culture and migration (Paliwoda & Slater, 2009). According to Warner (2002, p.386), “globalisation was the byword of the 1990s” which heralded the creation of worldwide markets and MNEs.

The theoretical origins of globalisation are also of great interest to the contemporary debate. Adam Smith’s generalisation that “the division of labour depends on the extent of the market” is as valid today as it was in 1776. From a Marxist perspective, globalisation was considered as the natural outcome of capitalism (Warner, 2002). Globalisation, which has several components including increased economic integration, political integration (alliances between countries) and social aspects (e.g., more international travel, advanced technological communication), has resulted in a dramatic increase in the number of people moving across countries to work internationally, creating a growing international pool of potential human resource talent. Stahl and Bjorkman (2006, p.6) defined IHRM to be a wide range of human resource issues facing MNEs in different parts of their organisations, and include comparative analyses of HRM in different countries.
According to Morley and Collings (2004), the HRM practices of MNEs are very different from those of domestic enterprises because of the HR implication of international operations. HRM of MNEs relates to six factors. First, there are more HR roles and activities. HR managers of MNEs have to pay attention to some activities that HR managers of domestic enterprises do not need to, such as international taxation, work or travel visas, and assistance with expatriate relocation. Second, a larger perspective needs to be adopted. HR managers of domestic enterprises only manage a program for a group of local employees who are taxed by one government and who benefit from a single compensation policy; HR managers of MNEs tend to administer employees from different nations (Briscoe et al., 2009). Therefore, they need a broader view of foreign countries, their employment laws and cultural differences. Third, MNEs have more involvement in employees’ personal lives (Morley and Collings, 2004). The involvement of HR departments of domestic enterprises is limited, and may relate only to the provision of health insurance and social benefits. In cases of staff relocation, the HR department may only provide some information to assist the employee and their family in settling down. However, in the MNE setting, HR departments become fairly involved in the personal lives of expatriates, including housing arrangements, health care, cost-of-living allowances, premiums, taxes, visas and children’s schooling. Fourth, HRM of MNEs deals with different nationalities of employees from parent-country nations and host-country nations (Dowling et al., 2008). This creates more responsibility and more complexity in staffing, compensation and benefit programs due to the mix of employees. Fifth, there are more external factors that HR managers of MNEs have to deal with such as multiple governments, cultures, currencies and languages. Sixth, the HR managers of MNEs are more exposed to risks and may make mistakes in decision making due to their limited knowledge of external influences such as politics, uncertainties, and the repatriation of staff on international assignments (Briscoe et al., 2009; Dowling et al., 2008).

**Differences in HRM practices internationally**

HRM practices may reflect the characteristics of the home country and/or host country practices in term of the cultural environment, legislation or political system. MNEs have greater resources available to them than local organisations may have and their global presence may allow them to transfer best practices across their global operations. Also, HRM practices of MNEs generated in a developed country may be more individual
performance driven and more strategy focused than those of local organisations in a developing and transitional nation (Ferner, Quintanilla & Varul, 2001). Business units which originate from a developed economy are thought to enjoy better access to an educated workforce and to have better interaction with sophisticated customers and business partners (Chiang, Lemański & Birtch, 2017). Chiang et al. (2017, p.247) argue that “when a country hosts a large number of MNEs, the local context is rich with experience and knowledge in dealing with international HRM issues and practices”.

As social entities that seek approval for their performance (Thang & Quang, 2005b), MNE subsidiaries in global industries are likely to transfer HRM practices from their headquarters to host countries, while those in multi-domestic industries tend to be more localised (Rosenzweig & Singh, 1991; Vo & Hannif, 2012). Therefore, the relative importance of transfer of practices to MNEs depends on their local business environment and strategies.

2.2.3.2 Convergence vs. divergence and country of origin effects on IHRM

Convergence vs Divergence:

Within the discussion of the global spread of HRM practices is the convergence–divergence debate (see Myloni, Harzing & Mirza, 2004). The convergence hypothesis holds that management and HRM functions are becoming similar internationally, regardless of national cultural differences. The similarity is influenced by industrialisation, technological development, and effective operation. To do tasks effectively, it has been argued that management practices should become the same. Also, to obtain a competitive advantage, MNEs often converge in use of HRM practices (Brewster, Croucher, Wood & Brookes, 2007). This is consistent with Fenton-O’Creevy and Goodeham’s (2003) view in which they assert that convergence is created from the concept of competitive isomorphism. This means that organisations adopt the same best management practices, which are often derived from US models (Locke, Piore & Kochan, 1995), because they deal with similar internationally competitive environments.

During the 1970s the convergence hypothesis was criticised as overly simplistic and optimistic and has gradually been replaced by the divergence hypothesis that focuses on national and cultural differences among MNEs (Myloni et al., 2004). Many researchers argue that MNEs cannot neglect their specific cultural background in HRM practices. As Hofstede (2003) has shown, the culture of an organisation is influenced by
national culture, which contributes to the particular set of organisational values, behaviour, and norms of the organisation. Managers are then likely to perceive the organisational culture as consistent with assumptions of their cultural background (Yuen & Kee, 1993). In this way, cultural assumptions of managers may impact on decision making within organisations such as MNEs. Moreover, to the cultural differences, the political and legislative environment and national institutions of a particular country are also suggested to be factors that influence the utilisation of management and HRM practices. Thus, the divergence hypothesis suggests that local factors have a dominant effect on the HRM practices of an organisation (De Cieri & Hutchings, 2008).

Several researchers argue that both convergence and divergence occur simultaneously at various levels and rates (Cao, 2006; Clark, 1996). This is consistent with Child (1981), who proposed that divergence operates at the micro level of the organisation, such as the way people behave at work, whereas convergence is found at the macro level, for example in functional and technological structures. In other words, there is a mix of convergence and divergence in the same MNE, but the exact mix is different for MNEs’ subsidiaries operating in various nations. Thus, even if there are common HRM dimensions applied in MNEs at the macro level, the practices will still diverge at the level of implementation of MNEs’ subsidiaries in various countries.

**Country of Origin Effect on International HRM**

Discussion of the effect of country-of-origin on HRM practices of MNEs is growing (Ferner, 1997; Ferner & Quintanilla, 1998; Harzing & Sorge, 2003; Harzing & Nooderhaven, 2009) although there are different perspectives on the extent of influence. Harzing and Sorge (2003) propose that country of origin is one of the most significant predictors of the control mechanism used by MNEs while also influencing their overall internationalisation strategy. This finding concurs with others who have argued that country-of-origin influences the firm’s HRM practices (Ngo et al., 1998). In other words, MNEs try to ensure standardised HRM practices by applying their practices from headquarters to foreign subsidiaries. As a result, MNEs’ practices at the subsidiary level will bear a closer resemblance to their practices in the home country than they will to practices of local firms (Pudelko & Harzing, 2008). For example, US MNEs tend to transfer their headquarters’ HRM practices to subsidiaries in Japan and Europe (e.g. Germany, France, UK, Ireland and Spain) due to their global best practices (Pudelko & Harzing, 2007b, 2008).
Not all evidence points in the same direction, however; it appears that the transfer of HRM practices to overseas subsidiaries is limited by differences in national cultural and institutional characteristics, which might force MNEs to localise their HRM practices or combine both HRM practices at headquarters and in the local context. Beechler and Yang (1994) and Pudelko and Harzing (2007a) assume that MNEs from Japan operating in the US often adopt an American HRM system because Japanese HRM practices are found not to be suitable for the local market, due to the vast cultural distance. Tregaskis (1998) asserts that only a limited proportion of human resource development practices is attributable to the MNEs’ national origin. This is consistent with the argument made by Harzing and Noorderhaven (2009), who suggest that European MNEs have adopted standardised PM practices across their international operations, and that these practices have largely influenced the job satisfaction of local country staff across subsidiaries.

Overall, it is suggested that the home-country effect is strongest in MNEs that originate in a dominant economy, such as the USA or Japan (Edwards & Ferner, 2000). MNEs originating in non-dominant economies such as China are less likely to export their country of origin management systems; to the extent that they attempt to create “global” HR policy, it is more likely to consist of an imitation, or interpretation, of dominant practice than to be strongly based on a country of origin model (Almond, 2011, p.263). However, Gamble and Huang (2009) find that similarity in HRM practices between Chinese subsidiaries of British MNEs and their parent increased over time. Consequently, not all MNEs originating in developing economies create standard HRM policy; some would export their HRM practices from the country of origin to operating in a developed economy as the argument of Gamble and Huang (2009).

The following section provides the background information about ownership types in Vietnam.

2.3 BACKGROUND: TYPES OF ENTERPRISES IN VIETNAM

2.3.1 Economic reform and transition to a market system

Vietnam’s policies on international trade were implemented after Doi Moi (“open” policies) began in 1986. These “open” policies helped Vietnam escape from the long period of isolation and to shift from a centrally planned system to a socialist market-oriented economy. Consequently, there was a change in government policies and enterprise level management practices concerning labour and human resources (Collins
& Zhu, 2005). SOEs were given more autonomy, and gradually other forms of ownership types including Equitised State-Owned Enterprises (ESOEs), POEs and MNEs appeared and developed.

The following sections on SOEs, ESOEs, POEs and MNEs will demonstrate the way the government attempted to improve losses for both SOEs and the economy. The unprofitable SOEs contributed to a fiscal crisis, drawing upon the state funds that had already been exhausted due to heavy subsidization. This increased the budget deficit and inflation while reducing the state’s ability to repay external debt (Beresford, 2006). It is of benefit to understand the implications of differing enterprises’ approaches to the HR practices they would use in the context of Vietnam, which was dominated mainly by SOEs, and where new ownership types were newly established.

In 2014, the number of enterprises of all ownership types reached 402,326 (Table 2.1)

Table 2.1. Number of enterprises operating in Vietnam in 2014

<table>
<thead>
<tr>
<th>Ownership types</th>
<th>Number of enterprises in total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>402326</td>
</tr>
<tr>
<td>SOEs</td>
<td>3048</td>
</tr>
<tr>
<td>ESOEs (&gt; 50% state capital)</td>
<td>1536</td>
</tr>
<tr>
<td>ESOEs (&lt;50% state capital)</td>
<td>82015</td>
</tr>
<tr>
<td>POEs</td>
<td>49222</td>
</tr>
<tr>
<td>POEs, Ltd. Co (≤ 50% state capital)</td>
<td>254952</td>
</tr>
<tr>
<td>MNEs (100% foreign capital)</td>
<td>9383</td>
</tr>
<tr>
<td>International Joint Venture</td>
<td>1663</td>
</tr>
<tr>
<td>Others</td>
<td>507</td>
</tr>
</tbody>
</table>

(Source: Translated from GSO, 2015)

An overview of various ownership types in Vietnam makes up the rest of this section:

2.3.2 State-owned enterprises

According to the Enterprise Law No 39-L/CTN issued in 1995 (Chapter 1, Article 1) (Nong, 1995), SOEs are economic organisations operating under the capital investment, establishment and management of the state, to fulfill socio-economic objectives determined by the government. SOEs have their names, stamps and headquarters in the territory of Vietnam.
SOEs have had a dominant role in the Vietnamese economy even though the number of SOEs has declined gradually in recent years. In the middle of the 1990s, SOEs accounted for 40% of GDP while it was only 34% in 2010 (Nguyen et al., 2012). The reason for a fall in the number of SOEs was the state’s SOEs reform policy whereby SOEs would be transformed into joint stock companies (JSCs). All or part of the capital of these JSCs would then be sold to private financiers.

There were many reasons explaining the inefficiency of SOEs. The first reason is the shortage of tangible resources, which was emphasised by the “outdated technology, under-utilised capital” (O’Connor, 1996, p. 21), poor transportation infrastructure (World Bank, 2005), and lack of capital (Ministry of Industry and Trade, 2012). According to Doanh’s survey in 1992, most SOEs operated with old machinery and equipment, and one-third of the capital stock was of little use.

The second is the shortage of intangible resources. The loss of SOEs was demonstrated by the lack of intangible resources, including redundancy of labour force (Ministry of Industry and Trade, 2012), insufficient skills and education level of the workforce (World Bank, 2005), and poor management (O’Connor, 1996).

The third is poor management. The state apparatus has demonstrated limited ability to manage because of lack of knowledge and experience and some staff is only familiar with managing based on previous administrative methods (Anh, 1994). Also, SOE managers did not face as much pressure as POEs to operate profitably (Berthold, 2006). Even in the case of profit-seeking, SOEs managerial staff was not motivated by the profit incentive. This is due to managers’ pay not being wholly dependent on the overall performance of the enterprise (Berthold, 2006). Moreover, it is clear that the managers of SOEs enjoyed the preferential treatment of the state including operating in sectors sheltered by tariffs and barriers to competition, getting access to considerable amounts of land at low cost, and also by getting their bad debts rolled over or even written off (World Bank, 2005). Consequently, SOEs were not significantly concerned about the profitability of the enterprises. Several SOEs with very high levels of debt were allowed to increase those debts by over 50%. This support to SOEs and the resulting soft budget constraints contribute to their weak performance (Berthold, 2006).

The final reason is inadequate Communist ideology and mechanism. In the Communist ideology of Vietnam, before Doi Moi, profit was not an adequate measure of success. In particular, measures such as return on capital employed were discouraged. Instead, other measures were used such as size in terms of machines and workers.
employed. This has influenced structures and the mindsets of SOEs. The objectives of some SOEs are explicitly non-profit-seeking, such as providing employment (Berthold, 2006). Furthermore, slow progress in changing the management mechanism of a centrally planned economy to a trading mechanism contributes partly to the inefficient performance of SOEs. Many policies were not up-to-date, and not suitable for the changes. Despite the extensive number of management employed from central to the province, both performance and productivity were low (Ministry of Industry and Trade, 2012).

As a result of the inefficient performance of SOEs causing a burden for the state (Muir & Saba, 1995), it was necessary to reform and reduce the loss-making of SOEs by establishing new administration forms (i.e., ESOEs) and boosting the equitisation process (Collins, 2009) to improve the performance of SOEs. A number of important policies followed. Decision numbers 90/Ttg and 91Ttg, issued in March 1994, combined to significantly reduce the number of SOEs and to group many of them into large corporations (Doanh 1996, p. 66). By 1998, approximately 17 large general corporations, 91 belonging to the central state, and 76 general corporations were run by the local government in 1998 (Long, 2002; Phong, 2001). The corporations owned 66% of Vietnam’s state-owned capital, had 47% of total turnover and made 70% of the contributions to the government budget (CIEM, 2005). By the end of 1997, many corporations were exposed as operating inefficiently, exposing the limitations of Decisions 90 and 91 (Collins, 2009, p.33). The newly approved Common Enterprise Law was bound to scale up this approach, by giving a maximum of four years to all remaining SOEs to move under its corporate governance rules (World Bank, 2005). All in all, the equitisation of SOEs, in spite of limitations, appeared to be contributing to productivity gains, as it established a more arms-length relationship with government authorities (World Bank, 2005).

2.3.3 Equitised state owned enterprises

ESOEs were formed in the process of restructuring SOEs through equitisation or privatisation, initiated in 1992, once the financial statement of SOEs was brought to the public’s attention (Quang & Dung, 1998). ESOEs were established with the expectation of transforming unprofitable SOEs into more dynamic, fast-growing private enterprises, injected with a stronger entrepreneurial spirit (Henrik, 2005).
In 1995 the Enterprise Law on SOEs was enacted. Apart from conferring equal legal status to all SOEs, this law gave them the right to do business freely with each other and with non-state enterprises, including foreign partners under the form of joint ventures. SOEs were also allowed to hire and fire employees and set wages, within policy guidelines. However, they could not freely dispose of the capital that the government had entrusted them with (World Bank, 2005).

The next stage in the transformation of SOEs was organized around the so-called ownership transformation process, the most important part of which is known as equitisation. This process amounts to divesting some of the state capital to the private sector. Those acquiring the divested capital were mainly workers and directors of the SOEs, making equitisation resemble an "insider privatisation" (World Bank, 2005). The equitisation process started very slowly, with only 100 divested in 1998. It doubles its speed over subsequent years and accelerated in 2003 when roughly 300 SOEs were divested (World Bank, 2005). The government showed its strong determination to pursue the equitisation process (Vietnamese Government, 2013). Therefore, by 2014, 1536 ESOEs with more than 50% of the state capital and 82015 ESOEs with less than 50% of state capital had been formed (GSO, 2015).

To some extent, as in the case of foreign direct investment (FDI) enterprises, such remarkable performance could be to a large extent reflect a “catch-up” effect. Equitisation reduces the administrative burden on enterprises and makes them more independent from the often conflicting interests of their main stakeholders. Equitisation, therefore, allows them to move closer to the efficiency frontier. The estimated total factor productivity gains, no matter how temporary, suggest that the equitisation process has been an effective tool to raise efficiency in the SOE sector (World Bank, 2005).

Until recently, ESOEs, organized and operated under the Enterprise Law, required all shareholders to be SOEs or organisations authorized by the State contribution. There are two types of ESOEs in Vietnam, those with more than 50% of the charter capital and those with less than 50%. The State reserves the right to dominate the former (Vietnamese Government, 2013).

2.3.4 Privately owned enterprises

The Enterprise Law promulgated in 2005 defines POEs in article 141: a POE is an enterprise owned by an individual who shall be responsible for all of its assets in any business activity, and each owner can only establish one POE. POEs are primarily small medium enterprises (SMEs). SMEs are defined by the Decree 90/2001/ND-CP issued
on 23rd November 2001 as “the one whose equity capital is no more than VND 10 billion or is using no more than 300 permanent workers”.

In Vietnam, POEs used to operate under the dominant forms of household or family businesses, followed in importance by small individual enterprises and a limited number of mini industrial enterprises (Vietnamese Government, 2013c). By 2000, there were 9,793,878 individual business households in Vietnam, 7,656,166 of which were agriculture-based outside the cooperatives, and 2,137,713 were non-agricultural. Among the non-agricultural households, 51.89% were engaging in trade and services, 30.2% in industry, 11.63% in transportation, 0.8% in construction, and 5.46% in other activities (Vietnam Government, 2013a).

In just several years of implementation of the Law on Enterprises, the number of private enterprises went up from approximately 10,000 in 1999 to 80,000 in October 2003 and 170,000 in June 2006, with the total registered capital of US$ 10 billion, making up 27% of the social production and utilising 2 million people (Vietnam Government, 2013c).

Hence, POEs have become an engine of growth and have outstripped the position of SOEs as the backbone of the economy with regard to output, investment and employment (Truong & Heijden, 2009).

2.3.5 Multinational enterprises

Seeking foreign direct investment (FDI) to develop the economy was one key aspect of Doi Moi, as FDI was recognised as not only the most important capital source in economic development but also as the main factor increasing output and production, upgrading technology, accumulating knowledge and transforming Vietnam’s economic structure in general and SOEs in particular (Ngoc, 2002a; Dixon, 2000; Collins, 2009). The 1987 Law on Foreign Investment, thought to be superior to those of China and the Soviet Union, has created a more business-friendly environment to encourage business investment and attract substantial levels of FDI (Collins, 2009).

Together with this establishment and gradual improvement of the legal framework for FDI, Vietnam also signed international bilateral and multilateral agreements on investment encouragement and protection. The Nineth Party Congress in 2001 emphasised the role of FDI with the aim of raising the quality of FDI inflows to Vietnam, by further attracting investments from multinational enterprises (MNEs), particularly in industries with high technological content (World Bank, 2012). The law of foreign investment (Article 2. item 10) defines enterprises with 100% foreign
investment (or MNEs) as those in which foreigners own 100% of the investment capital in their Vietnamese operation.

Foreign investments are ranked using their amount of investing capital in Vietnam. In 2007, the USA ranked fifth among 80 countries investing in Vietnam, with its investments reaching US$ 3 billion (Foreign Investment Magazine, 2011). However, by 2011 USA was no longer amongst the top 5 investors, which were Hong Kong (30.3%), Singapore (15.2%), Korea (8.9%), Japan (8.8%) and China (5.4%) (Hoàng Hà, 2011).

According to Vietnamese government statistics, Australia was placed twentieth in total foreign direct investment in Vietnam, with 224 currently valid Australian-funded projects listed, a total amount of US$224 million. Some well-known Australian enterprises, including ANZ Bank, QBE, Santos, Qantas and the Commonwealth Bank, have made substantial investments in Vietnam, diversifying their operations and establishing subsidiaries (DFAT, 2012).

The regions that attracted FDI most in Vietnam have also been noted. In 2011, Hai Duong province was the top foreign investment attractor, with Ho Chi Minh City in second place, Ba Ria-Vung Tau third, Hanoi Capital fourth, Haiphong fifth, and Tay Ninh sixth (Hoàng Hà, 2011).

MNEs operating in Vietnam have advantages, both in obtaining capital and having the ability to recruit highly qualified human resources from local and international regions. Once MNEs wish to enter a market, the capital for this investment is secured and ready before the operation starts up in the new country. Thus, access to capital confers an advantage over local companies. Furthermore, MNEs have the competitive advantage of attracting qualified human resources by offering higher pay and by their international business environment with the profession. For example, an employee with ten years’ work experience and a Master’s degree who is promoted from a chief manager to a director of a newly established branch of a State Own Enterprise (SOE) would have a salary increase of 20%. In contrast, this same employee working within a MNE at the same position would receive a salary around five times greater (KiemViec, 2012).

Despite the capacity of some international companies to pay high salaries to attract top management personnel, some MNEs have exploited the low skilled labour force by increasing working hours without extra payment, delaying or ignoring insurance payment for workers, and implementing different policies from the ones
approved by the local authorities (Hoang Hai, 2012). Such management practices may have led to the very high levels of industrial action (4,142 strikes between 1995 and 2012, mainly come from MNEs originated from Taiwan, Korea and Japan) (Hoang Hai, 2012). This could also reflect exposure to MNEs and awareness of foreign practices like greater employee participation and response to unacceptable work conditions. The next section discusses the existing literature on HRM in Vietnam.

2.4 PREVIOUS STUDIES OF HRM IN VIETNAM

This section discusses the previous studies in HRM in Vietnam, clustered under four sub-headings: underlying cultural differences, introduction and diffusion of Western-style HRM, the general level of HRM usage and sophistication, and differences in specific HRM (the role of HRM in the organisation, recruitment and selection (R&S), training and development (T&D), performance management (PM) and reward systems (RS).

2.4.1 Underlying characteristics of the traditional domestic approach

A key factor which underlies differences in HRM practices is the regional/local culture, which may contrast sharply with the culture of the MNE’s home country: this can have implications for the types of practice which are utilised in MNEs. While it is apparent that some traits of the Vietnamese culture are quite different from those of Western culture (Quang & Thang, 2004), other traits may, in fact, have more in common with the latter than with other Asian (e.g., Japanese) cultures (Vo & Stanton, 2011).

It is well known that, in common with many other Asian cultures, Vietnamese culture places a high value on long-term relationships and mutual responsibility (Borton & Ryder, 2000; Kamoche, 2001). This implies that employees are expected to display commitment and loyalty to employers, who then take care of them in return. In contrast, MNEs, especially those of Western countries, tend to be far more focused on achieving targets, objectives, and goals that are explicitly related to profits (Kamoche, 2001).

2.4.2 Introduction and diffusion of Western-style HRM

Several studies have already examined the extent to which there may be transference of foreign practices from the home countries of MNEs to their subsidiaries in transitional economies such as Vietnam. For example, in an attempt to examine if four foreign HRM practices (pay for performance, multi-source feedback, involvement and
empowerment, self-managed work teams) apply in the context of Vietnam in comparison with China, Thang et al. (2007) argued that pay for performance proved to be transferrable and well-suited to the Vietnamese social, economic and political environment, but other practices met some obstacles in adaptation. Pay for performance is the most compatible dimension of HRM practices within the Vietnamese context; this may be because pay for performance practice was not applied during the period of the socialist economy. During this time, people were rewarded equally, regardless of their contribution (Thang et al., 2007). Since the transformation of the socialist economy to a socialist–oriented market economy, individual performance has been more in focus and is considered as the most suitable practice to stimulate employee productivity. However, it is argued that people from collectivist cultures “tend to prefer rewards allocated by equality or need because they place emphasis on the group and promote in-group harmony” (Stone, Stone-Romero & Lukaszewski, 2007, p.162).

In contrast, some other areas show less concern for local compatibility. For example, King-Kuaanui et al. (2006) provide empirical support for the importance of training, performance appraisal systems and incentive compensation for overall firm performance in Vietnam. They also suggest that some practices from the West can be adapted by Asian countries and will render similar results, despite differences in culture. Supporting this, Vo and Stanton (2011) argued that HRM practices from Western countries, especially the US, were more acceptable to the Vietnamese people than those from other Asian cultures such as Japan.

However, according to Kamoche (2001), MNEs have a difficult challenge using Western work styles in Vietnamese organisational traditions, because MNEs need to work harder to fit into and be accepted by the local society than domestic organisations do. MNEs also need to “understand the culture and work values, the extant organisational practices, the political–administrative structure, and its role in institutional and economic reform” (Kamoche, 2001, p.648). Therefore, it is not easy for MNEs to introduce Western practices into the Vietnamese context.

Also, identifying which elements of HRM practices belong to East Asian traditions (e.g. Japan, Korea, Taiwan, Malaysia, Thailand, China and Vietnam) and which come from the West (e.g. North America, Europe) is not straightforward. This is because some of the elements considered to be best practice in Western countries, are also found in East Asian organisations, where they are likely to have been adopted and changed to fit the organisations’ ownership type over time (Zhu et al., 2007).
Consequently, how HRM practices from MNE home countries have been modified for, and diffused in, Vietnam is still a question that needs further research. The current research will focus on four HRM practices in Vietnam: R&S, T&D, PM, and RS. These practices are selected for two main reasons. First, these four HR practices, the most often studied in the HRM–performance relationship, have been regularly discussed in major journals over the last decade (Fey et al., 2009). Second, these HRM practices are the most frequently identified in research in Vietnam during the last fifteen years (see Table 2.2 for a complete list of articles).

2.4.3 Differences regarding general usage and sophistication

HRM practices are not similar across sectors, and also diverge greatly from one type of ownership to another (Quang & Heijden, 2009). Enterprises often have to adjust their HRM practices to meet the specific conditions in which they operate. Thang and Quang (2005a, 2005b) suggest that the adaptation of HRM practices reflects the company’s ownership traits. Consequently, HRM practices of different ownership types were demonstrated by a small survey (n=30) of the members of the Club of HRM practitioners in Ho Chi Minh City. Such studies found that the awareness, practice, and strategic recognition of HRM are lower among domestic agencies and enterprises than in MNEs (Quang & Thang, 2004). Further, the researchers found that, of the domestic enterprises, SOEs tend to be less aware of the importance of HRM than privately owned enterprises. Table 2.3, based on a study by Quang and Thang (2004), highlights the differences between SOEs, MNEs and other enterprises/organisations in Vietnam regarding the status and practices of HRM.
Table 2.2. Frequency of research on various HRM practices in the context of Vietnam

<table>
<thead>
<tr>
<th>Practice Name</th>
<th>Article coding number</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15</td>
<td></td>
</tr>
<tr>
<td>Training and development</td>
<td>x x x x x x x x x x</td>
<td>9</td>
</tr>
<tr>
<td>Performance management *</td>
<td>x x x x x x x x x x</td>
<td>8</td>
</tr>
<tr>
<td>Recruitment and staffing/selection</td>
<td>x x x x x x x x x x</td>
<td>6</td>
</tr>
<tr>
<td>Compensation and Benefit/Rewards</td>
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</tr>
<tr>
<td>Employee involvement</td>
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</tr>
<tr>
<td>Employment status</td>
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</tr>
<tr>
<td>Labour-management relation</td>
<td>x x x x</td>
<td>2</td>
</tr>
<tr>
<td>HR planning</td>
<td>x x x x</td>
<td>2</td>
</tr>
<tr>
<td>Job allocation</td>
<td>x x x x</td>
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</tr>
<tr>
<td>Information exchange</td>
<td>x x x x</td>
<td>1</td>
</tr>
<tr>
<td>Retention management</td>
<td>x x x x</td>
<td>1</td>
</tr>
<tr>
<td>Wage relations</td>
<td>x x x x</td>
<td>1</td>
</tr>
<tr>
<td>Group orientation</td>
<td>x x x x</td>
<td>1</td>
</tr>
<tr>
<td>Incentive structure</td>
<td>x x x x</td>
<td>1</td>
</tr>
<tr>
<td>Work place innovation</td>
<td>x x x x</td>
<td>1</td>
</tr>
<tr>
<td>Strategic HRM</td>
<td>x x x x</td>
<td>1</td>
</tr>
<tr>
<td>Career opportunities</td>
<td>x x x x</td>
<td>1</td>
</tr>
<tr>
<td>Others (various difference practices)</td>
<td>x x x x</td>
<td>4</td>
</tr>
</tbody>
</table>

(Source: developed by the researcher)

Note:* Performance appraisal and pay for performance are grouped in Performance Management

Previous authors tend to agree that HRM practices in domestic enterprises, especially SOEs, are less developed than in MNEs (Kamoche, 2001; Zhu et al., 2008; Bartram et al., 2009; Thang & Quang, 2005a, 2005b). For example, Kamoche (2001) found that SOEs tend to be managed in a more conservative manner, with few formalised HR practices, and with an emphasis on the idea of the corporate family and welfare paternalism. Thang & Quang, (2005b) state that POEs are less receptive to adopting HRM practices, compared to SOEs, and that ESOEs have not brought about any significant change in this regard. Likewise, Zhu (2002) reported that international joint ventures (IJVs) and wholly foreign-owned MNEs tend to make greater use of international, standardised HRM practices than domestic enterprises, although MNEs do make attempts to adapt their behaviours and practices, especially in areas such as employment contract and compensation, in order to fit within the local environment. Further, Zhu et al. (2008) affirm that MNEs are inclined to have more advanced HRM practices than businesses constituted under alternative ownerships.

However, some authors argue that it may be misleading to assume that all local enterprises lag behind the MNEs and other foreign enterprises (Bartram et al., 2009). Zhu, Collins and Webber (2008) claim that POEs tend to be more favourable to and receptive of new HRM practices than SOEs, resulting in more rapid changes in POEs than in SOEs. This derives from the knowledge and experience of owners or managers of POEs, some of whom were managers of SOEs before privatisation started in the late 1990s (Kamoche, 2001; Bartram et al., 2009). The managers of POEs have to decide quickly to adapt flexible management systems and HRM practices to ensure that the POEs’ operation can meet the pressures of market competition (Zhu et al., 2008).

Zhu et al. (2008) also indicate that MNEs often exert an important influence on the adoption of new HRM practices among domestic businesses, as the latter are forced
to adapt to be competitive in the market. Vo and Stanton (2011) concur that SOEs and private domestic enterprises often copy and imitate the HRM practices of MNEs to improve their competitiveness. However, it is argued that SOEs do not always imitate the HRM practices of MNEs but MNEs themselves, in a number of instances, need to adapt and take on board some local HRM practices, or address some specific local requirements, in order to gain acceptance in the new business environment (Zhu, 2002; Thang & Quang, 2005b). According to Zhu et al. (2008), and Zhu and Verstraeten (2013), HRM practices adopted by many MNEs, SOEs and POEs include paying for performance, ongoing T&D, and internal decentralisation of recruitment and staffing to line managers. Nevertheless, there is no clear “differences between various stages or models of dimensions during transformation, and combination and overlap among different people management models existed in practice” (Zhu & Verstraeten, 2013, p.51). Besides, Bartram et al. (2009) state that most SOEs still practice personnel management, MNEs focus on the cost of HRM, and POEs adopt “a range of HRM” interventions.

In their survey on Vietnamese managers, Bartram et al. (2009, p.899) compare the adoption of HRM practices in IJVs, SOEs and POEs. Bartram et al. (2009) note that SOEs often report the lowest use of HRM practices, particularly for modern recruitment and training practices, PM systems, and incentive arrangements. However, caution should be exercised when generalising about labour and management practices. As Bartram et al. (2009) noted, SOEs have the highest observance of Occupational Health and Safety (OSH) laws (79%) and the highest rankings for workplace innovations such as quality management and productivity programs in Vietnam. The high concentration of OHS laws for SOEs seems to be evidence of recognition of the value of an employee, which may promote employees’ productivity and job satisfaction. Therefore, although SOEs do not have a sophisticated PM system, their employees may still be productive and have job satisfaction through OHS laws in place and may benefit from a retirement pension.

Despite these caveats about generalisations, these modern HRM practices, such as HR information system (HRIS), job descriptions, job rotation, performance management systems (PMS), 360-degree appraisals, work/life balance, and quality of work life (QWL), are not systematically applied in many domestic enterprises (Quang, 2006, p. 243). Quang (2006) notes that, where domestic managers have chosen to adopt and apply a Western standard of HRM, often the application is mechanistic rather than
based on any firm understanding or analysis of the underlying theory and concepts, and adds that typically there may be no explicit connection between the HRM strategy and the overall corporate strategy.

**2.4.4 Differences regarding specific areas of HRM**

This section, which focuses on the key differences between HRM practices of MNEs and domestic enterprises in Vietnam, mainly discusses the roles of HRM within organisations, recruitment and selection (R&S), training and development (T&D), performance management (PM), and the reward systems (RS).

**Corporate roles of HRM**

The corporate roles of HRM are the recognition of the functions of the HRM department/personnel department within an organisation. This differs from one type of ownership to another, indicating the different perspectives of HRM practice as well as the recognition of its importance within an organisation.

The public sector, including SOEs and government agencies, believe that HRM or employment relations are beyond the responsibility of the Administrative and Personnel Department ("Phong Hanh chinh va nhan vien"), whose main functions resemble policing rather than efficient and effective issue of resources, so they seek to control a labour force more than commit to managing people. Also, HRM policies and practices neither reflect nor are included in the corporate strategy (Quang, 2006, p. 249). In contrast, MNEs are more likely to establish an HRM department with professional HRM activities, carrying out the international standards communicated from headquarters (Quang & Thang, 2004, p.183).

Bartram et al. (2009) and Thang and Quang (2005b) also noted that SOEs emphasise the functions of security and health and safety at work, considered as a basic function of the HRM/Personnel Department, while HRM departments in MNEs focus more on recruitment and benefits administration that are more sophisticated and profitable for MNEs. Of the many reasons why HR managers of SOEs do not use the full capacity of the HRM/ Personnel Department, one of the most important relates to the Vietnamese culture guiding Vietnamese companies, especially SOEs, to operate according to the “harmony of long-term relationship and mutual responsibility” (Thang & Quang, 2005b), as “a corporate family” (gia dinh dong tam) with “corporate face”
(Kamoche, 2001). ESOEs utilize the HRM department as much as SOEs, while POEs are generally lower than in SOEs in their usage of a range of the major functions. The only minor difference between ESOEs and SOEs is that ESOEs involve “the provision of business consultation for management” less than in SOEs (Thang & Quang, 2005b, p. 34).

Most heads of HRM/ Personnel Department are assigned based on trust and loyalty, not on personal merit; therefore, their required knowledge and competency in general management principles, law, and social sciences such as psychology and sociology are weak and inadequate (Quang & Heijden, 2009, p. 29).

The differences in the roles of HRM in MNEs and domestic enterprise are summarised by Quang and Thang (2004, p. 183):

- **In SOEs:** though SOEs hold a dominant position in the economy and enjoy privilege from government, the HRM effectiveness of the majority of SOEs is less sophisticated and far from the desired level. Due to management incompetence and high resistance to change, the current HRM system has been improved very little.

- **In POEs:** many of the POEs are at the start-up phase and run by young, dynamic, and flexible entrepreneurs who are eager to learn and willing to work better. However, they do not have sufficient managerial and strategic experience, especially in the area of HRM. Therefore, the role of HRM is not well developed.

- **In MNEs:** MNEs stand out for having the most advanced HRM practices. The HRM department is usually established, and professional HRM activities are carried out following international standards which are mostly determined from the headquarters (Quang & Thang, 2004, p. 183).

Though Quang and Thang (2004) compare the differences among domestic enterprises, they did not mention ESOEs. This current research will strengthen understanding of the roles of HRM and will explore ESOEs by examining the HRM practices of different ownership types in the context of post-WTO. Previous studies were mainly done before Vietnam joining the WTO in 2007. It is expected that, domestic enterprises would improve their HRM practices to suit the changes of business environment in Vietnam post-WTO. Being a member of WTO has brought some opportunities for Vietnam to improve the legal system and economy, as well as the business environment, and to
expand the market internationally (Dung, 2016). More FDIs have been invested in Vietnam, bringing technology and international cooperation as well as foreign experts, and creating more domestic and international jobs for the Vietnamese labour market (Dung, 2016). Such changes in the Vietnam economy and business environment may lead to change in HRM practices in different ownership types.

**Recruitment and selection (R&S)**

**Differences in the R&S process among types of ownership in Vietnam:** The difference between MNEs and local enterprises (i.e., SOEs, ESOEs, POEs) in R&S, as explained by Thang and Quang (2005b) is that the former tend to be more dynamic and more active than the latter. For some time, MNEs have recognized that R&S can have a positive or a negative impact on the quality of human resources. Therefore, much time and effort are invested in improving the R&S process to facilitate the employment of the most suitable people for the job. To guarantee newly qualified employees match job requirements, MNEs are likely to implement policies that predict future recruitment needs and ensure that the number of employees is the same as the number of jobs. In this way, MNEs attempt to avoid imbalances in recruitment and have an advantage over domestic enterprises in obtaining and retaining quality personnel for new positions whenever they arise.

The R&S processes of MNEs are planned well with clear objectives. Under such circumstances, R&S based on “word of mouth” is less likely to occur in MNEs than in some local enterprises. Moreover, MNEs from various countries have different R&S processes to reflect the typical characteristics of their nation. For instance, the two biggest investors in Vietnam – Japan and the US – have differing recruitment practices. Japanese MNEs are said to recruit people with advanced skills; however, to meet work demands they tend to retrain the new employees to meet the specific requirements. Unlike Japanese MNEs, the US MNEs often tend to recruit new staff who can work immediately without the need for specialist training. Hence, the R&S process is characterised significantly by the country-of-origin of MNEs.

In contrast to MNEs, SOEs struggle with “overstaffing problems and low productivity” (Kamoche, 2001), which frequently occur as a result of current mandatory retirement age policy, as there is a high ratio of senior workers who have never retrained during their working life, but who are employed until their retirement. These senior
workers seem to rely more on their experience than on upgrading skills (Bartram et al., 2009; Kamoche, 2001). ESOEs are reported to pay more attention to R&S than SOEs. This is due to the need to employ more staff and the recognition of the importance of the quality of human resources for their effective operation, resulting in more profit and seeking growth opportunities (World Bank, 2002; Thang & Quang, 2005b). In contrast, POEs are less likely to invest in a R&S process than SOEs and tend not to formalize the activity. POEs still depend significantly on low-cost channels, recruiting the people they may know personally for open positions (Thang & Quang, 2005b).

In sum, the recruitment process of MNEs proves to be more advanced than that of the other ownership types.

**Recruitment methods among MNEs, SOEs, POEs, and ESOEs in Vietnam:** To obtain and maintain quality human capital, each ownership model adopts its specific methods. SOEs trust people recommended through close relationships more than MNEs. Therefore, the R&S process of SOEs is always affected by factors such as “word-of-mouth” or “relationship” or consideration of family and social background. Such recruitment processes may not be consistent with business goals (Kamoche, 2001). It is expected that in the post-WTO period, SOEs would adopt new ways of recruitment besides their traditional process. For example, it is expected that some SOEs may choose to publish their job advertisements broadly on their enterprise’s website or recruitment websites such as careerjet.com.vn, vietnamwork.com.vn, and vieclam.com.vn, as well as through traditional job advertisement on TV or in newspapers. This expectation that e-recruitment for SOEs would be popular after joining the WTO is a topic for investigation.

In comparison to SOEs, MNEs have a better understanding that human resources are central to productivity and the success of their enterprises, enabling them to stay competitive and acquire business advantages. MNEs have a greater tendency to concentrate on seeking the most appropriate human resources for their business strategy. Therefore, MNEs make use of a greater range of recruitment tools including placement agencies, professional search enterprises, and advertisements in newspapers or magazines and the Internet (Quang, 2006).

However, the use of internship opportunities to help inexperienced employees become accustomed to the business environment and their jobs is more extensive in SOEs, while many MNEs require people to be work ready. This approach to recruitment by MNEs may offer inexperienced employees less opportunity to be
employed in the positions that suit their background. Therefore, it seems that MNEs pay attention to employee capabilities at the point of R&S; alternatively, people-job-fit could be the first choice of MNEs.

Differences exist in the application of recruitment methods between MNEs and domestic enterprises, resulting in an uneven level of effectiveness in the search for a job-qualification best match and a quality workforce (Thang & Quang, 2005b; Quang, 2006). However, domestic enterprises do not pay much attention to orientation and placement activities, which can result in misunderstanding of the company’s goals and operation objectives, causing low commitment to the job or a poor match between job and qualification (Quang, 2006). Therefore, it is expected that domestic enterprises would improve the orientation and placement activities to suit the changing business environment of the post-WTO period.

Selection techniques of MNEs and domestic enterprises in Vietnam: Quang (2006) reported that some enterprises, especially MNEs, choose to modernise their methods to select the best candidates. New methods such as the application of appropriate tests, interviews to screen applicants, assessment centres, and selective “outsourcing” R&S services are applied in MNEs, which use appropriate tests and interviews to screen applicants to find the best candidates. As assessment centres are used to assess the leadership and problem-solving ability of potential managers, such selective “outsourcing” R&S services help increase the effectiveness of the process.

In part, due to the more rigorous R&S processes, the quality of a MNE workforce is possibly higher than that of local enterprises, and there is probably a greater tendency for the job requirements and company targets to be met. This comparison is illustrated in Table 2.4 below.

**Table 2.4. Effects of recruitment and selection (R&S) in different types of enterprises**

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Principle</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOEs</td>
<td>R&amp;S may not be based on the job requirements but on personal relationship and external intervention</td>
<td>Tendency for low quality, less effective, and increased redundant staff</td>
</tr>
<tr>
<td>POEs</td>
<td>R&amp;S procedure is applied, but not systematic and consistent</td>
<td>Tendency for normal to low-skilled employees, high turnover rate (especially in the marketing and IT areas)</td>
</tr>
<tr>
<td>MNEs</td>
<td>R&amp;S is usually based on job demand</td>
<td>Tendency to attract best candidates from R&amp;S, with them constituting a more effective and dynamic workforce</td>
</tr>
</tbody>
</table>

(Source: Quang, 2006, p. 244)
Others have noted that the selection process of MNEs and SOEs are described as bearing superficial resemblance as they frequently use the same formal methods, namely interviews and entrance examinations (Kamoche, 2001). The only difference in the defining feature of selection in SOEs, according to Kamoche (2001), is that SOEs select new employees based on the recommendation of existing employees or “rely on trusted contacts” or “the importance attached to long-term relationships”. This is a cultural factor amongst domestic enterprises, especially POEs, and should perhaps be respected because “the trusted contacts” recommended by existing employees are more likely to perform to ensure existing employees do not lose face. This practice of R&S has deep cultural roots and to varying degrees has become part of the culture of MNEs, restraining their intended practice. It is observed that this habit forces MNEs to make more effort to standardize procedures with regards to Western practices to counteract these constraints (Kamoche, 2001).

Quang’s (2006) suggestion concerning the use of selection techniques among ownerships in Vietnam is strengthened by a recent study by Zhu and Verstraeten (2013), who conducted a survey of 1282 managers in more than 300 companies. However, the domestic enterprises in that study tend to use different techniques from those outlined by Quang. They suggest that interviews, in general, are broadly employed by MNEs and the domestic enterprises, followed by CV analysis, and “try outs” (probationary periods). Table 2.5 illustrates the different selection methods across ownership types.

Table 2.5. The usage of selection methods across ownership types in Vietnam

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Use frequencies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Don’t know CV Interviews Tests References Try-outs Role play None</td>
</tr>
<tr>
<td>MNEs</td>
<td>1.4  74.7  94.3  54.2  41.8  62.9  15.1  .2</td>
</tr>
<tr>
<td>JVs</td>
<td>1.3  74.8  97.4  58.1  32.9  53.5  12.3  .6</td>
</tr>
<tr>
<td>SOEs</td>
<td>4.8  69.9  78.3  46.4  33.1  71.7  4.2  1.2</td>
</tr>
<tr>
<td>State-owned non-profit organisations</td>
<td>3  69.7  84.8  54.5  33.3  66.7  15.2  3.0</td>
</tr>
<tr>
<td>POEs</td>
<td>.2  72.1  90.8  48.7  32.3  68.9  9.8  .5</td>
</tr>
<tr>
<td>Frequencies for all types of companies</td>
<td>1.5  73.1  91.2  51.8  36.1  65.1  11.5  .5</td>
</tr>
</tbody>
</table>

(Source: Zhu & Verstraeten, 2013, p.160)

In summary, recruitment of MNEs utilises a range of modern techniques, compared to the relevance of the domestic enterprises on “word of mouth” or “relationship-based” or
consideration of family and social background. R&S techniques of MNEs and the domestic enterprises vary slightly, with the interview as the most popular selection technique of these enterprises. Because the reviewed articles were mainly published before ESOE policies had sufficient time to be implemented thoroughly – before Vietnam formally joined the WTO in 2007 and before the Global Financial Crisis (GFC) of 2008 – it could be expected that there would be some changes in the R&S of the domestic enterprises and MNEs. Whether the classic trio of a blend of CV, interview and referee checks (Scholarios, Lockyer & Johnson, 2003; Gustafsson, Edvardsson, Nickson, Warhurst & Dutton, 2005) is the R&S method utilised by both MNEs and domestic enterprises in Vietnam since the GFC should be considered.

Training and development (T&D)

**Overview of education issues in Vietnam:** The quality of labour sources in Vietnam, assessed to be lower than that of other countries in the same region, is graded 3.79 out of 10, and ranks 11 out of the 12 countries participating in the classification by the World Bank (Phan, 2011). In Ho Chi Minh City, for example, training and education barely meet the requirements of the labour market, resulting in an unsettled situation. For the whole of Vietnam, over 200,000 students graduate from universities and colleges each year. However, in an emerging economy such as Vietnam this is an insufficient supply of highly skilled labour. Even with appropriate qualifications, some graduates fail to gain jobs related to their field of study; a significant number are employed in areas unrelated to their field. At the same time large companies are reported to have a shortage of qualified personnel (Phan, 2011). Commenting on the results of a study of 335 enterprises taking part in the competition entitled “Vietnamese Star 2011”, many employers criticize the quality of new graduates, saying they are weak both in professional skills and knowledge, and in English ability. Many employers are indifferent to the new graduates because they expect to spend undue effort retraining them in basic skills such as word processing and the use of email through to work behaviors and communication (Chau, 2011). Such criticisms reflect badly on the training institutions.

The skilled labor shortage is not only due to education, but also is created by a lack of cooperation between universities, colleges and companies, which results in the current curricula not being related to practical training needs (Hargreaves et al., 2001). According to a study of HR management in Vietnam, only 3% of all companies have
cooperated with universities and colleges in recruitment (Chau, 2011). The shortage of HR is also due to a lack of formal and professional career guidance and counseling of students, who may first choose to study in unsuitable fields and then need to switch their career paths (Vo & Hannif, 2012), effectively wasting their previous training. The scarcity of labour market data causes difficulties in centrally planning for the skills and expertise that are most urgently needed. Consequently, training and education providers are not aware of the types and number of workers in demand (Vo & Hannif, 2012).

**Recognition of training and development among different ownerships:** The difference in HRM practices among MNEs and local enterprises regarding training and development (T&D) is noted through the extent to which it is recognised. MNE managers consider training as an investment and motivational tool and respond by providing various training activities whenever they found that their staff needed these to be able to meet performance standards (Thang & Quang, 2005b). However, training resources are not fully utilised by employees in MNEs due to language barriers, a significant obstacle to learning for the local labor force (Kamoche, 2001).

In contrast, domestic enterprises, especially SOEs, have a tendency to view training as an expense and believe that T&D are the central responsibility of the government. They also fear that their well-trained managers and workers might leave the organisation for better-paid jobs. Therefore, local companies, especially SOEs, have a tendency to invest less in training than MNEs (Thang & Quang, 2005b). On the other hand, even if SOEs recognise the relationship between T&D and business success (Thang and Quang, 2007), they are still likely to lack of fund to properly invest in training (Vo & Hannif, 2012). Nguyen and Bryant (2004) suggest that POEs consider training to be the responsibility of individuals, so 90% of the enterprises have not invested in training their employees.

**Training methods within different ownerships:** Different forms of enterprise have different approaches to training methods. Through a small survey across ownerships in Vietnam, Thang and Quang (2005b) revealed that on-site training methods were employed equally by MNEs, SOEs, POEs and ESOEs, with lectures and presentations, and video presentations more popular in MNEs and ESOEs than in SOEs. Conferences and workshops were less utilised in POEs than in SOEs.

Thang and Quang (2005b) suggested that, in contrast to on-site training methods, off-site training methods were less preferred by MNEs and POEs than
SOEs. Overseas training (e.g. specific skills training, professional training) was significantly employed by MNEs. SOEs paid more attention to short-course training, educational institutions, and financial aid for study than MNEs. Interestingly, POEs seldom chose off-site training methods, while ESOEs adopted the same approach as SOEs in selecting off-site training options. Table 2.6 illustrates the different training methods across ownership types.

### Table 2.6. Training methods across ownership types

<table>
<thead>
<tr>
<th>Function</th>
<th>MNEs</th>
<th>ESOEs</th>
<th>POEs</th>
<th>Value</th>
<th>Union</th>
<th>Size</th>
<th>Constant</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>On-site training methods</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On the job training</td>
<td>0.59</td>
<td>8.63</td>
<td>0.07</td>
<td>0.81b</td>
<td>0.12</td>
<td>-0.58</td>
<td>2.04</td>
</tr>
<tr>
<td>Conference/workshop</td>
<td>-0.11</td>
<td>-0.02</td>
<td>1.96a</td>
<td>1.54a</td>
<td>0.92</td>
<td>0.04</td>
<td>-7.70a</td>
</tr>
<tr>
<td>Lecture/presentation</td>
<td>1.07c</td>
<td>1.60a</td>
<td>-0.17</td>
<td>1.36a</td>
<td>0.98</td>
<td>0.68</td>
<td>-9.68a</td>
</tr>
<tr>
<td>Video presentation</td>
<td>1.36b</td>
<td>1.48a</td>
<td>0.16</td>
<td>1.22a</td>
<td>-0.81</td>
<td>1.2b</td>
<td>-10.13a</td>
</tr>
<tr>
<td>Orientation</td>
<td>0.38</td>
<td>0.15</td>
<td>-0.11</td>
<td>0.68b</td>
<td>0.29</td>
<td>0.79c</td>
<td>-3.57b</td>
</tr>
<tr>
<td>Mentoring</td>
<td>-0.45</td>
<td>-0.21</td>
<td>0.03</td>
<td>0.59c</td>
<td>-0.70</td>
<td>0.45</td>
<td>-1.82</td>
</tr>
<tr>
<td>Role-playing</td>
<td>0.82</td>
<td>-0.01</td>
<td>0.52</td>
<td>0.42</td>
<td>0.92</td>
<td>0.01</td>
<td>-5.00</td>
</tr>
<tr>
<td>Practice on models</td>
<td>0.27</td>
<td>-0.18</td>
<td>-0.60</td>
<td>1.05c</td>
<td>6.50</td>
<td>0.93</td>
<td>-9.25</td>
</tr>
<tr>
<td><strong>Off-site training options</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local conference</td>
<td>-0.40</td>
<td>0.06</td>
<td>-1.11</td>
<td>0.01</td>
<td>0.32</td>
<td>0.66c</td>
<td>-1.32</td>
</tr>
<tr>
<td>Short course training</td>
<td>-2.28a</td>
<td>0.25</td>
<td>-2.28b</td>
<td>0.79c</td>
<td>0.73</td>
<td>0.35</td>
<td>-1.12</td>
</tr>
<tr>
<td>Overseas conference</td>
<td>-0.31</td>
<td>-0.20</td>
<td>-1.86b</td>
<td>0.78d</td>
<td>0.73</td>
<td>1.18a</td>
<td>-7.41a</td>
</tr>
<tr>
<td>Overseas training</td>
<td>0.81c</td>
<td>-0.51</td>
<td>-1.53c</td>
<td>0.39</td>
<td>0.23</td>
<td>1.42a</td>
<td>-6.60a</td>
</tr>
<tr>
<td>Educational institutions</td>
<td>-3.09a</td>
<td>-1.25b</td>
<td>-2.92a</td>
<td>0.94a</td>
<td>-0.02</td>
<td>0.14</td>
<td>-4.43b</td>
</tr>
<tr>
<td>Financial aids for study</td>
<td>-1.62a</td>
<td>-0.14</td>
<td>-0.86c</td>
<td>0.58b</td>
<td>0.86</td>
<td>-0.43</td>
<td>-1.42</td>
</tr>
<tr>
<td>Study tours outside</td>
<td>-0.13</td>
<td>0.45</td>
<td>-0.40</td>
<td>0.41</td>
<td>-0.40</td>
<td>1.43a</td>
<td>-5.65a</td>
</tr>
</tbody>
</table>

(Source: Thang & Quang, 2005b, p 36)

Notes: *: $p < 0.01$

b: $p < 0.05$

c: $p < 0.1$

Cronbach’s $\alpha$ for HR value is 0.75.

** SOE is omitted benchmark ownership variable

A further study by Vo and Hanif (2012) suggests that MNEs use more advanced approaches for training, including e-learning, a combination of e-learning and manager-led, and on-the-job training. However, e-learning may not be an ideal method for Vietnamese employees as it lacks instructor interaction, and the employee may not have the knowledge base to use the company’s global resources effectively. The combination of e-learning with manager-led and on-the-job training proves to be more effective than traditional training options such as a single classroom or e-learning program (Vo & Hanif, 2012).

Though Quang and Thang (2005b) and Nguyen and Bryant (2004) have discussed the popular methods of training employed by MNEs and the domestic enterprises, further study is needed, as the existing results may not be applicable in the context of Vietnam post-WTO, with the changes in economy and business...
Moreover, Vo and Hanif (2012) focus on training of MNEs only. There is no in-depth comparison in training methods between the domestic enterprises and MNEs regarding employees and manager perspectives. Therefore, more in-depth studies are necessary to provide different perspectives in the global integration period of Vietnam, focusing not only on MNEs, but also SOEs, ESOEs and POEs.

*Trends in training and development among ownership types:* The tendency is that MNEs are more active in applying T&D practices than SOEs (Thang & Quang, 2005a). This is because MNEs consider T&D as a major strategic concern (Thang & Buyens, 2008). A factor in this is the shortage of highly skilled educated workers in the local labour market (Vo & Hannif, 2012). Since MNEs have struggled to recruit sufficient numbers of employees who meet their requirements and standards, they have been more motivated to invest in training. The quality and relevance of some domestic training programs are called into question by the observation that about 60% of those who graduate from training establishments need to be retrained for at least 6-12 months after being recruited (NesoVietnam, 2011). With this background in mind, MNEs invest heavily in training, especially career development for local managerial staff who are likely to become long-term employees and thus long-term assets. However, MNEs have constraints on transferring the managerial technologies due to weak or ineffective law enforcement in Vietnam. In theory, MNEs are provided with scope for integrating training into HRM systems and business strategies by law. Nevertheless, Vo and Hannif (2012) point out that MNEs are not willing to do so because local law and regulations link the degree of investment in training and developing human resources to the growth and goodwill of MNEs. Meanwhile, local enterprises invest less in training than MNEs in part because they believe that training is largely the responsibility of the central government. This results in a lack of training personnel and lack of facilities for training.

In summary, training is still an area requiring improvement and innovation in Vietnam. On-site training methods are applied equally by MNEs, SOEs, POEs and ESOEs whereas off-site training methods are mostly preferred by SOEs. Also, MNEs tend to invest more in their staff development than do domestic enterprises. However, little has been published that compares T&D between MNEs and domestic enterprises.
**Performance management**

**Differences between MNEs and domestic enterprises in performance management:** PM including performance appraisal is generally undertaken by both local enterprises (i.e., SOEs, ESOEs and POEs) and MNEs as “a useful tool aimed at achieving better levels of productivity and quality” (Quang, 2006, p.245). However, the level of PM recognition varies between the ownership types. For instance, following “the socialist principle of egalitarianism”, SOEs consider performance appraisal as “a management device aiming at harmony in the organisation rather than stimulating internal competition for progress” (Quang, 2006, p.246). Therefore, the form of peer or 360-degree evaluation which is planned centrally and implemented as the ‘annual emulation campaign’ (phong trao thi dua) is rated low in the acceptability and satisfaction of employees (Minh, 2005). According to Dessler (2005), 360-degree feedback is expanded from the idea of upward and peer feedback, where an employee is rated by supervisors, subordinates, peers, and internal or external customers. The failure of this method in the vast majority of the local enterprises is that the Vietnamese people highly value face-saving and feel reluctant to give others unfavourable assessments (Thang & Quang, 2005). Research by Kamoche (2001) asserts that it is hard to find advanced techniques such as 360-degree feedback pay systems applied by SOEs on a large scale; if applied, the staff may feel “undue pressure” to give a favourable assessment of colleagues. The reason is that the performance assessment of SOEs depends on agreement between the subordinates and managers, and the closeness of the relationship. Therefore, the vital role of performance appraisal in the management process has not been fully realized in SOEs (Kamoche, 2001).

Similarly, POEs are described as having an informal performance appraisal system (e.g., informal meetings, discussions without paperwork) due to lack of expertise or the time taken to complete the process, which can involve much effort (Vo & Dinh, 1997). In contrast, achievement of performance targets in MNEs has a tendency to be based on objective observation (Kamoche, 2011) together with “dialogue between employees and their superiors in combination with self-evaluation” (Quang, 2006, p.246). This is in line with standard processes implemented at the headquarters in their home countries (Pham, 2001). Therefore, MNEs use more advanced assessment tools and techniques such as 360-degree
feedback, balanced scorecards and forced distributions than those of SOEs (Vo & Stanton, 2011).

In short, the domestic enterprises tend not to emphasise the importance of PM whereas MNEs use advanced assessment tools and techniques. However, these results need to be reconsidered in a more current context due to the changing situation in Vietnam as a transitional economy.

Reward systems (RS)

**Differences in compensation and benefits among ownership types in Vietnam:**
According to the Labour Code (in 1994, amended in 2002, 2006, 2007 and 2012) companies can apply different preferences for rewarding employees within the legal framework. Therefore, there are some slight differences in RS among the four ownership types.

Though MNEs and POEs can utilise their reward system, MNEs are more active in this practice. Thang and Quang (2005b) suggest that MNEs have standardized RS, such as pay relating to individual merit, whereas POEs are at the very early stages of developing compensation practices because of the emphasis on cost-saving. It has been reported that POEs may have a tendency to avoid the social insurance contribution by delaying signing labour contracts with their employees. It is reported that 60% of their employees work without any signed contract (Dau Tu, 2003).

The SOEs’ compensation and benefits system used to be strictly determined by the Vietnamese Government in the “pre-open” period. After the reform in the 1990s, SOEs were allowed, for the first time, to apply pay levels according to their ability to pay (Zhu & Fahey, 1999). Kamoche (2001) adds that SOEs tend to work within a complex set of policies and tend to vary widely in their pay systems, especially in managing costs. However, “the remuneration in SOEs is still heavily constrained by egalitarian philosophy, which limits innovation in pay differentials” (Quang & Thang, 2005b, p.31).

ESOEs are not allowed to unilaterally decide compensation issues even though they are self-dependent business entities. They are required to register their pay systems with the Department of Finance, the Department of Enterprise Supervision,
and DOLISA (the Department of Labour, Invalids and Social Affairs) (Quang, 2002). This might prevent them from applying innovative policies in payment systems, as also occurs in SOEs.

In comparing MNEs with SOEs and POEs in compensation structures, MNEs are more progressive in their pay practices (Thang & Quang, 2005b). For example, employees at management and non-management levels in SOEs are more likely to have bonuses in the form of holidays. In contrast, those who work for MNEs and POEs often have an extra month’s salary as a bonus. The level of bonus is decided at the end of the year, based on individual performance. Nevertheless, managers of POEs are not rewarded with incentive pay to the extent of SOEs (Thang & Quang, 2005b). Merit pay is also more significantly recognized by MNEs than by SOEs.

Thang and Quang (2005b) suggest that employees in MNEs gain more benefits than those in SOEs. For example, the policies of free transportation or transport allowance, 24-hour-accident insurance, and parental leave for male employees are found to apply more broadly in MNEs. Thang and Quang (2005b) indicate that SOEs and ESOEs appear to be equal in their benefits policies, while POEs are less likely to include funeral coverage and periodical health examinations in their benefits than SOEs. Table 2.7 compares the level of usage of compensation and benefits among the four types of ownership.

Differences in HRM practices between MNEs and domestic enterprises in Vietnam remain worthy of more research because existing findings may have changed as a result of the influence of membership of Vietnam in the WTO in 2007 and the global financial crisis of the 2007-2009 period, as well as the effectiveness of equalisation laws of SOEs. The first research question in this current research seeks to explore how different ownership types influence HRM practices:

RQ1. How do differing ownership types affect the adoption of HRM practices in Vietnam?
Table 2.7. Comparison of compensation and benefit across ownership types

<table>
<thead>
<tr>
<th>Function</th>
<th>Foreign</th>
<th>Equitised</th>
<th>Private</th>
<th>Value</th>
<th>Union</th>
<th>Size</th>
<th>Constant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation for management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of living allowance</td>
<td>0.21</td>
<td>0.35</td>
<td>-0.44</td>
<td>0.32</td>
<td>0.67</td>
<td>-0.25</td>
<td>-2.08</td>
</tr>
<tr>
<td>Incentive pay</td>
<td>-0.27 b</td>
<td>0.62 c</td>
<td>-0.96 c</td>
<td>0.62 b</td>
<td>0.23</td>
<td>0.47</td>
<td>-2.54</td>
</tr>
<tr>
<td>Merit pay</td>
<td>1.00 b</td>
<td>0.71</td>
<td>0.54</td>
<td>0.23</td>
<td>-0.47</td>
<td>0.61</td>
<td>-1.78</td>
</tr>
<tr>
<td>Bonus on holidays</td>
<td>-8.16</td>
<td>-1.31 c</td>
<td>1.09 a</td>
<td>0.39</td>
<td>0.11</td>
<td>-1.23</td>
<td>-1.80 a</td>
</tr>
<tr>
<td>Inflation-adjusted allowance</td>
<td>0.53</td>
<td>-0.12</td>
<td>-0.16</td>
<td>0.51</td>
<td>0.02</td>
<td>0.41</td>
<td>-4.71 c</td>
</tr>
<tr>
<td>13th + month salary</td>
<td>3.08 a</td>
<td>0.82 c</td>
<td>1.60 b</td>
<td>0.02</td>
<td>-1.52 b</td>
<td>0.30</td>
<td>0.94</td>
</tr>
<tr>
<td>Compensation for non-management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of living allowance</td>
<td>0.35</td>
<td>0.11</td>
<td>0.47</td>
<td>0.41</td>
<td>0.42</td>
<td>-0.39</td>
<td>2.02</td>
</tr>
<tr>
<td>Incentive pay</td>
<td>-0.54 b</td>
<td>0.58 b</td>
<td>-0.91</td>
<td>0.70 b</td>
<td>0.10</td>
<td>0.68</td>
<td>-3.39 c</td>
</tr>
<tr>
<td>Merit pay</td>
<td>1.02 b</td>
<td>0.42</td>
<td>0.60</td>
<td>0.17</td>
<td>-0.43</td>
<td>0.56</td>
<td>-1.16</td>
</tr>
<tr>
<td>Bonus on holidays</td>
<td>-1.95 a</td>
<td>8.28 a</td>
<td>-1.31 c</td>
<td>1.23 a</td>
<td>0.56</td>
<td>0.05</td>
<td>-1.65</td>
</tr>
<tr>
<td>Inflation-adjusted allowance</td>
<td>0.60</td>
<td>-0.09</td>
<td>0.18</td>
<td>0.64</td>
<td>-0.03</td>
<td>0.49</td>
<td>5.49 b</td>
</tr>
<tr>
<td>13th+ month salary</td>
<td>2.92 a</td>
<td>0.79</td>
<td>1.26 b</td>
<td>-0.06</td>
<td>-1.17</td>
<td>0.27</td>
<td>1.23</td>
</tr>
<tr>
<td>Benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social insurance</td>
<td>8.57</td>
<td>105</td>
<td>-0.12</td>
<td>0.51</td>
<td>8.48</td>
<td>1.28</td>
<td>-0.43</td>
</tr>
<tr>
<td>Medical insurance</td>
<td>8.67</td>
<td>1.10</td>
<td>0.60</td>
<td>0.25</td>
<td>7.70</td>
<td>0.41</td>
<td>2.88</td>
</tr>
<tr>
<td>Clinic service</td>
<td>0.36</td>
<td>0.06</td>
<td>-0.91</td>
<td>0.59 c</td>
<td>0.28</td>
<td>0.53</td>
<td>-4.90 a</td>
</tr>
<tr>
<td>Childbirth payment</td>
<td>-0.36</td>
<td>-0.09</td>
<td>0.26</td>
<td>0.48 c</td>
<td>-0.04</td>
<td>0.39 b</td>
<td>-4.00 b</td>
</tr>
<tr>
<td>School allowance</td>
<td>0.21</td>
<td>-0.72</td>
<td>0.13</td>
<td>1.67 b</td>
<td>-0.72</td>
<td>-0.07</td>
<td>9.42 b</td>
</tr>
<tr>
<td>Free transportation</td>
<td>1.91 a</td>
<td>0.07</td>
<td>-0.21</td>
<td>1.19 c</td>
<td>-0.38</td>
<td>1.08 c</td>
<td>10.43 a</td>
</tr>
<tr>
<td>Funeral coverage</td>
<td>-0.42</td>
<td>0.28</td>
<td>-1.22 b</td>
<td>0.33</td>
<td>0.56</td>
<td>-0.28</td>
<td>1.41</td>
</tr>
<tr>
<td>24h accident insurance</td>
<td>0.77 c</td>
<td>0.50</td>
<td>-0.58</td>
<td>0.68 b</td>
<td>0.15</td>
<td>-0.11</td>
<td>-2.90 c</td>
</tr>
<tr>
<td>Company products (discount)</td>
<td>0.64</td>
<td>0.80</td>
<td>1.04</td>
<td>-0.39</td>
<td>-0.16</td>
<td>0.33</td>
<td>-0.88</td>
</tr>
<tr>
<td>Childbirth days off for men</td>
<td>2.41 a</td>
<td>1.03</td>
<td>1.03</td>
<td>0.41</td>
<td>1.15 c</td>
<td>-0.58</td>
<td>-2.65</td>
</tr>
<tr>
<td>Free lunch (or allowance)</td>
<td>0.61</td>
<td>-0.38</td>
<td>0.18</td>
<td>-0.16</td>
<td>-1.12</td>
<td>-0.05</td>
<td>2.33</td>
</tr>
<tr>
<td>Sports activities</td>
<td>-0.74</td>
<td>0.25</td>
<td>-0.70</td>
<td>0.76 a</td>
<td>-0.37</td>
<td>0.77 c</td>
<td>4.30 a</td>
</tr>
<tr>
<td>Excursion or holidays</td>
<td>-0.29</td>
<td>-0.37</td>
<td>-0.28</td>
<td>0.68 b</td>
<td>-1.08 c</td>
<td>0.68</td>
<td>2.78</td>
</tr>
<tr>
<td>Interest-free loan</td>
<td>-0.74</td>
<td>-0.12</td>
<td>-0.26</td>
<td>0.38</td>
<td>-1.20</td>
<td>-0.33</td>
<td>1.49</td>
</tr>
<tr>
<td>Periodical health exam</td>
<td>-0.13</td>
<td>0.13</td>
<td>-1.73 a</td>
<td>0.39</td>
<td>-0.54</td>
<td>0.69</td>
<td>2.14</td>
</tr>
</tbody>
</table>

(Source: Thang & Quang, 2005b, p. 38)

Notes*: a: p < 0.01; b: p < 0.05; c: p < 0.1
Cronbach’s α for HR value is 0.75.
** SOE is omitted benchmark ownership variable

2.4.5 Impact of HRM differences on company and employee outcomes

This section focuses on how HRM practices of different ownership types influence enterprise performance. It also discusses the relationship between HRM practices and employee performance.

2.4.5.1 The relationship between HRM practices and enterprise performance

Many studies examine the effects of HRM practices on enterprise performance in high and middle-income countries including Canada, China, France, Korea, the US, and the UK. Table 2.8 and Table 2.9 illustrate the empirical evidence of this relationship in developed and newly industrialized, middle-income and transitional economies.

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Table 2.8. Empirical evidence of the relationship between HRM practices and enterprise performance in developed economies

<table>
<thead>
<tr>
<th>Country</th>
<th>Researchers</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>Snell &amp; Youn (1995)</td>
<td>(+) effect of HRM systems based on input control on enterprise performance</td>
</tr>
<tr>
<td>US</td>
<td>Delery &amp; Doty (1996)</td>
<td>(+) impact of some HRM practices on enterprise performance</td>
</tr>
<tr>
<td>US</td>
<td>Delaney &amp; Huselid (1996)</td>
<td>(+) impact of training and staffing selectivity on enterprise performance</td>
</tr>
<tr>
<td>UK</td>
<td>McNabb and Whitfield (1997)</td>
<td>(+) joint effect of union presence and both flexibility and team working on financial performance</td>
</tr>
<tr>
<td>UK</td>
<td>Lai et al., (2016)</td>
<td>(+) impact on SME performance</td>
</tr>
<tr>
<td>UK</td>
<td>Saridakis et al., (2016)</td>
<td>Complementary HRM practices has stronger effect on firm performance than individual HRM practices</td>
</tr>
<tr>
<td>France</td>
<td>D’Arcimoles (1997)</td>
<td>Training expenses may have some important effects on enterprise performance</td>
</tr>
<tr>
<td>Finland</td>
<td>Lahteenmaki et al., (1998)</td>
<td>The strong impact of the economic situation on the connection between HRM and the enterprise performance</td>
</tr>
<tr>
<td>New Zealand</td>
<td>Guthrie (2001)</td>
<td>(+) association between use of high-involvement work practices and employee retention and firm productivity</td>
</tr>
<tr>
<td>Japan</td>
<td>Kate &amp; Morishima (2002)</td>
<td>No evidence of significant productivity gains from changing the industrial relations system from the traditional system to any intermediate system that lacks HRM practices in any one of the three key areas</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Boselie et al., (2001)</td>
<td>There are possibilities for including the institutional setting in theoretical frameworks in order to have a fuller coverage of the relationship between HRM and performance</td>
</tr>
</tbody>
</table>

(Source: developed by the researcher)

Table 2.9. Empirical evidence of the relationship between HRM practices and enterprise performance in newly industrialized, middle-income and transitional economies

<table>
<thead>
<tr>
<th>Country</th>
<th>Authors</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea</td>
<td>Bae and Lawler (2000)</td>
<td>(+) effect on enterprise performance</td>
</tr>
<tr>
<td>Korea, Taiwan, Singapore, &amp; Thailand</td>
<td>Bae et al. (2003)</td>
<td>(+) effect on enterprise performance, greater impact on firm performance in domestic enterprises than in MNE subsidiaries</td>
</tr>
<tr>
<td>Israel</td>
<td>Tzafrir (2005)</td>
<td>(+) significant impact of training, employee participation and ILM on enterprises performance</td>
</tr>
<tr>
<td>Greece</td>
<td>Panayiopoulou et al. (2003)</td>
<td>When HRM is consistent with the competitive strategy, it has significant effects on financial performance</td>
</tr>
<tr>
<td>Russia</td>
<td>Fey &amp; Borjikman (2001)</td>
<td>(+) relationship between area of HRM and firm performance only for non-managers.</td>
</tr>
<tr>
<td>Russia</td>
<td>Fey et al. (2009)</td>
<td>Different HRM practices are preferable in different countries, and that motivation and ability are important mediating variables in the HRM-MNEs performance relationship</td>
</tr>
<tr>
<td>China</td>
<td>Bjorkman &amp; Xiucheng (2002)</td>
<td>(+) effect of HRM practices and HRM strategy integration on enterprise performance</td>
</tr>
<tr>
<td>Thailand</td>
<td>Tangthong et al. (2015)</td>
<td>(+) effect on enterprise performance</td>
</tr>
</tbody>
</table>

(Source: developed by the researcher)
The research on the relationship between HRM practices and performance has been conducted mainly in the US, closely followed by Europe and East Asia. Most of the studies are based on empirical evidence (as shown in Tables 2.8 & 2.9). The link between HRM practices and enterprise performance is still under-theorised and not well understood (Fleetwood & Hesketh, 2008). In most cases, especially in South East Asia (including Vietnam), researchers have not used any intermediate step to establish the influence of HRM practices on performance. For example, Thang and Quang (2005a) investigate the direct impact of HRM practices on enterprise performance, considering this relationship to be controlled by HR values and ownership types. Employee outcomes were not included in their study. Therefore, the current research aims to address the weak theoretical underpinnings of extant research regarding HRM practices and employee outcomes, specifically in Vietnam. In this research, the adoption of HRM practices in Vietnam is examined regarding the RBV (Barney, 2001; Barney & Wright, 1998; Deler & Shaw, 2001), and the effects of HRM practices on employee outcomes will be examined.

2.4.5.2 The relationship of HRM practices, employee outcomes, and enterprise performance in Vietnam

A small body of literature considers HRM practices and performance in Vietnam (e.g. Dang, Dung, Phuong & Vinh, 2016; King-Kauanui et al., 2006; Thang & Bryant, 2004; Thang & Quang, 2005a; Thang & Buyens, 2008; Pham, 2011; Vo & Stanton, 2011).

Thang and Bryant (2004) focused on the influence of formal HR practices on enterprise performance. These authors discuss how HR management in SMEs in Vietnam needs to relate the formal and informal aspects of their policies and culture, where the formal aspects (HR formality) include documenting, systemising, and institutionalising practices. Thang and Bryant (2004) found three HR formalities were commonly adopted in their study: the presence of an HRM specialist, written criteria for hiring, and written criteria for performance appraisal. HR formality has been studied using a quantitative approach, but this concept has not been investigated in Vietnam. Their survey tested the level of formality as HRM practices. The results suggest two main points: that the bigger enterprises among SMEs will tend towards adopting formal HR practices; and that there is a positive relationship between HR formality and the owners’ perceptions of enterprise performance.
Thang and Quang (2005a) extend the empirical research in Vietnam by examining the impact of HRM practices on organisational effectiveness in developing and transitional economy countries. The results suggest that information exchange, PM, and T&D were significantly positively associated with market performance, leading to their suggestion of a potential process for developing Vietnamese use of HRM practices (Thang & Quang, 2005a).

In another study, King-Kaunai et al. (2006) investigated the impact of three HRM practices in Vietnam including training, performance appraisal system and incentive pay on firm performance to determine if results mirror those obtained in the more highly developed economies of the West. A survey with 200 manufacturing SMEs in Hanoi was conducted. The results showed that training, performance appraisal, and incentive compensation have positive effects on performance of Vietnamese SMEs, with incentive compensation having the greatest impact (King-Kaunai et al., 2006).

Thang and Buyens (2008) examined the relationship between training, organisational strategy and enterprise performance. Their survey included 196 domestic enterprises from several industries, both manufacturing and non-manufacturing companies. These enterprise ownership types were not the main focus of the analysis, so there is no apparent distinction based on ownership. Actual financial data of firm performance including productivity and firm sales were collected. Thang and Buyens (2008) found no significant moderating effects of cost strategy on the training – firm performance relationship.

Vo and Stanton (2011) explore how MNEs localise their human resources within their subsidiaries in a developing country, using a focus on employee PM. Qualitative research methods. According to Vo and Stanton (2011), the US MNEs utilise a wide range of PM management tools and techniques that are unfamiliar in Vietnam and possibly considere incompatible with Vietnamese culture, however, they have been transferred successfully to the subsidiaries in Vietnam. By contrast, the PM approach of the Japanese MNE is characterised by a more informal form of regular performance review, within a strictly top-down process, however, such PM system are not welcome by Vietnamese employees. Vo and Stanton (2011) propose that the transitional period in Vietnam has made the national business system more receptive to new and seemingly contrasting HRM practices. However, their findings reveal no evidence to support the argument that the transfer of practices would be more likely, where the cultures of the countries involved are relatively similar (Vo & Stanton, 2011).
Pham (2011) focuses on HRM practices and their influences on enterprises’ financial performance. The method employed in this study includes the use of questions and hypotheses and there was no actual evidence of the relationship between the HRM practices and ESOEs’ financial performance. Therefore, there was no actual finding on the issue. Nevertheless, Pham (2011) maintained that HR practices influence positively financial performance of ESOEs.

Finally, Dang et al. (2016) investigated the relationship between HRM practices (i.e., training and incentive system) and enterprise performance in Vietnam. The study used a panel sample of manufacturing POEs from surveys between 2009 and 2013, jointly conducted by the University of Copenhagen, General Statistics Office (GSO) of Vietnam, Vietnamese Institute of Labor Science and Social Affairs (ILSSA), and Central Institute for Economic Management (CIEM) of Vietnamese Ministry of Investment and Planning. Ordinary Least Square estimation procedure and regression were employed for data analysis. The results of their research confirmed that training improves enterprises outcomes and there is no significant relationship between incentive systems and enterprise outcomes.

These articles, which are summarized in Table 2.10 below, emphasise the similarity and differences between HRM practices and performance. As can be seen, Dang et al. (2016), Thang and Quang (2005a), King-Kauanui et al. (2006), Pham (2001) and Zhu and Verstraeten (2013) focus on bundles of HRM practices, while the rest are single HRM practices. Only Thang and Quang (2005a) include all types of ownership such as MNEs, SOEs, ESOEs, and POEs in their studies. The others studied either a single type of ownership or demonstrated no apparent distinction based on ownership. The first four articles (Thang & Bryant, 2004; Thang & Quang, 2005a; King-Kauanui et al., 2006; Thang & Buyens, 2008) use surveys; the second article (Thang & Quang, 2005a) uses factor analysis and regression in the data collection. The third (King-Kauanui et al., 2006) and fourth articles (Thang & Buyens, 2008) apply actual data, but the sixth (Pham, 2001) merely focuses on propositions. The last article (Dang et al., 2016) used a quantitative method with secondary data.

Thang and Bryant (2004) conclude that the formality of HR practices is positively related to enterprise performance. Thang and Quang (2005a) state that information exchange, PM, and T&D are significantly positively related to market performance. In addition, King-Kauanui et al. (2006) believe that training, performance appraisal, and incentive pay have a positive impact on enterprise performance. Dang et al. (2016)
confirm that training improves enterprise outcomes. Thang and Buyens (2008) suggest that training and firm performance are moderated by organisational strategy. Furthermore, Vo and Stanton (2011) indicate that HRM practices from Japanese MNEs are not easily accepted by Vietnamese employees despite there being some similarities in culture. In contrast, the HRM practices of the US MNEs are well received by the Vietnamese employees.

Though Bartram et al. (2009) study the similarities and differences of HRM practices of three different ownership types (i.e., SOEs, POEs, MNEs) they do not focus on the relationship between HRM practices and employee outcomes. Besides, their area of research is small, concentrating on one area (i.e., Hanoi).

While Zhu and Verstraeten (2013) concentrate on HRM practices of different ownership types (POEs, SOEs & MNEs), Stanton and Pham (2014) focus on employee PM of a SOE, a MNE (French), and a POE. Cox and Warner (2013) deliberate on HRM practices in term of T&D, especially among MNEs. Bartram et al. (2009) does not include ESOEs in their study and does not consider the relationship between HRM practices and enterprise performance or employee outcomes in their research.

In short, the existing research focuses on the relationship between HRM practices and enterprise performance only. To date, there has not been any research specifically concerning the link between HRM practices and employee outcomes in Vietnam, especially related to various ownership types. Thus, the current research adds to the extant literature in that it will focus on the link between HRM practices (including R&S, T&D, PM, RS and the perceived role of HRM) and employee outcomes in four ownership types including SOEs, ESOEs, FOEs, and MNEs. This addresses the second research question below:

RQ2. To what extent do HRM practices in Vietnam affect employee job satisfaction and employee performance?

The current research is significant in that it not only examines a range of HRM practices and relationships to employee outcomes, but it does so across all the major ownership types in Vietnam. The RBV, which will be discussed in the following section, is the theory that guides in the investigation of such a relationship. Moreover, it is possible that different enterprises utilise HRM practices differently due to the level of adaptation of a RBV approach.
Table 2.10. Recent empirical studies of the relationship between HRM practices and enterprise performance in Vietnam

<table>
<thead>
<tr>
<th>Authors</th>
<th>Areas of HRM</th>
<th>Enterprises studied</th>
<th>Methods</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thang &amp; Bryant, 2004</td>
<td>• HR formality</td>
<td>• 89 service SMEs (with fewer than 200 employees, no more than 10 years old) in Hanoi</td>
<td>• Questionnaire survey</td>
<td>• Most common adopted practices: (1) presence of HRM specialist, (2) written criteria for hiring, (3) written criteria for performance appraisal.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Perceptual measures: self-reported ratings, including ratings for enterprise performance</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• One-step mailing approach, follow-up phone calls</td>
<td></td>
</tr>
<tr>
<td>Thang &amp; Quang, 2005a</td>
<td>• Information exchange</td>
<td>• 137 large enterprises (with 100+ employees) in HCMC</td>
<td>• Questionnaire survey</td>
<td>• Information exchange, PM, and T&amp;D are significantly positively related to market performance.</td>
</tr>
<tr>
<td></td>
<td>• PM</td>
<td></td>
<td>• Perceptual measures of organisational effectiveness and market performance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Training &amp; development</td>
<td></td>
<td>• Two-step mailing approach</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Group orientation</td>
<td></td>
<td>• Factor analysis, hierarchical multiple regressions, general linear regressions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Retention management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>King-Kauanui et al. 2006</td>
<td>• Training, performance appraisal,</td>
<td>• 200 manufacturing SMEs in Hanoi</td>
<td>• Questionnaire survey</td>
<td>• The 3 HRM areas studied have positive impact on enterprise performance.</td>
</tr>
<tr>
<td></td>
<td>• incentive pay</td>
<td>• POEs only</td>
<td>• Perceptual measures: self-reported ratings, including ratings for enterprise performance</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Factor analysis and regressions</td>
<td></td>
</tr>
<tr>
<td>Thang &amp; Buyens, 2008</td>
<td>• Training</td>
<td>• 196 companies</td>
<td>• Questionnaire survey</td>
<td>• Organisational strategy moderates the relationship between training and enterprise productivity and sales.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Only domestic enterprises</td>
<td>• Hierarchical ordinary least squares regression analysis</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• No apparent distinction based on ownership</td>
<td>• Actual financial data: productivity and sales</td>
<td></td>
</tr>
<tr>
<td>Vo &amp; Stanton, 2011</td>
<td>• Employee PM</td>
<td>• Focus on MNEs from Japan (4) and the US (4)</td>
<td>• Qualitative research methods</td>
<td>• In spite of the similarity in culture, Japanese top-down appraisal practices are not well received.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• 129 interviews, over 6 years</td>
<td>In the US MNEs, the practices of 360-degree feedback and upward rating are warmly welcomed.</td>
</tr>
<tr>
<td>Authors</td>
<td>Areas of HRM</td>
<td>Enterprises studied</td>
<td>Methods</td>
<td>Findings</td>
</tr>
<tr>
<td>-----------------------------</td>
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<td>-------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Pham, 2011</td>
<td>• HRM Planning</td>
<td>• Focus on Equitised SOEs only</td>
<td>• Framework for posing questions and hypotheses</td>
<td>• No finding yet</td>
</tr>
<tr>
<td></td>
<td>• Performance-based</td>
<td></td>
<td>• No actual evidence as yet</td>
<td></td>
</tr>
<tr>
<td></td>
<td>compensation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Training</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Performance appraisal</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zhu &amp; Verstraeten, 2013</td>
<td>• Recruitment &amp; Selection</td>
<td>• 1282 managers, more than 300 companies</td>
<td>• Questionnaire survey</td>
<td>• MNEs and JVs are leading the changes of HRM practices</td>
</tr>
<tr>
<td></td>
<td>• Performance evaluation</td>
<td></td>
<td>• Chi –square test, a Cramer’s V measure</td>
<td>• Private enterprises improved their HRM practices rapidly</td>
</tr>
<tr>
<td></td>
<td>• Training</td>
<td></td>
<td></td>
<td>• No investigation into the relationship between HRM practices and enterprise performance</td>
</tr>
<tr>
<td></td>
<td>• Salary &amp; Incentive</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cox &amp; Warner, 2013</td>
<td>• Training &amp; development</td>
<td>• 3 MNEs from the US, 3 MNEs from Japan</td>
<td>• Qualitative method</td>
<td>• The differences in the US and Japanese models of training practices for local managerial staff are refracted and diffused in the transferred process.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• In-depth interviews</td>
<td>• No investigation into the relationship between HRM practices and enterprise performance</td>
</tr>
<tr>
<td>Stanton &amp; Pham, 2014</td>
<td>• Employee PM</td>
<td>• 1 SOE, 1 MNE (French), and 1 POE</td>
<td>• Qualitative method</td>
<td>• An increasing awareness of PM in domestic enterprises</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• In-depth, semi-structured interviews, open-ended questions</td>
<td>• No investigation into the link between HRM practices and enterprise performance</td>
</tr>
<tr>
<td>Dang et al. 2016</td>
<td>• Training</td>
<td>• 2600 POEs</td>
<td>• Quantitative method: secondary data</td>
<td>• Training improves enterprise outcomes</td>
</tr>
<tr>
<td></td>
<td>• Incentive system</td>
<td></td>
<td>• Ordinary Least Squares estimation procedure</td>
<td>• No significant influences of incentive measure on enterprise outcomes</td>
</tr>
</tbody>
</table>

(Source: developed by the researcher)
2.5. INSTITUTIONAL THEORY

Institutional theory is concerned with the contextual, historical and processual aspects in which organisational actions take place (Currie 2009). The theory relates to organisational institutionalism (Greenwood et al., 2008). Institutionalisation is connected to the processes of understanding that structuring and actions of organisation are informed by expectations concerning appropriate organisational operation (Scott & Meyer, 1994). From the institutional perspective, Meyer and Rowan (1977) suggested that institutional context determines organizational practices such as HRM.

Scott (1995) states the origin of institutional theory was in the 19th century. Research on institutional theory in the 1950s is referred to as ‘old institutionalism’ while studies (e.g. DiMaggio and Powell, 1983; Meyer and Rowan, 1977; Meyer and Scott, 1983; Zucker, 1977) in the late 1970s and early 1980s are identified as ‘new institutionalism’. ‘Old institutionalism’ relates to the extent to which social processes adjust social behaviour (Selznick, 1949). Greenwood and Hinings (1996) give further explanation that ‘old institutionalism’ focuses on how power, coalitions and informal structures influence organisational behaviour. In contrast with ‘old institutionalism’, ‘new institutionalism’ focuses on the cognitive processes that create the ‘taken-for-granted structure’ that establish legitimacy around certain ideas (Scott, 2008; Najeeb, 2014). The differences between ‘old and new institutionalisms’ are comprehensively described by DiMaggio and Powell (1991), leading to a further development of institutional theory in relation to other aspects of management studies.

In the early 1990s, the applicability of institutional theory to human resource management research was first noted by Wright and McMahan (1992). Oliver (1997) and Purcell (1999) then integrated elements of the institutional framework for HRM in their research. The new institutionalism was first applied systematically in HRM in the study of Paauwe and Boselie (2003) where an initial proposition for HRM and institutional research is elaborated. Elements of the institutional approach are coercive (implementation as a result of regulatory pressures), normative (management control system, depending on the profession of an employee group), and mimetic (imitation as a result of trends) (Paauwe & Boselie, 2003). These elements impact on HRM strategy and goals.

Among these three elements, the normative component concerns the values, beliefs, norms and assumptions of human behaviour and defines targets along with appropriate ways to achieve them (Scott, 2001). This component reflects enterprises’ behaviour and actions due
to the influences of local culture (Scott, 1995). In response to the relation between culture and institutional theory, Hofstede, Van Deusen, Mueller, Charles (2002, p. 800), argue that culture is “a substratum of institutional arrangements”. Some other researchers claim that “culture is a part of informal institutions in the environment that underpin formal institutions” (Peng, Wang & Jiang, 2008, p. 924).

Institutional theory is commonly used in international business research (Dunning, 2004; Mahoney, 2005; Peng et al., 2008). A criticism of institutional theory is that it only focuses on the social context within which resource selection decisions are embedded (e.g., firm customs, network ties and regulatory pressures) (Meyer & Rowan, 1977). Based my analysis of theories used in international business, institutional theory is less useful in identifying the internal capabilities of the firm, which may lead to competitive advantages. In addition, institutional theory neglects the economic context of an enterprise that is often a focus on RBV (Oliver, 1997). RBV was chosen as a more suitable theory for addressing the focus of the current study as the RBV approach emphasises competitive advantages of firms through the possession of the ‘rare, valuable and inimitable’ resources that are not easily transmitted from one company to another company (Barney, 1991; Oliver, 1997). Such resources, both tangible and intangible, are not explained by institutional theory. Therefore, the RBV approach is the best theoretical framework for the current research which seeks to examine the impact of HRM practices on employee outcomes.

2.6 THE RESOURCE-BASED VIEW

This section provides a brief definition of the resource based view. It also presents the evolution of RBV and analyses how RBV is applied in HRM research. The applicability of the RBV approach for the current research is explored.

2.6.1 Definition of RBV

According to the RBV of the firm, resources represent a crucial factor in the capacity of enterprises to generate and sustain above-average returns. In contrast to the outside-in approach of, for example, Porter’s strategic model (1980) which focuses on external opportunities and threats, strengths and weaknesses, RBV proponents such as Wernerfelt (1984), Prahalad and Hamel (1990), Barney (1991), and Teece (1997 & 2014) argue that enterprises should look inside the organisation for competitive advantage. In essence, RBV sees enterprises as relying on tangible and intangible resources that must be heterogeneous,
immobile and possessing certain attributes (such as being valuable, rare, difficult to imitate, and non-substitutable; i.e. VRIN) to achieve superior performance or to ensure their own survival (Barney, 1991; Morris, Snell & Wright, 2006; Boselie & Paauwe, 2010).

**Tangible and intangible assets: Resources and Capabilities**

As the global economy has expanded, and information technology has developed over recent decades, so too have the scholarly definitions of the resources of enterprises. However, a commonality of these definitions over time, and across the field of business, is the emphasis on the combination of interaction and resources, such as financial capital, physical assets and human capabilities (Boselie & Paawee, 2010).

Wernerfelt (1984, p. 1972) regards resources as “anything that could be thought of as a strength of a given firm”, and may be tangible or intangible assets. The tangible resources are those are touchable and measurable such as land, machines and factories, while intangible assets are untouchable and invisible, encompassing intellectual property rights, employee know-how, firm reputation, external partners and networks, and organisational culture (Olalla, 1999). Grimm, Lee and Smith (2006) further classify intangibles into technological resources and reputation and add human resources as a third category. Barney (1991) specifies that firm resources include assets, capabilities, organisational processes, firm attributes, information, and knowledge.

In defining the RBV, there has been some confusion as researchers have tried to incorporate the subtle differences between terms related to the view. Some overlapping terms used are resources (Amit & Schoemaker, 1993; Barney 1991), capabilities (Hall 1993), dynamic capabilities (Teece, Pisano & Shuen, 1997), competencies (Cockburn et al. 2000; Hall 1992), and core competencies (Prahalad & Hamel, 1990). In this study, the terms resources and capabilities are used as they are the most common within the established literature.

Amit and Schoemaker (1993, p.35) distinguish between resources, which are “stocks of available factors that are owned or controlled by the firm”, and capabilities, which are “a firm's capacity to deploy resources”. Grant (1991) suggests that resources are the input in the production process, while capabilities are what the firm can do with resources and related outcomes. Olalla (1999) argues that resources create capabilities which are the foundation of
competitive advantage. Lado and Wilson (1994) suggest that the enterprise is a nexus of resources and capabilities that are not freely bought and sold on the market. However, Saa-Pere and Garcia-Falcon (2002) suggest that the existence of many resources and capabilities within a firm is not enough in itself to secure success. They stated that competitive advantage, which is developed from different resources or capabilities controlled by enterprises, is something that enterprises can achieve particularly well, compared with their competitors. Employee capabilities and skills can be considered as an important source of sustained competitive advantage (Lado and Wilson, 1994; Pfeffer, 1994; Saa-Perez & Garcia-Falcon, 2002; Wang, Huo, Qi & Zhao, 2016) which is embedded in the cooperative knowledge of the staff members. Though traditional competitive advantage (e.g., natural resources, technology, economies of scale) creates value for enterprises, these resources are easy to copy (Becker & Gerhart, 1996). Regarding RBV, the cooperative knowledge is inimitable while the time needed to develop this knowledge is regarded as rare (Khandekar & Sharma, 2005).

Moreover, Hall (1993) proposes that competitive advantage is derived from one, or a combination of four sources: regulatory capability; positional capability; functional capability; and cultural capability. The regulatory capability is the outcome of possessing legal entities such as intellectual property rights, contracts, and trade secrets. The positional capability is a result of past actions and decisions (e.g., reputation, distribution network). Functional capability relates to the ability to do particular things (e.g., knowledge, skills, and experience of employees and external partners). Cultural capability encompasses habits, attitudes, beliefs, and values that permeate individuals and groups in the organisation. It is confirmed that regulatory capability and positional capability are connected to assets of the enterprises, concerned with “having”, while functional and cultural capability are linked to competences or skills (e.g. advertising, zero defect production), concerned with “doing” (Hall, 1993, p. 610). In this current research, functional capability will be the main focus as “employee know-how is regarded as one of the most important contributors to business success”, and “one of the most durable resources”, and “a major source of competitive advantage” (Hall, 1993, pp.616-617). Functional capability not only relates to the particular skills of employees that lead to labour productivity, but also relates to the training capability of the firm. The cultural capability will be a second factor in the investigation of the current research because the organisational culture had a considerable impact on choices of organisations in respect to HRM practices utilized and may be a source of the sustained
competitive advantage of an organisation (Barney & Clark, 2007). Moreover, it is suggested that an organisational culture that supports and values the worth of the employees may help enterprises improve their performance through their staff (Barney & Clark, 2007).

**Firm resource heterogeneity and immobility**

A central assumption of RBV is that key resources are distributed heterogeneously across organisations and remain “imperfectly mobile over time” (Morris, Snell & Wright, 2006). In other words, a different amount and mix of tangible and, especially, intangible assets within an organisation may create competitive advantage over other organisations. Where a resource is immobile, its advantage may not be easy for competitors to replicate, which is why the organisation that originally holds the resource is distinguished and therefore is more likely to have sustained advantage (Morris et al., 2006). For example, to have a sustainable competitive advantage, an organisation may be better than its competitors in attracting and retaining employees with superior skills, knowledge, and experience. Alternatively, it may have a system of HRM practices and policies that are unique and different from its competitors (Zhong et al., 2012). Superior skills are considered to be the specific capabilities of a firm’s employees that make them different from the personnel of competitors (Bharadwaj, Varadarajan & Fahy, 1993).

**Valuable, rare, inimitable, non-substitutable and organised to capture value**

Although enterprises may deploy heterogeneous and immobile resources to create competitive advantage, the sustainability of this advantage is determined by four “desirable” conditions (Boxall & Purcell, 2008). The internal resources of a firm are a source of sustained competitive advantage only when they meet these four desirable conditions, namely, create “value (V) for the firm”, are “rare” (R), “inimitable” (I) and “non-substitutable” (N) (Barney, 1991; Boselie & Paauwe, 2010). In the VRIN framework developed by Barney (1991, 1994, 2002), “non-substitutable” (N) was later replaced by “Organisation” (O) with the question: “Is the company organised to exploit these resources?” (Figure 2.1).
Figure 2.1. VRIO framework
(Source: Rothenberg, 2013, p.91)

About HRM, the VRIO framework above illustrates how human resources can be utilized to achieve sustainable competitive advantage for enterprises. The framework (summarized in Figure 2.1) provides a tool to allow managers to identify resources within the firm that may be sources of competitive disadvantage (Barney & Clark, 2007).

For example, the VRIO framework can be applied when examining the correlation between investment in human resources and increased customer value (Hasimoto, 1981). When the jobs at enterprises change or new jobs arise that require updated knowledge and different skills, a new labour force emerges with different types and levels of skill. Thus, if workers with the required know-how, skills and experiences can enhance a firm’s products and services, then that human resource is valuable. Furthermore, because each person has unique skills and knowledge, such skills could be considered rare (McWilliams et al., 2001) because only a fairly small percentage of people in any organisation would have the particular know-how, skill, and knowledge.

If a firm’s resource can be imitated easily by competitors, the advantage of the resource will end quickly (Tokuda, 2005). What makes firm resources inimitable for competitors, and therefore strategically valuable, is that sustained competitive advantage stems from three inherently complex origins: path dependency, causal ambiguity and social complexity (Dierickx & Cool, 1989; Boselie & Paawee, 2010; Colbert & Kurucz, 2011). Path dependency implies that there is a fundamental and unique history of incidences and choices that might form a resource and gradually generate a competitive advantage (Boselie & Paawee, 2010). Causal ambiguity refers to unobservable practices and empirical uncertainty “surrounding the causal relationship between actions and results” (Colbert, 2004, p. 404). Social complexity is linked to “transaction-specific human capital” (Becker, 1964), or to the
trust and knowledge within a particular business relationship formed over time which may be sustained by various cultural, political and religious factors (McWilliams et al., 2001). Thus, enterprises undertake a range of difficult-to-observe, highly complex and time-dependent practices, such as high-level decision making and rapport building, which competitors are simply not privy to. Thus, they cannot fully understand the relationship between a resource and its competitive advantage (Colbert, 2004). Richard (2000) and Miller and Shamsie (1996) point out that if a firm tries to imitate a competitor’s resource, especially a knowledge-based one, it may take time to copy it successfully. Meanwhile, the imitated firm may have continued to enhance its skills to a higher level.

Some people are likely to argue that the savvy firm may recruit competitors’ staff and use their knowledge for the firm. However, this argument is not strongly supported, as although the newly recruited person can take the knowledge to the new firm; they cannot necessarily use it as each firm has different resources and requirements. Consequently, it may take time for the new firm to maximize the usage of the newly recruited person’s capabilities. Moreover, if an individual would like to transfer their particular skills and knowledge when they leave a firm to train the employees of the firm that has employed them, it may take time for the employees to learn, as people do not have the same capability and capacity to learn new skills quickly and adapt to new environments. Thus, those who can create value in one circumstance may not be able to do so in others (Becker & Gerhart, 1996).

Under the current VRIO framework, the last determining factor of a resource’s sustainable competitive advantage is that the firm is in a position to realise the full potential value of its resources (Rothaermel, 2013). This might mean organising management systems and hierarchies, and influencing business culture (i.e., the business norms and values of companies) to help achieve sustained competitive advantage. Business culture is a valuable source for an enterprise which is hard for competitors to copy (Barney, 1986, 1991; Wernerfelt, 1984; Chan, Shaffer & Snape, 2004), and it helps enterprises differentiate themselves from their competitors (Barney, 1986, 1991; Lee & Kramer, 2016; Wernerfelt, 1984).

2.6.2 Review of the evolution of RBV

Some of the earliest research on RBV was undertaken by Edith Penrose (1959). Her research into the internal resources of enterprises that create competitive advantage has greatly
influenced subsequent formal theory, such as the VRIN framework, as well as the development of business strategy (Boselie & Paauwe, 2010; Olalla, 1999). Penrose argued that although a firm is administrative in nature, it comprises a range of productive resources that may vary depending on users and over time. As such, she proposed that a firm can gain and sustain competitive advantage by doing two things: identifying what resources set them apart from the majority of the competition, and harnessing or “exploiting” these resources so that their full potential value can better serve the firm’s interests (Newbert, 2007).

Penrose’s main contention also placed a new found importance and value on a firm’s human resources, which might include employee knowledge, skills and experience. While previous thinkers, such as Ricardo (1817), had broadly examined firm resources that may be inelastic in supply, Penrose specifically explored the implications of inelastic human resources such as managerial teams, top management groups, and entrepreneurial skills. She indicated that there might be supplementary sources of firm heterogeneity within the extensive typology of productive resources, drawing evidence in her analysis of entrepreneurial skills in particular. For example, some entrepreneurs are more versatile than others, some are more ingenuous in fundraising, some are more ambitious, and some exercise better judgment (Barney & Arikan, 2001).

Following Penrose, the next significant contributor to the development of RBV was Birger Wernerfelt. Although his 1984 paper was initially overlooked due to “its abstract nature” (Newbert, 2007), his concept of duality that compares products and resources as “two sides of the same coin” (Wernerfelt, 1984, pp. 171) is today widely accepted by RBV scholars. Wernerfelt suggested that while a firm’s market performance is driven directly by its products, it is indirectly driven by the resources that go into making the products. While enterprises may be defined by their products and services, Wernerfelt contended that investment in resource development is, ultimately, what creates competitive advantage (Newbert, 2007).

Following the work of Penrose and Wernerfelt, the next major contribution to RBV was that of Barney (1991). His comprehensive analysis of firm resources is regarded as the first attempt to formalize the theory of RBV (Lockett, Thompson & Morgenstern, 2009). Barney introduced the critical assumptions that heterogeneous resource bundles exist among enterprises, and that these resource bundles can persist because they are imperfectly mobile across an industry, and that resource-based competitive advantage can be empirically tested using his VRIN (now VRIQ) framework (Newbert, 2007:124; Boselie & Paawee, 2010, pp.
Since his seminal 1991 research, Barney’s theories have been widely applied in management (Boselie & Paawee, 2010), especially in the analysis of sustained competitive advantage. More recent scholarly discussion of RBV tends to emphasise the interactions between, and combinations of, tangible and intangible resources (as opposed to the individual resources on their own) as the most significant contributors to firm performance, especially in dynamic settings (Newbert, 2007).

2.6.3 RBV in HRM research

During the past 10-15 years, RBV has become one of the major theories in discussions of strategic HRM and how human resource practices can have an impact on the performance of a firm. It has been cited in around 30% of empirical studies of the relationship between HRM and firm performance (Boselie & Paawe, 2010). This is not surprising, given that human resources are among a firm's most valuable resources (Saa-Perez & Garcia-Falcon, 2002).

As Delery and Shaw (2001) point out, there are several advantages in applying RBV to strategic HRM (SHRM) research. Note that SHRM is characterized by Becker and Huselid (2006, p. 899) to be ‘different from traditional HRM’ due to its focus on ‘organisational performance’ and ‘the role of HRM systems as solutions to business problems rather than individual HRM practices in isolation’. Three advantages in applying RBV (Delery and Shaw, 2001) are found. First, it helps to focus on resources that are not highly visible. Second, RBV emphasises the complexity of organisational systems, which is highly relevant in HRM research. Third, RBV allows the focus to be at the firm level, in contrast with a number of other theories which focus on internal efficiency issues or outcomes. However, Oliver (1997) argues that RBV has some disadvantages. For example, RBV disregards “the social context within which resource selection decisions are embedded (e.g., firm traditions, network ties and regulatory pressures) (Oliver, 1997, cited in Paauwe & Boselie, 2003, p.58). Oliver also indicated that RBV is less suitable in predicting when a resource of an enterprise will become a sustainable competitive advantage.

RBV has been applied in HRM research in a large range of studies, including those of Bae and Lawler (2000), Barney and Wright (1998), Boxall and Purcell (2008); Boxall and Steeneveld (1999), Delery and Shaw (2001), Huselid (1995), Hutchinson et al. (2000), Koch and McGrath (1996), Wright, Dunford and Snell (2001), and Wright, McMahan and McWilliams (1994). However, the data for the analysis was mainly drawn from industrialised
economies. Therefore, in this study there is a need to consider RBV in transitional economies for the various reasons outlined below:

First, transitional economies provide a unique context for valuing sources of competitive advantage due to the rapidly changing economic setting (Peng, 2000). Second, many resources, which cannot be seen as competitive advantages in a developed economy, are considered as a source of competitive advantage of enterprises in transitional economies. For example, according to the traditional RBV perspective, Dierickx and Cool (1989) suggest that the resources, which appear in a highly efficient market and have a low level of imitation, may not be considered as a source of sustainable competitive advantage. This point of view, which can be proved, can be seen easily in the context of developing economies where “markets for many property-based resources are efficient, and barriers to imitation are low” (Zhan et al., 2009, p. 289). In other words, most property-based resources can be purchased or imitated with ease as competitors have attained technology parity. Nevertheless, in transitional economies, many advanced property-based resources, such as modern plant and equipment, are not in the market. Even if these resources exist in the market, they may function with a low degree of efficiency (Child, 1990). Third, previous studies have reported that the recognition of RBV of the domestic enterprises in transitional economies is relatively low due to the inefficiency of operation, shortage of resources and skilled labour force, and low ability in management (World Bank, 2005; Quang, Van der Heijden & Rowley, 2010). Finally, very few articles focus on RBV-related human resources in transitional economies.

In respect to where the RBV approach is applied in HRM research in transitional economies, only three articles were found, as shown in Table 2.11.

All three articles are in the context of India; none is for Vietnam. The first study, conducted by Khandekar and Sharma (2005), focused on the role of human resource capability (HRC) in organisational performance and sustainable competitive advantage (SCA) in Indian domestic enterprises and MNEs. The study employed a questionnaire survey, concentrating on the perspectives of line or human resource managers. The results showed a positive correlation between human resource capabilities and organisational performance (Khandekar & Sharma, 2005).
Table 2.11. Empirical studies on the RBV and HRM in transitional economies

<table>
<thead>
<tr>
<th>Author, Year</th>
<th>Country</th>
<th>Area of application</th>
<th>Ownership type</th>
<th>Method</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Khandekar, Sharma (2005)</td>
<td>India</td>
<td>HR capability: staffing, performance measures, T&amp;Ds, rewards and career planning</td>
<td>MNEs and domestic enterprises</td>
<td>-Questionnaire -Stepwise regression -Factor analysis</td>
<td>HR capabilities are positively correlated to organisational performance</td>
</tr>
<tr>
<td>Holtbrugge, Friedmann, Puck (2010)</td>
<td>India</td>
<td>HRM practices: recruitment and retention</td>
<td>MNEs</td>
<td>-Questionnaire -Multiple regression analysis</td>
<td>A close relationship exists between using recruitment and retention practices shaped according to RBV and these two efficiency criteria. The study also argued that MNEs in India that shape their HRM practices according to the RBV are more successful in coping with the challenges they face in recruiting and retaining qualified personnel (Holtbrügge et al., 2010).</td>
</tr>
<tr>
<td>Rao (2010)</td>
<td>India</td>
<td>R&amp;S practices</td>
<td>MNEs and domestic enterprises</td>
<td>- Qualitative research - Interviews - Coding, Themes -Multiple cases</td>
<td>Internal recruitment, employer references, succession planning, interviews, personality tests, newspaper recruitment, professional search agencies, and bio-data are identified as the predominant senior-level staffing practices.</td>
</tr>
</tbody>
</table>

(Source: developed by the researcher)

A second study, by Holtbrügge et al. (2010), investigated the adaptation of the RBV of MNEs in India and examined the impacts of recruitment and retention practices on the number of qualified applicants. An online survey was employed to maximise the responses of COEs or members of top management, who are responsible for HRM. The study found that there was a close relationship between using recruitment and retention practices designed according to RBV and these two efficiency criteria. The study also argued that MNEs in India that shape their HRM practices according to the RBV are more successful in coping with the challenges they face in recruiting and retaining qualified personnel (Holtbrügge et al., 2010).
The final article, by Rao (2010), explored how domestic enterprises and MNEs in India recruit and hire senior and middle management by using a qualitative approach. The study argued that employee referrals, succession planning, and internal recruitment were considered as the main internal recruitment methods used by the domestic and MNEs. The RBV explained the view that the staffing practices provide a very idiosyncratic network of employees. Additionally, the RBV supports the view that qualified external talent will enhance organisational value (Rao, 2010).

Though some studies related to RBV have been undertaken in the context of Vietnam, they are not HR related. For example, a study by Tsang et al. (2004) examines the antecedents of knowledge acquisition and its consequent implications for the performance of IJVs in Vietnam. Another study, by Thuc Anh et al. (2006), tested a model linking absorptive capacity, knowledge acquisition, and performance in the context of Vietnam. Hau and Evangelista (2007) focused on the acquisition of tacit and explicit marketing knowledge from foreign partners in IJVs in Vietnam but did not explore whether or not the acquired tacit and explicit marketing knowledge translated into a competitive advantage. Zhan et al. (2009) extended the empirical research in Vietnam by examining how the acquisition of resources from foreign partners and those of local market-based resources impact the competitive advantage of international joint ventures (IJVs) in transitional economies.

MNEs are likely to use more elements of RBV than domestic enterprises. This is due to MNEs being able to provide the domestic enterprises with high-quality resources such as capital (e.g., capital investment, new facilities and operational inputs) (Child & Yan, 2003). In contrast, the SOEs in a transitional economy like Vietnam have been operating inefficiently for a long time, although there have been some changes due to Doi Moi policies and ownership reforms (Lam Nguyen, 2011; World Bank, 2012). Consequently, SOEs are likely to have less perception of the RBV in HRM practices than MNEs. Thus, to enhance their competitive advantage, the domestic enterprises are gradually cooperating with foreign companies to form new ownership types (e.g. IJVs, MNEs) (Child, 2001).

Most RBV arguments are derived from human resources (e.g., the skills, knowledge, and behaviour of employees) or organisational resources (e.g., control systems, routines, and learning mechanisms) that are products of complex social structures which have been built up over time and are therefore difficult to copy (Amit & Schoemaker, 1993; Barney, 1991, 1992; Cohert, 2004).
With reference to the application of RBV to HRM, HRM practices are used to attract, identify and retain highly qualified employees (Bailey, 1993; Saa-Perez & Garcia-Falcon, 2002). For example, an enterprise that establishes a valid R&S system with higher than normal compensation packages and various development opportunities can recruit, select, and retain the highest quality applicant pool (Wright et al., 1994). Also, training programs, PM, and RS that stimulate employees to act in the interests of the enterprises can be developed (Shuler & MacMillan, 1984). Therefore, HRM practices affect employee performance through the acquisition and development of the enterprise’s human resources.

As Barney, Wright and Ketchen (2001) pointed out, there has been considerable debate over whether HRM practices can provide sustained competitive advantage (SCA): “Individual HRM practices may be imitable but HRM systems and routines, which develop over time, may be unique to a particular firm ... Employee behavior also forms an independent component of strategic human resource that affects SCA ... as yet research has failed to test empirically whether HRM practices are path dependent, causally ambiguous, or imitable” (p.672).

An important substantive criticism of Barney’s (1991) version of RBV has been its static nature: “Although the RBV began as a dynamic approach ... much of the subsequent literature has been static in concept” (Priem & Butler, 2001, p.33). As Boon et al. (2007) suggested, in addition to the usual strategic fit (alignment between business strategy and HRM) and internal fit (alignment of individual HR practices within a consistent overall HR system), there is a need to recognize the third type of fit, namely adaptation fit. This is the capability of an organisation to adapt to changes in its environment and the extent to which its HR system supports this adaptation. In strategic management, this kind of capability is known as a dynamic capability. In response to this criticism, the latest theoretical RBV developments have focused much more on dynamic considerations (Teece, 2007; Zhong et al., 2012). Eisenhardt and Martin (2000) argue that dynamic capabilities develop a firm’s resource base, consisting of its physical, human and organisational assets.

2.6.4 Applicability of the RBV of the firm for the current research

RBV is one of the theories that underlie the proposed research for four key reasons. First, the research needs to be firmly based on contemporary HRM theories. To date, many of the existing studies of HRM in Vietnam have not made their theoretical frameworks explicit. However, some articles (Que Nguyen, Neck, Hai Nguyen, 2009; Tho Nguyen & Trang
Nguyen, 2011; Thuc Anh et al., 2006; Zhan et al., 2009) have applied RBV in their research, but none of them focus on RBV in HRM practices of different ownership types. The majority of these RBV-related studies concern marketing (Hau & Evangelista, 2007; Tho Nguyen & Trang Nguyen, 2011), knowledge management (Thuc Anh et al., 2006; Que Nguyen et al., 2009), service quality improvement (Bui & Nguyen, 2012), and organisational capability (Zhan et al., 2009). Dynamic or functional capabilities and cultural capabilities have not been discussed in any great detail in the context of a transitional economy such as in Vietnam. Moreover, only a few articles focus on RBV in international joint ventures (Thuc Anh et al., 2006; Zhan et al., 2009) in Vietnam. Therefore, as very few studies have incorporated RBV, the current research addresses this omission.

In general, there has been little research on RBV in HRM focused on developing and transitional countries. Previous literature tends to focus more on developed countries: Bae and Lawler (2000), Barney and Wright (1998), Boxall and Steeneveld (1999), Boxall and Purcell (2008), Delery and Shaw (2001), Huselid (1995), Hutchinson et al. (2000), Koch and McGrath (1996), Wright et al. (2001), and Wright et al. (1994). Given the differences between the characteristics of RBV in HRM in developed and developing countries, especially regarding the ownership types (Hau & Evangelista, 2007; Thuc Anh et al., 2006; Zhan et al., 2009), it can be argued that the HRM practices of MNEs in Vietnam may demonstrate the elements of RBV more than those of domestic enterprises. This is particularly the case with functional capabilities or employee capabilities that are likely to be unique and expected to significantly contribute to enhancing employee performance and job satisfaction. Thus, this study employs the elements of RBV to investigate the employee capabilities considered as important from the perspective of the enterprises’ founders, owners or top-level management as well as employees.

Second, RBV is particularly suitable for analysing the dynamic changes facing organisations and managers in international businesses. RBV helps to identify resources that MNEs require to overcome the liability of foreignness and to engage in product and international diversification. According to the “liability of foreignness” argument, weak location-specific capabilities prevent MNEs from enjoying their ownership advantage, but strong local capabilities magnify MNEs’ ownership advantages (Miller & Parkhe, 2002; Zhan et al., 2009). As Zhong et al. (2012) noted, international business researchers have long recognised the dual HRM challenges of adaptation and integration faced by MNEs as they expand their activities to new environments. On the one hand, HR systems need to adapt to
suit the local environment to make the most of the labour resources available. On the other hand, HR policies and practices that are found to be effective and successful ("best practices") should be shared or integrated among the various elements of the same organisation to maximise the value of such practices to the organisation. The challenge for the MNC is to determine how it can “preserve variety (and local customisation) while simultaneously establishing a foundation for integration and efficiency” (Zhong et al., 2012, p. 440). Recent developments in RBV such as those of Teece (2007) and Zhong et al. (2012) highlight the role of dynamic capability, where the organisation constantly develops new capabilities in response to changes in the environment. In this newer, dynamic form, RBV may provide insight into how MNEs and domestic enterprises in a transitional economy such as Vietnam strike a balance between the competing imperatives of adaptation/customisation and integration.

Third, it is of interest to investigate whether local enterprises and MNEs in Vietnam hold different views about the strategic value of human resources. While many MNEs may be influenced by an RBV perspective, in that they see HR as an important source of potential comparative advantage, it is possible that a number of Vietnamese enterprises hold the traditional view that considers jobs as a scarce commodity (Thang, 2003), and are therefore less ready to perceive their employees as valuable and scarce resources which may be critical to the organisation’s survival.

Fourth, it is recognised that in the current HRM literature, the main focus of RBV is the relationship between HR and firm-level performance. As outlined previously, in contrast, the current research seeks to better understand employee-level outcomes, including employees’ job satisfaction and performance. Thus, RBV will be used to establish the linkages between HR practices, firm performance, and employee outcomes. In essence, in this thesis, the researcher will investigate whether ownership type influences the adoption of specific HRM practices such as R&S, T&D, PM, RS and the roles of HRM using an RBV approach.

The suggested conceptual model (Fig. 2.2) shows how ownership types influence HRM practices by using RBV and consequently impact on employee outcomes of job satisfaction and employee performance in Vietnam.
2.6 CHAPTER CONCLUSION

This chapter highlighted differences between personnel management and HRM, and defined and reviewed developments and trends in IHRM. Subsequently, the previous studies of HRM in Vietnam were comprehensive analysed. Finally, the RBV in relationship to HRM and in particular in developing countries was explored. The next chapter will discuss the methodology of this research.
CHAPTER 3. METHODOLOGY

3.1 INTRODUCTION

This chapter specifies and discusses the research approach as well as the methodology utilised to answer the following research questions:

RQ1. How do differing ownership types affect the adoption of HRM practices in Vietnam?

RQ2. To what extent do HRM practices in Vietnam affect employee outcomes, such as job satisfaction and employee performance?

As shown in Table 3.1, the ontological and epistemological paradigms of this research are relativism and constructivism (subjectivist). In line with these paradigms, a qualitative methodological approach using semi-structured interviews is used. Data triangulation occurs through the collection of multiple stakeholder perspectives (i.e., managers and employees).

<table>
<thead>
<tr>
<th>Item</th>
<th>Constructivism/ Interpretivism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ontology</td>
<td>Relativism – local and specific constructed realities, subjective and influenced by the context of the situation</td>
</tr>
<tr>
<td>Epistemology</td>
<td>Subjectivist, researcher’s point of view</td>
</tr>
<tr>
<td>Methodology</td>
<td>Qualitative approach: in-depth interviews, data triangulation (triangulation of perspectives)</td>
</tr>
</tbody>
</table>

(Source: adapted by the researcher from Creswell, 2014; Flick, 2014; Guba & Lincoln, 1994)

This chapter is organised into six sections. The second section discusses the guiding constructivist paradigm of this research (Creswell, 2014; Flick, 2014) and the ontology, epistemological and methodological approach taken. The third section outlines the research orientation, which refers to the benefits and drawbacks of quantitative and qualitative approaches and the reasons why qualitative approaches have been selected for this research. The fourth section describes the research design, including the selection of context, ownership types, interviews based approach and interview questions. The fifth section
describes how the data was collected from managers and employees. It also covers the ethical guidelines for this research. The sixth section details how the data was analysed. The validity and reliability of the research were also included in the sixth section.

3.2 RESEARCH PARADIGM

There are three main elements to an inquiry paradigm: the ontology (e.g., worldview, perspective on the nature of the reality), the epistemology (e.g., the relationship between researchers and participants) and the appropriate methodology for the paradigm, and how to measure it (Denzin & Lincoln, 1998; Guba & Lincoln, 1994). These three main elements are considered important factors to explain what and how about acquiring the knowledge and data in this current research (Flick, 2014; Guba & Lincoln, 1994). Constructivism is the overarching guiding paradigm of this research.

3.2.1 Ontology

Ontology refers to the nature of reality (Creswell, 2013). The ontological view relates to whether or not the phenomenon of interest actually exists independent of knowing and perceiving it (Symon & Cassell, 2012). Objectivism and subjectivism are the two main ontological approaches. Objectivism describes “the position that social entities exist in reality external to social actors concerned with their existence” (Saunders, Lewis & Thornhill, 2007, p.108). Subjectivism is seen as “social phenomena that are created from the perceptions and consequent actions of those social actors concerned with their existence” (Saunders, Lewis & Thornhill, 2007, p.108). As shown in Table 3.1, the current research adopts subjective constructivism as its research paradigm. Constructivists or interpretivist view the world as being subjective, complex and socially constructed by the elements present in a social situation (Creswell, 2013; Neuman, 2006). That is, the reality which merits consideration is the perception of the participants in a particular social context, instead of a framework of reality owned by the researcher (Guba & Lincoln, 1994; Veal, 2005). The current research aligns with a constructivist/interpretivist approach, as a major aim is to examine Vietnamese HRM practices and the influence of these practices from a) the HRM manager perspective and b) the employee perspective.
3.2.2 Epistemology

Epistemology is the theory of knowledge relating to the origins and nature of knowing (Creswell, 2014; Denzin & Lincoln, 2011; Patton, 2015). Epistemology refers to the notion that each thesis is expected to make a contribution to knowledge itself (Hussey & Hussey, 1997, p.1). Epistemology focuses on questions such as how we know what we know (Creswell, 2014), or how we can know about reality and what the basis of knowledge is (Ritchie & Lewis, 2003). The epistemological positioning of this research is influenced by what is appropriate for answering the research question (Mon & Blackman, 2014). As shown in Table 3.1, the role of the researcher in the current research is based on subjective perception. That is, as part of the research process, it is acknowledged that the researcher interprets people’s viewpoints based on the subjective perceptions. Alternatively, the researcher tries to ‘get inside’ the minds of participants to see the world from their perspectives (Guba & Lincoln, 1994; Saunders, Lewis & Thornhill, 2007). Remenyi et al. (as cited in Saunders et al.; 2007, p.108) emphasise the necessity to study “the details of the situation to understand the reality or perhaps a reality working behind them”. From an interprevist or constructivist position, it is vital to explore the subjective meanings motivating the actions of social actors so that the researcher can understand these actions. Social actors, in this research, are managers and employees from domestic enterprises of differing ownership types and MNEs. These actors from different ownership types may place many different interpretations on the relationship between HRM practices and employee outcomes in varying ways as a consequence of their view of the world. Therefore, the researcher’s role is to seek to understand the subjective reality of managers and employees in order to be able to understand their motives, actions and intentions in a way that is meaningful (Saunders et al., 2007).

3.2.3 Methodology

Methodology is the study of how we collect knowledge about the world (Guba & Lincoln, 1994). The appropriate research methodology depends on the research ontology and epistemology, as they make assumptions about what can be known. Several other questions also need to be considered when choosing an appropriate methodology: (a) the nature of the research problem, (b) the kind of information that is needed, (c) the possible outcomes, and (d) the objectives of the research (Guba & Lincoln, 1994; Layder, 1993). Besides, the choice of methodology should be based on the theoretical underpinnings that inform the study
Marschan-Piekkari and Welch (2004, p.6) suggest that “method and theory in a discipline are closely intertwined, with the choice of method shaping and constraining the research agenda in path-dependent ways”. Methodologically, constructivism is associated with qualitative research (Guba & Lincoln, 1994) while positivism is associated with quantitative research. A qualitative interview methodology has been selected for this research, based on the research questions.

3.3 RESEARCH ORIENTATION

Some business research utilises a quantitative approach while others adopt a qualitative approach in their research, and some utilise a mixed methods approach. Each approach has benefits and drawbacks that researchers must consider. Quantitative research involves the gathering of tightly focused information from large numbers of subjects, with emphasis on ensuring the reliability of the results. The collected information is usually numerical data. The approach emphasises numerical proof to produce conclusions or test hypotheses. The data might be obtained from questionnaire surveys, from observation or from secondary sources such as sales data (Veal, 2005). The quantitative approach involves the gathering and analysis of numerical data (Saunders et al., 2007) and often utilises a positivist approach (Neuman, 2006). With this approach, variables are measured by collecting quantitative data, and hypotheses are tested that are linked to general causal explanations (Neuman, 2006).

The strengths of the quantitative method are that it is possible to achieve high levels of reliability of gathered data due to controlled observations, laboratory experiments, mass surveys, or other forms of research manipulations (Bryman & Bell, 2015). The drawbacks of a quantitative approach are that the context of the study is usually ignored and the research does not occur in a natural setting, and so the meaning of things is also not discussed with different people while answering questionnaires (Bryman, 2006). Other drawbacks are that researchers cannot observe participants’ behaviour and need to study a significant number of people to gain an accurate result (Matveev, 2002).

Qualitative methodology is used to describe a set of methods and techniques that allow the researcher to “describe, decode, translate and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world” (Van Maanen, 1979, p.520). Denzin and Lincoln (2013) also state that “qualitative research is a situated activity that locates the observer in the world. Qualitative research consists of a set of interpretive, material practices that make the world visible” (p.6) and concludes that
“qualitative researchers study things in their natural settings, attempting to make sense of, or interpret, phenomena in terms of the meanings people bring to them” (p.3).

Though the drawbacks of the qualitative approach are subjective and time-consuming (Flick, 2014; Patton, 2015; Veal, 2005), researchers regard the method as having many advantages. Firstly, the qualitative method allows researchers to dig deeper into people’s perspectives from various levels and positions within an organisation (Bryman, 2006; Veal, 2005). Secondly, the qualitative approach provides a holistic view of the phenomena under investigation (Matveev, 2002; Patton, 2015). Thirdly, it obtains a more realistic feel of the world that cannot be found in the numerical data and statistical analysis used in a quantitative approach (Matveev, 2002). Finally, the context of the study is taken into consideration. Types of qualitative research undertaken include interviews, case studies, focus group, and documentary analysis. It is suggested that researchers can observe interviewees while interviewing; hence some extra information such as the attitude of participants could be collected as part of interviewed information (Miller, 1997). This type of information is not available in quantitative methods approach.

Phenomenology refers to the way in which we as humans make sense of the world around us. In symbolic interactions we are in a continual process of interpreting the social world around us in that we interpret the actions of others with whom we interact and this interpretation leads to adjustment of our own meanings and actions (see chapter 9, Saunders et. al., 2007). Phenomenology is an interpretive process (van Manen, 1990, p.26) in which the researcher moves beyond description to interpret the meaning of the lived experiences of a phenomenon (Creswell, 2009). In phenomenological research, there is not any particular set of investigative procedures that can be learned and mastered easily (Ehrich, 2005; Gibson & Hanes, 2003). A number of studies suggest that the researcher should select and develop methods for data collection and analysis that are suitable to the experience one wishes to study (Gibson & Hanes, 2003; Polkinghorne, 1989; van Manen, 1997). Interviewing, especially in-depth interviews, is the most common method used to gather data for a qualitative phenomenological approach. Less commonly used data collection techniques for such an approach are written narratives, observation, and drawings (Dahlberg & Drew, 1997; Gibson & Hanes, 2003).

The current research employs a qualitative, phenomenological approach because of the following reasons. First, in-depth interviews have been used as the main method of data collection for a phenomenological approach which is the focus of this study as it aims to
examine the phenomenon of the current situation of the HRM practices of different ownership types in Vietnam and its influences on employee outcomes (e.g., employees performance and job satisfaction) from different perspectives. Second, the method helps to answer the research questions and to address the purposes of this research, which is to seek the perspectives of managers and employees that are strongly grounded in the ownership contexts of their organisations. Using a qualitative approach, the participants of these two studies are able to describe and explain their experiences, feelings and world-view in their own words. This was suggested as beneficial by Creswell (2013) and Veal (2011), as it allows the interviewees to speak without the intermediary of the research and without being overly constrained by the framework imposed by the investigator.

The context of the research, a developing, transitional nation like Vietnam, has been considered. To date, the majority of research investigating HR in Vietnam has taken a positivist approach using quantitative methodology (e.g., Dang et al., 2016; King-kauanui et al., 2006; Thang & Buyens, 2008; Thang & Bryant, 2004; Thang & Quang, 2005a, Zhu & Verstraeten, 2013). Few researchers, such as Vo and Stanton (2011), have used qualitative methods to examine HRM practices in Vietnam. However, different from Vo and Stanton (2011), this research uses in-depth/semi-structured interviews to investigate the perspectives of both employers and employees within organisations across a range of HRM functions and ownership types. The qualitative phenomenology method applied in the current research develops a deeper understanding of the relationship between the HRM practices of different ownership types and employee outcomes (e.g. job satisfaction, employee performance) via qualitative thematic analysis (Creswell, 2013). Also, qualitative approaches are more useful to investigate differences between people’s perspectives as they exist in the real world or when there has been little research conducted in a particular field or context (Saunders et al., 2007). Thus, a qualitative phenomenology approach is appropriate for this research as this method helps answer the research questions and serves the purposes of this thesis.

3.4 RESEARCH DESIGN

3.4.1 Context: Vietnam

Context is complex, dynamic and multi-dimensional, and most importantly, explicitly related to the methodological choices of researchers (Michailova, 2011; Poulis, Poulis, &
Plakoyiannaki, 2013). According to Buchanan and Bryman (2007, p. 483), the “choice of methods is shaped not only by the research aims, norms of practice, epistemological concerns but also by a combination of organisational, historical, political, ethical, evidential and personally significant characteristics of the field of research”. Moreover, context is of vital importance and sensitivity in qualitative research (Bryman, Stephens and Campo, 1996). In this research, context refers not only to national culture but also to organisational climate and culture as determined by ownership type (Poulis et al., 2013). Thus, the results of research are influenced by the context where the research is implemented (Maxwell, 2013). For example, the same topic implemented in the context of Western and developed countries may give different results from the studies implemented in Asia and transitional nations. Also, the differences in the cultural background between interviewers and interviewees may result in misinterpretation of responses (Saunders et al., 2007). The researcher for the current research is a local Vietnamese language speaker, so the misinterpretation of responses is minimised.

3.4.2 Study of ownership types

Four types of ownership, comprising SOEs, POEs, ESOEs and MNEs, have been selected for this research. These types of ownership are typical in Vietnam currently, and they have not been investigated in any depth by previous studies in the same field of HRM practices and employee outcomes (see Thang & Quang, 2005; Vo & Stanton, 2011). The enterprises used in this research were located in the Northern region of Vietnam generally, but with a particular focus on the provinces and the cities including Hanoi capital and Hai Phong city, which have the most diversity of ownership types. Hence there is more opportunity for comparison across ownership types in this region.

Furthermore, organisations from the service industry (e.g. banking, hotel and tourism, HR) were selected for this research, due to the large numbers of non-managerial staff present within this sector across all ownership types; hence allowing for the identification of distinctions in HRM practices and employee job satisfaction and employee performance.

3.4.3 Interview-based methodology

Many qualitative researchers studying human phenomena collect data through interviews with individuals or groups; their selection of the type of interview depends on the purpose of the study and the resources available (Creswell, 2013, Denzin & Lincoln, 2011). The researcher has utilised individual interviews for this study because this is described by
Fontana and Frey (2000) as one of the most powerful tools for understanding and exploring human resource topics in depth. Moreover, individual interviews enable the researcher to obtain rich details about the experiences and perspectives of individuals (Veal, 2005). This is because interviews facilitate a degree of flexibility, spontaneity and the ability to accommodate and respond to individuals (King & Horrocks, 2010; Veal, 2005). They can also provide a more relaxed atmosphere in which to collect information, as participants feel more comfortable having a conversation as opposed to filling out a survey (Creswell, 2013 & 2014). However, the drawback of interviews is that they can be quite time-consuming due to interview time, transcription, and analysis of the text (Creswell, 2014).

The two types of interviews are structured and unstructured interviews. Structured interviews involve the use of “questionnaires based on a predetermined and standardised or identical set of questions”, and they are “referred to as quantitative research interview” or “used to collect quantifiable data” (Saunders et al., 2007, p.312). In contrast, semi-structured, unstructured or in-depth interviews are referred to as qualitative research interviews (King, 2004; Veal, 2005). Researchers utilise semi-structured interviews for which a list of themes and questions are prepared prior to the interviews; however, researchers are flexible in selecting some questions in particular interviews to suit the organisational context of participants (Saunders et al., 2007). In unstructured interviews, interviewees are given a chance to freely express their opinions about events, behaviours and beliefs regarding the research topic because there is no prepared list of questions or themes to work through the interviews (Saunders et al., 2007). In-depth interviews are less structured than questionnaire-based interviews (structured interviews), as interviewees are encouraged to talk, ask supplementary questions and explain their answers further (Veal, 2005).

This research used in-depth and semi-structured interviews as its primary source of data collection. In-depth interviews are useful as a qualitative research technique to explore respondent perspectives on a particular idea or situation, to discover or unearth points of view and perspectives, and to clarify doubts and ensure the responses are properly understood (Cavana et al., 2003; Denzin & Lincoln, 1998; Neuman, 2003; Sekaran & Bougie, 2013). Malholtra and Birks (2003) found that for business research, in-depth interviews (semi-structured or unstructured) are the best method to investigate an individual’s behaviour and are effective in collecting data from CEOs, owners or top managers and employees.

In-depth interviews traditionally occur on a face-to-face basis. However, other options are replacing face-to-face interactions with phone and Skype. Face-to-face interviews allow
researchers to observe participants’ attitudes and emotion during interviews (Redlich-Amirav & Higginbottom, 2014). However, phone interviews allow researchers to contact with participants who are not able to participate on a face-to-face basis due to distance and prohibitive travel costs involved and time required. Conducting a telephone interview is typically a more efficient and cost effective form of data collection (Saunders et al., 2007). Nevertheless, seeking to conduct phone interviews may reduce reliability, as the participants may be less willing to engage in an exploratory discussion or may even refuse to take part in answering sensitive questions (Redlich-Amirav & Higginbottom, 2014). Skype interviews provide synchronous interaction (undertaken in real time) between the researcher and their participants (Saunders et al., 2007). Furthermore, they overcome the problems of losing visual and interpersonal aspects of the interaction (Evans, Elford, & Wiggins, 2008) because such interaction is recorded through software downloaded on the computer. Skype interviews take advantage of the face-to-face experience while preserving the flexibility and private space elements offered via telephone interviews (Redlich-Amirav & Higginbottom, 2014; Sullivan, 2012). Thus, a face-to-face interview was utilized in the study on manager perspectives whereas Skype interviews were applied in the study of employee perspectives and in the follow-up stage of the study on manager perspectives. Such interview methods were utilised to save travelling time. The participants had their interview at a time and place of their choosing.

The “unitarist view” that employees and employers share common interests has been a prevailing focus in the existing HRM research (Keegan and Boselie, 2006). As a result, these studies tended to focus on managerial and organisational perspectives and interests, ignoring other stakeholders’ views (Vo & Stanton, 2011; Vo & Hanif, 2012; Stanton & Pham, 2013). Studies that take employee views into account have mainly considered core employees or knowledge workers (Janssens & Steyaert, 2009). As manager perspectives on HRM practices of different ownership types could be very different from those of employees, due to differences in their positions and interest or conflicting goals (Boselie, 2009), such studies might not reflect a complete view of HRM in organisations. Therefore, this research is responding to increasing calls from scholars to include multiple perspectives that may influence the adoption of HRM practices of different ownership types and its influences on employees outcomes (e.g., job satisfaction, employees performance). That is, interviews were conducted with COEs, directors, HR managers and non-managerial employees of the domestic enterprises and MNEs in Vietnam.
The benefit of collecting data from different levels is that it allowed the researcher to gain various stakeholder perspectives concerning the HRM practices of different ownership types and their influences on employees’ performance and job satisfaction. In the case of HRM practices, the collection method allowed insights into intended, perceived and actual HRM practices among the domestic enterprises and MNEs (Wright & Nishii, 2007).

3.4.4. Interview questions

Due to the focus on multi-perspectives, the studies comprise two sets of interview questions, one for managers, and another for employees. For the study on manager perspectives, the interview was divided into three parts, each divided into different sections. The purpose of the set of questions in the first section of the interview protocol (see Appendix A5) was to gain general information about the participants and enterprises in which the managers work. The second section involved questions related to the role of HRM. The third section related to HRM practices.

For the study with employees, the set of interview questions was divided into two parts, each divided into different sections. The first section of the interview protocol (see Appendix B4) was to obtain general information about the participants and enterprises in which they worked. The content of the second section of interview protocol comprised questions about the formulation and implementation of the HRM practices and employee outcomes (e.g. employees’ job satisfaction and performance). Follow-up questions were asked to delve deeper into the experiences of employees about what shapes the HRM practices of the different ownership types and their influences on employee outcomes. Although interview protocols were not altered during the interview process, follow-up questions focused on capturing data on the issues emerging during the data collection. As participants of this research covered a variety of managerial and employee groups, only questions deemed relevant to the particular participants from the interview protocol were put to them.

There are some key characteristics of in-depth interviewing that differentiate it from other qualitative methods. First, questions should be worded so that participants cannot simply answer with a “yes” or “no” response (Minichiello, Aroni, Timewell & Alexander, 1995). The aim is to elicit answers from participants in which they expand on the topic and offer greater insight. Second, the use of pre-planned questions provides structure for the interview, but questions should be allowed to flow naturally, guided by information from the
respondent. The flow of the conversation should dictate the questions asked and those omitted, rather than adhere to a strict order of questions (King & Horrocks, 2012).

Participant answers and perspectives were understood and interpreted by the interviewer, based on what was heard. Combining this with probing questions facilitates the gathering of a richer perspective from individuals (Kvale, 1996; Saunders et al., 2007). To achieve this, it is vital to maintain a conversational tone, listen attentively and make smooth transitions from one topic to the next. The main way of recording responses was achieved through audio recording and written notes (i.e. field notes), along with noting non-verbal behaviours as they occur (Minichiello et al., 1995). Last, it was important to reflect on the interview, including views and feelings, immediately after completion of the interview. In essence, in-depth and semi-structured interviews involve not only asking questions but also systematically recording and documenting responses, coupled with intense probing for deeper meaning and understanding (Silverman, 2013).

As recommended by Kvale (2007), the interview approach was piloted. Some managers and employees from a POE (i.e., P3) were selected for piloting to test the interview protocol for accuracy and completeness and to refine the methods and questions based on the business and cultural context under investigation. This approach helped the researcher further improve the interview process in two aspects. First, local participants were more comfortable when the questions were put to them from a general perspective. When responding to questions, participants as managers more often referred to ‘they’ than ‘we’ or ‘I’; therefore, questions were framed taking this into consideration. Second, participants spoke more openly when responding to comparative questions, for example, asking them to compare their own experience about HRM practices of the current company with that of other ownership types that they have worked for, or asking them how much they benefit from, or feel satisfied, with the HRM practices of the enterprise they are working for.

To summarise, the current research takes a constructivist research approach and utilises qualitative methodology to examine the perceptions of people within a particular context (Veal, 2005). The context of this research is domestic enterprises and MNEs in the transitional and emerging economy of Vietnam. The majority of research to date examining HRM practices in Vietnam has been quantitative and examined the statistical relationship between key variables. The three qualitative articles (e.g., Cox & Warner, 2013; Stanton & Pham, 2013; Vo & Stanton, 2011) that have been conducted have used the case study method. This research adds to the current literature by using qualitative interviews to reveal
the detail of perceptions of employees and employers on the social phenomenon of the link between HRM practices and employee outcomes.

3.5 DATA COLLECTION

3.5.1 Manager and employee perspectives

Data for this research was collected from November 2013 to January 2016. The study on manager perspectives was conducted face to face in Vietnam. The study on employee perspectives was carried out from Australia by Skype to reduce travel cost. For face-to-face communication, the interviews were undertaken at the participating company’s office, to ensure the participants felt free to share their experiences and stories (as is suggested by Burns & Gove, 2005). For the Skype approach, interviews took place in the free time of participants and at their preferred location. Also, the visual nature of Skype allowed the researcher to observe participants’ behaviour, attitude, and emotion when answering the questions.

3.5.2 Gaining access to participants for studies on managerial and employee perspectives

The researcher first attempted to contact managers by accessing the official websites of some organisations (e.g., sokehoachdautu.vn, thuongmai.vn, vietnamenterprises.vn). However, this way of reaching managers proved ineffective as after a month of contacting people none of them responded to the inquiry. This may be partly explained by the fact that the research time fell at a peak time for the enterprises, at the end of the year and holiday period. The focus of business people at this time was with meeting their business targets and quotas. Realising that this way was not effective and also time-consuming, the researcher contacted several people in her network for assistance as they have many relationships with business owners of all types. Hence, during the data collection for the study on manager perspectives, a snowball technique was utilised to gain access to organisations and interviewees. Due to the previous experiences of seeking participants as managers in this research, the researcher asked them for permission to contact their employees who might be interested in the research. Therefore, snowballing was also used to obtain employee participants for the second study.
“Snowballing involves recruiting individuals to collect data from other individuals whom they think meet certain inclusion criterion defined by the researcher” (McGee, Peterson, Mueller & Sequeira, 2009, p.974). This technique has been proven to be more efficient and sometimes less expensive than using the traditional recruitment strategies (Sadler, Lee, Lim & Fullerton, 2010). It is also a technique that builds trust among the potential participants, who then will agree to participate in the interviews (Sadler et al., 2010). Given the reasons identified by methods specialists, the snowball approach was deemed suitable for this study.

A number of authors have suggested the appropriate number of interviews required to understand a research phenomenon. For example, Kvale (1996) proposes that approximately 10 to 15 interviews are needed for qualitative research, depending upon the time and resources available to the researcher. McCracken (1988) demonstrates the in-depth interview process for phenomenological studies by suggesting the collection of information from 10 interviewees. Creswell (2013) proposes that a qualitative phenomenology approach should comprise 25 interviews, the number typically at which data saturation is reached; that is, when no new information emerges from the interviews.

In the study on manager perspectives, the number of participants for the in-depth interviews was 18. This is suitable for the number of interviews for qualitative research, as suggested by Kvale (1996). The study on employee perspectives included 49 valid interviews.

3.5.3 Sample/ interviewee information

This section explains the sample information of both studies on managerial and employee perspectives. Translation and back translation are also explained.

Study 1: Manager Perspectives

As shown in Table 3.2, a sample of 18 top managers, business owners and HR managers from a range of foreign and domestic organisations participated in the interviews for Study 1. The interviews were conducted across 4 SOEs, 3 ESOEs, 6 POEs and 5 MNEs, with the number of employees within these organisations ranging from 50 to more than 1000. The interviewees, comprising HR managers (n=6), directors (n=7) and top managers (n=5), were from insurance (n=1), hotel and tourism (n=4), banking (n=3), manpower recruitment (n=4), law consulting (n=1), water supply service (n=1), import and export service (n=2), selling
construction product (n=1) and education (n=1) industries. Table 3.2 includes all 18 companies; Table 3.3 includes only the 11 companies which permitted employee access for Study 2. Enterprises that did not agree with a further study of their employees are S1, E1, P1, P2, P4, M1 and M2.

Table 3.2. List of enterprises interviewed in Study 1

<table>
<thead>
<tr>
<th>Coding</th>
<th>Ownership type</th>
<th>No. of employees</th>
<th>Industry or Specialisation</th>
</tr>
</thead>
<tbody>
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<td>SOE</td>
<td>700</td>
<td>Shipping, labour export</td>
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<tr>
<td>S2</td>
<td>SOE</td>
<td>518</td>
<td>Education</td>
</tr>
<tr>
<td>S3</td>
<td>SOE</td>
<td>130</td>
<td>Water supply</td>
</tr>
<tr>
<td>S4</td>
<td>SOE</td>
<td>6000</td>
<td>Banking</td>
</tr>
<tr>
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<td>ESOE</td>
<td>150</td>
<td>Labour export</td>
</tr>
<tr>
<td>E2</td>
<td>ESOE</td>
<td>185</td>
<td>Tourism and hotel</td>
</tr>
<tr>
<td>E3</td>
<td>ESOE</td>
<td>135</td>
<td>Seaport-related construction</td>
</tr>
<tr>
<td>P1</td>
<td>POE</td>
<td>50</td>
<td>Import, export, distribution</td>
</tr>
<tr>
<td>P2</td>
<td>POE</td>
<td>1500</td>
<td>Tourism and hotel</td>
</tr>
<tr>
<td>P3</td>
<td>POE</td>
<td>50</td>
<td>Construction material and products</td>
</tr>
<tr>
<td>P4</td>
<td>POE</td>
<td>100</td>
<td>Tourism and hotel</td>
</tr>
<tr>
<td>P5</td>
<td>POE</td>
<td>30</td>
<td>Law consulting</td>
</tr>
<tr>
<td>P6</td>
<td>POE</td>
<td>10000</td>
<td>Banking</td>
</tr>
<tr>
<td>M1</td>
<td>MNE (JPN)</td>
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<td>Banking</td>
</tr>
<tr>
<td>M2</td>
<td>MNE (JPN)</td>
<td>500</td>
<td>Shipping, labour export</td>
</tr>
<tr>
<td>M3</td>
<td>MNE (GER)</td>
<td>500</td>
<td>Insurance</td>
</tr>
<tr>
<td>M4</td>
<td>MNE (USA)</td>
<td>100</td>
<td>Employment agency</td>
</tr>
<tr>
<td>M5</td>
<td>MNE (JPN)</td>
<td>200</td>
<td>Consultation on strategic development</td>
</tr>
</tbody>
</table>

Study 2: Employee Perspectives

The managers interviewed in Study 1 were approached for permission to access their employees for Study 2. Eleven enterprises agreed to allow their employees to be contacted to participate in these research interviews. Table 3.4 shows that 49 employees comprised the final sample from all four types of ownership, including 3 SOEs, 2 ESOEs, 3 POEs, 3 MNEs from Germany, Japan, and the US. Table 3.4 shows demographic information for participants in Study 2.
Table 3.3. List of enterprises interviewed in Study 2

<table>
<thead>
<tr>
<th>Coding</th>
<th>Ownership type</th>
<th>No. of employees</th>
<th>Industry or Specialisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>S2</td>
<td>SOE</td>
<td>518</td>
<td>Education</td>
</tr>
<tr>
<td>S3</td>
<td>SOE</td>
<td>130</td>
<td>Water supply</td>
</tr>
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<td>S4</td>
<td>SOE</td>
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<td>Banking</td>
</tr>
<tr>
<td>E2</td>
<td>ESOE</td>
<td>185</td>
<td>Tourism and hotel</td>
</tr>
<tr>
<td>E3</td>
<td>ESOE</td>
<td>135</td>
<td>Seaport-related construction</td>
</tr>
<tr>
<td>P3</td>
<td>POE</td>
<td>50</td>
<td>Construction material and products</td>
</tr>
<tr>
<td>P5</td>
<td>POE</td>
<td>30</td>
<td>Law consulting</td>
</tr>
<tr>
<td>P6</td>
<td>POE</td>
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<td>Banking</td>
</tr>
<tr>
<td>M3</td>
<td>MNE (GER)</td>
<td>500</td>
<td>Insurance</td>
</tr>
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<td>M4</td>
<td>MNE (USA)</td>
<td>100</td>
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</tr>
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<td>M5</td>
<td>MNE (JPN)</td>
<td>200</td>
<td>Consultation on strategic development</td>
</tr>
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</table>

Table 3.4. Demographic information of participants in Study 2

<table>
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<tr>
<th>Coding</th>
<th>Ownership types</th>
<th>Gender</th>
<th>Age</th>
<th>Educational level before working for this company</th>
<th>Current educational level</th>
<th>Ownership types I have worked for</th>
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<td>SOE</td>
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<td>50’s</td>
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</tr>
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<td>ESOE, POE, MNE</td>
</tr>
</tbody>
</table>

*Notes: S = SOEs, E = ESOEs, P = POEs, M = MNEs, NA: no experience in any other company, a, b, c, d are interviewees numbers 1, 2, 3, 4 in the particular organisation

**Interview recording and length**

Except for two managers who preferred not to have their responses recorded, the participants allowed the researcher to record the conversation. Besides, some notes were taken from all interviews, which helped me to follow the discussion.

The recorded interviews were approximately 30 minutes to one hour for both managers and employees. The length of the interviews varied due to the experiences of participants and their position in the enterprises. Managers offered longer interviews than employees. However, some employees spoke longer than 45 minutes, due to their experience in the field.

**Translation/back translation**

As the interviews were done in Vietnamese, translation and back translation were needed. The purpose of back translation is to ensure the credibility of the translation (e.g., information to be understood and translated correctly) (Brislin, 1970). Brislin’s research refers to back translation for cross-cultural research where two aspects of translation were investigated. They are “factors that affect translation quality” and “how equivalence between source and target versions can be evaluated” (p.185). Brislin notes that “translation quality can be
predicted, and that a functionally equivalent translation can be demonstrated when responses to the original and target versions are studied” (p.185). As the interviews were conducted in the Vietnamese language, the researcher transcribed the recorded file into a word document and translated it to English. An experienced translator located in Vietnam was recruited for back translation. The researcher then checked the level of match of the two Vietnamese versions, translated and back-translated. This process is to ensure that the quality of the translation is the same as the original Vietnamese content. Therefore, translation and back-translation were a necessary process to have a set of valid data for this research.

3.5.4 Ethical considerations

An important issue for any social study which relates to human activity is ethics. Ethics refer to the safety, well-being, understanding, and benefits of participants in the research as well as the researcher’s behaviour and obligations towards the rights of these participants (Creswell, 2003; Flick, 2014; Saunders et al., 2007). For the ethical considerations, the researcher is required to protect the participants’ right to confidentiality and privacy (Zikmund, 2003). In responding to the researcher’s obligations, ethical clearance should be obtained prior to conducting the research (Saunders et al., 2007). When conducting data collection, a guarantee of confidentiality should be provided concerning all the information collected, and participants should be told that all the documents including written notes and recording files relating to the participants will be destroyed at the request of the provider (Creswell, 2003).

This research was conducted in accordance with the ethical requirements of the participating university. Ethics approval (see Appendix A1 & B1) was obtained before data collection was conducted. The ethics approval number EHR/20/13/HREC was for Study 1 and ethics approval number EHR/20/13/HREC RIMS: 2013/855 for Study 2.

Ethical considerations in this study required that, prior to agreement on participating in the research, the interviewees were informed about the purpose of the research and data collection process including the use of in-depth interviews. Interviewees were made aware of being protected in terms of confidentiality and of the right to withdraw at any time without comment or penalty. All interviewees were supplied with an information sheet (see Appendix A3 & B2) of the research topic as well as a consent form prior to the interview. The consent form (see Appendix A4 & B3), which was sent by email to participants prior to any interview starting, was signed by the participants, and then stored in a filing cabinet at the University.
Interviewees were informed that the recorded interviews would be kept confidential and would be used only for this research. Moreover, all interviewees remained anonymous. A research summary was sent to the interviewee on request. Audio recording or handwriting was utilised to record the answers, with agreement from interviewees.

3.6 DATA ANALYSIS

3.6.1 Qualitative content analysis and thematic analysis

Veal (2005) states that qualitative research can be either deductive or inductive. Deductive research refers to the process of using theory to guide data collection and analysis (Saunders, 2007). In contrast, inductive research relates to the process in which data collection is done first and this is then followed by developing a theoretical explanation (Veal, 2005). Veal (2005) suggests that the deductive approach tends to be popular in positivist research while the inductive approach tends to be used more by constructive/interpretive researchers. Therefore, this current research used an inductive method and this supports the qualitative approach taken.

According to Creswell (2013, p.82), phenomenological data analysis involves a number of steps including building on the data from the first and second research questions. Data analysts go through the data (e.g., interview transcriptions) and highlight “significant statements” – sentences or quotes that provide an understanding of how the participants experienced the phenomenon. Qualitative data analysis aims to make meaningful findings from large data sets (Patton, 2002). Qualitative content and thematic analyses are viewed as a descriptive qualitative design. Sets of techniques are utilised to analyse textual data and elucidate themes (Vaismoradi, Jones, Turunen & Snelgrove, 2016). This involves the systematic process of coding, examining meaning and providing a description of the social reality through the creation of themes (Vaismoradi et al., 2016). Historically the terms “content analysis” and “thematic analysis” have been used interchangeably to refer to very similar approaches to qualitative data analysis (Braun & Clarke, 2006; Wilkinson, 2000). Therefore, this thesis adopts both qualitative content analysis and thematic analysis.

Qualitative content analysis (Flick, 2014; Patton, 2015; Schreier, 2014) is a useful technique to search across the data to identify “those parts that are relevant for answering the research questions” (Flick, 2014, p.430) and “searching text for recurring words or themes” (Patton, 2012, p.543). Thematic analysis refers to “the searching across a data set to find repeated patterns of meaning” (Flick, 2014, p.421) and is suitable for “group comparison”
Thus, the researcher applied qualitative content analysis at first to help work with a large dataset, which needs to be reduced in the analysis (Flick, 2014), followed by thematic analysis to compare the two groups of perspectives.

To get acquainted with each transcript, the researcher transcribed the interviews and conducted a thorough read through each of transcription to note and describe the most salient attributes of each interview. After reading the interviews, the researcher randomly selected five interviews from five different enterprises which represented four types of ownership including 1 SOE, 1 ESOE, 1 POE, 2 MNEs (from Japan and the US), for manual coding. A trial coding frame was built based on these five interviews. Themes were developed based on research questions while subthemes were then generated from the collected data. The researcher followed the four steps of Mayring (as cited in Schreier, 2014) to create subthemes until saturation was reached or no additional new concepts could be found. Morse (1995) considers data saturation to be ‘data adequacy’, whereas Mead (n.d) refers to saturation being met when the researcher becomes bored as the information has been repeated so many times from all previous interviews (see Meadows & Morse, 2001, p.193).

Steps to seek for subthemes

1. Reading the material until the relevant concept is encountered
2. Checking whether a subcategory that covers this concept has already been created
3. If so, mentally ‘subsuming’ this under the respective subcategory
4. If not, creating a new subcategory that covers this concept

(Source: Schreier, 2014, p.176)

In line with Flick (2014), while creating the sub-themes, the researcher paraphrased the material, and deleted less relevant passages and paraphrases with the same meaning (successive summarising). This is the first way to reduce the material. In the second deduction, the researcher bundled and summarised similar paraphrases so that the material could be reduced. Several concrete statements can then be reformulated on a more abstract, general level. Successive summarising is an appropriate strategy for creating entire coding frames in a data-driven way (Schreier, 2014). After generating and defining themes and subthemes, the researcher looked at the structure of the coding frame once again to ‘tidy up’ any loose ends. Then the researcher expanded the trial coding frame to include the remaining data (the main analysis). In the main analysis, the researcher went through all of the previous steps once again to determine if any additional main themes and subthemes were required.
To ensure consistency, the researcher carried out two rounds of coding at two different times and made a comparison for both studies on perspectives of managers and employees. This step helps to find out if there is any change in themes or subthemes, and if one unit essentially corresponds to a theme (Schreier, 2014).

To examine the results of coding in term of consistency and validity, the researcher evaluated and modified the coding. The quality of the coding frame requires the consistency of the two rounds of coding to be clear, straightforward and mutually exclusive. Evaluating the validity of coding frames is to ensure the themes adequately describe the material and the concepts that are part of the research question (Schreier, 2014). Moreover, an inter-coder was also recruited to ensure the reliability of the results for the studies on managerial and employee perspectives.

**Steps of coding for Study 1: manager perspectives**

Two rounds of coding and inter-rater coding were employed for Study 1. Table 3.5 below presents the final list of themes and subthemes after two rounds of coding. Inter-rater coding was applied for Study 1 and Study 2 to check the level of coding reliability. Inter-rater or inter-coder reliability is an approach that evaluates the agreement between at least two coders on coding in-depth semi-structured interview transcripts (Lombard, Matthew, Snyder-Duch & Bracken, 2002; MacPhail, Khoza, Abler & Ranganathan, 2015). The purpose of inter-rater reliability is to “increase the comprehensibility of analysis and providing sound interpretation of data” (MacPhail et al. 2015, p.2) and to reduce bias in research results (Burla et al., 2008; Campel et al., 2013).

After two rounds of coding, the researcher combined the themes of these rounds and finalised them into three themes in Table 3.5. Four transcripts were then given to a PhD candidate who is not in the field of HRM but is familiar with the qualitative method. Though the four transcripts covered four types of ownership, they were selected randomly. Table 3.5 was given to this rater for this coding. It was suggested that subthemes from 2.1 to 2.4 and subthemes from 3.1 to 3.4 should be combined due to the similarity in the name, and that these subthemes should be themes. Besides, it was proposed that theme 2 and theme 3 should become subthemes of the new themes. Table 3.6 below shows the themes and subthemes that the second rater suggested.
Table 3.5. Final themes and subthemes for manager perspective after combination of two rounds of coding

<table>
<thead>
<tr>
<th>Theme</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theme 1</td>
<td>Role of HRM and HR within the organisation</td>
</tr>
<tr>
<td>Theme 2</td>
<td>HRM practices across company ownership types</td>
</tr>
<tr>
<td>Subtheme 2.1</td>
<td>Recruitment and selection regarding RBV</td>
</tr>
<tr>
<td>Subtheme 2.2</td>
<td>Training and development regarding RBV</td>
</tr>
<tr>
<td>Subtheme 2.3</td>
<td>PM regarding RBV</td>
</tr>
<tr>
<td>Subtheme 2.4</td>
<td>Reward system</td>
</tr>
<tr>
<td>Theme 3</td>
<td>Job satisfaction and employee performance across company ownership types</td>
</tr>
<tr>
<td>Subtheme 3.1</td>
<td>Recruitment and selection</td>
</tr>
<tr>
<td>Subtheme 3.2</td>
<td>Training and development</td>
</tr>
<tr>
<td>Subtheme 3.3</td>
<td>Performance management</td>
</tr>
<tr>
<td>Subtheme 3.4</td>
<td>Reward system</td>
</tr>
</tbody>
</table>

Table 3.6. Themes and subthemes for manager perspectives suggested by the second rater

<table>
<thead>
<tr>
<th>Theme</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theme 1</td>
<td>Role of HRM and HR within the organisation</td>
</tr>
<tr>
<td>Theme 2</td>
<td>Recruitment and selection</td>
</tr>
<tr>
<td>Subtheme 2.1</td>
<td>Recruitment and selection across company ownership types</td>
</tr>
<tr>
<td>Subtheme 2.2</td>
<td>Job satisfaction and employee performance across company ownership types</td>
</tr>
<tr>
<td>Theme 3</td>
<td>Training and development</td>
</tr>
<tr>
<td>Subtheme 3.1</td>
<td>Training and development across company ownership types</td>
</tr>
<tr>
<td>Subtheme 3.2</td>
<td>Job satisfaction and employee performance across company ownership types</td>
</tr>
<tr>
<td>Theme 4</td>
<td>Performance management</td>
</tr>
<tr>
<td>Subtheme 4.1</td>
<td>Performance management across company ownership types</td>
</tr>
<tr>
<td>Subtheme 4.2</td>
<td>Job satisfaction and employee performance across company ownership types</td>
</tr>
<tr>
<td>Theme 5</td>
<td>Reward system</td>
</tr>
<tr>
<td>Subtheme 5.1</td>
<td>Reward system across ownership types</td>
</tr>
<tr>
<td>Subtheme 5.2</td>
<td>Job satisfaction and employee performance across company ownership types</td>
</tr>
</tbody>
</table>

In discussing the changes of themes and subthemes, and the explanation of the researcher, the suggested themes (Table 3.6) would not answer the research questions clearly. The researcher explained that this research is investigating the link between HRM practices and employee outcomes rather than focusing on HRM practices and that it is also repetitive.
when repeating the subtheme “job satisfaction and employee performance across company ownership types” in every theme. Consequently, the second rater agreed to keep table 3.5, slightly changed in theme 3. Table 3.7 presents the final themes and subthemes of the research for Study 1. These are described in more detail in Chapter 4.

Table 3.7. Final themes and subthemes with agreement of the inter-rater and the researcher for the manager perspectives

<table>
<thead>
<tr>
<th>Theme 1</th>
<th>Role of HRM and HR within the organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theme 2</td>
<td>HRM practices across company ownership types</td>
</tr>
<tr>
<td><strong>Subtheme 2.1</strong></td>
<td>Recruitment and selection</td>
</tr>
<tr>
<td><strong>Subtheme 2.2</strong></td>
<td>Training and development</td>
</tr>
<tr>
<td><strong>Subtheme 2.3</strong></td>
<td>Performance management</td>
</tr>
<tr>
<td><strong>Subtheme 2.4</strong></td>
<td>Reward system</td>
</tr>
<tr>
<td>Theme 3</td>
<td>Influence of HRM practices on employee outcomes across company ownership types</td>
</tr>
<tr>
<td><strong>Subtheme 3.1</strong></td>
<td>Impact of recruitment and selection on job satisfaction and employee performance</td>
</tr>
<tr>
<td><strong>Subtheme 3.2</strong></td>
<td>Impact of training and development on job satisfaction and employee performance</td>
</tr>
<tr>
<td><strong>Subtheme 3.3</strong></td>
<td>Impact of performance management on job satisfaction and employee performance</td>
</tr>
<tr>
<td><strong>Subtheme 3.4</strong></td>
<td>Impact of reward system on job satisfaction and employee performance</td>
</tr>
</tbody>
</table>

Steps of coding for Study 2: employee perspectives

A coding frame of Study 2 was generated by the first coder. This frame consisted of 40 individual codes located across 10 main themes. This coding frame, along with 10 random transcripts of all 4 ownership types, was then given to the second coder for seeking inter-coder agreement.

The second coder agreed with 37 codes out of 40 codes identified by the primary coder, resulting in a 92.5% agreement on coding, and the themes remained the same. The proportion of agreement between two coders is suggested to be a very high level of inter-rater reliability, as according to Burla et al. (2008), values of 40%–60% are considered satisfactory agreement and values above 80% suggest a high level of reliability. Though there was only a 7.5% disagreement, it was decided to keep the first coder’s themes, due to its deeper understanding of the research, the research context and the language. Below is an example of codes between two coders.
Example:
Code done by the primary coder: Relation between rewards and performance

*Therefore, the motivation to work better is not salary, but the working environment and cooperation which are not listed in KPI (M5a).*

Codes done by the second coder: Work environment

*Therefore, the motivation to work better is not salary, but the working environment and cooperation which are not listed in KPI (M5a).*

Comments:
The primary coder agreed with the second coder to change the code to ‘work environment’.

Table 3.8 below presents the themes and subthemes that both raters agree upon after analysing the content of the participants’ transcripts in Study 2.

<table>
<thead>
<tr>
<th>Themes</th>
<th>Subthemes</th>
<th>Contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theme 1</td>
<td>Employee perception of HR function</td>
<td></td>
</tr>
<tr>
<td>Theme 2</td>
<td>Recruiting and selecting staff</td>
<td></td>
</tr>
<tr>
<td>Subtheme 2a</td>
<td>Attracting job candidates</td>
<td></td>
</tr>
<tr>
<td>Subtheme 2b</td>
<td>Sources of recruitment</td>
<td></td>
</tr>
<tr>
<td>Subtheme 2c</td>
<td>Recognition level of employee capabilities in selection across ownership types</td>
<td></td>
</tr>
<tr>
<td>Subtheme 2d</td>
<td>Loss of valuable employees</td>
<td></td>
</tr>
<tr>
<td>Subtheme 2e</td>
<td>Dilemma of recruiting and retaining good employees</td>
<td></td>
</tr>
<tr>
<td>Subtheme 2f</td>
<td>Relationship between recruitment and selection and employee outcomes</td>
<td></td>
</tr>
<tr>
<td>Theme 3</td>
<td>Training and development</td>
<td></td>
</tr>
<tr>
<td>Subtheme 3a</td>
<td>Training and development approaches</td>
<td></td>
</tr>
<tr>
<td>Subtheme 3b</td>
<td>Relationship between training and promotion</td>
<td></td>
</tr>
<tr>
<td>Subtheme 3c</td>
<td>Relationship between T&amp;D and employee outcomes</td>
<td></td>
</tr>
<tr>
<td>Theme 4</td>
<td>Managing performance</td>
<td></td>
</tr>
<tr>
<td>Subtheme 4a</td>
<td>Frequency and type of feedback across ownership types</td>
<td></td>
</tr>
<tr>
<td>Subtheme 4b</td>
<td>Perceived fairness of performance management</td>
<td></td>
</tr>
<tr>
<td>Subtheme 4c</td>
<td>Employee capability: individual performance or teamwork</td>
<td></td>
</tr>
<tr>
<td>Subtheme 4d</td>
<td>Impact of cultural factors on employer-employee relationship across ownership types</td>
<td></td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Theme 5</th>
<th>Subtheme 4e</th>
<th>Relationship between performance management and employee outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Reward and Pay</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Subtheme 5a</td>
<td>Salary and bonus</td>
</tr>
<tr>
<td></td>
<td>Subtheme 5b</td>
<td>Incentives</td>
</tr>
<tr>
<td></td>
<td>Subtheme 5c</td>
<td>Rewards for individual performance, group work or seniority</td>
</tr>
<tr>
<td></td>
<td>Subtheme 5d</td>
<td>Relationship between rewards and employee outcomes</td>
</tr>
</tbody>
</table>

### 3.6.3 Validity and reliability

This research considered face, criterion and constructed validity. Multi-rater and multi-factor reliability were examined as well.

**Validity**

Validity refers to the extent to which the research accurately assesses the concepts to be measured or reflects the standpoint of the researcher, the participants, or the readers of an account (Creswell, 2014; Flick, 2014; Yin, 2003). “Validity deals with the notion that what you say you have observed is, in fact, what really happened” (Shank, 2002, p.92). It is important to clarify the bias that the researcher bring to the study to improve the validity of the study. Validity checks help me/to avoid problems of bias and help the reader to evaluate the accuracy of the research (Andersen & Skaates, 2004).

Researchers aim to promote both the internal and external validity of their studies to maximise the credibility and defensibility of their research (Veal, 2011). External validity concerns the extent to which the findings of research can be generalised to other settings and situations (Veal, 2011). However, the current studies focused on constructivist research; therefore, external validity was not of concern as the context is important. Internal validity concerns the accuracy of the design of the study and the consideration given to alternative explanations for casual relationships between HRM Practices and employees’ outcomes (Denzin & Lincoln, 1994; Zikmund, 2003).

Triangulation is viewed as a qualitative research strategy to test validity through the convergence of information from different sources (Patton, 1999). It is also used by qualitative social researchers to develop a comprehensive understanding of phenomena (Patton, 1999) by looking at something from several angles (Neuman, 2006). Four types of
triangulation, including data triangulation (e.g., collect data from various perspectives), investigator triangulation (e.g., using more than one researcher to collect and analyse data from the same study), theory triangulation (e.g., using different theories to analyse and interpret data), and methodological triangulation (e.g., using more than one methodology to collect data), have been identified by Patton (1999) and Flick (2014). However, the most prevalent in a qualitative approach is data triangulation, which involves studying phenomena at different dates and places and from the perspective of different people (Flick, 2014). The data triangulation method (Johnson, 1997, p.289) used in this research was the multiple data sources from the interview obtained. Hence, data triangulation, especially triangulation of perspectives (e.g., employers and employees) has been adopted in the current qualitative studies, with the aim of collecting data from various types of people from different positions in the context of an emerging and transitional economy to gain multiple perspectives and data validation. Triangulation of data helps to overcome the potential weaknesses inherent in collecting data from a single source or in using a single method (Yin, 2003, p.97).

**Reliability**

Reliability refers to being able to show that another researcher repeating this research should expect to attain similar findings with the same data (Bryman & Bell, 2015). In other words, reliability is concerned with the stability and consistency of measurement during the research process (Sekaran, 2003). The reliability of the findings was achieved through observation and usage of the same interview protocol or the same questions for consistency during the interviews (Sekaran, 2003). Gerhart et al. (2000) emphasise the importance of multi-rater and multi-actor reliability. Whereas the former refers to collecting similar data from more participants, the latter refers to collecting data from different actors who bring different perspectives to the issues being researched (Guba and Lincoln, 1994).

Furthermore, strict adherence to an organised and structured approach to recording, transcribing, writing, examining and interpreting interview data fosters reliability in research findings (Bryman & Bell, 2015). Consistent with recommendations, the two rounds of coding at two points in time helped in cross-checking findings, thus minimising the potential for the misinterpretation of emerging themes prior to the conduct of each successive interview (Denzin & Lincoln, 1998). At each study, the researcher did the two codings, followed by a second coder. This provided impartial feedback and interview process, data integrity and data relevance.
CHAPTER CONCLUSION

In summary, this chapter presented the research paradigm, data collection methods and date analysis. Following the introduction, the second section discussed the selection of research paradigm where a constructivist or interpretivist was utilised as a guiding paradigm of this research. The third section focuses on the research orientation. The fourth section discussed the research design and included the context of Vietnam, study of ownership types, interview-based approach and interview questions. The fifth section discussed the data collection methods, access sample and ethical clearance. The final section presented the data analysis. The next chapter will present and discuss the findings of the manager interviews.
CHAPTER 4. FINDINGS OF MANAGER PERSPECTIVES

4.1 INTRODUCTION

The purpose of this chapter is to present the findings of the analysis of the qualitative interviews conducted with HRM and top managers in response to the research questions below.

RQ1. How do differing ownership types affect the adoption of HRM practices in Vietnam?

RQ2. To what extent do HRM practices in Vietnam affect employee outcomes, such as job satisfaction and employee performance?

In particular, the researcher will examine differences across eighteen enterprises in Vietnam about (a) the role of HRM within the organisation, (b) the specific HRM practices adopted by the organisation, and (c) the employee outcomes regarding performance and job satisfaction. The researcher, who is especially interested in observing whether any differences that emerge appear to be associated with differences in ownership type, will utilise the conceptual approach of the RBV (see Chapter 2) in examining the issue.

As detailed in Chapter 3, interviews were conducted with the HRM managers and/or CEOs of eighteen enterprises. Four of them were SOEs (S1, S2, S3 and S4), three were ESOEs (E1, E2 and E3), five were POEs (P1 to P6) and the remaining five were MNEs (M1, M2, M5 from Japan, M3 from Germany, and M4 from USA). In terms of employee numbers, the enterprises ranged from 50 to more than 1000. Most of the enterprises that agreed to participate in the interviews were in the service sectors, with two enterprises being in construction and infrastructure. The chapter is organised according to the three themes and subthemes that emerged from the data, as Table 4.1 shows.
Table 4.1. Themes and subthemes for manager perspectives

<table>
<thead>
<tr>
<th>Theme 1</th>
<th>Role of HRM and HR within the organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theme 2</td>
<td>HRM practices across company ownership types</td>
</tr>
<tr>
<td>Subtheme 2.1</td>
<td>Recruitment and selection</td>
</tr>
<tr>
<td>Subtheme 2.2</td>
<td>Training and development</td>
</tr>
<tr>
<td>Subtheme 2.3</td>
<td>Performance management</td>
</tr>
<tr>
<td>Subtheme 2.4</td>
<td>Reward system</td>
</tr>
<tr>
<td>Theme 3</td>
<td>Influence of HRM practices on employees outcomes across company ownership types</td>
</tr>
<tr>
<td>Subtheme 3.1</td>
<td>Impact of recruitment and selection on job satisfaction and employee performance</td>
</tr>
<tr>
<td>Subtheme 3.2</td>
<td>Impact of training and development on job satisfaction and employee performance</td>
</tr>
<tr>
<td>Subtheme 3.3</td>
<td>Impact of performance management on job satisfaction and employee performance</td>
</tr>
<tr>
<td>Subtheme 3.4</td>
<td>Impact of reward system on job satisfaction and employee performance</td>
</tr>
</tbody>
</table>

4.2 THEME 1 ROLE OF HRM AND HR WITHIN THE ORGANISATION

From the interviews conducted, it appears that perceptions of the role and significance of HRM within each organisation do not differ greatly across the three domestic ownership types. Managers of SOEs, ESOEs and POEs all tended to agree in general terms that managing people well is very important for the success of the company. However, they did not speak in specific terms about the strategic role of HRM within the organisation, or describe their employees as being one of the organisation’s most important resources as an RBV framework would suggest. Taking an RBV approach, Liu, Combs, Ketchen and Ireland (2007, p. 503) indicate that employees are identified as the most critical assets of enterprises, “rather than just parts plugged into positions”. In line with this, Marchington (2015, p.178) agrees that “employees are valued assets and a source of competitive advantage because of their skills and abilities”. Furthermore, Mueller (1996) also argues that human resources are the strategic assets of an enterprise. This strategic role of HRM is related to RBV in that it is able to ‘contribute to the creation of competitive advantage and superior performance’ (Saridakis, Lai & Cooper, 2016). Human resource strategies are deeply embedded in an
enterprise and are not easy for competitors to copy (Becker & Gerhart, 1996), because each enterprise ownership type has its typical history of development and because the enterprise’s HRM practices are developed over time and cannot be easily found or purchased by any enterprise in the market (Becker & Gerhart, 1996).

Instead, the HRM managers and/or CEOs of the domestic enterprises interviewed tended to emphasise the traditional functions of personnel management. In personnel management, people are regarded as “costs, not a competitive advantage or vital sources of revenues and profits” as in strategic HRM (Brown, Kulik, Cregan & Metz, 2015; Saridakis et al., 2016). For example, an SOE manager also suggested that the HR function was limited, regarding the benefits it could offer employees, due to the rigid regulations and rules of State applied on SOEs by the State (S4). However, effective human resource management offers an advantage for the domestic enterprises. For example, the manager at an ESOE stated that effective personnel management, with a concern for employee welfare and proper “orientation”, would not only help the company to fulfil all its present tasks but would also prepare it for more difficult jobs and larger contracts from other clients throughout the country in the future (E3). This would be a 'strategic' approach for ESOEs, and RBV might also be equally applied in this case.

Consistent with this more traditional personnel management view, employee relations at the domestic enterprises interviewed were typically managed by an “Administration and Personnel Department” (‘Phong Hanh chinh va Nhan vien’). This department is typically responsible for processing salary payments, insurance, pensions, and related matters for the employees working within the company. There is far less emphasis on issues relating to long-term strategies for improving the effectiveness of human resources. This finding is consistent with those of previous researchers, who found that many HR managers in Vietnam were more concerned with day-to-day control of the workforce than with a commitment to managing human resources in a strategic sense (Quang, 2006). With this view, the potential capability of staff tended to be overlooked. HR managers of the interviewed domestic enterprises were often not HR specialists, as they typically had to be “in charge of many duties that should be the responsibility of another office” (E3). This combining of two functions (HRM and general administration) allowed less room for specialisation within enterprises, as the HR managers spent much time on operational and administrative issues (e.g. processing forms for pay and other personnel as well as general administration functions) rather than developing strategy. Some of these managers recognised the
deficiencies inherent in the setup, and went on to suggest that their department should be split into two departments, “one department that is responsible for HR and another for administration” (P4). This quote is supported by the findings of previous researchers (e.g., Galanaki & Papalexandris, 2007; Galanaki & Papalexandris, 2005; Klaas, 2008), who show that most companies in the West, especially the US, outsource certain HRM functions such as administrative and transactional functions, while strategic parts of HRM become the major focuses of HR specialists. Quinn (1999) also argues that these HR administrative duties should be considered for outsourcing because they carry low strategic risks and low potential for a competitive advantage.

Although the actual interviews did not refer to outsourcing of HR functions, the use of HR outsourcing among MNEs from the West could help them to “better focus on their core competencies that other enterprises have difficulty in copying” (Edvardsson & Teitsdóttir, 2015, p.32). It seems that outsourcing approach relates to RBV as HR specialists are free from administrative tasks and hence, can develop the HR strategies that may be considered as competitive advantages. This is consistent with Barney et al. (2001), who suggested that strategy-related outsourcing is connected with a RBV of the enterprise, as this investigates the resources and capabilities of enterprises that help them to create better rates of returns and a sustainable competitive advantage, which competitors cannot copy or take a long period to imitate.

MNEs, on the other hand, tended to have a clearer recognition of the importance of HRM in relation to business strategy within an organisation and were more likely to establish a separate HRM department with well-developed HRM functions and qualified HRM specialists. The following comment was typical: “HRM plays a strategic role; management highly values HR” (M4). The manager from one of the Japanese MNEs was also quite clear: “our company considers HRM to be playing a strategic role ... our current MNE ownership structure has a more favourable impact on HRM than that of the SOEs, and our HRM practices are more sophisticated than those of SOEs...” (M2). With this view, human resources could add some value to MNEs and bring competitive advantages to this enterprise ownership type.

Also, the US and German MNEs either directly applied HRM practices taken from the country of origin, or adjusted them to suit the local business environment, as indicated by the comment: “...In addition to a minimum set of standard criteria of the company, our US MNE has established an HR policy adapted to the legal framework of the locality” (M4). The
transfer of such HR policies and standards helps MNEs to establish a sophisticated HR setup at the local office. The evidence from the interviews suggested that MNEs were more likely to see a strategic role for HRM than were the domestic enterprises. By having a separate HRM department which performs specialised functions, MNEs emphasised the important role of HRM more than domestic enterprises did. In RBV terms, the domestic enterprises were less likely than their MNE counterparts to explicitly view their employees as a resource of strategic importance to the success of the organisation and were, therefore, less likely to establish internal setups and mechanisms to manage such a resource at the strategic level to complement the operational level. These observations in this regard are consistent with earlier findings (e.g., by Quang & Thang, 2004).

As emphasised by RBV, employees, especially those with skills that are valuable, rare, and difficult to copy and replace, add value to the firm (Barney, 1991; Backhaus & Tikoo, 2004; Holtbrugge, Friedmann & Puck, 2010). In practice, therefore, some companies try to gain an advantage by recruiting highly skilled and talented employees from other companies. In facing such potential poaching, how to retain these valuable human resources is, or should be, of particular concern, not only to HR managers but also to top executives. An indication of the degree to which employees are regarded as a valuable resource can be obtained by observing how enterprises deal with the risks of poaching.

The interviews confirmed that enterprises of all four ownership types had direct experience of this issue, with some of their valuable employees having been poached, or at risk of being poached, by competitors (as indicated by organisations S3, E3, P2, M3, M4 and M5). However, it appears that enterprises of different ownership types follow different approaches in responding to the problem. For example, HR managers of SOEs noted the use of binding contracts, with appropriate “sweeteners” such as higher pay, coupled with the condition that the employees could not resign for certain minimum periods (S3). One POE invested more on training so that the newly trained staff could replace the experienced ones who were leaving the company (P1), although previous researchers have found that in general POEs were reluctant to invest heavily in training because of the likelihood that skilled employees would be ‘poached’ (Thang & Bryant, 2004). A manager from the Japanese MNE believed that continuously renewing the reputation and working environment was the best way to retain employees and attract potential candidates (M5). In contrast, HR managers of one ESOE, and the German MNE, placed more emphasis on finding out why the employees wanted to leave, and on comparing the full range of benefits of working for the current
enterprise and the competitor so that the employees could reconsider their decision to move (E3, M3). The US MNE adopted a pro-active approach, which was to “create a good environment so that the employees feel calm in their mind and work with the company for life” (M4). It also offered attractive reward policies to prevent employees from wanting to leave. Similarly, the Japanese MNE manager stated that the company promoted a collegial working environment and a responsive assessment-reward system, both of which helped them to retain valuable employees: “If the senior and effective employees are not promoted, they will quickly move to another company” (M2).

In RBV terms, valuable employees are a crucial resource to sustain the competitive advantage of the firm (Lado & Wilson, 1994; Pfeffer, 1994). It is reasonable to expect that companies holding this view more strongly are also the ones that actively and systematically work to ensure that employees are productive and have job satisfaction, thereby providing them with little reason to leave the organisation. In the sample of the interviews undertaken, it would appear that the latter description better fits the US MNE (M4) and, to a lesser extent, the German MNE (M3) and an ESOE (E3), rather than some of the SOEs (S3).

4.3 THEME 2: HRM PRACTICES ACROSS ENTERPRISE OWNERSHIP TYPES

In this section, whether ownership type influences the adoption of specific HRM practices, including recruitment and selection (R&S), training and development (T&D), performance management (PM), and reward system (RS) areas is examined. According to RBV, improving the capabilities of a resource adds to that resource’s value to the firm and may add to the firm’s competitive advantage (Amstrong, 2014). Thus investment in human resources that are valuable, rare, inimitable and non-substitutable (Barney, 1992) can be highly effective, with employees becoming a source of competitive advantage for the firm.

4.3.1 Theme 2.1: Recruitment and selection

The key purpose of R&S is to attract candidates who can meet the requirements of the enterprise (Holtbrugge, Friedmann & Puck, 2010). To be able to reach suitable candidates and increase the size of the pool of highly qualified people available for consideration, enterprises need not only personnel marketing (e.g. how to reach potential recruitment
sources) but also a strong reputation, as well as effective recruitment & selection approaches. According to RBV, personnel marketing creates value, an enterprise’s reputation promotes uniqueness, and internal recruitment may protect inimitability (Backhaus & Tikoo, 2004; Holtbrugge, Friedmann & Puck, 2010; Wright et al., 2001).

The current research suggests that enterprises can gain value, uniqueness and inimitability by enhancing R&S approaches to target highly qualified recruitment sources, which in turn would increase an enterprise’s reputation. In general, information gained from the interviews indicated that there were some differences in the approaches to R&S adopted by the domestic enterprises as a group, in contrast to the MNEs. The former tended to rely more on traditional methods (e.g., personal contacts and university/college selection), while the latter were more likely to use more innovative, international, standard HRM practices with IT support.

**Sources of recruits:** SOEs still depended heavily on traditional sources (e.g., universities/colleges and personal contacts). For example, one interviewee noted that SOEs frequently sent information about job vacancies to educational institutions and asked them to select good candidates from among their talented new graduates and recommend them to the companies (E3). In this way, even though there might be a shortage of highly skilled graduates in the labour market, the SOEs were always able to recruit some of the best and most skilled among them.

At the same time, the SOEs’ recruitment efforts were usually not well coordinated with their specific needs, which resulted at times in an abundance of employees with similar skills in some areas of the company, while there was a shortage of employees in other areas as noted below:

*As an ESOE, we recruit new employees only when there is a need. When we were a SOE, we used to send our job requests for excellent candidates to Universities and educational institutes where they will select their talented graduates and recommend to us. Nowadays, we do not do that anymore as we only recruit when there is a need (E5).*

In that situation, the organisation would not be able to fully utilise the employees’ capabilities due to the mismatch of jobs and skills. This could result in employees working less effectively and possibly becoming frustrated in some areas, while their colleagues in some other areas were subject to overwork and stress; thus the firm might experience difficulty in retaining them.
In addition to relying on educational and training institutions, the interview responses showed that SOEs prefer to recruit on the basis of previous relationships. This practice was defended along the lines that “…when recruited, the employee has the skills handed down by his father…” (S1). The same interviewee also recognised inherent disadvantages in this method of recruitment, conceding that “…the situation might occur where the son could take advantage of his father’s position to be lazy or to be too proud. We are dealing with that kind of problem” (S1).

These quotes suggest that there are incidences of nepotism among SOEs. According to the managers interviewed, SOEs were trying to improve their recruitment methods to lessen the severity of the problem and to find suitable people who had aspirations to work for the company in the long term. It was suggested by the manager of S1 that in the future it would be better to recruit people from various sources and to utilise an interview and a language test in the selection process, to reject candidates who are likely to deliver a poor performance. For recruiting the best employees for the company, the manager suggested that technical members of the selection panel might not be allowed to see the candidate list beforehand, so that the disadvantages of recruitment based on relationships would be minimised and SOEs could recruit the staff with the highest capabilities and skills.

Compared with SOEs, ESOEs appeared to approach a wider variety of sources of recruits and tended to coordinate their recruitment better with their actual HR requirements. In particular, ESOEs utilised “local newspapers, company notice boards, the recommendation of friends for job advertisements” (E3) and recruited “only when a need or a vacancy arises” (E1). The needs-based recruitment approach may provide more opportunity for existing employees to develop their capabilities as they consider applying for an advertised job within their field of interest. ESOEs did not encounter the same degree of a skills-jobs mismatch as did SOEs.

On the other hand, ESOEs indicated that they had difficulty in recruiting top graduates, as graduation may not coincide with the time the company needed new employees and good graduates may have already been recruited by SOEs: “We cannot make an advanced arrangement for good graduates from a training school nor can we recruit them when we don’t have work for them, or they might have been taken by other institutions, before we need them” (E3). This suggests that the demand forecast function of HRM (Pynes, 2004) had not been developed to a high degree by ESOEs. Employment demand forecasts involve
predicting the future development of the labour market and the future need of recruiting new employees within an enterprise (Maier, Mönnig & Zika, 2015)

In addition to the traditional recruitment sources employed by SOEs and ESOEs, POEs also made use of some innovative sources such as online social networks (P1, P5, and P4) and company websites (P6). For example, POEs published information about their vacancies on trusted websites such as VietnamWork, and Kiemviec.com (in Vietnamese ‘kiem viec’ means ‘job search’) to reach young prospective recruits (P1). Moreover, like ESOEs, POEs “recruit anytime ... when there is a need” (P1). Interestingly, in some POEs, key positions such as accountants and cashiers were held by family members of the owners or principal shareholders: “They do not trust the outsiders for these positions. If the people working in these positions are good, then there is no big problem” (P4).

The interviews did not reveal significant differences between large POEs (those not owned or dominated by families) and MNEs about recruitment sources. However, the situation is quite different when it comes to selection procedures and tools.

**Selection tools and procedures:** In addition to interviews, SOEs based their selection on standard procedures, such as the applicant’s resume, checking educational background and qualifications, as well as checking the candidate’s abilities and personal qualities with previous employers or educational institutions (Armstrong & Taylor, 2014). This is evidenced by the following quote: “we consider the CV and certificates which are required to be part of their application, then we have to verify and confirm the applicant’s ability; we also liaise with the place where he or she was trained to see if the information is true” (S3). The ‘trio’ of selection techniques (Scholarios, Lockyer & Johnson, 2003; Gustafsson, Edvardsson, Nickson, Warhurst & Dutton, 2005) at SOEs may still be considered to be highly valid and good practice. It seems that SOEs use some valid selection techniques. This supports the finding of Napier (2005) and Stanton and Pham (2014), who argue that Vietnamese managers are trying to apply international management development programmes to improve management capabilities and communication skills and recognise that they can learn both explicit and tacit knowledge from foreigners.

This description referred mainly to the selection of entry-level and other lower-level positions in the company. “The highest position (e.g. General Director) of the SOE would be appointed by the Provincial/Municipal People’s Committee, that is, the local government” (S3). This suggests that appointment to the highest position within SOEs tended to involve
complex (including political) considerations, rather than being based on purely commercial or business criteria. This finding is consistent with the previous study in the Chinese context by Cao, Lemmon, Pan and Tian (2009, p.7), who assert that “under the politically controlled personnel system, the Chinese central government is the ultimate authority over the selection, appointment, and dismissal of top executives in SOEs”.

As for other executives, such as Vice-General Directors and senior managers: “they would be appointed by the General Director (or by the Company Chairperson, if such a position exists)” and their selection would more often rely on internal selection than on an open-field competitive process (S3). The internal selection method offers some advantages over the open competition method. For example, the appointee would already possess substantial intimate knowledge of the internal functioning of the enterprise, and the other staff in the organisation would be familiar with the selected person’s strengths and weaknesses (Bayo-Moriones & Ortín-Ángel, 2006). The expectation is that good working relationships between the appointee and other staff members would be easier to develop. This is in line with collectivist values as well (Hofstete, 2003).

In RBV terms, internal recruitment has two positive effects on the imperfect inimitability of human resources (Holtbugge, Friedman & Puck, 2010). An advantage of internal recruitment is that the appointee builds on firm-specific skills and is more likely to feel part of the organisation and to remain. In contrast, if that employee is passed over and decides to leave, then these firm-specific skills are lost. The second advantage of internal recruitment is that, by accumulating employees’ knowledge over time, the firm’s specific skills are bolstered. Thus, SOEs’ preference for internal promotion to select middle and senior managers may increase the imperfect inimitability of their labour force.

In addition to recruitment based on relationships or trusted contacts, recruitment tests were also used by some domestic enterprises. For example, the manager of an ESOE stated that applicants for a regular worker’s position were required, after being selected, to complete a trial/probationary period at work in which they were observed ‘on the job’, and applicants for the position of a highly skilled expert or a customer care position would have to pass an in-situation test within a specified time (E3).

MNEs, especially those from Germany and the USA (and to a lesser extent those from Japan), used R&S methods that appeared more comprehensive than those of SOEs. To recruit a capable workforce, the Japanese MNE applied several processes: (1) examining an
applicant’s background as detailed in their CV, (2) conducting selection interviews, and (3) utilising computer-based testing in English. If uncertainty arose in making a decision, the candidate’s previous institution(s) would be consulted to obtain their evaluation of the candidate (M2). Although this description may seem similar to the procedures adopted by domestic enterprises, the Japanese MNE was rather distinctive, in that it aimed to “recruit not only the most talented but also the average people, as the likelihood of the talented recruits eventually leaving is higher ... so we employ a range of employees, with a variety of educational and training background” (M2). Besides, the Japanese MNE appreciated seniority in selecting candidates for promotion: “The longer you work and the more experience you have gained from starting at the lowest rank, the higher position you may be appointed to, conditional on your capability” (M2). The preference of this firm for seniority is similar to the situation in many SOEs in Vietnam.

The MNEs interviewed tended to employ expatriates at the management level. From the perspective of the RBV, expatriates possess the skills and knowledge that are part of the resources of the organisation’s parent company. These skills would better match the critical tasks and strategies established by the parent corporation to be implemented within the subsidiaries located in other countries (Tan & Mahoney, 2006).

The US MNE recognised three levels of skills and qualities among desired recruits: “Level 1 consists of the qualifications and skills that are a must; Level 2 consists of transferable skills; Level 3 consists of the potential to be trained after recruitment and to quickly upgrade their skills to meet the challenges of the business” (M4). Thus this company could better exploit the potential strengths of a high-calibre candidate and did not always focus narrowly on attracting the talent that exactly matches the job description at the time. “There are positive effects from recruiting the right person at a time of need, as well as from avoiding the familiar, periodic shortages of skilled labour” (M4). Its recruitment approach helped minimise both the effects of a general lack of highly-skilled labour in the domestic market, and the tendency by many HR recruiting companies to attempt, at the same time, to attract skilled individuals in the same professional area (M4).

The US MNE also adopted behaviour based interviews and competence based interviews (see Colombo & Grilli, 2005; Kessler, 2006) that can classify the skills of employees ranging from those requiring much training to those with highly developed skills. These techniques helped the company to identify requisite capabilities. It also utilised special
recruitment tests with a ‘performance prediction system’ so that the potential, underlying abilities of candidates could be revealed:

Recruitment tests allow the employers to see the candidates’ potential capacity, quite apart from their educational background, or previous positions....Many people have developed their career differently from their educational background, but it does not mean that they cannot perform well....The ‘performance prediction system’ provided by the headquarters helps the recruitment organiser to discover the employees’ potential capabilities (M4).

After the interview, the candidate’s ability would be classified into these three different levels. Based on the ability level of the interviewed candidates, the US MNE can make decisions on employing qualified candidates who would require little training and could be immediately assigned a task. Those who had the ability to work but required training to develop sufficient skills would be trained before being assigned a specific duty. In contrast, domestic enterprises selected only the individuals who already possessed the requisite skills. Therefore, domestic enterprises may miss out on opportunities to recruit individuals who currently lack the specific skills required but do have the aptitude for acquiring such skills and possibly a lot more.

The German MNE also used interviews in selecting candidates with the necessary capabilities and also required successful applicants to complete an initial trial period. It had different recruitment policies for different positions. For example, for the positions involving interactions with customers, the focus was on good communication skills, real life experience and broad social relationships rather than qualifications. However, for the administrative positions, good qualifications were important: “For the positions of management that get a fixed salary, the recruitment is based on usual criteria such as capacity, and personal ability, normally through an interview. For the business groups, normally the employees “recruit” us, we do not recruit them” (M3). The latter category of employees usually took the initiative to approach the enterprise, as there were many companies supplying insurance services, and so the employees would research and compare the company’s reputation, the benefits being offered, and the working environment with those of competitors before making a decision to apply for a position of insurance seller/dealer.

From the RBV perspective, if the company’s reputation is unique or rare (Hotbrugge et al., 2010; Wright et al., 2001), this will make it distinctive and desirable to potential
employees (Backhaus & Tikoo, 2004). It has been suggested that better-qualified applicants would prefer to send their CV to enterprises with a better reputation, benefits and working environment (Turban & Cable, 2003). It should be noted that the US MNE in the study also recognised that their company’s reputation was an advantage that they enjoyed in their recruitment efforts: “This company is attractive to the employees because it has established a good image and has had years of substantial development in many different countries” (M4).

In summary, information from the interviews suggested that the R&S practices of the domestic enterprises were simpler, while MNEs combined a greater variety of approaches to obtain capable employees. This is consistent with Thang and Quang’s (2005b) finding that MNEs are more proactive than domestic enterprises about R&S.

Moreover, the current research contributed to the literature by identifying specific instances where these general observation appeared to hold true. For example, the researcher found that the R&S practices of MNEs, especially the US MNE, appeared to pay more attention to employees’ potential (as opposed to existing) capabilities than domestic enterprises did. Also, the researcher found that MNEs from different countries of origin tended to adopt different styles of R&S: the Japanese MNE gave some weight to seniority, whereas the US MNE tried to predict future performance.

According to Moon and Kym (2006), and Bontis and Serenko (2007), employee capabilities, including knowledge, skills and experiences, are part of the functional capability which contributes to the competitive advantages of a firm. HRM practices could, by enhancing employee capabilities, help to create competitive advantages for a firm and to strengthen its performance (Galbreath, 2005). By implementing R&S practices that were more sophisticated than those of domestic enterprises (especially SOEs), MNEs demonstrated an approach that appeared more consistent with the RBV than that of their domestic counterparts.

4.3.2 Theme 2.2: Training and development

In RBV terms, training can be viewed as an investment that provides employees with unique knowledge, skills and capabilities (Jodlbauer et al., 2012). Greenidge, Alleyne, Parris and Grant (2012) also argue that training plays a significant role in developing and retaining human resources with inimitable competencies for the firm. This sub-section examines the approaches taken by enterprises of various ownership types to developing employee
competencies and capabilities, and considers if they generate value, uniqueness and inimitability.

**On-the-Job and Off-the-Job Training:** The interviewees’ responses suggested that, among the enterprises of all four ownership types, on-the-job training was far more popular than off-the-job training. Many enterprises considered that universities and other education providers had not equipped the new employees with all the skills the organisation required. Thus on-the-job training, where new employees received training from more experienced colleagues or managers, would be necessary to supplement the employees’ formal training. In RBV terms, one advantage of on-the-job training is that much of its benefit is inimitable as it typically involves knowledge that is embedded in the enterprise’s products, procedures, structures and policies (Friedmann, Holtbrügge & Puck, 2008).

Nevertheless, most of the interviewed companies also accepted that off-the-job training could be appropriate under certain circumstances. For example, some SOEs cooperated with local and international education institutions in providing training in standard skills and competencies (S2, S3, and S4). One ESOE provided employees with full payment of tuition fees for further education on the condition that they committed to long-term employment with the company (E3). Some POEs (P5 and P6) not only invited outside specialists to come and share knowledge and experience but also sent some employees outside the organisation to be trained by specialist training companies.

**Online training:** The US MNE (M4), the Japanese MNE (M5) and one POE (P6) offered online training (e.g. webinar) to enhance the capability of employees. However, one manager suggested that some employees disliked online training because they preferred to interact with human instructors face to face, so online training was combined with face-to-face training, supervision, review and encouragement from line managers (M4). Similarly, one of the Japanese MNEs had standard training software and a training board which established training plans for individuals or groups (M2). Previous researchers have found that, in Vietnam, a combination of e-learning, manager-led, and on-the-job training proved to be more effective than other options, such as a single classroom or e-learning programs (Vo & Hanif, 2012).

Similar to on-the-job training, online training can be geared toward firm-specific skills, as electronic training resources which target such skills can be developed. By having firm-specific training, enterprises can develop a uniqueness that is difficult for competitors to
replicate. Even if the competitors can copy the firm-specific training, it still takes time for their employees to learn, particularly as people’s ability in learning varies. By the time the training is copied by competitors, the enterprise is likely to have already developed its specific training further (Miller & Shamsie, 1996; Richard, 2000). Therefore, firm-specific training is likely to remain beneficial. For example, a POE (P6) explained that whenever an employee wanted to develop any firm specific-skill, online training was always available for the individual.

**Continuous Retraining:** A Japanese MNE (M2) adopted a policy whereby employees are expected to upgrade their knowledge *continuously* through retraining. In particular, those who were promoted to a higher position were required to attend training courses that supported them in making the transition to the new positions, and to perform well in them (M2).

**Financial Constraints:** The use of online training, continuous training, and generous schemes for off-the-job training within domestic enterprises are likely to remain limited, due to financial constraints. Indeed, the interviews reveal that some domestic enterprises had not been able to establish a dedicated fund or allocation for training; nor had they developed regular training plans, despite their avowed intention to do both. This is indicated by the following quotes from interviews:

*T&D practices ... all depend on having adequate training funds as well as the management methods of the managers* (S3).

*T&D approaches of POEs like our company are based on the market demand. Once there is a need for training, and there are adequate resources, the activity will be on (P1).*

Though all the domestic enterprises were willing to invest in T&D, the large POEs (those not owned or dominated by families) were more willing to invest in T&D than the small POEs (those owned or dominated by families). This can be explained by the view commonly held by the small POEs that training was the responsibility of individuals and the POEs were anxious that well-trained staff might leave (P5). This line of argument is consistent with previous work (Thang & Bryant, 2004) reporting that POEs considered training to be a personal responsibility and hence approximately 90% of these enterprises had not invested in training their employees. The interviews suggest that only the people who had committed to work long-term for the small POEs would be sent to training courses to upgrade
their fundamental skills (P5). In contrast, one of the large POEs (P6) invested much in online training and cooperated with a training centre in Hanoi.

In summary, on-the-job training was the most popular training method among all four ownership types. Besides, compared to domestic enterprises, MNEs and large POEs tended to invest in other methods of training and developing their employees’ capabilities, such as online training and continuous retraining. This difference appears to have been due, at least partly, to financial constraints facing the domestic enterprises.

As mentioned above, the functional capability is one of the important resources of enterprises (Hall, 1993). Thus, compared with the domestic enterprises, there is more evidence of the MNEs demonstrating T&D practices that are more consistent with RBV. As international sources and up-to-date technology are often unique to MNEs, it is not surprising that they can and do use such firm-specific sources and technology for training purposes. Also, it may be misleading to assume that all local enterprises lag behind the MNEs. The methods of T&D of big POEs are somewhat similar to those of MNEs. It seems that changes in POEs are much quicker than in other types of domestic enterprises; in particular, the significant POEs may be quite competitive in comparison with MNEs regarding T&D.

4.3.3 Theme 2.3: Performance management

Whether or not PM is recognised as a contribution to the RBV approach depends on how fair and objective the individual performance assessment is. It appears that employees are more likely to bring value to enterprises (by improving their performance) when they think that their performance is fairly evaluated. Thus performance methods are pivotal to enhancing RBV. The interview findings demonstrated that the domestic enterprises utilised more subjective and traditional PM approaches (e.g. graphic rating scales), while MNEs employed more objective and newly developed PM methods (e.g. key performance indicators, balanced score cards).

Minimum requirements: the PM system of SOEs and ESOEs was required to meet certain minimum standards, as noted in the interview with an SOE manager:

*Managers and employees are required to learn how to assess someone’s performance every year. The performance appraisal system has clear criteria. The assessors are*
well trained, have good professional knowledge, must have a good understanding of the legal documents and government decisions, and also be fair (E3).

In these enterprises, employee performance would be assessed on the basis of the jobs assigned, the time required, and the work content.

**Graphic rating scale:** Graphic rating scales are referred to as an appraisal technique evaluating personal performance based on five rating levels for each specific criterion (Aggarwal & Thakur, 2013; Stone, 2013). This method was widely used by domestic enterprises (S3, S4, E3, P1, & P4). Performance would be rated from A to D (A = referred to the best; D = worst). In many instances, the rating would be based not (only) on the quality of the work, but on the number of hours worked on top of the specified minimum (E3). The supervisor rated the employees by marking the score that best described their performance. These scores were collected weekly and monthly, and then totalled for each quarter and annually.

We also use ABCD classification to assess our employees’ performance. The people who work five extra hours per week are classified A, B for 3 extra hours per week, C for 2 extra hours per week. We also pay based on the State Law, for example, 200 percent of the basic wage rate if the employees work at the weekend. (E3)

Internationally, the graphic rating scale method, recognised as one of the oldest and simplest techniques of performance appraisal, is seen as being “less clear, acceptable, and yielding lower ratee commitment” (Tziner & Kopelman, 2002, p.491) than other techniques such as KPI, balanced scored-cards, or 360-degree evaluation (Vo & Stanton, 2011). One of the SOEs (S4) demonstrated that the graphic rating scale was subjective because if a rating of A was given to an employee this time, next time the highest rank would be given to another person. In addition to this and similar traditional performance techniques, Vietnamese enterprises had begun to adopt newer approaches, as discussed below.

**ISO 9001** (Quality Management – The program of Close-Inheritor Development for HR Management): One SOE (S1) and one ESOE (E1), both engaged in labour export, were certified as adhering to international standards ISO 9001 for quality management. In E1, for example, employee performance assessment was conducted at two levels, for managers and subordinates separately. The performance of managers was assessed by “the business outcomes”, while the subordinates’ performance was evaluated by “the quantity of work and
the time to do it, as well as an overall assessment of the quality of the work (e.g. work routines, punctuality, abiding by labour discipline, compliance with work orders) on the basis of ISO 9001” (E1). Feedback from customers was also considered when assessing employees’ performance (E1). Furthermore, a graphic rating scale method was retained, partly due to the legacy of the company being a former SOE.

**Reviewing supervisors’ evaluation:** Some enterprises placed considerable emphasis on checking and reviewing supervisors’ ratings (E3, P4, and P5). The following is a quote from the manager of an ESOE: “the manager would evaluate and rate the performance of the employees under his/her management and send a report to the higher ranks, where the rating will be checked and either confirmed or revised. If a supervisor’s ratings are considered accurate and appropriate, he will be encouraged to continue using the same approach, if not timely measures will be adopted to adjust the manager’s rating approach” (E3). Some POEs also emphasised such reviews of supervisors’ ratings (P4, P5).

**Key performance indicators (KPI):** The use of KPIs is regarded as a quantifiable measuring technique, aiming to assess the satisfactory level of performance and goals of strategy and operation (Jahangirian, Taylor, Young & Robin, 2016). This approach was employed by the large POE (P6). It was considered to be an effective tool to assess employee performance. The assessment criteria for each position and level within the enterprise are created differently. For example, the criteria for KPI of a sales person include revenue of the person per month, and quality of customer service (P6). The target percentage of such criteria is set up at the beginning of each year, and the employees are assessed weekly, monthly, quarterly and finalised at the end of the year to see if they have met the annual target (P6). KPIs were also used by the MNEs interviewed (M4 and M5). The difference between POEs and MNEs in their use of KPIs is that “KPIs of MNEs are assessed by the direct supervisors and by the employees” (M5) and “the criteria are set based on the international standards of the MNEs” (M4).

**PM tools employed by MNEs:** In contrast to the domestic enterprises, MNEs tended to employ more recently developed PM tools. For example, the US MNE (M4) and the Japanese MNE (M5) used balanced score card (BSC) and KPIs. BSC evolves a process that assesses performance based on four perspectives, including financial, customers, internal business, and learning and growth, that connect the vision and mission with all the functional requirements and day-to-day work in order to manage and evaluate business strategy, monitor
operational efficiency, provide improvements, build organisation capacity, and communicate progress to all employees (Kaplan & Norton, 2005; Punniyamoorthy & Murali, 2008). Both of these techniques are well known internationally but are less frequently used in Vietnam (Vo & Stanton, 2011). While the US MNE adopted its parent company’s standard PM systems, it also modified the system to suit local circumstances: “We are allowed to use the standard tools and customise according to the local requirements. There have been no undue restrictions on the part of the Corporation or from the Regional Office regarding this matter” (M4).

The German MNE adopted a management by objectives (MBO) system, whereby criteria and common goals would be defined by the manager and subordinates at the beginning of each year. These criteria would then be applied in assessing staff performance at the end of the year. In principle, the assessment could be based on either job description or revenue targets (see Poister & Streib, 1995; Kyriakopoulos, 2012). It turned out that, in the case of M3, the performance of administrative staff was relatively difficult to evaluate, so their performance assessment was based on job descriptions, the assigned tasks, and the actual work they had done. In contrast, the performance of the customer care section proved to be easier to evaluate due to the amount of revenue that it generated.

With regard to the performance of administration staff, we would assess by their job description. We often check to see the extent to which the work has been finished and the quality of the work ... The relevant staff’s performance may be evaluated as “bad/not good”, “task completed”, “good”, or “over achieved”. For customer care staff, their assessment is based on revenue generated. Higher revenue means better work is done (M3).

In the Japanese MNE, besides the usage of KPIs (M5), individual performance was assessed based on a clear criteria checklist (M2). The assessors were the people who used to do the same jobs previously, to ensure that they were able to make accurate assessments. The assessed employees would be allowed to read the assessment and ask for feedback if they were not satisfied with the evaluation. They could, for example, request a re-assessment. The manager of the Japanese MNE said that their PM met “international standards about safety and quality” (M2).

In summary, the interviews with managers suggested that, although the PM practices of domestic enterprises were in general not as advanced as those of MNEs, the former
enterprises appeared to have made considerable efforts to update their PM approaches. A number of appraisal practices, such as assessment based on ISO 9001, had been adopted by some domestic enterprises, especially ESOEs and POEs. Among the domestic enterprises, SOEs appeared to rely most heavily on a few formalised performance appraisal techniques, while POEs employed more formal PM practices such as KPI and ESOEs were somewhere between those other two groups. By comparison, MNEs utilised performance appraisal tools that were more recent and internationally well-known, such as BSC, KPI, and MBO.

4.3.4 Theme 2.4: Reward system

Few studies consider how RBV is utilised in reward systems. However, the research shows that that individual performance-based reward can motivate the employee to improve their capabilities (Aguinis & Gottfredson, 2013; Shields et al., 2015), and thus enhance the RBV of enterprises. Herein the researcher differentiates between financial and non-financial rewards, and (within the category of financial rewards) between direct and non-direct rewards (Shields et al., 2015). Direct financial rewards include base pay (based on skills, qualifications, experience, seniority, ability, and so on), allowances (e.g. overtime, shift work) and incentive pay (e.g. bonuses, commission). Indirect financial rewards (often called benefits) include financial coverage of insurance, superannuation, medical insurance and health care, childcare, paid holidays. Non-financial rewards include advantages that relate to the individual’s job, such as interesting work, enjoyable challenges and responsibility, and flexible work schedules, as well those that relate to the general work environment, such as congenial colleagues, competent and respected supervisors, safe and healthy working environment (see Chiang & Birtch, 2012). These rewards are now discussed in relation to the interviews.

Comparative pay rates and non-financial rewards: General perceptions amongst interviewees were that employees of MNEs were better paid than those of domestic enterprises and that among the latter enterprises, pay rates at ESOEs were higher than at SOEs. It was more difficult to generalise about POEs. Some POEs paid their employees very well, while others (especially small ones) tended to pay less than large companies (including SOEs). For example, according to a manager of a POE (P2), the salary paid by the enterprise is double or even triple that of other companies, and it all depends on the revenue gained when signing a contract. Alternatively, another manager of a POE (P5) stated: “employees of some POEs may be rewarded less than employees at the other, larger companies as the
owners often wanted to derive as much benefit as possible from the business”. Furthermore, higher pay rates were often associated with lower job security:

Salary paid by SOEs is not as high as others, but the job is more stable (S1).

The employees of ESOEs have to try their best to work if they do not want to be dismissed. In return for their effort, they are paid higher than SOEs. (E1)

Indirect financial rewards: In addition to standard benefits such as insurance, medical and health, and superannuation, the enterprises made use of other indirect financial rewards, some of which may be rather unfamiliar internationally but were a legacy of the previous command-economy system and the gradual evolution of the economy from that model. For example, loyal and high-performance employees of some SOEs and ESOEs were allocated permanent accommodation. According to an interviewee (E3), this type of “special reward” (E3) was not provided at POEs or MNEs. More common examples of indirect financial rewards included paid study tours, where selected employees were given time off to travel in groups on all expenses paid trips to attractive locations and participate in a mixture of work-related and recreational activities. School fees or scholarships for the academically-gifted children of selected employees were also provided by the enterprise.

The reward for individual performance and attributes: For New Year holidays and other national holidays, SOEs would often provide bonuses to employees, especially if the company had done well commercially throughout the previous year. The bonus would be based on the employee’s ABCD performance ranking and/or the time taken to finish assigned tasks, and would be in the form of extra pay ‘added to the individual’s monthly salary’. The bonus could be as high as two months’ salary (S1). Both base salary and bonus were commonly linked to seniority: Our enterprise is a state one; we follow the state policy, according to the salary scale and on the basis of seniority (S1).

Seniority-linked rewards were a feature not only of SOEs or ESOEs but also of some POEs and MNEs. One of the direct financial rewards popular among domestic enterprises is indicated in the following quote from a HRM manager at a POE.

Incentive payments are paid to the people who have made a contribution and worked hard and well. Besides, rewards are also applied based on the years of service of the employees. There are different levels of reward for the people who have been working
for this company for 5 years, 10 years. Thus, rewards are usually based on the employee’s contribution and their seniority (P1)

There was much similarity in the way that seniority-based pay was applied in the Japanese MNEs and the domestic enterprises. This may reflect a high value being placed on demonstrated loyalty to the organisation and respect for age, both of which characterise the common Confucian cultural heritage shared by Vietnam and Japan (see Hung, Appold, & Kalleber, 1997).

Apart from seniority (i.e., the length of service) as a criterion, ESOEs rewarded their employees for completing a large quantity of work in a short time or demonstrating appropriate attitude toward the company (e.g. punctuality, compliance with work orders). They also rewarded managers for successful business outcomes (E1, E3). An ESOE manager (E3) suggested that providing rewards based on employee ability and performance would help stimulate them to work effectively to reach the highest reward possible and increase the capabilities of the workforce. In this manager’s enterprise, employees’ capabilities and performance were rated by a scale including fair, good, very good, or excellent. The reward money was allocated differently based on the person’s rating. Those who were rated fair were rewarded less than those who were rated excellent. Therefore, the manager suggested that people rewarded less would try to improve their performance and capability to achieve a higher reward level and the most highly rewarded people would try to retain their level of reward (E3). Consequently, this performance-based reward was seen as having a strong impact on employee capability and performance. In terms of RBV, the value of enterprises could be increased when employee capability is improved; hence, the performance-based reward is likely to contribute to the improvement of the usage of RBV of this enterprise ownership type.

In addition to work-quantity-based pay (P4, P5) and revenue-based pay, POEs also utilised new-idea-based rewards, as demonstrated in the following quotes:

*Our reward approaches are based on both turnover generated and work quantity completed. For example, we assess according to ‘work-points’. There are tasks to be done by an individual. There are tasks which may involve more than one person and will be divided into work pieces (by ratio), each of which will be the responsibility of a participant. The company accountant records such arrangements in accounting books and makes a total at the end of the month or term or year, depending on the length of*
time required by the task. In this way, we can see the employees’ work capacity, quantity and quality (P5).

Those people who propose ideas that help save money and/or improve the quality of services are rewarded (P4).

The US MNE applied a different reward system for each section of the organisation. For staff in the administrative section, the annual performance-based bonuses were based on their basic salary and could amount to the equivalent of several months of salary. The second form of reward was applied to the business and customer care sections, where “bonuses involve the payment of a certain percentage of the recruitment fees paid by our clients who have successfully recruited new staff with the help of our recruitment consultants” (M4). In addition to financial incentive payments, employees in the second category might receive largely symbolic rewards, such as “half-yearly honourable mentions, competitions where winners and runners-up would receive a pair of movie tickets or a shopping voucher. The monetary value may be low, but the recognition and morale value is high. These are interesting incentives that are applied in combination with the monetary ones” (M4). Such incentives appeared to motivate employees at the US MNE to improve their capabilities, leading to a better contribution to the enterprise, and thus the value of a firm could be improved. Consequently, the competitive advantage of the US MNE could be more developed, leading to being more consistent with the RBV.

In comparison with the other MNEs interviewed, the Japanese companies appeared to place less emphasis on individual employee performance, and more emphasis on team/collective performance and on employee seniority (than was the case at the other MNEs). For example, at M2, bonuses were based on the company’s annual turnover and profit, and on seniority. When the yearly turnover increased in comparison with the previous year, the employees would be given bonuses. If the company had no profit for the year, then none of the staff would receive a bonus. The amount of bonus payment was based on the number of years the individual had worked for the company. For newcomers who had been working for the company for less than a year, the reward would be calculated pro-rata based on the number of months worked (M2). This, however, does not mean that individual efforts were not noticed at all: employees who had performed well could be promoted to a higher salary level, ahead of the pre-defined time (M2). However, Vietnamese employees tend to give more preference to the HRM practices at the US MNEs than to those at the Japanese MNEs (Vo & Stanton, 2011), although Vietnam and Japan have similar cultures and HRM
practices such as “respect for harmony”, “low unionisation” and “a cooperative worker-management relationship” (Warner, 2000; Collins, 2009). This could be due to the reduced attention on individual performance at the Japanese MNE. The fact is that Japanese employees consider their workplace/company as a family where individuals cooperate to achieve profits for the enterprise; hence, they are faithful to their company. In contrast, the Vietnamese employees regard a company as a workplace where they can earn a living; thus, they are willing to move from one enterprise to another for better wages and salary (Collins, 2009). Those who work for MNEs may be the people who like challenging tasks and expect their performance to be evaluated commensurately. Therefore, having less attention paid to individual performance at the Japanese MNE is not preferred by the Vietnamese employees. Moreover, it could also be the preference of Vietnamese employees in a different culture (e.g. the US) rather than in a similar culture (e.g. Japan).

**Links between the reward system and performance management**

The findings revealed a link between the RS and PM. This PM perhaps helps managers make a decision on rewarding employees. However, the findings indicated that such decisions made across ownership were different; for example, managers at ESOEs, POEs or MNEs can make decisions on rewards quicker than those at SOEs. Regarding RBV, the prompt decision making in rewarding could result in better motivation for employees to improve their capability, hence creating “a unique resource, both difficult to replicate and difficult to substitute” (Huselid et al., 1997, p.173), adding value to the enterprises’ production process. Nevertheless, not all managers at MNEs made prompt rewards. The German MNE was claimed to be slow in assessing employees’ performance in a competition. It could be, as explained by the interviewed manager, that this enterprise was not flexible enough to harmonise local HRM practices and German HRM practices as well as the US MNE and the Japanese MNE often do.

All SOEs established funds for incentive payments (bonuses); these funds must comply with the rules, regulations and policies of the State. One manager noted that a board of reward at SOEs would be set up yearly to assess and reward employees’ performance and results throughout the year (S3).

A comment made by one manager (E3) was representative of the views of other ESOEs when he said that, in comparison to SOEs where bonus decisions were made slowly, as they required involvement from each level of management, line managers of ESOEs were in a
position to make prompt bonus decisions once evaluation was available. Similarly, owners/directors of POEs could, on occasion, make a prompt decision on bonuses “without having to wait for approval from the board of directors and managers... however it all depended on many things, so this rarely occurred” (P4).

The linkage between rewards and performance was very clear in the case of consultant employees of the US MNE, who had to meet key performance indicators (KPIs) for their day-to-day work. The KPIs were applied to encourage employees to work to their full capacity on an on-going basis:

*Every six months, we select the highest assessed scores of each department and reward the relevant employees a prize as the best performers of the departments. Every year, we select the best performers of the year within the company. In this way, we can stimulate our employees to improve their performance and make them feel motivated and stay with us for longer* (P4).

As for the German MNE, in principle, a similar system would apply. At the beginning of each year, goals would be set for employees to achieve throughout the year, and a criteria-based scale would be used to assess employee performance and allocate bonuses (if any) at the end of the year.

*At the company level, the evaluation focuses on what percentage of the plan has been fulfilled compared with the plan at the beginning of the year. For individuals, the evaluation focuses on what has been completed, compared with the criteria planned at the beginning of the year, then checked again at the end of the year. If they have fulfilled the criteria, they will be rewarded* (M3).

In practice, however, the assessment of employee performance was at times slow and resulted in rewards not being given. For instance, one competition involved a target for sales from July 1st to December 31st, 2013, with the winner to be rewarded with an iPad or cash. However, even after the Lunar New Year’s holiday (that is, as of February 2014), the winners had still not been announced. Another negative was that if something considered ‘bad’, or ‘not good’ was highlighted about the employees who entered the competition, the person concerned would be fined. The interviewee (M3) indicated that this affected the employees’ work morale.
Promotion of successful employees

The interviews demonstrated that job promotion was used by enterprises as a form of recognition and reward for significant and sustained high levels of performance by certain employees. For example, “after assessing the individual’s performance, the company may extend the employee’s contract or promote them” (M2). SOEs and many ESOEs adhered to the State promotion policy whereby a person’s salary was generally increased only once every three years, and salary scales were applied based on the employees’ qualifications, experience and abilities.

As is the case with other forms of rewards, promotion tended to be based on both the individual’s actual performance and his/her length of service: “Our enterprise assesses the employees at the end of the year, and promotes them based on their seniority (5 years, 10 years) and their actual performance during those years. The promoted people are recommended to suitable, higher positions” (P2).

MNEs appeared to have a policy where local employees could be promoted but not to the highest levels in the company. This policy was seen very clearly in the case of the Japanese MNE where only Japanese managers would be appointed to the higher positions: “… in the Japanese MNE; it is difficult for a local person to be assigned to the highest ranks at the local subsidiary” (M1).

In summary, the interviews revealed that while the RS of both domestic and MNEs must follow the local legal framework, POEs and MNES appeared to have more flexibility in providing rewards which exceeded minimum requirements, depending on their business operations and annual profits. While SOEs offered lower financial rewards, they tended to provide greater job security. In addition, the researcher observed that in most of the companies interviewed, the employee’s individual performance was often not the only factor in determining his or her bonuses and promotion. Other important considerations typically included seniority, and (in a number of instances) the team’s or the company’s collective performance. The links between individual performance and individual rewards appeared strongest in the US MNE. The usage at the US MNE of employee capability, which is rare and difficult to copy, could be higher than those at the domestic enterprises.
4.4 THEME 3: INFLUENCES OF HRM PRACTICES ON EMPLOYEE OUTCOMES ACROSS COMPANY OWNERSHIP TYPES

This section examines the relationship between HRM practices and employee outcomes, namely, job satisfaction and employee performance. R&S, T&D, PM, and RS are four HRM areas previously identified as those likely to have the greatest influences on employee job satisfaction and performance (Guest, 2001; Edgar & Geare, 2005). In addition, Guest, Conway and Dewe (2004) suggested that ‘bundles’ of HRM practices are more effective than individual HR practices being implemented separately. Therefore, these four common areas of HRM practices are emphasised in this current research and examined here in relation to job satisfaction and employee performance.

4.4.1 Theme 3.1 Impact of recruitment and selection on job satisfaction and employee performance

Differing views occurred among domestic and MNEs about the influence of R&S practices on employee job satisfaction and performance. Managers from a majority of the interviewed enterprises were of the view that R&S had no significant influence on employee outcomes. For example, a manager from an SOE (S3) stated that it was difficult to comment on whether R&S practices impacted on job satisfaction since the level of employee satisfaction depended mainly on the benefits that the company offered them. Such a view of domestic enterprises reveals that R&S tend not to be considered to be valuable or inimitable.

Consistent with this view, a manager from an ESOE (E3) stated that the impact of R&S practices on employees’ job satisfaction and performance would not be substantial when compared with the impact of the low salary that the company and its competitors provide. A POE (P1) manager stated that the company was aware of employees’ creativity and contribution but did not believe that R&S would have much impact on the job satisfaction or performance of employees.

Another SOE manager thought that R&S might have a slight impact on the current employees’ satisfaction, in that they would be more likely to be satisfied with their job if they were selected for, and remained in, the positions that they had applied for (S1). From a different viewpoint, an ESOE manager stated: “the R&S of new employees influenced the current employees’ performance, as they have to compete with the new ones to remain in
their position” (E1). That is, if the current employees did not try their best to improve their performance, the new staff might take over their position. The ESOE manager was also convinced that the current employees’ performance could be improved, but he argued there was no reliable indicator of whether they were satisfied or dissatisfied with the current job. The German MNE interviewee believed that employees would be more likely to be satisfied with their job if “job descriptions and requirements, which are announced at the time of recruitment, are clear and are implemented carefully and faithfully during the time the employees work for the company” (M3). This idea of the German MNE’s manager could refer to recruiting and selecting to achieve good person-job fit, resulting in increased job satisfaction (Laschinger et al., 2006; Peng & Mao, 2015). This idea also showed that there was a need to focus on recruiting employees with capabilities at MNEs; hence an RBV approach appeared to be more salient for MNEs at the R&S stage.

From my analysis in the previous section (subtheme 2.1), it is plausible to expect that the many new SOE recruits who had joined their company during the annual recruitment drives and who now faced a jobs-skills mismatch situation within the organisation were less happy than if they had been assigned positions where their skills and background were more specifically suited. Similarly, as some employees were still selected on the basis of relationships, employee (and organisation) performance was probably less optimal than if the selection had been based solely on skills and abilities. Thus R&S at SOEs appear not to focus on rare and inimitable skills.

4.4.2 Theme 3.2 Impact of training and development on job satisfaction and employee performance

In RBV terms, the human resources of a firm may be a source of competitive advantage (Wernerfelt, 1984), and T&D may be an investment that provides employees with valuable knowledge, skills and capabilities (Jodlbauer et al., 2012) thus improving their performance and adding to the firm’s competitiveness. The interviewed managers generally agreed that T&D practices had a considerable impact on employee outcomes. Some managers suggested that training was important not only for new employees (as an induction program) but also for current staff (to assist career development).

For example, an SOE manager stated that new staff needed on-the-job training to perform satisfactorily, and existing staff needed the training to enhance their performance and gain promotion. In particular, the training helped employees to improve in the area of
weakness, so that after training they would not only perform better but also feel more self-confident, thus resulting in greater job satisfaction (S1).

Sharing the same opinion, an ESOE (E1) manager was of the view that after training, employees’ skills and knowledge were improved significantly and effective performance was achieved, leading to job satisfaction. A POE manager suggested that even in the cases where the employee’s salary was not increased following an improvement in performance due to training, the employee still gained satisfaction of a job well done “Employees often find that although the salary may be lower than at other companies, the knowledge and experiences they gain through training here are a considerable advantage” (P5).

The US MNE manager suggested that staff members would become exhausted and their skills would become obsolete if they worked continuously without regular refresher and further training activities. That is, employees equipped with suitable further training would be better motivated, as their skills and performance would be improved after training, and hence, they would be more satisfied with their job:

Training is the great tool to retain the employees. Firstly, the business will benefit as the employee performances improve. Secondly, the employees will feel satisfied with their current career as they have learnt more skills after some years working for the business. (M4)

The German MNE manager concurred that employees well-trained to develop knowledge and skills could perform better, resulting in better productivity and income, and greater job satisfaction. Thus, T&D impact indirectly and significantly on the employees’ job satisfaction and their work performance, as noted below:

In the past, a person might spend 5-7 times longer working on a sale but still failed to secure a contract with the customer. Now, after a training course on foundation skills (e.g. how to answer the customers’ questions well), they are able to spend less time on negotiations yet still secure a sale and thus gain more commission. So, of course, they are more satisfied with their work after being trained; or to put it in another way: T&D strongly influence the employees’ job satisfaction and work performance (M3).

These opinions are consistent with findings made by previous researchers. For example, Akinyebe (2007) found that the performance of employees would improve when they obtained knowledge and skills through training programs, and Ghafoor (2015, p.331)
concluded that “training allows employees to acquire greater competencies that are needed to performance their jobs efficiently and effectively”. Similarly, Bartel (1994) suggests that investment in training not only increases performance but also boosts employee morale, leading to employee job satisfaction. Studies by Rowden and Conine (2005) and Tsai, Yeng, Huang and Huang (2007) tend to confirm these conclusions.

Given the consensus regarding the benefits of T&D, it is reasonable to conclude, based on the earlier observations regarding differences in T&D across firm ownership types, that among all domestic enterprises, the large POEs are considered as competitive to MNEs regarding T&D. In particular, enterprises (like the MNEs) that made more consistent and systematic efforts to provide training to their employees may expect to reap greater benefits, in the form of more productive and contented employees.

4.4.3 Theme 3.3 Impact of performance management on job satisfaction and employee performance

The interviewees agreed that PM practices could significantly affect employee performance and job satisfaction. According to an SOE manager, employees who had completed a big workload, and had received in return some incentive rewards from the company, would be motivated to continue performing better:

*If you manage closely and effectively, you can make the most of the staff’s potential capability. When they have completed a good job, if they get proper recognition and rewards for that, they will want to keep on performing well, and that will increase their chance of promotion (S3).*

*With the new system of PM, all the staff feel more satisfied with their job: they tend to perform better; meet the requirements of the tasks at hand better, and love their jobs more than before. (S1)*

An ESOE manager believed that ‘fair and proper evaluation’ (E1) exerted an important influence on employee job satisfaction and performance. According to Clausen et al. (2008), and Lim and Ling (2012), a fair and proper method of performance appraisal should precisely define responsibilities and contributions of employees to an enterprise. Within this method, employees are less likely to feel that they are assessed unfairly, and the hard work they have put in is not adequately rewarded (Lim and Ling, 2012). In addition, those who did not try to complete their tasks or who had poor attitudes to work could be counselled with the support
of appropriate administrative measures such as exchanging ideas, or applying financial measures but only if necessary (E3).

Two POE managers suggested that employees who were committed to life-long work would be heavily influenced, in terms of their job satisfaction and performance, by the quality of PM. This was because, once they had determined to stay life-long with a company, they would naturally strive to improve their performance to meet the company’s business goals, and would eagerly await feedback to help them hone their skills and performance (P5, P1). A third POE manager suggested that there was a close relationship between performance and job satisfaction, as once employees were satisfied with their jobs, they were more motivated to work well, and as a result, their performances would improve considerably (P4). This is consistent with a previous study by Saari and Judge (2004), who argue that job performance clearly influences job satisfaction. In addition, they emphasised that the influence is even stronger for professional jobs, requiring more skills and expertise. Pushpakumari (2008) also suggests that job satisfaction significantly impacts on employee performance. He explained that employees attaining a higher level of job satisfaction are more likely to perform better. In particular, if an employee perceives that their performance is good then they are likely to feel satisfied and seek to replicate this higher performance in anticipation of receiving a reward (Pushpakumari, 2008).

The Japanese MNE manager agreed that performance appraisal helped the lower ranks of employees to improve their performance, but was more sceptical of the benefits of appraisal for very senior officers:

When officers of the highest rank (e.g., captains) are given a positive assessment, they may become comfortable with their own work and may not wish to put too much extra effort into further improvements ... However, I do think PM practices positively affect the performance of the lower-ranked seamen, as they are still trying their best for a potential bright future ahead (M2).

The US MNE manager suggested that whether or not the PM practices affected employee job satisfaction and performance depended on two things: “the ability to fulfil the tasks and the love for the tasks....” (M4). When someone loved the job, and they were up to it, they would certainly have job satisfaction which would promote good performance.

The German MNE manager believed that people worked for their “daily bread” and their good performance must be recognised by the company. If not, valuable employees
would move to another company for better payment. This argument was clearly consistent with the RBV because the German MNE tends to pay attention to employee capability and to assess their performance equivalent to their contribution. According to McWilliams et al. (2001), employee capability is valuable, inimitable and rare, contributing to improving a competitive advantage.

As summarised above, the opinions of the interviewed managers were broadly in line with findings from previous research. For example, Ndambakuwa and Mufunda (2006) concluded that successful PM leads to job satisfaction and good motivation among staff, thereby increasing productivity in their areas of responsibility. In the same vein, Pushpakumari (2008) found that high job satisfaction leads to good employee performance, while low job satisfaction may cause performance problems. Given these and similar findings, and taking into account the PM practices of the various types of companies, the researcher expects differences in employee performance and job satisfaction across enterprise ownership types. This will be explored further in the next chapter.

4.4.4 Theme 3.4 Impact of reward system on job satisfaction and employee performance

A reward system is established with the aim of motivating employees’ performance to a higher level (Pushpakumari, 2008), and creating job satisfaction (Boyt et al., 2001; Khojasteh, 1993; Miller et al., 2001). Once employees are satisfied with their job and perform well, they are likely to be considered as a source of competitive advantage to enterprises. Employees with improved capabilities and competencies can help an enterprise to enhance its resources and achieve high performance, hence facilitating competitive advantage (Lado & Wilson, 1994; Tangthong et al., 2015). Managers from both domestic and MNEs emphasised that reward management practices impact considerably on employee job satisfaction and performance. An SOE manager explained that once employees were convinced that managers were genuine and serious about the reward system, they would respond and try to improve their performance so that they could receive a higher reward. The manager also suggested that not all forms of reward were equally effective:

As you well know, in some respects, the effects of a 1-VND bonus could be equal to those of a 12-VND salary supplement: the employees with the bonus may feel excited and happy with the company, so they are motivated to work more effectively (S1).
This quote suggests that appropriate reward management practices are likely to improve not only employee performance but also job satisfaction. Similarly, an ESOE manager (E3) believed that the people who achieved the highest level of rewards would do their utmost to retain their position, while people who received only a low level of rewards would try to improve their performance to secure higher reward levels (E3). Thus a reward system that fairly recognises employees’ individual performance through clear and accurate ratings will help to motivate employees to enhance their performance. This is consistent with Holtbrugge, Friedman and Puck (2010), who claimed that the reward system based on performance contributes to employee satisfaction. At another ESOE (E1), the bonus system was believed to have a positive impact on the employee job satisfaction: an important reason for this was that the evaluation of performances was conducted in a serious and strict manner, thus preserving the employees’ trust in the system.

A POE manager stated that a reward system significantly motivated employees to improve their performance (P6). In addition, other POE manager (P5) said that employees had to improve their performance, as poor performers might face dismissal or relocation, while those who performed well would be rewarded in financial and/or non-financial terms, and would get more job satisfaction. However, it was important to earn and retain the employees’ trust that the reward was fair and effective:

As the employees trust the reward management of our company very much, they find it worthwhile to work and improve their performance. Once their performance is recognised and rewarded well, they will feel satisfied with their job (P5).

Another POE manager (P1) suggested that the more the employees were satisfied with their job, the more they would be willing to improve their performance (P1).

The Japanese and US MNE managers were all convinced that effective reward management processes would have a positive impact on employee job satisfaction and performance: if bad performance was not rewarded, and good performance was rewarded appropriately, then all employees would tend to be satisfied. The US MNE manager added that the way employees were given feedback should be carefully considered.

..... If someone was going to be commended or praised, this must be done in a clear, considered way, to make the praised employees feel satisfied with their work. ... It is also important to ensure that individuals who were not commended
did not feel unhappy or put down ... perhaps they could be shown just how close (e.g., by how many points) they have missed the reward (M4).

The German MNE (M3) manager used the saying, “one VND of bonus pay equals three VNDs of salary” to confirm the important role played by bonus payments in affecting employees’ morale, but also acknowledged that the operations of the company’s bonus system had been far from perfect:

At present, our company does not have clear criteria for bonus management ... The approved criteria should have clearly explained so that all employees could understand ... Moreover, when they have reached the targets stated by the criteria, the evaluation and review must be done in a timely way. Prolonging the time for reward evaluation will be counterproductive (M3).

From this discussion, it is clear that there was a consensus among the interviewed managers that reward (including bonus) management had a substantial effect on employee performance and job satisfaction. This is consistent with the research of previous authors such as Heywood and Wei (2006), Bhal and Gulati (2007), and Holtbrügge et al. (2010), who found that individual, performance-based rewards impact positively on job satisfaction, as employees perceive them to be fairer than traditional, seniority-based systems. Ghafoor (2015) also found that rewards positively influence employee job satisfaction, and thus their work performance. With this sample, there are some differences regarding the impact of a reward system by ownership types on employee perceptions of performance and job satisfaction.

4.5 SUMMARY OF MAIN FINDINGS AND FURTHER DISCUSSION

This chapter discussed findings from interviews conducted with managers of eighteen enterprises in Vietnam. In theme 1, the researcher showed that the MNEs interviewed were more likely than domestic enterprises to see a strategic role for HRM within the organisation. In the RBV approach, the domestic enterprises were less likely to explicitly view their employees as a resource that is of strategic importance to the organisation. An indication of the extent to which employees are regarded as a valuable resource is how each enterprise deals with the risks of employee poaching. Companies of all four ownership types had direct experience of this issue, in that some of their valuable employees had been poached, or were at risk of being poached, by competitors. MNEs were more likely than the domestic
enterprises to work actively in HRM practices to ensure that employees were productive and had job satisfaction so that they had little reason to look elsewhere.

In theme 2, the researcher investigated differences in the HRM approaches and practices adopted by enterprises of various ownership types. Practices in four areas of HRM were examined: R&S, T&D, PM and RS.

The R&S practices of the domestic enterprises were simpler while MNEs adopted foreign HRM practices, in combination with the local approaches, to obtain capable employees. In particular, while the Japanese MNE gave some weight to seniority, the US MNE tried to predict future performance.

About T&D, the findings showed that MNEs tended to be more willing and able than the domestic enterprises to invest in various methods of training and developing their employees’ capabilities, such as online training and continuous retraining. This difference appears to have been due, at least partly, to financial constraints facing the domestic enterprises. Also, the large POEs would be more competitive compared to the MNEs in terms of T&D.

In term of PM, domestic enterprises made considerable efforts to update their approaches and practices. Nevertheless, SOEs appeared still to rely heavily on performance appraisal techniques of graphic rating scales, while POEs employed more practices of performance assessment, and with ESOEs being somewhere between those two groups. By comparison, MNEs employed tools that were more recent and internationally well-known, such as BSC, KPI, and MBO. In addition, the large POEs would be considered to be as competitive as the MNEs due to the usage of recent PM tools such as KPI.

Regarding reward systems, POEs and MNEs tended to have more flexibility in providing rewards which exceed minimum requirements. SOEs appeared to offer lower financial rewards but their staff was ensured greater job security.

In theme 3, the researcher explored the possible effects of differing HRM practices on employee work performance and job satisfaction. The consensus among the interviewed managers was that practices in the T&D, PM and rewards areas would have significant effects on employee outcomes. That is, they all expected effective HRM in these areas to enhance employees’ job satisfaction and productivity. While a majority of the managers saw little linkage between R&S and employee outcomes, it may be reasonable to expect that the more common practice in domestic enterprises of relationship-based recruitment was less
than optimal from the productivity viewpoint. Similarly, the practice by many SOEs of recruiting relatively large numbers of graduates simultaneously (near major graduation times) appeared to result at times in job-skill mismatches, with possible negative consequences for employee outcomes.

From these findings, it is possible to make a number of observations. It may be that MNEs in Vietnam employ better (i.e., more valid) HRM practices than domestic enterprises do. If so, it may follow that MNEs tend to achieve better employee outcomes than domestic enterprises. Moreover, among the latter group of enterprises, it may be that POEs and (to a lesser extent) ESOEs are closer to the MNEs, regarding HRM practices and employee outcomes, than are SOEs. As mentioned in chapter 2, ESOEs are an improved version of SOEs as they are regarded as a solution to the inefficiency of SOEs, such as shortage of tangible and intangible resources, and slow to change the management mechanism of a centrally planned economy to a trading mechanism. This current research adds to the previous study of Thang and Quang (2005a) by focusing more on ownership types and by examining the impact of HRM practices on employee outcomes. Thang and Quang (2005a) do not consider ownership types much; they investigate the relationship between HRM practices and enterprise performance.

Since there are few publications about the adaptation of RBV across HRM practices of different ownership types, this research adds to the existing literature by linking RBV with the HRM practices of the domestic enterprises and MNEs from the US, Japanese and Germany. In addition, there are few studies about how RBV is utilised by different ownership types in PM and reward system; this thesis explained how it should work in these two practices. Table 4.2 summarises how RBV is consistent with HRM practices of different ownership types.

It is important, however, to acknowledge that this qualitative analysis was based on a small sample, which resulted in several key limitations. For example, the researcher does not know whether any features or patterns that have been observed within a particular grouping (such as the practice of relationship-based recruitment within the SOEs group) will apply to a larger sample. Similarly, any differences that have been observed across different groupings (e.g., between SOEs and MNEs) may not be statistically significant in a larger sample. Moreover, there is need to assess employee job satisfaction based on comments from the employees themselves, rather than just their managers. For these reasons, the researcher
undertook a study on employee perspectives, the findings of which are presented in the next chapter.

Table 4.2 Summary of HRM practices and RBV attributes by different ownership types

<table>
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<td></td>
</tr>
<tr>
<td><strong>Inimitability:</strong></td>
<td>Strategic roles (MNEs)</td>
<td>Recruitment approaches (MNEs, POEs) &amp; Internal recruitment (SOEs)</td>
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<td></td>
<td></td>
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<tr>
<td>Social complexity,</td>
<td></td>
<td></td>
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<tr>
<td>Causal ambiguity</td>
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(Sources: Partially adapted from Holtbrügge et al. (2010), partially developed from the findings)
CHAPTER 5. FINDINGS OF EMPLOYEE PERSPECTIVES

The purpose of this chapter is to present the findings of the interviews with employees that were conducted to examine the research questions as below:

RQ1. How do differing ownership types affect the adoption of HRM practices in Vietnam?

RQ2. To what extent do HRM practices in Vietnam affect employee outcomes, such as job satisfaction and employee performance?

In particular, the chapter examines the perspectives of 49 employees from 11 enterprises in Vietnam (16 employees in 3 SOEs, 8 employees in 2 ESOEs, 14 employees in 3 POEs, 11 employees in 3 MNEs) with regard to their views about their organisation’s HRM practices and the influence of these practices on employee outcomes. Employee perceptions of the HR role across the different ownership types are also investigated. The results in part show that the differences that emerge among ownership types are partly explained in terms of the cultural context of a developing and transitional nation dominated by collectivism. The chapter is organised into five themes and subthemes, as Table 5.1 shows.
Table 5.1. Themes and subthemes for employee perspectives

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5.1 THEME 1. EMPLOYEE PERCEPTION OF HR FUNCTION

All employees from the domestic enterprises and MNEs claimed that human resources were the most vital factor in the company’s success and that human resources created competitive advantages for enterprises; however, they seemed to have no clear idea of HR function. Nevertheless, each enterprise weighted the importance of human resources differently. For example, from employees’ observations, all SOEs regarded human resources (such as employee knowledge and skills) as the most important factor in the company’s success. Other factors of secondary importance are indicated in the following quote:
Human resources are seen as the top factor followed by land and location, equipment and technology. If the human resources are good, the SOE is more likely to have a good management system, and leadership or management skills will be better (S3b).

Similarly, employees (E3c, E3b, E3a, E2a, & E2b) believed that ESOEs considered the role of HR at the enterprises to be significant; however, ESOEs especially paid more attention to employees’ capabilities than SOEs did. For example, one employee (E2a) demonstrated that only when a company could manage its HR effectively would its business and operation develop, and that HRM practices of ESOEs helped employees develop personal capabilities, for instance, by providing assessment criteria so that employees recognised their capabilities and knew how to develop them. Another employee (E3a) believed that the HRM role was important for any ESOE as it was a key aspect for the sustainable development of the company, and that investing in a number of quality employees boosted the company’s development. E3a also suggested that HRM practices in the ESOE need to be clearer, with employees allocated to the right position. Alternatively, employee E2d explained: ‘Human resources is the most important aspect as it is people that can generate profit for the enterprise through technological input and use of land and other resources’. This is similar to the views expressed by other employees (P5b, P5d, P6a, P6c, P6d, and P6e), who suggested that POEs considered human resources to be the main priority because if the human resources are good, the other resources will be operated and managed well.

Similar to the domestic enterprises, some employees (M4c, M4b) at the US MNE stated that human resources were the first factor to be considered within the US MNE and, as the core business of this enterprise was service, human resources formed the most important component, compared to land or other assets. In addition, an employee (M5a) at the Japan MNE stated that without capable employees, it is difficult to complete projects to a required standard. He believed that HR was vital for service projects of the Japan MNE.

In short, all employees from both the domestic enterprises and MNEs believed that human resources were the most important factors, followed by other factors such as equipment and land. Only when enterprises have capable employees will they be competitive in the service industry. This is consistent with a previous study (Mayor, 2001) that suggested that capable employees are the most important asset. Teece et al. (1997, p.515) agree that human resource
is a visible asset that holds ‘greatest potential for contributions to strategy’. Lado and Wilson (1994) and Wright et al. (2001) highlight that human assets including knowledge, skills and ability hold great potential as a source of competitive advantage. Thus, the human resource is valuable because capable employees are not always available in the labour market (Dierickx & Cool, 1989; Lado & Wilson, 1994) and cannot be replaced by other sources without considerable replacement costs (Barney, 1991).

5.2 THEME 2. RECRUITING AND SELECTING STAFF

This theme captures employee perspectives regarding the recruitment and selection (R&S) of staff within their organisations. As shown in Table 5.1 there are four subthemes related to R&S.

5.2.1 Subtheme 2a. Attracting job candidates

Employee perspectives showed that the main characteristics that attracted employees to an organisation were perceived job stability (i.e., a life-long job without dismissal for poor performance and with a retirement pension); a company’s reputation (i.e., a series of organisational characteristics that provide organisations with greater value creation); the business culture (i.e., the business norms and values of companies); the work environment (i.e., motivation, cooperation, and promotion); training opportunities (i.e., a chance to undertake further education or professional courses); salary and rewards; and the number of interviewees applying for a position. The interview findings indicated that the salience of each characteristic differed according to ownership type.

Interview participants from all ownership types considered the level of competition for a job was important in determining the initial attractiveness of a position. For SOEs, job stability was the next most salient feature, followed by training opportunities. Half of the SOE employees believed that they would have more opportunities for further study in Vietnam or abroad if they worked for SOEs. This is due to the fact that employees from SOEs benefit from State funding for training more than any other enterprise ownership type (Lam, 2011; Tran, Fallon & Vickers, 2016). For ESOEs, the company’s work environment was the most important feature, followed by company reputation and stability. ESOE
employees saw the enterprise ownership type as moving beyond the operational inefficiencies commonly attributed to SOEs (Berthold, 2006), towards a more cooperative and developmental environment in which employees could perform better and contribute more to the enterprises’ success. Employees chose to work for ESOEs due to the cooperative work environment, as commented below:

*If I make a mistake in doing something, my supervisor will just remind me not to make the same mistake again. My colleagues at this ESOE always help me and show me how to do the task better (E3b).*

According to Barney (1986) and Mueller (1996), a cooperative work culture could be a source of competitive advantage if this culture is valuable, rare and difficult to copy, and if it does not result in a planned process of change by duplicating enterprises. Thus, the cooperative work environment (as a part of business culture) at ESOEs could be considered as a source of competitive advantage. ESOE employees also commented on the attractiveness of the company’s strong reputation due to their long-term establishment and experience in the Vietnamese business field. Barney (1986), and Lado and Wilson (1994) contend that the business or organisational culture of a firm, and its reputation and image, are not easily transferred from one enterprise to another. A favourable reputation is also considered to be a valuable intangible asset for enterprises, and is a source of competitive advantage (Deephouse, 2000; Massey, 2016), as noted below:

*This company has a good reputation that attracts many customers, leading to great learning opportunities from practice for employees. I can improve my knowledge based on practising (E2a.)*

Similar to ESOEs, MNEs and POEs employees were most attracted to the organisation’s work environment. Nine out of 14 employees at POEs (P3b, P3c, P3e, P3g, P5b, P5d, P6a, P6b, P6e) and eight out of 11 staff at MNEs (M3a, M3b, M3d, M3e, M3f, M4b, M4c, M5a) claimed that a supportive and friendly work environment, and career and learning opportunities were attractive aspects that made them decide to work for the large POEs and MNEs, as noted below:

*Employees are attracted to the US MNE due to the friendly working environment, PM (not time management), and the global professional training system (M4b).*

In addition to the work environment, six people at POEs (P3a, P3b, P3c, P3e, P5b, and P5d) and six people at MNEs (M3a, M3b, M3d, M3e, M3f, M4b) thought that the business
culture was an advantage of these types of ownership. Employees were attracted by the multinational business culture of MNEs, where employee participation in the decision-making process is promoted, and the flexible business culture of POEs, where managers pay more attention to the motivation of subordinates (Quang & Vuong, 2002).

*I decided to work for this POE due to the friendly business culture with a lot of chances for promotion (P3a.)*

*One of the reasons that made me decide to work for the US MNE was the business culture. I noticed that no power distance existed between managers and employees at this enterprise (M4b).*

This is contrasted with the business culture of SOEs, where the direction is given by managers to ensure the work is done well, and less freedom is provided to subordinates in deciding their course of actions (Quang & Vuong, 2002). Only one interviewee (S3b) believed that business culture at SOEs appealed to candidates.

According to Barney (1986, 1991), Wernerfelt (1984), and Chan, Shaffer and Snape (2004), business culture is a valuable source of enterprise which is not easy for competitors to imitate or copy. The business culture helps enterprises to differentiate themselves from their competitors and hence, establish competitive advantage (Barney, 1986, 1991; Lee & Kramer, 2016; Wernerfelt, 1984). Therefore, the big POEs and the US MNE leverage business culture as a competitive advantage for attracting applicants with high capabilities. In contrast, one employee from a Japanese MNE stated that he was not attracted by the enterprise but instead liked to contribute his valuable knowledge and experience to the enterprise:

*I am not attracted by the Japanese MNE at all. I applied to this enterprise as I would like to contribute my experience and increase the value of the enterprise and attract more customers (M5a).*

This statement shows that not only are the enterprises trying to attract high potential and capable employees but that the ambition and preferences of employees themselves also influence their decision to work for a particular company.

In summary, employees seemed attracted by SOEs, due to the enterprises’ stability and training opportunities, while a company’s work environment, stability and reputation were the attraction of ESOEs. Employees claimed that work environment, business culture and a company’s reputation were the factors attracting them to work for MNEs and POEs. In terms of RBV, training opportunities are considered unique attributes of enterprises (Greenidge et
Training opportunities offer competitive advantages to enterprises by improving employees’ knowledge and skills. It could be argued that evidence of this RBV characteristic in SOEs in this study is explainable by their strong protection of and control by the State which enables them to consider less profits and efficiencies, and to focus more on job security (Bartram et al., 2009) and training than their counterparts (Sjöholm, 2006). In contrast, the work environment, with its high level of support among employees and business culture, encouraging employee participation, were two unique factors provided by the large POEs and MNEs over their competitors.

5.2.2 Subtheme 2b. Sources of recruitment

The interviews showed that the main sources of recruitment at the domestic enterprises (i.e., SOEs, ESOEs, and POEs) were referrals or recommendations from current employees, followed by hard copy newspapers. Eight of 15 employees at SOEs (S2a, S3b, S3e, S3c, S3d, S4c, S4a, and S4g) said that they received recruitment information from their friends or relatives, and five employees stated that the information was published in newspapers. One individual (S4d) had found the recruitment advertisement on a company website after receiving the information about vacancies from friends who were working for that SOE, as noted below:

I learnt of the recruitment information from a friend of mine who has been working for this SOE (S4d).

Similar to SOEs, all employees at ESOEs and three quarters of interviewees at POEs confirmed that they found jobs by referrals or recommendations from relatives or friends. In addition to referrals, two people (E3a, E3b) added that they also found a job advertisement on the ESOE notice boards after learning about the vacancy from their friends. SOEs, ESOEs and POEs considered referrals or personal contacts to be especially effective sources of recruitment. It was perceived that these enterprise types trusted the recommendations of current employees and gave more attention to candidates with recommendations by current staff, as denoted below:

The source of recruitment of SOEs is mainly based on relationships. Trust is essential in the selection of employees for SOEs. For example, if a father recommended his son to his SOE, his son would be selected as the SOE believes in the father’s recommendation (P3a).
This source of recruitment clearly has some disadvantages. An individual is less likely to be hired on job capability and more likely on the referrer’s relationship with the managers. Interestingly, referrals were also a preferred method that applicants used to seek work at the German MNE. In contrast, company websites or online social networks were the most common sources of job information overall for candidates seeking jobs at MNEs, and to a lesser extent for POEs. Six out of 11 interviewees (M3g, M4a, M4b, M4d, M4c, M5a) at MNEs indicated that they had found job advertisements via online social networks and company websites; the rest indicated that they used newspapers to receive information about vacancies at MNEs, as denoted below:

_I found the vacancy information on Vietnam work website (M4d)._

_Job advertisements were posted on the company’s website (M5a)_

E-recruiting (e.g., online social networking and company websites) was a preferred method by MNEs and large POEs, as it has the potential to reach a larger number of potential candidates geographically dispersed (Braddy, Meade & Kroustalis, 2006; Chapman & Webster, 2003) and to “attract applicants with higher levels of drive, achievement, and persistence than traditional recruiting” (Stone, Deadrick, Lukaszewski & Johnson, 2015, p.217). In addition, online social networking and company websites can make potential applicants aware of the organisational culture of the recruiting enterprise due to website design features and information about organisational values, policies, awards and goals being visibly displayed on the website (Braddy, Meade & Kroustalis, 2006). In terms of the Resource Based View (RBV), the MNEs paid more attention to recruiting capable employees than the domestic enterprises through the use of modern technology (e.g., e-recruiting). Applying modern technology in recruitment is valuable and unique because it takes time for other enterprises in transitional economies to learn and apply to their recruitment process. Consequently, the large POEs were also likely to show this RBV characteristic more than other types of domestic enterprise.

### 5.2.3 Subtheme 2c. Recognition level of employee capabilities in selection across ownership types

The interviews indicated that recognition of employee capabilities for job selection varied across ownership types. Different values were given to employee qualifications (e.g. level of qualification), professional capabilities (e.g., skills, knowledge, competencies, and ability to
adapt to change and job pressure), work experience (e.g., number years of work) and hiring the right person for the right job (merit versus non-merit factors).

**Qualifications, experience or professional capabilities:** Overall, the interviews showed that domestic enterprises in Vietnam placed a high value on a potential candidate’s level of qualifications. Individuals who had graduated from a full-time degree were also more likely to be considered than those who graduated from a part-time degree. SOEs viewed qualifications as most important in terms of capturing an individual’s capabilities for selection, followed by work experience. The professional capabilities of employees were not mentioned by any SOE interviewees. According to one interviewee:

*SOEs in general often focus on diploma qualifications in R&S compared to MNEs. In the MNEs, soft-skills and experience are essential in R&S (M4b).*

In marked contrast to the SOE interviewees, three quarters of ESOE employees indicated that though qualifications and experience were important, professional capabilities were critical among ESOEs.

*Since becoming an ESOE (S3) in 2015, professional capabilities were the priority at the point of recruitment while qualifications were the second. Qualifications must match the requirements of the recruiting position (S3a).*

*My company considers not only qualification and experience but also employee capability that suits the job (E3c).*

One person (E3d) from an ESOE stated that qualifications were essential for new graduates, as employees could then gain experience while working, as mentioned below:

*Employees are required to have both experience and qualification to be able to work for any company long-term. My company first required me to have a diploma when I applied for a job. Then I gained experience gradually over time working for the company (E3d).*

Almost all (11 of 14) interviewees at the POEs (P3a, P3b, P3c, P3e, P3f, P3g, P5d, P6a, P6b, P6c, P6e) indicated that experience was a priority in selecting candidates. Five employees (P3a, P3c, P3d, P5d, and P6e) said qualifications were the most important criteria. One employee (P6e) commented that for newly graduated candidates with little experience, a certain level of qualification such as a bachelor degree was required. In comparison with the
domestic enterprises (i.e. SOEs, ESOEs and POEs), the MNE focused more on experience and professional capabilities than on qualifications in R&S. As two interviewees commented:

**Similar to ESOEs and POEs, MNEs select employees based on a fair R&S process, aiming at a selection of suitable candidates with capabilities for the enterprises (P3f).**

*I think that though R&S of MNEs and ESOEs are similar, MNEs require employees to have more capability and pay was higher than at ESOEs (E2c)*

However, in MNEs, depending on the vacant position, qualifications and experience were weighted differently. For example, ‘for a trainee position, a diploma is regarded as important while for senior positions, experience is essential’ (M4c).

**Hiring the right person for the right job**: Compared with the domestic enterprises, the majority of MNE interviewees (nine out of 11 – M3a, M3b, M3d, M3e, M4a, M4b, M4c, M4d, M5a), revealed that this ownership type paid most attention to hiring the right person for the right job.

*The US MNE expects employees to understand deeply the job they are doing so that they can perform well, so the right person for the right job is necessary (M4d)*

A ‘demands-abilities fit’ refer to the commensurateness between knowledge, abilities and skills of employees and the requirements of the job (Edwards, 1991; Tims, 2016). Evidence from the interviews indicated that the perception was that MNEs put a lot of energy into recruiting for good people-job fit and people-organisation fit. In terms of RBV, and the human resource focus on characteristics of value, rareness and inimitability (McWilliams et al., 2001; Khandekar & Sharma, 2005; Saá-Perez & García-Falcon, 2002), getting the right person for the right job at the outset could help MNEs develop and implement strategies that generate value and competitive advantage for this enterprise ownership type (Barney et al., 2012; Kaufman, 2015a,b). Hiring the right person seemed most important for MNEs and of lesser importance for SOEs. Among the domestic enterprises, four employees (S3a, S3b, S3c, S3f) out of 15 at SOEs, four (E2a, E2d, E3c, E3d) out of eight at ESOEs, and five (P5b, P5d, P6a, P6c, P6d) out of 14 at POEs placed importance on hiring the right person.

*At this POE, hiring the right people is valued highly as such people can complete work effectively and productively when they are in the right position (P6c).*
The Japanese MNE definitely wants to hire people who are suitable for the jobs and have commitment and loyalty to the career (M5a).

The consideration given to personal contacts was highest at SOEs and lower at ESOEs and POEs. This may demonstrate that SOEs did not pay as much attention to recruiting and selecting for good people-job fit as POEs. Person-job fit was outlined into two categories, including demands-abilities and needs-supplies (Edwards, 1991; Tims, 2016). Demands-abilities fit refers to the compatibility between knowledge, abilities and skills of employees and the requirements of the job (Edwards, 1991; Tims, 2016). Needs-supplies fit is related to the degree that the job fulfils the employees’ needs and preferences (Tims, 2016). The selection of employees through personal contacts or referrals (needs-supplies fit) at SOEs (as discussed under theme 2b) would demonstrate that person-job fit was not as important. Employees’ capabilities were not fully recognised in the selection and recruitment at SOEs, in comparison to POEs. As such, valuable, rare and inimitable characteristics of RBV were not perceived to be considered much by SOEs in selection and recruitment, compared with POEs.

**Merit or non-merit factors for selection:** Enterprises which utilise merit factors in selection usually focus on seeking the best candidates, with abilities, skills and knowledge that best suit the job (Zaman, 2015), and hiring employees based on their ability to perform a job. If jobs are awarded on the basis of friendship or relationship, then the selection process is not merit based. Equally, if a position is awarded based on a person’s political connections or on seniority or proximity of an individual (i.e. working in the same office as the person who previously held the position), then the selection process is also not merit based (Jackson, 2007; Zaman, 2015).

The findings revealed that merit-based appointments for selection were utilised by all ownership types to some extent. Nevertheless, the level of recognition of merit selection varied among these enterprises, and there were some contrasting views on this issue expressed by employees at SOEs. For example, some employees (Sb3, S4e) stated that SOEs considered their employee capabilities as a work priority (along with other factors) when making any internal appointments or selections. Others (S3a, S3f) suggested that internal selection or promotion at SOEs depended first on seniority and applicants’ political connections or on superior and subordinate relationships or referrals. These latter comments
align with the interview comments reported in Theme 2b regarding some SOEs’ use of personal connections as an important recruitment source.

...I think, besides professional capability, personality, and wide superior and subordinate relationships or political awareness are significantly considered in appointments to managerial positions in SOEs. If you are not a Communist Party member or not going to be a member, you may not be seriously considered to be promoted to a high-ranking position within an SOE (S3f).

It seems that merit selection has not been utilised fully by all SOEs in the sample. Analysis of the interview responses indicated that SOEs depended to some extent on the protection of the State and paid less attention to the factors that could improve human resources such as employee capabilities, leading to less effective performance within enterprises. This result is contrasted with the finding from ESOEs, where some interviewees (E3c, E3d, & S3a) commented that appointments within ESOEs were based mainly on merit (i.e. the best person for the job is selected regardless of their personal characteristics), as quoted below:

The people with capability to perform required jobs are often appointed to the new positions (e.g. management) as only those people can complete the assigned job (E3c).

Another interviewee (S3b) indicated that if a candidate for a job at an ESOE was excellent in doing his/her tasks, and contributed greatly to the development of the enterprise, he/she would be appointed to a higher position. Integrity was an additional consideration for the appointment. For example, ‘if you have contributed and had the ability to manage, but your ethics are not good enough, you will not be appointed to a managerial position (S3b)’.

Some employees (P6a, P6c & P6c) interviewed stated that POEs had a clear strategy for selection based on merit. For the appointments of new employees, ‘educational level and professional education are essential (P6a)’. As well, appointments of current employees to a higher position in the POE were ‘based mainly on merit and their contribution to the enterprise (P6a)’. Besides this, personality was counted as the second factor in POE appointments (P6e). For example, if an employee’s personality proved to be a good match for another job the manager will consider the employee for this appointment (P6d). This type of appointment is also employed in the R&S process of the POE. The managers would suggest failed candidates apply for another position that the manager thought was more suitable. For
example, an employee (P6c) revealed that if it is recognised during an interview that a candidate for a sales position did not meet the requirements of this position, but that this person was more suitable to be an accountant due to their personality, the managers could suggest this person shift to an accounting position, promising to facilitate the appointment if the candidate accepts the offer.

In comparison with the domestic enterprises, MNEs focus more on hiring qualified employees with capabilities and professional skills and clearly classified the merit-based selection for different types of candidates. According to employees interviewed (M4c, M4d), appointments in the US MNE were based on two sources: (1) internal sources such as current employees with positive performance and merit; and (2) external sources such as candidates with required skills that the employees of the US MNE do not have. In addition, one employee (M4d) highlighted that the recruitment approach of the US MNE created the opportunity for candidates and employees to show their capability and strength. After doing the selection tests, if the result showed that an employee or a candidate had only a good educational background and skills in the position being recruited but no practical experience, the US MNE still recruited and trained him/her. While the US MNE also paid most attention to merit factors, it also considered non-merit factors, as noted below:

Due to the characteristics of my company, the personality of the candidates receives special attention in the R&S process (M4c).

.... For example, they check if the candidate’s individual personality fits to the job or not (M4b).

Conversely, the Japanese MNE paid a lot of attention to non-merit factors in selection. Seniority in appointments was likely to be the leading criterion, followed by professional capabilities. The more senior the employee, the more tasks they had to take responsibility for, and received recognition later for, by appointment to a new position or promotion. In addition, a non-merit factor such as the personality of employees was considered by the Japanese MNE at R&S, as noted below:

The Japanese MNE focused on the typical characteristics of employees such as flexibility and ability to adapt quickly to change when recruiting people as it was a requirement of the service industry of the Japanese MNE (M5a).

This employee (M5a) pointed out that this characteristic is important due to global changes and to meet the high demands of customers toward the service of the enterprise.
was shown in the interview that some people who were not suited to this level might leave for another enterprise.

In summary, employee perspectives showed that the recognition level of employees’ capabilities in selection was weighted higher by MNEs than by the domestic enterprises. For example, MNEs recruited people with experience and professional capabilities, while educational qualification and experience were a priority at SOEs. Among the domestic enterprises, ESOEs and POEs considered employees’ professional capabilities and experience in recruitment higher than SOEs considered them. Moreover, MNEs put more energy than the domestic enterprises into recruiting for good people-job fit and people-organisation fit. Moreover, MNEs focused more on hiring qualified employees with competencies and clearly classified the merit-based selection for different types of candidates. Seniority and applicants’ political connections, superior–subordinate relationships or referrals were more likely to factor in R&S decisions in the domestic enterprises, especially SOEs.

5.2.4 Subtheme 2d. Losing valuable employees to other companies

Losing valuable employees to other companies was perceived as a significant concern for both the domestic enterprises and MNEs. However, this did not appear to be the perception of employees from SOEs and the Japanese MNE. The findings showed that job stability and security offered by SOEs, and loyalty at the Japanese MNE, appear to reduce concern about losing valuable employees. These could also be influenced by the view of employees regarding managers’ belief that seniority and loyalty were essential at SOEs and the Japanese MNE.

The majority of employees interviewed believed that SOEs tend not to be concerned about losing valuable employees to other companies, as they think that ‘SOEs offered stable jobs and a friendly working environment’ (S3b). Almost all the employees (S2a, S4a, S4b, S4c, S4d, S4e, S4g, and S4f) at SOEs suggested that they had never changed their job. Some employees (S3b, S3e, S3f) stated that only a small number of people, who sought more challenging jobs or had personal reasons, moved to other enterprises. This is consistent with Nguyen Thien (2015), who confirms that many people spend their entire working life at SOEs and that the people leaving SOEs are individuals whose contributions are not recognised because they do not have a close relationship with the executives. At the same time, their direct managers do not value the ideas of subordinates and do not recommend
them to the highest managers, leading to unsatisfied employees who leave the enterprises (Nguyen Thien, 2015).

Different from SOEs, ESOE employees (E3c, E3d, E3f, and E3g) pointed out that ESOEs were worried about losing their employees due to higher salaries and incentives. The interviews revealed that the reasons people left ESOEs were to find a more challenging job and for higher payment. One interviewee (E2d) commented that the more committed people were those who were satisfied with their current job and did not seek change.

According to employees (P5b, P5d, P6a, P6b, P6c, P6e), losing valuable employees to other companies was a big concern of POEs because competitors often poached potential employees. When these employees left the POE for competitor enterprises, a large number of customers followed them and used the competitor’s service (P6a). In addition, when someone left the enterprise, it took time for the POE to train new employees (P6c). Accordingly, it was a big loss for the company to lose an employee (P6a, P6b, and P6e). Similarly, employees (M3a, M3b, M3d, M3e, M3g, M4a, M4b, M4c) at MNEs believed that the US and the German MNE had considerable concern about losing valuable employees, as commented:

*This was due to the fact that the market in Vietnam is very active, and there is a strong competition among employers to recruit excellent people with potential to work for them. Therefore losing an employee with potential and experience to a competitor happens easily (M4b).*

Some employees (M3a, M3b, M4b, and M4c) explained that employees left the US MNE and the German MNE for either a higher position with a better salary or for a more challenging job. Some employees (M3f, M3g, M4c) stated that it would take time and effort to be promoted if they remained working for the US or German MNE, while they were promoted immediately when they moved to another enterprise of the same ownership type. However: ‘Some other enterprises “poach” the excellent people just because these people used to work for their competitors’ (M4c). The US MNE had methods to reduce the amount of people leaving, such as ‘offering more training courses, a friendly business culture and working environment, social and charitable activities. Such activities can encourage stronger attachment to the US MNE and long-term work for the US MNE’ (M4b).

Different from the US and the German MNEs, the Japanese MNE did not worry about losing valuable employees to other enterprises as ‘it is the norm for many people to leave and new people to commence’ (M5a). It could also be explained that employees at the Japanese
MNE are usually highly appreciated for their loyalty and the length of time working for this MNE; thus the more senior, the better payment the employees can receive. On the other hand, it could be explained by another perspective that the enterprise may replace these talented employees in order to reduce the enterprise’s salary costs, and may recruit new people for fresher ideas and cheaper payment (Nguyen Thien, 2015).

In short, SOEs and the Japanese MNE tend not to worry about losing valuable employees, while ESOEs, POEs and MNEs considered it a significant concern. Job stability and security at SOEs and loyalty at the Japanese MNE could be advantages to retain employees. In terms of RBV, job stability, security and loyalty could be considered as a rare and added value to SOEs and the Japanese MNEs. They could also be recognized as competitive advantages of these enterprise ownership types.

5.2.5 Subtheme 2e. Dilemma of recruiting and retaining good employees

Table 5.2 shows that there are two different views, between the employees of domestic enterprises and the MNEs, on recruiting and retaining employees with capabilities. The first view was suggested by the majority of employees at SOEs. The second view was considered by the majority of employees at POEs and MNEs. Conflict of opinion among employees at ESOEs on these two views was equally divided.

<table>
<thead>
<tr>
<th>First view</th>
<th>“in the current environment, there are many more employees with potential than good positions”</th>
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<tr>
<td>Second view</td>
<td>”in the current environment, it is difficult to recruit and retain good employees for good positions”</td>
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There were some reasons why employees at SOEs supported the first view. Some people (S2a, S3a, S3c, and S3d) explained that since some people worked for SOEs for their whole life, and tended to stay in the same position after promotion until retirement, there were obviously not many good positions for potential employees to be promoted to. Another employee (S3a) argued that SOEs needed more people with potential rather than better positions, because this was a preparation for a replacement of the leaders who might be away from their workplace, as commented:
...when directors are away, the deputy-director can undertake the director’s work (S3a).

That’s why at some SOEs, there were ‘too many people placed in deputy positions, leading to a waste of HR and finance for the enterprises’ (S3g).

Half of the interviewees at ESOEs held the first view, which was similar to those at SOEs. Those employees’ explanations were similar to those of the employees at SOEs. The other half of ESOE employees pointed to the second view, which was similar to those at POEs and MNEs. One of them (E3c) explained that it was not easy to keep employees working long-term at ESOEs as some people left the enterprise for a higher salary.

In comparison to SOEs and ESOEs, a large number of employees at POEs appeared to reflect the second view. Some interviewed employees (P6a, P6c, P6e) stated that it was not easy to recruit employees with capabilities because the potential sources of recruitment within the city were few. These employees indicated that only three universities, which have business and accounting related faculties in Haiphong City, could meet the recruitment requirements of the POE. In addition, the required criteria for the R&S of this POE were higher than those in many other enterprises. When employees with capabilities wanted to leave POEs, the only way for the POE to retain them was by increasing their salary (P6a). However, a higher salary at POEs means more work pressure. Employees are required to stay at work until they complete their tasks. This is different from SOEs which have a low salary but not high work pressure and employees leave at a set time (Nguyen Thien, 2015).

Similar to those in POEs, a large number of employees at MNEs supported the second view. This may be explained by the fact that MNEs have more challenging jobs than the domestic enterprises, and suitable candidates are rare. The current Vietnamese labour market situation indicated that Vietnam is short of people with high professional skills, such as having engineering, foreign language, and modern management skills, which is causing more difficulty for the MNE to recruit newly qualified employees or to retain the current skilled employees than it is for the domestic enterprises (Kien Trung & Ramstetter, 2015, p. 3). Reports from 2002 and 2005 stated that only one-third of the enterprises in operation are satisfied with the qualifications of their new recruits (Saigon Times, 2012; Thang & Quang 2005b) and as this research demonstrates, the situation remains the same to date.

These finding demonstrate that employees at SOEs had the view that “in the current environment, there are many more good employees and employees with potential than there
are good positions”. The majority of employees at POEs and MNEs supported the view that "in the current environment, it is difficult to recruit and retain good employees for good positions”. Conflict of opinions among employees at ESOEs on these two views was equally divided, with half for the former and half for the latter view.

5.2.6 Subtheme 2f. Relationship between recruitment and selection and employee outcomes

Some contrasting views occurred among employees of domestic enterprises about the impact of R&S on employee outcomes, especially employee performance and job satisfaction across ownership types. Firstly, the majority of employees at SOEs stated that there was very little relationship between R&S practices and employee performance, while employees at ESOEs and POEs suggested that R&S practices helped current employees work better. Employees at the US MNE revealed that whether or not there was a relationship between R&S practice and employee performance depended on team culture and team managers, and that it was not easy to conclude if this relationship existed positively or negatively. Secondly, in terms of R&S, lower job satisfaction was found at SOEs.

Influences of recruitment and selection (R&S) on employee performance: The perception that R&S did not impact on the performance of employees emerged in the interviews with SOE employees (e.g., S2, S3 & S4). For example, according to employees interviewed from one SOE (S4), five out of seven people (S4c, S4d, S4e, S4f, S4g) mentioned a low impact of R&S on performance, while only two people (S4a, S4b) agreed with the statement that R&S practices had considerable influence on employee performance. Interestingly, job satisfaction was not evident here.

It was perceived that R&S helped improve the performance of employees in ESOEs. One person (S3a) suggested this difference in the impact of R&S on the performance of employees when his company transferred from an SOE to an ESOE as below:

In 2015 when the enterprise was still an SOE, the senior and older, more established employees used to have a perspective that the young employees with little experience would not be able to work as well as them. Those who held this kind of perspective did not like to improve or did not have any motivation to improve their performance whenever there were new employees (S3a). However, such an idea was gradually replaced as the enterprise prepared to become an
ESOE. At this moment, as an ESOE, the current employees are always motivated to improve their performance and update their knowledge so that they can catch up and compete with the new employees, who are young and have better skills and knowledge. All are aiming for a managerial position. Vice versa, the new employees learn from the current employees because of their experience (S3a).

That quote demonstrated that seniority was more valued by SOEs than employee capability in R&S, and that this impacted on performance. The senior employees at SOEs believed that they were more capable than the “young employees with little experience”. This perspective may come from the Vietnamese culture where older and senior people are respected and younger people or juniors are expected to listen to the advice of their senior (Truong et al., 2016). In contrast, it was perceived that new employees at ESOEs do have an impact on performance. This could be due to the fact that ESOEs are much more concerned with productivity and effectiveness of work than SOEs (Collins, 2009). A large number of interviewees at ESOEs and POEs agreed that organisational performance at ESOEs and POEs could be improved in terms of R&S. They (E3d, E3c, E3b, E3a, E2c, E2b, &E2a) explained that new employees were young and flexible, creating a competitive working environment that stimulated current employees to work harder and improve their performance. This line of statement, consistent with the point of view of employees (P6a, P6b) at POEs, suggested that new employees, who are young and enthusiastic, bring “new blood” to the enterprise, creating a fresh and competitive environment, motivating current employees to improve their performance. In addition, new employees are needed to support the current employees to complete the heavy workload in time (P3b).

Whether or not employees at the US MNE believed that R&S helped improve employee outcomes depended on the managers of teams and team culture within the enterprise. For example, an employee (M4c) stated: ‘with supervision of a manager who tended to have a supportive style, some newcomers could help the current employees to promote their performance, while with a manager who liked to create a competitive environment; the current employees themselves had to improve their performance to make sure that they could stay in the same position’.

In summary, theme 2 showed employee perspectives on R&S of SOEs, ESOEs, POEs and MNEs. Firstly, the author found that employees were attracted to SOEs for work stability and training opportunities while a company’s work environment, stability and reputation were the
aspects that attracted people to ESOEs. The work environment, business culture and a company’s reputation tended to be attractive factors for employees seeking work at MNEs and POEs. Secondly, the findings based on employee perspectives showed that traditional sources of recruitment such as referrals or recommendations from current employees and newspapers were popular at the domestic enterprises. The researcher also found that e-recruitment was considered to be an effective source of recruitment at MNEs. These findings were considered in terms of RBV and the degree of influence of Vietnamese business culture on ownership practices. Thirdly, the findings revealed that MNEs put more focus than SOEs on ensuring that the right people for the right job were recruited. Employee capabilities were less a priority in R&S of staff for some SOEs, in comparison to POEs. Seniority and applicants’ political connections or wide superior–subordinate relationships or referrals were likely to be essential for R&S or for promotion at the domestic enterprises, especially for SOEs. Finally, good person-job fit has been proven to increase job satisfaction (Laschinger et al., 2006; Peng & Mao, 2015). The findings revealed that person-job fit in R&S was of lower importance in SOEs, but high in MNEs.

The findings at theme 2 also revealed that SOE employees believe that R&S did not have impact R&S on employee performance and job satisfaction. However, ESOE and POE employees perceived that R&S helped improve the performance of employees. The findings also revealed that the US MNE employees suggested some criteria such as the managers of teams and team culture within the enterprise that may have impact on the relationship between R&S and employee outcomes.

5.3 THEME 3. TRAINING AND DEVELOPMENT

Theme 3 captures employee perspectives on training and development (T&D), differences in perceptions due to enterprise ownership type, and the influence of T&D initiatives on employee outcomes.

5.3.1 Subtheme 3a. Training and development approaches

Overall, the interviewees from all ownership types indicated that the enterprise usually selected the training methods that suited their business conditions to create competitive advantage. Based on the employee interviews, the researcher found that prevalent training approaches such as on-the-job (i.e. training at the work site) and off-the-job training (i.e.
training off site or training with an instructor-led classroom) were the most popular training approaches among both the domestic enterprises and MNEs. However, POEs and MNEs were found to apply modern technology in training (i.e. online training) in combination with prevalent approaches.

**On-the-job and off-the-job training**: A large number of employees (S2a, S4c, S4e, S4f, E3d, E3c, E3b, E3a, E2c, E2b, E2a, P5b and P6b) across ownership types claimed that an on-the-job training approach was essential and was often designed for new employees who were on a first year contract, while off-the-job training was more likely to be used for current employees, as noted below:

*The training approach of the Japanese MNE includes mentoring and on-the-job training... New employees are trained on the job by undertaking one or two projects during the trial period. After this period, the employees will start their job officially and benefit from soft skills training courses.... related to relationships more than technical skills.* (M5a).

However, according to some interviewees (S4c & S4f), on-the-job training had not yet received as much attention as off-the-job training by SOEs. Training courses in Vietnam or abroad to develop professional knowledge were offered to employees at SOEs (S4a, S4b, S4d, and S4f). However, employee performance in previous years and the training demands of the SOEs were counted when considering granting training courses to employees (S4a, S4b, and S4f).

ESOEs and POEs strongly focused on training new employees and also invested in training and developing their current employees. The employees benefited from off-the-job training by participating in “*seminars and professionally-related courses*” (P5b, P6b) in combination with “*group work-related training*” (P5d) organised every six months by “*its training centre in collaboration with a training centre in Hanoi*” (P6a). Foreign experts were invited to provide training. However, such courses were only organised when there was a need. In addition, employees of the POE were sent abroad for short training courses (E2a, P6a). To develop their skills and encourage them to stay with ESOEs, some loyal and dedicated employees were sent to university for higher education under partial sponsorship of their ESOE (E3a). Consequently, employees at ESOEs were offered many opportunities to develop skills through both short and long training courses (E2a).
In comparison with the domestic enterprises, the US MNE strategy of training new and current employees used both on-the-job and off-the-job training. For example, newcomers to the US MNE were offered off-the-job training first, then on-the-job training later by internal experts. On-the-job training courses for newcomers at the US MNE, such as policies, contract-making skills, interview skills, selection skills, and database searching skills, were taught by internal experts. It took two to three months to train a newcomer. Off-the-job training courses were offered to current employees to improve their required professional skills for the position, such as courses on customer service, interview skills, and skills on how to process a contract. Training courses about these soft skills were organized every month, and international experts were invited to deliver the training. Long-course training often occurred once per year, while short courses were organized every month \((M4b)\). Moreover, on-the-job training was also applied by the Japanese MNE, using trainers from Japan. One employee stated: “The Japanese MNE employs a large number of Japanese as experts, training employees at the subsidiary in Vietnam. The main bosses are usually Japanese so they use Japanese employees to start new projects or for collaboration” \((M4c)\).

**Online training:** Large POEs \((P3a, P5b, P5d, P6a, P6b, P6d)\) and the US MNE \((M4b, M4c)\) offered self-study using an online system to enhance the capabilities of employees:

...*Online training is available for self-learning... For example, if you are a customer service officer who wants to learn more knowledge about new products for serving customers or wants to shift to the field of trading, you can learn it from online...* \((P6a)\)

The US MNE utilizes online training that few enterprises of the same type have applied. This system helps employees manage both working and training time and allows them to learn at their own pace \((M4d)\).

Online training methods were not used at the SOEs and ESOEs in the sample. Some employees \((S3a)\) indicated that online training was not suitable for Vietnamese learning habits and thinking culture, even among young people, and therefore, it was not an effective method of training. According to Vo and Hanif (2012), online training lacks instructor interaction and employees may not have sufficient knowledge to use the company’s global resources effectively.
Differences in training and development practices across ownership types: The majority of people at SOEs were permanent and had not worked in any other enterprises. Only a few people (S3a, S3b, S3e and S3f) had experienced working for other types of ownership, and could compare the T&D of different ownership types. One employee (S3e) believed that the training methods of an ESOE were much better than in an SOE, leading to more effectiveness at work, and that the intention to study among the employees at the ESOE was higher than in the SOE. This could be the awareness among employees of ESOEs about how studying increased performance. In contrast, when this enterprise was still an SOE, the employees used to think that learning to improve performance was not a high consideration as their job was permanent and they would not be dismissed for poor performance (S3a).

It was not easy to compare training methods across ownership types, as it depended on the target of business development within each enterprise. Some employees (P3c, P3d) suggested that both SOEs and POEs applied on-the-job and off-the-job training. However, SOEs not only cooperated with local universities but also with international institutions to send people for training. The small POEs sampled had not yet sent anyone abroad for training courses (P3c). The reason given was that the small POEs felt that training is a responsibility of individuals (Thang & Bryant, 2004).

One employee (S4f), who used to work for a small POE, suggested that on-the-job training was the only training program of the POE due to the small size. Another employee (E2b) commented on the training programs of POEs as below:

T&D programs of POEs are organised with high frequency, and my capability is assessed by examination. Based on the test result after a training course, I am aware of what knowledge I lack which is useful for the next training (E2b).

In comparison with the domestic enterprises, some employees (E2c, P3g) believed that the training programs of MNEs were more methodical than those of ESOEs, and MNEs had clearer training plans with a focused strategy, showing that they were more professional than the domestic enterprises in training. The difference between the US MNE and the Japanese MNE, based on an employee’s experience (M4d), was that the training at the US MNE was better than at the Japanese MNE, as it was more flexible and had more practical training programs.
In summary, traditional training approaches such as on-the-job and off-the-job training were likely to be the most popular training approaches among both the domestic enterprises and MNEs. Nevertheless, large POEs and MNEs seemed to use more online training; hence, online training was an additional training method that supported the prevalent approaches at these two enterprise ownership types.

5.3.2 Subtheme 3b. Relationship between training and promotion

The majority of employees from all four ownership types claimed that training was for developing professional skills and improving performance, and was not for job promotion purposes. This is exemplified by the following quote:

*After each training course, my company doesn’t promote employees to a higher position because training is to enhance employee capability at work. After some years of working for this company and having achieved a good performance assessment, the employees will be considered for promotion (E2a).*

However, four people (S3c, S3f, S4g, S4e) at SOEs and one person (E3d) at an ESOE argued that training was for promotion, especially when there was a vacancy such as “the head of the department retired or was promoted to a higher position” (E3d). The people with capabilities would first be sent to training courses that supported them in performing well in the new position, and would then be promoted. Personal characteristics, skills and performance of employees would also be considered as criteria for promotion, as noted below:

*Training is organised annually. If there is a vacancy, an employee with capability will be sent to training courses and then promoted (S3c).*

While some employees (S3c, S3f, and E3d) at the domestic enterprises believed that training should be applied first before promotion, two people (M4b, M5a) at MNEs believed that promotion should come first, and training later.

*The US MNE often promotes employees first, then offers those promoted some necessary training courses that support their knowledge to stay in the leadership position (M4b).*
The employees at the Japanese MNE who participated in training courses are not considered for promotion. However, the people who are considered for promotion are requested to participate in training courses (M5a).

An explanation of these contrasting views between employees of the domestic enterprises and the MNEs is that the domestic enterprises were likely to improve employees’ capabilities to make sure that they could perform well in a new position. In contrast, the MNEs seemed to get the right person in the first place to ensure good person-job fit and person-organisation fit (see Tims et al., 2016); training would then be used by the MNEs to strengthen the current knowledge of promoted employees. Employees across all ownership types believed training was used to support them to perform better. However, the use of training before or after the promotion demonstrates how the enterprise considers employee capabilities at both the R&S stage and the training stage.

5.3.3 Subtheme 3c. Relationship between T&D and employee outcomes

The researcher also examined the extent to which employees perceived T&D influenced job satisfaction and performance outcomes in their organisations. Overall, the findings below show that all employees at domestic enterprises and MNEs considered T&D to have a significant impact on employee outcomes, especially employee performance. There was a positive relationship between T&D and employee performance in the domestic enterprises and MNEs, while there was no significant evidence showing a relationship between T&D and job satisfaction.

The influence of T&D on employee performance at the domestic enterprises and MNEs:

The interview findings showed that all employees at the domestic enterprises perceived that they had considerably improved their capability and performance after some training courses. Some employees (E2c, E3a, and E3d) at ESOEs explained that they could save 50% of the time doing the same job after training courses and felt more confident in solving work problems. Other employees (P6e, P5b, and P5d) at POEs revealed that their soft skills were reinforced and they could do their task effectively. This is consistent with previous research by Rowden and Conine (2005), who argue that trained employees are more likely to achieve customer satisfaction, which in turn has a positive effect on the employee performance. Also, regarding the RBV, it is perceived that employees contribute more value and uniqueness (e.g.
skills & knowledge) to enterprises by the improvement of performance after training (Chang & Chen, 2002; Chen, Mujtaba, & Huang, 2012; Guest et al., 2003; Huselid & Becker, 1995). Thus, the more that employee performance was improved by training, the better competitive advantage the enterprises (e.g. SOEs, ESOEs, POEs and MNEs) would gain.

Similar to the domestic enterprises, the employees (M4a, M4c, M4d) interviewed at the US MNE stated that their capability and performance had been improved after training courses, as the training programs taught them how to select the focus activities and how to allocate time to each activity. More specifically, an employee (M5a) from the Japanese MNE highlighted that employee performance could be improved only when the training courses met the requirements of the job, as denoted below:

*After each training course, I do not think that I can perform better as the training course is not relevant to the demands of my job* (M5a).

A large numbers of employees (e.g., S2a, S3a, S3b, S3c, S3e, S4c, S4d, S4e, S4f, S4g, E3c, E3b, E3a, P5b, P5d, P6a, P6b, P6d, P6c, P6e, M4b, M5a) indicated that the T&D programs within their organisations improved staff job satisfaction overall. This view was held by employees of domestic enterprises and MNEs. It could be that all these ownership types offered practical and theoretical training that enabled employees to maximise the usage of the knowledge from the course and apply it to real work situations (S3b). Some other employees (S4a, S4b) also suggested that the training courses at the SOE gave them a chance to expand their relationship with other people from different branches or enterprises within the service industry. Two employees at MNEs commented:

*...If I am not trained, I won't be able to select any potential candidates to meet my customer requirements after interviewing ten people. However, after participating in a soft-skill course...I may only need to interview two candidates; then I can select the correct person for the recruiting position for my customer* (M4b).

*I am satisfied with the quality of training programs and the number of T&D opportunities provided by the Japanese MNE* (M5a).

Some people (E3a, E3b, E3c, E3d, P5b and P6e) believed that their capability had been enhanced considerably after taking some professional training courses and hence felt more satisfied with the job as noted below:
I am satisfied with the training programs because after a training course, I understand more about my job, and I can even work better and faster and feel happier with the job (E3d).

In comparison to the views of employees at the domestic enterprises, employees at the US and Japanese MNEs pointed out that, after training courses, the soft skills learnt through the training help employees to work more effectively, resulting in better job satisfaction. For example, one employee (M4b) stated: ‘…Since I can work more effectively, I think I love my job more.’

Different to the US MNE and Japanese MNEs, employees interviewed at the German MNE considered training to be ‘a basic step to developing professional skills’ (M3d), as noted below:

My performance has been improved, and I feel more confident in communicating with customers and problem solving (M3b).

In summary, theme 3 presented the interview findings regarding employee perspectives on T&D approaches within their organisations. Firstly, the T&D approaches of MNEs and POEs varied from traditional to modern technology-applied methods. In contrast, SOEs and ESOEs utilised only traditional training approaches such as on-the-job training for new employees and off-the-job training for current employees, but on-the-job training was not considered as important as off-the-job training for them. Secondly, the researcher found that there were contrasting views on the relationship between training and promotion across ownership types. Some viewed training as being for promotion, while others believed training was for improving professional skills. Thirdly, all employees at all domestic enterprise ownership types and at MNEs had the view that performance was improved by participating in training courses. There was no significant evidence stating the relationship between T&D and job satisfaction.

5.4 THEME 4. MANAGING PERFORMANCE

Theme 4 captures employee perspectives on how performance is managed within their organisation. As discussed next, some of the salient issues that were raised concern the frequency and types of performance feedback, the perceived fairness of PM, and the focus on individual performance versus team performance among enterprises. The impact of cultural
factors on the employer–employee relationship, and the relationship between PM practices and actual employee performance are also discussed.

5.4.1 Subtheme 4a. Frequency and type of feedback across ownership types

**Graphic rating scale:** Graphic rating scales, the most widely used appraisal technique in organisations (Debnath, Lee & Tandon, 2015), include a range of scales that evaluate personal performance for each specific criterion (Aggarwal & Thakur, 2013; Stone, 2013). This common approach was broadly applied by the domestic enterprises, especially SOEs and ESOEs, to rate performance. Using a rating scale, employee performance was rated from A to D, where A denotes very high performance and D the worst. Those who could not complete the requirement of the tasks were not rated (E3d). The assessment was based on the time taken and quantity of work that a group completed and was based on productivity per year (E2b, E3d), or based on the work results of each unit and/or on customer feedback about the quality of the services (E2d, E3c).

Staff performance was assessed by their ‘supervisors’ (E3a, E3b), their ‘peers and customers’ (E3c, E3b &E3d).

*Employee performance is assessed by customers and superiors. Every week superiors organise a meeting to assess employee performance throughout the week (E3c).*

Performance at ESOEs was typically assessed monthly with the use of a graphic rating scale (ABCD) and then cumulatively at the end of the year (E2a). This assessment result was then sent to a board of assessment established by the director of the ESOE for further assessment, as described below:

*Individual performance will be assessed monthly by using a graphic rating scale (ABCD). At the end of a year, the performance of a department or unit is assessed based on the performance of individuals. If there are many high-performance individuals within a department or unit, the department or the unit is assessed as performing well. As this ESOE is a service industry, there are no fixed criteria to assess the performance of every department or unit (E2a).*

A service industry company would not be expected to have a customer service standard throughout the organisation because each service they offer requires specific criteria to be considered as the standard for that service.
While some ESOEs (E2 & E3) utilised a graphic rating scale with an ABCD categorisation, another ESOE (S3) in the sample, which had transitioned from being an SOE in 2015, had designed a 100-point-system of performance assessment that was stated to be effective for this enterprise and was based on the personal performance of employees. Employee S3a commented: “Currently there are only two enterprises from the water supply industry using this method”. Thus, this performance assessment appeared not to be used by many other companies in the same industry in this sample in Vietnam. The employee S3a explained the system:

In the last three years, on the way to transforming to an ESOE, a marking system of performance assessment has been developed, indicating clearly the points for each completed task. The 100 point system of assessment includes points for quality of the completed work, the quantity of the completed work and time usage for each work, and relationship with other staff members when doing each element of work (e.g., do they help you when you complete the task?) .... These points will then be transferred to a graphic rating scale (ABC), in which A is 90-100 points, B is 79-89 points, C is less than 79 points (S3a).

Another employee (S3d) added: “With this performance appraisal system, salaries and bonuses of employees are affected significantly by the performance results. Employees with rank A have higher salaries and bonuses than the employees with rank C or D”. Employees received performance feedback from peers and superiors (S3b), while managers’ performance was assessed by their subordinates (S3f). According to two employees’ interviews (S3a & S3b), employees were encouraged to give feedback regarding their unsatisfactory assessment, as noted below:

For example, ten employees were given 80 to 90 points, but one person, who thought he had performed very well, was given only 70 to 80 points. In this case, he or his peers can give feedback on the unsatisfactory point level to his superior, who then checks these points again (S3a).

In addition to their 100-point-assessment, this ESOE has a different way to assess employee performance by giving minus points. “For example, if you can complete a task in time with required quality, you will get 10 points; otherwise, 1 point is deducted from the 10 points” (S3a). This is likely to be a unique method of assessment that is being used by this ESOE, as according to the employee interviewed there were only “two enterprises in the
same service industry which use this type of performance appraisal” (S3a). It may be that this form of PM, rather than acknowledging good performance, is focused on ensuring that people do not have poor performance.

In comparison with the older ESOEs, the employee performance assessment of the recently transformed ESOE had significantly improved. This could be the result of learning, adapting good PM from older ESOEs and generating a unique/rare PM for this enterprise that may take time for other ESOEs to learn and apply in their PM practices. Uniqueness/ rarity are considered as a part of RBV (Barney, 1991; Boselie & Paauwe, 2010).

**Individual, supervisor and peer evaluation:** According to some SOE employees interviewed (S4a, S3b, S4c, S4d, S4g, S4g), SOEs placed considerable emphasis on self-assessment, which would then be checked and reviewed at meetings with supervisors and peers. This is an interesting approach, given that, with their otherwise traditional practices, they could just have had manager assessment of performance. The following is a quote from an employee who briefly described the process of performance assessment of the SOE:

*My SOE does employee performance assessment once a year. The assessed employees will do self-assessment and read the report aloud at a meeting. The peers and superiors can assess the person’s performance by giving comments on the self-assessment report at the meeting. Assessment cards will be distributed to participants of the meeting, so that they can assess the performance of their peers and their superior. Though this is a form of closed assessment, it is not objective because if a person has a chance to be ranked at level 1 (excellent performance) this time, next time the level 1 will be given to another person. This is how they distribute monetary reward within the SOE (S4d).*

Consequently, this subjective nature of performance appraisal could facilitate different forms of bias in performance due to affective influences, liking and favouritism, leading to inaccurate ratings, a finding reported in other studies (e.g., Salimäki & Jämsén, 2010). Earlier researchers (e.g., Longenecker et al., 1987; Salimäki & Jämsén, 2010) noted that this bias in performance appraisal could be viewed as a form of organisational politics, where the supervisor may take into account many factors, such as his or her own reputation, the motivation of an individual, the group dynamics, or the pay budget, to assess and reward personal performance.
Perhaps this subjective assessment could result from the collectivism and moderate uncertainty avoidance (Hofstede et al., 2010; Quang & Vuong, 2002) that has long existed in Vietnamese culture. In this context, the interviews showed that people from SOEs seem to expect members within a group to protect each other by providing security in return for their loyalty, and tending to please people by not evaluating personal performance negatively, or then avoid embarrassing others by not ranking their performance as low but by giving them a turn to rank at level 1.

**Key Performance Indicators (KPI):** KPIs focus on “the aspects of organisational performance that are the most critical for the current and future success of the organisation” (Parmenter, 2015, p.7). Similarly, Jahangirian, Taylor, Young and Robin (2016) define a KPI as a quantifiable measuring approach that is used to assess if performance has met strategic and operational goals. Therefore, KPIs must be aligned with the objectives of the enterprise (Parmenter, 2015). The findings of this study revealed that the large POEs and MNEs utilised KPIs as a performance assessment tool; there was no information relating to the usage of KPIs at SOEs and ESOEs.

It was found that the criteria of KPI varied across specific job types at the large POEs and MNEs. For example, one employee (M4b) at the US MNE explained how the KPI system applied to the sale section at the enterprise: “The KPI of the business/sale section has many assessment items, including revenue of sales staff, and other factors such as customer service skills and communication skills ... Employee performance is assessed from level 1 to 5, in which 1 is unacceptable (0%–69%), 2 equals improvement needed (70%–84%), 3 is considered as meeting the threshold (85%–99%), 4 is meeting the target (100%–119%), and 5 is Outstanding (>=120%). Employees’ performance is assessed by employees themselves, by the supervisors, and then reviewed by the HR manager. Employees assess their performance based on 360-degree customer service” (M4b).

Employees (M5a) at the Japanese MNE categorized KPI using four different criteria including (1) discipline (e.g. punctuality, commitment levels with the jobs), (2) professional skills, (3) soft skills (e.g., capabilities in networking to obtain more customers), (4) other skills (e.g., leadership skills, willingness in sharing knowledge). At the Japanese MNE, employees could assess their KPI performance every year and then receive feedback from the managers. These two processes were independent of each other. The performance of projects was assessed every six months, but if the project ended earlier, the KPI would be recorded for
later assessment. The KPI criteria for projects were different from KPI for other tasks. In this case, employee performance was assessed based on the quality of the projects (M5a). The weak point of employee self-assessment with the KPI at the Japanese MNE was that they could not quantify precisely the quality of their work so the assessment was not objective. However, if the manager was not happy with the results of employee KPI self-assessment, an explanation was requested (M5a). The differences in the KPI criteria of these MNEs and the large POE could indicate the uniqueness of these enterprises that other enterprises cannot emulate or would take time to do so (see Miller & Shamsie, 1996; Richard, 2000). Uniqueness or rarity is a characteristic of RBV (Barney, 1991 & 1994).

The majority of interviewees at the large POEs and MNEs demonstrated that KPIs were used as a goal to achieve performance at these enterprise ownership types. For example, one interviewee commented:

*The usage of a KPI provides employees with a must-do-target to achieve better performance. The KPI also highlights key professional development goals for each person. It motivates employees to develop their professional careers’ (M4d).*

This could be evidence suggesting that the large POEs and MNEs are strongly focused on objectives or KPIs to guide and assess individual employee performance.

In summary, the findings of this study suggested that the PM systems applied by the domestic enterprises were not as complex as those of the MNEs, and they were likely to be subjective, unlike the system applied by the MNEs. Within domestic enterprise, the large POEs were likely to have a more developed PM system than the SOEs and ESOEs.

**5.4.2 Subtheme 4b. Perceived fairness of performance management**

According to Tang and Sarsfield-Baldwin (1996, p.30), fairness in PM concerns whether “managers can apply rules fairly and consistently to all employees and reward them based on performance and merit without personal bias”. They argue that, if employees have a positive perception of procedural justice, this will lead to higher satisfaction, commitment and involvement. The interview responses of employees in this study showed a variety of fairness perceptions of employees regarding PM practices at the domestic enterprises and at the MNEs. The majority of employees interviewed from the MNEs viewed performance
assessment to be much fairer and more objective than at the domestic enterprises, due to the clear criteria of performance assessment set for the KPI systems. Among the domestic enterprises, the findings showed that the PM system used at the interviewed SOEs was likely to be perceived as subjective; hence, it could impact on employees’ motivation to work harder. In support of this argument, research by Stone, Stone-Romero & Lukaszewski (2007) proposed that organisations in collective cultures tend to use informal, subjective appraisals rather than those used by enterprises in individualistic cultures.

For instance, the majority of employees (e.g., S2a, S4a, S4c, S4d, S4f, and S4g) at SOEs stated that they were not satisfied with the performance assessment approach of their organisation because the assessment results sometimes came from ‘the love/hate level of a person towards the assessed person rather than the level of task competition and quality of work done by a person’ (S4a). Moreover, the highest level of assessment was ‘often given to managers, seniors and people who are going to retire’ (S4c), assessment criteria were ‘not clear enough, ranking levels are allocated mainly based on a fixed number of each branch (S4f) and/or the completion of tasks is not assessed based on the job description’ (S4g). This statement was strengthened by the views of a few employees (S3a, P3a) who had had a chance to transfer from one type of ownership to another. These people drew from their experience that the PM system of SOEs was often ‘incorrect as it depended greatly on the subjective ideas of the manager’ (S3a) and ‘does not encourage employees to improve their performance much’ (P3a).

In contrast, ESOE employees (S3a, S3b, S3c, S3d, S3e, and S3f) appeared more satisfied with their PM system. This may be because quantitative performance appraisal, the 100-point system, of the ESOE was viewed as ‘very fair and stimulates people to work better regardless of position’ (S3c). Some employees (E3a, E3b) explained how fair the PM was, as follows:

*The assessment of all employees’ performance of our ESOE is posted publicly on our company’s bulletin board. If someone has performed well, he is considered for a reward openly. If someone has performed badly, he will receive a notice from the manager and his salary and bonus will be reduced (E3b).*

The PM system of ESOEs tended to be better than SOEs; however, it may be not as good as POEs because ‘this system of ESOE has not been able to assess the true capabilities of employees’ (E2b).
Nevertheless, two employees offered contrasting views on the PM system of ESOEs:

...An employee’s performance is assessed by a team manager based on the worksheet and work productivity over a month. This assessment is then sent to the board of directors for approval and a decision on salaries and bonus that are paid commensurate with performance. However, the approval process is sometimes not correct and not proper due to a shortage of detailed knowledge on the tasks in which the employees have been engaged, leading to unsatisfactory rewards (E3a).

I am not satisfied with the assessment of my performance as the results came from the subjective assessment of my supervisor (E2b).

These contrasting views represent a range of views and possible practices within ESOEs. Interestingly, both employees E2b and E3b had worked for their ESOEs for nearly four years and had experienced different ownership types before they started work at their ESOEs. Thus, they compared the PM of their current ESOE enterprise with the previous ones (e.g. SOE, POE), and as a consequence, their perspectives about PM fairness were different from those who had been working for the same enterprises for their entire work lives.

The difference between PM practices at SOEs and ESOEs were compared by an experienced employee:

‘The SOE tends to use qualitative assessment of employees’ performance while the ESOE applies quantitative performance appraisal. For example, an employee of an SOE is given a task and required to complete the task within a day. The manager assesses the performance of the employee by checking the quality of the completed task (S3a).

Employees also had contrasting views about the PM practices of POEs. Half of the POE employees (P3a, P5b, P5d, P6a, P6c, P6d, and P6e) agreed that PM practices of their POE (P6) were very fair and motivated employees to work better, as noted below:

Individual performance is assessed fairly and openly, encouraging employees to work harder (P6a).

Some employees explained that the performance management of POEs “motivates employees to enhance performance compared to SOEs” (P3a), and “offers more criteria to assess the performance of an employee than that of ESOEs” (E2b).
Consequently, “the hidden capability of employees can be revealed and seen easily by POEs” (E2b).

However, an employee (M4c) working for the US MNE, who had experience of different types of enterprises such as POEs and a Japanese MNE, had a contrasting view on PM practices of POEs, as denoted below:

The POE where I used to work did not have a clear performance appraisal system. Managers assessed employees, especially in the business sector, based on personal revenue. The POE assesses employee performance publicly, leading to incorrect assessment as subordinates usually assess somebody positively even if they do not perform well (M4c).

In comparison to the domestic enterprises, employees at MNEs also perceived the levels of fairness of PM practices variously. This contrasting view among employees at MNEs may be due to employee job positions and the characteristics of the job they were undertaking. For example, two employees (M4b & M4d) who belonged to the sales/business section of the US MNE were very satisfied with the PM of their enterprise, as “the PM system of this enterprise was very professional and clear, especially employees’ capability, which is assessed fairly” (M4b) and “performance assessment at the US MNE is open to the public and reliable” (M4d). Two employees (P3a, E2c) who used to work for an MNE revealed that the PM of MNEs was “fair”, “complicated” and “motivated people to work better than those in any domestic enterprises”.

One person (M4c) at the US MNE, working for the marketing section, was only partly satisfied with this PM system and claimed that he/she was not as satisfied as the people who work for the business section even though her performance was assessed well. She explained the reasons below:

... Firstly, my performance is assessed as ‘good’ based on the increase in clients and gross profits. If these gross profits do not increase, my performance won’t be assessed as ‘good’. This is not the right way to assess the marketing section. What I expect to see in the assessment is feedback from outsiders/external market, not only from the enterprise. Secondly, in my enterprise, though KPI is considered a fair assessment tool, assessment results of KPI are interpreted by my boss, who is a salesperson and does not understand much about marketing
and expects marketing to be a role that supports the sales section. Thus, the PM is good, but a person who belongs to a marketing section like me does not feel as satisfied as someone in the sales/business section (M4c).

Though MNEs applied KPIs in PM, the differences between the US MNE and the Japanese MNE in PM practices appeared to be influenced by cultural factors. For example, one employee (M4c) explained that the performance assessment criteria of the Japanese MNE were also very clear but the assessment result was subjective because the result was mainly controlled by the personal relationship between subordinates and superiors. Loyalty was the key factor in Japanese MNEs (M4c). Alternatively, another employee (M5a) revealed:

Though the assessment is often made by the managers and the employees have the right to give feedback if they are satisfied or not with the assessment results, the employees in Vietnam usually refuse to fulfil this right. Even when they suspect the assessment criteria of the JP MNE to be subjective and qualitative, leading to unsatisfactory assessment results, the employees still will not file a complaint (M5a).

This could be affected by the high power-distance and collectivism that exists in the Japanese and Vietnamese cultures or it could be that the Vietnamese employees fear losing face (Borton, 2000; Hofstede, 2003). In short, the finding indicated that employees viewed PM practices at domestic enterprises to be less fair and less objective than those at MNEs.

5.4.3 Subtheme 4c. Employee capability: individual performance or teamwork

Assessment of individual or group work depends on the different types of job within the service industry across the ownership types. In addition, the researcher observed that some of these differences were not due to ownership type but were probably due to the type of industry or business the organisation is running.

A majority of interviewees at MNEs revealed that POEs and MNEs focused on assessing individual performance while SOEs and ESOEs considered the performance of the team. Some employees (S3a, S3b & S4d) stated that SOEs assessed employee performance mainly on the results achieved by individuals when it was an individual task, and on the results achieved by a team when it involved teamwork. However, a SOE applied different
assessment criteria for individual or group work. For example, the criteria for performance on group work or by a department were based on ‘the target revenue of the whole group, and the level and quality of the tasks completed’ (S3a). If an individual within a group had performed well, but the whole group did not complete the required task in time or effectively, the whole group was assessed as achieving low performance (S3b). The individual performance was assessed based on the effectiveness of the work done by the employee within a month and within a year (S3a). Two employees (S4c & S4d) pointed out that though SOEs assessed employees based on both team work and individually, the criteria were not clear and people often showed a compliant attitude when commenting on or assessing other people’s performance. Perhaps the compliant attitude here comes from the fear of losing face in Vietnamese culture (Hofstede et al., 2010; Truong et al., 2016).

Similar to SOEs, seven out of eight employees at ESOEs (E2a, E2b, E2d, E3a, E3b, E3c, E3d) suggested that employee performance at the hospitality section of interviewed ESOEs was assessed based on group work. Some employees (E2a, E2b, E3a, E3b and E3c) explained that, as these ESOEs were in a service industry, each had to perform well in order to achieve good performance for the whole group, as described below:

“For example, to have a successful dinner gala, we have to work on many stages from preparation and cooking to serving. After each such dinner gala, we have a meeting and assess what we have done well, and what needed to be improved. This work is the result of many individuals. Thus, if many individuals perform well, the dinner gala will be successful, and the whole team will be assessed highly (E2b).

Different from SOEs and ESOEs, a large number of employees (P5b, P6a, P6d, P6c, M3b, M3d, M3e, M3f, M3g, M4a, M4d and M5a) pointed out that POEs and MNEs paid more attention to assessing individual achievement when assessing employee performance. This demonstrated that individual capabilities were recognised by POEs and MNEs more than by other types of domestic enterprises. One employee explained:

Employee performance at the US MNE is assessed based on the results the employees personally achieve. For example, as a salesperson, my performance is assessed based on how many candidates I have managed to recruit successfully for my customers and how much total revenue I gained in a year (M4d).
5.4.4 Subtheme 4d. Impact of cultural factors on employer-employee relationships across ownership types

The cultural factors of the home- and host-countries of domestic enterprises and MNEs also seemed to impact on the relationship between employers and employees. The leadership style of managers at these enterprises clearly reflected these factors (e.g. paternalistic approach, power distances) and influenced how they treated their employees within the enterprises and how the employees responded. Earlier research (e.g., Quang & Vuong, 2002), indicated that managers from SOEs adopt a paternalistic approach in their management by giving strong direction to make sure their employees do their job well. These managers at SOEs are less willing to provide freedom and delegation to their subordinates for deciding individual courses of action, and seldom sought subordinates’ opinions before making decisions. This power distance characteristic can be found similarly in POEs, but the managers of POEs considered the interest of their employees more. They tended to focus more on the productivity of the employees by exercising much closer supervision than managers from SOEs. These findings are consistent with the current study. Employees at SOEs attempted to form a close relationship with superiors to get attention or favours from them regarding performance assessments or rewards such as promotions. In contrast, data from this study indicated that employees at large POEs did not need to have this close relationship with high ranking managers to achieve good assessments or promotions, as this enterprise ownership type assesses employee performance and promotes employees to higher positions based on capability.

In contrast to domestic enterprises, the Western culture of the MNEs (US & German) is described as low power distance (Hofstede & Hofstede, 2005). Expatriate managers at MNEs and IJV managers from this culture particularly preferred to give more freedom to subordinates in deciding their working schedules and expected consultation from subordinates/employees in decision making (Rao & Pearce, 2016; Quang & Vuong, 2002). Though the local culture was adapted by the MNEs in the host country (see Ang, Benischke & Doh, 2015, Björkman, & Budhwar, 2007), the cultural traits from the home country of these MNEs could be easily found in the management styles of expatriates in Vietnam. One employee (M4c) interviewed at the US MNE stated: “the US MNE allows employees at every level, from trainees to juniors, to work independently and empowers employees more. The employees of the US MNE have to take more responsibility at work. The result of work does not depend on the relationship with managers or peers as the voices of employees within the
US MNE are equal”. The relationship between managers and employees was very close and equal. Another employee (M4b) revealed that at the US MNE, no power distance existed between managers and employees. Therefore, there was a mutual understanding between them and the employees were expected to use their maximum capability, as noted below:

...There is a mutual understanding between the employer and employees; each other's expectations are respected. They support the personal intentions. In return, I can still contribute the skills that are lacking in the organisation (M4c).

In contrast, one employee (M4c) at the Japanese MNE claimed that it recruited Japanese expatriates as high-ranking managers and that the Vietnamese working for the Japanese MNE had no rights to make decisions and depended very much on the Japanese executive. Perhaps the high power distances (Hofstede, 2003) of the Japanese culture are the reason why employees are not encouraged to contribute their ideas in decision making. While the US culture does not impact much on the business work environment, the impact of Japanese culture at work was clearly apparent, as explained by an employee:

The Japanese management makes it difficult for employees to work effectively: 1) if employees don't know Japanese and only know English, 2) because relationships with superiors decide the success of work, and 3) because there is a need to love Japanese culture to work with the Japanese. These points do not count when working for the US MNE. The US culture does not have as much influence as the Japanese culture on the working environment (M4c).

In summary, the way managers treated their employees or how the subordinates behaved in relation to the managers was different across the ownership types, due to the impacts of the home- and host-culture at work. Due to the high power distance in Vietnamese culture, employees from the domestic enterprises were required to follow the instructions and the requirements of managers, while the managers showed their paternal care to the employees. Due to the low power distance of Western culture from where the MNEs originated, employees were required to take more responsibility at work and the relationship with managers did not decide the result of work. Nevertheless, because the Japanese MNE originates within a high power distance culture, this MNE required employees to form a relationship with their superior, who decided the success of work, and employees had little right to make individual decisions at work. Though Japanese culture is similar to Vietnamese
culture, employees preferred the PM at the US MNE rather than at the Japanese MNEs (Vo & Stanton, 2011). It could be that employees from Vietnam were attracted by the US MNE as it offered a different experience.

5.4.5 Subtheme 4e. The relationship between performance management and employee outcomes

The interview findings of employee perspectives indicated that PM did motivate employees at POEs and MNE to improve their performance, while there was a mixed view about this relationship at SOEs and at ESOEs. Employees (S4a, S4c, S4f, S4g, E3a, and E2b) stated that PM at SOEs and at ESOEs did not significantly motivate employees to improve their performance. One employee (E2b) commented:

*The system helped me focus at work, and strengthened my trust in the board of directors, but did not motivate me to work better (E2b).*

This could be that the PM system at the SOEs was too general, with no clear assessment criteria as ‘everyone was assessed equally’ (S4f), or that individual performance was likely not to be a priority in assessment. For example, if a unit’s performance was assessed as ‘good’, the members of that unit would be assessed as ‘good’. There was no instance where the unit’s performance was evaluated as good and individual performance was not assessed as ‘good’. Some other people (S4d, S4g) also commented that the PM helped people to be punctual and to comply with the regulations of the organisation only, but did not motivate performance improvement. One person (S4c) stated that he was motivated to improve performance as the weak points were indicated after performance assessment. Another (S4d) demonstrated that the PM needed to be ‘clearer, fair and quantifiable so that the performance assessment could be done properly’.

In contrast, some interviewees (S3a, S3b, S3c, S3d, S3f, E3b, E3c, E3d, E2c and E2d) suggested that employees at SOEs and ESOEs were motivated to perform better at a higher level by the PM. It could be that employee rewards increase when ESOEs’ profits increase. Many employees at ESOEs explained that they improve their performance to achieve a higher level of rewards (E3d, E3c, E3b, E2a, &E2c). Thus the better employees work and the more quickly they complete their tasks, the higher the company’s profit will be, leading to higher salaries and bonuses for employees (E3c).
According to employees P3a, P5b, P5d, P6a, P6b and P6d, performance management of POEs motivated the employees to perform at a higher level due to the consideration of the individual performance assessment, as indicated below:

\[ \text{I know my weak points at work to improve after reading my performance assessment. In addition, my individual performance is paid attention to, even when I am working in a team. If an individual performs well, the performance of the whole team is assessed highly; otherwise, not at all (P6a).} \]

Likewise, all employees at the US MNE and the German MNE believed that PM definitely motivated employees to perform at a higher level. This was because the assessment, which was based on the criteria of KPI, informed people which ‘area was still weak and required improvement’ (M4b). Alternatively, performance assessment offered quantifiable results, leading to personal performance-based payment, which motivated people to put more effort into improving their performance to obtain higher rewards (M4d).

The literature indicates that a fair evaluation process, validity of appraisal criteria and objective PM are factors that lead to employee job satisfaction (Lau & Sholihin, 2005; Saratun & Rungruang, 2013; Tan & Lau, 2012). Employees at SOEs perceived the PM of this enterprise ownership type to be subjective and they were not very satisfied with it; hence, there could be low job satisfaction among employees at SOEs. In contrast, employees at MNEs could be highly satisfied with their job, as their individual performance was assessed correctly and fairly with objective procedures. Among the domestic enterprises, employees at large POEs consider assessment based on individual performance as a fair performance appraisal. As a consequence, employee job satisfaction at such enterprise ownership types could exist. This is consistent with Fletcher and Williams (1996), who found that a positive relationship between PM and employee attitudes would play a major contributory role in terms of job satisfaction. These authors stated that the degree of satisfaction is influenced by type of ownership. In particular, these authors claim that ‘performance and reward’ play a more important role for job satisfaction in the private sector than in the public sector.

5.5 THEME 5. REWARDS AND PAY

Theme 5 captures the interview comments concerning the rewards and payment systems adopted by the domestic enterprises and MNEs. Theme 5 comprises four subthemes: salary and performance-based pay, incentives and bonuses, promotions as rewards, and the relationship between rewards and employee outcomes.
5.5.1 Subtheme 5a. Salary and performance-based-pay

Salary and payment: The salary system of the domestic enterprises and MNEs were described differently by employees. The systems of MNEs were more likely to be based on position and individual performance, while POEs and ESOEs used a mixed reward strategy, that is, a mix of base salary (based on the minimum standard) and performance based pay. In contrast, SOEs used only a standard base pay that is determined by government standards.

One interviewee (S3f) indicated that SOE employees were paid a minimum salary standard approved by the government. Furthermore, seniority tended to be given a priority in SOEs. For example, some (S3a, S4e) suggested that SOEs increased salaries every three years, no matter how well employees perform. One employee (S4e) added that excellent performers could have their salary increased earlier than the three-year period. The decision on increasing the salary of employees was usually decided by a group of managers.

Some employees (S3f, S3a & S3e) revealed that the ESOE salary system included a fixed part that was similar to that of SOEs and an extra payment based on performance. One interviewee commented:

Beside the fixed salary paid to employees at ESOEs, additional salary is paid based on the ranking of performance employees. The employees with rank A can receive a higher additional salary than the employees with rank B or C (E2a).

This additional payment by ESOEs created a significant motivation for employees to enhance their performance. One employee (S3a) demonstrated that, in general, ESOE employees were paid according to their capability and productivity.

Similar to ESOEs, some employees (E2a, P6e, and P6d) indicated that POEs linked employee salaries to individual performance per year. The POEs also paid the minimum standard for reward regulation set by the government for POEs (P6e). Seniority is only considered as a minor additional point to increase salary, as noted below:

...employees who have been working for this POE more than five years are paid a bit higher in monetary rewards and salary (P6d).
At SOEs, decisions regarding rewards are made by a committee of top managers. As commented below:

*Regarding group rewards of SOEs, the group assesses their own performance and sends the request for rewards to the Committee for Reward and Competition (Hội đồng Thi đua Khen thưởng). Decision on a group reward is made by the Committee or the highest manager of the SOE. Such a reward is done once per year (S4g)*

In POEs, when deciding to increase the salary of employees, the individual role of leader of a unit was more important, as noted below:

*Employees of the POEs have their salary increased by 5% to 10%, it depends. However, if the head of a unit thinks that an employee has been working very effectively, he will recommend increasing the salary of this individual. (P6a).*

In comparison to the domestic enterprises, some employees (M4b & M4d) stated that the salary at the US MNE was higher than that of domestic enterprises ‘but employees of these MNEs have to face high work pressure and highly demanding tasks’ (S3a). In addition, the US MNE paid a salary based on position-based pays and increased the salary based on employees’ experience, skills, and capability. An employee (M4b) revealed: ‘*Each position within the US MNE has a different salary rank. The US MNE reviews employee salaries once per year and may increase it from 10% to 20% based on KPI’.* Position-based pay could be applied at the point of recruitment, and skill-based pay could be utilised when increasing employees’ salary. This approach could not only help the US MNE set up the minimum pay at the start of the job, but could also encourage employees to develop personal skills (in line with the enterprise’s changing needs) and performance for the increase of annual salary (see Shields et al., 2007). This pay system could be seen as a valuable source of the MNEs in Vietnam in particular, not in other countries in general.

Similar to ESOEs, POEs and the US MNE, the salary system of the Japanese MNE had two elements, including fixed and extra income based on employee performance (to motivate employees). For example, at the point of signing the contract, the salary was stated to be VND50 000. However, employees receive only VND30 000, with the rest based on the KPI (M5a). However, every six months, employee performance was reviewed for salary increases. The level of increase ranged from 15% to 50% of the current salary, based on the six-month performance of the employee. Employee performance of the Japanese MNE was assessed by KPI each year. If the employees have not moved to another enterprise or are
sufficiently qualified, the salary is increased by 25% as a minimum (M5a). Overall, the ESOEs, POEs and MNEs seem to have a mix of fixed and performance based pay, which is probably quite suitable for the industry. However, it is likely that the decision relating to who receives performance based pay could be different. MNEs could be more objective than ESOEs and POEs.

**Group performance-based pay:** The employees interviewed suggested that SOEs rewarded employees for both individual and group performance. One employee (S3a) stated: ‘...group work at SOEs is paid when that group has a great idea to increase work effectiveness’ while others commented that ‘when an individual has an excellent contribution, he/she is rewarded’ (S3f). However, the reward for individual performance at SOEs may not be weighted well because ‘the monetary reward is allocated to superiors as a priority’ (S4f) and ‘if an individual has done well, his group work will be rewarded’ (S3a). Rewards to subordinates were still constrained by procedures (S4g).

One employee’s view showed that individual performance at ESOEs was not recognised within group work, as a team’s monetary reward was usually paid equally regardless of their individual performance as commented below:

*If the whole company is assessed to have completed the goal of a year, the employees are paid an extra 5 or 10 days salary. The amount of bonus paid is the same for everyone, whether they are a boss or an employee (E3d).*

The researcher found that the domestic enterprises, especially SOEs, focused on RS based on group performance and teamwork. This may be a reflection of Vietnamese collectivist culture. It was earlier noted that employees may feel more comfortable working with others and may tend to be impacted by feelings of belongingness (e.g., Robert & Wasti, 2002; Ma & Allen, 2009). Therefore, individual performance was valued less in SOEs because seniority is a preference at this ownership. This contrasts with the majority of views from interviewees at ESOEs, who commented that employee individual performance was valued highly.

**Individual performance-based pay:** The interview findings also showed that while pay for both group work and individual performance was rewarded by ESOEs, pay for individual performance and capabilities seemed more important (than group work). This conclusion is based on comments from ESOE employees (S3a, S3b, S3f) that individuals who performed
well and fell within rank A received higher monetary rewards than lower performance with rank B or C, regardless of teamwork. Alternatively, one person (E2a) stated that only people at ESOEs who perform well would be rewarded. Moreover, four employees (E2a, E3c, E3a, E3d) explained that reward for a department or a group task at ESOEs was based on individual performance within a year, and that a department, unit or group work, which had many strong performers, would be commended and given small gifts.

Similarly, employee capabilities such as individual performance seemed to be more important than group work at POEs. Seven employees (P5b, P6b, P6a, P6c, P6b, P6d, and P6e) at POEs stated that though rewards were provided to individuals and groups, depending on the task, individual performance was given much more attention within group work. Based on the view of these POE employees, it was found that an employee could receive a double bonus comprising individual and group rewards. P6a explained: ‘if a person meets his target for a year, he is personally paid a sum as a reward for the achievement. If the job is done by the whole group, the monetary reward will be paid to the whole group’. The existence of group financial rewards demonstrated that employees benefit from working together in harmony and creating a cooperative work environment to achieve work efficiency. However, individual work efficiency was also highly appreciated within a group, as ‘the contribution levels of individuals within the group are essential for dividing the monetary reward’ (P6d).

Likewise, the findings revealed that MNEs, especially the US MNE and the German MNE, emphasised the vital role of employees’ capabilities in terms of rewards and pay. These MNEs did not pay much attention to the performance of group work, but did with individual performance regarding rewards and pay. For example, employees (M4b, M4c) explained how individual performance was recognised at the US MNEs:

...at the US MNE, an individual who performs well was offered a bonus based on their monthly personal revenue; a business unit manager was paid a bonus based on the performance of their staff members (M4b) ... administration staff were paid a bonus based on their personal KPI (M4c).

At the Japanese MNE, employee M5a suggested that individual performance was the second factor besides seniority to be considered in determining rewards. For example, the employees of the Japanese MNE were rewarded ‘based on the speed of serving customers’ (M5a). The emphasis on individual performance-based pay among MNEs could originate
from the individualistic cultures of Western countries. In such culture “individual perceptions of self are independent of other individuals, and his or her relationship with others is not as close” (Ma & Allen, 2009, p.339). Therefore, individual-based pay tends to be favoured at these MNEs.

In short, among the domestic enterprises, the salaries at ESOEs and POEs were based on individual performance while SOEs rated seniority highly in increasing employee salaries. It seems that the consideration of seniority at SOEs in terms of salaries and payment could cause job dissatisfaction among juniors with little experience but with job capability. In contrast, salaries and performance-based pay at MNEs seemed to be higher than at the domestic enterprises, but the employees at this ownership type had to deal with more challenging tasks and high work pressure. MNE employees had the opportunity to prove their capability and receive higher payment, leading to greater job satisfaction. Regarding RBV, MNEs are concerned with those employee capabilities which are valuable, rare and take time to imitate, a finding earlier reported (e.g., Holtbrugge et al., 2010; Zhong et al., 2012), and this is supported in the reward structure of the organisation. Among the domestic enterprises, larger POEs are likely to pay most attention to employee capabilities in comparison with SOEs and ESOEs. It could be because the “changes in POEs are much quicker than in SOEs, and POEs have moved forward in recent years. This difference may be due to the knowledge and experience of owners or managers of POEs after Doi Moi” (Zhu et al., 2008, p.173).

5.5.2 Subtheme 5b. Incentives and bonuses

According to Shields (2007), incentives are defined as financial rewards, over or above base salary, which are made to individual employees for achieving or exceeding agreed goals. Individual incentives include short-term incentives (e.g., piecework pay, bonuses and commissions) and are awarded after the event that they are acknowledging (Shields, 2007). Therefore, the incentives in this study were considered to be training, bonus and commission. The findings revealed that incentives were seen differently by employees across ownership types. SOE employees considered training as an incentive. In contrast, MNE employees believed that training was more of a strategy for improving performance (i.e., not an incentive), and that incentives were a small sum of financial rewards such as vouchers. This
different organisational culture of the SOEs (local) and the MNEs (multinational) could influence the different perceptions.

Training as an incentive: Training is used differently in different organisation ownerships. Though training is considered part of PM, helping people perform at their best level, some interviewees (S3a, S3b, S3c) at SOEs considered training abroad to be a personal incentive. This is due to the perspective of employees at SOEs that learning abroad is a combination of travelling and learning. In contrast, employees at POEs believed that training paid by the POE was “for aiming at the demands of learning for working and cannot be considered as an incentive” (P6e). Employees at SOEs with such views could come from the idea that SOEs are funded and controlled by the government (Lam Nguyen, 2011; Tran et al., 2016), while POEs are owned by individuals. SOEs focused more on security while benefits are more important in POEs (Bartram et al., 2009). As a consequence, employees gain different perspectives on training across ownership types.

Similar to POEs, employees at MNEs did not regard training to be an incentive but instead considered it to be a mechanism for enhancing employee performance and productivity, as mentioned below:

Training, both short- and long-term, is covered by the US MNE; however it cannot be considered as an incentive but as a benefit for employees (M4b).

Bonuses and other incentives: Employees (E3b, E3d, E3c, & P6a) stated that both individual and group incentives at ESOEs and POEs were cash bonuses or gift vouchers. Incentives awarded to individuals at ESOEs who worked faster than the allocated time ranged from “VND 5 mill. to VND 12 mill” (E3d); alternatively, based on the completed tasks and performance, a bonus was paid to individuals and teams, “on special holiday occasions, about 5 to 6 times per year” (E3b). In addition, a “paid holiday was offered to capable employees of ESOEs with excellent skills” who have demonstrated an effort to improve their performance (S3a). Individuals at POEs who achieved the target were given vouchers for electronic shops, cash or monetary rewards for tourism both in Vietnam and abroad. The monetary reward at POEs was “equal to one month’s salary and commensurate to the employee’s contribution” (P6d). Moreover, employees at ESOEs and POEs received monetary rewards for New Year holidays and other national holidays (P6c, P6b). Group incentives were offered to the team involved and the functional department at ESOEs that
completed a project in time and achieved a good standard of quality. However, this “bonus sum for groups was not much and was mainly for encouragement” (E3c). Sometimes “commission was applied if the profit the employees of ESOEs generate for the enterprise was valuable” (S3b). The higher pay focusing on individuals rather than on groups at ESOEs and POEs demonstrated that individual capabilities tended to be recognized more by these enterprises than in SOEs.

Employees from the US MNE (M4a, M4b, and M4c) commented that a bonus was paid to individuals in a business unit based on the monthly revenue. Business unit managers were paid a bonus based on the performance of their staff members. The managers were usually paid an extra 20% to 30% based on their staff bonuses (M4b). Administration staff was paid a bonus based on KPI and the general profit of the US MNE (M4c). It seems that the US MNE utilises reward strategies of ‘profit sharing’ (see Shields, 2007) to motivate employees to improve effort and performance, hence productivity. An employee (M5a) at the Japanese MNE indicated that incentives for employees included taxi fares, air tickets, or a one- or two-month holiday. In addition, branch managers at the Japanese MNE were rewarded with commission when they obtained more customers. No rewards were given for national holidays at the Japanese MNE (M5a).

**Benefits:** Indirect financial rewards were defined in this research as insurance, medical and health benefits, social welfare insurance and other benefits such as superannuation. It should be noted that the social welfare insurance in Vietnam includes labour insurance, health insurance and unemployment insurance, which represents 35.5% of an employee’s salary, where employees pay 11.5% and employers pay 24% (VTV1, 2016). Employees (S4a, S4b, S2a) interviewed from the SOEs and ESOEs benefited from social welfare more than employees at POEs did, because some POEs tried to avoid or delay the payment of labour insurance (P3a, S2a). This is consistent with a national television report (VTV1, 2013), which stated that some POEs had been trying to avoid paying social welfare for their employees. These enterprises believe it is more cost effective to pay late fees for social welfare than paying the interest costs of borrowing more operating capital from banks.
5.5.3 Subtheme 5c. Promotions as rewards

Employee capability, including skills, knowledge and abilities (see Shields, 2007), seemed to be the focus of MNEs with regard to reward and pay. MNEs tended to weigh individual contributions and performance higher than the domestic enterprises did, by paying higher bonus/ incentives than their counterparts. SOEs appeared to reward employees based on seniority rather than on individual performance, while individual performance-based pay was found at POEs. Seniority was considered as an additional factor in paying incentives, besides individual performance, at POEs. Interestingly, there were contrasting views on rewards for individual performance and group work at ESOEs.

**Rewards for seniority:** Rewards for seniority were a consideration at ESOEs, POEs, and the Japanese MNE. For example, one view (E2d), which contrasted with the majority of views of employees at ESOEs, suggested that employees at ESOEs were paid based on seniority as noted below:

*Monetary rewards increase based on the seniority. For example, if you work for this enterprise for a year, your monetary reward is VN Dong 100, after ten years of working: your monetary reward will be ten times more than that (E2d).*

In addition to individual performance-related pay, seniority was counted as an advantage in securing an extra monetary reward at POEs (P6d), as noted below:

*Working for this POE for more than five years, employees will be paid an extra sum in the monetary reward at national holidays and New Year holidays (P6d).*

Furthermore, one employee (M5a) at the Japanese MNE suggested that seniority was one of the factors to be considered in determining rewards. Seniority-linked rewards were explained as below:

*Though personal performance is used for promotion, seniority is still the priority at the Japanese MNE (M5a).*

Consequently, it seems that seniority is a consideration for these enterprises (e.g., ESOEs, POEs, and MNEs), compared with other factors such as individual performance.
Promotion as a reward for seniority and/or personal relationship: The interview findings suggest that the SOEs continue to promote employees to higher positions, based on seniority and personal relationships with superiors and colleagues (S4a, S3a, S3f, P6c, P6d, P6e, M4b, and M5a). Similarly, one employee (E2a) revealed that “a good performer with less experience with ESOEs would not be promoted”. This shows that seniority tended to be highly recognised above personal capability among ESOEs when promoting employees. In contrast, one employee (S3c) suggested that “seniority was just an additional factor to be considered for promotion at ESOEs”. An employee (S3a) explained that “in SOEs, especially, those who maintained a good relationship with their managers and subordinates, or those employees who were going to be or have been Communist Party members were considered more favourably for promotion”. However, these employees (S3a, P6c, P6d, M4b, and M4a) stated that this factor was not important at ESOEs, POEs and MNEs. According to Tran, Fallon and Vicker (2016), it is not vital for a Vietnamese employee to have “intelligence and expert knowledge” to be promoted. Rather, to be promoted as a leader, the person must show a good example to others, and be senior enough to undertake management tasks (Tran et al., 2016).

Promotion as a reward for employee capabilities: Ten employees (S3a, S3b, S3c, S3d, S3e, S3f, E3c, P6a, P6d, and P6c) stated that reward as a promotion in ESOEs and POEs was based on competencies and performance. One employee (E3c) said: “I was promoted after six years working for this ESOE due to my capability”. However, it was not easy to be promoted because “all of the managers have remained the same over the past ten years” (E2d). Similarly, six employees (M3a, M3f, M3g, M4a, M4c, and M4d) stated that employees at the US MNE and the German MNE were rewarded with promotion, based on their contribution to the company and their capabilities. These employees pointed out that loyalty or number of years of work for the US MNE was not considered for promotion but “loyalty was respected” (M4c). This was different from the culture in domestic enterprises, especially SOEs, where employees were promoted based on seniority and networking, such as having a close social relationship with a superior. However, two employees (P6a, P6e) had a contrasting view, suggesting that employees at POEs were promoted due to employee’s capabilities, the demand of the job and the availability of the position to be filled. Some employees commented as below:
Having a close relationship with superior or being a member of Communist Party is not a priority in approving the promotion of any employee. However, this aspect is recognised well by SOEs (P6b).

The POE just focused on how to make more profit, then the person can be considered to be promoted (P6d).

In short, the majority of employees interviewed from the domestic enterprises, especially SOEs, indicated that rewards for group work and promotion based on seniority and personal relationship were prevalent. However, a large number of POE employees also indicated that their organisations valued employee individual performance and that this was most important within the context of group work (whereby individuals received double financial rewards based on their personal performance). There were contrasting views on rewards based on individual performance and group work among employees at ESOEs. Some ESOE employees preferred rewards based on group work while others preferred rewards for individual performance. The reason for this is not clear but this disparity could be because some ESOE employees were still influenced by the old management style of SOEs while others tend to improve their thinking quicker to adapt to the change of the integration period of Vietnam post-WTO. Most employees from MNEs revealed that they were paid appropriately based on their personal performance. Individual performance-related rewards are identified as fairer than traditional seniority-based pay (e.g., Pio, 2007). In terms of RBV, it is likely that MNEs consider employee capabilities in rewards and pay more than at the domestic enterprises. Individual performance-based rewards motivate employees to improve their performance, resulting in the improvement of overall firm performance; hence a firm’s value is increased (Holtbrugge et al., 2010).

5.5.4 Subtheme 5d. Relationship between rewards and employee outcomes

Rewards and employee performance: The findings on employee perspectives indicated that reward at ESOEs, POEs and MNEs significantly motivated employees to improve performance and hence job satisfaction, whereas there were contrasting views on employee performance in terms of rewards among employees at SOEs.

Some employees at SOEs revealed that they were not satisfied with the reward management and their performance outcomes were not improved. The majority of employees
in SOEs showed that financial rewards were not based on employee capabilities, and people took turns to be rank 1 and rank 2 for being rewarded. Also, employees S4a, S4b, S4c, S4d did not think that the monetary rewards were sufficient to provide an incentive to improve performance, as noted below:

*As the reward fund is limited the reward system does not motivate people to improve their performance (S4c).*

...*My enterprise does not use reward management to increase the staff’s capability (S4d).*

On the contrary, one interviewee (S4e) at an SOE stated that s/he had a neutral idea about employee performance in terms of reward as “there was no big difference relating the monetary reward for rank 1 and rank 2. Monetary reward for rank 1 is only VND 1000 000 more than at rank 2”.

Unlike SOEs, a large number of employees in ESOEs (e.g., S3f, S3b, E3d, E3c, E3b, E2a, E2b, and E2c) stated that the reward system motivated them to achieve higher performance and productivity, as their capability was assessed and paid commensurately. Some (e.g., E3d, E3c, E3b, E2a, &E2c) demonstrated that they improved their performance to achieve a higher level of rewards. This was because employee rewards increased when the company’s profits increased. Thus, the better the employees worked and the quicker they completed their tasks, the higher the company’s profit would be, leading to higher salaries and bonuses for employees (E3c). Others (E2c, E3d) stated:

*I am satisfied with the reward sum I have received. Rewards motivate me to work harder and better. I like to improve my performance to get a higher bonus and salary (E2c).*

Similar to ESOEs, all employees at POEs interviewed stated that the reward system encouraged them to achieve higher performance, as they could get a higher reward sum in the following year if their performance improved, as supported by the statement below:

*This year you are rewarded 10 Dong; next year you want to get 20 Dong as the reward, you have to improve your performance for a better reward (P6a).*

Similarly, the reward management process significantly motivated the employees at the US MNE to achieve higher performance. The employees at the US MNE also indicated that the reward system increased their job satisfaction as they were paid based on their competencies and performance, stated below:
I am very satisfied with my job regarding the reward management process as my capability and contribution is recognised and paid accordingly with the revision of KPI (M3b).

In contrast, employees at the Japan MNEs suggested: “salary is paid commensurate to the contribution, but it does not motivate me to work better as I do not plan to work for this enterprise in the long-term” (M5a). It seemed that a high salary could be a motivation for improving employee performance if it matched an employee’s personal career development plan. Sometimes, employees just wanted to work for a company for a short period as they wanted to contribute something to the company or learn something new or undertake more challenging tasks. When no such requirements existed, employees might move to another company, no matter what level of benefits is offered in the current one.

In comparison with the US and Japanese MNE, employees from the German MNE showed that rewards motivated them to enhance their performance. This was due to the fact that “if someone achieves their targets early, they will be able to get a bonus both individually and as part of a team” (M3e). The incentives offered to the employees at the German MNE were designed to stimulate them to work harder in order to increase their personal revenue and number of contracts signed with customers (M3d). An employee (M3f) commented:

*The reward management at the German MNE encourages employees to work harder because individuals or groups who fail to hit the targets will not be financially rewarded (M3f).*

In summary, the findings on employee perspectives indicated that among the domestic enterprises, employees at ESOEs and POEs, rather than the employees at SOEs, were likely to be motivated to enhance their performance by rewards and pay (as seniors or managers were rewarded more than the junior staff members regardless of capabilities or performance). Employees in MNEs seemed to improve their performance due to appropriate and additional pay based on individual capabilities and performance.

**Rewards and employee job satisfaction:** The findings on employee perspectives highlighted that a large number of employees at SOEs were not satisfied with their job in terms of reward management whilst higher job satisfaction was found among employees at ESOEs, POEs, and MNEs. The employees at SOEs pointed out that the low level of financial
rewards and bonuses, and the low recognition of employee capability in rewarding could be the reason for low job satisfaction:

*I am not happy with the reward management process of my SOE currently as the reward is not based on employee performance and people take rank 1 or rank 2 in turns to be rewarded. This type of reward does not result in job satisfaction (S4d)*.

The low job satisfaction of SOE employees could be due to their perspective that management believes that senior people work better than junior staff, as the former have more practical experience. Therefore, junior employees who possessed much more current knowledge and better capabilities than their seniors, yet were not rewarded, were not considered for management positions (as a form of reward), resulting in job dissatisfaction (S2b).

According to employees interviewed (E3d, E3c, E3b, E3a, E2a, &E2b), the reward management process of ESOEs impacted both positively and negatively on employees’ job satisfaction. For example, one person (E3c) explained that each time s/he completed a project well and on time, the team was rewarded. The more s/he was rewarded, the better the performance of the next project, leading to satisfaction in doing the job. However, another employee (E2c) had a contrasting view demonstrating, that s/he was not satisfied as the bonus and salary amount were not based on employee capability and the characteristics of the jobs.

Despite these conflicting views, the reward management process of the ESOEs overall appears to have impacted more favourably on employee job satisfaction than at SOEs as commented below:

*Employees from ESOEs are more satisfied with their job than the ones from SOEs in terms of the reward management, I suppose. When we were an SOE, people were equally given incentive pay regardless of individual performance. Nowadays, as an ESOE, individual performance-based pay is essential, leading to the satisfaction of employees in terms of the reward management (S3a).*

Similar to the view of the majority of employees at ESOEs, a large number of POE employees (P3a, P3c, P3d, P5b, P6d, &P6e) stated that they were satisfied with their job because ‘the monetary reward was based on employee capability and contribution’ (P6d), or as indicated below:
The reward system of the POE, which is very clear and based on work effectiveness and personal achievement, motivates me to work better and complete my given tasks faster. I have definitely more job satisfaction when I perform better (P5b).

In comparison to the domestic enterprises, all employees at the US MNE claimed that rewards and salary were the factors that improve job satisfaction and that they were satisfied with their job in part because of the reward system. They explained that the US MNE recognised their personal capability at work by promoting or paying them appropriately to capability.

The more I work for the US MNE, the more job satisfaction I have gained. And of course, salary and bonus is one factor that motivates me to work better and be more satisfied with the current job (M4d).

In sum, employees at MNEs and POEs were more satisfied with their job because pay is linked to individual performance. ESOE employees were less satisfied and SOEs employees had the least job satisfaction.

5.6 SUMMARY OF MAIN FINDINGS

This chapter discusses the findings of employee perspectives on the HRM practices of different ownership types and employee outcomes. This chapter reveals some main findings on employee perspectives as follows: First, all employees from four ownership types believed that human resources were the most important factors, followed by other factors such as equipment and land.

Second, MNEs put more focus on ensuring the right people for the right job were recruited than SOEs. Employee capabilities were less a priority in R&S for some SOEs, in comparison to POEs. Moreover, SOE employees believe that R&S did not impact on the performance of employees, while ESOE and POE employees perceived that R&S helped improve their performance. Some criteria (i.e., the managers of teams, team culture) that may impact on the relationship between R&S and employee outcomes were suggested by the US MNE employees.

Third, T&D approaches of MNEs and POEs varied from traditional to modern technology-applied methods, while SOEs and ESOEs utilised only traditional training
approaches. Contrasting views on the relationship between training and promotion across ownership types were found. Some viewed training as being for promotion, while others believed training was for improving professional skills. All employees at four ownership types consider that their performance was improved by participating in training courses. There was no significant evidence stating the relationship between T&D and job satisfaction.

Fourth, domestic enterprises have less complex and more subjective PM systems than MNEs have. The large POEs tend to have a more developed PM system than SOEs and ESOEs. POE and MNE employees were motivated to improve their performance in terms of PM, while there was a mixed view about this aspect at SOEs and at ESOEs.

Fifth, the salaries and incentives at ESOEs and POEs were based on individual performance, while SOEs rated seniority highly in increasing employee salaries or paying incentives. In contrast, salaries and performance-based pay at MNEs seemed to be higher than at the domestic enterprises, but the employees at this ownership type had to deal with more challenging tasks and high work pressure. Furthermore, the consideration of seniority at SOEs in terms of salaries and payment is likely lead to job dissatisfaction among juniors with little experience but with job capability. ESOE and POE employees tended to be motivated to enhance their performance by rewards and pay, but employees at SOEs were not. Employees in MNEs seemed to improve their performance due to appropriate and additional pay based on individual capabilities and performance, leading to greater job satisfaction. The following chapter presents further discussion on manager and employee perspectives as well as conclusions.
CHAPTER 6. DISCUSSION AND CONCLUSIONS

6.1 INTRODUCTION

This chapter provides a synthesis and further discussion of the findings reported in Chapters 4 and 5, within the context of prior literature and the RBV perspectives. The chapter examines the findings in relation to the overarching research problem, which is how ownership types affect HRM practices and consequently impact on employee outcomes in Vietnam. The research questions are as follows:

RQ1. How do differing ownership types affect the adoption of HRM practices in Vietnam?

RQ2. To what extent do HRM practices in Vietnam affect employee job satisfaction and employee performance?

The chapter consists of seven main sections. The second section gives an overview of the research. The third section addresses research question 1 and presents a summary of the findings that highlight the similarities and differences in the perceptions of two main groups of stakeholders (i.e., managers and employees) from different ownership types (i.e., SOEs, ESOEs, POEs and MNEs) regarding the adoption of Human Resource Management (HRM) practices in Vietnam. The analysis is conducted using a RBV framework. The fourth section addresses research question 2 and presents a summary of the findings pertaining to how these stakeholders perceived the HRM practices in their organisations, in part driven by different ownership types, as affecting employee outcomes (i.e., job satisfaction and employee performance). The fifth section discusses the theoretical contributions of the research, while the sixth section considers the practical implications of the findings for HR practitioners, organisations and the Vietnamese government. The final section outlines limitations of the research and suggestions for future research directions.

6.2 OVERVIEW OF THE RESEARCH

This current research adds to earlier studies by examining conceptual issues underlying the question of how major ownership types may influence HRM practices, and (through them) employee outcomes, such as job satisfaction and employee performance, in the context of a
developing and transitional nation, Vietnam. The previous literature on HRM in Vietnam tends to focus on the relationship between HRM practices and firm performance (King-Kaunau et al., 2006; Thang & Bryant, 2004; Thang & Buyens, 2008; Thang & Quang, 2005a). More importantly, most previous studies do not emphasise the theoretical underpinnings of differences in the HRM practices adopted by various types of enterprises. By contrast, the analysis in this study is based explicitly on the RBV (Boxall & Purcell, 2008; Penrose, 1959; Wernerfelt, 1984; Wright et al., 2001).

The RBV proposes that enterprises can be successful when they obtain and maintain competitive advantages (Barney, 1991 & 2007; Newbert, 2007). To be able to gain competitive advantages, enterprises need to implement a strategy called VRIN, representing “value”, “rare”, “inimitable” and “non-substitutable” (Barney & Clark, 2007). Enterprises’ products, services or resources must be valuable and rare, and cannot be imitated easily by competitors or easily replaced by close substitutes (Barney, 1991; Boselie & Paauwee, 2010; Jackson & Schuler, 1995). The strategy of VRIN has been applied to human resources by a wide range of authors (Barney & Wright, 1998; Wright et al., 2000; Boselie & Paauwee, 2010).

In essence, under the lens of the RBV, HRM is viewed not just as an administrative function but as a valuable resource that contributes considerably to organisational effectiveness and performance; thus, it is seen as a source of competitive advantage for organisations (Khandekar & Sharma, 2005; Wright and McMahan, 1992; Wright et al., 1994). RBV proposes that HRM practices could, by enhancing functional capabilities (e.g., knowledge, skills and experience of employees), help to create competitive advantages for enterprises (Hall, 1993).

In addressing the overarching research objective and, specifically, the two research questions, the researcher utilised a qualitative approach (specifically, in-depth and semi-structured interviews) to gain a deeper understanding of HRM practices in Vietnam, from the perspectives of two groups of key stakeholders, namely managers and employees. In Study 1 (manager perspectives), a series of interviews were conducted with 18 managers across 18 enterprises from four SOEs, three ESOEs, six POEs and five MNEs. The findings were reported in Chapter 4. The number of employees within each of these organisations ranged from 50 to more than 1000. In Study 2 (employee perspectives), interviews were conducted with 49 employees of the 11 enterprises at which the interviewed managers allowed employees to participate. The findings from these interviews were reported in Chapter 5.
6.3 OWNERSHIP TYPES AND THE ADOPTION OF HRM PRACTICES

This section addresses research question 1, namely “How do differing ownership types affect the adoption of HRM practices in Vietnam?” The first sub-section synthesises the findings of Chapters 4 and 5 while noting the similarities and differences between stakeholder perspectives regarding the strategic role and key practices of HRM. The second sub-section discusses the influences of culture on the adoption of HRM practices. The third sub-section discusses the level of adoption of HRM practices among domestic enterprises, and investigates whether MNEs standardise or localise their HRM practices in a transitional economy like Vietnam.

6.3.1 Stakeholders’ perspectives on the roles and practices of HRM across ownership types

By comparing the findings of Chapters 4 and 5, the researcher found that manager and employee perceptions on the role and practices of HRM were very similar, although there were also some minor differences. A possible explanation for the differences is that managers may see things from an organisation-wide perspective while employees see things at an individual level.

As for the similarities, it might be that they are related to a “face saving” culture (Thang, Rowley, Quang & Malcom, 2007; Tuan & Napier, 2000). “Face-saving” refers to a tendency of some people who generally avoid contradicting, demeaning or offending another person, even to the extent of not being completely honest in their comments (Borton, 2000). Consequently, employees may not say exactly what they think to a stranger such as an interviewer. It is also understandable that employees may not like to be seen as saying something different from their managers. However, when a relationship is established and developed over time, most people (including those in Vietnam) will become more open and straightforward and speak more directly (Tuan & Napier, 2000). The researcher detected no indications that the interviewed managers may have “coached” their employees with regard to their responses, or shared their own answers with the employees. Indeed, the phrasings of many responses were often quite different, even where there was broad agreement over the substance.

Perceptions of the role of HRM
There were differences, across ownership types, in the perceptions of stakeholders with regard to the role of HRM. Managers and employees at the domestic enterprises involved in the study tend to emphasise the *personnel management* aspects (e.g., salary payments, insurance, pensions) while managers (not employees) at the participating MNEs appear to show greater recognition and appreciation of the *strategic importance* of HRM in relation to the overall performance of an enterprise. In this regard, it can be said that, within the context of the research sample, MNEs tend to conduct HRM in a way that is more consistent with the RBV than do domestic enterprises.

It would be misleading, however, to conclude from these findings that the HRM roles at all domestic enterprises are simple and/or purely traditional. The interviews with managers as well as employees suggest that large (but not medium-sized) POEs tend to be more prepared than SOEs to adopt more modern, strategic approaches to HRM. This could be because POEs are young, with fewer legacy systems and practices, and are less constrained by governmental concerns in responding to changes in the business environment (Quang, 2006; Zhu et al., 2008). But it may also be true that smaller POEs often do not have sufficient resources to establish and implement comprehensive HRM systems that reflect careful strategic planning.

These findings support the thrust of earlier literature (Nguyen, Teo & Myllet, 2013) that found the roles of HRM developed in Western countries were present in MNEs operating in Vietnam. However, the current findings do not support Nguyen et al. (2013) finding that POEs perceive the HRM functions to be mainly administratively-oriented. Furthermore, while Nguyen et al. (2013) focused on the perspectives of HR managers and line managers only, the current study extends the analysis to the perspectives of employees.

**Perceptions of recruitment and selection**

The findings indicated that MNEs utilised modern technology for job advertisements, while for domestic enterprises traditional approaches (e.g., personal contacts) were still the key methods of sending information about vacancies to potential candidates. Among the domestic enterprises, large POEs utilised modern technology in advertising vacancies to a greater extent than SOEs and ESOEs. Indeed, it appears that some large POEs might be quite competitive, in comparison with MNEs, in terms of being innovative and their usage of modern technology in recruitment activities.
Perceptions of training and development

The present studies found that managers and employees in all four ownership types valued on-the-job training more than off-the-job training. This stands in contrast with previous findings by Thang and Quang (2005b), who reported that SOEs prefer off-the-job training methods more than MNEs. It may be that there have been changes in the training approaches of SOEs since Thang and Quang’s (2005) study, possibly due to the effects of greater integration between Vietnam and the international economy, following the country’s accession to the WTO. Interestingly, the research found that online training was accessible at both large POEs and MNEs. This partially confirms the findings of a previous study by Vo and Hanif (2012), who focused on manager perspectives and found that blended learning (a combination of e-learning and on-the-job training or classroom-style training) is likely to be more effective than other forms of training for MNE employees in the Vietnamese context.

Perceptions of performance management

Comments from both employees and managers indicate that performance management (PM) practices at domestic enterprises were perceived to be less complex, less fair and less objective than those at MNEs. The latter enterprises utilised recently developed and internationally well-known performance tools, such as balanced scorecards (BSC), key performance indicators (KPI), and management by objectives (MBO). This is consistent with previous international findings that MNEs from developed economies enjoy advantages, compared to domestic enterprises, in terms of new technology and international HRM standard practices (Ying & Verstraeten, 2013; Zhu, 2002). It also is consistent with the previous findings for Vietnam made by Thang and Quang (2005b), Vo and Stanton (2011), and Zhu et al. (2008), who suggest that MNEs were more likely than domestic enterprises to adopt strategic HRM practices. Similarly, Kamoche (2001) reports that MNEs were more likely or more inclined than SOEs to carry out objective performance evaluations based on predetermined criteria such as target achievement, adopted by parent companies.

It should be noted, however, that some domestic enterprises appeared to have made considerable efforts to update their PM practices. For example, the large POEs in this sample were quite favourably disposed to adopting Western PM practices, such as KPI, and dual technical-relationship assessment.
Perceptions of reward systems

The comments from the interviews with managers and employees demonstrate that the participating MNEs pay better and offer more benefits (e.g., taxi fares, air tickets, one-or-two month holidays) than the domestic enterprises in the current research sample. This finding supports the study of Thang and Quang (2005b), who suggest that employees in MNEs gain more benefits (e.g., free transportation or transport allowance, 24-hour-accident insurance and child birthday off for male employees) than those in SOEs. The current study also extends the knowledge of conditions of employees in MNEs by highlighting that employees at MNEs have to face higher work pressure and carry out more demanding tasks than in domestic enterprises. Working for MNEs could be an opportunity for the employees who like to deal with more challenging and competitive jobs, while employees at SOEs tend to enjoy greater job security.

This study also reveals that there may have been a change in ESOEs and POEs in the area of reward systems. For example, interviewed employees report that SOE employees are paid a fixed salary while ESOEs, POEs and MNEs seem to have a mix of fixed and performance-based pay. This indicates there may have been a positive change among ESOEs and POEs, making their reward systems more comparable to those of MNEs. From a RBV perspective, the newly introduced performance pay suggests that ESOEs and POEs are moving toward better recognition and rewarding of human resources that are valuable and rare. In the longer term, the change may help to better motivate employees among the relevant domestic enterprises. In the meantime, it appears that the domestic enterprises still need to improve decisions relating to who receives performance-based pay, because currently ESOEs and POEs are perceived to be less objective than MNEs in that regard.

Regarding the relationship between individual performance and rewards, managers as well as employees in most of the companies interviewed perceived that in general the employee’s individual performance was not the only factor in determining bonuses and promotion: seniority was an important additional element in this issue. However, seniority was recognised differently across ownership types. On this particular issue, the interviewed employees tended to provide more detail than their managers. For example, the employees said individual performance was likely to be valued less in SOEs but more highly in ESOEs, POEs, and MNEs – especially in the US MNE and the German MNE. Conversely, SOEs
appeared to put more emphasis on seniority in rewarding employees than placed by ESOEs, POEs, and MNEs.

Some employees at ESOEs revealed that they preferred rewards for group work while other ESOE employees preferred rewards for individual performance. Such differences in the views among ESOE employees may have been due to the fact that some ESOE employees were still influenced by the old style of management at SOEs which formed during the era of the socialist regime while others, more ready to adapt, might have become supportive of new HRM styles.

Some differences between the perspectives of managers and employees regarding promotion as a reward are noteworthy. The interviewed managers were almost unanimous in asserting that job promotion was used by enterprises as a form of recognition and reward for significant and sustained high levels of performance by deserving employees. In contrast, SOE employees reported that they were promoted based on seniority and their social relationship with their supervisors, while MNE employees believed they were promoted on the basis of competencies and performance.

Similarly, while managers tended to be rather silent about the role of training as part of the reward system, employees at SOEs considered training events (often held in external locations) to be an important form of incentive. In contrast, POE and MNE employees believed that training was more of a means for improving performance. These differences suggest that SOEs, more than POEs and MNEs, were using training events not only for training purposes but also as a way to boost morale and get around official restrictions over monetary rewards. In this sense, SOEs are very strategic, in line with the RBV attributes.

Summary: Perceptions of Managers and Employees

The perceptions of managers and employees regarding HRM practices at the various types of enterprises are mostly similar, although there are a number of instances where the employees provide some differences. Overall, the research analysis of the comments from the interviews suggests that participating MNEs are more inclined (than the participating domestic enterprises) to see people as a critically important resource, to treat HRM as a key part of efforts to achieve strategic goals, and to implement HRM systems and practices that are in line with international standards and consistent with the RBV approach. By contrast, the
SOEs are least likely to do so, while the large POEs are often quite close to the position of MNEs, and ESOEs tended to take intermediate paths between these two approaches.

To date many SOEs have been able to resist change because they remain under the protection of the government (Tan, 2001; Tran, Fallon & Vickers, 2016). In many cases they are still managed by government officials and their business decisions are still constrained by official priorities. Profits and (more importantly) losses in operation are still transferred to or reimbursed by the government (Tran et al., 2016). In contrast, POEs must face the discipline of market realities: they must innovate, and will prosper, survive, or go out of business. Thus they are forced to be more responsive to changes in the business environment (Tan, 2001). As various ESOEs reach different stages in gaining autonomy and becoming self-reliant for their own continued existence, they also adopt a variety of approaches to adaptation and innovation.

6.3.2 Influences of culture on adoption of HRM practices

The influence of national and business culture on the adoption of HRM practices among enterprises was frequently mentioned in the interviews, specifically in terms of the use of personal contacts and the role of seniority. These issues are now discussed.

Use of personal contacts in HRM decisions

The evidence from the interviews with managers and employees across ownership types suggests that domestic enterprises (in contrast to MNEs) made greater use of personal contacts in a range of HRM activities. For example, at SOEs, personal contacts often serve as a channel for potential employees to seek jobs as well as a means for managers to find potential candidates and select appointees to fill any new vacancies. This is in accordance with the findings of Rowley and Abdul-Rahman (2007), who suggest that the recruitment process of local enterprises in developing economies is often simple and informal because of a heavy reliance on employee recommendations.

Similarly, having a good relationship with supervisors tends to give employees at domestic enterprises far greater opportunities to gain favourable performance assessments and recommendations for promotion. That finding accords with the study of Law, Wong, Wang and Wang (2000), who observe that in China, by having a good relationship with
superiors, a person may have a higher tendency to be allocated higher bonuses or better chances of promotion.

The current study does not just agree with previous studies: it also adds to the existing literature by looking in more detail at the differences between various subgroups of domestic enterprises. From the interviews conducted, it emerged that ESOEs and large POEs were less likely to pay attention to personal contacts than SOEs. SOEs’ business culture is deeply rooted in the governmental mechanism. In contrast, POEs’ business culture is created by private owners, who are mostly young, dynamic, flexible in management, and easily adaptable to change (Zhu et al., 2008).

A possible explanation for the above findings may be that MNEs (especially the MNEs from the USA and Germany) are from individualistic cultures where individual capabilities are emphasised, while the SOEs reflect the traditional national culture and the old ways of conducting business. In between are the large POEs and ESOEs, which are learning from, and adapting to, the new ways, including new HRM practices. Underlying this explanation is the observation that collectivism traditionally dominated in Vietnam and other Asian societies, while the USA, Germany and other Western societies display much greater individualist tendencies.

In a collectivistic culture, people consider themselves as part of a group and may value the group interest more than their own. People are therefore more likely to subjugate personal well-being for the group (Chen, Peng, & Saparito, 2002; Ma & Allen, 2009). This applies to both managers and employees. It is understandable that, in a collectivistic culture, in-group members are preferred over non-members (Chen et al., 2002). Indeed, in-group members are generally viewed as a reliable and attractive source of job recruitment or advancement (Ma & Allen, 2009).

On the other hand, in a culture where individualism dominates, people separate themselves from a group and value themselves as an independent entity (Ramamoorthy & Carroll, 1998). As people focus on the individual rather than the group, they do not strongly differentiate between in-group and out-group members. Weak ties are usually found in individualistic cultures (Ma & Allen, 2009). Therefore, when people apply for a job or managers look for potential applicants, they rely far less on recommendations from relatives or friends. This may explain why company websites and online social networks, instead of personal contacts, are a major option for job postings at MNEs.
Does this discussion necessarily imply that MNEs (and to a lesser extent, POEs and ESOEs) will invariably be better at selecting the more capable employees, resulting in a competitive advantage for the enterprise? The answer is far less clear-cut than might appear at first. From the viewpoint of RBV, a human resource (e.g., a particular worker) is a source of competitive advantage if the resource is valuable, rare, inimitable and not easily substitutable (Barney et al., 2012; Kaufman, 2015a,b). But the “value” of an employee does not arise solely from his or her technical productivity, efficiency, or capabilities. In a business and social environment where personal relationships are highly prized, whom the employee knows might be just as important for the business as how good technically he or she is at doing the assigned tasks – if not more important.

It is also interesting to note that, although managers and employees at MNEs need to have suitable capabilities to qualify for promotion; there seems to be an implicit rule that the highest positions are reserved for expatriates, and are not available to local Vietnamese managers. Conversely, to qualify for appointment or promotion to influential positions at SOEs, candidates typically need to be a member of the Communist Party. This special pre-requisite has not received a great deal of attention in previous studies, with a few notable exceptions, such as Law, Wong, Wang & Wang (2000) and Cao, Lemmon, Pan & Tian (2009) in relation to China, and Truong et al. (2016) in relation to Vietnam.

To gain a deeper understanding of HRM practices in Vietnam’s SOEs, it is necessary to first learn how the leading role of the Communist Party in the state and society is embedded in the decision-making structures of any state organisation. For example, each state organisation (e.g. an SOE) in Vietnam is managed by a Party Standing Board whose members are chosen from the Party Committee, whose members must be members of the Communist Party. The Party Committee undertakes decision making at the organisational level, and its decisions take precedence over any decisions made by senior managers (Truong et al., 2016).

**Treatment of seniority**

Managers and employees who were interviewed generally perceive seniority to be a significant factor in HRM practices (especially in the areas of rewards and promotion) at domestic enterprises and the Japanese MNEs, but not at the US and German MNEs. This could be because both Vietnam and Japan share Confucian roots (Hung, Appold, & Kalleber,
1997; Hofstede & Bond, 1988), where a hierarchical structure (e.g., respect the old) has become deeply imprinted in Vietnamese and Japanese society (Borton, 2000; Davies & Ikeno, 2002; Truong et al., 2016). In this culture, age is considered not a liability but an asset, deserving respect and special status; thus senior employees are well regarded and rewarded for their experience. One possibly undesirable consequence is that older managers and employees may be less willing to accept the ideas and criticism of younger colleagues (Lan, 2002; Truong et al., 2016).

In contrast, the US and German MNEs come from individualistic cultures where typically performances/contributions and, to some extent, equity/proportionality are important in determining rewards and promotion (Stone, Stone-Romero & Lukaszewski, 2007). It is arguable that the US/German approach is more consistent with the RBV, as it allocates rewards on the basis of individual contributions and employee capabilities, so that the “value” of the relevant “resource” is being explicitly recognised. In practice, however, the way “value” is to be measured is not a straightforward matter. In situations where an organisation’s successes depend on the joint efforts of many individuals, it may be difficult to determine exactly how much of the credit/value should be attributed to each individual – and, to make matters more complicated, any perceived misjudgements can easily result in resentment, disharmony, and low morale among the employees involved.

6.3.3 Adoption, and standardisation vs localisation of HRM practices

This section discusses whether domestic enterprises adopt (and adapt) Western HRM practices. It also discusses whether MNEs transfer HRM practices largely intact from their parent countries, or whether they partially localise HRM practices to match the local business environment and regulatory framework.

Adoption of international HRM practices among the domestic enterprises: Interviewed managers and employees indicate that domestic enterprises are generally aware of HRM practices used internationally. The adoption of Western HRM practices tends to be seen most clearly at the large POEs, followed by ESOEs, and finally SOEs. This finding supports Stanton and Pham (2014), who reported that Western PM practices and techniques had begun to be adopted by some enterprises. In this connection, several points of interest should be raised. First, Vietnamese managers have started to recognise that they can learn explicit and
tacit knowledge from foreigners to improve their management capabilities, and therefore they welcome international management development programs (Napier, 2005).

Second, in making such changes, SOEs are constrained by a lack of autonomy in decision making: they remain very dependent on government regulations and guidance on how to treat their employees (Quang & Thang, 2004; Zhu et al., 2008). The current finding supports the study of Vo and Bartram (2012), who conclude that among SOEs there is a lack of deep understanding of the strategic role of human resources.

Third, even though most managers at ESOEs stayed in the same position when their company shifted from being an SOE, and the old management styles of SOEs tend to linger on for some time, ESOEs do enjoy more autonomy in decision making and are more directly subject to market pressures (Cohen, 2002).

**Standardisation vs localisation of HRM practices among the MNEs:** Comments made by the interviewees indicate that there is no single, clear answer among the participating MNEs to the question of whether they prefer to adhere to standard HRM practices or to localise them to suit local conditions. For example, it appears that, as US managers attempt to introduce international standard HRM practices to Vietnam, they have been willing to harmonise them with local HRM practices to conform to the local legal framework. By contrast, German managers tend to place less emphasis on harmonising German HRM practices with the local practices: it appears they prefer to apply German practices largely intact to the Vietnam environment. Similarly, Japanese MNE managers tend to apply HRM practices taken, with little change, from Japan, rather than adjusting to the local HRM practices. The latter finding stands in direct contrast with the suggestion of Pudelko and Harzing (2007a), that HRM practices of Japanese and German MNEs are regarded as “the most localised”. According to Buckley and Casson (2010), it is not easy for MNEs in developed economies (such as Japan) to transfer sophisticated systems of thinking and strategic attitudes to developing countries due to the differences in economic and political systems. The analysis of responses from the interviewees in the current study suggests that there are advantages as well as disadvantages associated with either the standardisation option or the localization option, such that examples of both approaches are displayed in the relatively small sample of MNEs.
6.4 HRM PRACTICES AND EMPLOYEE OUTCOMES

This section addresses research question 2, namely “To what extent do differing HRM practices in Vietnam affect employee job satisfaction and employee performance?” The discussion develops under four headings, corresponding to the effects of HRM practices in the areas of R&S, T&D, PM, and RS.

Recruitment and selection (R&S)

The managers from a majority of the interviewed enterprises were of the view that R&S had no significant influence on employee outcomes. However, employees at MNEs, POEs and ESOEs believed that R&S practices positively influence job satisfaction across ownership types, while employees at SOEs tended to disagree and to hold similar views to those of their managers. Employees at MNEs considered team culture and team managers to be the factors that influence this relationship between R&S, job satisfaction and employee performance. The similar views of managers and employees at SOEs could be explained in terms of the heavy reliance by SOEs on personal contacts, leading to the R&S of people who may lack the capability to do the job.

Training and development (T&D)

Managers as well as employees perceived a positive relationship between T&D practices and favourable employee outcomes. This finding extends research findings by Nguyen and Bryant (2004), Thang and Quang (2005a), King-Kaunui et al. (2006), and Thang and Buyens (2008) because these earlier studies examined only enterprises' performance (they also found positive relationships between T&D and firm performance) and did not consider ownership types as a major focus of the analysis. The current findings add to the existing literature by including ownership types as a focus.

Performance management (PM)

All of the interviewed managers agreed that PM practices could significantly affect employee performance and job satisfaction. In contrast, while employees at MNEs and POEs believed that PM motivated employees to improve their performance, there was a mixed view about this relationship at SOEs and ESOEs. This mixed view (in particular, the skepticism about the hypothesised relationship) may have arisen because of the subjective nature of PM in SOEs
and ESOEs (e.g., assessment not being based on individual performance, or employees taking turns to be ranked A or B, as shown in the interview data). It is possible that some employees who believed in the positive influence of PM on employee outcomes at SOEs might be mostly older people, who were close friends of the managers and therefore benefited from such PM practices.

Other employees, especially the young and dynamic, who had no close relationship with managers and whose performance was not well recognized and assessed accordingly tended to be dissatisfied with the PM practices at SOEs. Hence, these people may support the position regarding the negative relationship between PM and employee outcomes, as shown in Chapter 5. These employees may prefer practices that assess their individual performance rather than group performance. This way of thinking is contrary to the old way of SOE management (e.g., prefer personal relationship in selection, subjective assessment, equality in reward regardless of individual contribution) that originated from the period of the centrally planned economy. These employees could be a source of competitive advantage in SOEs if the management style is changed or if they are recognized by the managers. However, since SOE managers have been deeply imprinted by the management style that developed from the centrally planned period, it would be difficult for these ‘pioneers’ to be considered.

**Reward systems (RS)**

Managers from both domestic enterprises and MNEs emphasised that reward system practices impacted considerably on employee job satisfaction and performance. In comparison, employees at ESOEs, POEs and MNEs were motivated to improve performance and hence job satisfaction by RS. SOE employees held a more mixed view on the relationship between RS and employee outcomes.

A possible explanation for this finding is similar to the one provided to explain the mixed view held by SOE employees regarding the impact of PM practice. It is likely that some employees have a good relationship with their boss and therefore have benefited from the reward systems of SOEs that pay according to seniority that allocate other rewards equally to all staff. These people would be happy with their job and could believe that the longer they work for the enterprise, the higher the pay they will receive. In contrast, many other employees are not satisfied with the way the reward system works: they do not think it gives them adequate incentives to improve their performance. These people tend to expect their pay and rewards to be based on contribution.
Following the same logic, it can be argued that managers and employees at MNEs, POEs and ESOEs hold similar views about the positive relationship between the reward system and employee outcomes because these enterprises are likely to use performance based RS. Such RS tend to motivate employees to improve performance and, consequently, to generate value and contribute toward overall enterprise performance objectives. This type of value could be rare and inimitable because it comes from the employee’s motivation to improve skills and performance, and it originates from employees who are satisfied with their jobs.

6.5 THEORETICAL CONTRIBUTIONS

As discussed throughout this study, in the literature on HRM practices in developing and transitional economies, there have been relatively few studies which emphasise the theoretical underpinnings. For example, only a small number of studies highlighting the RBV conceptual framework have been carried out: three for India (e.g. Hotbrugge et al., 2010; Khandekar & Sharma, 2005; Rao, 2010), and only one (Zhan et al., 2009) for Vietnam. Thus, a key contribution of the current study is to extend and deepen existing knowledge by using the RBV framework as a lens for viewing and analysing HRM practices of different enterprise ownership types in the context of Vietnam, a socialist-oriented market economy with a collectivist culture. The study also offers a number of analytical explanations (including some not based on the RBV theory) that add to existing understanding of the observed patterns and trends in HRM practices in Vietnam.

RBV as a useful conceptual framework for analysing HRM practices in a transitional economy

The analysis in this study demonstrates the usefulness of the RBV theory as a conceptual framework for analysing HRM philosophies and practices in Vietnam. In Chapters 4 and 5, and in Section 6.3, the researcher has analysed and summarised from interviews with managers and employees of MNEs and domestic enterprises (POEs, ESOEs and SOEs). This analysis suggests that HRM practices at the participating MNEs are most consistent with the RBV theory, while those at the participating SOEs are least consistent with it, and POEs and ESOEs occupy intermediate positions, with large POEs being closer to MNEs.

For example, MNEs tend to see HR as a key source of competitive advantage, while SOEs are likely to consider jobs (not people) as a scarce commodity and therefore, are less
ready to perceive HR as a valuable and scarce resource that may be critical to the survival of enterprises. This fundamental difference in the way HR is perceived then gives rise to consequent differences in the role occupied by the HRM function in the enterprise’s management structure and decision making, and in the HRM practices adopted by the various enterprises for each key HR area.

These fundamental differences in perspective could be a legacy of Vietnam’s past adherence to the socialist planning system: under the Communist system SOEs adopted the labour theory of value as their theory of action (Nguyen, 2003). This theory asserts that labour is measured as the only source of value, while capital (e.g., equipment, cash, and other assets) is accumulated as “past labour” (Marx, 1978). As labour is considered to be the source of value, employee capabilities (knowledge, skills, competencies) do not have any value. Skilled or competent workers were paid more because of past experience, not because their current competency could add value to a company. Also, it was believed that intangible assets (e.g., reputation, capabilities) do not add any value to enterprises and are not easy to measure and, hence, they have been ignored (Nguyen, 2003). Since SOEs held this view for a long time, it takes time for them to change their ideas about how to manage people.

In contrast, HRM practices of MNEs are generally more consistent with the RBV approach, due possibly to their valuable experiences gained from operating internationally (Tatoglu et al., 2016). Such experiences highlight the need to develop and maintain sources of competitive advantage, one of which is HR. It should be noted that not all domestic enterprises are resistant to change. In recent years, through a process of closer economic integration with the regional (Asian) and world economies, the Vietnamese economy has become far more open than before to international influences, and most enterprises are now affected (directly or indirectly) by market pressures, including those that are shaped by international forces. In previous chapters and in Section 6.3, the researcher has noted that the large POEs and, to a lesser extent, the ESOEs, have adopted HRM practices and systems that are more in line with the RBV approach than is the case with SOEs. The researcher has also commented above that in making changes (indeed, in making business decisions), SOEs remain constrained by governmental regulations and priorities.

*Other contributions*

Although the RBV is a useful conceptual framework, there are issues and observations regarding HRM in Vietnam that do not fit perfectly well within the framework provided. In
particular, the researcher analysed issues such as the reliance on personal contacts and networks, and deference to seniority, from the viewpoint of culture rather than business. It is true, of course, that business decisions that are taken under cultural influences will have business consequences, which should not be overlooked and can be analysed using business models and theories.

The interviews reveal that SOEs tend to rely more heavily on personal contacts for recruitment purposes, to provide greater employment security, and to use reward practices such as equality-based rewards, group-oriented payment, and seniority-based pay and seniority-based promotion. This finding is in line with Ramamoorthy and Carroll (1998), who suggest that these HRM practices are representative of collectivism. They, along with Sekaran and Snodgrass (1986), argue that collectivism places a lower emphasis on individual performance and individual rewards and tends to highlight group objectives and group rewards. In a collectivist culture, individual employee capability at work may not be the sole criteria of selection, since loyalty is also important, with the enterprise being regarded as an extended family (Ramamoorthy & Carroll, 1998).

Is it necessarily the case that collectivist HRM practices always imply some loss of overall enterprise performance, due to the downplaying of individual capabilities and performance and/or the impact of the post-WTO? There are reasons to believe that the answer is far from being obvious. While collectivism places less emphasis on the performance of individual employees, it places great emphasis on group performance. As Barney and Wright (1998) argue, in some situations competitive advantages may come from teams rather than from the individuals, because in those situations “team production is characterised as being causally ambiguous, thus making it difficult for competitors to imitate” (p.14). Hence, it could be argued that the use of collectivist HRM practices does not always imply poorer business outcomes for the enterprise. In addition, the use of collectivist HRM practices could be evident in that SOEs still implement the RBV attributes quite strongly, but in different forms from those commonly understood in the western context.

6.6 PRACTICAL IMPLICATIONS

There are a number of implications from this research for organisational and HR managers, and for the Vietnamese government and universities.

Implications: Organisational and HR managers
The increasing integration of the Vietnamese economy with the international economies in recent years has resulted in a flexible and competitive business environment that requires domestic enterprises to improve or die (Quang, 2013). In that context, managers of domestic enterprises need to be familiar with the HRM practices of MNEs in various areas (e.g., R&S, T&D, PM and RS) and should make an effort to select and adopt those practices that, on balance, are likely to enhance their enterprise’s overall performance and competitiveness.

For example, as discussed previously, SOEs employees often play a very small role in decision making, matched by low levels of job satisfaction. This may be due to a paternalistic approach in the management, and a culture of high power distance in Vietnam. To achieve better employee outcomes, managers at these enterprises should make greater genuine efforts to consult or consider employees’ opinions before making important decisions. Indeed, managers should pay greater attention to how they conduct HRM practices in day-to-day interactions with staff. A reasonable approach to tackling this issue would be to hold more frequent and open conversations about what expectations are held by employees in terms of actions that managers should take to improve HRM practices.

Another important practical implication for managers at domestic enterprises is that they should learn how to harmonise and manage the tension between the old and the new styles of thinking among employees. For example, as discussed, interviewed employees at ESOCs revealed conflicting views about the relationship between PM and employee outcomes, and similarly employees at SOEs provided contradictory opinions about the impact of rewards on employee outcomes. These differences in perceptions could be explained in terms of some senior employees retaining the thinking that has been deeply ingrained under the central planning regime, while more junior employees are receptive to new ideas and practices. In that context, managers need to understand and be able to address the concerns and aspirations of both groups of employees. This contradictory opinion could change more in coming years when the most senior employees, whose thinking was influenced deeply by the central planning regime, retire and are replaced by the juniors.

As for MNEs, they can also learn from the experiences of domestic enterprises as well as their own experiences operating in the local environment. In particular, some MNEs could profitably do more to harmonise conflicts at work (e.g. misunderstandings or poor relationships between colleagues) by adjusting their HRM practices to suit the local
business culture. For example, sometimes face-to-face or open performance assessment may generate unwanted side-effects, in that people might look satisfied from the outside but be very dis-satisfied inside, or individual performance may be incorrectly assessed, or the “losing face” issue may intrude and dominate the situation. It has been suggested that MNEs might wish to harmonise the process by using software for performance assessment. Each individual could see their own result and an average or aggregate summary of their colleagues’ results (with individual names not disclosed), so that they could make comparisons for further improvements. By using this software, discussion amongst employees about poor performance of any individual at the workplace could be reduced. Employees only need to know where their performance sits among the best performers within their organisation, in order to motivate them to work harder to achieve higher levels of performance.

MNEs could also pay more attention to local culture to improve the quality of decision making and to select the most appropriate HRM practices for the Vietnamese context. If an MNE is not adequately aware of Vietnamese culture and its political system, there is a risk that it might make poor decisions, or select inappropriate HRM practices (Quang et al., 1998; King-Kaunai et al., 2006; Kamoche, 2001).

More generally, managers of both MNEs and domestic enterprises should be more aware of the employee outcomes situation (e.g. job satisfaction and employee performance) at their own enterprise and related/competing enterprises so that they can make adjustments to their HRM practices for the enhancement of employee as well as enterprise outcomes.

Implications: Vietnamese government and Universities

The government should focus on improving university training and enhancing work placement programs for university students so that the companies can immediately utilise the skills of new graduates without having to spend a lot of time and financial resources training them in practical and generic skills and knowledge. Similarly, there is a need for more cooperation between universities and companies to ensure that the lecturers themselves have up-to-date knowledge of recent HRM practices, to help ensure graduates are work-ready in the current, rapidly evolving business environment.

It may be that lecturers could undertake short-term secondments to work in related industry jobs, to further develop and update their understanding of work practices. One of the findings of this study is that most managers and employees are of the view that many
Vietnamese lecturers have only learnt from books/theory, so such a hands-on approach to upskilling HRM trainers and teachers would be of immediate and substantial benefit to companies as well as to both lecturers and new graduates.

Government could also provide more opportunities for open discussion between enterprises of all four ownership types and government officials. These would help the authorities to improve their foreign direct investment policies and policies for SOEs to have some autonomy in operations, instead of being fully controlled by the government at this moment.”

6.7 LIMITATIONS OF THE RESEARCH AND SUGGESTED FUTURE DIRECTIONS

6.7.1 Limitations

As with all research, these two studies are subject to some limitations which future research may be able to address, either directly or indirectly. First, it should be acknowledged that these two studies, which were designed as a qualitative interview approach to gain in-depth understanding of respondents’ perceptions regarding HRM practices of different ownership types and their impacts on employee outcomes, were conducted only in the Northern region of Vietnam. Thus, the findings of the present studies may apply only to enterprises and organisations that have characteristics similar to the interviewed organisations. Therefore, they may not necessarily represent the perceptions of managers and employees at other organisations in Vietnam, such as enterprises in the South, due to the influence of cultural and historical differences. The South could be more heavily influenced by Western values and lifestyles (Mcleod & Dieu, 2001) than the North as a result of the intervention by the USA for more than 20 years (ending in 1975).

A second limitation is that much of the study has been carried out in a second language (English), while all interviews were conducted in Vietnamese. As a result, transcription and translation have been a significant challenge. Although the first researcher transcribed the recorded file and translated it to English, and care has been applied in the selection of a back-translator, it is possible that some errors may have remained at the end of the process. As discussed in Chapter 3, an additional bilingual translator was asked to review the final translation, as a mechanism to detect possible systematic errors.
The third limitation is that the researcher may have suffered from personal bias in interpreting the interviewee responses (Yin, 2003). Neuman (2003), Sekaran and Bougie (2013) and others have discussed ways in which qualitative findings may be affected by the opinion of a researcher. The researcher was mindful of these potential pitfalls and has made genuine efforts to guard against them.

6.7.2 Future directions

Several directions for future research are suggested. First, a similar study on the same topic as the current one should be conducted but in the South of Vietnam, in order to check whether there are any major differences in the findings. Second, other perspectives such as those of government officials at national and local levels could be considered. Vo and Stanton (2011) say that these perspectives, particularly those of local authorities, can provide valuable knowledge of the local environment in which MNEs operate and can reveal the hidden ways in which MNEs come to terms with legal constraints. Third, using a combination of RBV and institutional theory for further research would be recommended as the RBV approach examines issues through an economic context while the latter examines issues through a social context. Analysing data based on the perspectives of two contexts would give another perspective of why different ownership types select and implement particular HRM practices.

In terms of research question 1, it is also possible that the findings might be more robust if the enterprises to be interviewed were limited to those operating in a single industry, such as hotel management, banking, or advertising, rather than coming from a broad range of industries. (Recall that the current study includes enterprises in banking, hotel and tourism, education, insurance, and manpower). Moreover, a future study could focus on distinguishing the perspectives of employees who take care of customers as well as those of employees who work in technical jobs such as engineering, information technology or the like. Though it is not a focus of this technical study, the currently study reveals that those who work in this technical field often pay little attention to work policies, except those relevant to their own close interests which may affect their daily life. Therefore, a new study should investigate the influencing factors such as whether it is their education or personality that causes technical people not to be aware of HRM practices and the benefits they are offered from work.

In terms of research question 2, it would be of interest to re-examine the issues from the viewpoint of employees of different genders or age groups, as any given HRM practice may
have different impacts upon different groups of employees. It may also be useful to supplement the current qualitative methods with the use of quantitative methods to measure employee outcomes and to explore possible relationships between specific HRM practices and such outcomes.

6.8 CONCLUSION

This research was designed to examine, through the lens of the RBV approach, how different ownership types affect HRM practices in the context of a developing and transitional economy, Vietnam, and, in turn, how those practices impact upon employee outcomes of employee performance and job satisfaction. The two studies involved interviews with managers and employees in a group of MNEs and domestic enterprises. Information obtained from these interviews indicates that participating MNEs are more likely than domestic enterprises to adopt HRM practices that are of a strategic and performance-driven nature and are consistent with the RBV approach. Of the participating domestic enterprises, the large POEs are more prepared than the ESOEs and SOEs to adapt Western HRM practices consistent with the RBV approach. It appears that employees at MNEs and, to a lesser extent, at large POEs are more strongly motivated to improve performance and enhance employee job satisfaction than those at the other enterprises. This research contributes to the existing literature by adding more understanding about differences in HRM practices of MNEs and domestic enterprises as well as the demonstrating the link between HRM practices and employee outcomes in Vietnam by using the RBV approach.
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APPENDIX A. STUDY 1: MANAGER PERSPECTIVES

Appendix A1. Ethical Clearance for study on manager perspectives

(GU Ref No: EHR/20/13/HREC)

GRIFFITH UNIVERSITY HUMAN RESEARCH ETHICS COMMITTEE

28-Nov-2013

Dear Miss Nguyen

I write further to the additional information provided in relation to the provisional approval granted to your application for ethical clearance for your project "NR: HRM practices of Multinational and Domestic Enterprises in Vietnam" (GU Ref No: EHR/20/13/HREC).

The additional information was considered by Office for Research.

This is to confirm that this response has largely addressed the comments and concerns of the HREC.

This decision is subject to:

Please provide the text that will be used for participant recruitment purposes (e.g. copy of the web page, telephone script, poster, email, written invitation calling for volunteers?)

Please ensure the Contact Officer signs Section F1 of the Expedited Ethical Review Checklist (in the case of Student Research, Section F1 must be signed by the Student). If you did not generate a hard copy when you first submitted your application we can email a PDF copy to you. Please scan the signed form and return to the Office for Research as an email attachment.

Please ensure the Primary Supervisor signs Section F1A of the Expedited Ethical Review Checklist. If you did not generate a hard copy when you first submitted your application we can email a PDF copy to you. Please scan the signed form and return to the Office for Research as an email attachment.

Please ensure an appropriate authorising officer (i.e. the Head of School or Centre Director), who is not a member of the research team, signs Section F2 of the Expedited Ethical Review Checklist. If you did not generate a hard copy when you first submitted your application we can email a PDF copy to you. Please scan the signed form and return to the Office for Research as an email attachment.

However, you are authorised to immediately commence this research on the strict understanding that these matters are addressed and that you provide details of how they were addressed.
Please note that failure to provide a timely response to these matters may result in this authorisation being suspended or withdrawn. The standard conditions of approval attached to our previous correspondence about this protocol continue to apply.

It would be appreciated if you could give your urgent attention to the issues raised by the Committee so that we can finalise the ethical clearance for your protocol promptly.

Regards

Rick Williams
Manager, Research Ethics
Office for Research
Bray Centre, N54 Room 0.15 Nathan Campus
Griffith University
ph: 07 3735 4375
fax: 07 373 57994
e-mail: rick.williams@griffith.edu.au
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Cc:

Researchers are reminded that the Griffith University Code for the Responsible Conduct of Research provides guidance to researchers in areas such as conflict of interest, authorship, storage of data, & the training of research students.
You can find further information, resources and a link to the University's Code by visiting http://policies.griffith.edu.au/pdf/Code%20for%20the%20Responsible%20Conduct%20of%20Research.pdf

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This email and any files transmitted with it are intended solely for the use of the addressee(s) and may contain information which is confidential or privileged. If you receive this email and you are not the addressee(s) [or responsible for delivery of the email to the addressee(s)], please disregard the contents of the email, delete the email and notify the author immediately.
Appendix A1. Ethical Clearance for study on manager perspectives (continue)

GRIFFITH UNIVERSITY HUMAN RESEARCH ETHICS COMMITTEE

07-Jul-2014

Dear Miss Nguyen

I write further to the ethical clearance that was previously granted to your project "NR: HRM practices of Multinational and Domestic Enterprises in Vietnam" (GU Ref No: EHR/20/13/HREC).

As you may know, the national research ethics framework requires that Griffith University seek an ethical conduct report from the research team every 12 months and/or upon the completion of the data collection phase of the research (whichever comes sooner). For this reason, the requirement that such reports are submitted is a strict condition of ethical clearance.

The system lists that an ethical conduct report for this project fell due, or will fall due on 15-Jul-2014. A member of your research team is therefore required to submit a report to the Office for Research.

The report proforma is a relatively short form and is largely made up of yes/no questions. This form can be accessed from the bottom of the following webpage http://www.griffith.edu.au/research/research-services/research-ethics-integrity/human/applications-forms. If clicking or copying and pasting this link into your browser does not work, please email research-ethics@griffith.edu.au and request the report form.

Please scan the completed and signed form, and return to research-ethics@griffith.edu.au as an email attachment.

Your assistance in promptly resolving this matter would be greatly appreciated. If your research is continuing and it is less than 12 months since your last ethical conduct report, it may not be necessary to submit a report at this time. Please contact research-ethics@griffith.edu.au to discuss this matter further.

If you have submitted an ethical conduct report recently and you have received this email, it would be appreciated if you could forward a copy of the ethical conduct report already submitted.

Please don't hesitate to contact the Office for Research (research-ethics@griffith.edu.au) if you wish to clarify any of these matters.

Regards
Rick Williams
Manager, Research Ethics
Office for Research
Bray Centre, N54 Room 0.15 Nathan Campus
Griffith University
ph: 07 3735 4375, fax: 07 373 57994
email: rick.williams@griffith.edu.au
Appendix A2. Letter to companies

Dear Sir/ Madam,

I am undertaking research for my PhD at Griffith University, Australia. The research examines how the ownership type of organizations affects the adoption of HRM practices in Vietnam, and to what extent HRM practices in Vietnam impact on job satisfaction and employee performance. My research is divided into 2 studies including HR manager perspectives (Study 1), and employee perspectives (Study 2). At this time I am undertaking Study 1 in order to gather HR manager perspectives. The ownership types of the organizations I am examining include Multinational Enterprises, State-Owned Enterprises, Private-Owned Enterprises, and Equipted State-Owned Enterprises. I would appreciate it if you were able to participate in an interview to answer some questions I have prepared in relation to this research. The interview will take approximately 1 hour. With your consent, your answers will be recorded to ensure accuracy.

Please note that all of your responses will be kept in strictest confidence and in any academic publications pseudonyms for you and your organization will be used. Please contact me if you have any questions about the research.

I look forward to hearing from you.

Yours Sincerely,

Minh Phuoc Nguyen
PhD Candidate,
Department of Employment Relation and Human Resource Management,
Griffith Business School, Griffith University, Nathan campus,
Brisbane, Queensland 4111, Australia
http://www.griffith.edu.au
Mobile phone: 0405994839,
E-mail: Phuoc.Nguyen@griffith.edu.au
or Phuoc_dhhp@yahoo.com
Appendix A3. Information Sheet for Managers

HRM Practices of Multinational and Domestic Enterprises in Vietnam
EHR/20/13/HREC

INFORMATION SHEET

Who is conducting the research?

<table>
<thead>
<tr>
<th>Chief Investigator</th>
<th>Chief Investigator</th>
<th>Student Investigator</th>
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<tbody>
<tr>
<td>Dr. Ashlea Troth</td>
<td>Professor Kate Hutchings</td>
<td>Minh Phuoc Nguyen</td>
</tr>
<tr>
<td>Department of Employment Relations and Human Resources</td>
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<td>Department of Employment Relations and Human Resources</td>
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<td>Griffith Business School</td>
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<tr>
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<td>Gold Coast campus, Griffith University, Queensland 4222, Australia</td>
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<td>+61 (0)7 3755528513</td>
<td>+61 (0)7 37357489</td>
</tr>
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</table>

Why is the research being conducted?

This research is being conducted as a part of the student’s doctoral research. This research examines (1) how the ownership types of organisations affect the adoption of HRM practices in Vietnam, and (2) to what extent HRM practices in Vietnam impact on job satisfaction and employee performance. The research will be conducted both in English and Vietnamese.

What you will be asked to do

As a participant in the research project you will be asked to answer questions relating to the effects of ownership types and HRM practices on employee outcomes (especially job satisfaction and employee performance) in Vietnam.

The basis on which participants will be selected or screened

Potential participants - HR managers of organisations in Vietnam- will be selected from databases available in Vietnam. The HR managers of selected organisations will be contacted by email to request their participation in an interview.

The expected benefits of the research
This research will benefit the organisations in a transitional society such as Vietnam or other similar countries. The organisations will benefit from having greater knowledge of how different ownership types and HRM practices impact on job satisfaction and performance of employees.

**Risks to you**

There is no risk associated with participation in the interview as the information will be treated confidentially and you or your organisation will not be identified in any published papers. In published papers and academic presentations all organisations will be referred to by pseudonym.

**Your confidentiality**

The researchers will be the only people who know the identity of participants and interview transcripts will be kept separately from names and contact details of interviewees. Research data will be stored according to the Griffith University Code for the Responsible Conduct of Research. To ensure confidentiality, the researcher will not carry on his/her person any information that could be used to identify participants while conducting field research.

**Your participation is voluntary**

Participating in this research is voluntary and you are free to withdraw from the study at any time.

**Questions / further information**

For additional information about the project, please contact the chief investigators, Professor Kate Hutchings and Dr. Ashlea Troth.

**The ethical conduct of this research**

If potential participants have any concerns or complaints about the ethical conduct of the research project they should contact the Manager, Research Ethics on 3735 54375 or research-ethics@griffith.edu.au.

**Feedback to you**

If you would like a transcript of the interview or summary of the research results, please contact Minh Phuoc Nguyen.

**Privacy Statement**

“The conduct of this research involves the collection, access and/or use of your identified personal information. The information collected is confidential and will not be disclosed to third parties without your consent, except to meet government, legal or other regulatory authority requirements. A de-identified copy of this data may be used for other research purposes. However, your anonymity will at all times be safeguarded. For further information consult the University’s Privacy Plan at http://www.griffith.edu.au/about-griffith/plans-publications/griffith-university-privacy-plan or telephone 617 3735 4375.”
Appendix A4. Consent form for managers

HRM Practices of Multinational and Domestic Enterprises in Vietnam EHR/20/13/HREC

CONSENT FORM

Who is conducting the research?

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<td>+61 (0)7 37357 489</td>
</tr>
</tbody>
</table>

By signing below, I confirm that I have read and understood the information regarding this research and in particular have noted that:

- I understand that my involvement in this research will include:
  - Answering formal and informal interview questions
  - Providing comments the interviewer may publish
- I have had any questions answered to my satisfaction;
- I understand there are no risks involved;
- I understand that there will be no direct benefit to me from my participation in this research;
- I understand that my participation in this research is voluntary and that I am free to withdraw at any time without comment or penalty;
- I understand that if I have any additional questions I can contact the research team;
- I understand that I can contact the Manager, Research Ethics, at Griffith University Human Research Ethics Committee on +61 (0)7 3735 4375 (or research-ethics@griffith.edu.au) if I have any concerns about the ethical conduct of the project; and
- I agree to participate in the project.

<table>
<thead>
<tr>
<th>Name</th>
<th>Signature</th>
<th>Date</th>
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</table>

Thank you for your assistance with this research project
Appendix A5. Interview questions for managers

Part 1. Introduction and general questions

Hello. Thank you for your consent to be interviewed. Before we begin I would like to give you a brief introduction to the focus of my research. The research aims to examining the effects of four Vietnamese ownership types and their HRM practices on job satisfaction and employee performance. I would like your participation in the interview to be voluntary and point out that you have the full right not to answer any questions and/or to conclude the interview at any time. I confirm that your involvement in this research project is confidential. In any publications resulting from this research, your name and that of your organisation will not be revealed. I would like to discuss the following area with you.

1. Your company ownership types (e.g. MNE, SOE, ESOEs, POE)
2. Business industry (e.g. banking/finance)
3. Business sector (e.g. private, public, not for profit)
4. Type of operation (e.g. manufacturing)
5. Number of employees in Vietnam
6. Number of employees internationally (If an international organisation)
7. Your position in the organisation

Part 2. The roles of HRM

1. How does your company view the role of HRM, generally speaking? (Prompt- e.g. does it consider HRM to play a strategic role in the organisation or is it simply an administrative function? Could you provide some examples to illustrate this?)
2. How have the roles of HRM and HRM practices in your company been impacted by the current ownership type? (Perhaps in comparison with other organisations based on your previous experience? (a SOE/a POE/a ESOE)
3. How does the current ownership type of the organization work on the ability to attract and retain employees for your company? Could you clarify what you mean by…, please?
4. How could the employees’ capacities and capabilities be influenced in term of the ownership type they are working in?

Part 3. HRM-focused questions

1. How is recruitment and selection conducted in your organisation? What methods do you utilize to recruit and select people? Please give some examples.
2. Does the ownership type of your organisation (i.e. MNE, state owned) influence the way recruitment and selection is conducted? Can you give some examples?
   a. How does the ownership type positively influence R&S?
   b. How does the ownership type of your organisation limit R&S practices within your organisation?

3. What are some of the challenges your organisation faces in recruiting and selecting qualified staff and staff appropriate for the culture of the organisation? Can you provide some examples?

4. How does your organisation utilise recruitment and selection to achieve a workforce with the capabilities and capacities needed?

5. Do your organisation’s recruitment and selection practices impact on job satisfaction and performance of employees? And how?

6. What are your organisation’s main approaches to training and development? Please give some examples.

7. How does the ownership type of your organisation (e.g., MNE, SOE) influence the way that the training and development is undertaken? Can you give some examples?
   Suggestion:
   a. How does the ownership type positively influence T&D?
   b. In what ways might the ownership type of your organisation limit T&D practices within your organisation?

8. Are there changes which you think your organisation should incorporate in T &D practices? If no, why not? If yes, which?

9. How does your organisation utilise training and development practices to achieve the capability and capacity of the workforce that it requires?

10. How do your organisation’s training and development practices impact on job satisfaction and performance of employee? (Optional question: does the existence of (or absence of) trust significantly affect employee job satisfaction and performance?)

11. What is the approach that your organisation utilises in respect to performance management?

12. Do you undertake formal or informal performance appraisals, and if so, what does this entail?

13. How does the ownership type of your organisation (i.e. MNE, state owned) influence the way performance management is undertaken? Can you give some examples?
   a. How does the ownership type positively influence performance management?
   b. How does the ownership type limit performance management practices within your organisation?

14. Are there changes which your organisations plans for its performance management systems or which you think should occur? If yes, please explain and provide details.
15. How do you think your performance management systems influence the capabilities and capacities of your workforce?
16. Do your performance management practices affect employee job satisfaction and performance? And how?
17. What is your organisation’s approach to reward management?
18. What methods are used to reward people? Please give some examples.
19. Are rewards provided to individuals or groups?
20. Does the ownership type of your organisation (i.e. MNE, state owned) influence reward management? Can you give some examples?
   a. How does the ownership type positively influence rewards?
   b. How does the ownership type limit reward management practices?
21. How are rewards utilised to recognise and increase the capabilities and capacities of the workforce?
22. Do the reward systems impact on employee job satisfaction and performance? In what way?
23. Are there any other comments which you would like to make in respect to any aspect of the HRM practices within your organisation?

Thank you very much for participating in this interview. If you would like a copy of the transcript or final results of the research, please contact me.
Appendix A6. Follow-up questions for managers

1. Given Vietnam’s current business environment, and particularly from your company’s viewpoint, would you say that there is a shortage of good jobs, or a shortage of high-quality human resources?

Expand (if necessary): would you say that good jobs are scarce and human resources are plentiful, so it is not too difficult to fill a vacant position; or would you say that good employees are hard to find, yet they are critical to the company’s success?

2. Of the resources that belong to your company, are human resources more or less important than other types of resources (like capital, equipment, land, technology, etc.) in generating the company’s strengths and competitiveness relative to other companies?

3. In what ways do your company’s HRM methods and measures help to attract and retain employees that you regard as particularly valuable to the organisation?

4. How concerned are you that other companies may be trying to “poach” (recruit) the more valuable of your employees? If you are concerned about this, how do you respond to it?

5. How concerned are you that other companies may be trying to copy your HRM practices (in recruitment/selection, training & development, performance management, reward system, etc.) in order to improve their competitiveness? If you are concerned about this, how do you respond to it?

6. In what ways do your company’s HRM practices (in recruitment/selection, training & development, performance management, reward system) promote a sense among your employees that the company is looking after their interests?

7. In what ways do your company’s HRM practices (in recruitment/selection, training & development, performance management, reward system) encourage your employees to feel that their work contributions are valued by the organisation?

8. In what ways do your company’s HRM practices (in recruitment/selection, training & development, performance management, reward system) help to promote high job performance by employees?

9. [For MNEs only] In making HRM decisions (in recruitment/selection, training & development, performance management, reward system) how big is the role played by Vietnamese managers in comparison with the role of international (expatriate) managers?
APPENDIX B. STUDY 2: EMPLOYEE PERSPECTIVES

Appendix B1. Ethical Clearance for study on employee perspective

GRIFFITH UNIVERSITY HUMAN RESEARCH ETHICS COMMITTEE

3rd December 2015

Dear Miss Nguyen

Thank you for the additional information and documentation in regard to the conditionally approved variation for the protocol "HRM practices of multinational and Domestic Enterprises in Vietnam" (Ref: EHR/20/13/HREC RIMS: 2013/855).

The variation is now fully approved. The approval covers the Study 2 qualitative approach based on employee’s perspective implemented in 2015 and 2016. The recruitment mechanism, informed consent materials, and interview questions provided for Study 2. The research can commence on this basis in full, immediately.

Regards

Rick Williams
Manager, Research Ethics
Office for Research
Bray Centre, N54 Room 0.15 Nathan Campus
Griffith University
ph: 07 3735 4375
fax: 07 373 57994
email: rick.williams@griffith.edu.au
Appendix B2. Information sheet for employees

HRM Practices of Multinational and Domestic Enterprises in Vietnam
EHR/20/13/HREC

INFORMATION SHEET

Who is conducting the research?

<table>
<thead>
<tr>
<th>Chief Investigator</th>
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<th>Student Investigator</th>
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<tbody>
<tr>
<td>Dr. Ashlea Troth</td>
<td>Professor Kate Hutchings</td>
<td>Minh Phuoc Nguyen</td>
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<td>Department of Employment Relations and Human Resources</td>
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<td><a href="mailto:k.hutchings@griffith.edu.au">k.hutchings@griffith.edu.au</a> +61 (0)7 3755528513</td>
<td><a href="mailto:phuoc.nguyen@griffith.edu.au">phuoc.nguyen@griffith.edu.au</a> +61 (0)7 37357 489</td>
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Why is the research being conducted?

This research is being conducted as a part of the student’s doctoral research. This research examines (1) how the ownership type of organisations affect the adoption of HRM practices, and (2) to what extent HRM practices in Vietnam impact on job satisfaction and employee performance. The research will be conducted mainly in Vietnamese.

What you will be asked to do

As a participant in the research project you will be asked to participate in an interview relating to the effects of ownership types and HRM practices on employee outcomes (especially job satisfaction and employee performance) in Vietnam.

The basis on which participants will be selected or screened
Potential participants – employees of organisations in Vietnam – will be selected from databases available in Vietnam. The employees of selected organisations will be contacted by email to request their participation in an interview. In addition, the snowball technique will be employed.

**The expected benefits of the research**
This research will benefit the organisations in a transitional society such as Vietnam or other similar countries. The organisations will benefit from having greater knowledge of how different ownership types and HRM practices impact on job satisfaction and performance of employees.

**Risks to you**
There is no risk associated with participation in the interview as the information will be treated confidentially and you or your organisation will not be identified in any published papers. In published papers and academic presentations all organisations will be referred to by pseudonyms.

**Your confidentiality**
Research data will be stored for a period of three years in lockable cabinet at Griffith University and will be accessible only by the researchers. To ensure confidentiality, the researchers will not carry on his/her persons any information that could be used to identify participants while conducting field research.

**Your participation is voluntary**
Participating in this research is voluntary and you are free to withdraw from the study at any time. Each participant is offered a gift card after the interview of approximately $20 value.

**Questions / further information**
For additional information about the project, please contact the chief investigators, Professor Kate Hutchings and Associate Professor, Ashlea Troth.

**The ethical conduct of this research**
If potential participants have any concerns or complaints about the ethical conduct of the research project they should contact the Manager, Research Ethics on 3735 54375 or research-ethics@griffith.edu.au.

**Feedback to you**
If you would like a summary of the research results, please contact Minh Phuoc Nguyen.

**Privacy Statement**
The conduct of this research involves the collection, access and/or use of your identified personal information. As outlined elsewhere in this information sheet with your consent, your interview comments may appear in the publications/reports arising from this research. Any additional personal information collected is confidential and will not be disclosed to third parties without your consent, except to meet government, legal or other regulatory
authority requirements. A de-identified copy of this data may be used for other research purposes. However, your anonymity will at all times be safeguarded, except where you have indicated otherwise. For further information consult the University's Privacy Plan at http://www.griffith.edu.au/privacy-plan or telephone (07) 3735 4375.
Appendix B3. Consent form for employees

HRM Practices of Multinational and Domestic Enterprises in Vietnam EHR/20/13/HREC

CONSENT FORM

Who is conducting the research?

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</tbody>
</table>

By signing below, I confirm that I have read and understood the information regarding this research and in particular have noted that:

- I understand that my involvement in this research will include:
  - Answering formal and informal interview questions
  - Providing comments the interviewer may publish
- I have had any questions answered to my satisfaction;
- I understand there are no risks involved;
- I understand that there will be no direct benefit to me from my participation in this research;
- I understand that my participation in this research is voluntary and that I am free to withdraw at any time without comment or penalty;
- I understand that if I have any additional questions I can contact the research team;
- I understand that I can contact the Manager, Research Ethics, at Griffith University Human Research Ethics Committee on +61 (0)7 3735 4375 (or research-ethics@griffith.edu.au) if I have any concerns about the ethical conduct of the project; and
- I agree to participate in the project.

<table>
<thead>
<tr>
<th>Name</th>
<th>Signature</th>
<th>Date</th>
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</table>

Thank you for your assistance with this research project
Appendix B4. Interview questions for employees

Thank you for your permission to allow me to interview you. To begin with, I would like to give you a brief introduction to my research. The research aims to consider the effectiveness of four different types of business ownership in organizations in Vietnam, and their practice of HRM, particularly relating to job satisfaction and employee performance.

I’d like to assure you that, as a volunteer participant, you have the right to refuse to answer any of the questions, or, to stop the interview at any time. In any publications resulting from this research your name and that of your organisation will not be revealed. (First of all, I would like to start by asking you some general questions about your organisation)

Part 1: INTRODUCTION
1. Company ownership types (e.g. MNE, SOE)
2. Industry of company (e.g. banking/finance)
3. Sector of company (e.g. private, public, not for profit)
4. Type of operations (e.g. manufacturing):
5. How many employees does this company have in Vietnam?
6. Age group? 20’s, 30’s, 40’s, 50’s, 60’s?
7. How many years have you worked for this company?
8. How many years work experience do you have in total?
9. Your level of education?
10. Have you worked in companies with different ownership types?
11. What is your position in the organisation?

Part 2. HRM-focused questions
1. How did you find this job? Could you please describe how you were recruited and selected for your organization?
   (Prompt: e.g. recommendations from colleagues and friends, newspapers, company website, etc)?
2. Does your organization consider only qualifications or experience or both?
3. What attracted you to this company?
   Prompt: were you attracted by the company’s reputation, company’s stability in operation, friendly working environment and business culture, high salary and rewards, sale of company shares to employees, individual performance-based pay and reward, fair performance appraisal, and/or interesting training and development program with promise of promotion?
4. Are you satisfied with the recruitment and selection practices of your organization? Why? Can you provide some examples to illustrate your answer?

5. Does recruitment and selection help improve the performance of employees in your organisation? If so, how is this evident?

6. Based on your experience, could you please compare the recruitment and selection of the ownership type of this company with that of other ownership types of companies you have worked for.

7. How does your organization provide you with training opportunities enabling you to extend your range of skills and abilities? What are the main training and development approaches used by your organization? Please give some examples.

(Prompt: on-the-job training, off-the-job training, or/and online training)

8. After being trained, is your company more likely to consider you for a promotion?

9. How satisfied are you with the quality of training programs and the number of training and development opportunities provided by your organization? Please give some examples.

10. To what extent has your capability and performance been improved after a training course? Please give some examples.

11. Could you please compare your experience of the training and development of the ownership type of this company with that of other ownership types that you have worked for, if possible.

12. What is the approach that your organisation utilises in respect to performance management?

(Prompt: graphic rating scale (ABCD); my performance is rated by my colleagues, supervisors, customers and/or subordinates; assessed by team performance or/and individual performance; assessed based on Key Performance Index)

13. How often does your organization assess your performance?

14. Does your company assess your performance based on the results you personally achieve or based on the results achieved by your team (if you are in a team)? Can you give some examples of how performance is assessed?

15. How satisfied are you with the performance management of your organisation? Can you give some examples?

(Prompt: Is your performance assessed fairly and openly? What process is used? Can you give some examples?)

16. Does performance management motivate you to perform at a higher level? If yes, how? Can you provide some examples?

17. Based on your experience, could you please compare the performance management of the ownership type of this company with that of other ownership types of other companies where you have worked for, if possible.
18. What is your organisation’s approach to rewards management? What methods are used to reward people? Please give some examples

   Prompt: rewards based on skills, qualification and/or experience, seniority; allowances for overtime and shift work, promotion to a higher position, a paid holiday, medicare, insurance, healthcare and childcare and so on.

19. Are rewards provided to individuals or groups? How often do you or your group receive a bonus?

20. Do you feel that reward systems are utilized to recognize your potential capabilities (including professional related skills and knowledge, experience and education)?

   Prompt: - Have you received any additional pay or pay rise in the past year as a result of your job performance?
   - Does your company promote people to higher positions for competencies and performance or for years of work?

21. Has the reward management process impacted on your job satisfaction? If so, how?

   Prompt: Are you satisfied with the amount of pay and rewards you receive based your competencies and performance?

22. To what extent has the reward system motivated you to achieve higher performance? Can you provide an example?

23. Based on your experience, could you please compare the reward management process of the ownership type of this company with that of other ownership types that you have worked for, if possible.

24. Are there any other comments which you would like to make in respect to any aspect of the HRM practices within your organisation? Are there any questions you would like to ask me about this research?

Thank you very much for participating in this interview. If you would like a copy of the transcript or final results of the research, please contact me.
Appendix B5. Follow-up questions for employees

1. Does your company place great importance on hiring the right person?
2. Are appointments in this organisation based mainly on merit (i.e. the best person for the job is selected regardless of their personal characteristics)?
3. In terms of recruitment and selection of employees, does your company use some practices that appear not to be used by many other companies in Vietnam?
4. In terms of training and development of employees, does your company use some practices that appear not to be used by many other companies in Vietnam?
5. Do you receive regular and constructive feedback on how well you do your job?
6. In terms of employee performance review, does your company use some practices that appear not to be used by many other companies in Vietnam?
7. Are employees promoted to higher positions not for years of work but for competencies and performance?
8. In terms of salaries, bonuses and other ways to compensate employees, does your company use some practices that appear not to be used by many other companies in Vietnam?
9. Is your organization concerned about losing valuable employees to other companies?
10. From what you can see, do your company’s HR practices appear to reflect the view that “in the current environment, there are many more good employees and potential employees than there are good positions” or the view that "in the current environment, it is difficult to recruit and retain good employees for good positions”?
11. From your observations, what does your company regard as most important: land and location, financial resources (such as access to capital, loans, etc), human resources (such as the employees’ knowledge and skills), equipment & technology, leadership, management skills, or some other factor? If HR is not seen as the most factor, what would you rank it in your organisation?
APPENDIX C. DEFINITION OF KEY TERMS

**Employee outcomes**: Employee outcomes consist of employee performance, job satisfaction, commitment, motivation and organizational citizenship behaviour, each of which are regarded as positive outcomes in terms of achieving improved organizational performance (Spector 1997; Guest, 1997; Guest 1999; Hoque 1999).

**Employee performance**: Shields (2007) refers to employee performance as personal competencies including knowledge, skills, abilities and attitudes.

**Equity state owned enterprises** (ESOEs): ESOEs were formed in the process of restructuring SOEs through equitisation or privatisation, initiated in 1992 when the financial statement of SOEs was brought to the public’s attention (Quang & Dung, 1998). ESOEs represent SOEs that were transformed into joint-stock companies (JSCs) with half or more of the capital of these JSCs sold to the private sector. In the process of transforming, some ESOEs that have sold all of the capital to the private sector are call ESOEs with non-capital of State (GSO, 2015).

**Human resource management (HRM)**: “Human resource policies should be integrated with strategic business planning and used to reinforce an appropriate (or change an inappropriate) organizational culture. Human resources are valuable and a source of competitive advantage, that they may be tapped most effectively by mutually consistent policies that promote commitment and which, as a consequence, foster a willingness in employees to act flexibly in the interests of the ‘adaptive organization’s’ pursuit of excellence” (Amstrong, 2010b).

**HRM policies**: Arthur & Boylrd (2007, p.79) claim that HM policies are “organisational goals or objectives for managing human resources”. HR policies represent the organisation’s intention regarding the HR processes that it will implement, including, among others, recruitment, training and evaluation (Wright & Boswell, 2002). Through HR policies, an organisation selects individuals whose values “fit” with its corporate values and socialises them in accordance with those corporate values (Chatman, 1989; Stone et al., 2007). Moreover, the company also trains, compensates and evaluates employees in line with the values emphasised within its corporate culture (McAfee et al., 2002). Culture and HRM are
linked in some critical groups (Ogbonna & Whipp, 1999). As a result, an organisation can express, emphasise and reinforce its values to its employees through its HRM practices (Posner et al., 1985).

**HRM practices:** HRM practices not only contribute significantly to achieve enterprise objectives but also create value (Kaya, 2006). Therefore, HRM practices are referred to as “the implementation and experience of an organisation’s HR programs by lower-level managers and employees” (Arthur & Boylrd, 2007, p.79). Huselid (1995) claims that it is possible for HRM practices to be grouped into dimensions that help increase employee skills, motivate employees, and organise the workforce. However, these practices have been strengthened/consolidated not only by compensation but also by a blend of development and organisational structure. Fey and Bjorkman (2001) revised the existing literature expecting to find that HRM practices consist of three factors: development, feedback, and pay/organisation. Thang & Quang (2005a) suggest that, despite the fact that some dimensions could be mixed, at least four dimensions of HRM practices exist, such as training and development, information exchange, compensation, and workforce structure.

**International HRM:** Stahl and Bjorkman (2006) argue that IHRM covers all issues related to managing people in an international context and includes comparative analyses of HRM in different countries. According to Harzing and Pinnington (2011), IHRM has to face some challenges such as cross-cultural communication and diversity, global knowledge management and local and global sustainability. Dowling et al. (2008) also suggested that it is not easy to regard the needs and assumptions of the organisation from the perspectives of one country, the national economy and a/the single domestic market.

**Job satisfaction:** A widely used definition of job satisfaction provided by Locke (1976) is “a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences” (p. 1304). An employee is likely to experience job satisfaction when they are satisfied that their needs are being met and the job is fulfilling (Saiyaden, 1993). Divers of job satisfaction include pay, the work itself, promotion, supervision, workgroup, and working conditions (Luthans, 1985; Pushpakumari, 2008).
**Multinational Enterprises (MNEs):** Napier and Vu (1998) define operations relating to international HRM in a developing country to be MNEs. They suggest that an investment of an MNE “may range from a wholly owned subsidiary or joint venture, to a presentative office on the road to becoming a branch office” (p.43). Therefore, a MNE involves at least one parent country national, expatriate, and at least one host country national or local employee from the host country (Dowling, Schuler & Welch, 1994; Napier & Vu, 1998).

**Performance management (PM):** Wright and Boswell (2002, p.259) state that PM involves “the measurement, evaluation, and development of performance beyond what is derived from the job analysis”. Ivancevic (2001) defines the definition of PM as “the process where executives, managers and supervisors work together to combine employee performances with organizational goals”. Unlike Ivancevic (2001) who considers the “doer’s approach”, Dessler (2005) views performance as a system’s approach which combines “performance and development” to encourage the employee to enhance the organization’s development.

**Private-Owned Enterprises (POEs):** The Enterprise Law promulgated in 2005 defines POEs in article 141 as follows: a POE is an enterprise owned by an individual who shall be responsible for all of its assets in any business activity and each individual owner can only establish one POE. POEs are primarily small medium enterprises (SMEs). SMEs are defined by the Decree 90/2001/ND-CP issued on 23rd November 2001 “as the one whose equity capital is no more than VND 10 billion or is using no more than 300 permanent workers”.

**Recruitment and selection:** Recruitment and selection is defined by Kramar, Bartem and De Cieri (2011) to be practices or activities that organisations implement to identify, attract and select potential employees.

**Reward system:** Armstrong (2009) claims that components of a reward system are processes and activities which enhance the effectiveness of the allocation of benefits to employees. In particular, benefits are divided into two categories such as intangible and tangible benefits. The former are classified as retirement plans, life insurance, vacation pay, holiday pay, employee stock ownership plans, profit sharing and bonuses (Puwanenthiren, 2011) whereas the latter includes likelihood for promotion and office space. Regarding compensation, Nnamji-ihedinmah (2015) separates compensation into base pay and variable pay. Base pay
depends on the market value and the skills required for the specific role while variable pay depends on individual performance to achieve the target.

**Resource-based view:** The RBV holds that enterprises can gain competitive advantage if they possess superior resources (both intangible and tangible resources). Such resources comprise four elements: “value (V) for the firm”, that are “rare” (R), “imitable” (I) and “non-substitutable” (N) (Barney, 1991; Boselie & Paauwe, 2010). Kaufman (2015a, p.123) defines those characteristics as follows: First, “Value, increases profit by giving the firm higher productivity human capital which produces superior products at lower cost. The last three terms increase profit on both the revenue and cost side, but mostly the latter. The V term makes a firm's human capital a potential source of competitive advantage but the challenge is to then shield the human capital from competitive erosion of value, either by competitor firms hiring away the high-productivity workers or the workers bidding-up their wages through threat of exit until all gains from higher value are dissipated”.

**State owned enterprises** (SOEs): According to the No 39-L/CTN Enterprise Law issued in 1995 (chapter 1, article 1), SOEs are economic organisations operating under the capital investment, establishment and management of the state, to fulfil socio-economic objectives determined by the government. SOEs have their own names, stamps and headquarters in the territory of Vietnam (Nong, 1995). According to General Statistics Office (GSO, 2015), State owned enterprises include the following types: (1) Enterprises with 100% of state capital operating under the control of central or local governmental agencies; (2) Limited companies under the management of central or local government; (3) Joint stock companies with domestic capital, of which the government shares more than 50% charter capital.

**Strategic human resource management (SHRM):** Schuler & Jackson (2007) recognise SHRM to be human resource management activities that contribute to business effectiveness. SHRM involves the measurement of the combination between HRM policies and practices that form the HR system of an enterprise and it also emphasises the link between this HR system and performance outcome at an organisational level (Arthur & Boylrd, 2007; Becker & Gerhart, 1996; Datta et al., 2005; Wright et al., 2005).
Training and development (T&D): Training facilitates the acquisition of the requisite level of skill, knowledge and competence that are deemed necessary to perform roles effectively (Akinyele, 2007; Ghalamkari, Mahmoodzadeh, Barati, Alkali & Anvari, 2015). Rowden and Conine (2005) argue that trained employees are more likely to achieve customer satisfaction, which in turn has a positive effect on the performance of the employees. Similarly, investment in training increases employee morale which improves employee performance (Bartel, 1994; Ghafoor, 2015). Noe, Wilk, Mullen and Wanek (2014) suggest that employee development is important for enterprises to improve quality, meet the challenges of both domestic and global competition, and use new technologies in the creation of products and services.