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Institutional influence on HRM practices in equitised state owned enterprises in Vietnam

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Thesis Certification

Certification

I, Quy Ngoc Nguyen, declare that this thesis, submitted in partial fulfilment of the requirements for the award of Doctor of Philosophy, in the School of Management, Operations and Marketing, University of Wollongong, is wholly my own work unless otherwise referenced or acknowledged. The document has not been submitted for qualifications at any other academic institution.

Quy Ngoc Nguyen

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Glossary of terms used in Vietnamese industry and culture

Terms in thesis	Vietnamese	Meaning
Brothers	Anh em	Employees
Charter capital	Vốn điều lệ	The assets that all shareholders contribute to set up a company
Central industrial ministry/ owner-managed ministries	Bộ Chủ quản	The ministries that monitor SOEs. They make important decisions regarding appointment of directors and deputy directors of SOEs and approval for SOEs' annual plans and investments
Central specialist ministry	Bộ Chuyên ngành	The ministries that make regulations and ensure enterprises follow those regulations
Children and relatives	Con em	Employees who are employed through relationship-based recruitment
Descendants	Con cháu	Employees
Envelope	Phong bì	Money
Higher-ranking organizations	Cơ quan cấp trên	The organizations with duties to take care of other organizations
Human resource management	Nhân sự	Although the term "human resource management" is used in this study, all HR departments in the study are called "personnel and administration" departments
Offsprings	Con cháu	Employees who are employed through relationship-based recruitment and selection processes
Leaders	Lãnh đạo	Top management
Lower-ranking organizations	Cơ quan cấp dưới	The organizations that are supervised and monitored by higher-ranking organizations
Secretary (of Communist Party)	Bí thư	Head of the Party Committee
Sisters	Chị em	Female employees

Overseas countries	Nước ngoài	Usually applied to developed countries (rather than developing countries)
Unions' activities	Hoạt động đoàn thể	The activities of Trade unions, the Youth Union, Women's Union, Veterans' Union.

List of Abbreviations

CEO	Chief Executive Officer
CP	Communist Party
ESOE	Equitised state owned enterprise
M-form	Multidivisional form
MNC	Multinational corporation
MNE	Multinational enterprise
HR	Human resources
HRD	Human resources development
HRINZ	Human Resource Institute of New Zealand
HRM	Human resource management
ISO	International Standards Organization
IR	Industrial relations
PIS	Participant information sheet
SOE	State owned enterprise
TQM	Total Quality Management
UK	United Kingdom
US	United States
VND	Vietnamese dong

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Publications in support of this thesis

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Nguyen, Q.N. and McLean, P. (2014), Equitisation of state owned enterprises in Vietnam: Institutional forces and resistance. Paper presented at the 20th International Employee Relations Association (IERA) Conference, Darwin, 2nd -5th November 2014.

Abstract

Institutional Influence on HRM practices in Equitised State Owned Enterprises in Vietnam

Through the lens of institutional theory, this thesis examines institutional influence on the adoption and non-adoption of human resource management (HRM) practices in Vietnamese equitised state owned enterprises (ESOEs). Qualitative research was used to gather empirical evidence. Six interviews with government officials and 43 interviews in seven large equitised state owned enterprises in Vietnam were conducted. Taking observational notes, collecting organizational documents, and attending organizational meetings and relevant social activities were additional forms of data collection. ESOEs were chosen across a range of industry types and in different stages of equitisation from state dominant to 100% private enterprise. Within each organization, interviewees were selected across a range of employment duties and experiences in order to provide multiple perspectives on the changes taking place in HRM practices in ESOEs.

The study identifies the nature of the institutional forces that affect ESOEs and identifies how and why these forces differ to those in Western contexts. The study highlights resistance strategies against institutional forces and examines reasons for this resistance.

The findings demonstrate that there are a number of coercive, normative and mimetic institutional forces that influence the adoption of HRM practices in ESOEs in Vietnam. There are also HRM practices that ESOEs want to adopt but are reluctant to adopt due to the inertia effect of pre-existing institutional factors. The findings demonstrate that institutional forces in Vietnam are not strong enough to be deterministic due to the conflicting nature and the flux of these forces. Thus, the characteristics of institutional forces in Vietnam are neither linear nor stable; they are undergoing transformation processes. The findings also confirm that HR actors in ESOEs make strategic choices in responses to these institutional forces. Members of organizations do not passively comply with institutional constraints. Indeed, ESOE managers are strategic creatures. They selectively choose HRM practices that balance conflict between institutional forces and their own goals and interests. Opportunism and pragmatism are highlighted as approaches to their strategic choices.

The study suggests that the Vietnamese government would benefit from extensive study of the institutional environment of equitised state owned entities in order to design HRM policies more effectively. For HRM practitioners, an understanding of how institutional forces influence HRM practices helps them to choose appropriate HRM practices not only to balance the different interests of different members of an organization, but also to develop a stronger workforce for the long term benefit of the individual, the enterprise and the developing Vietnamese economy.

1. INTRODUCTION

1.1. Institutional influence on HRM practices in organizations

Institutional theory, as one of the current dominant theories in management studies (Washington & Patterson 2011), sees organizations as institutions that are deeply embedded in the wider institutional environment which consists of other institutions (Scott 2001). Organizations are under pressure to adapt to their institutional environment (DiMaggio & Powell 1991) in which organizational practices such as HRM can be shaped by the institutional context (Meyer & Rowan 1977). The central role of HRM, as an organizational function, is to focus on the effective management and direction of people in the organization in which all the specific practices of HRM such as recruitment and selection, performance management and employee relations are closely connected to organizational context. Institutional theory suggests that institutionalised models are likely to have strong wave-like effects on the orientations and behaviours of all kinds of participants in organizational life, whether or not they are involved in formal policies (Meyer 2008). Thus, institutional theory is a useful way to understand the shaping of HRM in different environments because it helps to explain HRM in the interaction between an organization and its environment (Paauwe & Boselie 2003).

In institutional theory, each organization is seen as an institution which is part of a larger community of many other institutions. Each institution has connections to the others, and is constrained by norms and values of the wider community. The motivation and reason for institutions to adopt and change practices is complex because of the taken-for-granted assumptions of the wider community. Institutional theory, thus, becomes a useful lens to understand reasons underlying HRM activities in complex environments because it makes us "more conscious of the role and effect of taken-for-granted assumptions and mimetic, normative and regulatory mechanisms in the wider context" (Paauwe & Boselie 2003, p.67).

The institutional perspective provides an understanding of how these taken-for-granted assumptions of the wider community, or institutional pressures, influence firms in their adoption of HRM strategy and practices. However, research also shows that institutional pressures may be more or less salient in different contexts. While three types of pressures or forces, namely coercive, normative and mimetic isomorphism, intermingle in empirical settings, they arise from different conditions and lead to different outcomes (DiMaggio & Powell 1983). During this process, cultural-cognitive features may give rise to different institutional forms (Scott 2004). At the national level of analysis, Kostova and Roth (2002, p.217) introduce the concept of institutional profile as "the issue-specific set of regulatory, cognitive, and normative institutions in a given country". A different institutional profile can lead to different management practices (Boon et al. 2009). Besides, institutional pressures are not deterministic (Boon et al. 2009). They can be interpreted differently through the role of power, interests, politics

and agency (Dacin et al. 2002). Thus, organizations can have different ways to response to these forces (Oliver 1991) and create more leeway to choose an HR system themselves (Boon et al. 2009). Changes in HRM policies and practices are ongoing and socially constructed where members of the organization actively make sense of the context and modify institutional demands into organizational practices (Van Gestel & Nyberg 2009). However, such an assertion stems from research in western countries; this assertion needs to be examined in emerging and developing countries to see if the same holds true in these contexts.

Institutional theory posits that not only organizations are institutions but the taken-for-granted assumptions also become "institutions" (DiMaggio & Powell 1983). Thus, if institutions are also the rules of the game and organizations are the players, interaction between them is central to institutional change (North 1991). The conflict of different institutional forces, such as the apparent contradiction between scientific assumptions and religious assumptions, creates ambiguity; what force is more prominent depends on the perspective of members in a specific context. Therefore, although institutions are perceived in institutional theory as powerful forces that drive change and shape the nature of change across contexts, their character and potency change over time (Dacin et al. 2002). The level of modification is expected to be, not only different across institutional contexts but also different over time, especially when there is major change in institutional environment of an organization.

The question is raised: if a theory such as institutional theory was born in developed western societies, is it a valid assumption that it will apply in developing countries with different societal groups and different forms of economic governance (North 2005)? With few empirical studies on the impact of institutions on HRM practices in developing countries (Chowdhury & Mahmood 2012), future research on emerging market economies is one of the most promising areas for contribution in institutional theory studies (Tihanyi et al. 2012).

The inconsistency between individualism and the rights of the working class as a mechanism of a Communist regime may create a very different type of institutional environment in comparison to the capitalist countries where the idea of institutional theory was born. How well the key tenets of institutional theory are applicable in countries, such as China and Vietnam, is another concern. The differences in cultural environments help explain why communism remains strong in those countries; however, further empirical study is necessary to provide an explanation of what factors promote or hinder institutional forces in communist contexts. With additional factors from globalisation, and pressures of emerging markets creating transformation in both country level and organizational structure, understanding the effect of the institutional environment on HRM practices in communist political regimes is not only for the benefit of HRM but also for the development of institutional theory.

The literature studying privatisation has received much attention as it is a common phenomenon that has been happening around the world. In Vietnam, this area has also

received some level of attention from researchers (Pham & Carlin 2008). In a one-party state like Vietnam, political factors may become an important source of institutional constraints in ESOEs. A study by Boisot (1996) on the institutionalisation and the labour theory of value in large SOEs in China and Vietnam found that in these socialist countries, institutional models which shape the behaviours of SOEs firms need to change for effective privatisation. Because people's learning is partly inherited from their history and they do not easily give up the way they see the world (Kuhn 1970), ESOEs may still contain much of their previous management styles. There is a lack of understanding of how unique historical conditions that are embedded in Vietnamese culture interact with the demands of emerging markets and social thought inherited from the past, and how the resulting tensions influence HRM practices in ESOEs in Vietnam.

The literature of institutional theory has overwhelmingly focused on isomorphism (Greenwood et al. 2014) with much less attention paid to institutional *resistance* (Lawrence & Suddaby 2008). Hence, this thesis is particularly interested in the institutional resistance at work against change in HRM practices in Vietnamese ESOEs. We argue that besides understanding compliance to institutional forces as source of adoption or non-adoption of HRM practice, understanding resistance to institutional forces is an additional explanation for the presence or absence of western-style HRM practices. Recognising the gaps in HRM research in communist regimes and institutional contexts in emerging economies, the overarching research question of this study is:

How do institutional forces influence HRM practices in ESOEs in Vietnam?

1.2. Research questions

To answer the above broach research question, an extensive and critical review of relevant literature in Chapter 2 will address the emergence of three sub research questions listed below:

RQ1: How do institutional *forces* affect the adoption of HRM practices in ESOEs in Vietnam?
RQ2: Do ESOEs **resist** these forces and if so, how is this resistance occurring?
RQ3: To what extent does the equitisation *process* affect the institutional context for the adoption or non-adoption of HRM practices in ESOEs?

In answering the above questions, the thesis will examine the process of diffusion of institutional forces in a communist, developing country thus adding valuable critique to institutional theory in a non-western context.

1.3. Research objectives

By answering the above research questions, a specific objective of this study is to gain a contextualized understanding of the influence of institutional forces on HRM practices in ESOEs in Vietnam. By investigating the mechanism of institutional forces in a young emerging economy with a communist society in the context of globalisation and response of HR actors within ESOEs, this study will make a theoretical contribution to both institutional theory and HRM. It also identifies theoretical, practical and methodological implications of the study.

1.4. Research methodology

This research seeks to understand the degree of influence and the reasons for adoption of various HRM practices in organizations. This involves asking "how" and "why" questions. Accordingly, qualitative design with a multiple-site case approach will be used. This methodology is detailed in Chapter 3.

As Campbell (1999) points out, a good qualitative research project in a workplace environment needs credibility with correctness of description, conclusion, and explanation. In other words, it is finding credible answers for the research question, answers that are plausible and practical in the business environment. Because qualitative research involves both researcher and participants in exploration of a phenomenon, different people may have different perspectives about one particular fact, therefore it is the task of the researcher to find suitable techniques to understand phenomenon. Thus, empirical evidence for this study was obtained by semi-structured interviews with multiple stakeholders with the time and place of conducting research chosen by interviewees. Semi-structured questions allowed the maximum flexibility in incorporating unanticipated issues and modifications to the research agenda. Collecting organizational documents, observation and taking part in organizational activities as much as possible allowed the researcher to explore the research questions, particularly in the context of Vietnam.

1.5. Research context: Vietnam and ESOEs

1.5.1. The party-state country brief

The Socialist Republic of Vietnam is located on the east side of the Indochina peninsula, covering an area of approximately 330,000 square kilometres. It has a population of 90.73 million, GDP growth at 6.0% and inflation at 4.1% in 2014 (The World Bank 2015a). Sharing a border with China to the north, Laos to the northwest, Cambodia to the southwest, and the South China Sea to the east, Vietnam is strategically located at the heart of the Asia-Pacific region. Vietnam has made remarkable progress in reducing poverty. At the Sixth National Congress of the Communist Party (CP) in December 1986, Vietnam started profound economic reform with the aim of transforming its economy from a centrally oriented economy to a

market oriented one in response to the geopolitical and economic challenges of the time, known as *Doi Moi.* This reform has transformed Vietnam from one of the poorest countries in the world, with per capita income around 100 USD to be a lower middle income country within a quarter-century with per capita income of over 2000 USD by the end of 2014. Vietnam is currently pursuing the Socio-Economic Development Strategy 2011-2020, with a focus on three "breakthrough areas": promoting human resources/skills development, improving market institutions and infrastructure development (The World Bank 2015b).

The long history of Vietnam associated with the colonial experience and wars against the relentless invasions from other countries have integrated many dissonant elements into the country's cultural traditions. Over centuries Vietnam has struggled for independence against dynasties in neighbouring China. The conquest of Vietnam by France began in 1858 (French missionaries and businessmen had been going to Vietnam since the early 1600s to convert inhabitants to Catholicism and build commercial ties (Allen & Pilger 2006)) and then it became a part of French Indochina in 1887. Japan and France fought over Vietnam during World War II. At the end of World War II, with the Vietnamese victory over Japan known as *The August Revolution*, the Japanese were expelled. Vietnam declared independence and established the Democratic Republic of Vietnam in 2nd September 1945. Next, 23rd September 1945, with British help, the French troops returned to re-establish colonial rule in Vietnam. The French were defeated by communist guerrilla forces under the leadership of Ho Chi Minh in 1954. After French withdrawal from Indochina under the Geneva Accords, Vietnam was divided into a communist north and an anti-communist south. America replaced France as the primary sponsor of the anti-communist government in the south. War tensions between the North and the South continued over two decades and ended with the withdrawal of American forces in 1975. Vietnam was then united under a Communist Government in 1975. The National Assembly of Vietnam in 1976 decided to rename the country as the Socialist Republic of Vietnam. The country has entered a period of transition to socialism since then.

Leading the country through wars and national unification, the Communist Party of Vietnam which was founded in Paris in 1930 by Ho Chi Minh has been the only political party heading the country. The National Congress is the supreme party organ of the CP. It meets every five years, although it may convene earlier or later, but by no more than one year. The Congress evaluates the results of implementing the resolutions of the last term; makes strategies and resolutions for the next term; supplements, modifies its Political Platform and the Party's Constitution as needed; and it elects the Central Committee. The Central Committee elects the Central Committee Politburo and General Secretary from the Politburo Committee Members. The Politburo runs party affairs between plenums. The Government implements policy direction set by the CP, although the reality is far more complex. The influence the CP on Vietnamese business systems is through its socialist ideology imported from former Soviet Union. This socialist ideology espouses the peaceful co-existence of different actors in the economy in a win-win relationship between the key actors: the state, management and employees

or their legal representatives. This ideology has defined the nature of industrial relations in Vietnam and the union's stance towards management, thus, providing a central influence on HRM policies and practice.

1.5.2. Equitisation in Vietnam

One of the most important goals flowing from the economic reform in 1986 *(Doi Moi)* in Vietnam was, and continues to be the restructure of state owned enterprises (SOEs) in order to convert these inefficient organizations into dynamic and efficient entities. Equitisation is considered one of the main approaches to this reform of Vietnamese SOEs (Pham 2011). This process was started in 1992 by the sale of SOEs to the public (Truong & Dung 1998). The Vietnamese Government believes that Equitised SOEs (ESOEs) can make more contributions to the Vietnamese economy through gains in efficiency and better management practices than the old SOEs.

Equitisation of SOEs is currently carried out in three forms: (1) retaining state shares intact while selling new shares to raise charter capital; (2) selling a given proportion of the existent state share or an integration of selling a given proportion of the existent state share and selling new shares to raise the charter capital; (3) selling off all state shares or integration of selling all state shares and new shares to raise the charter capital (Vietnamese Goverment Web Portal 2011). The Prime Minister issues a list of SOEs, and those SOEs in which the State does not hold 100% of the charter capital, can be equitised to be owned by many types of businesses owners, including both domestic and foreign investors. There are 3 main steps in this process.

Step 1 Building an equitisation plan: Based on the general equitisation plans approved by the Prime Minister, the authority established the Steering Committee in order to plan, roadmap and implement equitisation. This Steering Committee in corporation with the SOE prepares needed documents for equitisation such as the legal document of assets, capital and liabilities of enterprise, financial statements, plan of using current workforce, methods and forms of business valuation, inventory and evaluation of the SOE, divides the number of shares and so on. All necessary documents are then submitted to the authority for approval.

Step 2 Implementation: Once the plan is approved and according to the methods selected in step 1, shares are then auctioned or sold to potential investors. Based on the price of shares which is determined by auction or the results of working with potential investor, preference shares are sold to employees or trade unions (in some cases specified by relevant legislation). The amount of share selling in the first instance is decided in the first step above. Money from selling shares is collected to the budget of the new ESOE. A representative of the state capital is appointed in the case of an ESOE where the State still keeps the majority share value.

Step 3 Complete the first Shareholders Meeting: The new ESOE makes an announcement on the mass media in accordance to relevant legislation (Decree

No.59/2011/NĐ-CP, 2011; Circular No.146/2007/TT-BTC, 2007; Enterprise Act 2005)[1].

Although the Vietnamese Government highlights the important of privatisation, this process is still slow and mainly focused on small enterprises rather than larger ones (Sjöholm 2006) and equitisation has not satisfied the demand of economic growth (Communist Party of Vietnam 2011). Only around 41.6% of the total number of SOEs were equitised in the period 2001-2010 (General Statistics Office 2011) and this number did not met the plan that equitisation would be completed by the end of 2010 (Ministry of Foreign Affairs 2006). Thus, SOEs are now still playing an important role in the domestic economy of Vietnam. They significantly contribute to the national budget and supply employment for millions of workers. By the end of 2011, Vietnam had 3265 SOEs, including 577 small enterprises, 969 medium enterprises and 1719 large enterprises divided by size of capital resource[2] and over 1.664 million employees were working for these SOEs (General Statistics Office 2013). SOEs contributed 34.3% of total tax and other contributions to the national budget by enterprises. Nevertheless, some SOEs have not been as successful as they were expected to be and some state owned business groups were loss-making and resulted in public discontent (Communist Party of Vietnam 2011). SOEs hold 43.22% of fixed assets and long-term investment of all enterprises in Vietnam but contributed only 34.3% of tax and other contributions to the national budget by enterprises (General Statistics Office 2013).

In response to this, the Government has hastened this equitisation process by introducing a new system of regulations for faster privatisation. For example, the Vietnamese Government issued Decree No. 59/2011/NĐ-CP on 18 July 2011 which provided guidelines on conversion of SOEs into shareholding companies which give more flexible and comprehensive regulations to speed up the privatization of SOEs (Vietnamese Goverment Web Portal 2011). Recently Resolution No.15/NQ-CP of the Government dated 6th March 2014 provided some solutions for accelerating the equitisation.

[1] Numbering of regulation in Vietnam is made up of three parts: the sequential number, a reference to the year of publication, and abbreviations for the type of regulation and authority (ies). These elements are kept the same as in Vietnamese in this study.

[2] According to Decision 56/2009/NĐ-CP issued on 30th Jun 2009 by the Vietnamese Prime Minister, Enterprises that do business in areas of Agriculture, Hunting and Forestry, Fishing, Manufacturing, and Construction and have capital resources of less than 20 billion VND are small enterprises, and from 20 to 100 billion VND are medium enterprises. Enterprises that do business in Trade and Service and have capital resources of less than 10 billion VND are small enterprises, and from 10 to 50 billion VND are medium enterprises. The others are large enterprises.

The human factor is a great obstacle to the development of the Vietnamese economy (Pham 2011). The quality of Vietnamese human resources, in SOEs and equitised SOEs (ESOEs), has not met the demand of the economic development (Shultz 1994; Truong & Dung 1998; Bryant & Nguyen 2004; Nguyen & Truong 2007; Truong et al. 2010; Communist Party of Vietnam 2011; Pham 2011). Because of the Vietnam Government's commitment to developing ESOEs, understanding these economic entities and doing research in human resource practices in general in Vietnam as well as in ESOEs is both urgent and valuable. In addition, the Vietnamese institutional environment contains elements that create barriers for firms and hence slow down the development of its human resource management (HRM) practices (Bryant & Nguyen 2004; Truong & Christoph 2007; Truong et al. 2010). Thus, understanding the institutional environment and how it influences organizational HRM practices is critical for firms in Vietnam, and for those doing business with such enterprises.

1.6. Intended contribution of study

The intended contributions of this study are as follows:

Theoretically, the findings of this study will contribute to institutional theory development by critically analysing institutional forces not normally identified in western literature. Empirical evidence from a one party state-communist-emerging economy such as Vietnam suggests that forces such as corruption, weak property laws and informal economies will be likely to affect not only economic development but also the adoption or non-adoption of western-style HRM practices in such countries. The tensions between societal norms and values and the demands of economic development, along with cultural dissonance, are chaotic features of the institutional environment in Vietnam. Whether institutional forces identified in a western context are valid in an emerging economy, and to what extent firms can influence or resist institutional forces, are questions worth investigating.

For the practitioner, the outcomes of this study provide some insights for managers of ESOEs regarding how and why HR practices change in different contexts. Business partners who want to be shareholders of these economic bodies can identify the threats and opportunities from these institutional forces. For the policy maker, understanding the opportunities and threats firms face in their institutional contexts can contribute to the development of policies that will benefit businesses and stimulate the economy.

For contribution to methodology, although qualitative research literature expresses high concern for ethics and procedure, empirical evidence from this study shows that in a hierarchical society like Vietnam, people in organizations take part in research to obey their manager or to retain organizational harmony; and in a society where people are busy worrying about everyday travel and food and where there are manifold socio-economic difficulties, and an incomplete legal system, ethics in research in Vietnam is viewed as less important than other worries of daily life. Consent forms, for example, are seen as of little worth; instead research cooperation is gained by mutual trust. And

sometimes consent is gained reluctantly. In such a context people tend to answer by using metaphors that are difficult to decipher. Therefore additional sources of data such as observation are needed and gaining participant trust is necessary to understand the phenomenon under investigation.

1.7. Outline of the study

After this introduction chapter, the thesis is organised as follows:

Chapter 2 presents a critical review on the relevant literature. The theoretical perspective that underpins this study is institutional theory. While the literature on institutional theory includes many different lines of thought, this chapter reviews the existing literature on the sociological institutional organization branch of neo-institutional theory as a key theoretical framework. The overview of salient work in the extant HRM literature on adoption and resistance of HRM practices identifies the gap for the emerging research question.

Chapter 3 explains the methodological approach chosen to address the research question and justifies the research design and the data collection strategy. Specifically, the chapter provides information about case method, discusses optimal data analysis, and evaluates the pros and cons of the research design for this study.

Chapters 4, 5 and 6 present empirical findings from the study. Chapter 4 focuses on coercive institutional forces. Chapters 5 and 6 focus on normative and mimetic institutional forces respectively. Each chapter identifies specific forces that act on HRM practices, explains how ESOEs respond to these forces, which factors drive their resistance to institutional forces, and a comparison between the action of these forces before and after equitisation.

Chapter 7 discusses the findings.

Finally, **Chapter 8** summarises the theoretical, methodological and practical contributions of the thesis. The chapter also considers the limitations of the research, and suggests possible future investigation based on the findings of this research.

1.8. Summary

In summary, then, this chapter has provided the context for the study, namely the privatisation of state owned enterprises in Vietnam. The study has provided a rationale for the overarching research question regarding the impact that privatisation and other institutional forces have had on human resource management practices in equitised state owned enterprises. The chapter then identified three sub-questions that the study aims to answer. The objectives of the study were identified, followed by a brief description of research methodology and intended contributions of the study. Finally, the chapter has provided an outline of the thesis.

2. RELEVANT LITERATURE

2.1. Introduction

Chapter 1 identified the key research question of the thesis as: *How do institutional forces influence HRM practices in ESOEs in Vietnam? The study aims to understand how institutional forces influence Vietnamese equitized state owned enterprises (ESOEs) in their adoption or non-adoption of HRM practices.* The core argument of institutional theory relevant to the adoption and non-adoption of organizational practice applied in this study is that because organizations reflect not only the highly standardised institutionalised models in standardised ways, but also variable local life in practice, thus, organizations decouple their practices from formal structure to adapt to institutional pressures (Meyer 2008).

I developed this chapter in three steps. First, the development and key concepts of institutional theory that related to the research topic were reviewed. Second, empirical studies using institutional theory in the field of HRM were reviewed to find research gaps. Third, the research gaps were narrowed by reviewing related empirical studies in Vietnam. The aim of following these steps is to justify the need to conduct this study. To do so, the chapter is organised as follows:

Section 2.2 is a brief overview of the development and key concepts of institutional theory in the organizational context and subsequently the use of institutional theory in human resource management study. The purpose of this section is to summarise and posit HRM study within institutional theory in the Vietnamese context. This literature suggests direction for this study of HRM practices in Vietnam through the lens of institutional theory. Second, section 2.3 reviews the literature on institutional forces and HRM practices. Section 2.4 reviews the literature on strategic choice using Oliver's (1991) framework of strategic responses to institutional process and suggests an additional focus on resistance. The review results in the formation of three sub research questions.

2.2. Institutional theory

Institutional theory is one of the dominant theoretical approaches to understanding organizations (Greenwood et al. 2008). Organizations here are referred to as groups of individuals who share common purposes in order to achieve common goals such as political organizations, economic organizations, social organizations and educational organizations and so on (Martinez & Williams 2012). Organizations themselves can be viewed as institutions (Zucker 1983), which means seeing them as deeply embedded in wider environments which consists of other institutions. Although there are various views on the nature and extent of institutional theory, a common view is that organizations are under pressures to adapt to their institutional environment in which

organizational practices respond to formal or informal constraints from their larger environment (DiMaggio & Powell 1991).

Institutional theory has been co-opted in many different lines of thought. As DiMaggio and Powell (1991, p.3) point out, there are "many new institutionalisms – in economics, organization theory, political science and public choice, history and sociology united by little but a common scepticism toward atomistic accounts of social process matter". Thus, "approaches to institutions rooted in such different soils cannot be expected to converge on a single set of assumptions and goals" (DiMaggio & Powell 1991, p.3). This study reviews the existing literature on the sociological branch of neo-institutional theory which is referred as new institutionalism in organizational analysis. It will be the key theoretical framework in the thesis. New institutionalism in organization theory and sociology sees institutions everywhere, "from handshakes to marriages to strategic-planning departments" (DiMaggio & Powell 1991, p.9). This study borrows some concepts from other branches of institutional theory such as institutional economics and political institutional theory in the explanation of the phenomenon. Neo-institutional economics helps to gain insight in employment regulations because this perspective can "aid in the process of policy evaluation" (Kaufman 1997, p.84). Neo political institutional theory usefully seeks to re-establish a relationship between normative frameworks and rule systems and social and political behaviour (Scott 2001). These political institutional frameworks will be considered in the context of the communist system of rule in Vietnam, in examining how such systems influence HR practice in a developing-country context.

2.2.1. Institutional theory in organizational research

Conceptualisation of institutionalism developed between 1880 and the mid-20 century, although there was little attention to organization in this early work. Theorists in the 1940s started studying the existence and importance of collectivities and individual organizations. Scholars have begun to link institutional argument to the structure and behaviour of organization since then. The work labelled neo-institutional theory appears in quite varied guises across the social sciences but the main thrust of economic approaches embraces the argument connected to the existence of organizations and institutions (Scott 2001). Neo-institutional theory pays attention to organizational fields because institutional mechanisms are salient at this level (Greenwood & Hinings 2006). The year 1977 could be assigned as a birth date for new institutionalism in organizational studies (DiMaggio & Powell 1991). By the late 1970s there were some other prevailing perspectives which saw organizations as agentic actors in situational circumstances (e.g. structural-contingency theory, resource-dependence theory). Others (e.g. behavioural theory, ecological theory), although they have different assumptions, also focus on the relationship between organizations and their environments. Meyer's (1977) paper *"The effects of education as an institution"* and Meyer and Rowan's (1977) paper *"Institutionalized organizations: formal structure as myth and ceremony"*, set out many of the main components of new institutionalism (DiMaggio & Powell

1991, p. 11). Meyer and Rowan's (1977) work emphasises the elements of institutionalisation in the rationality of organization's activities. Zucker (1977) through the examination of cultural persistence in institutionalisation gives the explanation of micro-processes by which personal influence becomes institutionalised in organizations. These ideas were developed further by the work of DiMaggio and Powell (1983) whose contribution along with these papers above became the foundation for neo-institutional theory (Suddaby 2010).

2.2.1.1. Old institutionalism versus new institutionalism

Institutional research in the 1950s to the mid-1970s is often called old institutionalism. Neo-institutionalism traces its roots to the old institutionalism but it departs from the former one in significant ways. Both old and new institutionalism focus on the relationship between an organization and its environment, but each approach stresses differently the aspects of reality which are supposed to shape organizational practices. Both approaches agree that institutions influence organizational rationality but they identify different sources of constraints (DiMaggio & Powell 1991). Old institutionalism concerns vested interests as a source of inertia while neo-institutionalism emphasises the need to gain legitimacy. In old institutionalism, the distinctive characteristics of individual organizations are one of the key concepts; organizational behaviour is in response to organizational need in which need is specified as "the security of the organization as a whole in relation to social forces in its environment" (Selznick 1949, p.259). Selznick (1949, p.261) also highlights the need to "remain in the shadowland of informal interaction" in organizational life because it illustrates how informal structures, patterns, coalitions, clichés and other particularistic elements are different from and constrain formal structures and subvert the organization's goals. The new institutionalism, in contrast, focuses upon a category or network of organizations (Greenwood & Hinings 1996). It takes the widely shared belief systems of society as the unit of analysis and how they influence the similarities of organizational practices and it focuses on symbolic role of formal structure. DiMaggio and Powell (1991) compare core features of old and new institutionalism:

Table 2.1: Comparison of old and new institutionalism

	Old	**New**
Conflicts of interest	Central	Peripheral
Source of inertia	Vested interests	Legitimacy imperative
Structural emphasis	Informal structure	Symbolic role of formal structure
Organization embedded in	Local community	Field, sector, or society
Nature of embeddedness	Co-optation	Constitutive

Locus of institutionalization	Organization	Field or society
Organizational dynamics	Change	Persistence
Basis of critique of utilitarianism	Theory of interest aggregation	Theory of action
Evidence for critique of utilitarianism	Anticipated consequences	Unreflective activity
Key form of cognition	Value, norms, attitudes	Classification, routines, scripts, schema
Social psychology	Socialization theory	Attribution theory
Cognitive basis of order	Commitment	Habit, practical action
Goals	Displaced	Ambiguous
Agenda	Policy relevance	Disciplinary

Source: DiMaggio & Powell (1991, p.13)

This comparison above does not need to suggest that old and new institutionalism are mutually exclusive. Neo-institutional theory has significantly developed since it was born 1977 and some ideas of old and neo institutionalism have been more or less combined. Although not all aspects of the table are essential in this study, a comparison between the two perspectives gives a comprehensive view of their distinct features and helps to explain how some aspects of these two perspectives are combined. This study uses a neo-institutional lens but will draw upon some aspects of "old institutionalism" such as the ideas of power, interest and "the shadowland of informal interaction" because the combination of these two approaches can help to gain a more comprehensive view of the phenomenon (Greenwood & Hinings 1996). Indeed, although neo-institutional theorists have discussed the issue of power, they currently concentrate on cultural factors and the role of power has not presented as strongly as it deserves (Bouquet & Birkinshaw 2008; Suddaby 2010). In old institutionalism power can structure society (Abrutyn & Turner 2011) and powerful people are recognised as having the ability to influence values and interest (Stinchcombe 1987). In organizational life, individual interests play a significant role in shaping organizational behaviours because it is individuals who adapt to these constraints and make changes happen. Thus neo-institutional theory is rightly criticised for its overly passive conception of the individuals (Roberts & Greenwood 1997). In the context of Vietnam, Vietnamese culture contains many dissonant features. People tend to use metaphors and clichés and indirect ways of expressing themselves in particular situations. Thus, old institutionalism can be a useful source of analysis as it offers ideas to help understand the phenomenon beneath the surface. When old and new institutionalism are combined,

neo-institutional theory benefits. Indeed, implicit to the primary research question is an exploration of empirical evidence from a developing, communist country to explore how well these two approaches can work together. In addition, Oliver's (1991) arguments for a conceptual framework of strategic responses to institutional pressures combine old and new institutionalism. This in turn requires understanding of how this combination is useful for empirical testing of her framework.

2.2.1.2. Key concepts of institutional theory

Institutional isomorphism

DiMaggio and Powell (1983) suggest that organizations face forces that constrain them to adopt similar practices to other organizations in the same environment. They use the term 'isomorphism' to describe this process of homogenisation. They propose three mechanisms through which isomorphism is produced:

1) *Coercive isomorphism* where political influence and the problem of legitimacy impose certain practices on organizations;

2) *Mimetic isomorphism* which stems from responses to uncertainty where uncertain organizations imitate others' actions which are believed to be rational; and

3) *Normative isomorphism* which DiMaggio and Powell saw as arising primarily from professionalization, or the impact of the policies, rules and standard practices of professional bodies upon the behaviours of professionals in organizations.

While these three types of diffusions intermingle in empirical settings, they are likely to arise from different sources and lead to different outcomes. These mechanisms are useful to explain the motivation for adoption of organizational practices. Coercive isomorphism happens because organizations want to avoid sanctions. Mimetic isomorphism happens because organizations are fascinated by their interpretation of successful behaviours exhibited by others. Normative isomorphism occurs because organizations are motivated to meet social obligations (Greenwood et al. 2008, p.7).

Institutions

Understanding institutions is another important aspect of institutional theory because institutional theory sees institutions as building blocks of a society. There are important differences among various schools of institutional scholars (Scott 1995) and the concept of institution is troublesome and used in different ways (Greenwood et al. 2008). Scott (1995) responds to these various strands of institutional analysis by a definition of institution below:

> Institutions consist of cognitive, normative and regulative structures and activities that provide stability and meaning to social behavior. Institutions are transported by various carriers - cultures, structures, and routines - and they operate multiple levels of jurisdiction (Scott 1995, p.33).

This definition identifies three analytical elements of institutions that are organised around three pillars. Scott (1995; 2001) distinguishes between the elements of institutions by suggesting three pillars or vital elements of institutions: regulative systems, normative systems and cultural-cognitive systems. Although the three pillars often go together, cultural-cognitive features may give deeper foundations of institutional forms because cultural-cognitive features set the frame through which meaning is made (Scott 2004). These pillars correspond to DiMaggio and Powell's (1983) mechanisms: regulatory corresponds to coercive mechanisms, cultural-cognitive to mimetic processes, normative to professionalisation (Björkman 2007). These three pillars of institutions have been one of the most-cited work in the literature of neo institutionalism (Greenwood et al. 2008). Some key dimensions of these pillars are summarised in the following table:

Table 2.2: Three pillars of institutions

	Pillars		
	Regulative	***Normative***	***Cognitive***
Basis of compliance	Expedience	Social obligation	Taken for grantedness Shared understanding
Basic of order	Regulative rules	Binding expectations	Constitutive schema
Mechanisms	Coercive	Normative	Mimetic
Logic	Instrumentality	Appropriateness	Orthodoxy
Indicators	Rules, laws, sanctions	Certification, Accreditation	Common beliefs Shared logics of action
Basis of legitimacy	Legally sanctioned	Morally governed	Comprehensible Recognizable Culturally supported,

Source: Scott (2001, p.52)

The above table stresses that the regulative pillar includes laws, regulations and rules. The normative pillar includes social and professional norms. The cognitive pillar is about culture and ethics. Organizations operating in the same field are under similar coercive, normative and mimetic pressures. They tend to organise in such a way that they have a similar administrative structure. The regulative process involves the ability to influence the organization's future behaviour by establishing rules, and manipulating sanctions such as rewards or punishments, thus influencing organizational conformity.

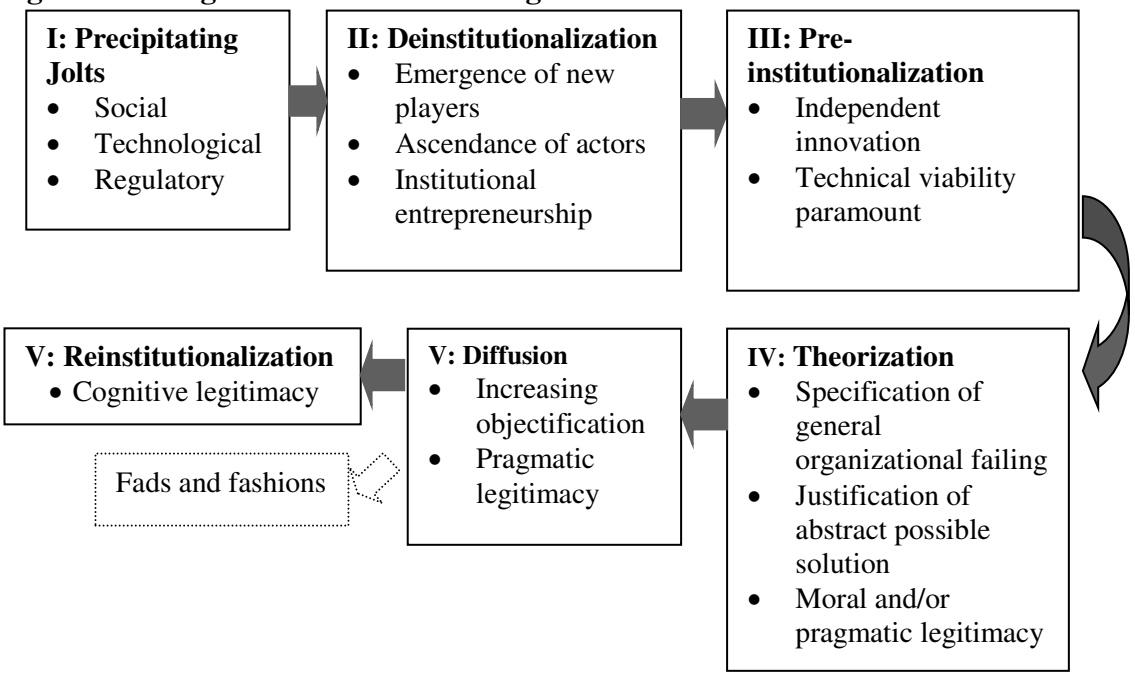
This process can be operated through informal diffusion mechanisms such as shaming or shunning activities, or through formal activities such as police and courts. Hence, the central ingredients of the regulatory pillar are force, fear and expedience, encompassing the presence of rules, whether in the use of informal mores or formal rules and laws (Scott 2001). The normative pillar includes norms and values that can produce a "prescriptive, evaluative, and obligatory dimension into social life" (Scott 2001, p.54). Norms refer to how things should be done while values are relevant to the preferred or the desirable. They are connected to the standards for comparing or assessing the existing structures or behaviour. The normative pillar defines goals or objectives and suitable ways to pursue them. However, rules, or norms and values may benefit some groups of actors and conflict with interests of others. The cultural-cognitive element of institutions refers to the shared conceptions that make up the nature of social reality and the lenses through which meaning is made (Scott 2001). Meanings make sense of reality and arise through human interaction. Symbols, words, signs, and gestures also affect the shaping of meaning. Thus, to understand any action, the analyst must consider both the objective conditions and the subjective interpretations of the actors (Scott 2001). The institutional pressures result in organizational homogeneity. However, their conformity may be contrary to the organization's technical efficiency. Meyer and Rowan (1977) argue that organizations tend to adopt structures to gain legitimacy rather than technical efficiency. From economic theory, although economic approaches may have contextual factors (Festing 2007), efficiency and success are not necessarily in accordance with institutional theory (Zucker 1987). Therefore, conformity may be ceremonial. Causes, manifestations, level of ceremonial conformity and decoupling will be further reviewed in the next section.

2.2.1.3. The institutionalisation process

The institutionalisation process is critical to institutional theory as it can help to explain how the key question of institutional theory - reasons, process and consequences of an organization's arrangements - exhibit in organizational life. Institutionalisation is defined by Meyer and Rowan (1977) as "social processes, obligations, or actualities which come to take on a rule-like status in social thought and action" (Meyer & Rowan 1977, p.341). This idea is developed by later researchers. Tolbert and Zucker (1983, p.25) define institutionalisation as "the process through which components of formal structure become widely accepted, as both appropriate and necessary, and serve to legitimate organizations". (Tolbert & Zucker 1996) identify three stages of institutionalisation: pre-institutionalisation, semi-institutionalisation and full institutionalisation. These stages emphasise processes from the consideration of organizations to their adoption (pre-institutionalisation) to diffusion (semi-institutionalisation) which occurs because organizations imitate those who are considered to be successful, but eventually institutionalisation becomes "an appropriate response and acquires cognitive legitimacy" (Greenwood & Hinings 2006, p.820) and the full institutionalisation stage happens when an organization's structures become taken-for-granted. However, there is a missing phase of deinstitutionalisation in this

dimension when routine and arrangement may be eroded (Oliver 1992). Hence, Greenwood et al. (2002) suggest six stages of institutionalisation (Figure 2.1).

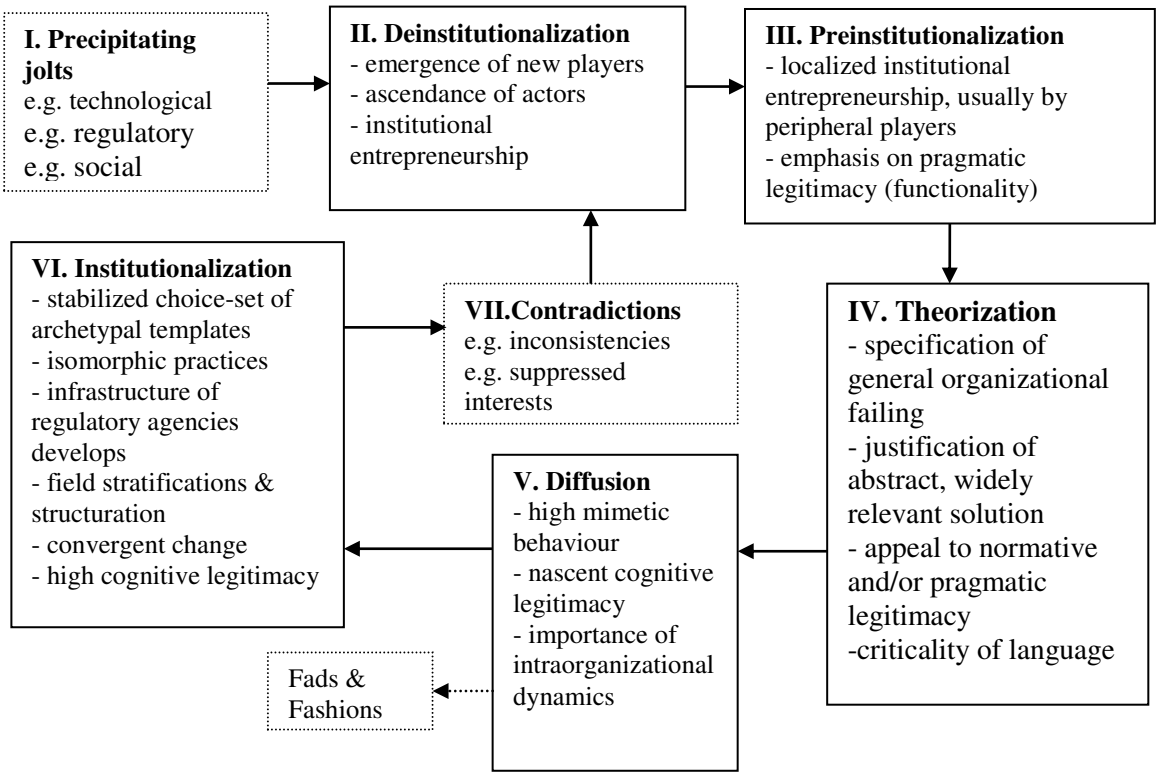
Figure 2.1: Stages of institutional change



Source: Greenwood et al. (2002, p.60)

Later on, building upon Tolbert and Zucker's (1996) model and the above Greenwood et al. 2002 model of stages of institutional change, Greenwood and Hinings (2006) elaborate further details on the institutionalisation process (Figure 2.2). This model gives an explanation for the stages of change in which radical change means change to the "choice-set" of organizational forms (Greenwood & Hinings 2006, p.827).

Figure 2.2: A neo-institutional model of change



Source: Greenwood & Hinings (2006, p.828)

The model suggests organizations can change if institutional pressures change their templates (Greenwood & Hinings 2006). It also suggests conditions for institutional change. An institutional force comes to organizational life and will be eroded under certain conditions. Thus, it reflects the possibility for understanding both adoption and resistance of institutional forces. Because this study investigates both the adoption and resistance of ESOEs regarding HRM practices, the above model of Greenwood & Hinings will be useful. Besides, these processes may be different in specific contexts or in different types of organizations. For example, a case study by Carney and Farashahi (2006) examined the diffusion of two institutional regimes in Iranian civil aviation and found that the rise and decline of these regimes was a double process of institutionalisation and de-institutionalisation. Another empirical study about firms in a fragmented industry (Brown 2011) shows that institutional processes are not always as pure as is suggested in the institutional theory literature. Firms in fragmented industries in Brown's study (2011) mimic and legitimatise each other. Therefore, more research in different backgrounds is needed to clearly depict the stages of institutionalisation and contribute insight into the life of institutional forces.

2.2.2 The use of institutional theory in HRM

2.2.2.1. Some strands of research in HRM using institutional theory

Although institutional theory was not initially introduced in the field of HRM, it is likely to be increasingly applied to HRM activities. Neo-institutional theory was recognised in its application to HRM in the early 1990s and was first systematically applied for studying HRM by Paauwe and Boselie (2003). The first part of this section reviews some strands of research using institutional theory and from there proposes some future investigations with the use of institutional theory in HRM. The analysis below overlaps in some aspects because international HRM studies may include research on strategic HRM or a single HRM practice can be examined within multinational corporations (MNCs). For the convenience of reviewing, all the research conducted within MNCs is categorised as international HRM.

International human resource management

Until the early 1990s, there were few references to institutional theory in studies of international HRM (Björkman 2007). The increasing number of multinational corporations operating worldwide is one of the most important factors for the increasing research with institutional theory in the field of international business and management (Tihanyi et al. 2012). The influence of organizational theory and strategic HRM to understand the determinants of HR practices fosters the uses of institutional theory in international HRM, mostly to investigate the HRM practices of MNCs. Understanding institutional theory in international business and management helps managers to predict potential difficulties of commercial threats or opportunities and also helps scholars in this field who have been criticised for a lack of theory development about how action and interaction between individuals in organizations create abilities to develop organizational outcomes (Martinez & Williams 2012).

There have been a number of studies of HRM practices in foreign owned subsidiaries in which scholars try to understand the isomorphic process and institutional factors which influence HRM practice in MNCs' subsidiaries and the reasons for the adoption of HRM practices in these subsidiaries. These studies use institutional theory alone or combine institutional theory with other perspectives. For example, Bjorkman & Lu (2001) use both institutional theory and bargaining power perspectives to study HRM practices in Chinese - Western joint ventures. They found that their HRM practices are similar to the foreign parent company rather than to those of local companies. In contrast Rosenzweig & Nohria's (1994) studies of HRM practices in foreign owned subsidiaries in the US found HRM practices tend to be similar to local practices. Reasons for these adoptions are various. For example, a study in Taiwan (Hannon et al. 1995) found the reason for convergence of international human resource strategies is to ameliorate the tensions derived from the demand of balancing between global integration and local responsiveness, whereas another study by Gaur et al. (2007) found the institutional distance between the host and home country influences expatriate staffing levels and subsidiary performance. Another examination of HRM in large

enterprises in four Asian countries by Rowley and Benson (2002) shows that the adoption of HRM in the studied enterprises has been at the level of practices rather than policy or basic architecture. These diversities suggest research in different contexts would contribute to the development of institutional theory in the international context.

The transfer of HRM practices between home and host country is another important stream in international HRM. Some studies try to find out what factors affect the transferring process. For instance, Ferner et al. (2005) find incomplete and contested institutionalisation of diversity in US MNCs and differences in the conception of diversity in the US and the UK, affecting the diversity policy transferring process from US MNCs to UK subsidiaries. Ferner et al. (2012) study the influence of power on cross-institutional practice transfer. Clark and Lengnick-Hall (2012) find institutional distance between home and host country can bring strategic opportunities for MNCs. Several studies examine the transferring of western HRM practice to developing countries. For example, Vo and Stanton (2011) study the transfer of HRM policies and practices from the home country to a transitional business system in the case study of US and Japanese multinational enterprises (MNEs) operating in Vietnam. Al-Husan et al. (2009) study transferring western HRM practice to developing countries in the case of Jordan. Gamble (2003) studies the transfer of HRM from the UK to China, and Chowdhury & Mahmood (2012) study the influence of societal institutions in Bangladesh on the adoption of HRM multinational subsidiaries. Each of these studies contributes to the literature by adding more empirical evidence from the various institutional contexts of emerging countries.

Institutional theory in strategic HRM

One of the main reasons for the use of institutional theory in strategic HRM is because institutional theory helps to frame the macro-organizational approach through which to view HRM (Wright & McMahan 1992). Studies in the field of strategic HRM have focused on the way the institutional perspective helps in understanding how institutional pressures influence firms in their adoption of HRM strategy and practices. However, research shows that the institutional environment is not the only powerful tool in all cases. It may be more or less prominent in the decision of organizations in some specific contexts. For example, Webster and Wood (2005) conducted a survey study to test some institutional constraints on Mozambique's HRM practice. They found that the dominant Mozambican paradigm of people management was quite similar to that found in many other tropical African countries. The power of institutional forces was downplayed and the failure to apply cutting edge HRM practices in many firms was stated as due to low-paid, low-skilled workers and autocratic paternalism. However, it can be argued that institutional forces are at work in creating an environment where low pay, poor education and autocratic paternalism are considered appropriate or acceptable practice.

Boon et al. (2009) point out that firms balance institutional and competitive pressures in the way they organise their HRM practices, thus making a distinction between

institutional and competitive pressures, a distinction not well articulated in some of the institutional literature. Müller (1999) examined 16 cases studies of banks and chemical firms; the analysis gives evidence that institutional features of the German system (strong statutory regulations, collective bargaining, co-determination and initial vocational training) can support some components of HRM.

Institutional theory and specific HRM practices

The application of institutional theory to specific practices is continuing to receive attention. For example, Kuchinke (2000) argues the potential area for institutional theoy to be applied in human resource development; Yang & Konrad (2011) analyse the application of institutional theory in diversity management research and suggest some of the missing studies in the field concern the role of HR managers and diversity specialists, competitors, the interplay of social and economic antecedents; and the institutionalisation of adopted practices.

The institutional theory lens used to investigate specific HRM practices has identified the effect of the diffusion process on HRM practice. For example Harcourt et al. (2005) using both rational economic and institutional theory to study the discriminatory practices in hiring practices found that legislative coercive pressures is the main driving (diffusion) force in decisions related to hiring discrimination. The internal network connection of a firm has some influence on judgments about top management team candidates (Williamson & Cable 2003). Another study of HRM practice shows that although organizational practices seem to diffuse irregularly throughout the world (Guler et al. 2002), institutional environment changes can create the conditions for new HRM practices. For instance, the rapid diffusion of American-style management practices in Korean firms occurred when Korean society underwent major upheavals (Bae 2012). The rapid institutionalisation in international aviation practices in Iran happened because of the upheaval in political and technical conditions after World War II (Carney & Farashahi 2006).

2.2.2.2. Potential future research

In spite of the above contributions, much work remains to be done with institutional theory in the field of HRM. Some of this work can be highlighted here:

First, in terms of international HRM, the current research on the transformation of HRM in MNCs' subsidiaries gives an understanding about whether and to what extent HRM practices are transferring in between them. However, for the better application of institutional perspectives, more research in this type of economic entity across countries is needed to understand how this individual level affects other pillars of institutional theory. On the other hand, because organizations tend to imitate those that are considered to be successful, understanding the process of diffusion of HR practices from MNCs to local organizations, especially in emerging economies, would be beneficial.

Second, as pointed out above, it is necessary to have further research on the stages of institutionalisation with different types of organizations because understanding of how the life cycle of institutionalisation happens on HRM practices is valuable for both HRM and institutional theory.

Third, literature of institutional theory shows that institutional forces are not only diffused but also can be eroded. Thus, studying institutional theory at the micro level of organization to see how and whether specific institutional force are diffused or eroded regarding HRM practices would help to understand the mechanisms of isomorphism more fully.

Fourth, there is a need to combine institutional logics with other theoretical perspectives in different areas of HRM. Because institutions are human creations, then if institutions are the rules of the game and organizations are the players, interaction between them is central to institutional change (North 1991). But if organizations differ in term of their objective functions, then the combination of institutional foundations and other theories would provide a comprehensive study of organizational change, or other organizational processes. .

Fifth, institutional theory has overwhelmingly focused on isomorphism (Greenwood et al. 2014) and much less attention has been paid on institutional resistance (Lawrence & Suddaby 2008). Although we accept the pivotal role of studying isomorphism, understanding resistance is also helpful for the development of institutional theory as it helps to explain the how, and in what circumstances, the diffusion process is resisted. Since some institutional forces are considered as harmful for firms, understanding the mechanism of resistance can suggest ways to resist harmful institutional forces.

Sixth, when formal institutions are weak, especially in developing countries, societal groups will create informal institutions or alternative institutions in order to create the necessary economic governance (North 2005). Therefore, research conducted as evidence from the weak institutional context, especially in developing countries, would be useful.

Seventh, researchers can use different methodologies to have multiple examinations of institutional theory. Although institutional theory is vibrant in the academic community, it is less known to managers. The findings from institutional research remain locked in academic circles. The significant disconnect between theory and practice limits the development for both of them. Dover and Lawrence (2010) suggest institutional theory needs the study of institutional work through participatory action research which could lead to the development of institutional theory as both an academic and a practical project. On the other hand, institutional work is often language - centred (Greenwood et al. 2008, p.215), therefore discourse analysis should have more prominence in institutional theory.

These areas suggest some possibilities for further investigation. Following sections reviews related literature to justify research questions for this study.

2.3. Institutional forces and HRM

This section reviews the literature about institutional forces on HRM practices. Greenwood et al. (2008) argue that all organizations operating in the same environment are more or less envisaged as subjects to institutional influences. As a result, a common institutional environment can impose a common set of practices on organizations. Thus, the concept of isomorphism is important because it explains the similarity among organizational practices in an organizational field. According to DiMaggio and Powell (1983), isomorphism is the best concept for capturing the process of homogenisation. DiMaggio and Powell adopt the definition of isomorphism of Hawley (1968) and posit that "isomorphism is a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions" (DiMaggio & Powell 1983, p.149). There are two types of isomorphism related to HRM in organizations: competitive and institutional isomorphism. Competitive isomorphism refers to a system of rationality which focuses on market competition, niche change and fitness measures and mostly works well in conditions of free and open competition. However, organizations do not compete just for resources and customers, but also for political power, institutional legitimacy and other forms of social and economic fitness (DiMaggio & Powell 1983). Therefore, DiMaggio and Powell (1983) focus on an alternative perspective: institutional isomorphism. Paauwe (2004) supports this approach as institutionalism shows that organizational behaviour is a response to both market pressures and institutional pressures. Furthermore, Suddaby (2013, p.379) highlights the role of institutional theory as "it has become a popular perspective within management theory because of its ability to explain organizational behaviours that defy economic rationality". A primary contribution of DiMaggio and Powell (1983) to the relationship between HRM and its environment is their explanation of three institutional mechanisms that influence decision making of organizations (Paauwe 2004). The following sub-sections review how these three institutional mechanisms of coercive, normative and mimetic forces influence HRM practices.

2.3.1. Coercive institutional forces and HRM

Coercive isomorphism involves interorganizational power and is driven by pressures from two sources: pressures to conform to the cultural expectations of the larger society and pressures from other organizations on which the focal organization is dependent (Mizruchi & Fein 1999). Some common examples of powerful organizations or actors that exert coercive forces include government agencies, professional regulatory bodies, banks, large customers, large suppliers, and trade unions. These organizations may or may not possess the formal authority to penalise organizations that do not comply with their guidelines or rules (Bovaird & Downe 2006). Coercive forces can also come from contractual obligations with other actors (Ashworth et al. 2009). Organizations can see these institutional pressures as force, persuasion or as invitation to join in collusion (Meyer & Rowan 1977). In the field of HRM, coercive forces include social partners (trade unions and works councils), labour legislation, and related government policies (Paauwe 2004). In addition, coercive pressures can come from internal mechanisms.

These institutional forces require organizations to bring changes to HRM policies and practices. Hence, HRM practices in organizations in the same organizational field become similar (DiMaggio & Powell 1983). By saying organizational field, DiMaggio & Powell (1983) refer to organizations in the aggregate, as a recognised area of institutional life with key suppliers, consumers, regulatory agencies and other organizations that produce similar services or products (DiMaggio & Powell 1983). Each of these forces is discussed below.

2.3.1.1. Employment laws and regulations

The most common form of coercive forces arises from the law (Harcourt et al. 2005; Bovaird & Downe 2006). Laws and regulations guide organizations' actions by the threat of legal sanctions; organizations accede to them to avoid penalties for noncompliance (Hoffman 1999). Employment laws and regulations offer both rights and obligations to HR practitioners. Although law requirements may be interpreted differently by different stakeholders, they build the compulsory standards for organizational practices in the same environment. Thus, the legal environment affects organizational behaviour and structure. Similarly, changes in the law can shape change in organizations (DiMaggio & Powell 1983). Therefore, labour legislation can be seen as a clear example of coercive isomorphic pressure (Parry & Tyson 2009). Related to HRM, employment law legislation is a primary driver for coercive isomorphism of HRM practices (Farndale & Paauwe 2007).

Legal regulation is a main policy instrument in the field of industrial relations (Kaufman 1997). Thus, in the industrial relations field, there is a broad body of literature on employment law. Research investigating employment related laws and HRM focuses on different aspects of law affecting the workforce. Some literature treats workers (and organizations) as objects of law while another approach examines how workers as subjects perceive those laws. Compliance with the law produces similar organizational practices, and is seen as the way to protect organizations from legal problems. However, there is also a vast literature on resistance in organizations (for example, see a summary in Jermier et al (1994)) which could profitably inform future developments in theorising resistance to coercive isomorphism.

Research has identified the different levels of influence of laws and regulations on HRM practice. Dobbin et al. (1993) found that federal Equal Employment Opportunity law has caused the spread of formal promotion mechanism in US since 1964. Parry and Tyson (2009) using neo-institutional theory as a theoretical framework in their study, unsurprisingly found that the introduction of legislation on age is the primary driver of change of HR on employee age in the UK. Godard's (2002) study found minimum wage legislation influences pay practices in the US. Local laws in host countries affect some HRM practices of subsidiaries such as hours of work and pay practices (Ferner 1997). Decramer et al. (2012), studying the impact of institutional influences on the adoption of employee performance management systems in higher education, found that coercive institutional pressures significantly increase the adoption of employee performance

management systems of the academic units but the levels of influence between these specific factors are different. Paik et al. (2011) reviewing how laws and regulations influence the adoption of HRM practices also found these practices vary across countries. However, in general, the impact of government regulations such as equal employment opportunity and antidiscrimination law affects recruitment and selection practice; regulations about skill requirements and training cost tax incentives influence training and development practice; and laws on unemployment compensation, minimum wages, pensions and benefits influence compensation practices (Paik et al. 2011, p.651). These are examples of employment laws acting as coercive isomorphic forces on specific HRM practices.

The legal context is one of the most important factors influencing different HRM practices between countries (Leat & El-Kot 2007) because countries have different law systems and in which each law may protect different groups of people. The level of protection to employees also differs by countries. For instance, in most developed countries, important freedoms are appreciated. Thus, the regulation system in those developed countries may well encourage litigiousness and it results in rigidities in the labour market (Parry & Tyson 2014), whereas laws and regulations on organizational practices are uncertain and less predictable in developing countries (Surroca et al. 2013). For example "Asia is far from a region of homogeneity" as a results of diversity in legal conditions and although most Asian countries have advanced legislation about working hours, leave, overtime, bonus, retirement benefits, safety and health, terminations and even equal employment law, very few Asian countries have enforced these law in full and some countries, e.g. the Philippines have revised downward labour standard law because they were too advanced for developing countries (Yee Ng & Ang 2004, p.482).

Previous research shows that for employment laws to be effective there should be an effective legal and enforcement system. In some countries people are willing to accept institutions that implement the laws, while in other countries, it is very difficult to fully implement the law due to weak law enforcement (Kshetri 2007). For example, Greek SMEs are able to evade labour laws due to weak enforcement (Psychogios & Wood 2010). To be effective, the law needs to be consistent with organizational goals. A study by Cho et al. (2011) found that the 1998 Dismissal Law in Korea failed to achieve its intended objective of increased flexibility and organizational compliance because it was incongruent with the needs of the labour market. The requirements of law also need to be interpreted in the right way. For example, a study by Cho and Lee (2007) found that the misinterpretations of this 1998 Dismissal Law on the part of employers was one of the factors that led to the unjust dismissal practice in Korea. Another factor that can influence the effectiveness of law is the degree to which it is supported by normative and cognitive elements. If the law is perceived to be fair and reasonable, or perceived to bring social legitimacy to firms, it is likely to be complied with. For example, the law that promotes the health and safety of employee seems to make firms more socially fit (Oliver 1991).

2.3.1.2. Trade unions

A common theme in western literature is that trade unions exist to protect members' interests, to regulate the interaction between employer and employee (Daniels 2014), and ensure their members are involved in decision making (Salamon 2000). As interactions between employer and employee are fundamental in the workplace, employee voice is central to the function of trade unions. However, the form of voice matters (Brewster et al. 2013) and the trend towards individual contracts in western countries is a very real threat to unions (Hamberger 1995). Trade unions tend to adopt defensive strategies (Hyman 2001). They can create a force of persuasion (Salamon 2000). However, all trade unions face three directions of society, market and class: having central concern to the regulation of the wage - labour relationship as an association of employees; they have to count market factors, but cannot escape the role of the class which distinguishes between workers and employers; and all unions work in a specific social framework which can impose some constrains on their current choices because they need to coexist with other institutions even with those where they have to face immutable antagonism (Hyman 2001).

Salamon (2000, p.114) identifies six distinct roles of trade unions:

- Power is the latent function of the trade union, manifest in the practice of its other functions. This role is to protect and support for the individuals and employees by creating collective power, act as countervailing constraint to the employer and a pressure group within society.

- Economic regulation is to ensure that its members receive the maximum pay and benefits possible within the current wage and salary structure.

- Job regulation is to establish a joint rule-making system which protect its members from arbitrary management practice, ensure that employee can participate in decision making and that employment decisions are fair to employee.

- Social change is to seek to develop a society which reflects their views of the social cohesion, aspirations or political ideology of its members.

- Member services is to provide appropriate benefits or services for members

- Self-fulfilment is to provide a mechanism by which members grow outside the confines of their job roles and participate in decision making processes in the workplace.

Although there is little doubt that the impact and power of unions have diminished in many countries, there is evidence that trade unions have significant influence on HRM (Brewster et al. 2013). Unions influence HRM practice through monopoly power and voice, although monopoly power and voice may not always be independent of each other (Verma 2005). There is a plethora of research on the impact of unions on HRM practices (Najeeb 2014). In a review of the literature on the effect of unions on HRM practices such as recruitment and selection, flexible staffing, training, employee voice, job evaluation, employee voice, promotion and performance appraisal, pay system,

overall HR strategies, Verma (2005) concludes that unions have some positive influence on HRM practices but in various ways, some aspects of union effects have been eroded overtime. Where unions have gained recognition for collective bargaining, they are strong and their countervailing power on firm practices will be pronounced (Bryson et al. 2006).

However, the relationship between trade unions and HRM is different across settings (Hamberger 1995). Because the nature of organizations is very much influenced by a country's approach to industrial relations, trade unions are a type of organization unique to industrial relations (Salamon 2000), each approach of industrial relations makes different assumptions about the nature of organization and its management style as well as the role of trade unions. The most three popular approaches are unitary, pluralistic and Marxist approaches to industrial relations. The key theme of the unitary approach is the assumption of harmony between the employer and the employee (Daniels 2014). The unitary approach assumes that an organization is, or expected to be, an integrated group of people with a single source of authority and a set of common values and goals shared by everyone. Conflict is unnecessary and exceptional because there will be harmony and all members of the organization will be working towards the same goals. If conflict does ever occur, it is because of some misunderstanding, poor communication or by agitators. Therefore, there is no need for a trade union because there is no inherent conflict. The existence of trade unions is suffered rather than welcomed; thus, they are to be resisted where possible (Salamon 2000). The limitation of this approach is that although employers and employees may be working under the same goals of an organization, they may have different interests and different ideas about the ways these goals can be achieved.

The pluralistic perspective addresses some of the limitations of the unitary approach by identifying a variety of distinct sectional groups in an organization with different interests, objectives and leadership. An organization will have to get these groups together to attain common goals. Society under this view is seen as being "post-capitalist" with a relatively widespread distribution of authority and power within the society (Salamon 2000, p.7). Conflict is, thus, inevitable. The pluralistic perspective accepts trade unions as a countervailing power to management. While the pluralistic view concentrates on the post-capitalist aspect, the Marxist approach focuses on the nature of capitalist society.

The Marxist general theory of society argues:

- Class (group) conflict is the source of societal change. Society would stagnate if there was no conflict.
- Class conflict arises mostly from the disparity in the distribution of economic power within the society. The main disparity is between those who own capital and the ones supply their labour.
- Any form of social and political conflict is an expression of the economic conflict in the society.

- The nature of social and political institutions in the society comes from the economic disparity and reinforces the position of the dominant establishment group.

Conflict under this view is unavoidable and synonymous with social and political conflict. The pluralistic approach is criticised for its illusion of a balance of power between management and labour and ignoring the power imbalance as a result of capital advantages that employers own which can give them implicit power to balance influence from collective power exerted by employees and trade unions. The Marxist approach sees that the processes of joint regulation are to enhance management rather than the reduction of managerial position. Trade unions become an accepted and supportive part of the capitalist system rather than challenge to it but focus on the protection of working classes' interests (Salamon 2000). The Marxist approach to trade unionism will not fulfil the main purpose of trade unions unless the principle view of Marxism perspective is recognised by unions' members. As this study examines the phenomenon in a Marxist society (Vietnam), a comprehensive review of different approaches would be helpful. Table 2.5 present basic assumptions of each perspective

Table 2.3: Approaches to trade unions

	Unitary	**Pluralistic**	**Marxist**
Assumptions	Capitalist society Integrated group of people Common values, interests and objectives	Post-capitalist society Coalescence of sectional groups Different values interests and objectives	Capitalist society Division between labour and capital Imbalance and inequalities in society (power, economic wealth, etc)
Nature of conflict	Single authority & loyalty structure (Management's) Irrational and frictional	Competitive authority and loyalty structures (formal and informal) Inevitable rational and structural	Inherent in economic and social systems Disorder precursor to change
Resolution of conflict	Coercion	Compromise and agreement	Change society
Role of trade unions	Instruction from outside Historical anachronism	Legitimate Internal and integral to work organization	Employee response to capitalism Expression and mobilisation of class

			consciousness
	Only accepted in economic relation (if forced)	Accepted role in both economic & managerial relations	Develop political awareness and activity

Source: Salamon (2000, p.6)

2.3.1.3. Works councils

Works councils are defined as "institutionalized bodies for representative communication between a single employer ("management") and the employees ("workforce") of a single plant or enterprise ("workplace") (Rogers & Streeck 2006, p.3). A works council is a consultative body embedded in a wider system and work supported by laws (Brewster et al. 2007). The main function of a works council is taking part in decision making related to workplace management.

The potential of establishing works councils has been high of research concerns (Rogers & Streeck 2006). Empirical research shows that workers are highly responsive to works councils (Freeman & Rogers 1999). Works councils are an important part of industrial relations in some European countries. Works councils in most European countries were introduced as an integral statutory part of industrial relations after World War II. Most European countries provide certain rights to works councils (Salamon 2000). In many European countries, works council are compulsory (Brewster et al. 2013). Trade unions and works councils have also become social partners in many other European countries (Brewster et al. 2007). The works councils are the most important part and most effective institution of the co-determination system in German (Müller-Jentsch 2006, p.60). Thus, works councils have significant impact on HRM decision making in organizations where they exist (Brewster et al. 2013). For example, works councils have some influence on selection, induction, appraisal, training and promotion and employee communication in German (Muller 1998).

The compliance of establishing works councils is very different across contexts. Despite a legislative requirement for establishing works councils in countries belonging to the European Union, the compliance rate is very different depending on the institutional environment. For example, the compliance rate was 60 percent in Belgium (Salamon 2000); about 70 percent of the eligible workforce in Germany was covered by works councils (Müller-Jentsch 2006); and works councils in Sweden have largely been redundant since the introduction of the Co-determination Act 1976 (Salamon 2000). In Canada most legislation is silent on what happens if committees become dead-locked (Bernard 2006).

The sections above show that trade unions and works councils act as "institutions" that influence HRM practices in an organizational context. When trade unions and works councils are enshrined in law, they become a type of isomorphic pressure of the

coercive kind. However, their presence and strength are different across contexts in which related laws and regulations are fundamental for their ability to exert coercive pressure on an organization.

2.3.1.4. Internal coercive isomorphism

Company-wide control, coordination and integration mechanisms have been identified as sources of internal isomorphism (Najeeb 2014). Smale et al. (2012) reviewing the literature on international management found that the concept of control, coordination and integration are used interchangeably. Control mechanisms encompass any process in which a person, a group or an organization intentionally affects what others will do (Baliga & Jaeger 1984). Coordination mechanisms refer to the means through which different parts of an organization are linked together in order to achieve their collective goal (Van De Ven et al. 1976). Integration mechanisms are defined as comprising both control mechanism and coordination mechanism (Kim et al. 2003). Kim et al. (2003) see integration mechanism as a systematic approach in which HRM integration mechanism are driven by different antecedents. In the context of MNCs, Ghoshal & Nohria (1989) propose centralisation, formalisation and normative integration as mechanisms of integration. Centralisation refers to the governance mechanism in which the decision making process is often hierarchically determined by the headquarters. Formalisation refers to the routinisation of decision making. Normative integration is the mean through which domain consensus and shared values are derived. Martinez & Jarillo (1989) distinguish two groups of coordination (integration) mechanism: formal integration includes centralisation and formalisation, informal integration mechanism includes lateral relations, informal communication and socialisation. For the purpose of research, the formal mechanisms (centralisation and formalisation) identified by Martinez & Jarillo (1989) are used to investigate internal coercive pressures on HRM practices of ESOEs.

Having discussed how coercive forces affect HRM practices in organizations, the next section reviews literature on how normative forces affect HRM practices.

2.3.2. Normative forces and HRM

Normative forces refer to the influence of professional standards and professional communities on organizational characteristics (Ashworth et al. 2009). It involves the relationship between management policies and employees' backgrounds such as education, job experience and networks of professional associations (Paauwe & Boselie 2003). Normative forces stem primarily from professionalisation with two important sources being formal education, and the growth and elaboration of professional networks. Members of an occupation through the professionalisation will establish a cognitive base and legitimacy for their occupational autonomy (DiMaggio & Powell 1983). Formal education and professional networks increase similarities of action and interactions toward certain types of management practices among its members.

Professional networks involve universities and professional training institutes; some examples of the identities of professions include licensure and certification (Jackson & Schuler 1995). Related to HRM, previous study has identified education and training systems, professional associations and networks are sources of normative forces in the management of people in organizations.

2.3.2.1. Education and training systems

DiMaggio and Powell (1983) posit that people who study at the same universities tend to approach the same sources of knowledge, they will tend to view reality and problems in a similar fashion and approach decisions in a similar way. Thus, education and training systems become sources of isomorphism within the same occupational groups. Because education and training institutions are important elements that contribute to the development of organizational norms, universities and professional training institutions are important to develop organizational norms among managers and staff (DiMaggio & Powell 1983). National education and training systems, thus, can influence HRM practices in organizations (Chowdhury & Mahmood 2012) and become sources of normative isomorphism. If HR professionals study in the same institutions and work in the same industry, they tend to adopt similar HRM practices (Tsai 2010).

Existing literature has linked education and training systems to HRM practices. A literature review by Chowdhury and Mahmood (2012) shows that national education and training systems are one of three main institutional influences (along with the system of work organization and the national industrial relations system) that affect the development of HRM practices. Although exhibiting different levels of influence, the role of a national education and training system is seen as a key influence on a country's HRM practices. The national education and training system widely determines unambiguous acceptance of knowledge, skills and qualifications of employees in a country and shows how these attributes will be used in HRM practices such as recruitment and selection, promotion and pay practices (Maurice 2000) career progression of employees (Lam 1996), the way an organization arranges their training system and career aspirations (Muller 1998). National systems of training also give informative expression of employee working skills and links to the way organizations organise employees (Sorge & Warner 1981). The national education and training system coordinated by the government, industry and educational institutions indicates recognised occupational qualifications and be one of the institutional factors that produce similarity of human resource development practices across companies (Tregaskis et al. 2001). Although the level of adaptation to institutional constraints is different between contexts, for example, US subsidiaries in Ireland experience less institutional pressures on their HRM practices (Morley and Murphy 2000) while US subsidiaries in Sweden and Germany face a lot of pressures to accommodate to local norms and practices, national education and training systems directly influence training and development policies and practices in MNCs. Especially in developing countries, where MNCs recognise the shortage of skilled graduates and rely on on-the-job training (Chowdhury & Mahmood 2012; Cox & Warner 2013). A study by Palmer et al. (1993)

found that firms whose CEOs studied in elite business schools were more likely to adopt multidivisional structures than those whose top executives did not have such degrees. Rupidara and McGraw (2011) point out that academic institutions that educate HR practitioners and consulting firms influence HRM practices in foreign-owned subsidiaries based on similar ideas, conceptual frameworks, tools, regardless of location.

2.3.2.2. Professional associations and networks

Professional associations and networks are other vehicles of normative forces. Organizations closely related to a professional network are more likely to experience normative isomorphic influences because normative rules existing in professional associations and networks influence their members through the information exchange between those members (DiMaggio & Powell 1983). Thus, norms and values developed within HR professional associations and networks can effect management and HRM (Paauwe & Boselie 2003). New HRM practices can also be accelerated through communication between professionals and experts (DiMaggio & Powell 1991). In some networks, knowledge and information can be exchanged at formal activities organised by professional organizations, whereas in some other cases it happens informally over coffee or lunch (Sumelius 2009). Murphy & Garavan (2009) argue that human resource development (HRD) specialists continue their professionalisation through participation at professional conferences and through informal networking with peer professionals. Although networking is not compulsory, similar to education and learning systems, norms and values are developed through learning paths of the members.

Research has identified some ways of diffusion in HRM field as the results of connecting HR association and networks. Chow's (2004) study found that through a variety of activities such as research, training and conferences, the establishment of the Institute of HRM in Hong Kong has helped to enhance the professional standards of HRM. Björkman and Lu (1999) found that the interaction of executives who participated in some social and professional networks seemed to be an important way for spreading ideas about efficient HRM practices. Rupidara and McGraw (2011) point out that the local professional networks including HR practitioners from other firms significantly influence HRM practices in foreign-owned subsidiaries as these networks provide information concerning professional norms and cognitive formulas distributed within HR professional boundaries. These networks also help HR actors to update their knowledge about the nuances of regulative frameworks. The study by Rupidara and McGraw (2008) found that educational institutions, professional associations and consulting firms have played key roles in bringing about the adoption of HR knowledge and practices within firms in Indonesia.

However, networks can act in different ways. Tregaskis' (2003) study found that learning networks are used to generate, accumulate and disperse knowledge in a subsidiary, but different learning network modes carried different functions. A study by Harcourt et al. (2005) found organizations which belong, or their employees belong, to

the Human Resource Institute of New Zealand (HRINZ) were not less likely than other employers to engage in discriminatory practices. They suggest some reasons for this fact such as the HRINZ might not act as an effective norms-diffusion network for its members and their members are may be too busy to attend meetings, conferences and read publications.

2.3.2.3. Corporate culture

A previous study has identified corporate culture as an internal normative integration mechanism (Najeeb 2014). Pettigrew (1979, p.572) labels organizational culture as "the amalgam of beliefs, ideology, language, ritual and myth". Briefly speaking, organizational culture refers to the shared values of an organization (Ashworth et al. 2009). Understanding corporate culture is important in managing people because the shared values of an organization could influence "the opinion of employees about work practices, commitment, respect for managers and attitudes towards providing service to the customer" (Munir et al. 2011, p.106). Corporate culture can also influence leadership styles, communication methods and ways of working (Farndale & Paauwe 2007).

The shared values of an organization can be achieved by different means and sources. When it comes to HRM practices, while the literature has identified the influence of formal education and training system on the diffusion of HRM practice, there is some evidence that informal education in a society can be a source of normative force and therefore may influence HRM practices. However, their level of influence may or may not be significant in different cases. Although formal education systems shape and update the knowledge and skills of the workforce, norms, values and expectations can be developed outside the standard school setting. There can be other channels, through which information, knowledge and skills of how thing should be done and what their standard would look like, are transferred between individuals such as through family, clans, networks, religion, and work-life experiences. There are some areas that people have limited access to formal education but more or less contribute to the development of norms and values regarding HRM practices among the workforce. They can be special occupations (crafts), some activities that are popular in some parts of the world (lobbying and corruption), religions, or norms and values existing in the society. If we distinguish informal education by the ways in which knowledge and skill are transferred (outside of a school setting), there is obvious overlap with the notion of informal learning in the workplace and/or the transformation of information within networks. They may be similar in the way of transferring knowledge and skills but the ways of developing norms, values and expectations between informal educational sources and networks can be distinguishable. For example, religion is an important channel spreading common norms and values among members of one religion or belief system, as evidenced by a number of studies on the impact of religion on management practices, for example, Confucianism (Warner 2010; Danford & Zhao 2012; Mak et al. 2014), and Islam (Mellahi & Budhwar 2010; Syed & Pio 2010; Hassi 2012). For the purpose of

investigation, this study uses the term informal education to identify sources of norms and values outside the school setting that can have influence on HRM practices.

Porter & Powell (2006) point out that employees in an organization normally use internal networks to gather information. Kilduff & Tsai (2003) suggest that a network approach allows us to capture the interaction of individuals in an unit within the field to which that the unit belongs. Previous studies show that social networks are important channels for acquiring, sharing and transferring knowledge and these social networks can affect the performance of an organization (Lee et al. 2013). Results from studying the top management team hiring patterns of Fortune 500 firms by Williamson & Cable (2003) suggest that decision makers use information obtained through formal inter-firm social network ties when they make judgments about top management team candidates. Another study by Yeung et al. (1996) found that companies highlight the important role of internal peer learning networks by requiring their HR professionals to review each other's work in regular meetings and require their HR people attend outside seminars or advanced professional program during the year. Mentors, peers, and networks are also found as important elements that affect HRD in organizations (Garrick 1998).

Porter and Powell (2006) highlight the importance of informal networks in knowledge sharing but found it was not well studied due to inherent measurement difficulties. Indeed, study of an internal network in an organization shows different directions. In western societies, the value people place on individualism leads to the overlooking of relational factors in social phenomena (McCulloh et al. 2013). McCulloh et al. (2013) argue relational factors are essential to understand social diffusion processes in connected groups. They point out that most of us fail to consider the impact of peer influence when exploring policy decisions or group dynamics and some individuals can have great influence over others in a network (McCulloh et al. 2013). As an internal social network is constructed from informal peer groups in an organization or formal hierarchical relations within the organization (Lee et al. 2013), by understanding in this way, this network can be a source of coercive transmission because members of the organization can study rules and regulations through formal channels. Thus the network can be a division of organization or informal relations, and share both explicit and tacit knowledge.

Informal learning is important and it can be seen as daily learning in the workplace because it fits well with new forms of organization and new types of management (Garrick 1998)**.** Informal learning in the workplace should be considered as a way of diffusion because when engaged in a group, members can share and gain experiences and knowledge from others. Cross (2007) points out that most learning about how to do a job is informal and workers tend to learn more in the coffee room than in the classroom. This is because of the involvement of communication in the workplace and because people learn more in context. In addition, the nature of knowledge cannot survive unchanged in a social context (Garrick 1998), thus, exchanging information in a social context can be a way of knowledge testing and elaboration.

Arguing that the previous studies of networks are mostly in private sector, Lee et al. (2013) decompose social networks into external and internal social networks in five public sectors in South Korea and found that in these sectors the internal social network is not significantly associated with knowledge sharing but positively associated with high levels of knowledge acquiring. As this study investigates ESOEs in the range from the state owned the majority of capital to the totally privatised one, looking at factors influencing the diffusion process in the public sector may be useful.

In sum, the above paragraphs discussed sources of shared values in organizations. Differing from other forms of normative forces, sources of corporate culture are varied, from education to religion to social and inter-organizational networks. These forces intermingle and are not easily depicted as separate forces in empirical settings,

Having discussed how normative forces affect HRM practices in organizations, the next section reviews literature on how mimetic forces affect HRM practices.

2.3.3. Mimetic forces and HRM

DiMaggio and Powell (1983) persuasively argue that uncertainty is also a powerful force which can encourage imitation. There are some circumstances that encourage organizations to model themselves on others such as when "organizational technologies are poorly understood", "goals are ambiguous", or "the environment creates symbolic uncertainty" (DiMaggio & Powell 1983, p.151). When organizations face fundamental uncertainty about what activity is likely to lead to success or what is appropriate for the situation (Etherington & Richardson 1994), they will imitate the ways of whom they regard as more successful (DiMaggio & Powell 1983). (DiMaggio & Powell 1983). Mimetic forces are often perceived as the forces that can exert uncertainty on organizations and this type of institutional force is in favour of cognitive approach to perception and action (Mizruchi & Fein 1999). Mimetic behaviours may also occur because of attempts to gain legitimacy in the eyes of other members of an organization (Honig & Karlsson 2013). Related to HRM, mimetic forces refer to the imitation of HRM strategies and practices (Paauwe & Boselie 2003) as a result uncertainty or fashionable hype in the field (Paauwe 2004).

Drawing on neo-institutional theory, Haunschild and Miner (1997) distinguish three distinct modes of selective inter-organizational imitation: frequency-based imitation, trait-based imitation, and outcome-based imitation. Their relevance to this study is discussed below.

2.3.3.1. Frequency-based imitation

Frequency-based imitation refers to the copying of common practices employed by large numbers of organizations (Haunschild & Miner 1997). DiMaggio & Powell (1983) point out that firms adopt similar practices to others because when many firms adopt a practice, their legitimacy is increased. They observed:

> Companies adopt these "innovations" to enhance their legitimacy, to demonstrate they are at least trying to improve working conditions. More generally, the wider the population of personnel employed by, or customers served by, an organization, the stronger the pressure felt by the organization to provide the programs and services offered by other organizations. (DiMaggio & Powell 1983, p.151)

Frequency-based imitation can occur because organizations want to gain legitimacy and survival through the adoption of legitimate practices (Meyer & Rowan 1977) or just imitate taken-for-granted practices so that their actions can be understood (Zucker 1977).

Several studies have supported frequency based imitation. In the field of HRM, the example of the adoption of the multidivisional form (M-form), seen as an innovation at the time of its birth (Thompson 1983) can be considered as a typical example of frequency-based imitation when it spread to a large number of companies. However, contrasting to the performance gains found in the adoption of M-form in the US and UK, Cable and Dirrheimer (1983) in the study of M-form in large German companies found that there was no evidence of superior M-form performance in the early 1970s. They argued this is because of the differences in company administration and institutional and cultural differences in the German context. The popular adoption of talent management by practitioners in the field of HRM (Lewis & Heckman 2006), the spread of TQM practice and other quality management standards such as ISO are further examples of frequency-base imitation.

2.3.3.2. Trait-based imitation

Trait-based imitation refers to the copying of selective practices of other organizations (Haunschild & Miner 1997). Some traits are likely to be inferred (DiMaggio & Powell 1983). Haunschild and Miner (1997) argue that at the individual level of analysis, high-status opinion leaders can have special influence on others because others want to be affiliated with them. Trait-based imitation can take some other forms of references as long as they can make sense of the environment through these references. For example, Palmer et al. (1993) emphasise the role of social contagion in the decision of whether to adopt a practice or not. Drawing on institutional theory, Haveman (1993) studied the mimetic processes regarding firms entering new markets and found that these firms imitate large and profitable organizations, although there was limited evidence that same size organizations imitate each other. A study by Greve (1995) on organizations' abandonment of strategy found that organizations were likely to abandon a strategy which was abandoned by other organizations in their focal reference group. In addition, Goodstein (1994) found that the same industrial sector and geographical proximity are some strong references which encourage imitation.

2.3.3.3. Outcome-based imitation

Outcome-based imitation refers to the imitation of practices that organizations believe have provided positive outcomes for others. The practices that produced negative outcomes are avoided (Haunschild & Miner 1997). Haunschild and Miner (1997) argue this type of imitation does not arise from features of other organizations like trait-based imitation but from perceived results of the practice. Thus, it is linked more closely to technical processes than social processes (Haunschild & Miner 1997; Williamson & Cable 2003). Haunschild and Miner (1997) argue that because learning from trial and error involves selectively repeating actions that seem to produce valuable outcomes, outcome-based imitation can be clearly seen by the imitating organization as one form of vicarious learning.

Research shows that these imitations appeared differently in empirical settings with different conditions. For example, a study by Haunschild and Miner (1997) on 539 acquisitions that occurred between 1988-1993 found that although all three imitation modes do occur independently, only highly salient outcomes sustained outcome imitation, uncertainty led to frequency based imitation, but only enhanced some trait and outcome imitation. This is supported by the study of Williamson & Cable (2003). Their study shows the existence of frequency-based imitation and size-based imitation, not outcome-based imitation in top management team hiring practice. Mimetic isomorphism is most powerful when organizations are in the same industry group and located in the same geographic region (Covaleski 1988).

Although the above review is categorised by specific forces, these forces are not easily distinguished in empirical settings and the difficulty of distinguishing also comes from the situations in which authors may not have equally focus on plausible accounts of the process (Mizruchi & Fein 1999)**.** Imitation can occur through both coercive and normative processes (DiMaggio & Powell 1983). Many professionals stick firmly to normative standards that constrain them to the rule-based requirements of their professions (Scott 2001). Legal regulations may shape normative rules and in turn, pre-existing cognitive and normative rules seems to have influence on the effectiveness of these regulations (Godard 2002, p.259). Thus, an HRM practice may be the result of many synthesized forces.

In sum, the review above shows the influence of institutional pressures on HRM practices. However, organizations worldwide face different environmental constraints as the results of differences between countries or regions or sectors (Paauwe & Boselie 2007). Thus, institutional forces appear more or less varied under different specific conditions. Consequently, further research on the action of institutional forces in different contexts would be useful to give better insight into the tenets of institutional theory. As highlighted in Chapter 1, the history and social-political conditions of Vietnam give it a chance to be a special context for investigation. Hence, the above literature review leads to the first research question:

RQ1: **How do institutional forces affect adoption of HRM practices in ESOEs in Vietnam?**

2.4. Strategic responses to institutional pressures

Scholars have linked institutional theory to strategic choice to gain better understanding of institutional pressures and their relationship with organizational responses (Clemens & Douglas 2005). Organizational response to institutional pressures has been conceptualised as strategic choice (Goodstein 1994). Using the convergent insight of institutional and resource dependence theories to the prediction of organizational response to institutional process, Oliver (1991) argues that organizations adopt a variety of strategic choices in response to institutional pressures toward conformity that are exerted on them in order to protect their interests. This study uses her framework as the primary conceptual model to explore the strategic responsiveness of chosen cases study. The application of this conceptual model for the study is discussed below. Oliver's (1991) article is recognised as a key conceptual paper addressing strategic responses to institutional pressures (Clemens & Douglas 2005).

2.3.1. Typology of strategic responsiveness

Oliver (1991) identifies five types of strategic responses to institutional pressures from passive responses to increasing active resistances. They are acquiescence, compromise, avoidance, defiance and manipulation respectively. These strategic responses are summarised in Table 2.4.

Table 2.4: A typology of strategic responses to institutional pressures

Strategies	Tactics	Examples
Acquiescence	Habit	Following invisible, taken-for-granted norms
	Imitate	Mimicking institutional models
	Comply	Obeying rules and accepting norms
Compromise	Balance	Balancing the expectations of the multiple constituents
	Pacify	Placating and accommodating institutional elements
	Bargain	Negotiating with institutional stakeholders
Avoid	Conceal	Disguising nonconformity
	Buffer	Loosening institutional attachment

	Escape	Changing goals, activities, or domains
Defy	Dismiss (ignoring)	Ignoring explicit norms and values
	Challenge	Contesting rules and requirements
	Attack	Assaulting the sources of institutional pressure
Manipulate	Co-opt	Importing institutional constituents
	Influence	Shaping values and criteria
	Control	Dominating institutional constituents and processes

Source: Oliver (1991, p.152)

Acquiescence refers to the strategic response of organizations that commonly accede to institutional pressures. It may take some alternative forms such as habit, imitation, and compliance in which habit means the unconscious or blind adherence to institutional rules and values, imitation means the unconscious or conscious mimicry of institutional patterns and compliance refers to conscious obedience to institutional rules and acceptance of norms (Oliver 1991). By emphasising the imposed power of institutional rules, the role of taken-for-granted norms and values and mimetic patterns of the institutional model, acquiescence is the closest linked to institutional isomorphisms proposed by (DiMaggio & Powell 1983) and the three pillars of institutions proposed by Scott (1995; 2001). This strategic form highlights the deterministic nature of organizational behaviours under the lens of contemporary neo-institutional theory.

Compromise is considered as the thin edge of the wedge in organizational resistance (Oliver 1991). Organizations may consider unqualified conformity is unworkable or unpalatable due to conflicting pressures from the institutional context or there is some level of inconsistency between institutional demands and organizational interests. In this case, organizations employ alternative forms of compromise such as balance, pacify or bargain. Balance refers to the accommodation of multiple constituent demands. Pacify refers to conformity to at least the minimum standards of institutional demand. Organizations then devote their energies to placating the institutional forces they have resisted. Bargaining as the most active form of compromise strategy refers to the effort to exact some concessions from external institutional demands. These tactics take the spirit of conformity to institutional pressures but compliance is only partial. Here organizations are more active in preserving their own interests.

Avoidance is the attempt of organizations to deflect the necessity of conformity (Oliver 1991). Organizations practice avoidance strategy through three tactics: concealment, buffer and escape. They practise concealment by disguising nonconformity behind a façade of conformity. In order to support their concealment, organizations may

ritualistically apply ceremonial pretence or window dressing, or they may display expected behaviours that are not included in their normal routines. Buffering practices involves the attempt of organizations to reduce the possibility of external assessments through partially decoupling or detaching their technical activities from external view. The virtue of this decoupling is to maintain the faith and legitimacy of organizations once it is institutionalised. Escape tactics are a more dramatic avoidance response of organizations to institutional pressures. In this tactic, organizations leave the environment which imposes pressures on them (such pressure is exerted or may significantly change the organization's goals) to avoid the need for conformity.

Defiance involves dismissal, challenge and attack tactics and is a more active form of resistance to institutional pressure (Oliver 1991). Organizations dismiss or ignore institutional pressures when external enforcement is perceived to be low or it dramatically conflicts with organizational goals and objectives. The challenge tactic refers to strategies where organizations go on the offense in defiance of institutional pressures. The attack tactic refers to where organizations intensively and aggressively assault, belittle or denounce institutionalised norms and values and the external sources of institutional pressures.

Manipulation refers to tactics employed by organizations whereby they intend "to actively change or exert power over the content of the expectations themselves or the sources that seek to express or enforce them" (Oliver 1991, p.157) by co-opting, influencing and controlling tactics. The co-opt tactic refers to organizational attempts to appropriate the source of pressures by persuading them to become a part of the game. Organizations may want to influence institutionalised values and norms or their definitions and criteria. The control tactic refers to the specific efforts of organizations to establish power and dominance over the external constituents that are imposing pressures on them.

2.3.2. Predictors of strategic response

Another important contribution of Oliver's (1991) article to institutional theory is the proposed hypothesises of predictors of strategic responses to institutional pressures. She argues that whether organizations conform to or resist institutional pressures, the theoretical rationale surrounds both the willingness and ability of organizations to comply with the institutional context. The boundaries on willingness and ability drive the predictive dimensions of strategic response. She identifies five institutional antecedents with ten predictive dimensions that drive strategic responses as shown in Table 2.7. The table illustrates cause, constituents, content, control and context of the pressures by which organizations will adopt their strategic choices.

Table 2.5: Antecedents of strategic responses

Institutional Factor	Research Question	Predictive Dimensions
Causes	Why is the organization being pressured to conform to institutional rules or expectations?	Legitimacy or social fitness Efficiency or economic fitness
Constituents	Who is exerting institutional pressures on the organization?	Multiplicity of constituent demands Dependence on institutional constituents
Content	To what norms or requirements is the organization being pressured to conform?	Consistency with organizational goals Discretionary constraints imposed on the organization
Control	How or by what means are the institutional pressures being exerted?	Legal coercion or enforcement Voluntary diffusion of norms
Context	What is the environmental context within which institutional pressures are being exerted?	Environmental uncertainty Environmental interconnectedness

Source: Oliver (1991, p.160)

The first factor, *causes* refers to the rationale underlie external pressures for conformity. The reasons for choosing strategic responses to institutional pressures can be categorised into two groups: social and economic fitness. This means both institutional and technical factors influence organizational responses to institutional pressures. The choice of strategic response depends on how organizations see the anticipated legitimacy or economic gain through their conformity. It also depends on the degree to which organizations agree with and values the institutional constituents' action to pressure them to be more socially or economically accountable.

The second factor, *constituents* answers the question of who exerts the pressures on organizations. They include the state, professions, interest groups and the general public. Different stakeholders may have different expectations and demands, leading to impose multiple, complex, and often conflicting pressures on organizations. *Multiplicity* of constituent demands is defined as the degree of multiple, conflicting and constituent demands on an organization (Oliver 1991). Because organization may feel difficult to conform to multiple and conflicting demands, acquiescence is most likely to occur when multiplicity is low and vice versa. The mechanisms that lead to compromise, avoidance,

and defiance and manipulation strategy in the condition of high multiplicity are involved uncertainty reduction, conflict resolution or the awareness of an organization about the contradiction between competing constituent demands. Oliver (1991) also considers *dependence* on institutional constituents as a predictor of institutional isomorphism. She suggests that the likelihood of an organization to resist institutional pressures can be predicable by looking at the degree of dependence of the organization on the institutional constituents who exert pressures. If the organization is highly dependent on the institutional constituents, acquiescence is the most probable response. Although partial compromise and avoidance can be potential choices when the dependence is high in some cases, avoidance, defiance and manipulation are the viable options when dependence is low.

The third factor, *content* involves norms or requirements to which an organization is being pressured to conform. The consistency of the pressures with organizational goals and the loss of decision-making discretion influence organizational responses to institutional pressures. Organizations are likely to acquiesce to external pressures if these pressures are consistent with the organizational goals. Compromise and avoidance are most common if the degree of consistency is moderate. Defiance and manipulation are most possible when consistency is low. When the consistency is extremely low, organizations may dismiss, challenge or attack institutional demands. The loss of organizational freedom when complying with institutional pressures is also a predictor of organizational responses. Organizations will more readily acquiesce to pressures that do not limit their autonomy and they may practice ceremonial conformity and avoidance strategies if the pressures partially limit their autonomy. If there is high level of anticipated constraints on organizations' autonomy, organizations may challenge or attack those constraints.

The fourth factor *control* identifies the means by which the institutional constraints are being exerted (Oliver 1991). Two control factor pressures are legal coercion or enforcement and voluntary diffusion of norms. This group of factors is consistent with DiMaggio & Powell's (1983) argument that legal requirements work through the means of authority and that organizational compliance occurs when there is a high level of law enforcement. Organizational responses also depend on the level of voluntary diffusion of norms. When this level is low, organizations are more likely to have active resistance strategies. Organizations will tend to conform to institutional rules and norms if they have been already diffused voluntarily through the field because their social validity is largely unquestioned.

The last institutional predictor is *context* which means the condition within which institutional pressures are being exerted (Oliver 1991). She suggests that uncertainty and interconnectedness are two predictors of institutional responsiveness. When the degree of uncertainty and unpredictable in the environment is high, organizations are likely to adopt acquiescence, compromise and avoidance strategy. These characteristics of predictors are highly relevant to the theoretical framework of DiMaggio & Powell (1983) and mimetic dimensions of Haunschild & Miner (1997). Oliver (1991) suggests

that new legal regulations or the unpredictability of the new market can raise the problem of uncertainty.

Variation in the ten dimensions of the strategic choices is summarised in Table 2.8. This table shows the conditions in which the specific strategic responses are likely to occur.

Table 2.6: Institutional Antecedents and predicted strategic responses

Predictive Factor	**Strategic Responses**				
	Acquiesce	**Compromise**	**Avoid**	**Defy**	**Manipulate**
Cause					
Legitimacy	High	Low	Low	Low	Low
Efficiency	High	Low	Low	Low	Low
Constituents					
Multiplicity	Low	High	High	High	High
Dependence	High	High	Moderate	Low	Low
Content					
Consistency	High	Moderate	Moderate	Low	Low
Constraint	Low	Moderate	High	High	High
Control					
Coercion	High	Moderate	Moderate	Low	Low
Diffusion	High	High	Moderate	Low	Low
Context					
Uncertainty	High	High	High	Low	Low
Interconnectedness	High	High	Moderate	Low	Low

Source: Oliver (1991, p.160)

2.3.3. A focus on resistance

Greenwood et al. (2014) point out that the institutional theory literature has overwhelmingly focused on isomorphism and "missing is an attempt to gain a coherent, holistic account of how organizations are structured and managed" (Greenwood et al.

2014, p.1026). Another concern is that much less attention paid to institutional *resistance* (Lawrence & Suddaby 2008). Greenwood et al. (2014) highlight the important of heterogeneity in organizational study and suggest "the presumption should be of organizational difference, not similarity, and the guiding framework should be comparative analysis" (Greenwood et al. 2014, p.1212). However, Meyer and Höllerer (2014) express concern that "by abandoning the analysis of similarities in favour of differences, institutional theory may eventually lose sight of its pivotal quest: to study institutions" (Meyer & Höllerer 2014, p.1). Taking the point of Greenwood et al. (2014), further exploration of the various organizational arrangements across institutional contexts and study of the role of organizations as actors would be beneficial for the development and application of institutional theory. However, as Meyer and Höllerer (2014) point out, study of institutions is central to institutional theory; thus, the importance of institutional theory is not to focus on organizations, but on organising and their inter-relationships with institutions.

Greenwood et al. (2014) draw attention to the notion that institutions can be cultural products; this observation is resonant with the definition of institutions offered above by Powell & DiMaggio (1991) and Scott (1995). If we agree with seeing institutions everywhere from handshakes to marriages to strategic-planning departments (Powell & DiMaggio 1991) and if institutions "are transported by various carriers – cultures, structures, and routines - and they operate at multiple levels of jurisdiction" (Scott 1995, p.33), then they are highly culturally constructed. This point does not mean that we need to build a different model of diffusion for each context. Studying heterogeneity can provide good explanation for how homogeneity does not work in this way. Studying heterogeneity does not mean rethinking the core values of institutional theory. Seeking for common themes to come out from various observations can help to build a more systematic accumulation of knowledge.

There is critique that the institutional environment is not really an "iron cage" (Goodstein 1994). Indeed, there is much variation in organizational arrangements. Although both institutional and technical factors impose pressures on organizational practices, the level and ways of influences are much different across organizational types. For example, some sectors such as transportation and banking are strongly affected by both competitive demands and various regulatory bodies while some organizations that already have healthy sales by developing well-established product lines may not need to outperform others (Scott 1991), or new and small organizations are less constrained than their older and larger counterparts (Greenwood & Hinings 1996). Thus, organizations are not passive actors. They do not necessarily blindly comply with institutional forces, rather they may actively exercise strategic choices to enhance technical concerns (Scott 1991). On the other hand, different groups in organizations may have different interests. These interests sometimes conflict. Therefore, understanding the ability and interests of particular groups in organizations can help to explain their motivation and how they act under the influence of institutional forces. In addition, antagonism provides the basis for resistance (Ferner et al. 2011). Some powerful organizations can act as both rule makers and rule takers (Streeck &

Thelen 2005). The ability of coercive power to achieve compliance is only in the short term; if this is the only base of power applied, the target population will begin to resist it (McCulloh et al. 2013). Generally speaking, whether organizations conform to or resist institutional pressures is affected by organizational self-interest (Covaleski 1988). For example, Covaleski (1988) found that a university can resist an institutionalised budgetary process when this process is not consistent with university's goal and interest. Resistance to institutional forces is likely to happen when organizations have low dependence on institutional constituents (Goodstein 1994).

Study of the acquiesce strategy has been the dominant focus in the literature of institutional control while there are a relative dearth of study on the strategies of compromise, avoidance and defiance (Lawrence & Suddaby 2008). However, the possibility that institutions can be disrupted by the work of actors has been highlighted (Lawrence & Suddaby 2008). Lawrence and Suddaby (2008, p.235) summarise three forms of institutional work related to disrupting institutions: disconnecting sanctions, disassociating moral foundations, undermining assumptions and beliefs. These forms present at different levels of disruption, but involve attacking or undermining the mechanisms that compliance to institutions occurs. Disconnecting sanctions occurs when actors work through state apparatus to disconnect rewards and sanctions from some set of practices, technologies or rules. Disassociating moral foundations refers to the disassociating the practice, technology or rule from its moral foundation. Undermining assumptions and beliefs mean decreasing the perceived risks of innovation and differentiation by undermining core beliefs and assumptions.

Decoupling is another action that limits the influence of institutional pressures. It allows organizations to operate independent of institutional pressures (Scott, 2008). Decoupling is often linked to organizations' responses to institutional pressures through contradictory actions and statements. Organizations practice decoupling when they face conflicting pressures (Oliver, 1991) or practices are perceived as ambiguity or when they may or may not have the resources, capacity or willingness to conform institutional pressures (Patricia Bromley et al. 2012); when adopting create high gain but equally high costs (Scott 2008). With the contradiction between action and statement, decoupling is more likely in developing countries (Bromley et al., 2012). Decoupling can be categorised in the middle between compromise and avoidance strategies (Oliver, 1991). Decoupling is often called organizational hypocrisy (Brunsson, 1989), which signifies an organization's response to institutional pressures through contradictory actions and statements. Some scholars such as Bromley et al. (2012) regard decoupling as synonymous with resistance strategies. To summarise, some factors that may predict institutional resistance are: when actors' interests "are not served by existing institutional arrangement" (Lawrence & Suddaby 2008, p.235); when there is legitimated conflict over the organization's mission or interest (DiMaggio 1991); the development of new institutions lead to the disruption of the existing ones or the erosion of institutions themselves (Oliver 1992). The differences in the external or internal environment of an organization can lead to organizational resistance (Bovaird & Downe 2006). The institutional perspective has traditionally neglected, for example,

the abandonment of habits and customs, and challenges to the institutional status quo (Oliver 1992).

Organizations within a field are not only constrained by institutional structures, but also act out, dynamically respond to institutionalised expectations and change them (Greenwood & Hinings 2006). There may have different ways to see how actors limit their compliance to institutional forces: for example by their disruption of institutional forces (Lawrence & Suddaby 2008), decoupling (Boxenbaum & Jonsson 2008), non-conformity (Oliver 1991), resistance (Lawrence 2008), and deinstitutionalisation (Oliver 1992). This is not an exhaustive list but the end points of these arguments suggest the potential responses of actors to institutional pressures or their actions to limit the control of institutional pressures, therefore constituting forms of institutional resistance. This study adopts Lawrence's (2008, p.179) position that "*institutional resistance is understood as the work of actors to impose limits on institutional control and institutional agency*".

Oliver's work (1991) is the first prominent recognition of institutional resistance (Lawrence 2008). Her typology and hypothesises of organizational responses to institutional pressures provide a basis for studying institutional resistance. However, it would be clearer for the application of her conceptual framework in HRM if there is a definition of resistance in the field. From Oliver's hypothesises of organizational responses to institutional pressures, some assumptions about resistance are summarised as follows:

Table 2.7: Predictor of institutional resistance

Institutional factors		**Predictive Dimensions of resistance** **Resistance to institutional pressures likely to occur when there is:**
Causes	Legitimacy/social fitness	The lower degree of social legitimacy
	Efficiency/economic fitness	The lower degree of economic gain
Constituents	Multiplicity	The greater degree of constituent multiplicity
	Dependence	The lower the degree of external dependence
Content	Consistency	The lower degree of consistency
	Discretionary	The greater degree of discretionary
Control	Law enforcement	The lower degree of legal coercion
	Voluntary diffusion	The lower degree of voluntary diffusion
Context	Uncertainty	The lower level of uncertainty
	Interconnectedness	The lower degree of interconnectedness

Summary from Oliver (1991)

In an institutional perspective, context is the major explanation for both the adoption of new HRM practices and resistance to change (Jackson & Schuler 1995) . Because HRM practices have deep historical roots in the organization, then they need to be understood with the analysing of organization's past (Jackson & Schuler 1995). In the context of ESOEs in the contemporary Vietnamese context, the second research question is identified:

RQ2: Do ESOEs resist these institutional forces and if so, how is this resistance occurring?

2.5. Institutional theory studies in Vietnam

One of the prominent strands in the literature on the application of institutional theory in HRM in Vietnam seeks to understand HRM practices in MNCs operated in Vietnam and the transfer of HR practices from the home to host country. Numerous studies depict the institutional environment and its features which are affecting the HR practice of MNCs' subsidiaries in Vietnam. Some of these features are not consistent with the current findings in the literature. For instance, Vo and Stanton (2011) study the transfer

of HRM practice from US and Japanese MNEs to their subsidiaries in Vietnam and the acceptance level of these practices by local employees. Their findings that US firms were likely to be more successful than Japanese ones in their transfer of HRM practices and gained more acceptance by Vietnamese employees is not consistent with the current argument that the transfer of practices seems to be more successful between similar cultures. This observation is based on the belief that Vietnamese culture is more similar to the Japanese than the American culture. Another study by Vo and Hannif (2012) on the transfer of training and development practices in Japanese subsidiaries in Vietnam points out some critical features of a weak host business system like Vietnam, where some formal constraints such as legal regulations sometimes can be minimised or avoided due to ineffective law enforcement. These constraints also present some level of challenges for MNCs. However, in another study, Cox and Warner (2013) point out US and Japanese MNCs which operate in Vietnam may have strategies to deal with these institutional weaknesses. In addition to this institutional picture, Cooke and Lin (2012) use institutional theory as one of the theoretical frameworks to analyse the institutional supports as well as barriers to Chinese firms in Vietnam. They argue that the role of institutional actors is different across ownership forms and industries and their argument of the need to have a multi-theoretical perspective for studying Chinese MNCs' HRM practices might have implication for both MNCs in Vietnam and detailed studies at firm level.

Truong and Van Der Heijden (2009) study the evolution of HRM and its continued changes under Vietnam's political-economic conditions and discuss the challenges that will confront human resource managers in the future. Vo (2009) examines the key institutions (economic system, the party and the state, the financial system, education and training, network of business associations) to outline the Vietnamese business system and investigate HR practices in SOEs and MNCs. However, with the limited case study of SOEs and MNCs, this study also suggests future research focusing on other types of economic organization: private, collective and joint stock companies; examining HRM/IR policies and practices on firms operating in different industries, especially labour-intensive ones. In addition, if research does focus on the adoption of HRM practices, a more comprehensive view requires study of both larger organizations and smaller firms, thus examining institutional forces presented by globalisation and the micro level constraints experienced by smaller firms.

On the other hand, institutional theory predicts that companies may use HRM practices to help them gain legitimacy and acceptance to facilitate survival (Jackson & Schuler, 1999). However, because of weak enforcement of laws in Vietnam, state representatives of the party-state in Vietnam will gain "legitimacy" to rule society (Zhu et al. 2008). Thus, although some Vietnamese organizations plan to develop their HRM practices, they are not successful due to the influence of some institutional factors. For example, although equitisation is used as an approach to develop HRM practices, unlike the common expectation of the government, ESOEs in the study of Le and Truong (2005b) do not develop better HRM practices than before equitisation. Besides, Zhu et al. (2008) found that a more complicated power distribution does not necessarily lead to more

HRM–oriented practices. In addition, a study by Le and Truong (2005b) explains the controversial situation in which the private sector has a lower level of adoption of HRM practices than SOEs and suggests that privatisation may need to undergo a certain threshold before developing enough to change in HRM practices as they are expected to become. This inconsistency in the literature supports for the need to conduct more research on HRM in various organizational types, including ESOEs, in Vietnam.

Literature on shifting from state-owned to privatised enterprises gives evidence of a violation of the psychological contract from the workers' perspective and internal changes pertaining to the privatisation of SOEs have resulted in insecurity for workers (Budhwar & Debrah 2009). Although HRM practices play a major role in the formation of the psychological contract (Truong & Quang 2007), HRM policies in ESOEs change as a result of privatisation. Truong and Quang found that financial reward was the most important dimension of the psychological contract in Vietnam. This is consistent with finding of Nguyen (2002) that the most important factor that motivates young Vietnamese employees to switch from SOEs to the foreign-invested sector was a higher salary, followed by a better working environment (Truong & Quang 2007). These findings are helpful to understand the cognitive level influence on HRM practices in ESOEs.

Reviewing the literature on the adoption of HRM practices in Vietnam shows that not much empirical research really deals with the issue of factors driving the adoption of HRM practices (Le & Truong 2005b). Besides, some studies do not categorise their work as falling with institutional theory but they partly involved analysing the environment to understand how these institutional constraints affect HRM practices (Baughn et al. 2011). Le et al. (2007) point out that cultural differences particularly in values, norms, and customs make it more difficult to adopt some Western HRM practices in the Vietnamese context. Cox et al. (2014) highlight the influence of different generations and differences in inter-generational values on the different leadership styles in Vietnam. Collins et al. (2016) found that different levels of critical human factors such as cultural intelligence, cultural openness and self-efficacy significantly influence virtual teamwork in Indonesia, Taiwan and Vietnam, but the levels of influence are affected by interpersonal trust, leadership, team interaction, and member language ability. A quantitative study by Le and Truong (2005b) examines the impact of types of ownership and management perception of HR value on the adoption of HRM practices in Vietnam. They use institutional theory and resource dependence theory as theoretical background to build their first hypothesis that foreign - invested companies face greater needs to obtain legitimacy and acceptance, therefore they are more likely to adopt HRM practice than local companies and SOEs are under pressures to conform the law than local private companies. However, the evidence from ESOEs was not consistent with their hypothesis. ESOEs' HRM functions were as equal as in SOEs. The involvement of HRM practice in local private enterprises was lower than SOEs. Foreign - invested companies were the most active in some HRM practices such as recruitment and benefits administration but less so in security, health care and safety at work. However, there is limitation because these hypotheses were based on "no

empirical research" on the adoption of HRM practices in Vietnam before (Le & Truong 2005b, p.26).

Some studies on the adoption of HRM practices in enterprises in Vietnam examine the types of ownership and the size of the company (Zhu 2002). Bryant and Nguyen (2004) found firm size, age and industry influence the formality of HRM. In addition to firm size, firm age, union status and export focus are also significant. However, the manager's perception of HR value on the HRM practices is the prominent element (Le & Truong 2005a). Zhu et al. (2008) study the forms of ownership and their influences on the dimension of HRM practice; they found the ownership form is the crucial element that influences the adoption of HR practices; they also found the mutual influence in HRM practices between foreign and local firms. Foreign companies partly influence local firms but also follow local rules and norms, adopt some local practices to survive. The government's policy on economic reform was found to be the fundamental influence on the changes of different types of ownership to adopt their specific dimensions of HRM practice. Besides that, some old HR practices and historical legacies continue to influence some practices of HRM. Zhu (2002) analyses the nature of change in HRM under the economic reform in Vietnam and found that cultural tradition and the political environment are critical influences on HRM dimensions, and globalization generates the environment for the adoption of some standardized HRM dimensions. Vo and Bartram (2012), studying the adoption, and characteristics of strategic HRM in two Vietnamese public hospitals, found the state influences many of the core HR functions and the main barrier for Vietnamese public hospital to implement the strategic HRM is the State. Although these studies help to understand the reason for adoption of HRM, they can be referred to the regulative and normative level of analysis. The mimetic level and the relationship between these levels are also important to understand the full reason.

Studies on privatisation have received much attention in the literature as it is a common phenomenon that has been happening around the world. In Vietnam, this process also receives some level of attention from researchers (Pham & Carlin 2008). Some of them pay attention to ESOEs' financial performance (Pham & Carlin 2008; Pham & Teich 2011), study the efficiency of SOE reform (Sjöholm 2006; Nguyen & Lin 2011), some studies (above) focus on HRM practice. In a one-party state like Vietnam, political factors may become important institutional forces in ESOEs. Because people's learning is partly inherited from their history and they do not easily give up the way they see the world (Kuhn 1970), so ESOEs may still contain much of their previous management styles. Boisot's (1996) study of the institutionalisation and the labour theory of value in large SOEs in China and Vietnam found that in these socialist countries like China and Vietnam, institutional models which shape the behaviour of SOE firms need to change for effective privatisation. This study will examine the adoption and non-adoption of HRM practices with the addition of these factors.

The review results in the third research question:

RQ3: To what extent does the equitisation process affect the institutional context, and the adoption or non-adoption of HRM practices in ESOEs in Vietnam?

2.6. Summary

This chapter presented a critical review of the literature on the influence of institutional forces on HRM practices and organizational responses to these forces. Three research questions emerged from the literature review are:

RQ1: How do institutional forces affect the adoption of HRM practices in ESOEs in Vietnam?

RQ2: Do ESOEs resist these institutional forces and if so, how is this resistance occurring?

RQ3: To what extent does the equitisation process affect the institutional context, and the adoption or non-adoption of HRM practices in ESOEs?

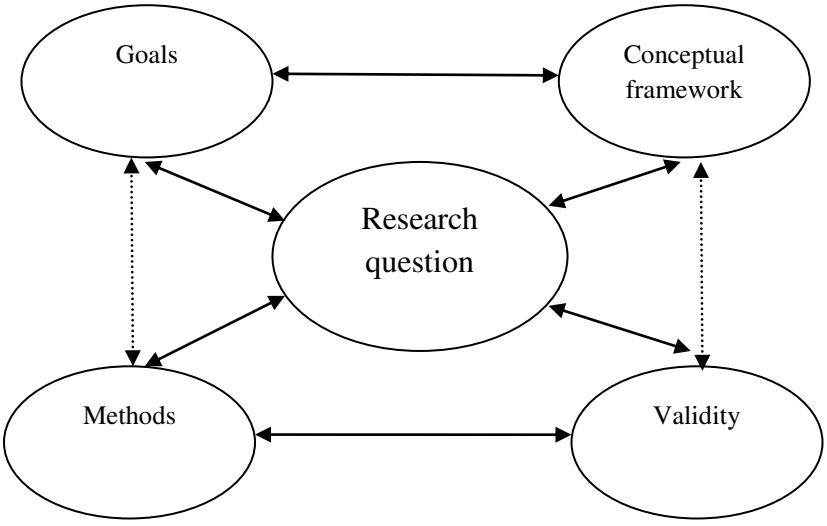
Next, Chapter 3 justifies the methodological choices of the study.

3. RESEARCH METHODOLOGY

3.1. Introduction: background, methodology, design and methods

This chapter explains the methodological stance and research design of the thesis. Specifically, it explains where, when, how and with whom the research was conducted, and then gives a detailed justification of the chosen research methods. The chapter also explains why the research methods used were appropriate to the research context. This study mostly adapts ideas from Maxwell (2005) who states that a good research design is one whose components harmoniously cooperate. Maxwell (2005, p.3) introduces an "interactive" model of qualitative research design which consists of five major components: goals, conceptual framework, research question, methods and validity. In this model, research design is an ongoing process having an interconnected and flexible structure. The research question, what the researcher wants to understand, is at the heart of the model. It is interactive and is encompassed by other components. Each component works in the relationship with others. Goals explain why the study is worth doing and the issues that the researcher wants to clarify. The conceptual framework refers to the system of concepts, assumptions, expectations, beliefs and theories which support and inform the research. 'Methods' are what researchers actually do. Validity refers to "the correctness or credibility of a description, conclusion, explanation, interpretation, or other source of account" (Maxwell 2005, p.106). This model also takes into account other factors which can influence the design of a research such as research setting, ethical standards, research skills and resources. These main components are displayed in Figure 3.1.

Figure 3.1: An interactive model of research design



Source: Adopted from Maxwell (2005, p.5)

In social research, there is discussion about research process terminology (Crotty 1998). Major dimensions of a qualitative study including its ontology, epistemology,

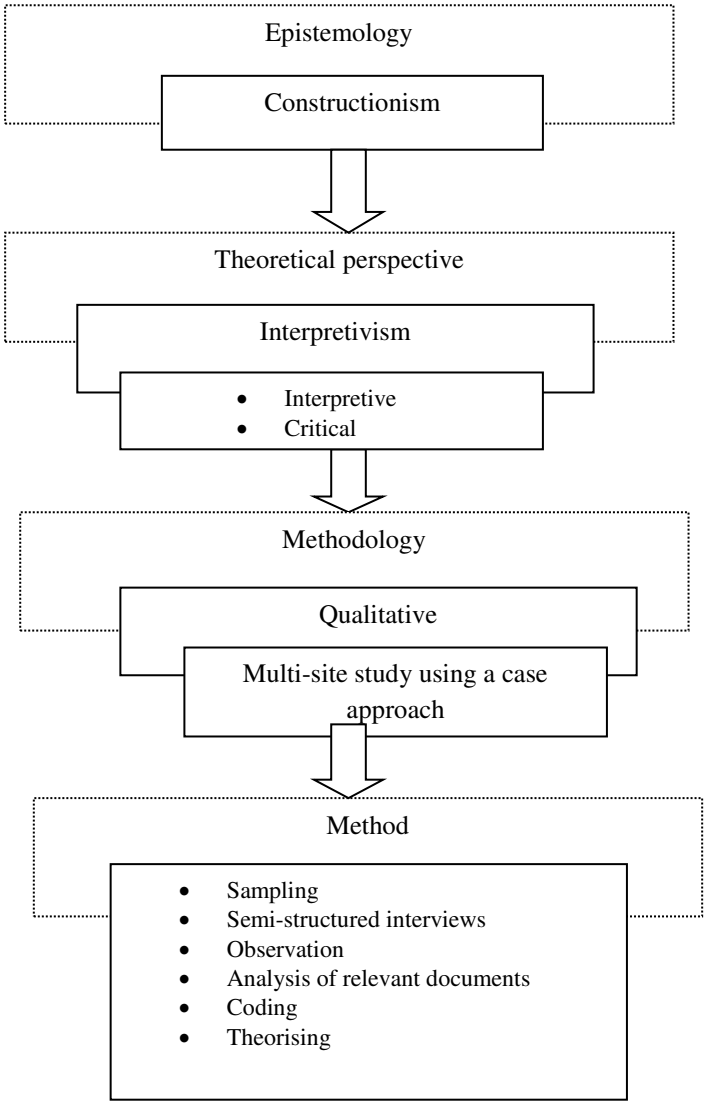
methodology and methods reflect the formulation of research questions, the conceptualisation of the study, and the way it is carried out. An ontology is what we cannot avoid when it comes to the study of being (Crotty 1998). Ontology refers to a philosophical belief system about the nature of the social world – what can be known and how (Hesse-Biber & Leavy 2011). Simply speaking, it is how one views the world (Crotty 1998) such as whether reality is patterned and predictable or is constructed through human interactions (Hesse-Biber & Leavy 2011). Epistemology refers to a philosophical belief system about knowledge. Crotty (1998, p.3) defines epistemology as "the theory of knowledge embedded in the theoretical perspective". Ontology and epistemology go together to inform the study's theoretical perspective, which is the philosophical assumptions about "how we know what we know" (Crotty 1998, p.8). These philosophical assumptions later inform the methodology (Creswell & Plano Clark 2011). However, related to the use of ontology and epistemology, Crotty (1998) argues that because talking about the construction of meaning can be understood as talking about the construction of meaningful reality, writers have trouble keeping these two terminologies conceptually apart. Nevertheless, accepting things in the world which exist independently of people's consciousness of them does not truly mean that meanings exist independently of consciousness; for this reason, realism in ontology and constructionism in epistemology are quite compatible, hence, this terminology "ontology" is useful for those who need to talk about being (Crotty 1998).

Constructionism, a subset of the interpretive perspective, provides the broad philosophical framework for this study. Constructionism as an epistemological stance emphasises that meaning or truth comes into existence out of our engagement with reality. Meaning does not exist without a mind; meaning is constructed by humans when they engage with the world they are interpreting. In this sense, different people may construct meaning in different ways (Crotty 1998). This makes sense when we move out investigation from one context to another context and investigate different positions within one organization. Interpretivism sometimes refers to epistemological (Walsham 1995) or methodological (Yin 2003) perspectives, or is treated as both aspects of research simultaneously (Sharman et al. 2007). This research adopts the view of Crotty (1998) that interpretivism is at the theoretical perspective level.

There are three major methodological perspectives: post-positivist, interpretive and critical perspectives. Post-positivism assumes that reality is "out there" to be discovered and can be tested via reliable strategies. This view normally leads to a quantitative paradigm. The interpretive approach posits that social reality is constantly being constructed through human interactions and therefore can be understood via actors who are embedded in the social context and through meaning-making reality. The critical perspective also assumes that social world is an ongoing construction but it goes deeper, suggesting that discourse created in social activities and especially in the shifting fields of social power forms reality. This study mostly adopts an interpretive approach as the most appropriate for the research questions. The next section gives more explanation by justifying the choice of method. While post-positivism adopts a deductive approach and tends to test theories or hypotheses, interpretive and critical perspectives use an

inductive approach which generates theory out of the collected data. Because the research questions aim to study the type and level of resistance to institutional forces, some aspects of the critical perspective are used to generate explanations of the phenomenon. 'Methods' refers to whatever tools are used to collect data (or can be understood as the techniques to gather data) and subsequently analyse the data analysis to understand social reality. The research methods employed in this study are summarised in Figure 3.2 below.

Figure 3.2: Outline of the research methods employed in this study



The arrows show the cascading relationships between elements of the schema and the relative size of the boxes represents the relationships between key concepts and subset choices in those research traditions.

3.2. Choice of methods

3.2.1. Qualitative, quantitative or mixed methods?

This section explains why a qualitative method is appropriate for answering the research questions. There are two major paradigms which are often compared when choosing a research method: qualitative and quantitative. Mixed methods is a third possibility. The researcher should choose methods that are suitable to what they are trying to find out (Punch 2005). By comparing and taking into account the possibilities of different methods, we can be sure of our choice.

> **Quantitative research** is a type of research in which the researcher studies a problem that calls for an explanation; decides what to study; asks specific, narrow questions; collects quantifiable data from participants; analyses these numbers using statistics; and conducts the inquiry in an unbiased, objective manner. (Plano Clark & Creswell 2010, p.66)

In quantitative research, researchers normally take a positivist approach in which the world is external and objective to the researchers. Researchers are viewed as independent of their research. This approach emphasises objective description and explanation. Researchers explain behaviours of individuals, groups or organizations in their studies by gathering data of a quantitative nature, use theories, models developed in advance and statistical analysis to give explanation (Veal 2005). They do not observe through the eyes of someone else as qualitative researchers do. Quantitative methods normally use a deductive approach in data collection and use numerical data as evidence to test hypotheses and draw conclusions, using closed research questions. A large number of people in the sample is needed to ensure the reliability of the results and to be representative of the population. Researchers in this paradigm reach their conclusions using the results of statistical analysing processes.

However, this approach has some potential limitations if the research context is inappropriate. The positivist view is that theory (which helps the researcher make hypotheses) can represent the reality of a certain context. But this certain context is tested using statistical tools and this may be problematic when an unexpected development occurs in real life. In addition, conceptual models that quantitative researchers use do necessarily not explain the phenomenon under research (Jonker & Pennink 2010).

> **Qualitative research** is a type of research in which the researcher studies a problem that calls for an exploration; relies on the view of participants; asks broad, general questions; collects data consisting largely of words (or text) from participants; describes and analyses these words for themes; and conducts the inquiry in a subjective and reflexive manner. (Plano Clark & Creswell 2010, p.66)

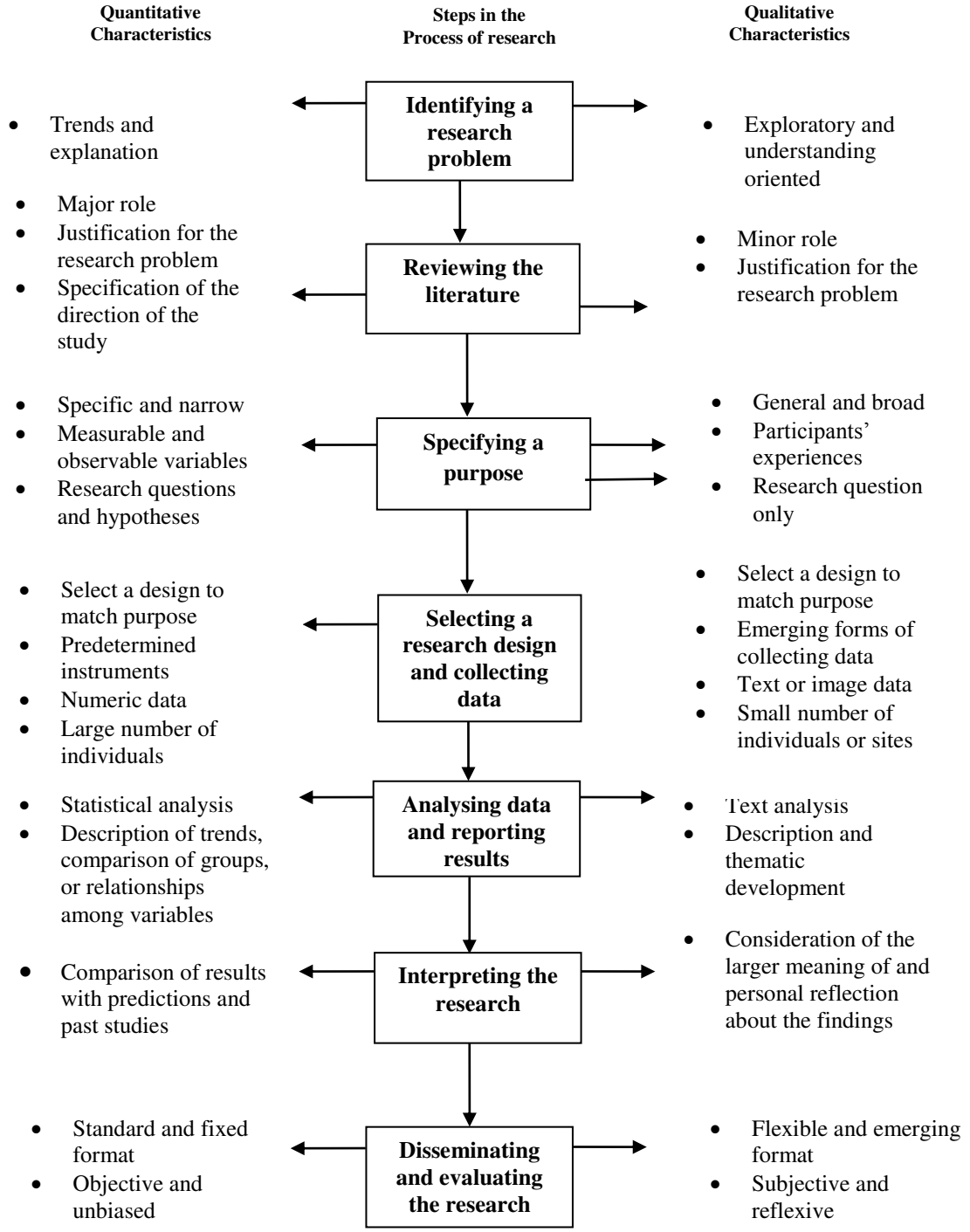
Qualitative researchers normally take the critical or interpretive approach in which the view of the researcher is that studies about human behaviours should not conducted the

same way as non-human phenomena. The social world in this view is socially constructed and subjective. Studies are based on the perceptions of the researcher involved in the specific social context of their research. Researchers are not independent of their research. They take part in the research process. Critical researchers attempt to understand phenomena through the explanations of people involved as participants in the research about their situation or behaviours. Hence, interpretive researchers attempt to 'get inside' the meaning and see the world from their participants' view point (Veal 2005, p.25). In other words qualitative researchers see things through participants' eyes (Gibbs 2007; Jonker & Pennink 2010). There may be conflict between participants' perspectives and the researcher's perspectives. Therefore reporting of participants' views most be more than simply accurate. The task of researcher is to explain for participants in order to get credible answers for the research problem they are trying to understand (Campbell 1999).

Qualitative methods normally use an inductive approach in data collection. Qualitative data includes any form of human communication such as written, audio, visual behaviour, symbolism or cultural artefacts. The most common form of data in qualitative research is text such as field notes from ethnographic research, documents, transcriptions of interviews, or text transformed from audio and video (Gibbs 2007). Qualitative data is gathered through methods which include observation; informal, unstructured, in-depth interviews; and participant observation. However, different from quantitative research, at the start of qualitative research there may be not enough knowledge about the phenomenon for a theory to have been elaborated (Jonker & Pennink 2010). Qualitative researchers therefore tend to address questions that are suited to developing a theory or theories rather than questions that require comparison and/or control variables. They generally use an open question, inductive approach to discover the meanings of situations (Maxwell 2005). Qualitative data analysis aims to find patterns and explanations. Researchers try to depict phenomena under study accurately and faithfully as much as possible. Generally speaking, where research problems require an exploration because little literature about the problem is known or important variables and/or a detailed understanding about a phenomenon are unknown, researchers use a qualitative method (Plano Clark & Cresswell 2010, p.75). From the wide range of methods, qualitative research includes many types of data with rich information related to phenomena in social life.

Nevertheless, these approaches have some potential limitations such as in the later stages of the research process the data may stray from the initial research question because working with open research questions generates uncertainty of outcomes. In comparison to quantitative research, qualitative research methods are used for studying phenomena with lower repeatability (Jonker & Pennink 2010). The different characteristics of quantitative and qualitative research are summarised in the figure below:

Figure 3.3: Characteristics of quantitative and qualitative research



Source: Plano Clark & Creswell (2010, p.67)

Mixed methods research combines many diverse viewpoints such as methods, a philosophy and a research design orientation in which the researcher rigorously and persuasively designs the project to collect and analyse both qualitative and quantitative data (Creswell & Plano Clark 2011). Some situations call for a mixed method approach such as when the source of data is insufficient; the study needs to be enhanced with a

second method; findings of the research need to be explained; a theoretical stance needs to be employed; exploratory findings need to be generalised or an overall research objective needs to be addressed with multiple research phases (Creswell & Plano Clark 2011). Mixed methods research offers a chance for researchers to test their exploratory findings with numbers; thus, results of a study seem to be accurate.

However, as mentioned above, some topics are better studied with either a quantitative or a qualitative method. Mixed methods themselves also have some limitations. For example extensive data collection in both qualitative and quantitative form is time consuming; if mixed methods research results in some steps or techniques being omitted from either approach it will reduce the validity and reliability of the research. In some cases, researchers may find insufficient hypotheses with limited time for exploring the phenomenon and the results obtained by the limited sample size will not represent the population. This limits the generalisability of the research for both the exploration phase and the testing results phase.

Choice of qualitative method

Chapter 1 and chapter 2 reviewed the current literature and led to the research questions: ***How do institutional forces influence HRM practices in ESOEs in Vietnam?***

and three sub research questions:

RQ1: How do institutional forces affect the adoption of HRM practices in ESOEs in Vietnam?

RQ2: Do ESOEs resist these institutional forces and if so, how is this resistance occurring?

RQ3: To what extent does the equitisation process affect the institutional context, and the adoption or non-adoption of HRM practices in ESOEs?

A qualitative method is chosen because it suits the research questions, namely to understand how institutional forces are acting on ESOEs in Vietnam and how ESOEs respond to these forces. This study attempts to give in-depth understanding rather than to describe trends or explain relationships among variables. As this study is a theory-driven research project, the researcher started with an existing theoretical base, namely institutional theory, from which to examine the adoption or non-adoption of HRM practices in ESOEs in Vietnam. The researcher took a cautious approach to institutional theory, understanding that aspects of the theory may not be readily generalisable to developing economies, especially with additional cultural and political factors in the specific context of Vietnam. To explore this issue, a qualitative research method was chosen rather than quantitative or mixed methods approaches.

In the field of HRM, Paauwe (2009) argues that while most scientific research focuses on studying the associations between different variables such as the employment

relationship and the link between HRM and performance, we need more exploratory and theory-generating research with appropriate multilevel methodologies. Better research designs often face limitations such as data required not being not available, and lack of time or money (Paauwe 2009).

Hesketh and Fleetwood (2006) suggest qualitative research methods as one solution for HRM theory development because they unravel causal mechanisms in the social practices existing under the surface of HRM practices that current statistical studies are inadequate to explain. Understanding the relationship between HRM and its institutional environment has been recognised as benefiting the development of the HRM field, especially in international HRM. An empirical study by Van Gestel and Nyberg (2009) showed that HRM practices emerge in the relationship between different groups of actors and national state/organizations. These authors suggest that it would be fruitful to expand these studies to other institutional contexts and different types of organizations. In addition, interpretive research sometimes involves studying sociological institutional theory (Meyer 2008) because "to understand or explain any action, the analyst must take into account not only the objective conditions but also the actor's subjective interpretation of them" (Scott 2001, p.57). As Vietnam is a communist country, Marxism has strongly influenced many aspects of social life and business process; this political philosophy advocates equitable distribution of economic resources. This is the basic rule of running state owned enterprises (SOEs). Feminism is another philosophy that affects some aspects of SOEs' practices, for example, women have representative roles on the boards of trade unions. When SOEs become ESOEs, and in the light of complex cultural traditions and new emerging factors from globalisation, how institutional forces and HRM practices and their inter-relationships turn out need to be further explored. Thus, qualitative research is highly relevant. In an exploratory investigation such as this one, a qualitative methodology has been chosen because this approach allows researchers to gain rich perspectives on existing phenomena (Jonker & Pennink 2010).

On the other hand, researchers in developing countries face some potential problems such as difficulties of accessing data, the potential unreliability of secondary data, the need to build trust and rapport relationships with respondents, and the unfamiliarity of respondents with questionnaires (Marschan-Piekkari & Welch 2004). A qualitative study can help address these issues because it offers a range of options for data collection. Qualitative research is flexible and the type of data being sought can be altered during the study (Miles & Huberman 1994). The findings of qualitative research may gain higher repeatability if they are tested on an appropriate sample size of the population, which means mixed methods could have been an option for this study. However, expanding the study to another 'testing' phase would have required more time than was available.

3.2.2. Case study method as a research strategy

Case study method has been used widely in qualitative studies as it suits questions that involve people and their context. The epistemic logic of case study is interpretive and

constructive. One strength of case study is its contextuality (Yin 2003). Hence, this method is useful when a researcher seeks to understand meanings in a real life context. The case study approach is particularly suitable when the research problem is difficult to study outside its natural setting (Ghauri 2004). Another advantage of case-oriented research is that it allows investigators not just to test theory but to build theory. As this study seeks to understand the relationship between Vietnam's institutional context and HRM practices in the ESOE, and to contribute to theory by examining how institutional forces are acting on HRM practices of Vietnamese ESOEs, and how organizations respond to these institutional forces. To answer these questions, my approach is to tap into the experience of people who are involved in my study. Using their experience and looking through their eyes, would allow me to access different points of view about my questions. Taking these different points of view would ultimately allow me to answer my questions. This approach also allows me to gain rich perspectives on the phenomenon without the handicap of a narrowly defined theoretical framework (Jonker & Pennink 2010) and therefore enhance my knowledge. Thus, the case study approach was highly fitting.

Case study research can employ different methods to collect data such as in-depth interviews, observation and document analysis (Liamputtong 2009). Although case study method can be used in both quantitative and qualitative studies, it is more likely to be used in qualitative research because it can show its strength in in-depth investigations of the phenomenon in its context. Flyvbjerg (2006) argues that case studies, which can be used to test as well as build theory, can contribute to the cumulative development of knowledge.

3.3. Sampling: theoretical and practical considerations

Sampling is a major concern in any kind of research because there is a need to have a sample that can reassure people that the researcher knows something about the whole class (Becker 1998). Silverman (2013) suggests three ways of proceeding with case study design, namely through purposive sampling, theoretical sampling and working with a single case. Purposive sampling and theoretical sampling are often considered synonyms, the only difference between them being that the "purpose" behind "purposive" sampling is not theoretically defined (Silverman 2013, p.150). Purposive sampling requires the researcher to think critically about the parameters of the studied population, and cases are chosen on this basis. The sampling process in qualitative research should be theoretically grounded, with theoretical sampling associated with constructing a sample using certain criteria to help the researcher test or explain theory (Mason 1996). The important point about theoretical sampling is that choosing categories or groups should be based on the research question, the theoretical position, the analytical framework, the analytical practice and, most importantly, the explanation that the researcher is seeking to develop (Mason 2002). And overall, the act of choosing a sample should be practical. So theoretical frameworks and empirical practicalities influence the sampling decision (Mason 2002).

Drawing on Silverman's (2013) sampling techniques, this study combined purposive sampling and theoretical sampling techniques. The research questions demanded that data be gathered from a range of organizations all of which can be classified as ESOEs. After all, ESOEs include many different types of industries, so investigating a single ESOE or just a few ESOEs would not have been sufficient to examine the likely range of institutional influences and effects across different organizations. Moreover, ESOEs are not all alike in the degree of equitisation they have reached at a given time.

Practical issues are also important. Student researchers' time and resources are limited. As previous studies have pointed out, gaining access to conduct research in organizations in Vietnam is not easy (Nguyen 2015). The researcher must gain the trust of the groups they want to study (Napier et al. 2004). In Vietnam, interviewees do not normally talk with strangers, so researchers must have an "introduction" to be able to speak with interviewees (Napier et al. 2004, p.385). Thus, convenience samples were chosen in addition to the above two sampling techniques.

Accordingly, having in mind that the sampling techniques must be guided by both theoretical and practical considerations, this study used organizations based on the research questions, and the particular setting of Vietnam and its ESOEs. Following a suggestion from Vennesson (2008), the number of site organizations changed during the research when new factors appeared. Also, because the object of sampling is to gain saturation, interviews were stopped when data from the last research site gave very little new information. Following the dimension of "deviant" cases as suggested by Silverman (2013, p.152), that researchers should overcome the tendency to select a case which seems to support the researcher's argument, this study also tried to access deviant organizations that had different features when viewed from an orthodox theoretical perspective. The sampling approach described later, especially the inclusion of ESOEs with varying levels of equitisation, ensured that non-deviant and deviant cases were included.

Thus for reasons dictated by the research questions, the theoretical framework, and personal research demands, ESOEs were chosen as follows:

First, ESOEs were chosen from *a range of industry types* but these were sometimes limited due to resource constraints. To explore how institutional forces act in different sub-culture environments, interviews were conducted in two provinces. In one of the locations, the majority of large enterprises (the size of enterprise in Vietnam is explained in Chapter 1) are in the mining or cement industries. Thus, there were not many choices apart from ESOEs in the mining and cement industries. Another factor affecting the choice of industry type was *time limitations*. In another province, there were opportunities to access ESOEs in different industries. However, the researcher intended not only to interview members of organizations but also to observe and engage in other organizational activities. The research time that would have been consumed in travelling did not allow the researcher to choose ESOEs far from her home province.

A previous study has identified that equitisation in Vietnamese SOEs makes ESOEs perform better (Sjöholm 2006). Thus, a variety of ESOEs were chosen in terms of the range of capital owned by the State, from ESOEs where the State holds over 50% of charter capital to ESOEs that were 100% equitised. In addition, the size of an enterprise can influence its human resource management practices. Thus, size was also a criterion for choosing ESOEs. All the chosen ESOEs had to be in the category of large enterprises as classified by Vietnamese law. This classification was chosen to ensure comparability across the sample. Specifically the sample avoided small and medium enterprises which in Vietnam receive different levels and types of support from the government compared to large enterprises.

A company does not comprise one unified culture; there can be a very strong organizational culture, but also subcultures made up of different groups of actors such as professional groups or employees from another country (Gummesson 1991). Besides, in different positions, people may see organizational practices in different ways. Thus different categories of people were selected for interviews. In each ESOE, participants were selected from a range of employment duties and experiences in order to provide multiple perspectives on the phenomenon being studied. Interviewees were selected in three categories: members of the management board, HRM managers and/or staff, and functional managers and/or staff. These categories were selected to cover a variety of managerial and employee groups and to present a range of different institutional issues and ways of implementing HRM practices in response to them.. Most interviewees had been working for SOEs before equitisation so they were aware of differences between HRM practices before and after equitisation. However, there were a few interviewees who had been working in ESOEs only after equitisation but who were interested in taking part in the study. So the researcher took the opportunity to hear more voices from more perspectives, by including people who had no knowledge of things as they had been before, and who found the current situation in their ESOE to be completely normal. The researcher was also aware that policy-makers and policy-takers are likely to have different perspectives on one institutional force, thus officials at national level and at the local level where the studied organizations are located were interviewed. This wide range of interviewees helped the researcher to gain various perspectives about institutional pressures on HRM practices in ESOEs and provided more viewpoints on how ESOEs respond to these forces. It also gave a more comprehensive picture of HRM practices in ESOEs.

3.4. Summary of the ESOEs' profiles

Because access was guaranteed on the condition of anonymity, pseudonyms such as A, B, C are used to describe each ESOE in this study and sometimes description of particular incidents is kept vague to avoid identification. Data collection was carried out in one of the biggest cities of Vietnam which is code city X, and the second location is coded K, representing data collection in a mountainous northern province of Vietnam. The structural profile of ESOEs is summarised below:

Table 3.1: The structural profile of ESOEs

Characteristics	ESOEs						
	A	B	C	D	E	F	G
Equitisation process	100% private	State owned 62%	State owned 51%	State owned 51%	State owned 51%	State owned <50%	State owned 23%
Industry	Construction	Transportation	Power	Telecommu-nications	Bank	Cement and minerals	Mining
Location	City X	City X	City X	City X	Province K	Province K	Province K
Number of Employees	About 2000	About 140	More than 1500	About 160	About 105	About 200	About 170
Year enterprise was started	1983	1979	1960	1996	1957	1980	1968
Date of equitisation	2003	1999	2008	2000	2011	2003	2001

3.5. Data collection

This section justifies the study's data collection techniques. Generally speaking, the primary source of data came from in-depth semi-structured interviews with a number of managers and employees in chosen ESOEs. Data was also collected from personal field observation through engagement in enterprise activities such as end-of-year meetings, farewell parties, and taking notes at these activities. Sometimes, to avoid forgetting current information, and when writing would take time or the context was not appropriate to write observations down, the researcher used self-recordings to describe what had just been observed. Relevant documents and archival records were collected to increase the trustworthiness of the study.

In the early stage of research, a pilot study with three people from an ESOE, a representative from each of three categories of interviewees (one from a board of directors, one HR staff member and one functional staff member) was conducted. The purposes of the pilot study were to: (1) understand whether the questions made sense to interviewees, (2) develop the questions, (3) improve the way to communicate with interviewees, and (4) estimate the potential difficulties for future data collection. Data collection techniques are described below.

Interviews

In-depth semi-structured interviews were conducted with 49 participants. Interviewees in ESOEs including managers and employees from various organizational functions are detailed in Table 3.1.

Table 3.1: Summary of interviews and case sites

ESOEs	Number of interviews			
	Board of directors	**HR managers and staff**	**Line managers and staff**	**Total interviews**
A (*)	02	02	02	06
B	02	02	04	08
C (**)	01	01	04	06
D	02	01	01	04
E	02	02	03	07
F	01	01	03	05
G	01	02	03	07
Others (***)				06
Total				49

(*) One interview was done without recording, taking notes as required by the interviewee.

(**) One interview was done without recording, taking notes as required by the interviewee.

(***) Six interviews with government officials

There is evidence that in-depth interviews are useful when the researcher wants to gain information about a particular topic, seeking for meaning through communication with participants (Hesse-Biber & Leavy 2011). The logic is that for a certain type of topic related to both past and present, whatever it is, the facts, feelings, reasons or combinations of all those aspects, and even some thoughts about the future, of qualified participants are best and first to recount it (though it is more reliable if it is combined with other sources of information as discussed below). Thus, to understand how institutional forces have been acting and their influence on HRM activities, especially before and after equitisation, it is appropriate to ask members of ESOEs.

Research shows that rapport in interviewing can increase the amount of information provided by participants, and increase trust and cooperation (Abbe & Brandon 2014). Building rapport with interviewees brought valuable information in this study. Each interview followed the interview protocol as presented in Appendix B. The interviews were conducted as a focused, guided and open-ended conversation. When there seemed to be good information but respondents were reluctant to answer in the workplace or

were busy with something else, the researcher completed the interview with basic information following the interview protocol, and then asked to have another talk where and when suitable for the interviewee. Semi-structured interviews were chosen because this method made coding and analysis of data after the interview relatively simple as all participants were asked the same main questions. Semi-structured questions allowed maximum flexibility in incorporating unanticipated issues and modifications to the research agenda (Campbell 1999).

The interview was divided into four main sections which followed the different themes of analysis. The purpose of first interview protocol was to gain general information about interviewees and their organization. The interviewees were asked about their job and their background such as their study major, their duties in the company, and how they perceived HRM practices. This group of questions helped the researcher understand how the interviewees' backgrounds and their perceptions about HRM practices linked to actual HRM practices and the organization's institutional responses. It was also the source for follow-up questions in the next protocols. The second group of questions was about the implementation of HRM practices. The third group of questions focused on institutional aspects such as how institutional forces influence HRM practices and how ESOEs respond to these institutional forces. The last group of questions investigated the effects of equitisation on HRM practices in ESOEs. Interviews were conducted as conversations. Although the researcher tried to learn from the pilot study and previous interviews to build clear sub-questions for each group, the detailed questions were intermingled and disordered sometimes. Participants occupied different positions in their organizations, and the researcher only asked questions relevant to a specific group of interviewees.

Interviews were conducted from October 2013 to January 2014. The pilot study was conducted in August 2013 via Skype. Interviews lasted approximately 20 to 90 minutes each (for the first time). As explained above some interviews were carried out in two sections. Interviews were done with ethics approval (see details in the ethical evaluation section). Interviews were conducted in Vietnamese and later translated into English. While the researcher is a native speaker of Vietnamese and also has excellent command of English, back translation was nevertheless carried out to ensure the accuracy of translation from Vietnamese to English.

Observation

The idea of observation was initially to observe behaviours of participants during interviews and, where possible, members of organizations to develop the question protocols and find a good way to communicate with interviewees. Although a pilot study was conducted before going to the fieldwork stage, the reality was far more complex. On the basis of the pilot study, the researcher first thought the research topic and question protocols would be perceived as easy to understand, not about a sensitive topic, and that there were no threats, no harms, no risk or potential problems, and that the ethics declaration and consent form were very clear and reliable, and hence, that the

interview process would be easy and comfortable. Moreover, the pilot study had gone well and people had been happy to have long conversations with the researcher via Skype because they had all been introduced by the director of their company. However, many unexpected situations occurred in the field stage of investigations.

Very soon after arriving in Vietnam in early October 2013, the researcher met with people from some ESOEs who had written emails saying they were happy to participate in the study. The major source of those approvals was current students of my former teachers and friends' friends. My former teacher is an associate professor of management in a university in Vietnam. When I asked him for help, he talked to his students and I quickly got emails in response to my invitations. The reason seemed to be pleasant: we were all students and sympathised with each other; thus, I was welcomed. I met a CEO of a company and interviewed him. He happily signed the consent form. It was about 30 minutes of a comfortable interview. He also helped me to hand out my invitation to take part in the study to his colleagues. He let me conduct interviews in his meeting room; some people came and talked to me for about 20 to 30 minutes each. Four interviews were carried out that morning. Although I could have talked to some other people, I stopped having interviews that morning because I felt something was not right. All participants in that company, including the CEO, answered me in the same manner and gave out the same kind of information such as: we have fully implemented the employment laws and regulations, we have full participation of the workforce in union activities, distributions of workloads and incentives are fair, and so on. Before visiting them, I had collected as much information as possible about the company from all sources to which I had access: online sources, archival records, books and so on. There was some doubt in my mind. I tried to paraphrase the questions and asked for the information again. Respondents did not go straight to the answers but said irrelevant things, talked around issues or used metaphors instead of speaking directly, and my request to collect organizational documents was refused. I appreciated the CEO's help and asked him what he had told others about me. "I do not know much about this girl, she is a PhD candidate in Australia trying to collect information for her thesis. My teacher asked me to help her, so please help her," he answered me.

There were some similar experiences in the early days of my trip, but here, I recount a different story. A friend who had also studied at the University of Wollongong introduced me to a vice-general director of a corporation. Having contacted him via email before, I came to meet him. The interview lasted for more than 90 minutes because he was comfortable sharing his working experience as well. After that I asked him about speaking to other people, and whether he could help me to hand out my invitation to other potential participants. He told me he was so busy and then forgot about it. However, he thought my interview questions were easy and people would be happy to talk. He said he would help me to hand out my consent form and see who wanted to talk with me. One week later I called him. He told me to come to his company the next day and he would call some people for me to interview. Next morning, I went to that corporation but his secretary told me he was not there. I called him and he answered me from Thailand. He was in Thailand for a conference. He asked

me to come to see him after one week. One week later I came to see him. He was not in his office but he sent a message telling me to come to the HRM department to meet a Russian who working as a quality management expert in the HRM department. I came and people there told me she was Russian and that she was only there on certain days of the week. I sent a message to the vice-general director and said she was not there. He told me to just come another time when he called me. I narrated this story to my friend – and she suggested I contact him again – she would tell me when. This time he would help, she promised. I told her I had given up trying to interview people in this company. I was busy with other companies at that time as well.

My lesson here is "trust". " Trust" is very important in qualitative research as previous studies have identified that people hesitate to talk to a researcher if they do not trust the researcher (Demi & Warren 1995). Later on, when I got into their network, I understood this behaviour. When participants do not have enough information to trust you, when they are not sure who you are, where you come from, what your real purpose is, ethics documents and contact details in an overseas country seem excessive. As one participant in company E reminded me:

> Do not be so courteous when you interview people. You do not need to always clutch your consent form and other things. Because you are seriously introduced by their director, they would not refuse you. If the director does not answer you freely, then whatever your ethics declaration promises, it will not make sense to people (...). In poor countries, people pay more attention to the basic standard of living. No-one has time to contact a faraway country to complain about you.

Thus, if they were asked to participate in a project by someone they respect, they might not refuse but would participate in an "acquaintance manner". They would not treat the researcher as a stranger and stay mute, but would only mention what they thought good or innocuous. Otherwise there might be something similar to the second story with the vice-general director. I noticed that the vice-general director was nice in terms of his tolerance in answering me during such a long conversation with details, explanations and examples, but he was reluctant to let me approach others. When the environment contains many elements of uncertainty, people will not reveal their experience or say something that they perceive as negative. They may trust my friend or my teacher but their level of trust in me depends on the involvement of my friend or my teacher in my interview process. Thus, I changed to another approach.

After some ineffective interviewing experiences, I decided to look for a closer relationship. I asked my cousin for help. He is director of an ESOE and hence, he knows some other ESOEs' directors as business partners. I decided to interview his company as well. The reason I did not ask him at the beginning of my journey was that his company and his suggested companies did business in some industries that were outside my interest that time. My cousin told me to make friends with his friends first because he thought in most cases only friends or someone who had mutual obligations would be willing to give me access to their companies. He told me those directors were rich, so I

should never think about giving them some items (tokens of appreciation) like some researchers sometimes do to get them freely involved in their studies. They are also too busy to talk to a mere acquaintance. My cousin thinks other Vietnamese CEOs, especially those who work for SOEs and ESOEs, share his thought that participation in research only benefits researchers because what researchers claim about their contribution to the company is very far from reality. In order to get credible answers, I must engage as much as possible in their activities. My parents used to work for an ESOE for their whole working life, from the time before the formal SOE became a 100% private-owned company. I myself used to work in this system so those ideas were not strange to me, but getting involved again in the situation was a real challenge.

To start, my cousin called me to a restaurant where he had invited some friends for dinner and asked them to help me. His friends told me to say hello by drinking wine and not to cheat in drinking (some people cannot drink alcohol so they drink water instead). After eating, we went to a karaoke bar. Sometimes some people did things I felt annoyed about such as forcing me to drink, to eat or jokingly touching me. My cousin warned me to keep calm and show my zealous attitude because I should show my willingness to be a friend. My cousin thought this behaviour was normal and he did it sometimes as part of that culture. There was no excuse for me to avoid these behaviours. My cousin was busy. He could not go with me every day, so getting to know new ESOE managers meant I relied on the same process as the one I used with his friends' help. Sometimes at weekends, these directors went to the countryside to catch fish or have a Vietnamese BBQ. I followed them because I wanted to have further understanding and get permission to access their companies after that.

Approaching interviewees in this way can give both advantages and disadvantages to the researcher. It is not only time-consuming but also creates difficulties of adaptation to social activities with participants. However, the researcher can conduct interviews in a friendly way, ask for documents, have follow-up interviews, attend organizational meetings and so on. The views of participants on HRM practices were different from person to person, and different from what they sometimes said when I was observing in that organization. Mismatches between their actions and their description of their actions were often seen during interviews. Thus, observation was an additional way to understand what was happening in their organizations.

Accessing qualitative data has already been identified as a key problem of the researcher and although this is an important issue, "the hurdles associated with it are neglected in the study of management" (Gummesson 1991, p.21). This study involved some access related issues that have not yet been fully discussed in the literature. The research procedure developed by western developed countries is not proper in Vietnam, in this case owing to cultural expectations. In my first story of accessing data, when I approached ESOEs by emails with a careful explanation of protections for participants and so on, I was accepted but was only allowed to see the outer surface of patterns. The role of investigator is another important issue. When participants have seen the researcher grow up in the same community, he or she is expected to understand and

follow the norms and values of that community. Thus, the ability of the researcher to adapt to the situation is pivotal in the data collection process.

Documentary evidence

Documentary evidence of the case study was collected from within and outside the organization. Documentary evidence from outside the organization included newspapers, government websites and books. Internal documents accessed included HR policies, HR guidelines, employee handbooks, annual reports of the ESOEs, the communist party and unions; documents about rights and obligations; the structure of ESOEs; decisions about rights and obligations of each position in ESOEs; and other information available on the ESOEs' websites. The researcher also got information through taking pictures of banners, organizational policies, and spells and incantations if they were presented on the wall or somewhere visible in the company.

3.6. Data analysis

This study used an interpretive approach to analyse data, treating answers from interviewees as describing their reality and their experience. Additional information from sources such as observation and relevant document analysis was also used to ensure accuracy of interpretation. Coding, clustering, matrices and pattern-matching were used as primary techniques to analyse data. Details of these techniques followed Ghauri (2004). Coding refers to sorting data or clarifying the data by themes and concepts in order to interpret the data and relate them to research questions and frameworks. Clustering, as a form of case comparison, refers to categorising cases by common characteristics, then inspecting cases and putting them into groups that share similar patterns of configuration. Different cases talked about different situations and behaviours; having groups to compare helped the researcher to understand common themes. Developing matrices means to explain the interrelationships between identified factors. Using a "pattern-matching logic" is one of the most desirable techniques for case study analysis (Yin 2003, p.116). By comparing the actual patterns with the predicted ones, if the patterns coincide, the results can help to strengthen the internal validity of the study. Even if the study is a descriptive one, as long as the predicted patterns of specific variables are defined before collecting data, pattern-matching is relevant. In the analysis of multiple cases, the cross-case synthesis technique, which treats each case as a separate study and then aggregates findings across a series of individual cases, is useful. Codes and memo details were organised according to categories and themes derived from the research questions. Quotes based on the documentation were put in a contrasting matrix within the same categories. This helped the researcher to compare and contrast data for common themes. This also supports the pattern-matching approach as a triangulation strategy. The literature review helped to build predicted patterns of HRM practices under institutional forces; those literature review patterns were compared to data collected in Vietnam to see how the theory worked in a different context and to seek explanations for those differences. Ideally, all

the information should have been coded into categories. However, codes did not always fit into pure categories, not because of the mismatch between data and the coding scheme, but because an open-ended question sometimes provoked new themes that the initial literature review did not mention. Carefully checking the literature review and explaining the relationship were strategies to deal with this. Where documentary evidence was contradictory, the relevant cases were investigated more deeply.

3.7. Evaluation of research design

Reliability and validity are familiar terms for evaluating quantitative research. However, there are debates concerning their relevance for assessing qualitative research. Qualitative researchers tend to use these terms in similar ways to quantitative researchers when they seek to develop criteria to measure qualitative study (Bryman 2012). Triangulation can improve the reliability of qualitative methods. Alternatively, trustworthiness and authenticity can be two primary criteria to evaluate qualitative research (Guba & Lincoln 1994). However, perhaps because they are dissimilar to widely recognised quantitative criteria, "trustworthiness" and "authenticity" are not influential. They have some connection with action research but are not a popular form of social study (Bryman 2012). Guba and Lincoln (1994) do not use reliability and validity as standards to measure qualitative research because these criteria suppose a single account of social reality and they argue that social reality is complex and qualitative research can reveal more than one account. Kirk and Miller (1986, p.73) suggest that the problem of validity can be handled by field research and the problem of reliability can be handled by documented ethnographic decision-making. Quality in qualitative research is still an ongoing discussion. Chowdhury (2015) in his review and discussion on the issue argues that "the conventional ways of ensuring quality may not be sufficient" (Chowdhury 2015, p.143). Besides trustworthiness and ethical issues as dominant criteria, Chowdhury (2015) discusses additional criteria in the literature and conceptualises the term "quality" of qualitative research using multiple dimensions (Chowdhury 2015, p.145). He suggests three new criteria: triangulation and crystallisation, data analysis and data collection technique. While these additional criteria support ideas about the validity and credibility of qualitative research, they are somewhat indirect and need to work with other criteria. Thus in this study, these additional criteria were treated as a subset supporting trustworthiness and ethical value.

3.7.1. Trustworthiness

Trustworthiness consists of four criteria. They are commensurate with the evaluation criteria of quantitative research: credibility parallels internal validity; transferability parallels external validity; dependability parallels objectivity; confirmativity parallels objectivity (Bryman 2012).

3.7.1.1. Credibility

Credibility of a qualitative research project is achieved when, if there are several accounts of an aspect of a phenomenon, the researcher determines an account that is acceptable to others. Credibility of findings ensures that the researcher has designed and carried out the research appropriately and thus can correctly understand social reality. This study ensures its credibility by triangulation techniques. The investigator spent more than three months in Vietnam to collect data. Triangulation was carried out by collecting data through various activities such as interviews, observation, attending organizational and social gatherings and engaging in other relevant activities. Data triangulation was also gained by interviewing different levels and positions of people within an organization and with officials at national and local levels. After an initial analysis, further information was obtained by follow-up interviews via email, phone call, Skype, and other social communication tools such as Facebook and Yahoo chatting.

3.7.1.2. Transferability

Analytical generalisation is critical to case study research as it determines whether researchers can generalise their findings to some broad theories (Yin 2003). Thus, transferability is an important criterion to measure case study research. Because qualitative research typically studies the phenomenon in-depth in a small group of individuals, their findings tend to be context-oriented (Bryman 2012). Lincoln and Guba (1985) argue that an empirical issue here is whether these findings can be generalised for other contexts or even in the same context at another time. They suggest thick description as a solution because thick description can help the researcher to create the possible transferability of findings to other contexts. Thick description in qualitative research aims to make data valid (Holliday 2002). This study adopted a thick description strategy as one way to enhance transferability of findings. Theoretical sampling as described in the sampling section is another technique to make sure of the transferability of findings.

3.7.1.3. Dependability

As dependability parallels reliability, it refers to the replication of findings and consistency between members of organizations about what they see and hear. In other words, dependability demonstrates that the process of doing research can be repeated with the same results (Miles & Huberman 1994). This study used an audit trail as a strategy to enhance dependability of the research because this increases credibility by establishing a chain of evidence (Miles & Huberman 1994),gives insights into the validity of the study, and allows other observers to understand the conclusions made by the researcher (Yin 2003). The audit trail of this study includes the following:

- Research instruments such as questions and an interview schedule were developed; a pilot study was conducted; interview questions were carefully checked and linked with

themes derived from the literature review to see whether there was a need to change questions or even the ways to communicate with interviewees;

- Access to resources was secured;

- Interviews were audio record, transcribed verbatim and translated into English; relevant documents were collected;

- During interview transcription, interviewees were contacted where necessary to clarify issues;

- Interview audio files, transcription and other documents were organised using Nvivo;

- Additional information from documents and observation was collected.

- Findings and discussion are presented in the next chapters.

3.7.1.4. Confirmability

Confirmability is concerned with ensuring that the researcher has not "overtly allowed personal values or theoretical inclinations manifestly to sway the conduct of the research and the findings deriving from it" (Bryman 2012, p.392). Confirmability requires the researcher to determine the credibility or accuracy of findings. Thus, it refers to objectivity. In the case of the present study, the researcher was born and grew up in a context highly relevant to the research with family members working for ESOEs. The researcher herself used to work in an ESOE and some other organizations relevant to the research such as trade unions and Communist organizations. This gave the researcher the opportunity to access resources and understand both verbal and non-verbal cues during the research and thus, understand the phenomenon in more depth. However, there is also the potential for bias as the researcher may be influenced by her working experience. The researcher always followed standard qualitative research methods to limit bias and subjectivity**.**

3.7.2. Ethical considerations

Ethical issues are of prime concern in qualitative research because reality is seen through the eyes of participants and writing up qualitative research carries subjective meanings of reality through the entire text. Researchers in such situations sometimes can dehumanise an informant by misleading or deliberate action, or researchers may be dehumanised by the participants. So ethics is considered in dealing with participants (Chowdhury 2015). Other key ethical considerations are confidentiality of data and protection of identity of individuals participating in the study, and the need to maintain the integrity and validity of qualitative research while also protecting the rights and dignity of participants (Chowdhury 2015). Ethics considerations need to be a critical part of the research design from defining the research problem to publishing of the research findings (Hesse-Biber & Leavy 2011). In order to address ethics requirements, permission to speak with employees was sought from owners of organizations. Each participant was given a Participant Information Sheet (PIS) before the interview, and the

contents of the PIS were reviewed with the participant for understanding. Voluntary consent was obtained before the formal interview (The PIS is attached in appendix C.) This study received approval from the Human Research Ethics Committee at the University of Wollongong. In this study, all participants were provided with:

- Information about the project such as objectives and intended contributions of research, data collection procedures both verbally and in writing;
- Information about how data collected from their participation would be used (a PhD thesis and, in summary form, in journal publications);
- Reassurance that their participation was confidential with no personal identification in the data, and no potential risks or burdens arising from the study;
- An opportunity to ask investigators any questions they may have had about the research and their participation; and information about whom to contact if they had any concerns or complaints regarding the way the research was conducted; and
- Reassurance that refusal to participate or withdrawal of consent was possible at any time, without giving reasons and without adverse consequences.

Researchers involved in human activities are more likely to experience tensions related to ethical issues (Chowdhury 2015). For many qualitative investigators, "the research ethics committee application is primarily a hurdle to surmount" (Guillemin & Gillam 2004, p.266). Guillemin & Gillam (2004) argue that besides the ethics checklist in applications, the investigator is also granted institutional credibility to conduct the research. However, the tension here is that the checklist may not help the researcher to deal with the realities of research practice; unexpected situations may arise which force researchers to make immediate decisions. Then the question is, do the researchers carry out their study in a more ethical way than they would do if they had not gained the ethics approval? Researchers follow what they perceive as the path of least institutional resistance (Haggerty 2004, p.412). Indeed, in my experience, the ethics checklist did influence the way I conducted the research. It acted as a reminder of what I needed to do. However, a few issues arose from misunderstanding of the ethics checklist. For example, some participants were not familiar with the PIS and consent form. They felt it was too complicated so that they changed their mind and refused to answer after reading the PIS and consent form. Nevertheless, to better apply the ethics checklist , researchers need to prepare to deal with the ethical tensions that may arise. In this study, people would only participate if they had certain levels of "trust", whether it was trust in the researcher, or trust in themselves that there would be no potential risk. The PIS was signed to complete the procedure but many respondents admitted that they did not believe this procedure could protect them if unethical actions happened. The purpose of this study is not to investigate theories of ethics in qualitative research or suggest a new research ethics paradigm. However, the present study suggests that the rigour of ethical

protocols in Western countries perhaps needs revision when doing research in developing countries where such protocols are not understood or trusted.

3.7.3. Potential limitations and future research

This section highlights some potential limitations of the study. A common concern of case-oriented research is that it may be influenced by biased views (Yin 2003). Flyvbjerg (2006) points out that the bias toward verification is general; qualitative methods allegedly allow the researcher to be subjective and make arbitrary judgments more so than in the use of quantitative methods. Research alone cannot erase such criticism. However, as Yin (2012) points out, case research can be part of a cumulative body of knowledge. Besides, using multiple techniques has potential limitations such as the danger that one or other data set may be under-analysed leading to problems in attempting to find out the "true" state of affairs when combining data from different sources (Silverman 2013, p.137). Adopting ideas from Field and Field (1986) that because the act of qualitative analysis is "an interpretation", triangulation should always begin and operate within a theoretical perspective and from that perspective the researcher should choose methods and data which can generate structure and meaning. Another common concern is that the case-based research does not permit generalisation. However, in case research, researchers generalise theoretical propositions, not to whole populations (Silverman 2013). Thus, to generate propositions for a whole population, the researcher would need to consider different paradigms of research, requiring different methodologies and a different ontological position.

3.8. Conclusion

This chapter explained the research methods used to explore how institutional forces influence HRM practices in ESOEs in Vietnam and how ESOEs respond to these forces. After discussing current popular choices of research methods, the chapter explained why this study was undertaken from an interpretivist perspective with qualitative and multiple case study methods. Data were collected using multiple collection techniques such as in-depth semi-structured interviews with multiple types of participants, observation and documentary sources, all sourced from a range of contrasting organizations. Data were analysed by using coding, clustering, matrices and pattern-matching techniques. The chapter also acknowledged some limitations of the study's method and discussed methodological issues that arose during the study such as accessing data that represented people's real views, and ethical considerations in conducting research in a developing country.

4. COERCIVE INSTITUTIONAL FORCES AND STRATEGIC RESPONSES

4.1. Introduction

Through the lens of institutional theory, this thesis examines institutional influences on the adoption and non-adoption of human resource management (HRM) practices in Vietnamese equitised state owned enterprises (ESOEs). Chapters 4, 5 and 6 respectively analyse the coercive, normative and mimetic institutional forces that influence ESOEs in Vietnam. Each chapter identifies specific forces that act on HRM practices; explains how ESOEs respond to these forces and which factors, if any, drive their resistance to institutional forces; and compares the action of these forces before and after equitisation.

Coercive forces affecting HRM practices in Vietnamese ESOEs include related laws and regulations, the Communist Party (CP), unions, and coercive internal controls. In analysing the coercive forces, Chapter 4 is organised as follows. Section 4.2 describes the nature of the coercive forces and ESOEs' responses to them; each sub-section analyses a type of coercive force. Section 4.3 focuses on resistance to these forces. Section 4.4 analyses the interaction between ESOEs and these forces before and after equitisation. Section 4.5 summarises the research findings of this chapter.

4.2. Coercive institutional forces affecting HRM practices and ESOEs' responses

As reviewed in Chapter 2, coercive pressures in the field of HRM mostly emanate from laws and regulations and also include pressures from social partners such as trade unions and works councils (Paauwe & Boselie 2003). Indeed, results from data analysis show coercive institutional forces affecting HRM practices in ESOEs in Vietnam mostly arise from the employment legislation. Next, the Communist Party (CP), trade unions, women's unions, youth unions, veterans' unions; and centralisation and formalisation as forms of coercive internal controls were found as sources of coercive institutional forces. However, their roles in shaping HRM practices in ESOEs were varied. These forces exist under the foundation of relevant laws and regulations.

The influence of the CP and unions on HRM practices is different in the context of Vietnam – a communist regime – compared to western, non-communist contexts. On the other hand, some institutions that provide coercive pressure in some western contexts are not present in the Vietnamese context such as European works councils. There were also some institutions that are not highly significant such as company-wide control, and coordination and integration mechanisms. Works councils do not exist in the Vietnamese context because in Vietnam employment legislation does not require them. Company-wide control and coordination mechanisms and integration mechanisms did not have a great impact on HRM practices in the studied companies because other

mechanisms of internal coercive isomorphism such as centralisation and formalisation were more influential.

4.2.1. Employment law and strategic responses

4.2.1.1. Employment legal system in Vietnam

A set of laws and regulations concerning HRM practices has been developed step by step in Vietnam since *Doi Moi* [the 'renovation' of the economy, based on recognition of the problems that the central planning system had had on the wellbeing of the population] in 1986. Central to this labour regulation system is the Labour Act. The Labour Act specifies the labour standards, the rights and obligations of employers, employees and other stakeholders. There are also other employment-related laws such as: employment law, social insurance law, health insurance law, emulation law, laws for trade unions and their bylaws which govern HRM practices in enterprises. According to the current Enterprise Law 2005, SOEs[3] are 100% owned by the State, but in a subset of these, ESOEs, the State holds 51% or more, but less than 100% of the capital. Thus, they are subject to other laws such as anti-corruption laws and laws for officials and civil servants that can influence some aspects of HRM practices because core members of SOEs are subject to these laws.

In general, laws in Vietnam have been developed to deal with particular situations rather than to attain an absolute, stable and long lasting application. Many laws are just temporary guidelines for business activities (Nguyen 2009). An interviewee compared the Vietnamese law system to a fishing net with a lot of holes. When law makers have just patched a hole, there will be another one:

> Laws and regulations will change when realities change. Like you are patching a fishing net. You have just done patching this hole and then you see another hole. (HR manager, Company A)

This results in continual review and renewal of many laws. Indeed, the Labour Act was passed in 1994, with amendments in 2002, 2006 and 2007. The latest version of the Labour Act was passed on 18 June, 2012, and took effect on 1 May, 2013. The new version increased the responsibilities in 51 of the articles, established 90 new articles, amended 103 articles and kept 82 articles without change in comparison to the 2007 law. In this law, the government and the relevant authorities have a duty to stipulate in detail and guide the implementation of articles and clauses in the Act (Article 242). The labour regime for cadres, civil servants, officers and armed-forces personnel, other social organizations and cooperative members are regulated by other legal documents

[3] According to the Enterprise law No. 68/2014/QH13, issued 26 November 2014, which took effect from 1 July 2015, ESOEs, in which the State holds 51% or more of capital, are not SOEs anymore. SOEs are those with 100% capital held by the State.

(Article 240). Thus, there are many bylaws with regard to HRM practices. They are: (i) decrees of the Government which detail articles in the Labour Law, (ii) circulars of ministries and joint circulars of some ministries or joint circulars between ministers and/or ministerial-level agencies which detail guidance on the decrees of the Government (for example, Decree No 46/2003/NĐ-CP issued 10 May 2013 which details articles of the Labour Act on labour disputes. Circular No 08/2013/TT-BLĐTBXH of Ministry of Labour-Invalids and Social Affairs issued 10 June 2013 guides Decree No 46/2003/NĐ-CP on labour disputes), (iii) decisions of the Ministers, heads of ministerial-level agencies. It results in hundreds of related HRM guidelines and regulations which currently affect HRM practices in enterprises (Vietnam Government Portal 2015). There are also regulations of the provincial People's Committee on specific HRM practices. The labour regulation system is perceived by interviewees to be complex and difficult to implement. The next section describes how interviewees perceive and respond to the legal system.

4.2.1.2. Strategic responses to employment legislation

The above section provided a summary of the employment legislation system in Vietnam. Using Oliver's (1991) framework, this section analyses strategic responses of ESOEs to employment legislation. Details are given below.

4.2.1.2.1 Acquiescence

According to Oliver (1991), acquiescence refers to the actions of an organization where they accede to institutional pressures. Generally speaking, representatives of ESOEs answered research questions by stating that they put in maximum effort to comply with the legislation because they simply did not want to face the problems of penalties. However, their responses varied across ESOEs. Acquiescence can take alternative forms of habit, imitation and compliance. Each of these forms is discussed below.

Habit

Habit, which refers to unconscious or blind adherence to institutional rules and values, is not a frequent tactic in the range of ESOEs' strategic choices of response to labour legislation. However, there were some cases where managers used this pattern of habit as a tool of internal control to show their compliance with legislation. For example, sometimes managers in company C imposed some specific practices on job candidates because they knew that candidates did not understand the relevant legislation requirements:

> Of course I follow the recruitment process that is required by the related regulations, but I will ask you for some extra information that you cannot answer if you do not work here or have never had an internship here. (Engineer, Engineering Department, Company C)

The example shows that by making some changes on the actual questions of the examinations, they can make sure some candidates fail in their recruitment examinations. In this way the selection committee can choose familiar candidates. Another example was company G that had quarries in remote areas. Their employees working in those mines were mostly local ethnic minorities. Managers in company G found that these employees unwittingly complied with the law's requirements and management requirements and did not challenge them because they were unaware of the nature of those requirements. As long as they believed in the expertise and knowledge of managers and trusted the managers, they would do what they had been told. Therefore, managers in company G tried to build rapport with employees by visiting their families on occasions such as the Lunar New Year, or wedding ceremonies or when employees' family members had serious illnesses, and gave this group of people special favours such as allowing them to be absent from work for festival seasons/days.

Managers in company G also used this influence strategy to sign collaborator contracts with minority workers to avoid paying insurance for them. Thus, the reason minority workers signed collaborator contracts was different from the reason workers at the main business site signed them. Minority workers signed collaborator contracts without asking about them because they were unaware of the law's requirements. Workers in the main business site signed collaborator contracts because the labour market was so competitive that it would be difficult for them to find jobs with labour contracts, which were more expensive for the employer.

Imitation

The imitation tactic is consistent with the concept of mimetic isomorphism (Oliver 1991). It refers to the mimicry of institutional models and can be either conscious (witting) or unconscious (unwitting) imitation. In response to fast changing laws and regulations, ESOEs all have some form of training for their employees. For example, when a new version of the Labour Law had just come into effect, companies A, C and D hired consultants to organise training for their core employees. Company E sent members of their HR staff to training sections organised by their parent company. Companies B, F and G integrated seminars on the new legislation in organizational meetings.

The imitation tactic was also evidenced by the act of looking at other ESOEs' HRM practices and imitating the ones that appeared suitable. HR practitioners talked to members of other organizations in the same industry and other ESOEs that belonged to the same parent company to see how others understood and transferred the law's requirements into HRM practices. For example, HR staff in companies A, E, F and G asked other ESOEs about the amount of money that others intended to give to their employees as a bonus for the holidays. In the light of new regulations, HR staff in companies A, D, F and G asked others about the amount of allowances for employees working in heavy, dangerous or toxic conditions. Then the information was submitted to

their director for a final decision. Imitation tactics were also seen in ESOEs which revised their HRM policies and procedures to ensure they were in accordance with the new laws and regulations. This occurred in all ESOEs. Noticeably, many interviewees in all companies said they were in the habit of checking the internet and Google if they wanted to find information on new legislation. This indicates a new way of referencing as a source of imitation.

Compliance

All ESOEs in the study integrated the promise to comply with legislation requirements into organizational documents such as goal, vision and mission statements, charters, HRM policies, documents about the responsibilities of functional departments, responsibilities of key positions, and annual reports. Those documents assert that companies fully comply with legislation. Here are some quotations from organizational documents:

> 1. This charter will not repeat the requirements of the legislation applying for a joint stock company, board of directors, executive board, employee and trade union because all these requirements are fully complied with, whether stated in this charter or not.
> 2. In addition, this charter will not repeat a term usually used in Vietnamese written language "according to the law", because all members of this company fully comply with, are subject to, and follow legislation in all activities.
> (Charter, Company A)

The above quotation asserts that all members in company A fully comply with relevant legislation in all activities. Another example is some quotations from the rules about safety in the workplace printed on the wall near the entrance door of company B:

> 1. Every year the company has to include plans to ensure safety and hygiene practices in the workplace and improve working conditions in their business plan.
>
> 2. Employees are fully equipped with personal safety protection and other conditions specified in other legislation about safety and hygiene in the workplace are complied with.
>
> 3. The company appoints a supervisor to supervise the implementation of legislation about the content and means of conducting safety and hygiene activities in the company, and to coordinate with the trade union in the company to develop and maintain safety and hygiene practices.
>
> 4. The company establishes rules and procedures for safety and hygiene activities suitable for each type of equipment. They are to be suitable and in accordance with legislation even when the company changes technology and equipment and changes location.
>
> 5. The company organises training for employees on the standards and requirements of legislation and practices to ensure safety and hygiene.

6. The company organises periodic health care checks for employees in accordance with legislation.

7. The company fully complies with the reporting regime, investigates labour accidents and occupational diseases, and every 6 months and 12 months sends a report about safety and hygiene practices to local bureaux of labour, invalids and social affairs.

One of the reasons for having this assertion in organizational documents is that when the inspector visits an enterprise, first he or she wants to know whether the enterprise has issued any policy in accordance with relevant legislation. He or she may ask for a copy of those documents to make a report to his or her superior. By showing those documents, enterprises can also show the inspector that the company complies with the legislation.

4.2.1.2.2. Compromise

According to Oliver's (1991) conceptual framework, when organizations see conflicting pressures from an institutional context or there are inconsistencies between institutional demands and organizational interests, they may employ a compromise strategy in which compliance is only partial. Compromise can be in the form of balance, pacification and bargaining tactics. Each of these forms is discussed below.

Balance

This tactic is clearly seen in all ESOEs. ESOEs accommodate multiple institutional requirements and try to achieve parity between legislation requirements, employees' interests and the company's interests by negotiating with employees to allow non-compliant practices and persuading employees that the company does not need to comply with regulations. Here is an example of how ESOEs use balance tactics in their strategic choices:

> When the enterprise had just been equitised, the elderly and poorly skilled workers who wanted to retire were allowed to retire. If anyone did not want to retire, the HRM department talked to them and persuaded them to retire. They explained the difficult situation of the company such as its financial problems, the lack of jobs for everyone. Thus older employees should retire to save jobs for their children and relatives (*con em*) and so on [many employees were recruited because their parents or relatives worked for the company or they were introduced by someone who had a relationship with members of the company]. In order to avoid litigation, the HRM department asked employees to write applications for retirement. If anyone did not want to write an application for retirement, he could go to the workplace but he would have a very limited job with a low salary. (Marketing manager, Company G)

The above comment shows that company G negotiated with employees to get them to resign voluntarily (a 'balancing' tactic). Managers in ESOEs try to persuade employees to seek agreements because they wanted to maintain harmony. A manager commented:

> No one wants to force anybody. If we did not take ethics into consideration, we would have full reasons to dismiss. Employees [shopfloor workers] will not appeal anywhere. They do not have resources (…). We take decisions based on carefully checking the legislation. However, because employees in this company are mostly children and relatives of members of staff here, we do take this into consideration in every case. (Deputy Director, Company A)

The quote explains that although employees in company A do not have the power to appeal if they are dismissed, managers in this company adopt an ethical approach because employees in company A are mostly children and relatives of members of staff there. A manager in company F added a reason why he thinks older employees should voluntarily resign:

> Labour legislation does not require us to recruit your children, but there is an unwritten rule that if the parents work for our company, their children will have priority to enter this company. Our company has shown sympathy for you so you should do something to return the favour (Financial manager, Company F).

Besides, a manager in company F explained that reasons to dismiss employees illegally included the fact that the employees were not adequately qualified to perform their jobs, and the employment legislation did not support HRM:

> We do not want to sack pregnant employees, and we do not normally do it, you know, but indeed they are poorly skilled workers (….). If they are skilful we are happy to wait for their return. In overseas countries they have policies to support employees in such cases. Our laws are beautiful in their words but they load all the responsibilities on enterprises [private enterprises]. It is hard…When we ask them [employees] to write an application for retirement, we also offer them some financial support, rather than nothing. Many companies do nothing in this case. (Manager, financial department, Company F)

The quotes above show that ESOEs attempted to use the balance tactic when possible. Harmony and social obligations were components of their management practices. This is consistent with finding in Nguyen's (2009) study of the governing dimension in Vietnamese SOEs whereby managers in those companies tried to build harmonious workplaces. Coercion is applied only when negotiation failed. In the examples above, companies G and F negotiated with employees to voluntarily quit their jobs. If persuasion failed, managers in those companies made difficulties for the employees so that the employees were forced to ask for retirement.

Using a similar balance approach, Company B balances the legal requirements of paying insurance for employees and the organizational objective of making profit by asking employees to pay for their own insurance. A bus driver explained:

> We have to deposit money for our company. The company uses that money to pay for our insurance. In fact we pay for our insurance under the name of company. (Bus driver, company B)

ESOEs also balance the organization's interests and employees' interests by choosing a strategy that benefits both parties. For example, company A complied with the legal requirements to pay social insurance for employees but negotiated with them to reduce the amount of money they paid for their insurance by moving some of their income to a category that did not require insurance deductions:

> Your basic salary is 3 million VNĐ; your total income is 7 million. We will sign a labour contract with you at 3 million and your social insurance is calculated from your basic salary. Another 4 million you receive as an allowance. We all share the benefit and each party suffers a little bit. (HR staff member, Company A)

Similarly, company B allowed bus drivers to earn extra money by having overloaded buses because managers in company B understood that bus drivers had to spend money in unexpected situations such as giving money to a police inspector or when they were involved in an accident:

> Our company fixes the amount of money that bus drivers have to contribute every month. The spare money, if they have any (which of course they do have, you can see how overloaded this bus is [the bus is full of passengers]), belongs to the bus driver because we know that that bus drivers face the risk of accident. Or they may be stopped by the police and have to give some money to the police inspector, etc. (Director, Company B)

Besides the aim of building a harmonious workplace, interviewees explained other reasons to use balance strategy. For example:

> When it comes to management practices, we should integrate discipline and flexibility. Whatever we say, there must be benefits for both the enterprise and employees. If the enterprise accrues a lot of benefits and just gives a small amount to employees, it is hard to manage employees. If employees have too many benefits, it is difficult for the enterprise to flourish [if the company has to pay higher salary for employees, the organization's costs will increase]. In my opinion, there must be balance between the organization's benefit and employees' benefit. We should find a way to make the two come closer together. Ideally it should be 51-49 [percentage of divided benefit], the company gets 51% of benefit and 49% is to share out among employees. However, if it is 60-40, it is reasonable. This is to attract workers. They must be sure of having enough money to make a living so that they can focus on working. If not, there will be other losses [employees may do something illegal or to the company's detriment to have extra earnings]. (HR manager, Company B)

And:

> If brothers (*anh em*) [employees] work hard but the company does not pay them enough money to maintain their basic standard of living, they have to think this way or that

> way. They may use their position to earn extra money [employees can steal materials in the factory and sell them; credit officers can take advantage of their position to take extra money from bank borrowers]. If the company does its propaganda well and makes sure of their relative wages, those bad practices are more limited. (HR manager, Company E)

The quotes illustrate that managers in ESOEs use a balance tactic because they see the benefit of applying this strategy in managing people as it helps them to attract workers, encourages them in focusing on their jobs, and limits bad behaviours of employees due to low income.

Pacification

By using a pacification strategy, ESOEs conform to at least the minimum standards of legislation requirements but try to placate the agencies enforcing the requirements they want to resist. The labour regulation system is perceived by interviewees to be complex and difficult to implement:

> We have a great law system [the official is referring to a law system with all the "bells and whistles"] with lots of details and bylaws [the speaker is using irony here]. We also have a great system of database of government publications for citizens that you could not find 10 years ago. But if you check, if you search keywords related to employees, there are thousands of documents. The Government did highlight which one is still in effect, but you are never sure if it has been abolished by another higher-level legal document. (Official, province K)

And:

> We have too much guidance, overlapping, very confusing legislation. (HRM manager, Company G)

And:

> Safety in the workplace is stipulated in many laws and regulations by many authorities such as the Labour Law, Minerals Law, Trade Union Law…by the Ministry of Natural Resources and Environment, the Ministry of Labour, Invalids and Social Affairs, etc. Each [law or regulation] has different requirements [conflicting requirements] but they [the authorities which issue regulations] all want to check if enterprises comply. Which one we should follow? (HRM staff, Company G)

The responses above show that, from a practitioner perspective, there are too many laws and bylaws and many of them are inconsistent leading to confusion for practitioners. Besides, the difficulties of the implementation of these laws and regulations arise from the incomplete legal system where many requirements of laws are not realistic and important issues are not covered by the relevant law. An interviewee explained:

> Many laws died quickly when they had just come to life because they were built far from reality [they were not realistic]. (Official, province K)

Another interviewee gave an example of unrealistic points of the Enterprise Law:

> Did you look at the draft of the Enterprise Law that the Congress is now processing? We know in advance that there are some things that cannot be applied. Ministries and authorities will have to jump in [nhảy vào] to issue further guidance. Now ESOEs that have 51% of capital held by the State are SOEs and follow rules and regulations of SOEs. When the new law takes effect, after one night, they wake up and are no longer subject to those rules, aren't they? They can freely act as if they are private ESOEs, can't they? Not really. ESOEs still have a parent company and central industrial ministries. The director is the one who represents the capital of the State and is responsible for running the enterprise. He is surely a communist and a civil servant. If he wants to invest in a new product, his plan needs to be approved…. What will happen you can guess. (Specialist, Ministry of Labour, Invalids and Social Affairs)

In addition to the complexity of the legal system, fast changing laws and regulations are a feature of the labour regulation system that are difficult for enterprises to update and implement:

> In our country, laws and regulations have changed so fast. (HRM staff member, Company A)

And:

> Vietnamese laws are changing every day. It makes it difficult for us to control our business. This year, all the projects are stopped or have limited activities, and [there are] no more investors [due to the changes of regulations] (…) We have to lay off employees. (Manager in financial department, Company D)

In addition, poor law enforcement contributes to weak implementation. An interviewee explained that employees do not have enough rights in the workplace as required by the employment laws and employers do not comply with legal requirements because they are not strongly enforced:

> The purpose of the labour Law is to protect employees but in fact, employees do not have many rights in comparison to [what they have under] labour laws in other countries [they compare to western countries], isn't that so? It does not matter how many rights employees have, if employers do not suffer as a result of non-compliance, they will not comply. (HRM staff member, Company A)

The above weaknesses of the legal system lead managers in ESOEs to feel that the system is unfair and confuseing, so their response is to choose pacification actions. Another interviewee gave further explanation:

> Our legal system has many loopholes. There are too many regulations in some areas and a serious lack of guidance in many other areas; [the legislation is] unfair and confusing. Both lawmakers and practitioners are jumping in a scatter dance. (HR staff, Company E)

She added an example:

> Tax agencies and auditing agencies are not unfamiliar with tax invoices in which each person drinks 30 bottles of Lavie [water] in a meal. But they are powerless in this case. The legislation does not allow organizations to use wine at a farewell party with a business partner, so they use water. [Someone orders] just one bottle of Chivas 25 and tells the restaurant to convert the price into 300 bottles of water. The legislation does not allow public relations expenses to exceed 10%. Easy, add 100 VNĐ [about 6 AUD] to the payroll of each employee. (HR staff member, Company E)

The rapid change of laws and regulations makes the implementation more difficult because ESOEs cannot change their procedures quickly, especially when some practices have become routine or part of another system, as every change involves most staff and departments in an organization. For example, an HR manager in company A stated that laws and regulations that are related to money are hard to implement quickly because they are part of the company's financial system:

> When laws are changing quickly, it is difficult to implement them, especially things that are related to money because it is a part of the company's financial system. We cannot change as quickly as the new regulation requires us to. (HR manager, Company A)

Thus, ESOEs in the study comply with legislation that is consistent with their interests, and ignore the rest. For example:

> The tax policy has changed. Policies on the exploitation and processing of minerals have just changed too. Thus there many products whose production has to stop. Because of high tax and more complicated procedures for producing products, if we continue to produce, we will lose money. When we stop those products, many managers and employees have to stay at home. In our company, from 2012 to now [the time of interview in October 2013] we dismissed 140 managers and workers. Now that we have about 170 people (…) we do not need to try hard to persuade employees to stop working. People also did not complain. There is no compensation for sudden dismissal at all. After that, we used the available materials in our store to make other products and if anyone wanted to work for us again, we could sign a collaboration contract. (Vice deputy, Company G)

Company G above has changed the name of some products, operating under the new names to avoid paying tax and hiring employees again under collaboration contracts (rather than labour contracts) to avoid paying insurance for them. Collaborator contracts also do not have to comply with minimum wage legislation. An employer can also hire employees and continually renew the collaborator contract. Finally, to avoid the legislative requirement that signing a collaborator contract continually over a 12 month period means it must be converted into a labour contract, the employer can change a little bit of the job description.

Bargaining

ESOEs in this study tried to exact some concessions from the sources of external institutional demands. They raises their concerns and sought government sympathy for using non-compliant practices when meeting with authorities such as during central or local government officers' inspections, in meetings with representatives of the local people's assembly, and in all other forms of reporting to authorities (annual reports to government, reports to the higher rank CP organizations and trade unions). The levels of voice and the means of transmitting voice differed across companies due to differing perceptions of the boards of directors and differences between the two provinces represented in this study. Companies A, B, C, and D were located in the large city X where both local government and companies seemed to be busy. They preferred a formal written report as a way of collecting information from enterprises. Province K is a small province. Authorities and company leaders there seemed to know each other and met regularly outside the workplace. Leaders of companies E, F, and G took these opportunities to express their concerns and seek concessions. Enterprises in province K also took opportunities to join the local People's Assembly and raise their voice. They focussed on matters of legislation that did not work in their 'reality'.

In more than one month living in province K, the researcher had the chance to join the after-hours networks of several enterprises and understand their bargaining mechanisms. After working hours, it was common for managers of enterprises to party with their business partners. If someone wanted to have business relationships with enterprises here and if they were introduced by anyone else, the presenter would first arrange an informal meeting with the potential business partners in a restaurant. If all parties were interested, they would conduct a formal meeting in the workplace. When someone was accepted by the network, he or she had more opportunities to get involved in business with others. For example, many times during parties the researcher heard people make proposals such as: "I have a cousin who does printing services; when your company prints brochures, remember to call me, I will not forget you"; or "This brother has been drinking with us for so long but he is still a normal staff member in your company. Do you have any way to give him a deputy head of department position so that he stops feeling sorry for himself?".

Because the city was located quite far from other cities, and conditions of transportation were poor, companies gave priority to suppliers in the same areas. There were also not many banks from which to borrow money. All the largest banks belong to the State. Thus, bank directors became very important in this network. Also those bank directors were communists and might be members of the local political system. For example, the director of company E was a member of the Provincial People's Assembly and a member of the Provincial Executive Committee of the CP. Enterprises also used this network to find out information about the decisions of authorities on their businesses. In contrast, enterprises in city X did not care much about political activities. After-hours networking in city X was for business purposes and leisure-based business activities.

4.2.1.2.3. Avoidance

To avoid the necessity of conformity (Oliver 1991), organizations practise an avoidance strategy through three tactics: concealment, buffering and escape. Each of these tactics is discussed below.

Concealment

Concealment seems to be the most popular tactic among the strategic choices of ESOEs in response to legislation that they perceived as irrational or in conflict with their interests. They showed conformity to gain legitimacy and practised concealment by disguising nonconformity behind a façade of conformity. To support their concealment, ESOEs applied ceremonial pretence and displayed expected behaviours in conformity with legislation that was not consistent with their normal routines. For example, company B's recruitment process was undertaken in accordance with legal requirements. However, to be employed in this company, some bus drivers had to buy buses themselves. They had an agreement with the company saying that they contributed their buses as a part of their share. All labour contracts and other documents were ready for inspection. By doing so, the bus drivers could use the routes that are appointed for company B. Companies C and D had advertised vacant positions but potential appointees had already been noticed. The comment below gives an example of how the employer could dismiss a pregnant employee:

> It is illegal for an employer to dismiss a pregnant employee according to the Labour Law. However, in many cases the employer can lead the pregnant employee to the situation of unilateral termination of the labour contract by telling them that in Article 38 of the Labour Law, with regard to an employee who often does not complete the work in accordance with the labour contract or something else, they may be in a situation of unilateral termination of the labour contract (HR staff, Company D).

The quote above explains how an employer can resist some requirements of legislation. Poor law enforcement reduces the risk of incurring penalties for non-compliant practices. The terms of the Labour Law are not well defined which opens it up to interpretations favourable to employers. By selectively interpreting terms and concepts in the Labour Law, employers can take advantage of employees. Managers in ESOEs explained the reasons for their concealment strategy:

> Enterprises have to comply with too much administrative stuff such as registration of collective bargaining agreements and submitting reports about the use of labour force and so on in which there are many reports that we do not know they [authorities] collect it for what. (HR staff, Company G)

This quote illustrates that managers think there are a large number of administrative procedures that organizations have to comply with such as registration of collective bargaining agreements and reports about the use of labour in the enterprise. They are perceived as unnecessary. Besides, laws are perceived as too much intervention in organizational activities:

> Our laws sometimes intrude too much into the autonomy of enterprises. For example, a company has to pay 85% of the salary for a new employee during their probation according to the Labour Law. We have some positions with a very high salary. If we pay even 20% of that salary, it is higher than the national minimum wage. (HR manager, Company A)

A summary of examples from ESOEs in the present study of non-conforming practices that are under the concealment strategy follows:

- Unilateral termination of the labour contract with pregnant employees (companies A, B)
- Female workers with children under 12 months have to work night shift (company G)
- Signing of labour contracts with employees at pay rates lower than the minimum wage (companies A, B, F, G)
- Signing of short labour contracts to avoid paying insurance (companies A, F,G)
- Extending the period of employee probation (companies F,G)
- Employees being not fully equipped with safety and hygiene equipment or equipment not meeting quality standards (companies A, B, F, G)
- Not fully reporting occupational accidents (companies A, B, F, G)
- Not paying insurance or only paying a part of labour insurance for new workers (companies A, B, F, G)
- Not paying compensation upon employee retrenchment (companies A, G)
- Recruitment process not in accordance with legislation: that is, without advertisements of vacancies (companies B, C, D, E) or sometimes with advertisements but with candidates having already been chosen (companies B, C, D)
- Paying salaries late (sometimes up to several months) without paying compensation (companies A, B).
- Written contracts giving advantages to management (companies A, B, F, G)
- Job descriptions and written contracts that are not consistent with legislation or are deliberately written with technical jargon to make it look as if they are consistent with the legislation (companies A, B, F, G).

ESOEs practised concealment strategy by a combination of showing compliance and hiding non-compliant actions. For example, they sometimes paid insurance for a certain number of employees and ignored others. They could change the employment statistics and show only the complying data during the inspector's visit. Concealment appeared in all non-conformity practices. However, this concealment tactic was normally combined with other forms of partial compliance tactics such as balance, pacification and bargaining as in the above examples of collaboration contracts or balance between employee salary and actual payment. It was mainly to take advantage of loopholes in the legislation. Enterprises also prepared for the situation where the concealment might be disclosed. As one HRM manager explained:

> The HRM department has to check the Labour Law and related regulations carefully to do whatever these regulations do not ban and prepare the backup choice and explanation in case we have an inspector visit. It is risky if we do not do it [preparation] because this type of company [private company] usually has an inspector visit. (HR manager, Company A)

Buffering

This tactic involved ESOEs trying to reduce the possibility of external assessment through partially decoupling or detaching their technical activities from external contact. The virtue of this decoupling is that it maintains organizations' credibility and legitimacy. ESOEs entertained and pampered inspectors such as organising a welcome party, taking them sightseeing, or giving them gifts to influence their perception of the ESOE's compliance (all companies in the study did this). However, the purpose of applying a buffering strategy differed between two groups. For companies B, C, D and E where more than 50% of charter capital belonged to the State, the strategies of 'entertaining' and 'pampering' aimed to get the inspectors to say that those companies had good management practices and thus build the reputation of the managers. In those companies, salaries came mostly from the State's budget. Thus there was little threat of financial loss being used as penalties. For companies A, F and G, entertaining and pampering were to avoid adverse findings from inspectors where such findings might result in financial sanctions.

Escape

This tactic was a more dramatic avoidance response of ESOEs to legislation pressures. In this tactic, organizations left the environment which imposed pressures on them; such pressures could significantly change organizational goals, so as to avoid the need for conformity. Escape tactics were not found frequently, but they appeared somewhat similar to the example of changing the product in company G so that legislative requirements were no longer applicable to the new versions of the products.

4.2.1.2.4. Defiance

Defiance strategy involves dismissal, challenge and attack tactics and is a more active form of resistance to institutional pressures (Oliver 1991). Each of these tactics is discussed below.

Dismiss

ESOEs dismissed or ignored institutional pressures when law enforcement was perceived to be low or when the law dramatically conflicted with their goals and objectives. ESOEs in this study did not have many HRM practices that completely ignored any specific legal requirement. Instead, they carefully studied the legislation and ignored part of its requirements if they thought there was a low chance of enforcement. An interviewee indicated:

> When different important laws and regulations conflict we have room for ignoring some little practices. We will explain that we are waiting for further guidance [explain with inspector in case of being examined]. (Manager, financial department, Company B)

Other responses gave examples of ignoring legal practices:

> When the due date is coming, whatever the working hours requirements are, our workers have to work overnight. (HR staff, Company F)

And:

> It is not strange if our workers work after hours (…). Many workers perform so badly that we have to dismiss them. They do not improve even after one or two years of working (…). If we think this violates the law [not paying some employees for working after hours, dismissing workers who have been working more than 12 months without paying compensation], this violation is very small. Because sometimes employees do not have to work hard; there must be some times that they need to work hard. (Marketing staff member, Company G)

Managers mentioned illegal HRM practices such as not paying employees for working after hours, and dismissing workers without paying compensation. The interviewees explained that these practices were reasonable. For example, they felt some employees should be dismissed because of poor performance or that because employees did not have to work hard sometimes, they needed to work hard at other times. Another interviewee explained the limitations of the workforce:

> Many of our workers are farmers. They only work for us in their break from their farming season. They are disorganised, and do not follow our safety and hygiene guidance. They are not afraid of dismissal. If we dismiss them, they go to another company. (HR staff, Company A)

The above comment was based on the fact that managers in company A did not want to conduct safety training in the workplace for temporary employees who were accused of not having self-discipline, thus moving the problem from training to blaming.

In summary, almost all ESOEs (all except company E) had one or more of these practices: employees working in contaminated environments without proper respirator protection; no seatbelts, no helmets, no periodic health examinations for workers; using poorly skilled workers, no safety and hygiene training for employees; and no supervision of the safety and hygiene practices of employees.

Challenge

When ESOEs thought some legal requirements were not suitable for the company and there was low law enforcement for non-compliance, ESOEs established their own rules for particular HRM activities. For example, company E built its own criteria for selection:

> Our company has built our own evaluation of emulation and commendation and rules to classify task completion. Of course we follow the legislation and guidance from our parent company, but some things needed to be changed to suit our cultural environment. (HR manager, Company E)

And:

> In our company, the majority of employees are women, about 70%, thus, we deduct a percentage of their income to take care of women's issues such as sickness and giving birth and so on. Women in their monthly period can inform their female manager and be allowed 30 minutes break on three consecutive days each month. In some positions where employees have to meet potential customers at night, they can come to work late the next morning. The HRM department has to take this into account. They cannot just blindly follow the regulations. (Director, Company E)

Company F built its own salary scale. Company A has detailed guidance for incentives:

> To build HRM polices, we carefully check current legislation. But there are some unclear requirements such as compensation in the case of the dismissal of an employee. Our company has issued a rule that an employee who stops working will receive half of their monthly salary for each year of their working life. This is a benefit for employees. Many companies do not do it. (HR staff, Company A)

Company D built its own evaluation system for reward practices and commendations, and rules to classify task completion. An interviewee in company D explained the reason why they needed to create their own rules:

> The computer eats electricity so it processes data very fast. I eat rice so I cannot process data as fast as a computer. This is similar to our social-economic conditions. When our starting points are very poor, we should not expect a fast change to a bright future. In our country, people mostly trade in the small local markets (chợ cóc) [Places on the streets where people buy and sell food, vegetables and other products]. Now we want to imitate overseas countries [developed countries] to strictly manage food safety and dismiss those small local markets quickly. [This is] good but impossible.

He added:

> Our laws are like in the heavens. The law-makers themselves know the limitations of laws and regulations [they know where people do not comply with regulations] so they sometimes do an inspection to justify their position. At other times collecting their commission is the main purpose. (Engineer, Company D)

Generally speaking, the examples above indicate that ESOEs built their own rules because they sought flexible management that suited their business conditions.

Attack

This tactic, which refers to organizations intensively and aggressively assaulting, belittling or denouncing legislation pressures, was not found in the study. This lack of active aggression against political forces probably has its roots in the socio-political

history of the one-party state, although it was difficult to explore such reasons in the present context without unduly influencing participants' responses.

4.2.1.2.5. Manipulation

Manipulation refers to actions of organizations in which they intend "to actively change or exert power over the content of the expectations themselves or the sources that seek to express or enforce them" (Oliver 1991, p.157) by co-option, influence or control tactics. Details are discussed below.

The co-option tactic refers to attempts to co-opt the source of institutional pressures (source of legislation) by persuading them to become a part of the game. This was not found in the study.

Influence

There were some cases where ESOEs influenced sources of legislation by lobbying the government to change the legislation. This was not significant in city X where ESOEs did not have a strong relationship with the authorities. The level of attempt to influence authority found in province K was greater. Companies F and G through their network and social obligations influenced local government to change regulations on mining standards and environmental management.

The **control** tactic refers to specific efforts to establish power and dominance over the sources of legislation. This tactic was not found in the study.

Strategic responses of ESOEs to labour legislation regarding HRM practices are summarised in Table 4.1 below.

Table 4.1: Strategic responses to labour legislation

Strategies	Tactics	Case examples	ESOE						
			A	B	C	D	E	F	G
Acquies-cence	Habit	Use unwitting control on ethnic minority employees							✓
		Use unconscious influence over candidates in recruitment process			✓				
		Hire consultations to organise training for core employees	✓		✓	✓			
		Integrate seminars on new legislation in organizational meetings		✓				✓	✓

Strategies	Tactics	Case examples	ESOE						
			A	B	C	D	E	F	G
	Imitation	Send HR staff to training sections organised by parent company						✓	
		Talk to other ESOEs who had adopted similar practices	✓			✓	✓	✓	✓
		Revise their HRM policies and procedures	✓	✓	✓	✓	✓	✓	✓
		Find information on internet	✓	✓	✓	✓	✓	✓	✓
	Compli-ance	Confirm the compliance and integrate the legislation requirement into organizational documents	✓	✓	✓	✓	✓	✓	✓
Compro-mise	Balance	Persuade employees to write applications for retirement	✓					✓	✓
		Balance interests of employer and employee in pay practices	✓	✓				✓	✓
	Pacifi-cation	Comply with legislation that is consistent with organizational interests and ignore the rest	✓	✓	✓	✓	✓	✓	✓
	Bargaining	Raise concerns and seek government sympathy for the use of non-compliant practices					✓	✓	✓
Avoid-ance	Conceal-ment	Unilateral termination of the labour contract with pregnant employees	✓	✓					
		Female workers with children under 12 months working night shift							✓
		Signing labour contracts with employees at pay rates lower than the minimum wage	✓	✓				✓	✓
		Signing collaboration contracts to avoid paying insurance	✓					✓	✓
		Extending the period of employees' probation						✓	✓
		Employees not fully equipped with safety and hygiene equipment or equipment below quality standards	✓	✓				✓	✓

Strategies	Tactics	Case examples	ESOE						
			A	B	C	D	E	F	G
		Not fully reporting occupational accidents	✓	✓				✓	✓
		Not paying insurance or only paying a part of insurance for new workers	✓	✓				✓	✓
		Not paying compensation upon retrenchment of employees	✓						✓
		Recruitment processes without advertising vacancies or with advertisements but where candidates had been chosen already		✓	✓	✓	✓		
		Paying salaries late without paying compensation.	✓	✓					
		Written contracts that give advantages to management	✓	✓				✓	✓
		Job descriptions and written contracts that are inconsistent with legislation; using technical jargon when writing job descriptions and labour contracts	✓	✓				✓	✓
	Buffering	Entertaining and pampering inspectors to influence their perception of ESOE's compliance	✓	✓	✓	✓	✓	✓	✓
	Escape		Nil	Nil	Nil	Nil	Nil	Nil	Nil
Defiance	Dismiss	Ignoring part of legal requirements							
		Employees working in contaminated environments without proper respirator protection	✓	✓	✓	✓	✓	✓	✓
		No periodic health examinations for workers	✓	✓	✓	✓	✓	✓	✓
		Using unskilled workers	✓	✓	✓	✓	✓	✓	✓
		No safety and hygiene training for employees	✓	✓	✓	✓	✓	✓	✓
		Not supervising the safety and hygiene practice of employees	✓	✓	✓	✓	✓	✓	✓

Strategies	Tactics	Case examples	ESOE						
			A	B	C	D	E	F	G
	Challenge	Building the organization's own criteria for selection					✓		
		Building their own salary scale						✓	
		Building their own guidelines for incentives				✓			
		Building evaluation of emulation and commendations and rules about classifying task completion					✓		
	Attack		Nil	Nil	Nil	Nil	Nil	Nil	Nil
Manipu-lation	Co-option		Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Influence	Lobbying local government to change regulations on mining standards and environmental management standards						✓	✓
	Control		Nil	Nil	Nil	Nil	Nil	Nil	Nil

The table shows that compliance and ignoring tactics are the most popular strategic choices of ESOEs. Companies A, B, F and G varied more in their choiceof practices than companies C, D, E. This generally reflected differing degrees of dependence on the State's financial support.

4.2.2. The Communist Party and strategic responses

Because Vietnam is a one-party state, its single political party has strongly influenced both the development of ESOEs and HRM practices in Vietnam. The policies of developing key industries are decided at the regular meeting of the central executive committee of the CP. The key policies of equitisation that the government issues are based on the conclusions or strategies passed in the regular meetings of the Executive Committee of the Vietnam Communist Party. For example, the government's Resolution No.15/NQ-CP dated 6 March 2014 about some solutions to accelerate the equitisation of state divestment in firms was issued after the introduction of Conclusion No. 50-KL/TW dated 29 October 2012 of the central executive committee of the CP about the scheme to continue organising, innovating and improving the efficiency of SOEs. Similarly, many related HRM practices are triggered or directed by the CP. For example, after the secretariat of the Communist Party issued Directive No 29-CT/TW on 18 September 2013, promoting the safety and occupational health in the period of industrialisation, modernisation and international integration, the CP Committee of the

Ministry of Transportation issued the Programme of Action No. 37/BSCĐ-BGTVT dated 5 March 2014 concerning the implementation of Directive No. 29-CT/TW. Based on this Programme of Action, the Minister of Transportation issued Directive No. 32/CT-BGTVT dated 30 December 2014 to strengthen the implementation of occupational safety and fire prevention for organizations and enterprises in the transportation industry (Ministry of Transportation 2014).

A common expectation in SOEs is that to be promoted to top positions, preference is given to an employee who is a CP member, or at least a potential CP member (Vo 2009, p.73). Directors of companies B, C, D and E were party secretaries of their grassroots CP branch in their companies. In companies A, F, and G, directors were not party secretaries. The grassroots CP in enterprises is subject to the direction of and must report their activities to higher ranks of the communist party. A higher rank CP organization could be the CP of a corporation if the actual ESOE was a subsidiary. For those individual companies the higher ranking CP organization was the branch located in the district or province according to the relevant regulations. For example, the higher ranking CP of companies C, D, E, was the CP branch of the parent company, the higher ranking CP of companies A, B, F, G were the CP in district government where the companies are located.

The Communist Party in enterprises works under the direction and supervision of the Central Communist Committee of Enterprises (The Central Communist Committee of Enterprises 2015)[4]. The influence of the political party on HRM practices is shown by the important role taken by the grassroots Communist Party in appointing people to the most important positions, sometimes joining in the process of performance evaluations, and reward and punishment practices. However, this role varied with different stages of equitisation. The CP's role was more powerful in ESOEs where the State owned the majority of capital and was less active in those that had completed, or nearly completed, the equitisation process. To distinguish between them here, they are called group 1 (the ESOEs where the State owns more than 51% per cent of capital) and group 2 (ESOEs with less than 51% of capital belonging to the State).

ESOEs in group 1 (companies B, C, D and E) were still SOEs. Basically, all their important activities were attached to the State. They strictly followed the centralisation mechanism of management. This group had adopts compliance strategies in response to

[4] The Central Communist Committee of Enterprises is the subordinate of Central Committee of Vietnam Communist Party, under the direction of the Politburo and the Secretariat. The Central Communist Committee of Enterprises is the superior agency of the Communist Party in State-owned corporations, banks and other subordinate units. Its main function is to lead and supervise its subordinate units to comply with the political platform, charter party, resolutions, and directives of the party and legislation.

the requirements of the CP. All important management decisions had to be approved by the CP in the organization. As interviewees explained:

> You should know that because the bank is the backbone of the economy. As this is a one state-party country, you will see the process of equitisation of the state bank will not be as fast as other companies (…). State owned banks have both economic and political functions. Like me, I am a director and also Party secretary. Every year, we must have resolutions of the Party committee about goals and business plans. Besides, we [the Party] have to build business strategy for the short term and the long term, for example, in the short term, the business strategy up to 2015. (Director, Company E)

And:

> You know that in SOEs, you must be a Communist Party member to be promoted to a manager position (Secretary, Company B)

All CP activities were complied with, although some senior managers might have felt the administrative procedure required by the CP was not necessary:

> I am the Party secretary, but I am also director of this company. So I have the right to decide [activities] in this company. But I decide as a director. We have a Communist Party meeting to approve the company's strategies, but in fact, they are determined in advance by the board of directors. With the same people in different positions, the roles of the Party and company leaders are not too separate. Meetings between top managers to decide on the strategy are enough. Organising periodic Party meetings to approve strategy is just a formality. (Director, Company D)

The interviewee explained that the CP's meetings to approve the company's strategies were not necessary because all top management of the company were also leaders of the CP, thus all strategies were decided in advance by the boards of directors. Another respondent described an HRM policy-making procedure in which the role of the CP was just to fulfil the administrative procedure:

> The process of making a new HRM policy is that the HRM department will make a draft and submit it to the director. The director will refine and submit to the boards of directors. We also collect comments from the grassroots Communist Party but the decision is made by the boards of directors and the director. (Head of HRM department, Company B)

When interviewees were further asked about the opinions of members of the CP committee in his company who were not top managers, one participant stated:

> Rarely members of the committee of the CP are not managers (…) However, if there are such people, they do not dare to say things against their manager. Thus, eventually the decision of the CP and the company are not different. (Director, Company D)

The reason for full compliance with the requirements of the CP is that ESOE leaders perceived that having those activities did not conflict with business activities and the organization's goals. As one participant explained:

> Although the company has been equitised, at this stage we are still an SOE, so the salaries are mostly from the State. Giving time for such activities [Party activities] does not affect other business plans, we have not paid tax as private enterprises do; there are no winners or losers here [if they comply with the CP]. (Engineer, Company C)

In the view of some employees, being a member of the CP in SOEs was partly a way to gain legitimacy in the eyes of others. One interviewee commented:

> In this company, bus drivers and their assistants all strive to be members of the CP[5]. There are a lot of communists in this company. It is because of the propaganda. They think others can be [communists] so I can be too. For many people, being a communist is still something making them trustworthy in other's eyes. There are five people in our office who are not Communist Party members, including myself. I do not do anything [cannot be promoted to a higher position due to a lack of education and being close to retirement] to strive to become a CP member. However, when other communists go for a meeting, the rest of us also feel sorry for ourselves. This company develops the CP members well. (Receptionist, Company B)

Another interviewee in company B explained the reason why he wanted to be a communist:

> I want to be a Party member because I can attend meetings and know what is going to happen with us, whether they are going to change any bus routes. We are not close to managers. If we do not join any organization, we will not receive updated news. It is a way to protect ourselves. When you are a Party member, people see you with different eyes. After retirement you can go to your village and join the elderly People's Assembly. (Bus driver, Company B)

The quotes typified the views of some employees in ESOEs. Some workers navigated the work environment and battled to attach themselves to the sources of power (the CP) because they believed that doing so could help them to gain legitimacy, find a position in the hierarchy, and protect them in the workplace. This phenomenon is discussed further in subsequent chapters. This phenomenon may be also a result of SOEs' governance mechanisms. Especially in the north of Vietnam, although the salary in SOEs may not be as high as in private companies, employees in SOEs feel safe as they have job security, and a stable salary with bonuses and insurance. Once they are members of SOEs, being members of the CP is considered an important addition to their promotion prospects.

[5] Normally a bus driver needs one assistant to help them sell tickets, manage seats for passengers (when the bus is overloaded, passengers can sit on additional small chairs provided by the bus driver's assistant), giving directions to the bus driver (giving and receiving messages from other bus drivers such as changing roads to avoid the traffic police and so on).

ESOEs in group 2 (companies A, F and G) use pacification strategies where compliance with the CP activities was only partial. The CP's activities only work well with the support of top leaders in the company. The CP in those ESOEs could have regular meetings but not approve the company's strategies or business plans. The CP meetings were to give a brief outline of past activities and report them to the higher rank organization. Thus, the CP meetings in this group of ESOEs were considered tokenistic:

> Now things are different. The Party does not decide what to do. Party meetings also are not to discuss this content [company strategy]. (Secretary, Company A)

On the one hand, the Vietnamese government has recognised that the roles of the CP in enterprises have been eroded. Thus, the Central Communist Committee of Enterprises issues a number of guidelines to boost the CP's activities in enterprises (Communist Party of Vietnam 2015). Organising activities for the CP members in enterprises can remind people that they are CP members:

> Although the role of the Communist Party in enterprises is somewhat eroded, organising periodic activities helps to keep it alive. If not, it may be forgotten. Involving people in those activities at least reminds people that they are Party members. (Official, Central Office of the Communist Party)

On the other hand, an interviewee summarised reasons for the CP losing its dominant role in ESEOs:

> […] because it [the CP] does not fulfil the criteria, the mission that it declares it will carry out. You [the CP] cannot lead me when you are my employees and I pay your salary. This company has not been equitised for very long, so you can see many communist employees who have been working here since it was a SOE. I guess later it will change. The trade union is closer to employees because they are more or less involved in some of the compulsory administrative procedures such as dismissals or strikes or sickness. Although the voice of the trade union is weak, employees can still at least meet them to ask for an explanation of their rights and obligations. I think there should be another mechanism for the Communist Party to survive. (Marketing manager, Company G)

The quote above explains that the CP is not maintaining its leading role in ESOEs because people are employed, and receive their salary, under the governance of managers of the companies. The interviewee also added a comparison between trade union activities and the CP's activities to illustrate that the role of the CP is easily eroded in ESOEs and suggested the CP should have another way to operate in ESOEs.

4.2.3. Trade unions and strategic responses

The Trade Union Law passed in June 2012, effective January 2013, has replaced the Trade Union Law 1990, giving the foundation for trade union activities in organizations

in general as well as in ESOEs (Vietnam Government Portal 2015). According to the Law, the Vietnamese trade union is:

> […] a great socio-political organization of the working-class and labourers; is founded on a voluntary basis and is a component part of the political system of Vietnamese society, placed under the leadership of the Communist Party of Vietnam. Trade unions represent cadres and civil servants, public employees, workers and other labourers (hereafter referred to as labourers), and together with state agencies, economic organizations, social organizations shall care for and protect labourers' legitimate and legal rights and interests. Trade unions join in state management, eco-social management, inspection, examination, supervision of activities of state agencies, organizations, units, enterprises, and mobilisation, propaganda for labourers to study, improvement of knowledge, development of professional skill, observation of the law, building and defending the socialist fatherland of Vietnam (Article 1).

The Trade Union law defines Vietnamese trade unions as a component of the political system. In other words, they are closely tied to the CP. Trade unions in Vietnam are organised at four levels. At the national level is the Vietnam General Confederation of Labour, which is the national organization for all trade unions; the Federation of Labour is at the provincial level; the Federation of Labour is at district level; and the lowest level is "grassroots" trade unions. Each level of the trade union movement plays a governing role for the next level of trade union, called 'higher rank' trade union. Trade unions' role is to represent the interests of workers in Vietnam. However, in fact, the trade union does not play the role of protecting or furthering the interests of employees, but assumes that workers have similar interests to those of the government (Vo 2009). The Trade Union law does not require the compulsory establishment of a trade union in enterprises. The establishment of a trade union is based on the wishes of workers in the company (within six months of the date of incorporation, the company contacts a higher rank trade union to consult on the procedures for establishing a trade union. If the company does not contact its higher rank trade union, the higher rank trade union will contact the company in order to instruct employees in the company in how to establish a trade union. (There will be no trade union if employees in the company do not want to establish one). As ESOEs were formerly SOEs, trade unions have already been established as required by legislation since they were first incorporated as SOEs.

For ESOEs' responses to trade unions, similar to the CP, activities of trade unions were very different in the two groups of companies. In group 1, ESOEs used compliance strategy and followed all the regulations and guidelines of the authorities. Trade unions were present in many HRM procedures such as reward, discipline, and dismissal related issues, and commented on some HRM policies. Some managers commented as follows:

> This company has been equitised partly; we are still a SOE. The trade union is still important [to management practices]. (Deputy Director, Company E)

And:

> The trade union in our company joins in all activities that have been introduced by higher-ranking trade unions. (Staff of Engineering department, Company C)

These findings are consistent with Oliver's (1991) hypotheses of strategic responses, namely that institutional forces (here trade union activities) are not resisted when there is no obvious conflict in the relationship between those activities and HRM. They work towards the same goals. This is also consistent with Nguyen's (2009) findings that the CP, trade unions and management in SOEs are complementary rather than opposing or interlocking forces. Results from this study showed that although SOEs had been equitised, if the State still kept the majority of the charter capital, the CP, trade union and management in ESOEs were also complementary.

In group 2, the most popular choice was a pacification strategy. ESOEs complied with the requirements of trade unions that did not conflict with their interests and ignored others. For example, in companies A, F and G, the appraisal reports for rewarding excellent employees had the signatures of the trade union but there were no appraisal meetings organised by trade unions (and youth unions) as was the case in the past. Signatures of those unions were for administrative procedures only. A reason for reducing trade unions' activities was that the context had changed as SOEs had completely converted to private companies. This is illustrated by the following comment:

> Before equitisation, we belonged to the Vietnam conglomerate and shipbuilding industry corporation, the Ministry of Transportation. Our unions were very active and had a strong voice. After equitisation, when it had just been equitised, things had not changed much. Since a private corporation invested in this company (…) the voice of trade union has become trivial. They [the corporation] do not care about the presence of trade unions. The presence of unions is mandatory but mostly to mentally motivate employees. (Trade union president, Company G)

However trade unions were still part of some HRM procedures in ESOEs in group 2:

> Having a trade union representative is a compulsory component of our labour discipline meeting. (Manager, Company A)

Or:

> When drafting important documents related to employees such as collective bargaining agreements, the opinion of the trade union is indispensable. (HRM manager, Company G)

However, the presence of unions is not highly appreciated due to the inconsistencies between the trade union's goals and its actions. As an interviewee stated:

> For us, having trade unions is for fun. Trade union is the long arm of the owner (*công đoàn là cánh tay dài của chủ*). [A trade union in an organization will support the owner, similar to making the owner's arm longer]. They [the trade union] do not protect employees. They only carry out some activities such as visiting employees when they are sick or having a wedding, or a funeral. Because the owner pays the salary for the

> unions, the unions have to be on the side of the owner. It would be different if employees paid for unions. (Financial manager, Company D)

Besides, ESOEs might also use a bargaining approach to exact some concessions from external forces. However, this phenomenon was not popular among the studied ESOEs. Only company A entertained the examiners from a higher-ranking trade union organization with the intention of getting them to ignore the company's reduction of activities, such as failing to send reports of activities and ignoring programmes launched by higher rank organizations.

4.2.4. Other unions and activities

Other unions that have more or less influence on HRM practices are veterans' unions, women's unions and youth unions. Similar to trade unions, veterans' unions, women's unions and youth unions are part of the political system[6]. Under the political conditions of a Marxist-Leninist one-party state country, veterans' unions, women's unions and youth unions are "mass organizations" under the leadership of the CP. They are all organised at four levels: national, provincial, district and "grassroots" organizations.

As with trade unions, activities of those unions are very different in the two groups of companies. In group 1, ESOEs used compliance strategy and followed all the requirements of unions. ESOEs in group 2 also applied a pacification strategy to those unions' activities which meant complying with those requirements of the union that did not conflict with their interests and ignoring others. Generally speaking, union activities in group 2 had weak effects on HRM practices. As an interviewee stated:

> In our company, people do not pay attention to union activities. (Administration staff member, Company A)

Details of those unions' activities are described below:

Veterans' unions: According to the Veteran Ordinance passed by the Standing Committee of the National Assembly in 2005, veterans' unions are established in organizations whose members had joined the army in the period of fighting against foreign invaders for national liberation or international missions (Article 2) (Vietnam Government Portal 2015). Its major role is to mentor its members regarding material and mental care (Article 6). Veterans' unions had been established in companies A, B, C and E. Interviewees in other companies said veterans' unions used to be in their companies but now they were closed as most veterans had retired. In those ESOEs, veterans' activities were mostly to celebrate anniversaries such as Independence Day or

[6] There are six social-political organizations comprising the political system: Trade unions, women's unions, veterans' unions, youth unions, farmers' unions and the Vietnamese Fatherland Front.

Veterans Day or to join in meetings and other activities with their higher rank veterans' unions.

Women's unions in organizations work as sub-units of trade unions. However, they can also receive directives from higher-ranking women's unions in their location. Wwomen's unions are another part of the political system. Similar to trade unions and veterans' unions, women's unions are formally established at all four levels: national association of women, provincial, district and community. In organizations, women's unions are integrated with trade unions. Women's unions in ESOEs mainly focus on activities such as celebrating Vietnam Women's Day, International Women's Day or organising women-supporting activities for their members. ESOEs in the study normally gave some small amounts of money to their women employees (from 100.000 VND to 200.000 VND, equal to $6 to $12 AUD) to encourage them to celebrate such days. Besides, companies A, C, D and E sometimes organised activities and events for their female employees such as advanced skills in cooking, make-up, child care and other female gendered activities.

Youth unions are another component of the political party and, similar to other unions, they are organised from national level down to the grassroots level. The role of youth unions is to take care and protect the legal and "reasonable interests" of their members (Ho Chi Minh Communist Youth Union 2011). The actual activities of youth unions varied in the ESOEs. The youth union was active in companies C and E. It had limited activities in companies A and D and almost no activity in the others. Its activities included implementing directives from the higher-ranking youth union and other activities under the leadership of ESOEs. In companies C and E, secretaries of the youth unions were members of the key leaders meeting.

Besides the above union activities, enterprises are also subject to the Militia Law (Article 19) (Vietnam Government Portal 2015). Every year, based on the written announcement of the local military authorities and the number of people appointed for each organization, ESOEs appoint their members to participate in this military training session. ESOEs must guarantee participants' salary and other benefits in the period of training. The training is normally conducted over a couple of weeks. Interviewees commented on this activity:

> Militia training does not significantly affect our business at all. We usually comply with [the requirements] when we receive an announcement from the local military authority. Young staff and less busy staff [someone who is not a core employee] will participate in the training. (Deputy Head of Engineering Department, Company C)

> I haven't seen any announcement regarding militia training recently (…) maybe because we are not an SOE any more… Some years ago, when we received such an announcement, the HRM department listed potential candidates, mostly young employees and administrative staff… Our manager then decided who should attend the training. (HR manager, Company A)

The quotes indicate that militia training has a weak effect on ESOEs' HRM activities. Thus, managers in ESOEs responded to it by appointing young employees or other less busy employees to participate in this activity.

4.2.4. Internal controls and strategic responses

As reviewed in Chapter 2, internal isomorphism may come from company-wide control, coordination and integration mechanisms. The roles of company-wide control and coordination were not found to be strong in the HRM practices of the studied ESOEs. The integration mechanism is most clearly seen in this study. The formal integration and informal integration mechanisms distinguished by Martinez & Jarillo (1989) are used to examine the internal controls in ESOEs and their boundary systems. Informal integration mechanisms derived from communication and relationships and socialisation are discussed in Chapter 5 because they are linked to normative mechanisms such as norms and values. Results show that centralisation and formalisation were internal coercive forces in all companies. Centralisation could also lead to formalisation such as when ESOEs were required by their higher-ranking organizations to standardise HRM policies and practices.

In the Vietnamese industrial relations framework, most SOEs belong administratively to one of two groups: central or local. Central SOEs are under direct supervision of the central government through different ministries. Those ministries are categorised as two groups. The first group is the Central Industrial Ministry which can be called the "owner-managed ministry" (*Bộ chủ quản*) (Nguyen 2009, p.128). The central industrial ministries take care of and monitor SOEs. They make important decisions regarding the appointment of directors and deputy directors of SOEs and approve SOEs' annual plans and investments. The second group comprises central specialist ministries which make regulations and ensure enterprises follow those regulations. Local SOEs are under the direct supervision of local government through different provincial bureaus (Nguyen 2009). Similar to the ministry level, there are two types of provincial bureaus: local industrial bureaus which take care of local SOEs and local industrial bureaus which make regulations and observe the compliance of SOEs. Local government is also under the direct supervision of central government. Local functional bureaus and local industrial bureaus are under the direct supervision of central specialist ministries and central industrial ministries respectively. SOEs are also categorised as both those with boards of directors (state corporations established according to Decisions 90 and 91) and those without boards of directors (non-board enterprises) (Nguyen 2009). At the time of data collection, ESOEs where 51% of capital or more belonged to the State were SOEs by law and followed the above administrative governing framework. This dimension explains the centralisation relationship between government agencies and SOEs.

Centralisation manifested itself in the adoption of HR policies and practices from the parent company and/or central industrial ministries or local industrial bureaus if those agencies were ESOEs' direct supervisors.

ESOEs in this study whether in group 1 or group 2, complied with centralisation mechanisms. However, the nature of compliance with centralisation in the two groups was quite different. In group 1, the chairman of the board of directors was the representative of State capital and also the director. Because the most senior leaders in group 1 were appointed by the State, they strictly followed the decision of the higher rank organizations:

> The director in an SOE is appointed by the higher rank organization [parent company, industrial ministries or local industrial bureau]. You cannot decide things by yourselves, from recruiting a person to buying new equipment. All [important decisions] are decided by higher rank organizations. (Director, Company B)

And:

> When we were an SOE, all the plans were approved by the leaders of the province. We did whatever they appointed us to do. Whatever we did was okay, as long as the company was stable and the director got the certificate of merit from the local government. (HR manager, Company G)

Also:

> Production plans are decided by higher rank organizations and the government. (Manager, marketing department, Company G)

The quotes above show strict adherence to the centralisation mechanism in SOE governance practice. Although SOEs have been equitised, this mechanism remains if they have not been removed from the general category of SOEs. Although compliance with centralisation was sometimes considered rigid and harmful to economic gain, ESOEs in group 1 followed the mechanism. Here are some examples of compliance with centralisation mechanisms despite the potential for economic loss:

> When you are an SOE [ESOEs in which the State holds 51%], you have to follow the mechanism, whatever it is. For example, the weather forecast is warning that the possibility for a heavy flood coming is very high. It is estimated that if the dam is broken, the damage will be 20 billion VNĐ. If we reinforce the dam now, we will spend about 10 billion. But we cannot decide by ourselves, we have to ask for permission from our parent company or the parent industrial ministry. If you reinforce without permission, nobody returns your money. You are solely responsible for your actions. Thus, although there is a possibility you will have a burst dam, nobody dares to make a unilateral decision. (Director, Company A).

And:

> If we sell monolithic stone, the price is 700-800 USD per cubic metre. However, based on the Mineral Law, the Provincial People's Committee requires us to cut it into pieces smaller than a square metre before selling. Customers do not want to buy small rough stones. We have to buy a machine to process it and employ more employees. Thus, the price is much higher. Selling the whole stone is 18 million VNĐ but after cutting and processing them we get 12 billion per cubic metre (…) Only SOEs do this, private enterprises will find another way. (Deputy Director, Company G)

There were two main reasons for this. Firstly, following the required mechanism ensured job security for both managers and employees. Secondly, SOEs did not have to face as much pressure in regards to economic gain as their ESOE counterparts. If SOEs are loss-making, the basic salary remained the same because it followed the salary scale for personnel working for SOEs, only the bonus was lower. SOEs did not need to strive to make a profit because they had advantages in capital and sometimes a monopoly in the market. Thus, there was no urgent need for SOEs to employ talented employees. The pay in SOEs did not motivate people to work hard, as the following comments suggest:

> In SOEs, it is difficult for a talented employee to be employed and promoted to a higher position by his effort only. I mean n important position, not just a team leader or a product line manager. If he does not have anyone to support him [someone who has power to influence others regarding his promotion], he can be a very good team leader and can remain being a team leader until he retires because decisions are not made by people in this company. Making a profit or losing it is not the main reason for promotion. Having talent or not does not really matter. (Engineer, Company C)

An interviewee even compared the people in the top of the hierarchy to his father that he needs to obey:

> I have three fathers. One is my father at home. Others are the General Director of the parent company and the central industrial ministry. I have to obey all of them. (Director, Company E).

Companies in group 2 are individual organizations. They did not have to follow the central management mechanism as companies in group one did. However, they complied with the centralisation mechanism in regard to all important decisions made by the boards of directors and the executive director. This was also true for ESOEs in group 1. Except in areas determined by higher rank organizations, the top management team in ESOEs in group 1 made all management decisions. In the studied ESOEs, deputy directors were only assistants to the director. Managers at the department level were free to make only some administrative decisions related to daily activities. At the department level, the head of a department made all the decisions. Deputy heads were his assistants only. The HRM department only played a personnel and administrative role, as the following comments indicate:

> The director and the boards of directors make all the important HRM decisions. The HRM department, here we call it the personnel and administrative department, it only follows directions and completes administrative procedures. In fact, only the director makes decisions, deputy directors are just his assistants. (HR manager, Company C)

> Most activities are under the direction of the boards of directors. There are some daily activities that we have a direct connection with. For example with bus drivers, if they need anything, we will check the company policies and submit their orders to the executive director. If the director can give a decision, he will. If not, he will ask the boards of directors (HR manager, Company B)

And:

> In this company, the director makes decisions on all the recruitment and selection cases. Our HRM department just does what we have been told to do. (Financial staff member, Company D)

Similar to centralisation, formalisation was present to a great degree in ESOEs, whether or not it was perceived as rigidity. Formalisation was manifested in the standardisation of policies and rules which were introduced by the parent company or by legislation (formalisation sometimes derived from normative forces, such as the ISO. This will be discussed in Chapter 5). All ESOEs in the study had made formal HRM policies based on the relevant labour legislation and the guidance of higher rank organizations. As interviewees in company stated:

> All HRM policies here are formalised from policies issued by our parent company. (HRM manager, Company E)

And:

> The fact is that our HRM policies are guidelines for all employees in the company. The HRM department uses legislation to draft policies that are practical and easy to follow. The HRM department has to check the relevant legislation and write the draft. It is their job. The purpose of those policies is to make sense of legislation and avoid confusion. If not, it [the legislation] is very confusing. (Manager, financial department, Company G)

Another interviewee illustrated with an example:

> After the parent company issued Decision (…) about adding the new functions of the personnel and administrative department to the management model for all bank branches,, we all issued new Decision of Functions [documents] from the HRM department with those additional functions. Although we are at this early stage, we still follow the normal routines. (Deputy Director, Company E)

Sources of coercive institutional forces on HRM practices in ESOEs are summarised in Table 4.2 below.

Table 4.2: Coercive forces in ESOEs' HRM practices in Vietnam

Type of force	Main sources	Examples
Coercive isomorphism	Laws and regulations	Labour Law Employment Law Social Insurance Law Health Insurance Law, Emulation Law Law on Trade Unions Anti-Corruption law Officer (Civil Servants) Law
	Political party	The Communist Party
	Unions	Trade unions Youth unions Women's unions Veterans' unions
	Internal control	Centralisation Formalisation

4.3. An analysis of resistance

This section analyses the various types of resistance to coercive forces on the basis of the five categories offered by Oliver (1991): causes, constituents, content, control and context, as summarised in Table 2.9. Their predictive dimensions of resistance are used to examine the level of resistance to institutional forces.

Causes

"Causes" refers to how ESOEs saw the anticipated *legitimacy* or *economic gain* as a result of compliance. In this study, by complying with coercive forces, ESOEs might gain legitimacy in the eyes of the general public and members of their organization. However, for their business counterparts, enterprises did not always need to fully comply with coercive forces such as legislation, the CP and unions to gain legitimacy. Legitimacy could also be gained by undertaking popular HRM practices as other companies were doing and following the expected standards of industry (which in many cases did not come from legal requirements but from normative influences). This was because the legislative system was incomplete and sometimes far from reality; and the actual roles of the CP and unions were not consistent with their declared missions and

goals. The conflict between components of an institutional force itself was another reason for resistance. When individuals and organizations confused coercive forces with conflicting accounts of their requirements and components, they tended to respond by complying with those demands they thought acceptable and resisting others. As an interviewee explained:

> The conflict which we can clearly see and are trying hard to sort out is the conflict between political-economic demands and the governance of economic components. In the centrally planned economy, when the State poured out money to run the whole economy, the CP and unions could play important roles. In SOEs, workers are recognised by laws as owners of enterprises. The boards of managers are also workers. They are all union members and have equal rights. If there is a conflict between managers and workers, it is the conflict between workers themselves. Thus, there is no need for the presence of courts. The model of unions may have been suitable then, but everything has changed now. The relationship between the CP, unions, owners and workers are determined by market rules. The current model of unions seems to have a lot of unstable points. (Official, Central Office of the CP)

The interviewee explained through an example of trade union activities that the conflict between the demands of the political situation and the need to control the economy was a reason for resisting some institutional forces. Current legislation about unions is suitable for SOEs. However, it is not suitable in other types of enterprise because the activities of the CP and the unions are very much influenced by the enterprise owners.

When the declaration of the unions' mission is not consistent with their actual work, employees considered it is a form of hypocrisy. Unions in ESOEs do not have a strong voice and employees in ESOEs do not recognise trade unions as the organization to protect workers' interests:

> I think the trade union is not an official organization in this company. They are just there in name. Only the HR department is officially organised in this company with titles, salary and job descriptions. The trade union is just an extra activity. It is not a main activity of our organization. Only specialised trade unions such as the district trade union, or the community trade union are official trade unions. In enterprises, they are just extra work. (Engineer, Company C).

And:

> The HRM department must know about all the activities of trade unions such as knowing who does them [union activities], how do they do them [union activities]. It is the role of HRM department; the trade union follows [the HRM department] only. (Secretary, Company A)

It was suggested that union members should be independent of the company's salary to have a stronger voice:

> Unions should be independent of salary to have a stronger voice. When you [unions] receive salary from me to protect workers, you will do what I tell you to do. You will

> not fully implement unions' roles. As a result, thousands of workers in this company will suffer. (HR staff, Company A)

"Cause" also refers to *the degree to which ESOEs accept with the coercive forces* (the law, the CP, and unions). The degree to which ESOEs agreed with labour legislations here ranged from low to moderate because ESOEs thought some legislative requirements were too advanced for a developing country. They agreed with what the laws said, but suggested the country would have to change many conditions in order to be able to apply them. The presence of the CP and unions in ESOEs was acceptable as long as they did not interfere in the main activities of those companies. Besides, full compliance with coercive forces would conflict with their interests and adversely affect their economic gain. As an interviewee summarised:

> To be honest, in this economic market, economic gain is the most important achievement. Other things [union activities] should be reduced. Trade unions or youth unions are organised in accordance to the laws but it is just in name only. People will participate in union activities when they have time, but we do not have time, especially when job appraisal is based on working progress and salary is calculated by how many tasks have you done, no one has time and motivation to volunteer for trade unions and youth unions. (HR manager, Company C)

The respondent continued to illustrate with an example:

> Except for some people who do not have to face the pressures of earning money like your sister-in-law [of the researcher]. Her husband is a director. She works here for fun. She just needs a position in the company, and then union activities are suitable for her. Thus, she is very active and enthusiastic in those activities. No pressures. No need to travel for business. Has time to look after her family. (HR manager, Company C)

Constituents

"Constituents" are those who exert pressure on organizations. "Constituents" includes the state, professions, interest groups and the general public and is measured by the level of "multiplicity" and "dependence". *The multiplicity* of coercive forces ranged from high to low in the study. Legal requirements conflicted making it difficult to implement them. Compliance with requirements of the CP and unions did not conflict with organizational goals so they could be integrated into organizational activities. Similarly, compliance with internal controls occurred because their multiplicity was low.

Concerning *dependence criteria*, there were two possibilities for ESOEs in choosing strategic choices. SOEs are highly dependent on the State so they complied with coercive forces. ESOEs in which the State held less than 50% capital had a lower level of dependence on the state, and their level of resistance to legislation, the CP and unions was greater than in SOEs. This group of ESOEs complied with internal controls because dependence on the source of pressure (centralisation and formalisation) was high.

Content

"Content" means the norms or requirements that an organization is being pressured to conform to. It is measured by the level *of consistency* with organizational goals and *discretionary* constraints imposed on the organization. The consistency of coercive forces with organizational goals was high in ESOEs in group 1 and low in ESOEs in group 2. To distinguish between them here, this section uses 'ESOEs*' to refer to ESOEs in group 2. Because compliance with legal requirements, the CP and unions did not support ESOEs* to have greater goal achievement than having non-compliant practices, ESOEs* showed stronger resistance than SOEs. For discretionary criteria, ESOEs had some level of loss of organizational freedom if they complied with the law and unions, and lost much more organizational freedom if they complied with CP requirements. Therefore they practised ceremonial conformity.

Control

"Control" describes the means by which institutional constraints are exerted. Two predictors of "control" are *legal coercion* or enforcement, and *voluntary diffusion* of norms. The law enforcement of coercive forces was low for legislation, the CP and unions, and high for internal control. The degree of voluntary coercive forces was high in SOEs, low in ESOEs* for legislation, the CP and unions, and high for internal control in ESOEs*. As a result, ESOEs had some levels of resistance to legislation, the CP and unions and complied with internal controls.

Context

'Context" means the condition within which the institutional pressures are being exerted. *Uncertainty* and *interconnectedness* are two predictors of institutional responsiveness to "context". An incomplete legislation system resulted in a moderate to high level of uncertainty for ESOEs. As the following comments indicated:

> I do not know how HRM practices are arranged in other countries but in Vietnam, all HRM practices encompass financial management and economic gain. Because our legislative framework creates high risk for the financial situation of enterprises, they [enterprises] have to change all their management activities. HRM is no exception. (HRM manager, Company E)

And:

> Business men like us can very easily end up in jail. Tax officials always show us Document No 05 of Ministry of Finance to warn us. [According to the legislation] just 50 billion VND [about $2,500 AUD] missing [in the audit] means we must go to the court to face a criminal charge. (Finance manager, Company D)

Or:

> Being director of a SOE is uncertain sometimes. Corruption has become a system. You are a spoke in a bicycle wheel. You cannot resist the treadmill of the whole wheel. You do not know whether one fine day you might become a pawn. (Director, Company B)

The quote indicates that being director of ESOEs in group 2 is sometimes insecure because being a pawn means he may be fined through someone else's fault. Someone who has power lets him plead guilty to the fault like a pawn which is lost to protect other higher position pieces in a chess game.

Thus, ESOEs tried to comply with legislation. However, because this compliance conflicted with economic gain, ESOEs chose forms of resistance such as compromise, avoidance and defiance to achieve a balance between uncertainty and their interests. The CP, unions and internal control did not create uncertainty for SOEs so they did not actively resist. ESOEs in group 1were highly connected to the government (as a source of coercive forces) so their level of compliance with coercive forces was high. However, the requirements of CP and unions sometimes conflicted, thus ESOEs in group 2 did not strongly resist these requirements but also did not fully comply. In addition to the examples in the section 4.2.3 and 4.2.4, an inherent conflict for trade unions was that workers in SOEs were recognised by laws as owners of enterprises. Boards of directors are also workers. Thus, employees and managers were all workers and had equal rights in the workplace. If there was conflict between managers and workers, it was a conflict between workers themselves. The State was their employer and paid their salary. Thus, there was also no need to fight for employees' rights. Uncertainty interacted with multiplicity because multiple and conflicting pressures lead to uncertainty. For internal controls, the centralisation mechanism sometimes led to uncertainty about economic gain because all business plans had to be approved by superiors. Sometimes, by the time it was approved, the opportunity had gone. As one interviewee described it:

> SOEs face some uncertainty because every business plan must be approved. If I totally follow this mechanism, sometimes I will lose market opportunities. If I do not follow it, I may be fined by the auditing agency. (Marketing manager, Company G)

However, because ESOEs in group 1 did not have to be totally responsible for their business growth, they did not resist the centralisation mechanism.

The analysis of resistance to coercive forces is summarised in Table 4.3 below.

Table 4.3: ESOEs' resistance to coercive forces

Institutional factors		**Predictive Dimensions of Resistance** **Resistance to institutional pressures likely to occur when there is:**	**The degree of coercive factors influencing ESOEs**		
			Legislation	**CP, unions**	**Internal control**
Causes	Legitimacy/social fitness	A lower degree of social legitimacy	Low to Moderate	Low	high
	Efficiency/economic fitness	A lower degree of economic gain	Low to Moderate	Low	Control unclear
Constituents	Multiplicity	A greater degree of constituent multiplicity	Moderate to high	Moderate	Low
	Dependence	A lower the degree of external dependence	High (SOEs) Low (ESOEs)*	High (SOEs) Low (ESOEs)*	High (SOEs) High (ESOEs)*
Content	Consistency	A lower degree of consistency	High (SOEs) Low (ESOEs)*	High (SOEs) Low (ESOEs)*	High (SOEs) High (ESOEs)*
	Discretionary	A greater degree of discretion	High	High	High
Control	Law enforcement	A lower degree of legal coercion	Low	Low	High
	Voluntary diffusion	A lower degree of voluntary diffusion	High (SOEs) Low (ESOEs)*	High (SOEs) Low (ESOEs)*	High
Context	Uncertainty	A lower level of uncertainty	Moderate to High	High	High

	Interconnectedness	A lower degree of interconnectedness	High	High	High

SOEs in this table mean ESOEs in group 1
(ESOEs)* mean ESOEs in group 2

4.4. Equitisation as intervention against institutional forces

This section compares ESOEs' responses to coercive forces before and after equitisation. As the previous discussion on ESOEs' responses to coercive forces has already forcused on the current situation of ESOEs, which means after equitisation, this section compares pre and post equitisation.

Results show that the strategic responses of ESOEs toward coercive forces have changed under the equitisation process. Equitisation has led to a higher level of compliance with legislation and a reduced level of compliance with the requirements of the CP and unions. The degree of compliance with internal controls has remained the same but with significant difference in the characteristics of the controls which have been changing rapidly under the equitisation process. The following sub-sections compare coercive institutional forces before and after equitisation.

4.4.1. Legislation, the Communist Party and Unions

On the one hand, equitisation raises awareness of law implementation among ESOEs. According to interviewees, before equitisation, SOEs always followed legislative requirements. However, they did not really question what had been changed in the legal requirements. All their main activities were guided by their higher rank organizations. The main reason for an ESOE to pay more attention to changes in legal requirements after equitisation was because they were more exposed to penalties than when they were an SOE. As a deputy director indicated:

> Basically all types of enterprise have to comply with legislations. However, when we were an SOE, the enterprise did not have to face a lot of legislation issues like the ones we are having today because we [both SOEs and legislative inspectors] were civil servants in the same system. If I violated the laws, there would be only a written report to remind me to correct it. Everything would be clearly guided. Before we had the State Enterprise Law. We were different from other types of enterprises. SOEs had many priorities in comparison to their other counterparts at that time. If the top leaders were also skillful [had good relationship with authorities], the violation of legislation could be alleviated to nothing. In the SOE stage, when there was going to be an inspection, we would receive a formal written notice from inspector agency that they were about to come and the content they would check. We just prepared and everything was good. (Deputy Director, Company A)

On the other hand, equitisation changed the approach of ESOEs towards legal implementation. The strategic responses to legislation through the equitisation process shifted from acquiescence to more diverse strategic responses (see Table 4.1). Similarly, strategic responses to the CP and unions also shifted from compliance to a pacification strategy. In the SOE stage, the CP played a deciding role in management practices:

> When we were a SOE, the CP totally controlled all management issues. All employees were on the payroll [all were civil servants]. All the important decisions were decided by the CP first. Whether it was a policy or whatever, it had to be agreed by the CP. (Deputy Director, Company A)

The roles of the CP, trade unions, youth unions, and 's unions were important in employee related issues:

> Protection for employees' rights was better in the SOE phase. If an employee violated company rules, the foursome power [bộ tứ quyền lực]: youth unions, trade unions, the CP, and governing [chính quyền] representatives, would together decide, even the women's union [if the employee was a woman]. In this state [completed equitisation], if an employee violates company rules he will be dismissed very quickly, easy and fast. In the previous state, his rights were protected but in this stage they are not. (Deputy Director, Company D)

And:

> Union activities in the SOEs phase were conducted regularly and it was exciting because they were a must. Firsty, the company had a lot of employees (…) and they liked these activities. Secondly, in the central planned economy, all the programmes had to be fully implemented. They were such exciting activities. (HR manager, Company B)

The quotes above also explained some reasons for the presence of unions and the CP in the SOE stage such as that they could protect employees' rights, employees also liked to join in their activities, and as in any central planned economy, the presence of those organizations was compulsory. After equitisation, the role of unions and the CP had significantly declined. As the interviewee above explained, this was due to the focus on economic gain. As discussed in sections 4.2.2 and 4.2.3, ESOEs perceived that full compliance with these institutional forces did not help them to increase economic gain as these activities took time and financial support away from companies. ESOE employees did not support union activities because they recognised the presence of unions was now neutralised rather than essential. An interviewee even suggested giving out the money invested in union activities to employees might make them happier than having those activities:

> All those union activities were funded by the State, and the company could enjoy it. But now [the organization has been equitised] we would rather divide up this money and give it to people. They would be happier. (Secretary, Company A)

4.4.2. Internal controls

Internal controls have changed fastest through the equitisation process. SOEs are controlled by the State and so they must comply with centralisation and formalisation as required. ESOEs also comply with centralisation and formalisation mechanisms but the nature of compliance is different. Because the way of seeing resources of enterprises has changed under the equitisation process, governance is changing accordingly. As the following interviewees noted:

> The policies that applied for SOEs were good regarding job security for employees, but it only ensures an average standard of living for everyone. It does not stimulate people to strive and to be creative. Being equitised enterprises [The private owners control management], ensures the stimulus of creativity. People who work well earn more. People who are unable to work will be dismissed. When all enterprises were SOEs, many people wanted to work for SOEs, to have a stable job, and only after that think about ways to earn more. In the privatisation stage, you must work effectively if you want to have good earnings. (Deputy Director, Company D)

And:

> They recognise the differences between state owned enterprises and equitised enterprises. State-owned enterprises were a master, capital belonged to all citizens. All employees think they are the boss but they don't have a penny, they are fake bosses, even the director is a fake boss. Can you imagine? Because he has no money. But when the company converts to an equitized enterprise, shareholders are bosses. The more money they have, the more voice they have and the more decisions they can make. I can hire a director, or the director might have money himself, and his friends contribute as well, but he has to be thought to have ability to run a company. (Director, Company D)

The responsibility of the management was very different between SOEs and ESOEs. In contrast with the managers of ESOEs in group 2, both managers and employees in SOEs (group 1) did not have to try hard to develop the enterprise. After equitisation, both of them needed to work harder if they wanted to have good earnings:

> The resonsibilities of boards of managers in ESOEs are heavier. The role of top managers in ESOEs is different from SOEs (…) In the SOEs, I do not have to pay any capital tax (…). Maybe SOEs have monopoly strength so they have big profits. If one SOE is bankrupt, the whole country must pay. You see Vinashin! Our whole country is paying for their debt (…) The money that the government is giving out to restructure them is from no where else but the tax[7]. (Director, Company B)

Therefore, HRM practices were also different before and after equitisation. Recuitment, performance management and pay practices have significantly changed since SOEs

[7] Vinashin is one of Vietnam's largest SOEs. It was heavily in debt and its executives were arrested for corruption and mismanagement. Vinashin collapsed under a debt burden of 4.5 billion USD in 2010.
Source: Nga Pham, 2011, Vietnam's Communist Party congress faces economic test, http://www.bbc.com/news/world-asia-pacific-12151218

were equitised. Prior to equitisation, recruitment and selection in SOEs were carried out throuh personal networks and favouritism:

> In SOEs, the jobs were arranged based on people. If there were children or relatives of top leaders who needed jobs, there would be new job positions for those people. Now [after equitisation] we use job descriptions to hire suitable employees. (Deputy director, Company G)

And:

> In the SOE period, if candidates failed the recuitment exam, we still accepted them. We gave them two months probation. Because there should be equal rights for candidates. After two months, the candidate would have learnt by doing the actual work. We would have another recruitment test. If he was still interested in the job, he would have another probation from six months to one year. (Deputy director, Company A)

Although managers in SOEs were aware of the benefits of having candidates with qualifications, skills and abilities, it was widely recognised that working in SOEs required employees with limited skills. After equitisation, managers had to be responsible for their employees' development, thus they paid more attention to recruiting skilful workers. Similarly, pay practice in SOEs was based on seniority; employees' salaries were increased every three years. Meanwhile, in ESOEs, pay practices were based on job positions and the ability of employees to perform their jobs. An interviewee illustrated:

> There is no asking-giving mechanism (cơ chế xin cho) in ESOEs. ESOEs have fewer employees than before [equitisation]. Before [equitisation] we followed the appointment mechanism, we needed to fill all the positions. Now [after equitisation] we use labour contracts (…) people work better, earn better. (HR manager, Company B)

Performance management in SOEs was influenced by personal recommendations of leaders. In measuring performance in SOEs, the ability to maintain a harmonious relationship with colleagues and political attitude were counted in performance appraisal. In ESOEs, performance appraisal was gradually shifting to an emphasis on assessing actual performance. The comments below illustrate this:

> In SOEs stage, performance management was based on the emotion of leaders. If I liked to give someone this or that job, I could do it. In ESOEs, if you arrange ten people into one HRM department, all ten people must know how to do their job. In SOEs, some of them did not need to perform properly. If a person did not know how to do an HRM job, I could still let him work in the HRM department. When he entered the department, he could do well because people would show him how to do it. The job was not difficult. Vietnamese people have a slogan that if you give someone a flag he will unfurl it (cờ đến tay ai người ấy phất) [a person does not need to know how to do things but if you give them the job they will do well]. (Director, Company B)

Also:

> Whether employees [before equitisation] were good or not depended on how many votes they had from colleagues. They [recognised good employees] were the ones who were nice with others, smiled as much as possible, were silent in any argument, and

> regularly cared about other personal issues (…) Now [after equitisation] managers will look at your job performance first. (President of trade union, Company A)

And:

> Political attitude always counted in end year performance appraisal. (Deputy Director, Company E)

4.5. Chapter summary

This chapter identified specific coercive forces that influence HRM practices in ESOEs (Table 4.2) and the degree of influence of these coercive forces on HRM practices in ESOEs. An analysis of ESOEs' strategic responses to coercive institutional forces was also presented. The analysis showed that ESOEs' managers used various strategies in response to coercive forces, ranging from passive acquiescence to active resistance. The consonance of institutional forces with organizational interests was a key factor influencing organizations' strategic choices. Organizations tried to attach themselves to the sources of institutional forces in such a way such that they could influence institutional controls.

Resistance to coercive forces varied.. Findings suggest that the phenomenon of resistance is more complicated than it seems at first appearance, especially at the micro level of organizations such as internal controls. Thus, Oliver's (1991) hypotheses of resistance seems to be in need of further examination. In order to have a comprehensive understanding of resistance to institutional forces, each institutional force needs to be carefully and separately examined.

The equitisation process has made significant changes in the way coercive forces act on HRM practices in ESOEs in Vietnam. It has not only led to changes in the degree of compliance with institutional forces but has also changed actual HRM practices due to equitisation's ability to influence some sources of power that lead to coercive forces.

5. NORMATIVE INSTITUTIONAL FORCES AND STRATEGIC RESPONSES

5.1. Introduction

Chapter 4 analysed the nature of coercive institutional forces, how equitised state owned enterprises (ESOEs) respond to these forces and how these forces change under the equitisation process. This chapter analyses those same aspects with respect to normative forces. Specifically, this chapter analyses the norms and values that influence the adoption or non-adoption of HRM practices in ESOEs. Section 5.2 describes the sources of normative forces and the nature of specific normative forces that act on HRM practices in ESOEs. Section 5.3 analyses ESOEs' responses to these forces. Section 5.4 examines ESOEs' resistance to normative forces. Section 5.5 analyses the interaction between ESOEs and those forces before and after equitisation. Section 5.6 summarises the chapter.

5.2. Characteristics of HRM in ESOEs

This section investigates characteristics of HRM in ESOEs and perceptions of interviewees towards HRM practices, thus providing a foundation for deeper analysis in the next sections. To understand the sources of institutional forces and how ESOEs respond to them, first the interviewees' perceptions of the forces are considered. As a normative system includes both values and norms (Scott 2001), in order to understand how norms and values regarding HRM practices have developed and been used, participants were asked for: their background, their opinions of HRM practices, whether they have experienced any influence from the context on their HRM practices such as education, religion, custom, culture and so on, their responses to these forces, and how and why their HRM practices have been or have not been adopted. Interviewees were also asked to fill a short employee profile questionnaire (Appendix B).

The information obtained from the employee profile questionnaire shows that the majority of HRM staff in the studied ESOEs did not have a background in HRM. Only two of the twelve HRM staff interviewees had a background in HRM (Table 5.1) and 03/29 staff responsible for HRM functions in the studied ESOEs had backgrounds in HRM (Table 5.2).

Table 5.1: Interviewees profiles

Company	No	Interviewees					
		Position	Having HRM background		Background	Time of work for the ESOE (years)	Notes
			Yes	No			
A	1	Director		✓	MBA, Bachelor of engineering	2	
	2	Deputy director		✓	Bachelor of engineering	30	Part-time
	3	HR manager		✓	Bachelor of law	12	
	4	HR staff	✓		Bachelor of labour economics	10	
	5	Secretary	✓		Master of HRM, Bachelor of economics	4	
	6	Administrator, president of trade union		✓	College of mechanical engineering	>30	College is a vocational education, similar to TAFE
B	7	Director		✓	Bachelor of economics	>30	Part-time
	8	Deputy director		✓	Master of mechanical engineering	23	
	9	Head of HRM department		✓	Certified driver	19	
	10	Deputy head of HRM department		✓	College degree of mechanical engineering	26	
	11	Head of Marketing department		✓	Certified driver	23	
	12	Staff of Marketing department		✓	Certified driver	20	
	13	Secretary		✓	High school	10	
	14	Bus driver		✓	Certified driver	8	

C	15	Deputy Director		✓	MBA, Master of engineering		
	16	HR manager		✓	Bachelor of economics	13	
	17	Deputy Head of engineering		✓	Master of engineering	10	
	18	Staff of engineering department		✓	Bachelor of engineering	8	
	19	Staff of engineering department		✓	Bachelor of engineering	10	
	20	Assistant of boards of directors		✓	MBA, Bachelor of engineering	10	
D	21	Director		✓	MBA, Bachelor of engineering	18	
	22	Deputy Director, Head of HRM department		✓	Bachelor of labour economics	15	
	23	Finance manager		✓	Bachelor of finance	5	
	24	HRM staff		✓	Bachelor of public administration	15	
E	25	Director		✓	MBA, Bachelor of finance	14	
	26	Deputy Director		✓	Bachelor of finance	27	Part time
	27	Head of HRM department		✓	Bachelor of management	15	Part time
	28	Deputy Head of HRM department	✓		Bachelor of labour economics	8	
	29	Secretary		✓	Bachelor of banking	5	
	30	Mortgage consultant		✓	Bachelor of finance	3	
	31	Mortgage consultant		✓	Bachelor of economics	2	
	32	Director		✓	Bachelor of economic	25	
	33	Deputy Director		✓	Bachelor of engineering	30	Part time

F	34	Head of HRM department		✓	College of engineering	30	
	35	HRM staff		✓	College of engineering	10	
	36	Head of Marketing department		✓	College of engineering	20	
G	37	Deputy Director		✓	Bachelor of engineering	29	
	38	Head of financial department-president of trade union		✓	Bachelor of finance	17	
	39	Financial staff		✓	Bachelor of finance	20	Part time
	40	Deputy Head of marketing department		✓	Bachelor of management	14	
	41	Staff of marketing department		✓	College of finance	16	
	42	Head of HR department		✓	College of engineering	33	
	43	HR staff		✓	College of engineering	30	

DiMaggio & Powel (1983) assert that formal education is a mechanism of normative isomorphism. That is, educated people tend to bring with them into an organization the norms, assumptions and practices of the profession into which they have been trained. They copy practices they have learned or observed elsewhere. The presence of HR professionals in firms is one of the factors which influence the adoption of HRM practices (Tsai 2010). On the other hand, the *absence* of HR professionals in ESOEs suggests that there must be other sources of normative forces on HRM practices in ESOEs.

The lack of professional HR staff in ESOEs is a legacy of their SOE stage. As highlighted in the comment below:

> As a product of the former regime, the majority of those who do administrative jobs here, including HRM, do not have a background in related jobs (HR manager, Company G)

A feature of HRM in SOEs is that recruitment sometimes occurs, regardless of the staffing needs of the company. For example, a job is created for a person seeking employment. The HR manager, Company G, stated:

> Before equitisation, people made job titles to be suitable with the person [if a person needs job, there will be a suitable position created for that person] (HR manager, Company G)

Similarly, the finance manager from Company D gave an example of creating new jobs for people when the Company does not need more staff:

> The easiest job position, which everyone can do, is to be a receptionist. If a Company already has two receptionists, they still can have another receptionist by adding some new functions for her (…) such as looking after the photocopy machine or something like that (…) later she will be rotated to a better position when it is possible. (Finance manager, Company D)

In addition, many people are rotated to administrative positions when the company is restructured or when they do not perform another job well. For example, the director of a subsidiary of Company G was rotated to be the head of the HRM department in Company G when the company was equitised:

> I have been working here for more than 33 years and next year I will retire (…). Before working at this headquarters, I was director of a subsidiary. When this company was equitised, they closed the subsidiary. The boards of directors rotated me to be heads of some departments. I did a good job as a head of the marketing department, but now I cannot drink alcohol [he has diabetes] and become head of HRM department, because head of a department is equal to being director of a subsidiary company. (Head of HRM department, Company G)

The quote reflects another feature of job rotation in SOEs. When a member of staff has gained a managerial position, he is expected to keep the position at the same level or be promoted to a higher position. In addition, when he cannot perform the role well, he normally moves to an equal position. In this case, the interviewee in Company G has diabetes and must stop drinking alcohol. Thus, he cannot work as head of the marketing department where meeting and socialising with customers is a regular occurrence, and alcohol forms part of this activity. His company keeps a role for him by rotating him to be head of HRM department where he can keep the same the salary. Because the nature of current HRM practices in ESOEs is more related to the personnel management and administration function, senior managers in ESOEs think there is not an urgent need to have HRM staff with professional training and skills. The comment below compared HRM practices in ESOEs with some specialised jobs such as engineers and accountants to emphasise the relatively small need for having professional HRM staff:

> There are some specialised positions such as engineers and accountants that are required to have professional backgrounds. The current requirements of HRM positions are not

> difficult so that people who do not study HRM before taking the job learn hard from colleagues who can do the job. It will be a disaster if an engineer does not know how to design a blueprint. No one has time to teach him in the workplace. If a member of HRM staff does not have knowledge from formal education, experience at work will teach him. (Deputy Head of engineering department, Company C)

As the majority of HRM staff lack a professional background, the Company response is to focus on on-the-job training. An interviewee commented:

> No worries, the current staff and managers will teach you how to perform the task. You just do it and then you will do it well. If you do it wrong, you will learn from your mistake and correct it. (HR manager, Company G)

This process of learning from others on the job is an example of a source of normative isomorphism. The ways things are done in the organization are passed on by learning from others who are already doing the job the way they have seen others do it. This HR manager from Company G confirms this institutional norm of not needing professional HRM staff in ESOEs. A person who does not have a HRM background is believed to perform well with proper on-the-job training. This indicates that learning from experience, where a new appointee performs the job and learns from his/her mistake is believed to work well. Further description of on the job training for HR staff is shown below:

> If a member of HR is a young graduate and does not have a HRM background, we will appoint a senior member in the HRM department to train him during his probation period. If the new member of HR staff is an experienced worker who is rotated from somewhere else, he is encouraged to learn by self-observation. He usually makes friend with an experienced staff who will provide him the instructions to perform the job. After that he can observe his colleagues and learn the needed skills. (Head of HRM department, Company D)

> I am a law graduate; I had no idea about HRM before taking this job. My senior colleague taught me. My experience teaches me how to do the job. (HR manager, Company A)

These interviewee comments suggest mentoring and informal coaching are popular strategies for training new HR staff. Mentoring is applied for a young employee who does not have a HRM background. ESOEs appoint a more senior HR staff member as a mentor to train the junior staff in the probation period. Informal coaching occurs by an informal relationship between an experienced HR staff and a junior HR staff in which the junior usually asks for guidance and learns the needed skills. Thus, mentoring is identified as a source of normative institutional force on the HR practices in the ESOEs in this study, rather than professional education as a source of norms and values as cited in studies in Western countries.

The structural characteristics of HR departments are presented in Table 5.2.

Table 5.2: The structural characteristics of HR department in ESOEs

Company	Number of employees	The name of the department in charge of HR function	The number of staff responsible for HR functions	HRM staff have background in HRM
A	2000	Company office	5	1
B	140	Administration department	3	0
C	1500	Personnel department	8	1
D	160	Personnel administration department	4	0
E	105	Personnel administration department	3	1
F	200	Personnel administration department	3	0
G	170	Personnel administration department	3	0
Total	4275		29	3

Most managers and HRM staff in the studied ESOEs agree that HRM practices include two groups of functions: the administration functions and the consultation for top management functions. The first function includes all the administration and paper work regarding HRM practices: recruitment and selection, training and development, performance management, reward management, and insurance for employees. The second set of functions includes making HRM strategy and policy. Those functions are mostly missing in ESOEs' HRM departments. As shown in comments below:

> Most activities [HRM practices] are under the direction of the top management and the boards of directors. (HR manager, Company B)

> The director and the boards of directors make all the important decisions. The HRM department, here we call it the personnel and administrative department, only follows the direction and completes the administrative procedures. In fact, only the director makes decisions, deputy directors are just his assistants. (HR manager, Company C)

These comments demonstrate that the HRM strategic role is not a function of the HR department, because the top management undertake this activity. A member of HR staff explained how the role of HRM was of less importance than it deserved:

> What we have learned about the role of HRM is very different from reality. In the textbook, HRM is important to the development of an organization, and the HRM strategies and practices should be developed alongside other company strategies. However, the role of HRM is underrated by top management. The advisory role regarding HRM practices for top management is negligible. Top management are the

> ones who decide all HRM strategies and assign HRM department to implement, rather than based on the proposal of the head of HRM division. (HR staff, Company A)

As an interviewee explained, the director plays a decisive role because the institutional environment is considered uncertain. Many employees are unqualified which does not instil confidence in the director:

> In an environment [ESOEs] that many people are not qualified employees and there are many things ambiguous, the role of the top leader [director] is very prominent and decisive. He must decide by himself. (Assistant to board of director, Company C)

At the time of study, all studied ESOEs, whether they are still SOEs or have completed the equitisation process, and whether they have thousands of employees or hundreds of employees, have personnel and administration management departments rather than HRM departments. Centralisation, a socio-historic remnant of the centrally planned economy system, is an institutional force for having policy planned role at the Director level. Implementation is regarded as the 'norm' of the personnel function, some features in ESOEs being: paying attention to internal recruitment and recruitment through personal networks, appraisal criteria for performance management are vague, difficult to discern the level of achievement evaluation criteria (although they are different for each company, in general, the appraisal criteria consist of work attitude, work achievement, potential for further improvement, and collegial relationship). As a result of socio-cultural idiosyncrasies, HRM practices in Vietnam reflect the caution and slow evolution of a complex system in an attempt to please the concerns and benefits of all stakeholders (Le & Truong 2005b).

ESOEs have inherited the managerial legacy of their SOE parents. They are attempting to follow a "best practice" model of HRM by having "best practices" checklists of HRM practices provided for the functions and responsibilities of HRM departments/divisions. These checklists are normally provided by people who are not HRM professionals and the checklists typically come uncritically from Western sources. However, holistic adoption of best practices does not occur. The studied ESOEs do not adopt best practices systematically, but selectively adopt practices imposed by top management.

ESOEs in Province K have some features similar to a family. One HR manager described his workplace:

> In this branch, colleagues treat others like family members. This is a particular characteristic of this location. Province K is a small province. All employees are living in a radius of 10km. Thus, regular visiting others' house or making close relationship such as going out for coffee, chatting and so on is our good tradition. Director or deputy director or heads of departments can sit comfortably to drink beer with staff. This is a good tradition that makes people want to go with organization because they can feel family atmosphere. Our HR staff is currently doing well in supporting this tradition. (Deputy Head of HRM department, Company E)

On the one hand, many employees in ESOEs are literally family members or relatives. On the other hand, as a characteristic of Vietnamese culture and language, communication within the company parallels communication within the family. Pronouns "uncle", "aunt", "brother" and "sister" are often used in communication. Normally the chosen pronoun is according to the age difference of the person being referred to and the speaker. Sometimes, it indicates the attitude of the speaker toward the person being referred to. Those pronouns reflect some degrees of family of kinship. For example:

> One of the good traditions of this company is that we usually invite the retirees (các cụ hưu trí) to our end year meeting and give them a small gift, normally a calendar with the name of our company printed in it and some candies or cakes. It is to let them know how their descents (con cháu) are doing. It is also to let them know that their descendants do not forget them. (HR manager, Company B)

The example reflects the kinship feature of HRM practices in ESOEs. In Vietnamese "cụ" means great-grandparents. By referring to retirees as great-grandparents, and by referring to themselves as their descendant, the HR manager shows both respect for the retirees and the fact that many employees in his company are relatives of the retirees. The quote shows one family feature of HRM management in his company, with HRM adapting to the expectation of the elderly that the younger generation should take care of them. The family nature of the Vietnamese organizational culture thus provides a normative institutional force that would be uncommon in most Western countries.

A manager, whether a director or head of a department, takes on the role of a father figure. He is expected to be responsible for the prosperity of the organization/department. Typically most ESOE managers in Vietnam are male; hence the gendered nature of the preceding sentence. This gender bias in management is indeed another normative institutional force on HR practices in ESOEs in Vietnam. The below comment indicates an employee expectation of a good manager:

> A good manager is the one who can bring more opportunities to gain benefit for his subordinates. If he always loses the benefit to others, he is not a good manager. This company has some heads of departments with strong voice. Every year, in the performance appraisal committee meeting, they fought until the end to bring complimentary titles such as excellent employees and even competitive soldier to their subordinates. (Staff of engineering department, Company C)

Employees are expected to carry out tasks as specified. Managers are expected to have the ability to communicate their wishes to subordinates, and make sure the subordinates commit to perform the appointed tasks and produce results that the manager desires. Employees expect some indirect benefits from the company such as company holiday packages, courses on soft skill training, transport and phone credit, and so on. The data shows there is some mismatch between the expectation of top management and HR staff

towards HRM practices. The following comments illustrate this different expectation towards the roles of HRM:

> I think the most important role of HRM is to manage people. Thus, HRM people must understand the strength and weakness of each person in order to arrange the suitable job for them. They must know the strength of each person in each position. If HRM people can provide this sort of information for the boards of directors, it can help the boards in arranging people. (Deputy Director, Company D)

> The most important requirement of HRM department is to keep and improve employee's engagement in their duties. It helps to increase efficiency of the organization. (Director, Company E)

Responses from the Directors above show their expectation towards the roles of HRM. Top management in ESOEs expect HRM staff to grasp information about the strength and weakness of employees, and support employee engagement. Also, the HRM department is expected to be the link between managers and employees:

> HRM staff should have some soft skills to connect people in the workplace. (Head of HRM Department, Company E)

> HRM should have ability to connect people. (Deputy Director, Company E)

However, the expectation of top management is sometimes not clear for their HRM staff:

> It is very difficult to perform the real HRM practices in ESOEs. It is because of the mechanism makes things not clear. There is no formal rule for managing people. There is, but it has little meaning. Rules are top managers'. Everything needs to be approved. HR staff do not dare to apply disciplines because they fear something else. (HR manager, Company C)

Some expectations placed upon HR staff are perceived as unrealistic:

> Working in an HRM department means you are a daughter-in-law of hundreds of families (làm dâu trăm họ) at the same time. You must please all people. You must please managers. You must please employees. Top management say HRM staff should understand circumstances of each employee but we are too busy. However, when top management want to appoint someone, they do not come to the HRM department and ask "what do you think about this person?" The person also does not come to the HRM department and say "I am very good, please recommend me". They will bring an envelope [money/bribe] to somewhere else. (HR manager, Company B)

> We want HRM people to have strong voice. Of course, we want to be important people in this organization. However, members of HRM staff are limited in their consultation for the boards of directors. Thus, they can only do administrative tasks as they are told to do so. Director may ask HRM department about something, but after a while our

response is perceived as not worth considering, and he will stop asking. (HR manager, Company A)

It has been identified in the studied ESOEs that the norms and values that affect HRM practices have been developed and exist due to societal and other varied vehicles rather than from formal HRM education and professional experience. Indeed, the majority of HRM staff are not educated in the field as shown in Table 5.1. The next sections analyse different sources of norms and values that affect HRM practices in ESOEs and organizational responses to them.

5.3. Sources of normative institutional forces affecting HRM practices and ESOEs' responses

As discussed in Chapter 2, normative institutional forces stem primarily from professionalisation with two important sources being formal education, and the growth and elaboration of professional networks, because professional education increases similarities of actions and interactions towards certain types of management practices among members. Professionalisation refers to "the collective struggle of members of an occupation to define the conditions and methods of their work" (DiMaggio & Powell 1983, p.152). Normative forces involve the relations between management policies and employees' backgrounds such as education, job experience and networks of professional associations (Paauwe & Boselie 2003). Following the approach of investigating normative forces, as explained in Section 5.2, results show that normative forces affecting HRM practices in Vietnamese ESOEs come from both the Vietnamese national education and training system, and elements from corporate culture.

5.3.1. National education and training system and strategic responses

This section analyses the nature of the Vietnamese national education and training system as one source of normative force in HRM practices and how ESOEs respond to them. Details are discussed below.

5.3.1.1. National education and training system

The Vietnamese education and training system can be described as a unitary system because education and training institutions are mostly under Government control. The State influences management practices of education and training institutions through financial support, the governance of their lecturers and staff as State employees, and even the titles professor and associate professor are given by the State Professor Title Council. In 2011, there were 223 colleges comprising 193 public institutions and 30 private institutions, 163 universities of which 113 were public universities and 50 were private universities (Ministry of Education and Training 2014). There were 1,257 vocational training providers and more than 1,000 institutions providing vocational training, in which 64.5% of vocational training providers were public institutions in 2011 (General Directorate of Vocational Training 2012). Public education and training

institutions are owned and financed by a variety of different organizations: different ministries, provincial and district governments, the social-political organizations (trade union, youth union, women union, veteran union, and farmer union) and even SOEs. These institutions are under the supervision of the relevant ministries and fund providers. These education and training institutions are the first formal places to train the workforce. As the majority of education and training occurs in public institutions, again, the State and political party significantly influence the education program. Public education institutions are funded and entirely controlled by the Government. According to the Law on Amendments and Supplements to a number of articles of the Education Law 2009, the Minister of Education and Training, and heads of the state agencies of vocational training, under their authority, provide for the compilation, selection, appraisal, approval and the use of professional education curricula; they also approve text books for the vocational education institutions (Article 35, paragraph 2) (Vietnamese National Assembly 2009). The Minister of Education and Training provides for the compilation, selection, appraisal, approval and the use of text books in universities and decides the common textbooks used in colleges and universities (Article 41, paragraph 2) (Vietnamese National Assembly 2009).

The Vietnamese education and training system strongly emphasises Marxist-Leninist philosophy. Students of public universities are educated for loyalty to Socialism, Marxist-Leninism and Ho Chi Minh thought by having compulsory Socialism related subjects. For example, according to Decision No.10/2007/QĐ-BGDĐT of the Ministry of Education and Training, dated 24th April 2007, the framework programmes for economic-business administration majors at college levels state that students who wish to gain a college degree (at universities) in either economic or business administration majors (in addition to participating in internship and having 9 credits[1] on defence education course) must spend 47 credits on specialised courses and 19 credits on a general core curriculum. This general core curriculum includes the principles of Marxist-Leninism (4 credits), Scientific Socialism (3 credits), Marxist-Leninist Political Economics (6 credits), Ho Chi Minh ideology (3 credits), History of Vietnamese Communist Party (3 credits) (Ministry of Education and Training 2007).

In addition, the philosophies of Confucianism, Buddhism and Taoism have had a strong influence on the shaping of Vietnamese traditional education (Le 2013). Thus, Vietnamese traditional education emphasises the importance of virtue, harmony and social order (Le 2013). The Vietnamese education system is also influenced by French ideology and American models of higher education as a result of its colonial history (Le 2013). It results in the expectation that the output of vocational education and training system is graduates with both necessary skills and virtue. For example, according to the Law of Higher Education, the aim of higher education is to have graduates with political philosophy, virtue, necessary skills and abilities, health, and a sense of serving the people (Article 5, Law of Higher Education) (Vietnamese National Assembly 2012).

[1] Each credit is equal to 750 minutes of study

Two major characteristics of the educational system that affect HRM practices in ESOEs are the low quality of education and the imbalance of the labour market. The low quality of education in universities, colleges and vocational schools (Kamoche 2001; Nguyen & Truong 2007; Truong et al. 2010; Pham 2011) leads to the skills and abilities of graduates not matching the requirements of the labour market. The majority of graduates are limited in their practical skills and other abilities to meet the requirements of professional works (Nguyen & Truong 2007; Truong & Christoph 2007; Truong et al. 2010). According to Nguyen and Truong (2007, p.142), 'Up to 80 percent of graduate students have to be retrained by employers to match job requirements'.

5.3.1.2. Responses to the formal education and training system

The previous section has identified two major characteristics of the education system that affect HRM practices in ESOEs, being the low quality of education and the imbalance in the labour market. This section discusses the responses of ESOEs to this normative force.

Managers in ESOEs find difficulties in recruitment because the output of education does not meet their demand:

> The output of education does not match firms' demand. (Director, Company E)

> It is hard for us to find suitable candidates because the output of vocational education and grades do not indicate the differences between candidates regarding abilities to work (Head of HRM department, Company D).

In addition, the grades of candidates do not indicate the abilities of graduates:

> There are some candidates with very good grades but later have bad performance. There are some possibilities: he did study hard, or he learned by heart and got good marks, or he had someone to study for him, or sons/daughters of officials or lecturers or somethings like that. You know in our education, students need to learn by heart, repeat what their teachers said and can get good marks. There are limited case studies, feedback, and arguments in the programme. Thus, good grade students may not be able to handle cases in reality. An engineer may be very good at trigonometry, and details of a machine, but does not know how to present a report and explain his thinking to a group of people. On the other hand, some candidates with lower grades can be valuable employees. (Director, Company D)

Thus, firms may challenge the output of education by using their own criteria to assess employees. For example:

> Because the output of education does not match firms' demand, and the reality of working environment is very flexible, we have our own ways of assessing candidates' skills. Your critical incident test and your expensive assessment centre may not be suitable here. For me, I will bring the probation candidate to some dinners with business

> partners. A person who just focused on eating or was with too much shyness cannot be a secretary. He must know when his boss is going to be drunk to prevent. (Director, Company E)

The interviewee in Company E explained they develop their own ways to evaluate their candidates, such as taking the candidate to dinners with business partners and assessing them through observing their behaviours. Thus, the HR selection tools in developed countries may not be applicable due to the different 'reality' in Vietnam.

ESOEs used on-the-job training to improve skills and abilities of their workforce. However, ESOEs respond differently to this institutional force depending on the levels of employees and the financial situation of the organization. They can appoint senior staff to train new employees who have just graduated from educational institutions (all companies). ESOEs can send employees to a short course for skills training. In addition, the head of the department is responsible for training new employees. As one interviewee described:

> The head of functional department who has new employee will make a schedule of probation in which detail the methods of training in the probation period. The schedule is submitted to the boards of directors for approval. The head of functional department is responsible to carry out the schedule. (Deputy Head of engineering, Company C)

On the other hand, Vietnamese firms are currently experiencing an over-supply of bachelor-level graduates and non-skilled workers, co-existing with a shortage of highly skill labour. Family orientation, fads and fashion in education contribute to the over-production of graduates in specific periods. Interviewees explained:

> When it comes to Vietnam, we can see a very prominent point is that because of the long history of wars and poverty that lead to an overwhelming desire for ending poverty, in addition to that is the influence of Confucianism, Buddhist philosophy, Taoism, thus, education is very important to Vietnamese. Investing in children's education is the number one priority of Vietnamese. Vietnamese can spend all their saving on their children's education. They can sell house to have 3, 4, 5 billion VND to send their children overseas for studying [1 billion Vietnamese Dong is equal to approximately $60,000 AUD, with $1 AUD equal to about approximately 16,775 VND in March 2016]. (Director, Company D)

The quote implies that because of the long history of wars and poverty, and the influence of cultural tradition, many Vietnamese people have a strong desire for ending poverty, in which education is a vehicle. To do that, they heavily invest in their children's education. Parents wanting their children to obtain a university degree is a strong desire for many households:

> Vietnamese parents are all the same. The whole country worries for the university entrance exam. When children are studying, their parents cannot sleep well. They are solicitous for them. They force their children to eat good food. They do not mind

> spending all their saving for their children's education. They do not care what their children will do [which jobs] as long as their children graduate from a university. There are many graduates in my community cannot find job. They are jobless or having some casual jobs. It is because of the cultural pressures such as jealousy of other success. A cock feels jealous when it sees another cock crows louder than it, it will try to crow louder (Con gà tức nhau tiếng gáy). The sad truth is that they think being a blue-collar worker is shameful. (Director, Company F)

The above comments also show another cultural aspect of education: having a university degree is seen as a way of proving status and saving face for a family. Family orientation in education also presents as parents expecting their children to follow their parents' occupation:

> Generally speaking, children tend to choose occupations by guidance from their parents. Because of the family tradition, it is a popular expectation that each family should have one or two children follow their parents' occupation so that the parents can pass all their work-life experience for their children. (Deputy Head of engineering department, Company C)

In addition, fads and fashion in education is another aspect of education that results in an excess of students studying an occupation at a specific time. As an interviewee explained:

> In developed countries, people can do what they like. They can be a craftsman, a PhD, or a cleaner. Of course, their laws protect them from discrimination. Above all, they have professional awareness. Vietnamese care too much about what others think and live the way others want. Their passion is in future tense. In those years, studying business becomes a fashion. We see business graduates everywhere. Back to ten years, we saw engineering graduates everywhere. Whatever characteristics you have, introverted or extroverted, studying business makes you become a trendy person. (Director, Company D)

ESOEs take advantages of the imbalanced labour market. Graduates are forced into taking jobs that are below their degree qualifications. Interviewees explained:

> Graduates are surplus. If they do not take the jobs [with lower salary than their degree], others will take it (…) normally they accept the jobs and work for a period of time, then find a better salary job. (Deputy Director, Company D)

Also,

> Although new graduates are limited in abilities to perform the task, they are enthusiastic, hardworking and are not salary demanding people. Thus, our company retains two types of employees, the skilful and experienced employees, and new graduates. (HR manager, Company A)

5.3.2. Sources of corporate culture and strategic responses

The fundamental values and beliefs in a society are important for defining the rules for individual behaviours. People living in the same environment tend to adopt the same existing norms and values as sources of reference; they tend to have a similar attitude toward particular practices. Thus, these institutional forces of a society's norms and values become sources of corporate culture in organizations. Informal learning, through religion; collective sources including family, clan, and village culture; and other influences such as corruption and routine, were sources of normative forces in the study.

Confucianism

Confucianism in Vietnam is often referred to as Neo-Confucianism. The Vietnamese version of Neo-Confucianism has absorbed many historical-sociocultural factors, distinguishable from its motherland: China (Woodside 1989). Confucianism is a set of ethical principles, originated with Confucius, a Chinese philosopher. His students and followers further developed those ideas. It is mostly concerned with how the country should be run and how people should live together. At the beginning of the first millennium, Confucianism was first introduced into Vietnam (Tran 1997a). It was developed and diffused through the invasion and assimilation of the Chinese dynasties (Tran 1996). The value of prosperity within Confucianism emphasises conformity to a social group, leading to the importance of proper and appropriate behaviour being very important to the Vietnamese (Nguyen 2009). For example:

> Subordinates need to visit their boss after coming back from an overseas business trip, or on certain holiday occasions. Junior staff should not give opinions in certain meeting and so on. (Nguyen 2009, p.46)

In contemporary Vietnam, Confucian influence is particularly evident in the notions of hierarchy and mutual obligation (Edwards & Phan 2013). Confucianism emphasises social order and hierarchy of society. Confucianism leads to different expectations about the roles of managers and employees in the workplace. As explained in Section 5.2.1, managers play the father figure roles and subordinates should obey their manager. Among the virtues of Confucianism, benevolence is an important virtue that influences the ways of HRM practices in ESOEs:

> Perhaps the benevolence value of Confucianism is still popular in managing people. Although there are both advantages and disadvantages in their application, the majority of firms are using it. According to Confucius, you must be better than others if you want to manage them. You must always study hard to improve yourself, in both professional practices and ethical behaviours. Thus, managers always study to gain many certifications. The criteria to choose

manager, beside the necessary skills and abilities, you will always see the term "having good virtue". (Director, Company E)

The clan, family and village

Vietnamese families, what Westerners consider "nuclear families", are embedded in extended families and 'patri-lineages' (Jamieson 1993, p.22), or in other words, clans. Ancestor worship is significant in Vietnamese culture (Tran 1997b). Each family has an altar for their ancestors. Ancestors are believed to remain active participants in family life, such as sharing joy and sorrow. Ancestors advise and sometimes punish their descendants for the good of the family. When facing some momentous decision, some Vietnamese talk to their deceased family members (Jamieson 1993), often through fortune-tellers. Death anniversary celebrations bring families together and remind them of their shared roots. Competitions between families or clans are often in an open and consensus-based "class system" (Jamieson 1993, p.24), seeking reputation, high status, and a prestige hierarchy in the focal society. The general lack of social services for the elderly and the cultural expectation means that the young still look after their elderly relatives. There is a famous saying in Vietnam that if a person becomes an official, his whole lineage could benefit from him. An interviewee highlighted this application in his experience:

> There is a saying that "if a person becomes an official, his whole clan could benefit from him" [*Một người làm quan cả họ được nhờ*] is still true. Thus, if one family has a member becomes an official, village members will be kind with his family. (…) I mention it with you because next year I will retire (…) My father was very proud of me when I became a director (…) I did recruit some workers as my father suggested. (Director, Company B)

The reputation and power of a family can be enhanced when a family member builds a career, as a manager, or more so as a top manager of an SOE. The manager is expected to help other people in his clan by all possible means to improve others' lives, including giving jobs or business opportunities to family members. Nepotism and covering up for family members are present in many aspects of life in Vietnam, not only in visible in HRM practices. The cohesion of blood relationships is taught through casual sayings. For example, "One drop of blood is more valuable than a pond of water" (*một giọt máu đào hơn ao nước lã*) (Nguyen 2009, p.54). The saying implies that family solidarity (within a blood relationship) is more precious than outside relationships. Nepotism and covering up for family members and relatives are encouraged in Vietnamese culture. "Anybody who fails to cover up for a family member or relative would be considered immoral or lacking in filial piety and in short, a real disaster" (Nguyen 2009, p.54). An interviewee explained the logic of covering up for family members:

> Because of the tradition of Vietnamese family and clan, Vietnamese people cannot ignore other members of their family if the members are poor and miserable. If your

> brother is jobless, I bet that your mom will ask you for some money. She can pretend she is sick and needs money. She collects money from you and gives it to your brother. In this case, you had better find a job for your brother. Your mother will be happy. (Head of HRM department, Company B)

This is considered as the root of relationship-based HRM practices. An interviewee commented on how to distinguish the phenomenon:

> If you pay attention, you will see in many public organizations and SOEs, even in private organizations, where top management come from, there will be no small number of people from their home town who enter their organization. (Finance manager, Company D)

The quote highlights relationship-based HRM practice, where an organization has many employees from the same hometown as members of the top management. Thus, the 'clan' is a normative institutional force in Vietnam; in Western style HRM practices this would be frowned upon as nepotism.

The family and village are also important as this is where Vietnamese people interact and share values (Nguyen 2009). Even now, most of the population of Vietnam live in the villages and earn their living by cultivating rice and other farming products. In 2013, 47% of total Vietnamese employment was in agriculture (The World Bank 2013). The cultivation process requires people to stay in their villages. The fundamentals of organising village are clan and extended family (Tran 1997b). Almost all social activities take place in the village. The typical close relationship that Vietnamese people have with their relatives in the villages, exerts significant influence on even the life style of people living in the cities. Although the influence of village culture in organization is less than before, the effect is still significant in today life. As illustrated below:

> The influence of village cultures on individual behaviours in the workplaces is now less serious than 20 years ago. However, our parents received help from their village members before, now we must pay for it. (HR staff, Company G)

Each individual family is viewed as a "microcosm of the social world" or a small nation (Jamieson 1993, p.12). Both formal education and family education emphasise teaching children proper behaviours within the framework of social harmony, creating prosperous and happy family, village and nation (Jamieson 1993).

> There is certainly lack of trust outside the network of family members or close friends. (Director, Company E)

Before a person could qualify to be a member of the Communist Party, a senior communist official has to visit his or her home and investigate his or her family background (Nguyen 2009). The information that the senior communist official needs to investigate includes three generations: parents of the person, brothers and sisters of the person, son or daughters of the person. If the person has married, similar information in

the wife/husband side of the person also needs to be investigated (Personnel Department of the Central Committee of Communist Party 2012). In a basic traditional Vietnamese family, 'model children' grow up to learn dependence and the value of nurturing family, the importance of hierarchy, and submission to those of senior status, as opposed to the experience of Western children who learn the importance of independence, equality, and assertiveness (Jamieson 1993). For the Vietnamese, this is a source leading to acceptance of inequality in the workplace.

5.3.2.2.2. ESOEs' responses to the cultural expectations of indigenous norms and values

Interviewees perceived Vietnamese culture as complex due to the participation of many factors. On the one hand, elements from different sources of culture coexist because people integrate them with indigenous beliefs:

> We have witnessed the influence of beliefs such as Confucianism, Taoism and religions such as Buddhism, Hinduism, Christianity and even Islam. But you see, they are co-existed without much conflict. Vietnamese will not accept any practices completely as presented to them. They will adopt it with indigenous beliefs. (Director, Company B)

These indigenous beliefs have resulted in varied customs, management styles, and many celebrations and events that HR actors must take into account:

> Our culture is influenced by many sources. Our government follows both Lunar Calendar and Western calendar. We adopt both Chinese customs and Western customs, (…) and governance is close to its Soviet roots since many teachers and leaders were trained in Russia and so on. We have many celebrations and events throughout the year (…) HR cannot ignore this fact.

Vietnamese cultural norms and values are perceived as an amalgam of many conflicting elements. One interviewee gave examples of conflict between older and newer views of work:

> We have been taught that our people are diligent and hard workers. Not really. I think our people, the majority, are lazy. Our grandparents work much harder than we do. They [today people] are lazy to work, to study, to update but expect to gain more benefit. They admire pay practices of Western countries but they do not work as hard as Westerners do. You see restaurants are full of people. Many of them are our workers. Their Facebook are always active. Shop floor workers do not have discipline without strict supervision. (Director, Company A)

Previous studies have identified that elements of Confucianism, family and village account for many paradoxes within Vietnamese society (Jamieson 1993; Tran 1997b; Nguyen 2009). Nguyen (2009, p.58) has pointed out that "the social structure and relationships within the Vietnamese family and the village certainly encouraged a strong sense of competition, jealousy, distrust and limited cooperation". This study found these

characteristics of culture continue to influence HRM practices in ESOEs. Conflicting norms and values lead to a difference between expectations and actual HRM practices. When it comes to implications for managing people in the workplace, many practitioners are confused as to what are the proper values. As shown in the comments below:

> Employees expect managers to be a super human, good at everything, the more the better. A director for example, he should be an expert in his engineering expertise, but also be good at managing people. He should be an introvert and sensitive person to understand the feelings of his subordinates, but also be an extrovert person to open the network for business opportunities etc. He should be a demure director and very strict to keep the discipline and fairness in his organization, but also be sociable and funny to be closer to his subordinates. The result is that many people who want to be promoted to a manager position will enter many courses. An engineer will study for an MBA. An accountant will study management. He can buy a degree if he cannot study. (Deputy Head of Engineering, Company C)

The quote above also indicates that actors in ESOEs used 'balance strategies' to accommodate different norms and values. As the quote identified, in order to meet the expectations of employees, a manager needs to be good at many things, and regardless of the conflicting criteria or very different disciplines, a person who wants to be promoted to a managerial position will study the courses that others expect them to have. If they cannot study, they will buy their degrees.

As a result, people often use euphemisms in communication in the workplace, in order to reduce the pressures of conflicting elements of a culture. As interviewees indicated:

> Vietnamese people always seek for harmony. They are afraid that sweet words that people speak out may not come from their heart, and then people may do bad things behind their backs. Thus, managers are always very careful. (President of Trade Union, Company A)

And:

> Vietnamese people use euphemisms in communication to reduce the pressures of conflicting culture [elements]. (HR manager, Company A)

There are institutional norms regarding how people speak to each other:

> When people want to criticise their colleagues, they use the words that reduce the unpleasant [message] or use very long sentences to explain. Sometimes when they say so many things, the listeners cannot catch the ideas of what they want others to improve. It happens a lot in the final performance appraisal meeting. (Director, Company B)

In addition, members of ESOEs accept some cultural norms and values because they identify some rational elements from them, such as "trust" among members of a relationship:

> In our country, clan and family are important in management. Nevertheless, perhaps you should think outside of the blood relationship. Because Vietnamese have a casual saying: "the more you are taking care of each other, the closer relationship you have." Although its negative side is that it is the root of losing unity in organizations, members of an extended family or relatives working in an organization find it is easier to communicate and share the tasks. (Deputy Director, Company B)

Also,

> In this company, recruitment is almost always based on a relationship between someone who is working here with the candidate. I think it is happening in every enterprise, simply because people have trust towards each other (Secretary, Company A)

Thus, although members of ESOEs think some of these criteria are not necessary, they include it in the written criteria for each position in the companies. For example, here are criteria of being CEO in Company B:

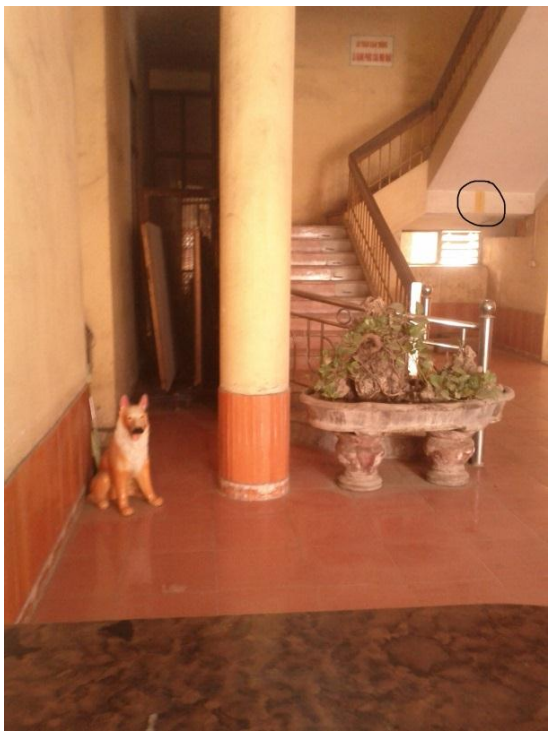
> The person must be a Vietnamese citizen, have good moral character, honesty, incorruptible, loyal to the State, the CP, the nation, law abiding; good qualifications, graduated from university of transportation or other university of economic, management, accounting (quote from criteria of CEO, charter, Company B)

Such norms and expectations put pressure on HR practices because the selection criteria stated above are difficult to measure, and difficult to enforce in organizational behaviour:

> It is very difficult to evaluate who has good moral [character]. This criterion is very ambiguous. (Director, Company B)

Conflicting norms and values lead to different interpretations, and create more room for each company to develop their own type of management. When cultural elements clash, powerful people will decide which practices to implement. If powerful people believe in certain norms and values, they will reflect these. Thus, it was found in the study that variances in the appearance of compliance with cultural norms and values exist. For example, some ESOEs have Feng shui, spells pasted, and altars in the workplace because top management believe those things can prevent bad luck and bring good luck to their business. Pictures 5.1 and 5.2 below were taken in Company B. They show incantations are hanging in the foyer and at the back door (see circles), with a dog at the front door to protect people from forces of evil. This is because the director of Company B believes in magic and superstitious forces.

Picture 5.1: Incantation in the foyer of Company B



Picture 5.2: Incantation at the back door of Company B

As pointed out in Chapter 2, powerful people are recognised as having the ability to influence values and interests (Stinchcombe 1987). Indeed, powerful people in ESOEs not only influence values and interests of other members in their organization, but also influence the way their organization responds to institutional forces. As interviewees explained:

> We have a popular saying that the activities of your company are what your boss wants (*sếp nào phong trào ấy*). If your director likes playing badminton, there will be some

> badminton yards in your company and employees will play badminton. People who do not know how to play will learn to play. If some people cannot play, they will be there as audiences to encourage other players. Next time, your new director likes to sing karaoke, there will be karaoke machines in your company, maybe in the company's meeting room. Many people will learn how to sing well. (HRM staff member, Company D)

The quote above is an example of how a director influences the interests of members of an organization. When the director is interested in playing badminton or singing karaoke, his subordinates will be interested in doing the same things. The example below illustrates how the director in a company influences values such as fairness, learning. Or even imposes a negative influence on efficiency:

> If CEO cares about fairness and learning, employees will try to improve themselves such as studying and focusing on efficiency. If the director and executive board like to hear sweet words and promote people who speak louder than their actions, many of his subordinates will turn from doers to speakers… Since our new director came, he declared to stop using translator; project staff must read English documents by themselves, many young employees in this company start studying English intensively. (Secretary, Company A)

5.3.2.2. Local norms and ESOE's response

Local norms, being 'how things should be done in a specific area of geography', are one source of normative institutional force in the studied ESOEs. The study was conducted in two provinces, which have relatively different cultural and socio-economic conditions. City X is the largest city in the North where the economy heavily relies on trade. Province K is an agricultural-based province located in the northern part of Vietnam where the economy heavily relies on farming, mining and water resources. An interviewee highlighted how the fundamental difference in local norms can be a source of identity for people in a specific area:

> Local norms are absorbed into behaviours of local people. It shows the identity of them. If people do business in this way, you know they come from province K. (Mortgage consultant, Company E)

Differences in local norms lead to some differences in HRM practices. Interviewees described differences in local norms regarding doing business in two locations:

> For this province [province K], the general culture is that when you communicate with people and you drink wine, you must show your enthusiastic attitude (…), both eating and drinking [with business partners] are with excitement and enthusiastic welcome (…) Things are not like that in city X. In city X, business partners unhurriedly observe each other or they prudently communicate. The culture of mountain area is that always show enthusiastic. Business [with business partner] is also carried out with enthusiasm. That enthusiasm sometimes does not bring good outcome. Sometimes it brings good

> outcome. For example when we approach our customer, sometimes the enthusiasm in drinking alcohol make customers feel closer to us. When we offer business cooperation, they may happy to share [cooperate]. (Deputy Director, Company E)

And,

> Perhaps because of life in big city is very different from in rural areas, people in city X have less after-hours network than in province K. (Director, Company A)

Also,

> Business culture in this province [province K] is trust and networking. Drinking is considered a way of showing amity. Local people here are familiar with seeing someone bringing a bottle of wine to the car to have to drink for the last time before their business partner go. (HR manager, Company E)

These quotes summarise differences in doing business between two locations, including the level of social engagement and ways to approach business. Although "drinking as a means of doing business has become an identity of Vietnamese" (HRM staff, Company D), the level is much higher in province K where drinking wine and having a party is consider as a means to build business relationships. Compliance with local norms is recognised as a requirement for business operations:

> Operating a business in a location means you must create the appropriateness to local culture if you do not want to see the culture clash spoils your business. This is a vital rule for HRM because managing people also mean managing their culture. No matter what how important you are, if you are invited to a party where people include blood jelly in their menu, if you cannot stand it, try to stand or go away for a while when people eat. If you vomit or look at them with contempt, you will never be invited next time. (Finance manager, Company D)

Thus, the HR actor (and HR practices) must pay attention to local norms because, as the interviewee explained above, managing people is synonymous with managing their culture.

Generally speaking, ESOEs use a 'balance strategy' in response to local norms. ESOEs take into account the requirements of local norms. This is more obvious in province K than in city X. In province K, Companies G and F incorporate local culture, such as the habits and custom of local ethnic minority employees, into their HRM strategy:

> It is obvious that local culture affects management practices. We must incorporate it into our HRM strategy. We have many stone mines in the remote areas. Miners are almost local ethnic minorities living in the areas. Their customs are very fact that affects our business. If one worker has wedding party, all workers in this mine location will be absent from work in that day. They do not tell us until the day before of the wedding. They just say tomorrow this person have wedding, we will not work tomorrow. (Deputy Head of Marketing Department, Company G)

And:

> We have a lot of workers who are ethnic minorities. They have many festivals in a year. Our HR staff have to take this fact into account. Recruiting miners from other provinces is very difficult. Perhaps making them happy and stay with us is beneficial for both them and us. (Head of Marketing Department, Company F)

Company E uses "ability to drink" as one criterion for selecting a secretary or salesperson, because drinking wine and attending parties are considered a means to approach business in this province. Whereas, interviewees explained local norms are not obvious in city X as this city contains people from different places (and thus, perhaps they are influenced by different cultures). The local norm in Province X, drinking as a part of the business process, is an institutional force that affects the HR selection process – a job candidate must have the 'ability to drink'. Such a criterion would be highly unlikely in most Western contexts.

> City X is a cosmopolitan city. People come from everywhere and with different sub-cultures. Candidates in city X can drink alcohol. This is good but they must have professional skills to work first (…) Because intelligent people know how to drink when they cannot drink. (Director, Company E)

The quote implies that in city X "ability to drink" is not as important as other "professional skills" because they value employees' knowledge of how to deal with different situations, including when it is appropriate to drink or not.

5.3.3. Corruption

Corruption is a problem that affects many aspects of the Vietnamese economy and social life. In Vietnam, "one can find corruption almost everywhere, in every activity and every administrative level from low ranked to even top officials" (Nguyen 2009, p.104). The seriousness of corruption in Vietnam has been officially acknowledged by the Vietnamese authorities (Salomon & Vu 2010, p.145). Bribery is one feature of corruption that affects HRM practices in ESOEs. In business, bribery of officials is the norm (Nguyen 2009). Informal payments place a burden on firms. Informal payments are made in exchange for "getting things done" and other payments avoid tax, such as payments for parties, advertisement and so on. Enterprises include these informal payments as operational costs. However, as interviewees explained, bribery somewhat paradoxically is a sign of mutual trust between two parties:

> I will receive your bribery only when I trust you. Let us imagine I do not know you well. You give me some money, but you record our conversation and upload it on internet or send it to someone. My career will be ended then. (Mortgage consultant, Company E)

And:

> To get things done, you must build a relationship [with officials] with authority and money. If you have money but no relationship with officials, it is very difficult. You must always remain this relationship; if not, one day people can change your bus routes. (Secretary, Company B)

The quote also indicates the relationship between networks and corruption. Corruption happens in HRM because HR actors are influenced by the social and cultural norms associated with the family relationship, social obligation, and personal interests.

In dealing with corruption, ESOEs admit that they accept corruption as an:

> Inevitable rule of doing business (Director, Company B)

An interviewee explained that corruption is hard to resist because someone must have "a very clean history" which means he has never been involved in any corrupt practices. However, it is very difficult once corrupt practices have become popular as a system in which almost all people are more or less involved:

> If someone wants to fight for a transparent workplace, he must have a very clean history. It is not easy. If he ever enters the company by relationship based recruitment, if he ever let his unqualified relative to have a job in this company or something like that, if he ever does anything unlawful that people may know, people will use this evidence against his innovation. Thus, whatever he does, he always thinks very carefully. (Director, Company B)

Popular corrupt HRM practices occur in the staffing activity. Firms are seen to sell and buy positions. In the absence of fairness and transparency in the recruitment process, powerful people can employ their friends, relatives or sell the positions. Thus, HR staff said they were forced to recruit offspring of members of their organization:

> HR department always was forced to recruit offspring [son/daughter/niece/nephew and all people under the name of relatives] (*con cháu*) but cannot refuse (HR staff, Company A)

However, selling positions does not occur with strangers. There must be a relationship because people need "trust", as explained in section 5.2.4.2. Corrupt practices can be in the form of nepotism and favouritism in recruitment and selection, training, promotion and in general, managing people. For example, bus drivers need to have a good relationship with top management to work the morning shift, where they can have better earnings:

> All bus drivers in this company want to have morning shift because there will be a lot of passengers. Only the bus drivers who have good relationship with top management can get this shift. (Secretary, Company B)

Or, corrupt recruitment:

> When someone needs a job, they will not go to the HRM department and say please employ me. They will bring an envelope [money] to the director's house and say I am son or relative of this person, how much for the position. The director will tell him the

> criteria [amount]. If he agrees, the company will invite him to an interview. (Director, Company D)

And, in performance management:

> Because there are a lot of family members and relatives in our company, personnel evaluation by giving and receiving comments from colleagues is only superficial. Close friends and family members will not criticise each other. Colleagues do not point out other's weaknesses because they do not want to get in trouble with the person's relatives (Engineer, Company C)

Corruption leads to higher prices of transactions and firms cut down employees' salary and adjust figures of their labour force:

> I was the one who always went with manager to visit officials of provincial Bureau of Transportation. Each of us [bus driver] had to contribute 30 million VND for the company in order to bribe the Bureau to approve a specific bus route for us. After three years, the Bureau informed us that our buses were not allowed to use that route anymore because the route was changed into the discount buses list. We gave up because we could not raise the money for more bribery. Many transportation companies have a greater financial situation than us, we cannot compete with them. (Bus driver, Company B)

> There are many informal payments that each company has to pay such as for police, government tax officer, and examiners and so on. It is unavoidable for enterprises to have ghost workers (Finance manager, Company D)

Thus, corruption leads to lower salaries for employees, because informal payments add to the operational costs of the company. ESOEs also publish different figures for inspectors, and ghost workers are one of the solutions for balancing figures. Institutional forces such as corruption and bribery are not normally acknowledged in Western HRM literature on HRM practices but are still a very real normative pressure on HR practices in Vietnam.

5.3.4. Inertia and Routine in ESOEs

> When it is come to managing people, you must remember that humans are creatures of habits. There are no natural trails, trails are formed because people repeat travelling and it is hard to be quickly wiped out. (Director, Company A)

Routine is defined as 'a repetitive, recognisable pattern of interdependent actions, involving multiple actors' (Feldman & Pentland 2003, p.96). Routine is traditionally viewed as a source of inertia (Hannan & Freeman 1984). Inertia and routine are not in themselves normative forces but they are means through which norms and values are retained and transmitted. When an action is repeated over time, it may gain some acceptance level by members of the organization.

> Legitimacy gained by 'things are done in the same ways', when facing some difficult situations, the simple way to explain is "we always do that". (HR manager, Company E)

Interviewees commented that they think habits and routines are channels that perpetuate organizational characteristics from one generation of employees to another. Thus, it becomes a source of normative force. One interviewee illustrated:

> Each organization has traditions and characteristics that go through employee generations. New member will imitate [what has become routine in the workplace]. Even a new director bought the company and totally has power to restructure and change everything, but he needs to change gradually, if he change quick, employee may go away. (Trade union president, Company A)

Inertia and routine have become vehicles for some normative forces. Similar to other cultural norms and values, ESOEs have recognised the role of inertia and routine in their HRM practices:

> When I started working for this company, I think recruitment in this way [everything needing to be approved by managers] is not necessary and too much paper work. It is unfair as well. Nevertheless, after some years working, now I become a manager and I can decide how to do it. Surprisingly, I do exactly the same things [repeat the same routine]. I do not feel secure if I do not complete all these items paper work. I find the advantages of doing that unfair recruitment. The son or daughter of a current employee may not be as skilful as another candidate, but if I recruit him, and if he does something wrong, I can control him by telling his parent. (HR manager, Company A)

The HR manager in Company A explained that she kept up the routine of doing particular jobs in the same ways (even though she did not agree with it at first) because she found some rationale for keeping these practices. Another interviewee added an explanation for routine:

> A young cleaner questioned me asking why, when she and a senior cleaner did the same things every day, why the senior cleaner has double salary every month. I explained for her that (…) if she wants to have same salary as the senior cleaner, then she will have the same salary for her entire working life. I asked her whether she would like it. She said no. (HR manager, Company E)

However, there are some tensions between routine and efficiency. As one interviewee commented:

> Managers think the current recruitment process (relationship based recruitment) and the performance management (egalitarianism and seniority) are not good for the company, because it results in unqualified workers. But some companies are keeping it because there is network and/or the expectation of employees and because of the habit cannot be changed fast. People want to make safety environment for themselves. They do not want to lose harmony with others. (HR staff, Company A)

ESOEs, in general, use the 'balance strategy' to accommodate multiple demands from these sources. One the one hand, they accept that inertia and routine are hard to dismiss, such as recruitment based on relationships and seniority, as in the examples below:

> I think it [recruitment-based relationship] is because of inertia. It is common in our society that offspring are recruited without regard to the recruitment needs of the company. They do some administration jobs or do what they have been told to do. We are the same. When we do not go to a construction site somewhere, we do some unnamed practice here. (Staff of engineering department, Company C)

And:

> It is because "as bamboos grow old, young shoots spring up" (*tre già măng mọc*) has become one expectation of many generations of labour, thus, although our company wants to change it, we cannot complete it just now. Thus, first, our company changed the pay practice. There are some managers who can keep their position but their salary may be lower than some subordinates. If not, there would be many old bamboos and there would be no space for young shoots to spring up. (HR manager, Company A)

On the other hand, ESOEs are also moving towards pacifying tactics where possible. The last comment above is evidence of erosion of seniority HR practices. When Company A saw the unreasonableness of having seniority-based HR practices, they moved to find a balance between the expectations of employees and the company's interest in keeping positions for some managers, but making changes in pay practices. Besides that, ESOEs also question some bad habits and are trying hard to change them, such as getting to work on time, turning off the phone, stopping gossiping in working hours in Company A, or stop drinking alcohol in Company B:

> The HRM department has been given a new duty: to change bad habits of employees. Those bad habits have resulted in reducing productivity. Our company is paying attention to creating and maintaining good habits such as going to work on time, turning off the phone, stopping gossiping in working hours (Director, Company A).

And,

> Our company has been successful in the campaign against drinking alcohol among bus drivers. (Secretary, Company B)

5.3.5. Networks and ESOEs' reactions

Owen-Smith & Powell (2008, p.596) argue that understanding networks is important to understanding institutional processes and vice versa because networks and institutions mutually shape each other. Indeed, networks are found to be a conduit for diffusion of some HRM practices in the study, while characteristics of normative standards influence the forms and structures of the networks.

Networks in ESOEs can be a formal network or an informal network. The formal networks can be seen in the relationship of an ESOE with their parent company or with a related authority. This is also an example of how coercive forces lead to normative forces. Some legislation such as the law requiring training on labour law, political theory training, even gender equality or militia training conducted by central or local

government or superior grassroots trade union, requires ESOEs to become members of a network with other organizations. Having connections and undergoing the same training may lead to similarity in HR practice. This network gives the ESOE's practitioners chances to meet, talk, share ideas and imitate each other. However, the more the ESOE becomes a private company, the less they get involved in these inter-company training sessions.

Informal networks in ESOE include the links between organizations and intra-organizational coalitions. Individuals often cooperate with others because it represents a shared value in the network (Subramanian & Mehta 2013). Having the same attitude towards particular norms and values sometimes brings members of an organization together into a group, or in other words, it forms intra-organizational coalitions. For example, groups of women always go together to Buddhist temples on the first or fifteenth day of a month in the lunar calendar in companies A and B. In addition, groups of young people in Company E who usually have parties, coffee, gossip after work, etc. coagulate to a intra-organizational coalition. Informal networks within an organization can be formed because of mutual obligations and reciprocity. This type of obligation and reciprocity network results in non-transparencies in all aspects of HRM practice, for example recruitment or promotion based on relationships.

Informal networks may be perceived by managers as counterproductive to ESOE goals but informal networks are often condoned because breaking them up too quickly may lead to a loss of harmony in the workplace, and the value of harmony is perceived as more important than the negative effects of informal networks. Thus, top managers in ESOEs turn a blind eye to such informal networks, considering them a feature of traditional culture. An interviewee commented:

> There is no bargain with culture, there is acceptance or not. However, the level of acceptance matters. (Director, Company B)

Forming intra-organizational coalitions is perceived as a method of sharing and to get help in the workplace:

> It is very hard to perform your tasks well if you are not close with anyone in your workplace. Even it is a temporary alliance (…). Workplaces are complex. People cannot easily share information and ideas with anyone. (Deputy Head of Marketing Department, Company F)

Employees also considered this as a normal way to protect themselves at work. They explained:

> It is the fear of loss, fear of being bullied by others in the workplace that makes people into alliances via some small group of interests. Other people can go to work late, if we do not go to work late, we will lose advantage. People can buy positions, we do not buy we are losers. (Finance manager, Company D)

And:

> In the past, because people feel insecure, so they make alliances to have more power (Head of Marketing Department, Company B)

Because those members band together, they seem to protect and help each other in the workplace, such as giving good comments for each other in the peer review performance appraisal or hiding some underperformance practices for others. Managers in Company E said informal networks help to understand the personal life of employees better, thus, assist in better HR decision making regarding those employees.

The informal network with other organizations in the same industry can create similarity among organization by having informal rules that organization members have to follow, for example, bus drivers have hand signals to inform other bus drivers that they are parking, or to inform that there are police in front, and so on. They have their own rules that HR staff must understand. For example, the bus at the front has the first option on a customer waiting at bus stop, and the other buses must slow down their speed. If the customer does not choose the first bus, they can choose the next one. The company has to understand these rules in term of performance management, as sometimes a bus driver does not have a lot of customers, dependent upon their good departure time.

Findings of normative forces and ESOEs' responses are summarised in Table 5.3 and 5.4 below.

Table 5.3: Normative forces in ESOE's HRM practices

Type of forces	Main sources	Example	Characteristics that influence HRM
Normative forces	Formal education	National education and training system	Low quality of education Imbalanced labour market
	Informal education	Confucianism	Hierarchy Mutual obligation Benevolence
		Buddhism, Taoism	Integrated with Vietnamese magic and superstitious mindset
		The family, clan and village	Harmony Nepotism Hierarchy and submission
	Corporate culture	Local norms	The need of adaptation to local culture
		Corruption	Higher prices of transaction due to bribery and informal payments Corruption go with trust
		Inertia and routine	Remain norms directed behaviours
	Networks	Formal and informal networks	Formal network formed by relationship between ESOEs and parent company or authority Informal network formed by having same interests

Table 5.4: Strategic responses to normative forces

Strategies	Tactics	Normative forces		Case examples	ESOEs						
					A	B	C	D	E	F	G
Compromise	Balance	Formal education	The lack of professional HRM	Mentoring and informal coaching	✓	✓	✓	✓	✓	✓	✓
			The shortage of skilled workers and the imbalanced labour market	Appoint a senior member to train new employee	✓	✓	✓	✓	✓	✓	✓
				Send the new employee to a training course	✓		✓	✓	✓		
				Take advantage of imbalanced labour market: employ graduates and pay less than their degree	✓			✓			
				Develop own ways to evaluate candidates	✓				✓		
Compromise	Balance	Corporate -culture	Cultural norms and values	Take into account custom, cultural celebrations and events in HR strategy	✓	✓	✓	✓	✓	✓	✓
				Use metaphor in communication to reduce culture tension	✓	✓	✓	✓	✓	✓	✓
				Have written criteria for recruitment and selection correspond to cultural values		✓	✓	✓	✓		
				Use Feng Shui, altars and other signs of superstitious belief		✓		✓	✓		
Acquiescence	Compliance		Local norms	Count habit and custom of local employees in HR strategy						✓	✓
				Drinking is one criterion for recruitment and selection					✓	✓	✓
				Encourage employees to social engagement and network					✓	✓	✓
Acquiescence	Compliance		Corruption	Selling and buying position		✓		✓	✓		
				Count informal payments on employees' salary and adjusted figures of labour forces	✓	✓		✓		✓	✓

Strategies	Tactics	Normative forces	Case examples	ESOEs						
				A	B	C	D	E	F	G
			Corrupt practices through favouritism and nepotism in HRM practices	✓	✓	✓	✓	✓	✓	✓
Compromise	Balance and Pacify	Inertia and routine	Trying to change some bad habit, encourage good habit: going to work in time, turn of the phone in the workplace, stop drinking wine at work…	✓	✓		✓	✓		✓
Acquiescence	Compliance	Network	Networking with other organizations through training organised by authorities	✓			✓	✓		✓
			Groups of women go to Buddhist temple in the first day or fifteen day on a month in lunar calendar	✓	✓					
			After hour network organised by youth union					✓		

5.4. Resistance to normative forces

Based on the five categories offered by Oliver (1991): cause, constituents, content, control and context, and their predictive dimensions of resistance which are summarised in Table 2.9, this section examines the level of resistance to institutional forces. Details are discussed below.

Cause

Cause refers to how ESOEs see the anticipated *legitimacy* or *economic gain* as a result of compliance (Oliver, 1991). By compliance with normative forces, ESOEs gain legitimacy in the eyes of the general public and members of their organization. However, the use of legitimacy needs to be defined, because different groups of people have different interests and different perspectives on what the alternatives are. Besides, their economic gain is considered low if they fully comply with normative forces, as identified in Section 5.3. ESOEs do not actively resist normative forces. They mostly used 'balance strategies' in response to them.

Cause also refers *to the degree that ESOEs agree with the sources of normative forces* (formal education, cultural norms and values, local norms, corruption, inertia and routine, and network) (Oliver, 1991). The degree to which ESOEs agree with these sources of normative force ranges from low (corruption) to moderate (other norms and

values). However, because ESOEs still found acceptance points in those normative forces, the forces are not actively resisted.

Constituents

Constituents are those who exert the pressures on organizations (Oliver, 1991). The extent of the normative force of constituents is measured by the level of *"multiplicity"* and *"dependence"*. Multiplicity of normative forces ranges from "high" to "low". The multiple conflicting elements of cultural norms and values are high to moderate. Corruption and network are low. "Dependence" ranges from "high" to "moderate". Thus, there are higher degree of resistance to elements of cultural norms and values, inertia and routine, and formal education than to local norms, corruption, and networking.

Content

Content is measured by the level of *"consistency"* with organizational goals and *"discretionary"* constraints imposed on the organization (Oliver, 1991). The consistency of normative forces ranges from high to low. ESOEs* and ESOEs in the banking industry seem to be more active in resisting normative forces that are not consistent with their goals than other studied ESOEs. For discretionary criteria, the level of freedom lost if ESOEs comply with normative forces ranges from moderate to low; thus, they do not actively resist normative forces. Only some elements of normative forces are resisted.

Control

Control describes the means by which the institutional constraints are being exerted (Oliver, 1991). Two predictors of "control" are *legal coercion* or *enforcement*, and *voluntary diffusion of norms*. ESOEs mostly comply with normative forces because noncompliance is perceived as ranging from highly punitive to moderate. Thus, ESOEs choose from acquiescence to compromise. The degree of voluntary normative forces is found to be from high to moderate to low. Although studied ESOEs do not agree with the output of formal education, they do not resist it because ESOEs accept it as one fact of the current development of the country.

Context

Uncertainty and *interconnectedness* are two predictors of institutional responsiveness to "context" (Oliver, 1991). The level of uncertainty when ESOEs comply with normative forces ranges from high to low. The interconnectedness of normative forces ranges from high to moderate which reflects acquiescence and compromise strategies.

In addition, there is conflict between normative forces and coercive forces. For example, the law requirements are strict and too advanced for a developing country because the government wants to build a law-based society, but normative forces include many conflicting elements that make it difficult to build a legal based-nation :

> The difficulties are that we want to build a legal-based nation at national level and legal-based organization at organizational level, but our society activities are too much on family relationship and something like that. (Director, Company B)

Similarly, one of the difficulties of implementation of rules in organizations is due to the conflict between coercive and normative forces, such as the conflict between the Communist Party requirements and the culture of saving face:

> According to requirements of The CP, communist party members have to self-criticise. In the end of year meeting, they must read their self-report about their strengths, and mistakes in both political attitude and lifestyle and duties at work. If no one knows, I will not stay in front of others and say I went to casino last month, and also we do not like to lose our face in front of other. Thus, having self-reporting is just for show. (HR staff, Company G)

Or the management practices with some norms and values:

> Following cultural tenets such as morals, virtue, harmony and so on does not help managers to manage people at work better, they will challenge it…For employees, following these [cultural tenets] does not give them better salary, gradually people will have no inspiration for keeping it. (Head of Marketing Department, Company F)

Thus, those institutional forces receive some levels of resistance from ESOEs.
Results are summarised in Table 5.5.

Table 5.5: ESOEs' resistance to normative forces

Institutional factors		**Predictive Dimensions of resistance** **Resistance to institutional pressures likely to occur when there is:**	**The degree of normative factors influence ESOEs**					
			Formal education	Cultural norms and values	Local norms	Corruption	Inertial and routine	Net-work
Causes	Legitimacy/ social fitness	The lower degree of social legitimacy	Moderate to Low	Moderate to Low	High	High	High to Moderate	High
	Efficiency/ economic fitness	The lower degree of economic gain	Low	Low	Low	Low	Low	Low
Constituents	Multiplicity	The greater degree of constituent multiplicity	Moderate	High to Moderate	Low	Low	Moderate	Low
	Dependence	The lower the degree of external dependence	High	High to Moderate	High to Moderate	High	Moderate	High
Content	Consistency	The lower degree of consistency	Moderate to Low	Moderate	High	High to Moderate	Moderate	High
	Discretionary	The greater degree of discretionary	Moderate	Moderate	Low	Low	Moderate	Low
Control	Law enforcement	The lower degree of legal coercion	Moderate	Moderate	High	High	Moderate	High
	Voluntary diffusion	The lower degree of voluntary diffusion	Low	Moderate	High	High	Moderate	High
Context	Uncertainty	The lower level of uncertainty	High	Moderate	Low	High	Moderate	High
	Interconnectedness	The lower degree of interconnectedness	Moderate	Moderate	High	High	Moderate	High

5.5. Effects of equitisation on ESOEs' responses to normative forces

Similar to Chapter 4, all the previous discussion on ESOEs' responses to normative forces has focused on the situation post equitisation of ESOEs. This section will now focus on the comparison. Findings show that equitisation leads to some changes in responses to normative forces, especially in the companies where the State does not keep the majority of charter capital. If the State holds the majority of capital, the new ESOE are not very different from their SOE stage. A Director in an ESOE is also the chairman of the boards of directors because he is the representative of the State's capital in the company. Thus, he is the most powerful person in the company. Therefore, equitisation does not encourage or force him to change toward being more creative and innovative:

> In ESOEs that the State holds more than 51% (of capital), the director is also the chairman of the boards of directors, thus, the ideas of the boards of directors are light for him [director]. It does not have the force to push the director to be creative and innovative to run the company. (Director, Company D)

However, there is a clear change in the approach of ESOEs to some normative forces. ESOEs are aware of the influence of normative forces on their HRM practices:

> Culture [cultural norms] is tenacious (…). Although many directors are well educated in overseas countries [Western education], they consult fortune-tellers for time and date of signing contracts. …some leaders [top management] even do not use assistants who have worst match animals to his Zodiac sign[8]… Habit is hard to change…(Director, Company A)

One interviewee compared the tenacious influence of normative forces on managing people as being as hard as breaking the structure of a Vietnamese family and clan:

> You must be able to break the structure of Vietnamese family and clan to change its reflection on managing people. (Director, Company A)

However, equitisation pushes firms towards adjusting practices to meet the requirements of market and industry. Specifically ESOEs that have completed the equitisation process must be responsible for their survival. Such ESOEs are far more likely to consider the cost and benefits, and goal achievements of every single HRM

[8] In the Vietnamese Zodiac animal signs (similar to Chinese Zodiac animal signs with some difference in the list of animals, Vietnamese Zodiac animals have Cat and Goat instead of Rabbit and Sheep in Chinese Zodiac signs), there are twelve animals. Each person was born in a year corresponding to one animal. Each of the twelve animals has certain characteristics corresponding to that animal. Some of them are believed as compatible and bringing good for the other while some are believed to be worst if positioned alongside each other. For example, people who were born in the year of money and people were born in the year of the tiger are believed to be worst-match animals.

practice. Thus some elements of normative forces that are inconsistent or in conflict with their goals will be resisted. These ESOEs have recognised the negative side effects of many norms and values:

> Because in the old days, people were taught that men without alcohol is same as a flag without wind (nam vô tửu như cờ vô phong). Over time, it becomes drinking culture. This habit is very bad for firms. (Deputy Director, Company D)

And:

> Perhaps people have suffered a lot from drinking alcohol. People started getting fed up with gossiping [after hour network] and alcohol based diseases. If they have opportunities and they are young, they will go [quit the job that requires drinking a lot]. They do not similar to their parent generation, try to stand, stay with the job…swap their health for money [salary]. (Mortgage consultant, Company E)

If they cannot dismiss it, they employ a 'balance strategy' or pacifying strategy. An example of an institutionalised practice that has withered is that of 'harmony' in management practices:

> Harmony is going to be eroded or at least something like that, we know it is the time for lawyers, courts, when it comes to money. We can't say harmony in dealing with conflict. It is not obvious in this company but we have seen it increase in other ESOEs. (Finance manager, Company D)

and changing in the employees' engagement to leisure activities:

> Before equitisation, people received same salary, work more or less still the same, after equitisation, money is paid based on your workload, no one wants to spend time on leisure activities. (Staff of Engineering Department, Company C)

Or changing in relationship-based HRM practices as interviewees explained:

> SOEs do not have to be responsible for the outcomes of their business, thus, they can recruit offspring who are unqualified employees. We are an ESOE, if we continue doing that, we will collapse…We ask experienced employees increase their workload and pay them more, reduce employ less experienced workers. (Finance manager, Company D)

The interviewees explained that they want to cease recruitment of unqualified relatives, and other less experienced people in their approach to HRM after equitisation because they want to focus on efficiency. Also, under the equitisation process, ESOEs limit relationship-based performance management because they are under pressure to keep valued employees:

> Smart people who worked for SOEs are not only driven by money (…). Because they are smart people, there many places are open for them. (Deputy Director, Company D)

And:

> There is a need for qualified workers, we cannot spend a lot of time to train them like before. (Staff of Engineering Department, Company C)

There is tension between the new and old approach to HRM, with practices that cannot be changed quickly in order to avoid employees becoming discontented. A manager in Company A commented:

> People always want to keep their habits. They tend to think about positive side when they deliberately change something. However, if they are forced to change (equitisation), people tend to think about the good things that have gone. (HR manager, Company A)

Managers in Company A comment that sooner or later all these old fashioned practices have to stop. For example:

> If we do not change [the way of managing people as in SOEs], we cannot survive. (Director, Company A)

After equitisation, ESOEs pay more attention to every single practice in terms of economic gain. Interviewees in Company B gave an example of change in bribery practices. Before equitisation, their company gave money and gifts to all law inspectors. After equitisation, they only give small gifts to some examiners that they think are powerful examiners:

> If before [equitisation] they give money to everyone [all examiners]…now they are more intelligent, they only go with which door who are more potential [which examiners are more powerful]. (Bus driver, Company B)

Company B now considers their economic gain and loss through this practice. The interviewee added:

> The reason is because of change in their thinking. Now people give money away from their pocket. Thus, [it is] not as before [equitisation] now they think carefully. (Bus driver, B)

Perhaps this is consistent with findings from a study of Central Institute for Economic Management et al. (2012) that found Vietnamese enterprises have recognised that bribery practices do not help them to survive in the long run.

Another interviewee in Company B described changes in their bribery practice. Perhaps it reflects the other side of corruption in Vietnam, where it is quite common and there is no need to hide it:

> Now giving money is just giving, no need to attach it with something else…just put it [money] into an envelope…In the old days, it was not polite to give an envelope to examiners, people felt shy [to do that]…there were always an envelope attached to something else such as putting an envelope into a newspaper or report…now, just give

money. People [the inspectors] will just nicely say “thank you”. (Head of Marketing Department, Company B)

5.6. Conclusion

This chapter has identified specific normative forces having influence on HRM practices in ESOEs (Table 5.3) in Vietnam, and their degree of influence. An analysis of ESOEs’ strategic responses to normative institutional forces is also presented in the chapter. ESOE managers mostly use compliance and ‘balance strategies’ in response to normative forces. The study illustrates that many HRM practices are deeply rooted in culture, and that culture is an important factor that influences HRM practices in ESOEs.

Resistance to normative forces are found to be weaker than resistance to coercive forces. ESOEs only resist some specific norms or values that are perceived to give negative effects for their economic gain. Equitisation has made significant changes in the approach of ESOEs to normative forces. ESOEs are aware of the need to change in response to some negative normative forces, but to date such changes have been marginal because of the persistent nature of the forces of inertia and resistance to change.

6. MIMETIC FORCES AND STRATEGIC RESPONSES

6.1. Introduction

Chapters 4 and 5 analysed the coercive and normative forces that act on HRM practices. This chapter analyses the influence of mimetic forces and ESOEs' strategic responses to these forces. DiMaggio & Powell's (1983) mimetic isomorphism and the three forms of imitation discussed by Haunschild & Miner (1997): frequency-based imitation, trait-based imitation, and outcome-based imitation, as explained in section 2.3.3, are used as an analytical framework. Section 6.2 explains interviewees' perceptions of uncertainty and ESOEs' imitation of HRM practices. Section 6.3 analyses mimetic patterns and their underlying causes. Section 6.4 focuses on how mimetic behaviour changes under the equitisation process. Finally, Section 6.5 summarises the findings of this chapter.

6.2. Perception of uncertainty and imitation in HRM

In order to understand mimetic patterns of HRM practices, interviewees who were responsible for the implementation of HRM practices such as managers and members of HRM staff, were asked about their experience of imitation behaviours such as whether their HRM practices were replicated from somewhere. They were also asked about their perceptions of uncertainty. Frequency imitation, trait imitation and outcome imitations were found as responses to uncertainty. Findings show two sources of uncertainty which drive mimetic patterns of HRM practices in ESOEs: the social context and market requirements in which Frequency imitation is response to uncertainty which derives from the social context while outcome imitation is a response to uncertainty which derives from the market requirements. ESOEs sometimes integrate trait-based imitation with frequency-based imitation or with outcome-based imitation of HRM practices.

Interviewees highlighted that imitation is a feature of Vietnamese culture. Similarly, imitation in HRM practices is considered a common phenomenon as suggested in the comments below.

> First of all, I want to remind you of our imitation culture. It presents in all aspects of life as well as at industry level. Vietnam has (…) many craft villages because people like to imitate. If one family makes cakes and becomes rich, the neighbouring families will make and sell cakes. Later all families in the village will make and sell cakes. Thus, all of them have small businesses and compete with each other. We do not have modernised, large scale industries because of this fact. Many countries in Europe can develop their industries on a large scale and become industrialised countries because they are creative. If one family makes cakes, their neighbouring families may think about selling the ingredients of the cakes or cake boxes. Many years later, they have a diverse and large scale industry. (…) Similarly, in HRM practices, Vietnamese people will imitate when it is possible. When they [SOEs] are independent [from the State], they will imitate someone they think is more successful than them, because this is our imitation culture. (Director, Company B)

And:

> The economic fundamentals of our business are based on imitation of others. We do not live for ourselves. Instead of hard learning, working and being creative, we live by the will of others. It is lack of independent thinking, fear of taking responsibility and living by the will of others that leads us to imitate others in every aspect of life. (Deputy Director, Company D)

The last comment above is consistent with some reasons that another manager of company D found for imitation behaviours, including lack of independent thinking, lack of a sense of personal responsibility, and the influence of others on individuals' behaviours.

Interviewees were asked for information on HRM practices that were adopted by modelling from other organizations and how these practices were adopted. There were some cases of imitation of HRM practices that appeared to be responses to uncertainty. In particular:

- The supply of unqualified employees in the labour market and relationship-based recruitment made HRM managers feel uncertain whether they could choose qualified employees. For example, due to the limitations of the education system, candidates with very good grades could become employees who performed badly, so HR managers were forced to recruit unqualified employees).
- HRM staff would always talk with HRM actors in other companies or go to HR forums to share experiences of taking advantage of labour legislation (indicating uncertainty resulting from coercive forces). They would also imitate popular practices such as having ghost workers in the payroll, and pampering inspectors to influence their perception of ESOEs' HRM practices, and so on.
- Nepotism (normative forces) led to the adoption of some specific common practices such as exercising favouritism in training and development, and performance management. For example, managers might choose employees who are relatives or friends to attend short training courses overseas or, giving good performance appraisal ratings to colleagues based on favouritism rather than on their capabilities.
- Uncertainty comes from market requirements which require ESOEs to improve efficiency and which in turn encourage them to imitate other successful actors regardless of the traits of the reference organization.

Concerning ESOE members' perception of uncertainty, interviewees explained that uncertainty is seen as unknown information that leads to unforeseen outcomes. One interviewee commented:

> I think uncertainty is when I do not understand the situation well and thus I do not know what will happen. I mean how the results will be if I choose an HRM practice based on my current incomplete understanding. (HR manager, Company A)

Other comments add more information about how interviewees perceive "uncertainty":

> There are many things that we do not know or have little information about. However, only unknown information that is perceived as having little possibility to bring trouble for HR practitioners encourages people to imitate popular practices. It is called 'uncertain' information (Director, Company B)

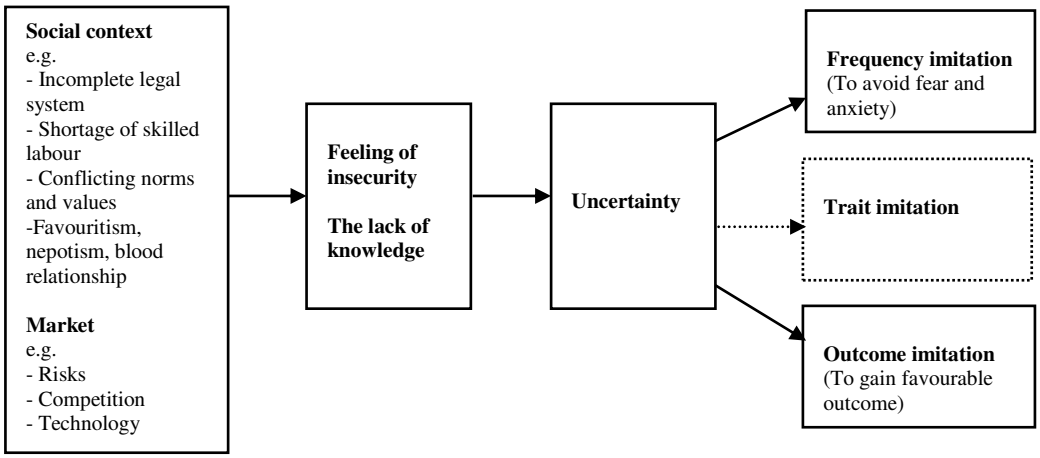
And:

> Uncertainty is when we do not know whether we will be successful or not. However, where the feeling of being successful is stronger [if they imitate the HRM practices], we will imitate ones [companies] whose practices help them to have good performance. (Director, Company E)

The quotes show that, in ESOEs, uncertainty leading to imitation of HRM practices is perceived as unknown information that can cause risks for HRM practitioners or lead to uncertain outcomes. The above comments also indicate the application of frequency-based imitation (popular practices) in ESOEs and outcome-based imitation (HRM practices that give practitioners the feeling of being successful).

In order to understand which factors influence ESOEs in their imitation of HRM practices, interviewees were asked to explain the reasons for their imitation and when, how and why they felt "uncertain". Feelings of insecurity and lack of knowledge were found to be two main factors driving the "uncertainty" which leads to frequency-based imitation. Normative and coercive factors were two sources of feelings of insecurity and lack of HRM knowledge in ESOEs. Lack of knowledge becomes a conduit for uncertainty which in turn encourages imitation. Some elements arising from the market such as risk, the need for competitiveness, and changes in technology drive uncertainty and so encourage outcome-based imitation. Detailed explanation of those elements is in the following sections of this chapter. The interviewees' perceptions of imitation are outlined in a simplified form in Figure 6.1 below. The arrows show causal relationships between factors. The dash lines show an occasional relationship (that is, the relationship may or may not happen).

Figure 6.1: Model of HRM imitation in ESOEs



6.3. Mimetic patterns in HRM practices in ESOEs

As pointed out in the above section, frequency imitation and outcome imitation were among ESOEs' responses to uncertainty. However, while frequency-based imitation and outcome-based imitation were found very often, trait-based imitation also occurred occasionally or occurred in combination with frequency-based imitation or outcome-based imitation. The following sections analyse frequency-based imitation and outcome-based imitation as two popular strategic responses of ESOEs.

6.3.1. Frequency-based imitation

Frequency-based imitation was the most popular strategy for choosing HRM practices in ESOEs. This section analyses the sources from which ESOEs selected specific practices to imitate and factors influencing ESOEs in choosing frequency-based imitation.

6.3.1.1. Sources of HRM practices to imitate

Generally speaking, ESOEs adopt HRM practices which have been widely used by large numbers of SOEs. Although ESOEs have changed some HRM practices, they still keep most of the HRM practices which were introduced and developed during their SOE stage. Centralisation and formalisation are driving forces for adopting new practices. As explained in Chapter 4, centralisation and formalisation lead to the frequent adoption of HRM practices which were introduced by authorities such as the owner-managed ministries (bộ chủ quản) local industrial bureaus, the parent company and other high rank organizations (where they exist). Thus, these organizations become their major sources of reference. For example, company E always seeks guidance from the parent company before making any significant change in its HRM practices. An HR manager highlighted his organization's institutionalisation through a routinized process:

> HRM practices in this company have become a routine. We are basically repeating what was done by the previous generation [of employees]. (HR manager, Company A)

Also, ESOEs selectively choose to imitate HRM practices that have been used by organizations with similar characteristics to themselves in terms of size, industry, location, and so on. They also combine frequency based-imitation and trait-based imitation where possible. For example, HR managers of companies F and G talked to each other to decide the amount of money that they would give to their employees in the Lunar New Year because the two companies did business in the same industry (mining) and in the same location (province K):

> I talked to the head of the HRM department of company F before I recommended the amount of the bonus for last Lunar New Year to the director. Firstly, this is a small province: people know each other, and we drink beer together regularly. Chatting about work is a good way to share information. Secondly, if the bonus in the two companies is too different, people will ask why two companies in the same industry and the same location give such different amounts of money. (Head of HR department, Company G)

Besides centralisation and formalisation, information from the internet such as HRM forums and word of mouth were also vehicles for the institutionalisation of frequency-based imitation of HRM practices. An HR manager explained how they benefited from such frequency practices:

> Legitimacy can be gained by [saying] 'things are done in the same way'. When facing difficult situations, the simple way to explain our approach is: "We always do that". (HR manager, Company E)

The quote also illustrates the possibility that when a managerial practice is repeated over time, it may gain legitimacy and acceptance from organizational members.

The section below analyses factors that influence ESOEs in choosing frequency-based imitation of HRM practices.

6.3.1.2. Factors influencing frequency-based imitation

Feelings of insecurity and lack of knowledge were major factors leading to frequency-based imitation of HRM practices. This is an analytical classification because these factors are sometimes hard to separate from each other. Lack of knowledge can be a reason for employees' feelings of insecurity and normative factors such as recruitment-based relationships that lead to employees feeling insecure can also be reasons for lack of necessary knowledge. Each of these factors is analysed in detail below.

6.3.2.2.1. Feelings of insecurity

Feelings of insecurity generate fear or anxiety in HRM practitioners. Thus, they choose common HRM practices because they have gained legitimacy in the eyes of members of their organization. Here are some examples of how HRM practitioners in ESOEs sometimes feel anxiety:

> We have a saying that if you wipe someone's face, you should respect the nose (vuốt mặt phải nể mũi) [If someone wants to do something which is considered not good for another, he must pay attention to the powerful people who protect that person]. If you do not know who in this company is protected by whom and you do not know how powerful the person is, do not make people angry [by criticising their bad performance], or their relatives [the powerful people] may kick you out of your position. (Staff member of engineering department, Company C)

The quote summarises some possibilities that an HR practitioner may face such as losing harmony (making a colleague angry) and/or the fear of reprisal and losing benefits (being kicked out of the position). This is an example of how nepotism generates uncertainty for HR practitioners. Besides that, some coercive elements such as Vietnam's incomplete and complicated legal system, and complex internal controls contribute to the insecurity of HR practitioners. For example the incomplete legal system makes HR actors feel uncertain in how they manage people:

> Our legal system is incomplete. In overseas countries [developed Western countries], theft of trade secrets is illegal. In our country, laws do not cover this. Managing people is sometimes based on the truth and ethics, so you must be very careful [when the law does not cover the theft of trade secrets theft, people have their own way to prevent theft of secrets. Sometimes truth and ethics are the only foundations for making decisions about managing people. Thus, HR practitioners should be very careful]. (Director, Company E)

Further examples are given in the following comments:

> It is very difficult to perform HRM practices well (…) HR staff do not dare to apply discipline because they fear something bad will happen. (HR manager, Company C)

The quote highlights the difficulties of being an HR practitioner in an ESOE. For example, HR staff do not dare to apply discipline because they fear some kind of informal retribution. An interviewee compared the difficulties of HR staff to being a daughter-in-law because HR staff have to balance many different personal interests in an organization. This is similar to being a daughter-in-law in Vietnam who is expected to perform many tasks at the same time:

> Working in an HRM department means you are a daughter-in-law of hundreds of families (làm dâu trăm họ) at the same time. You must please all people. You must please managers. You must please employees. (HR manager, Company B)

Another interviewee added an example of a situation in which it is impossible for members of HR staff to please all stakeholders:

> Of course top management does not want to pay for insurance for all employees. Employees are disappointed with you [HR staff] as you do not fight for their benefit. (HR manager, Company A)

Because HRM practitioners want to avoid trouble, they choose to repeat the HR practices that have been widely used by a large number of organizations, regardless of the efficiency of the practices. This is illustrated in the comment below:

> The uncertainty here is that HR practitioners feel it is very difficult to behave properly. They do not know what they should do. Doing something this way can make this person disappointed, and doing it that way makes that other person angry. Fears build on fears. Thus, they choose the practices that have been performed for a long time regardless of their efficiency. (Deputy Head of marketing department, Company F)

ESOEs can also adopt frequent HR practices regardless of their legality, for example:

> We all know that having ghost workers on a payroll is illegal, but if it is the best way you can make sense of your payroll, you will learn how to do it best. The more senior

> you are, the better ghost workers you can create on your payroll and you will teach the newcomer how to do it. (Financial manager, Company D)

Trust is another factor that is related to feelings of insecurity. People feel uncertain if they don't have trust from others. One interviewee commented on how lack of trust contributes to low engagement of employees in the workplace:

> Our culture makes the attachment level of employees to their company low. When something [a bad situation] happens, they will leave the company. The crisis of 2008-2012 was evidence of this. Many core managers left their jobs. When they left they took all their customers, their knowledge, and their team members with them. Because people do not trust others, they all have a contingency plan and prepare to move if necessary. (Director, Company E)

Members of HR staff are expected to be a link between people in their workplace as explained in Chapter 5. Thus, HRM staff use informal communication as a channel to gather information. Sometimes this results in a defensive attitude on the part of employees when it comes to sharing information in the workplace. For example a financial staff member explained how she became careful when sharing information in her workplace:

> We cannot trust them [other employees]. Some years ago, I told one of my colleagues that I wanted to have a third baby because I have two daughters and my husband's family are not happy about that. I told her my plan but I was 40 years old that time and it was not easy for me to have a baby (…). She went to talk to an HR manager [about it]. The HR manager did not discuss it with me but deleted my name from the list of people who were to receive skills training at that time. (Financial staff member, Company G)

In addition, trust encourages nepotism in ESOEs. Members of ESOEs even found nepotism beneficial because they trusted people they already knew. In other words, nepotism both creates and removes uncertainty. As an interviewee stated:

> There is another reason for keeping relationship-based recruitment. If we recruit someone whom we do not know well, and they steal something and run away, how can we find them maybe five years later? You recruit relatives. If they do something wrong, you can come to see their parents. (HR staff, Company A)

Thus, trust can create or reduce fear or anxiety for HRM practitioners or, in other words, it can contribute to the feelings of personal insecurity of ESOE members.

6.3.1.2.2. Lack of knowledge

As shown in chapter 5, recruitment of people without a relevant professional background was quite common among ESOEs before equitisation. It resulted in a workforce inadequate knowledge to perform the job, even managers. As an interviewee

explained, in ESOEs many people without expertise become managers, so they must rely on their subordinates:

> In SOEs, there are many people who become leaders by this means or that but they do not have good expertise. They will always have to consult talented subordinates. Perhaps as a result, those talented subordinates are not scared of the hierarchy-based power of those leaders. (Finance manager, Company D)

Thus, if employees are intelligent and well educated, they can challenge a manager's ideas:

> The young now are very intelligent and well educated; they will not blindly comply with a manager's decision like before. (Director, Company B)

Lack of knowledge leads HR practitioners to lack confidence in performing tasks. Lack of knowledge also leads to poor performance and makes HR practitioners feel anxious. Their opinions are challenged by others. Thus, they always look for a source of authority before adopting specific HRM practices. As an HR staff member who had a college degree in engineering explained her experience when she took an HR job without a professional HRM background:

> Of course having a related background is better. I had many difficulties when I first started doing this job. I used to think HR work was simple but it is not, especially because it is related to money, laws and people's benefits. I always asked before doing anything. I did not know how to handle a job-related issue (…). Sometimes it was incredibly stressful when I made mistakes (...). After several years of working, I learned a lot and set myself up for a more confident performance (...) In a society like Vietnam where people respect educated people, your colleagues will not listen to your ideas if you do not have a relevant background. They tend to question your performance. (HRM staff member, Company F)

Lack of knowledge can also lead to feelings of insecurity as illustrated below:

> A young HRM staff member had started her job here and had worked for some years. She moved to another company after that. She did not have any relevant HRM background. When she made mistakes, managers criticised her. She was asked to perform tasks again and again. She got upset. She thought people deliberately made difficulties for her. She ended up having a defensive and aggressive attitude; it was very hard to discuss anything with her. This is an SOE. It is not easy to dismiss a person if she does not make a very serious disciplinary violation. If she [the former HR staff member] had a background in HRM, if she at least knew what a standardized payroll looked like, then she would not misunderstand and would not be upset if managers asked her to refine it again and again. (Deputy Head of HRM department, Company E)

The quote gives an example of how lack of knowledge leads to feeling of insecurity. In this case, the HR manager explained that lack of professional skills is a reason that an

HR staff member felt insecure. Because the former member of HR staff did not understand the task requirements, she thought people were making difficulties for her. She ended up being upset and defensive. Therefore, lack of knowledge is both a direct and an indirect reason for feelings of insecurity that lead to frequency-based imitation.

6.3.2. Outcome-based imitation

Besides frequency-based imitation, ESOEs also responded to uncertainty with outcome-based imitation. However, and as pointed out at the beginning of this chapter, in contrast to frequency-based imitation which is a response to uncertainty that derives from the social context, outcome-based imitation is mostly a response to market requirements. Sources of practices for outcome-based imitation and factors influencing ESOEs in choosing outcome-based imitation are discussed below.

6.3.2.1. Sources of reference

Previous studies which have identified the transfer of knowledge about HRM practices from the foreign investment sector to Vietnamese SOEs and Vietnamese local companies, see the HRM model of MNCs as a source of reference (Vo 2009). Indeed, ESOE managers are fascinated by what they regard as successful HRM models in other countries:

> People will look at the outcomes [of other companies] to imitate. If people are free to choose by themselves, I think no one will choose an unsuccessful model. The process of changing perception is faster if there are clear and visible examples. (Head of HRM department, Company E)

The comment highlights that a reason for outcome-based imitation is to copy practices of others that the imitators perceive as successful. Although firms do not limit themselves to imitating either domestic or foreign management styles, two models were prominent sources of reference for managing people in ESOEs: Japanese and Western styles. The perceived good result of a specific HRM practice is the main reason for picking it as a reference. However, the Japanese style of managing people is perceived as difficult to imitate due to some cultural differences:

> When it comes to managing people, the spirit of the Japanese is worth imitating, but we never can do the same thing. Many Vietnamese companies have used their management model and failed. The influence of thousands of years of the Bushido spirit [the system of honour and morals of the Japanese Samurai] unites the Japanese people and makes them disciplined enough to build a strong organization, a strong nation. The world has many times seen the unity of Japanese: people calmly stayed for hours in a queue to buy food and medicine after super storms. Our people do not have a strong sense of collectivism like the Japanese (Director, Company B)

Meanwhile the Western style of managing people, despite cultural differences, is somehow perceived as easier to imitate because it focuses on valuing what is visible:

> Managing people in Western countries focuses on the short run and fairness. Cultural values are always not as clear as material values. Using the Western model of management, people will be happy with a higher salary even though they must work harder. Of course only qualified employees like fairness. (Director, Company B)

Here are some examples of outcome-based imitation. A director of company D applied 360-degree feedback after he was introduced to it and understood its application:

> Many years ago when I was only a head of division, I went to a conference where there was a girl with a PhD who had graduated in the US and who had introduced 360-degree feedback. I was attracted by the idea. I tried to persuade the former director to apply it. He did not agree. I have applied it for some of our teams since I became director. At that time I had just graduated with an MBA. I can explain it [360-degree feedback] better. I have changed some of its content to suit our working conditions. (Director, Company D)

The director of company E created a new employee position (a 'greeter' staff member) after seeing this position working well in a counterpart organization overseas:

> When I went to Australia for a business trip, I saw that the Commonwealth Bank had some greeter staff. They ask customers what their needs are and guide them to the next step. I came home [to the company] and applied it here. At that time we did not have this position on the payroll. The HRM manager told me it was difficult because that time we did not have this position on the payroll. I told her to let other employees take turns to do this. It was helpful for others [employees] because people go to our bank for different purposes. Some of them look very poor but actually they bring a lot of money to deposit. If we do not treat them well they may deposit in another bank. Also, our bank is responsible for receiving payment of traffic fines. Having just gotten caught by police, many of them go to the bank with an aggressive attitude and sometimes they are noisy. A pretty, gentle girl will help them calm down. (Director, Company E)

The director of company F has transferred an HR practice (safety and hygiene practices) from his previous workplace (a MNC) to his current company:

> I used to work for a [Swedish] MNC. I saw them being very careful in safety and hygiene practices. Vietnamese companies do not pay attention to this issue because they seek immediate benefits. As a director of this company, I am trying to provide employees with this protection, at least all the mining workers. (Director, Company F)

Sometimes outcome-based imitation is combined with trait-based imitation. For example an HR staff member in company A asked HR staff of other companies in the same industry for a reference for a trainer before organising training for their employees:

> Before hiring a consultant to train employees in the new version of the Labour Law, I called my friends who are HR staff in other construction companies to ask for

> information about where they hired their trainers, and the fee and the quality of the training. (HR staff, Company A)

Generally speaking, outcome-based imitation of HRM practices is not unwitting imitation. Although sometimes HR practitioners unsure of the likely outcome, they are basically goal-seeking and consider the cost and benefit of the practice. This is further discussed in the following section.

6.3.2.2. Factors influencing outcome-based imitation

Equitisation and market requirements were two main factors driving outcome-based imitation in ESOEs. Noteworthy here is that the factors mutually encourage each other. Equitisation encourages ESOEs' entry into industries. ESOEs that have completed the equitisation process are able to enter the domestic capital market independently and be responsible for their business. Thus, they must pay attention to market signals. As an interviewee said:

> Equitisation means that from now onwards we [the ESOE] have to pay attention to any signal of requirements coming from the market. If we are loss-making, there will be no 'godfather' – the State – to rescue us. (Director, Company E)

Other comments further indicate how ESOEs think they need to pay attention to the market:

> In the privatisation stage, you must work effectively if you want to have good earnings. (Deputy Director, Company D)

And:

> Before [equitisation] we followed the appointment mechanism [that is, they followed the requirement that higher ranking organizations would approve the appointments]. We could fill positions whether we really needed to or not. Now [after equitisation] we follow the mechanism of a labour contract. (HR manager, Company B)

And:

> The monopoly power of SOEs has gradually eroded. There are many suppliers entering the market. There is a need for innovation (…). There is a need for qualified workers, we cannot spend a lot of time to train them like before. (Staff member from engineering department, Company C)

The quotes show that market requirements and equitisation put pressure on firms concerning the need to innovate and other matters such as the need for qualified workers, efficiency, and the need to satisfy the labour market.

ESOEs consider that market factors such as risk, competition, and the development of technology generate uncertainty for their operation. For example, they fear losing talented employees due to the emergence of new suppliers and the competitive market:

> Smart people who work for SOEs are not only driven by money. Now that their company is equitised, smart people are a force that makes their SOE vulnerable. Because they are smart, there are many places open for them if they don't like their work or if they don't approve of their boss. (Deputy Director, Company D)

In addition, earlier we discussed the observation made by a director of company E that when core managers left their jobs, they took their customers, their knowledge and their team workers with them. So he suggested that keeping core employees was an urgent and difficult tasked for ESOEs:

> Keeping core employees is an art [urgent, difficult and worth doing] for HRM people now. (Director, Company E)

He also mentioned the fear of being backward in technology:

> The banking sector is also a sector that is closely attached to new technology. After all, not updating [technology] means losing money. (Director, Company E)

Thus, firms need qualified employees to manage market risk:

> A strong firm is one with a strong workforce which will prevent risks better and survive better through hard situations (…). You see, in the crisis of 2008, a lot of companies suffered severely. Yet Vinamilk [a Vietnamese dairy company] earned one billion USD during the crisis. It was because of their strong workforce (…). When a bad situation happens, a strong team can give good solutions; a poor team may make the situation worse. (Director, Company A)

Although the data show that firms in different industries and at different stages of the equitisation process act differently in response to uncertainty, it is clear that ESOEs are aware of the value of innovation as a response to market uncertainty. To be able to innovate, the HRM model of ESOEs is partly moving toward a new model of HRM, as an interviewee described:

> According to my understanding, my director used to work for a MNC based in Sweden. He always said in our meetings that he would gradually change our HRM style to make it similar to overseas companies [MNCs]. First of all, we need to cut down the number of employees, retrench unqualified employees, and then increase salaries for qualified workers, and have fair recruitment and performance appraisal. (Deputy Head of marketing department, Company F)

A director of company A described his coming plans for change:

> I am asking the HR division to make a report on our current workforce: age, gender, background, time working here, who are potential employees in the long run and who are unqualified employees (…). We will definitely have job descriptions, dismiss unqualified employees and give higher salaries to qualified employees. We must stop the fact that some workers work less and receive the same salary as hard workers. Performance appraisal needs to be reformed too. To do this, the role of the department

> head is very important. The board of directors cannot take care of all management issues. Decentralised management is our concern now. (Director, Company A)

Although ESOEs were fascinated by outcome-based imitation, there had been changes in only some HR practices. Their new model of HRM was in the planning stage at the time of this investigation. Some companies such as companies A, F and G had been equitised for more than ten years and were now controlled by private investors. Nevertheless their HRM practices retained much of their SOE characteristics as a legacy of their SOE stage because it had become routine as explained in chapter 5.

Table 6.2 summarises the sources of mimetic forces on HRM practices and ESOEs' responses to these forces.

Table 6.1: Sources of mimetic forces affecting HRM practices and ESOEs' responses

Type of forces	Indicator of features of uncertainty	Main forces leading to feelings of uncertainty	Purpose of imitation	Type of imitative response
Mimetic forces	Feelings of insecurity	Coercive, normative	Avoid fear or anxiety	Frequency-based imitation
	Lack of knowledge	Coercive, normative	Lack of confidence in performing the task	Frequency-based imitation
	Lack of knowledge	Market	Desire for favourable outcome	Outcome-based imitation
	Market requirements	Market	Desire for favourable outcome	Outcome-based imitation

6.4. Resistance to mimetic forces

Resistance to mimetic forces was a way ESOEs tried to reduce uncertainty when choosing their HRM practices. Vietnam scores 30 on Hofstede's dimension of uncertainty avoidance, which means a comparatively low preference for avoiding uncertainty (The Hofstede Centre 2015). Hofstede's work did not examine the level of uncertainty avoidance among ESOEs. Examining the idea that there is a relaxed attitude towards HRM practices and that deviance from the norms is easily tolerated (The Hofstede Centre 2015), was a way to investigate which HRM practices were used to avoid uncertainty.

There are some consistencies between Hofstede's dimension of low uncertainty avoidance and HRM practices in ESOEs. Recruiting employees without a relevant professional background and learning from mistakes in ESOEs indicate relatively low uncertainty avoidance. Table 6.2 gives a comparison with Oliver's (1991) hypotheses concerning resistance to institutional forces.

Table 6.2: ESOEs' resistance to mimetic forces

Institutional factors		**Predictive Dimensions of resistance** **Resistance to institutional pressures likely to occur when there is:**	**Imitation is perceived as a response to uncertainty:**	**Resistance to mimetic forces**		
				Yes	**No**	**Not sure**
Causes	Legitimacy/social fitness	A low degree of social legitimacy	No		✓	
	Efficiency/economic fitness	A low degree of economic gain	Not sure (*)			✓
Constitu-ents	Multiplicity	The greater degree of constituent multiplicity	No		✓	
	Dependence	A low degree of external dependence	No		✓	
Content	Consistency	A low degree of consistency	Not sure			✓
	Discretionary	A high degree of discretionary constraints	No		✓	
Control	Law enforcement	A low degree of legal coercion	Not sure			✓
	Voluntary diffusion	A low degree of voluntary diffusion [of institutional norms, values or practices]	Not sure			✓

Context	Uncertainty	A low level of uncertainty	Yes	✓		
	Interconnected-ness	A low degree of interconnected-ness [between ESOEs and the institutional environment]	Not sure			✓

(*) Not sure mean the effect could be in either direction

The table shows the consistency between findings of this chapter and Oliver's (1991) hypotheses about resistance to institutional forces. In summary, resistance to mimetic forces or, in other words, resistance to forces creating feelings of uncertainty, is low. Reasons are partly explained in section 6.2 as imitation is easily accepted as one feature of Vietnamese culture. In addition, as some interviewees added:

> The habit of being protected by the State erodes the risk management skills of many ESOEs. (Deputy Head of Marketing department, Company F)

> I think Vietnamese enterprises are survival-oriented firms. They focus on the short run rather than developing a growth orientation. Thus, they don't manage for the future, they just try to manage the uncertainties of today. (Director, Company A)

> Many firms are neglectful of managing people; even universities only added HRM courses to their programmes about ten years ago. So it is hard to discuss how to develop HRM tools to manage uncertainty. (Deputy Director, Company G)

The comments above summarise that a major reason that managing uncertainty is undervalued is that ESOEs, as a result of the managerial legacy of their SOE stage, are used to being protected. So they make only limited efforts to develop managerial tools to manage uncertainty.

6.4. Chapter summary

This chapter analysed mimetic patterns in HRM practices in ESOEs. Starting from an investigation of HR actors' perceptions of uncertainty and their imitation of HRM practices, the study identified the sources and features of perceived uncertainty. The characteristics of types of imitation used in response to different types of uncertainty were also analysed. Equitisation is an important factor pushing ESOEs towards the requirements of the free market, with the result that ESOEs have gradually shifted from frequency-based imitation to outcome-based imitation. Finally, ESOEs show a low level of resistance to mimetic forces in relation to HRM practices partly as a result of Vietnam's imitation culture and partly as a result of the managerial legacy of the SOE stage of ESOEs.

7. DISCUSSION

7.1. Introduction

This thesis shows the value of institutional theory for understanding HRM practices in Vietnamese ESOEs. Through a qualitative approach based on a multi-case study of ESOEs, this study comprehensively examined how the principles of institutional theory play out in economic entities in an emerging socialist one-party country. Chapters 4, 5 and 6 presented the study's empirical findings. This chapter presents a theoretical discussion of the findings. In doing so, the key themes that emerged from data analysis in previous chapters are linked to current theoretical perspectives. Section 7.2 discusses the nature and strength of institutional forces that act on HRM practices in ESOEs. Section 7.3 discusses patterns in HR responses to institutional forces and section 7.4 discusses legitimacy. Section 7.5 discusses the effects of equitisation on institutional forces while section 7.6 presents a summary of how institutional forces affect the adoption and non-adoption of HRM practices. Finally, section 7.7 provides a conclusion of the chapter.

7.2. Nature and strength of institutional forces

Using DiMaggio & Powell's (1983) institutional isomorphism and Scott's (1995) three pillars of institutions as theoretical perspectives, this sub-section discusses the nature and strength of institutional forces affecting HRM practices in ESOEs in Vietnam. Based on the empirical analysis in chapters 4, 5 and 6, this section summarises the dominant institutional forces affecting HRM practices in ESOEs and discusses the extent to which they tend to cause organizations to change in a similar direction. Noteworthy is that although empirical results indicate that both institutional and competitive isomorphism affects HRM practices, institutional factors influence HRM strategies and practices in ESOEs more frequently and more strongly than the competitive factors. A summary of the strength of various institutional forces is presented in Table 7.1. In the table, following Najeeb (2014, p.195), "strong" refers to where an institutional force was repeatedly mentioned by interviewees as having an obvious effect on managing people. "Moderate" refers to where the effect of an institutional force varies or is not very obvious. "Weak" refers to where the effect of an institutional force was hardly ever mentioned in terms of managing people. Again, the terms "strong", "moderate" or "weak" are used as analytical categories because there are some institutional forces whose components fall into more than one category at the same time. The section also explains how and why those forces differ in the context of the study.

Table 7.1: The nature and strength of institutional forces

Type of forces	Main sources	Examples	Strength
Coercive	Employment legislation	Labour law	Moderate
		Social insurance law	
		Other employment related laws	
	Unions	Trade unions	Moderate
		Youth union	Weak
		Women's union	Weak
		Veterans' union	Weak
	Political Party	The CP	Strong to weak*
	Internal controls	Centralisation and formalisation mechanisms	Strong
Normative	Formal education	National education and training system	Weak
	Informal education	Confucianism	Moderate
		Buddhism, Taoism	Weak
		The family, clan and village	Strong
	Corporate culture	Local norms	Moderate
		Corruption	Strong
		Inertia and routine	Moderate
	Networks	Formal and informal networks	Strong
Mimetic	Social context	Feelings of insecurity	Strong
		Lack of knowledge	Strong
	Market	Risk	Moderate
		Competition	Moderate
		Technology	Moderate

(*): The CP is strong in companies of which the State holds more than 51% of the charter capital and weak in those which have completed the equitisation process.

As shown in Table 7.1, there are different sources of institutional forces. Their strength ranges from strong to moderate to weak. These forces are discussed in detail below.

Coercive institutional forces

The regulatory framework for Vietnamese ESOEs is in many senses unstable. As explained in Chapter 4, laws in Vietnam in general have been developed in order to deal with particular situations rather than to attain an absolute, stable and long lasting application. This made it difficult for HR practitioners to implement legislative change because legislation could change regularly. Characteristics of the regulatory system that made it difficult for HR practitioners to implement HRM change were: (1) the large number of laws and bylaws and the lack of consistency between them; (2) the incomplete legal system where many important issues are not covered by relevant laws and many requirements of laws are perceived as unrealistic; (3) the rapid changing of laws and regulation; (4) poor law enforcement. These characteristics of the regulatory system gave ESOEs chances to selectively interpret terms and concepts of laws and regulations. All managers in the study agreed that employment legislation is very difficult to implement. Nevertheless, they attempted to comply. Thus, the strength of 'employment legislation' is categorised as "moderate".

As Vietnam is a one-party state, the CP strongly influences both the development of ESOEs and HRM practices in Vietnam. The influence of the CP on ESOEs' HRM practices is shown by the CP's major role in appointing people to the most important positions, and sometimes in organizational performance evaluations, and reward and punishment practices. However, the CP is more powerful in ESOEs where the State owns the majority of capital. It becomes less active, or its role in HRM practices is much less obvious, in those companies that have completed, or nearly completed, the equitisation process. Thus, its strength ranges from strong to weak.

The Trade Union Law defines Vietnamese trade unions as a component of the political system, and thus, unions are closely tied to the CP. The Trade Union Law does not require trade unions to be established in companies; the establishment of a trade union is based on the will of workers in a company. The common view of interviewees about the influence of trade unions in ESOEs is they attend company meetings concerning the punishment and dismissal of employees or strike issues. In addition, trade unions play a major role in organising leisure activities and visiting employees in case of sickness, maternity, marriage and death; and as part of the implementation of activities introduced by the higher ranking trade unions. Thus, their strength is described as moderate. Similar to trade unions, veterans' unions, women's unions and youth unions are all part of the political system. However, their strength is weak because, for the most part, people only participate in the leisure activities unions provide and because they are dependent on the company: their activities need to be approved by top management.

Internal control mechanisms are evident in the studied ESOEs through centralisation and formalisation mechanisms. Centralisation manifests itself in the adoption of HR policies and practices from the parent company and/or central industrial ministries or

local industrial bureaus if those agencies directly supervise ESOEs. The centralisation mechanism also manifests itself in the fact that all important decisions are determined by boards of directors and the executive director. The deputy director is only an assistant to the director. At the department level, the head of a department makes all the decisions. The deputy head is only the assistant of the head of department. Similar to the centralisation mechanism, formalisation manifests itself to a great extent in ESOEs, whether or not it is perceived as rigidity. Thus, its strength is described as "strong".

Normative institutional forces

As shown in Chapter 5, the norms and values that affect HRM practices in the studied ESOEs have been developed and manifest themselves in the society by means of various vehicles. Vietnam's education and training institutions are mostly under Government control. Formal education as a source of normative force is weak: it does not lead to the development of HRM norms and values in ESOEs. However, through formal education programmes, some norms and values regarding managing people in the workplace have been developed. For example, the Vietnamese education and training system strongly emphasises Marxist-Leninist philosophy. Students of public universities are educated in loyalty to socialism, Marxist-Leninism and Ho Chi Minh's thought. Later, adherence to socialist or Marxist/Leninist principles becomes an important criterion for recruitment and selection in ESOEs where the State holds the majority of charter capital. Informal education, through religion and belief, family and clan, and village culture, is another source of normative force in the study. In other words, religion, family, village culture and so on become sources of corporate culture.

The cohesion of blood relationships makes family, clan and village "strong" in HRM practices. They manifest themselves in the favouritism, nepotism and protection of family members and relatives mentioned in the interviews. The cohesion of blood relationships also becomes a conduit for corruption in HRM practices. Confucianism, which has existed and has been continuously modified by Vietnamese society for thousands of years, is significant in ESOEs' management style. Noteworthy is that Confucianism has been supported and transmitted through the Vietnamese family, clan and village. Most of interviewees mentioned the relevance of Confucianism in managing people in ESOEs at least to some degree. However, many of their elements conflict with each other or with other sources of culture. For example, benevolence, that is, doing something good for others without expecting any benefit in return, conflicts with mutual obligation, that is, the idea that people should return the favour when someone does something good for them. Similarly, in Confucianism, being a good man means being honest and direct, but this can conflict with the need to protect family, for example by getting family members a job even when they are not qualified. All this means that elements of Confucianism can conflict both with each other and with other elements of culture, making all these elements open to different interpretations. The empirical evidence in this study showed that ESOEs questioned the values of Confucianism and selectively chose their strategic responses to it. Thus, Confucianism's strength is "moderate".

Although the degree to which Taoism and Buddhism influenced HRM practices was small, there was evidence of both in certain types of HRM practices. However, as explained in chapter 5, their strength is relatively weak because their presence depends on individuals who have the power to decide or influence the extent of their presence in ESOEs.

Local norms, which refer to how things should be done in a specific geographic area, lead to some differences in HRM practices in the study's two locations. Its influence was found to be "moderate". Location-based differences in doing business were seen in the levels of social engagement and ways to approach business. Similarly, inertia and routine were found to have "moderate" influence because when an action is repeated over time, it may gain some acceptance among members of an organization. However, the extent of the presence of inertia and routine depended on how HR actors perceived them.

Corruption was found to be "strong" in the study. Corruption is a serious problem that affects many aspects of the Vietnamese social economy. Bribery and informal payments affect HRM practices in the sense that they create a financial burden on firms. Firms count them as part of their cost of operations which in turn affects the salary of employees and the firm's other people management practices.

Networks in ESOEs can be formal or informal. Formal networks are formed by the relationship of an ESOE with its parent company or with a related authority. Informal networks include networks between organizations and inter-organizational coalitions. Having the same view of particular norms and values or having a similar interest sometimes brings members of an organization into an inter-organizational coalition. This phenomenon was obvious in all the studied ESOEs. Thus, their strength is "strong".

Mimetic institutional forces

As shown in Chapter 6, there are two contemporary sources of uncertainty which drive mimetic patterns in ESOEs' HRM practices: the social context of organization and market requirements. In the social context of organization, feelings of insecurity and lack of knowledge were found to be two main factors driving "uncertainty", which in turn encouraged imitation. Feelings of insecurity generate fear or anxiety for HRM practitioners. Thus, they choose popular HRM practices which have gained legitimacy in the eyes of members of their organization. Lack of knowledge creates a lack of confidence in HR practitioners in performing their tasks. Lack of knowledge also leads to poor performance of HR tasks and creates anxiety for HR practitioners. Their opinions are challenged by others. Thus, they always look for a source of reference before choosing specific HRM practices. In this case, HR practitioners become more passive in choosing HRM practices. Hence, the focal mimetic institutional forces present as "strong". Besides, ESOEs consider that market factors such as risk, competition, and the development of technology generate uncertainty for their operations. However, having recently changed shifted from being SOEs to ESOEs, the

influence of market factors on ESOEs' HRM practices is "moderate" as ESOEs are still being influenced in their management style by their SOE stage.

The findings support the idea that the institutional environment is not really an "iron cage" (Goodstein 1994), and that all organizations are subject to institutional influence but not to the same extent (Greenwood et al. 2008). The differences between institutional forces affecting HRM practices in Vietnamese ESOEs and their counterparts in Western context show variation in the types and strength of institutional forces affecting them. This demonstrates the importance of studying institutional theory in different contexts to develop this aspect of the theory further.

To summarise, here are some characteristics that make institutional forces on HRM practices in Vietnamese ESOEs different from their counterparts in a Western context:

- The long history of Vietnam associated with the colonial experience and wars against the relentless invasions from other countries have integrated many dissonant cultural elements into the country.
- Leading the country through wars and national unification, the CP has been the only political party heading the country. The importance of this for the Vietnamese business system is the influence of the socialist ideology imported from the former Soviet Union on Vietnamese society. This ideology respects the peaceful co-existence of different actors in the economy yielding a win-win relationship between the state, an organization's management and the organization's employees or their legal representatives. This ideology has defined the nature of industrial relations and the union's stance towards management, and thus influences firms in terms of their HRM policies and practice (Vo 2009).
- There are complicated links between institutional forces. DiMaggio & Powell (1983) point out that although three types of institutional forces intermingle in any empirical setting, they derive from different conditions and lead to different outcomes. There was evidence that the degree of fit or, alternatively, conflict between institutional forces is one factor that increases or reduces their strength. Some disparate evidence of this link is presented below:
    - Normative factors such as trust and obligation are important elements of internal control. (Chapters 4, 5)
    - Collectivist cultural traits of Vietnamese culture are consonant with firms' centralising mechanisms. (Chapters 4, 5)
    - Union activities such as leisure activities are retained because they are compatible with aspects of village culture whereby people enjoy social connection through cultural events. Although some members of top management do not want to follow these norms because they consider them a waste of time and resources, they retain them as a way to balance the interests of different groups of employees within their company. Also, as this aspect of the organization developed during the SOE stage when egalitarianism and a lower level of competitiveness were

encouraged, it suits groups of employees who do not want to work hard and are happy with less challenging and more stable jobs. (Chapters 4, 5)

- Previous studies have identified that both Confucianism and Marxism, which are unsympathetic to individualism and have a common humanist opposition to religious mysticism, support the viability of communism in Vietnam (Woodside 1989). This study found a similar connection in the management style of ESOEs.
- Although the strength of Confucianism was found to be "moderate" in the study, informal education through family, clan and village are the means through which the spirit and tenets of Confucianism are transmitted. Thus, Confucianism integrates with other sources of culture and is one of the elements which support internal controls (centralisation and standardisation) in ESOEs. Without these cultural foundations, centralisation and standardisation may not have been strong as they were in the study.
- Normative forces are sources of coercive influence through their effect on people's cognition and perceptions. For example, moral criteria become a coercive force when required, e.g. as criteria in selection and recruitment, and compliance with social norms and moral justification are expressed in laws and regulations. In addition, coercive forces were also found to be a source of normative force. Legislation becomes a source of normative force because through legislation, norms about how things should be done are developed. Some legislative requirements have been normalised such as seniority-based pay practices. For example, according to the regulations governing pay practices for SOEs, employees receive a salary increase every three years. Employees get used to this salary increase and expect their salary to get higher over time. When the company is equitised, managers confront employees' expectations that they will retain this salary mechanism. To avoid conflict with senior employees, ESOEs partially comply with this expectation (see the example in company E, section 5.3.2.4).
- Top management wants to decentralise some management practices (authorising subordinates to make some decisions) to reduce pressure on and overwork for top management. However, they are afraid that decentralised management practices may lead to dishonest behaviours or inter-organizational coalitions and protection for members of inter-organizational coalitions. (Chapters 4, 5)
- Some coercive and normative factors such as the incomplete and complicated legal system and internal controls also contribute to HR practitioners' feelings of insecurity. (Chapter 6)
- Strong coercive forces can hamper the effect of relevant normative forces. For example, although drinking is important in starting business relationships in ESOEs, some companies such as companies A and B

> prevent employees from drinking in the workplace by having strong penalties for this. Corruption becomes a strong normative force because there is no effective legal enforcement to prevent it. (Chapter 5)

Having discussed the nature and strength of institutional forces that act on HRM practices in ESOE, the next section will discuss the patterns of ESOEs' responses to these forces.

7.3. Patterns of HR responses to institutional forces

Following Oliver's (1991) framework which covers a range of managerial responses to institutional forces, the study found that ESOEs employed a range of strategic responses to institutional forces. Their patterns are discussed below:

7.3.1. Similarities and differences across ESOEs

Responses to coercive forces

Responses to coercive forces closely reflect Oliver's (1991) range of strategic responses. Responses to legislation range from acquiescence to manipulation, in other words, from the most passive compliance to the most active resistance. The common pattern here is that ESOEs try to comply with coercive forces, but when conflict occurs between compliance with coercive forces and organizational goals and/or interests, ESOEs use a balance strategy. A resistance strategy is chosen only when the balance approach fails to protect the ESOE's goals and interests. Levels of resistance depend on the levels of conflict between institutional requirements and the company's goals and interests. ESOEs also employ an avoidance strategy whereby they can practise both conformity and concealment by disguising nonconformity behind a façade of conformity.

In particular, ESOEs can escape and ignore or even challenge legislative requirements, or influence sources of legislation for example by lobbying the government to change the legislation. Generally speaking, ESOEs use an opportunistic approach to make strategic responses to employment laws and regulations. They selectively interpret regulatory requirements to suit their goals and interests. Responses to the requirements of the CP and unions showed major differences between two groups of ESOEs: those in which the State owned more than 51% per cent of capital (group one) and those with less than 51% of capital belonging to the State (group two). ESOEs in group one strictly comply with all requirements of the CP. All important management decisions must be approved by the CP representatives in the organization. Meanwhile, ESOEs in group two use pacifying strategies where compliance with requirements of the CP is only partial. In this group of ESOEs, compliance with some requirements of the CP such as having regular CP member meetings is tokenistic. The reasons for applying this pacifying strategy in group two are: (1) the CP fulfils neither its declared mission nor the practical criteria to be a leader in the company, and (2) the CP is dependent on the company for time and personnel for its activities. In other words, and as interviewees in

group two said, the CP cannot be a leader if its members are employees and get paid by the company.

Similarly, the activities of unions are very different in the two groups of companies. In group one, ESOEs use compliance strategies and follow all the regulations and guidance of authorities. Trade unions, youth unions and sometimes women unions take part in many HRM procedures such as reward and discipline-related matters, and they comment on some HRM policies. In group two, ESOEs' most popular response is a pacification strategy. ESOEs comply with the requirements of unions that do not conflict with their interests and ignore other requirements. This finding is consistent with Oliver's (1991) hypothesis that institutional forces (e.g. union activities) are not resisted when there is no severe conflict between those activities and HRM practices. Another reason that is relevant here is that unions make fewer demands on ESOEs in group two compared to their demands on group one.

Concerning internal controls, ESOEs in both group one or group two comply with centralisation and formalisation mechanisms. Because the most senior leaders in group one are appointed by the State, they follow the decisions of higher ranking organizations strictly. Companies in group two are independent of the State. They do not have to follow central management mechanisms as companies in group one do. However, they fully comply with internal control mechanisms in the sense that they strictly follow hierarchy.

Responses to normative forces

Compliance and balance are prominent strategies in response to normative forces. ESOEs used a balance strategy in response to issues created by the absence of formal training in HR. On the one hand, in response to the fact that the majority of members of HRM staff do not have a professional HR background, on-the-job training is used. Also, in the face of a shortage of skilled workers, ESOEs use on-the-job training to improve the skills and abilities of their workforce. On the other hand, they also take advantage of the surplus of graduates who are often forced into taking jobs below the skill level of their degree.

Compliance and balance are also the main response of ESOEs to sources of corporate culture. Since Vietnamese culture is complex due to the mixing together of many conflicting factors, practitioners are often confused about what are the proper norms and values. Thus ESOEs comply with the norms and values they perceive as reasonable, and use a balance strategy to deal with conflicting norms and values, or with norms and values that conflict with their interests. For example, as explained in Chapter 5, people use euphemisms in their workplace communications to reduce pressures arising from conflicting cultural elements. A balance strategy is also the response of ESOEs to local norms. ESOEs take into account and accept some cultural norms and values because they find some rational elements in them. For example, trust can be found among members of a network. Conflicting norms and values lead to different interpretations and create more room for each company to develop its own approach to management.

Inertia and routine in HRM have become vehicles for maintaining some norms and values. ESOEs have recognised the role of inertia and routine in their HRM practices. There are some tensions between routine and efficiency. Thus, ESOEs try to keep good routines (those that tend to promote efficiency) and eliminate the bad ones. Informal networks can be formed within organizations because of mutual obligations and reciprocity, or having the same interests. In addition, when cultural elements are dissonant, powerful people decide which practices to implement. If powerful people believe in specific norms and values, they will reflect them in management practices. Corruption is hard to prevent because it is a complicated phenomenon which is not easy to avoid. In HRM practices, the most prominent type of corruption is selling and buying positions because, in the absence of fairness and transparency in recruitment and promotion process, powerful people can employ their friends or relatives or sell the positions.

Responses to mimetic forces

Chapter 6 identified that ESOEs respond to uncertainty by mimicking others' HRM models and practices. Other sources of imitation can be popular HRM practices or HRM models practised by other organizations that managers in ESOEs perceive as more successful. Frequency imitation is a response to uncertainty which derives from the social context while outcome imitation is a response which derives from the market requirements. ESOEs sometimes integrate trait-based imitation with frequency-based imitation or with outcome-based imitation of HRM practices. They adopt HRM practices which have been widely used by a large number of SOEs in response to lack of knowledge and feelings of insecurity. In response to the market, ESOEs use a balance strategy because they are basically goal-seeking and take costs and benefits into consideration. In line with what Kraatz & Moore (2002) suggest, responses of ESOEs to mimetic forces also show examples of the transfer of HRM practices when a leader migrates from one organization to another. These authors also argue that leader migration becomes a conduit for transferring reliable and fine-grained information between organizations. An example of this is the CEO of company F who used to work for a MNC and who brought HRM practices from his former workplace to his current one.

Table 7.2: ESOEs' responses to institutional pressures on HRM practices

Type of force	Main sources	Examples	Strategic responses to institutional forces				
			Acquies-cence	Compro-mise	Avoid-ance	Defi-ance	Manipu-lation
Coer-cive	Employment legislation	Labour laws	✓	✓	✓	✓	✓
	Unions	Trade unions	✓	✓			✓
		Youth unions	✓	✓			
		Women's unions	✓	✓			
		Veterans' unions	✓	✓			
	Party	The CP	✓	✓			
	Internal controls	Centralisation and formalisation mechanisms	✓				
Norm-ative	Formal education	National education and training system		✓			
	Informal education	Confucianism		✓			
		Buddhism, Taoism		✓			
		The family, clan and village	✓				
	Corporate culture	Local norms	✓				
		Corruption	✓				
		Inertia and routine		✓			
	Networks	Formal and informal network	✓				

Mi-metic	Social context	Feelings of insecurity	✓				
		Lack of knowledge	✓				
	Market	Risk		✓			
		Competition		✓			
		Technology		✓			

As shown in the table, most strategic choices of ESOEs fall into the two first categories: acquiescence and compromise. This is because institutional requirements do not conflict with organizational goals and interests a great deal so ESOEs can create a balance between them. There are some exceptions such as responses to employment legislation which fall into all categories and responses to trade unions which also fall into the manipulation category. This is because the balance strategy does not work in those cases. ESOEs resist institutional forces only when they consider full compliance with these institutional requirements as presenting a serious conflict with their interests. It was true in the study that ESOEs acted as both rule-takers and rule-makers of institutional forces, but they acted more often as rule-takers. Fligstein's (1991) study of the structural transformation of the largest US corporations throughout the 20th century found that the spread of diversification strategies reflected the ability of actors to alter their social structures. However, in a very different context, this study also showed consistent evidence that organizations within a field are not only constrained by institutional structures, but also act out – dynamically respond to and elaborate – institutionalised expectations (Greenwood & Hinings 2006). Indeed, the Vietnamese government has recognised that the role of the CP in ESOEs has changed and has gradually changed its policies on the operation of the CP in ESOEs. Some other examples of changed responses to institutional forces including changes in bribery practices and the abandonment of habits and customs, challenge the institutional status quo (see Chapters 4, 5). ESOEs do not resist institutional forces when they can take advantage of situations, such as when firms enjoy the surplus of educated labour. Noteworthy here is that when institutional forces are weak, for example, with as with unions' requirements (see examples in Table 7.1), ESOEs have the ability to ignore them. However, interviewees explained that they kept complying with those institutional forces as part of the organization's routine. Again, this point extends theory about the role of inertia and routine in organizational behaviours. As Fligstein (1991) explains, actors have their particular way of viewing the world and will continue to act consistently with this view unless some event of major proportions occurs to change their view.

7.3.2. The role of power-holders in ESOEs' strategic responses to institutional forces

A pattern that emerged in ESOEs' strategic responses to institutional pressures was the role of powerful people in organizations. Powerful people played a central role in almost every decision regarding responses to institutional forces. ESOEs' responses largely depended on how powerful people in those companies perceived institutional forces. However, as shown in previous chapters, power in ESOEs is a complex phenomenon because, besides knowledge as a source of power, people who have power have it from different sources such as hierarchy, nepotism and social obligation. There were three main types of powerful people observed in the study:

First, as explained in section 4.2.3, people at the top of the organizational hierarchy have decisive roles in decision making in their areas of governance. For example, a director has a decisive role in an ESOE, and a head of a functional department has a decisive role in his department. This is the source of power shown in the study as having the greatest ability to influence ESOEs' responses to institutional forces.

Second, some people in ESOEs can influence people who have hierarchical power. Although this source of power was seen as varying across ESOEs and cases, and was sometimes strong and sometimes weak, it is clear that those people can influence the strategic HR choices of powerful people in ESOEs. These people are family members of the top management team, or family members of powerful people outside the company who nevertheless have the ability to influence the top management team and the CP. For example, although directors in ESOEs of which the majority of capital is owned by the State can decide responses to legislative requirements, they take the comments of CP members into account because the collective ideas of the CP are important for their promotion. An example in company B shows that the opinions of some people who have family or clan connections with top management also carry weight with others. The secretary of a director in company B had a high school certificate; she did not have the functional background needed for her job. However, she was the younger sister of a director's wife. She believed in Buddhism. Every first or fifteenth day of the month in the lunar calendar, she came to worship in a Buddhist temple near company B. Some women from company B used to accompany her. Sometimes they went during working hours. However, if the secretary did not leave office in working hours, the others did not leave the office because they did not want to ask permission from their managers. If they went with the secretary, they did not need to explain to their managers. Employees in ESOEs also sought to attach themselves to the sources of power such as by trying to become members of the CP or to get closer to powerful people. Thus, although powerful people in the studied ESOEs can influence organizational culture, the sources of power that determine their strength of power are very different in specific cases. This phenomenon requires further study to clearly discern its patterns.

Third, knowledge is identified as a source of power in ESOEs. Especially because ESOEs do not have enough skilled and qualified employees, people who have expert

knowledge become a source of reference for others, and thus people with expert knowledge become sources of power regarding responses to institutional forces. In addition, knowledge can be one of the factors that reduces hierarchy. If managers are not confident in their expertise, they must rely on their subordinates, and if employees are intelligent and well educated, they can challenge managers' ideas.

In summary, powerful people in term of responses to institutional forces are:

- People at the top of the organizational hierarchy
- People who can influence people at the top of the organizational hierarchy
- People who have expert knowledge.

Fligstein (1996, p.664) posits that "power struggles within firms are over who can solve the problem of how best to organize the firm to deal with competition. The winners of the struggles will impose their organizational culture and design on the firm". In the context of institutional entrepreneurship, Hardy & Maguire (2008) observe that individuals can act as institutional entrepreneurs who are highly influential in shaping institutional fields, including creating new formal institutions and organizational practices. Thus, Kraatz and Moore (2002, p.123) describe "leaders (those charged with formal authority)" as "the actual bearers of institutionalized assumptions and understandings". The above three types of powerful people in ESOEs were shown to be able to influence organizational practices. However, as cultural beliefs are carried in the minds of individuals (Scott 1995), and because some norms and values are applicable only to some types of actors in organizations (Scott 2001), different people in ESOEs read the demands of their institutional environment differently. An example is the difference in perspectives of different groups of ESOE members towards HRM practices as responses to institutional forces, which explains the differences between ESOEs' responses to institutional forces.

As discussed in Chapter 5, powerful people in ESOEs not only influence the values and interests of other members in organizations but also influence how their organization responds to institutional forces. Perhaps the perspectives of old institutionalism and new institutionalism toward power differ because each perspective developed its arguments based on different case examples in different times and contexts. Those differences cumulatively contributed to the development of the theory. In organizational studies institutional theory focuses on how field level norms and values diffuse to make fields isomorphic. However, norms and values regarding HR practices cannot be diffused automatically without HR people acting as conduits. There is a need for mediators, which means HR practitioners with professional backgrounds. When members of HR staff in ESOEs do not have a relevant professional background, the people who teach them how to do their jobs and the characteristics of their workplace are very important in shaping how they carry out their tasks. Field level norms and values are underscored in this contemporary context. Although the role of powerful people in choosing HRM practices as responses to institutional forces is a clear pattern, this study was not particularly concerned with the sources of these people's power. Therefore, it is less certain which source of power influences which specific HR practice. Further study

about how sources of power and how powerful people influence specific HRM practices would be useful to yield further insight into this phenomenon.

7.3.3. Reasons for resistance to institutional forces

Chapter 2 (section 2.3.3), discussed Lawrence's (2008, p.179) position that "institutional resistance is understood as the work of actors to impose limits on institutional control and institutional agency." It also discussed the five categories of resistance offered by Oliver (1991): causes, constituents, content, control and context. The findings of the current study lend support for the view in the current literature that conflict between institutional forces and organization goals and interests is a source of organizational resistance (DiMaggio 1991; Bovaird & Downe 2006; Lawrence & Suddaby 2008).

Major conflicts between institutional forces and ESOEs' goals and interests that lead to ESOEs' resistance can be summarised as follows:

- Compliance with legislation requirements conflicts with organizational goals, interests, and economic gain.
- The mission and goals of the CP and unions are not consistent with their actual activities such as the CP in ESOEs cannot lead the ESOEs if the CP is dependent on the organization. Unions in ESOEs do not have a strong voice and employees in ESOEs do not recognise unions as having the ability to protect their interests.
- The centralisation mechanism in ESOEs sometimes leads to uncertainty because all business plans have to be approved by higher ranking organizations. Sometimes, by the time the plans are approved, the opportunities the plans were responding to have gone.
- Some elements of normative forces such as corruption, nepotism, favouritism, and the drinking culture conflict with ESOEs' need for efficiency and economic gain.

Besides the conflict between institutional forces and organizational goals and interests as obvious sources of resistance, conflict between institutional forces or conflicting elements of one institutional force were also found to be reasons for resistance. When institutional forces present conflicting accounts of their requirements and components, managers in EOSEs tend to comply with those demands they think acceptable and resist others. Examples of conflicting institutional forces are the conflict between coercive (the CP requirements) and normative forces (the culture of saving face). Conflicting elements of institutional forces are shown in Chapters 4 and 5. Although conflicts between institutional forces make organizations confused about which institutional forces they should select to comply with, the perception of the audience of these forces is what matters. This is consistent with Covaleski's (1988) proposition that whether an organization conforms to or resists institutional pressures is affected by organizational self-interest. The present study also found ESOEs' self-interest to be a major source of resistance. However, ESOEs' interests are somewhat different from their counterparts in

Western countries and also different from other types of Vietnamese firms. Again, the role of powerful people in the organization is strong here. The personal interests of powerful people, especially people at the top of the organizational hierarchy, greatly influence organizational goals and interests. Opportunism and materialism are the main components of ESOEs' strategic choices. The study showed that organizations' actions are purposeful and the interests of groups in organizations sometimes conflict. Therefore, understanding the capabilities and interests of particular groups in organizations can help to explain their motivation and how they act under the influence of institutional forces. In addition, the findings from this study give a rich description of how conflict between institutional forces and organizational interests happens, and exactly which elements of institutional forces conflict with which goals or interests.

7.4. Equitisation: evidence of erosion of some institutional forces.

The findings of Chapters 4, 5, and 6 highlight a pattern associated with the equitisation process. It is that equitisation significantly changes the approach of organizations to institutional forces. Equitisation changes the ownership structure of ESOEs from the State to private owners. Prior to equitisation, all people working for ESOEs were employed by the state. When equitisation is complete, employees are employed by private owners. This means that before equitisation all workers were considered as owners or shareholders of the companies. After equitisation, workers are considered as labourers who work to earn money. Prior to equitisation, decisions on important issues of ESOEs were made from outside organizations such as central and/or local authorities and higher ranking organizations. Thus, interviewees said they paid attention to all the signals from those outside forces. After equitisation, the ESOEs themselves were responsible for all decision making. Although ESOEs in which the state holds the majority of charter capital still operated in almost the same way as they did when they were SOEs, equitisation has raised the awareness of efficiency objectives among managers and other enterprise workers As interviewees explained, managers in ESOEs pay more attention to the performance and efficiency of enterprises than they did prior to equitisation. Equitisation pushes ESOEs to develop appropriate practices in order to survive in the new market environment. It results in changes in the strategic responses of ESOEs towards institutional forces. A summary of key changes in how ESOEs respond to institutional forces is presented in Table 7.3.

Table 7.3: Key changes in how ESOEs respond to institutional forces

Characteristics	Before equitisation	After equitisation
Ownership	The State	Private owners
Important decisions made by	Outside forces such as authorities and higher ranking organizations	Largely by the board of directors
Recruitment mechanism	Permanent employment and lifetime welfare	Based on contract
Wages and bonuses	Largely determined by length of service (seniority) and egalitarianism	Based more on business or production performance
Motivation of employees	Stable job	Wages and bonuses

Generally speaking, there was a decline in the role of central and local authorities, the CP and unions, but at the same time an increase in ESOEs' awareness of the consequences of compliance or non-compliance with laws and regulations, and market requirements. Similarly, choosing specific norms and values or specific HRM practices to imitate was linked to firms' general development. In shifting from SOEs to ESOEs, organizations have witnessed the erosion of some HRM practices such as relationship-based HRM practices, and unions' leisure activities and some other social engagement activities. There was also a reduction in the power of the CP in organizations, from being a leader to be dependent on the company. Institutionalised corruption was also showing some signs of being challenged.

The changes in specific ESOEs in compliance with institutional forces after equitisation are summarised in Table 7.4.

Table 7.4: Changes in specific ESOEs in compliance with institutional forces after equitisation

Sources of institutional forces	Change in compliance with institutional forces after equitisation						
	A	**B**	**C**	**D**	**E**	**F**	**G**
Legislation	↗	↗	-	-	-	↗	↗
Trade unions	↘	↘	↘	↘	-	↘	↘
Youth unions	↘	↘	↘	↘	-	↘	↘
Women's union	↘	↘	↘	↘	-	↘	↘
Veterans' union	↘	↘	↘	-	-	↘	↘
The CP	↘	-	-	-	-	↘	↘
Centralisation and formalisation mechanisms	-	-	-	-	-	-	-
The national education and training system	↘	-	↘	↘	↘	↘	↘
Confucianism	↘	↘	↘	↘	↘	↘	↘
Buddhism, Taoism	↘	↘	↘	↘	↘	↘	↘
The family, clan and village	↘	-	↘	-	-	↘	↘
Local norms	-	-	-	-	-	-	-
Corruption	↘	↘	-	-	-	↘	↘
Inertia and routine	↘	↘	-	↘	-	↘	↘
Formal and informal networks	↗	-	-	-	-	↗	↗
Feelings of insecurity	↘	-	-	-	-	↘	↘
Lack of knowledge	↘	-	↘	↘	↘	↘	↘
Risk	-	-	-	-	-	-	-
Competition	↗	-	↗	↗	↗	↗	↗
Technology	↗	-	↗	↗	↗	↗	↗

(↗) Increase in the level of compliance with institutional forces
(↘) Decrease in the level of compliance with institutional forces
(-) No change in the level of compliance with institutional forces

Table 7.4 suggests the following general observations about how organizations comply with institutional forces resulting from the equitisation process:

For coercive forces: Equitisation leads to a higher level of compliance with legislation and reduces the level of compliance with the requirements of the CP and unions. The degree of compliance with internal controls remains the same, with a significant difference in their characteristics. Before equitisation, ESOEs strictly comply with requirements from authorities and higher ranking organizations. After equitisation, they still strictly comply with the internal organizational hierarchy.

For normative forces: Norms and values are selectively linked to achieving organizational efficiency. Equitisation changes the ESOE's perceptions of norms and values. Norms and values that reduce efficiency and productivity such as drinking and relationship based-HRM practices are gradually resisted, whereas awareness of norms and values regarding efficiency, performance, and firms' survival increases.

For mimetic forces: Equitisation encourages ESOEs' entry into industries. ESOEs that have completed the equitisation process are able to enter the domestic capital market independently and be responsible for their business. Thus, they pay more attention to market signals. As a result, firms reduce the factors that lead to uncertainty such as feelings of insecurity and lack of knowledge, and increase their adaptation to market requirements such as competition and technology.

7.5. Discussion of legitimacy

Legitimacy is one of the central concepts of institutional theory. Meyer and Scott (1983) argue that the term "legitimacy" has a range of meanings. Within the institutional approach to legitimacy, Meyer & Scott (1983, p.201) define organizational legitimacy as "the degree of cultural support for an organization – the extent to which the array of established cultural accounts provide explanations for its existence, functioning, and jurisdiction, and lack or deny alternatives…. A completely legitimate organization would be one about which no question could be raised". This definition offers the possibility to conceptualise legitimacy by looking at whether or not anyone ever questions organizations' ways of behaving and suggests alternatives. However, when institutional pressures lead to conflict with other conditions of social fitness, different groups of people may have different interests and different perceptions of alternatives. Thus, organizations have to choose to gain legitimacy in the eyes of those whom they consider more important.

Meyer & Scott (1983, p.206) suggest that legitimacy conflicts tend to involve people who have different views of reality. On the one hand, people in different societies are likely to have different views of the same topic. For example, although both Western and Asian business ethics focus on dignity, the Asian value system approaches dignity quite differently from the Western value system. Dignity in the Asian value system is a value that "a person acquires by behaving properly within relationships" (Koehn &

Leung 2004, p.268). In the Western system, people are perceived as having intrinsic dignity as individuals. On the other hand, in the field of HRM where managing people tends to create tensions in organizations, different groups of people tend to have different alternatives. Jaffee (2001) argues that managing human beings creates a perpetual organizational problem because humans are conscious, reflective, and reactive creatures who are able to resist organizational pressures. By studying the interviewees' perceptions of institutional forces and responses to them, we see that meanings and perspectives on a particular topic (HRM practice) are very much influenced by the meanings and perspectives of individuals. These differ not only in groups of people in one context, but also across contexts. This shows the need to study legitimacy further at both the contextual level and the individual level.

Meyer and Rowan (1977) refer to rationalised institutional rules that enforce many formal organizational structures and practices as "myths" because they are based more on tradition and conformity than empirically demonstrated effectiveness (Jaffee 2001). In addition, Jepperson (1991) states that some practices such as fraud and corruption can be institutionalised without being legitimate. Indeed, the study found evidence of institutionalised HRM practices which were not legitimate such as management-based relationship practices. There were also some legitimate practices that were not institutionalised such as recruitment of skilled employees, having members of HR staff with professional backgrounds, and fair performance appraisal. This is because tensions between institutional demands and organizational goals and interests push ESOE managers to choose the strategy that suits them best. Thus, Deephouse (1999) argues that organizations need a strategic balance to address the tension between the need to reduce competition and the need to gain legitimacy. In addition, equitisation is one driving factor that creates some sources of legitimation change. As evidenced in the study, when ESOEs start their new journey as private firms, they pay more attention to competition, the market, and trying to appoint qualified employees rather than trying to comply with higher ranking organizations as they did before. Thus, identifying who has collective authority and legitimacy in a specific setting is a central issue for studying legitimacy (Deephouse & Suchman 2008).

Suchman (1995) identifies three primary forms of legitimacy: pragmatic legitimacy, based on audience self-interest; moral legitimacy, based on normative approval; and cognitive legitimacy, based on comprehensibility and taken-for-grantedness and the various audiences who confer legitimacy. This study found evidence of all three forms of legitimacy. Also, as Greenwood et al. (2008, p.18) point out, because most studies in the field focus on the external audience of legitimacy, only a minority discuss the role of the internal audience. This study shows the role of the internal audience in building legitimacy when members of organizations challenge and abandon habit, custom and perceived legitimate practices. Members of ESOEs can also maintain legitimacy when they find acceptable reasons for keeping some apparently illegitimate HR practices such as relationship-based recruitment irrespective of its consequences for economic gain. This also strengthens previous arguments by Staw and Epstein (2000) that both external and internal legitimacy can be gained by using popular management techniques.

In the field of HRM, Yee Ng and Ang (2004, p.496) argue that the adoption of specific HR practices depends on one major criterion: whether they are acceptable and legitimate. However, the study has identified that levels of acceptability and legitimacy and their consequences vary across both ESOEs and among their membership groups. The findings show that how ESOEs choose HRM practices depends on both legitimacy and efficiency. However, when there is conflict between legitimacy and efficiency, ESOEs tend to switch from moral legitimacy and cognitive legitimacy to pragmatic legitimacy. This shows again that opportunism and materialism have an important influence on how ESOEs choose a type of legitimacy.

7.6. Summary of the adoption and non-adoption of HRM practices

Based on the evidence so far, this section summarises the HRM practices that the studied ESOEs adopted under the influence of institutional forces or did not adopt because of institutional pressures. Non-adopted HRM practices are the ones that ESOEs had to give up, or wanted to adopt but could not adopt if they were to reconcile different institutional pressures. This is presented in Table 7.5 below.

Table 7.5: Summary of the adoption and non-adoption of HRM practices in ESOEs

Factors/Drivers	Adoption/Non-adoption of HRM practices	Annotations
Adoption of HRM practices		
Recruitment and selection		
Weak employment legislation/ Corporate culture/Corruption	Use unconscious influence over candidates in order to choose the selected candidates	
Formal education/ Centralisation and formalisation/the Communist Party	Include criteria that fit Socialist or Marxist/Leninist principles in criteria for recruitment and selection	in ESOEs where the State holds the majority of charter capital
The Communist Party	Being a communist is an important criterion	in ESOEs where the State holds the majority of charter capital
Local norms	Using criterion that fits local norms to recruit candidates	
Cultural norms and	Have written criteria for recruitment and selection	

Factors/Drivers	Adoption/Non-adoption of HRM practices	Annotations
values	that correspond to cultural values	
Low quality of education/local norms/ corporate culture/Network	Firms develop own ways/own criteria to evaluate candidates	
Corporate culture/Network/ Corruption	Relationship-based HRM recruitment and selection	
	Recruit unqualified employees	
	Sell and buy positions	
Centralisation	Top management makes decisions on all recruitment and selection cases	
Employment contract and job description		
Weak employment legislation	Sign collaboration labour contracts to avoid paying insurance for employees	
	Written contract gives advantages to management	
	Use technical jargon when writing job descriptions and labour contracts	
	Sign labour contracts with employees with wages lower than the minimum wage	
	Extend the period of employees' probation	
Training and development		
Change in employment legislation	Organise training for employees	
	Hire consultants to train employees	
Weak education system/corporate culture	Use mentoring and informal coaching for on-the-job training	
	Appoint a senior member to train new employee	
	Send new employees to training courses	
Corporate culture/Network/	Exercising favouritism in training and	

Factors/Drivers	Adoption/Non-adoption of HRM practices	Annotations
Corruption/ Inertia and routine	development	
Performance management		
Corporate culture/Network/ Corruption/ Inertia and routine	Exercising favouritism, nepotism in performance management	
Corporate culture	Members of intra-organizational coalitions giving good comments for each other in the peer review performance appraisal and hiding some underperformance practices for others	
Corporate culture	Gather information of employees to assist HR decision making through informal communication	
Out-come based imitation	360 degree performance appraisal	
Cultural norms and values	Use metaphor and euphemisms in communication to reduce culture tension at work	
	Salary and Reward management	
Legislation/corporate culture	Seniority-based pay practices	
Weak legal system/Corporate culture	Developing own ESOE salary and incentive scales in contravention of State decreed scales	
Unions	Trade unions, youth unions and sometimes womens unions take part in reward and discipline-related HMR practices.	Unions take part in HRM activities more in ESOEs where the State holds the majority of charter capital
Corruption/ Weal legal system	Count informal payments on employees' salary/ cut down employees' salary	
Corruption/ Weal legal system/ Corporate	Balance interests of employer and employee in pay practices	In ESOEs where the State does

Factors/Drivers	Adoption/Non-adoption of HRM practices	Annotations
culture		not hold the majority of charter capital
Weak education system/ Weak Employment legislation	Employ graduates and pay less than their degree	
	Termination	
Weak legal system	Unilateral termination of the labour contract with employees without paying compensation	
Weak legal system/Corporate culture	Persuade employees to voluntarily resign	
The CP and unions	The CP and unions join the process of making decision on punishment and termination	In ESOEs where the State holds the majority of charter capital
	HRM policies and strategies	
Employment legislation	Revise HRM policies	
Employment legislation	Issue HRM policies to reflect law requirements	
Corporate culture/ local norms/inertia and routine	Take into account custom, cultural celebrations and events, habit of employees in HR strategy	
Formalisation/standardisation	Issue policies and rules which is introduced by the parent company, higher-ranking organizations or by legislation	
Outcome-based imitation	Adopt Western style of managing people	
Frequency-based imitation	Adopt popular HRM practices	
Weak legal system/Corruption	Adjusted figures of labour forces	
	Social activities	

Factors/Drivers	Adoption/Non-adoption of HRM practices	Annotations
Weak legal system/Corruption/Corporate culture	Entertain and pamper inspectors	
	Lobby local government to change regulations	
Weak legal system	Raise concerns at meeting with authorities and seek government sympathy for non-compliance practices	
Corporate culture	Retaining Unions' activities	
Weak legal system/Corporate culture	HRM talk with HRM actors in other companies or go to HR forums to share experiences of taking advantage of labour legislation	
Non-adoption of HRM practices		
Recruitment and selection		
Weak legal system/ Weak education/ Corporate culture/Corruption	Do not use HR selection tools in developed countries such as critical incident test and assessment centre	
Weak legal system/ Corporate culture/Corruption	Recruitment processes without job wanted advertisements	
Training and development		
Weak employment legislation	No safety and hygiene training for employees	
Performance management		
Weak employment legislation	Employees are not fully equipped with safety and hygiene equipment or equipment does not meet quality standards	
	Employees work in contaminated environments without proper respirator protection	
	No periodic health examinations for worker	
Salary and Reward management		

Factors/Drivers	Adoption/Non-adoption of HRM practices	Annotations
Weak legal system	Do not pay employees for working after hours	
	Pay salary late for employees without paying compensation	
Termination		
	Do not pay compensation upon retrenchment for employees	
HRM policies and strategies		
Cultural differences	Do not adopt the Japanese style of managing people	
Weak education/ Corporate culture/ Inertia and routine	Do not changing to a new model of HRM	Compare to the model of HRM before equitisation
	Do not holistically adopt "best practice" model	
Corporate culture	Do not decentralise management practices (authorising subordinates to make some decisions)	
Equitisation/Market	Do not organise the CP's meeting to approve company's strategies	In ESOEs where nearly complete the equitisation process
Equitisation/Market	Ignore programmes launched by higher-ranking CP, unions	In ESOEs where nearly complete the equitisation process

7.7. Conclusion

This chapter presented a theoretical discussion of the findings. It highlighted the nature and strength of a number of coercive, normative and mimetic forces that influence HRM practices in ESOEs. The discussion of themes that emerged from the analysis showed some similarities and some differences in the strategic responses of ESOEs regarding HRM practices. The chapter emphasised a prominent pattern, namely the important role of powerful people in choosing strategic choices; and highlighted conflicts between institutional forces themselves as additional reasons for resisting

them. Equitisation, which changes the ownership structure of enterprises, can make a significant change in how ESOEs approach institutional forces. Finally, the need for further investigation of specific legitimacy issues in institutional theory is another aspect which emerged from the analysis.

Next, Chapter 8 will provide a summary and conclusion of the study.

8. SUMMARY AND CONCLUSION

8.1. Introduction

This final chapter summarises the main findings, and highlights the contributions, implications and limitations of the study and suggests areas for further research. In doing so, the chapter is set out as follows: Section 8.2 presents the key findings of the study. Section 8.3 and Section 8.4 provide theoretical contributions and practical implications of the study respectively. Section 8.5 provides some comments regarding methodological issues that arose during the process of conducting the study. Section 8.6 highlights the limitations of the study and suggests areas for further research. Finally, Section 8.7 concludes the study with reflection on the answer to the research question and the implications for institutional theory.

8.2. Summary of the findings

The key research question is: *How do institutional forces influence HRM practices in ESOEs in Vietnam*? An extensive and critical review of the literature in Chapter 2 led to the emergence of three sub-research questions below:

RQ1: How do institutional *forces* affect the adoption of HRM practices in ESOEs in Vietnam?

RQ2: Do ESOEs *resist* these forces and if so, how is this resistance occurring?

RQ3: To what extent does the equitisation *process* affect the institutional context for the adoption or non-adoption of HRM practices in ESOEs?

To address these research questions, the study used institutional theory as theoretical framework. The review of the existing literature applying an institutional perspective to international HRM showed areas to be exploited further in the field, especially within an emerging-developing country, and also a one-party communist regime. This context provides a unique field for further conceptual development of institutional theory. This is not the only research applying an institutional perspective to HRM practices in Vietnam. However, a systematic examination of three isomorphic mechanisms of institutional theory at the same time and within ESOEs, a type of transitional economic entity, is believed to give a rich insight into the nature and strength of institutional forces in a non-Western context, and the changes in institutional forces under a changing economic system (equitisation) as well as the links between their isomorphic processes adds further insights into institutional theory outside its original cultural setting. Multiple-case study of ESOEs, at different stages in the equitisation process, in two different cultural locations, were chosen because such an approach helps to examine the nature and strength of institutional forces in different situations in a specific type of economic organization.

In summary, the findings show that institutional forces in Vietnam are not strong enough to be deterministic due to too many conflicting institutional forces and the flux of those forces. As a result, HR actors in ESOEs make strategic choices in responses to these institutional forces. Their selecting of HRM practices includes adoption and non-adoption of HRM practices. Understanding the underlying reasons behind the adoption and non-adoption of HRM practices in this context gives contribution to both the development of theory and HR practitioners. These contributions are elaborated in sections below.

8.3. Theoretical contribution

By systematically examining mechanisms of diffusion of institutional forces in HRM practices in Vietnamese ESOEs, the theoretical contributions of the study are summarised below. The study:

- Identifies the nature of institutional forces that affect HRM practices in the context of this study and explains why institutional forces are different to those in the context where the theory was born and developed.
- Highlights the strategic choices of case study organizations and explains their contextualised reasons for these choices.
- Confirms the application of institutional theory in a very different context and suggests that there is no need to build different models of institutional mechanisms for each context. However, for the further development of institutional theory, continuing studies across contexts and time periods are important.
- Identifies the relationships between these institutional forces in the unique context of a developing-emerging one-party communist country.
- Identifies how institutional forces and strategic choices vary between different economic entities.
- Highlights the resistance strategies against institutional forces and examines the reasons for this resistance. The study thus contributes to the debate regarding resistance to institutional forces literature by adding more reasons for resistance (conflicting institutional forces).
- Identifies when the upheaval of change happens in enterprises and how institutional forces change. It predicts the change of institutional forces when there is an upheaval of change in an empirical setting.
- Identifies that meaning and language are important in institutional contexts; the study identifies the need to define before applying institutional theory, taking into account the specific national context.

8.4. Implication for public policy and practitioners

This section provides some suggestions for both policymakers and practitioners in ESOEs for how they can benefit from understanding their institutional environment. Details are described below.

8.4.1. Policy implications

The main argument here is that understanding the nature and strength of an organization's institutional context can help policy makers improve the quality of strategic choices. The study identifies how inconsistencies in a country's legislation or enforcement policies reduce their coercive force. Some weaknesses that affect the implementation of ESOEs' HRM practices include:

- The weaknesses of employment legislation:
  - Incomplete legal system
  - The frequent changes of employment laws and regulation
  - Weak enforcement and labour inspection regimes
  - Inconsistent (sometimes conflicting) requirements of different laws and regulations reflecting poor coordination between authorities and relevant government departments and poor coordination with related industries
- The weaknesses of government policy relating to equitisation
- The transparency of the economy which includes corruption, weak inspection mechanisms, and weak law enforcement
- The mismatch (sometimes conflict) between the goals and aims of the Communist Party and unions, and ESOEs' goals and interests leading to the ineffective operations of these ESOEs
- The education system does not match labour market demands

Promoting human resources/skills development is one of the three "breakthrough areas" in the Socio-Economic Development Strategy of the Vietnamese government (the two others are improving market institutions and infrastructure development) (The World Bank 2015b). From the weaknesses cited above, this study highlights some implications that the Vietnamese government considers for better employment relations as well as a better institutional environment for firms' HRM practices.

Firstly, for the development of industrial relations in Vietnam, it is clear that Vietnam is undergoing substantial changes. The industrial relations system in Vietnam is quite different from those in Western countries in the sense that it is closely tied to the Communist Party. As pointed out in Chapter 4, weaknesses of the legislation system and the central features of the CP and unions are perceived as difficulties for firms. The mismatch and sometimes conflict between the goals and aims of the CP and unions and ESOEs' goals and interests leads to ineffective operations of these organizations. Although the Vietnamese government and the CP have recognised problems with the industrial relations system such as a weak legal system and the role of the CP and unions being limited in ESOEs, their policies have not been changed for better application in these enterprises. Thus, for a better effect of industrial relations systems on firms' HRM practices, it is recommended that the Vietnamese government consider institutional forces and ESOE contexts in order to design policies more effectively. Also, consistent with the findings of Boisot (1996) the institutional model in the two

socialist countries, China and Vietnam, needs to change to assist with effective privatisation in Vietnam.

Secondly, we have seen ESOEs in different stages of equitisation act differently in response to institutional forces, including legislation, the CP and unions. The study suggests that the Vietnamese government employ different approaches to different economic entities regarding the role of the CP and unions in ESOEs, as well as other types of economic entities and consider different policies for different types of economic organizations.

Thirdly, also concerning the equitisation process, this study provides evidence that equitisation leads to (1) various strategic choices regarding HRM practices in response to institutional forces; (2) innovation in HRM practices in ESOEs. Besides, this study found that normative factors such as nepotism, a poorly educated workforce and resilient corporate cultures slow down the process of equitisation, and thus, in turn these factors slow the rate of innovative change of HRM practices in ESOEs. Therefore, hastening the equitisation process should hasten the development of HRM practices in those firms.

Fourthly, firms react to the low transparency of the economy such as corruption, weak inspection mechanisms, and weak law enforcement by bearing all informal payments in operational costs, including labour costs and hidden practices, as analysed in previous chapters. Thus, HRM practices, as well as firm development in general, are found hard to implement if the government does not improve the transparency of the economy and strengthen law enforcement. However, this is not an easy task. This study finds evidence that family kinship is one factor making the rules difficult to be followed in a society where people tend to give exception to family members (and their network). Consistent with findings from Najeeb's (2014) study of institutional influences on HRM practices in the Maldives, this study also found that managers continue to find ways to circumvent legislation requirements as they see fit. Thus, policymakers should consider the importance of laws and regulations to attain a long lasting application, rather than changing the laws and regulations to deal with particular situations as is common practice today.

Fifthly, the education system does not match labour market demands. As interviewees commented, the output of education is graduates with poor skills and low abilities to perform. Besides, the imbalanced labour market gives firms the opportunity to take advantage of workers. Thus, it is recommended that the government link education and firm labour demands in designing related policies towards output of education with a skilled labour force and a balanced labour market.

8.4.2. Practitioner implication

Implications for practitioners centre around two areas: managerial behaviours regarding HRM practices and suggestions for other stakeholders. Details are presented below.

Firstly, on the one hand, findings of this study show that ESOEs' HRM practices are influenced by a number of institutional factors, in both positive and negative ways for the long term development of organizations. The characteristics of institutional forces in Vietnam are not stable; they are under a transformation process. On the other hand, findings demonstrate that members of organizations do not passively comply with institutional constraints. ESOE managers are strategic creatures. They selectively choose HRM practices that balance conflict between institutional forces and their own goals and interests. Opportunism and pragmatism are highlighted as the main approaches to their strategic choices. Findings on the adoption and non-adoption of HRM practices demonstrate that managers in ESOEs are fascinated by efficiency and the desire to improve productivity. However, they cannot always perform appropriate practices due to a number of institutional factors including negative institutional forces, the tension between old and new management styles, and the side effects of inertia and routine. Thus, an understanding of how institutional forces influence HRM practices, the nature and strength of institutional forces, and the capacity of ESOEs themselves can help managers in ESOEs to choose appropriate HRM practices.

Secondly, the study illustrates that institutional forces are themselves mutually constituted through institutionalisation processes. The study suggests that institutionalisation processes in Vietnam are not linear; there is continuing action and reaction amongst the key actors. Creation and erosion of influence are in a state of flux. The study suggests that if an institutional force is having a strong influence, even it is a negative one for HRM development such as corruption, nepotism or favouritism, it is hard to be eradicated. Thus, ESOEs tend to be realistic and pragmatic in choosing strategic responses to those institutional forces.

Thirdly, findings show that there are different groups of employees with different interests in ESOEs. These interests sometimes conflict. Employees are aware of managers' decoupling practices. The decoupling strategic responses of ESOEs to institutional forces may help managers to deal with situations in the short term but do not help to strengthen their workforce. The decoupling practices of managers, such as examples of their responses to employment legislation or conflicting cultural elements analysed in Chapters 4 and 5), lead to low commitment in the workplace. Thus, managers need to consider addressing these issues in order to develop a high commitment workforce for the long run.

Fourthly, studying the perception of members of HRM staff and top management shows that there was a mismatch between their roles and the expectations of HRM practices. Thus, it is recommended that top management have better communication with HR. HRM staff should understand their duties, and the expectations of top management towards their duties. The study suggests the equitisation process provides opportunity for HR staff to discuss expectations of their duties with senior management.

Lastly, an understanding of institutional pressures and responses to them suggests business partners who want to be shareholders of these economic bodies can identify the

threats and opportunities from institutional forces and the strengths and weaknesses of ESOE human capital. Business partners can thus identify characteristics of the management style of HRM practice in ESOEs and thus influence the approach taken by ESOEs in adapting to their institutional environment.

8.5. Methodological comments

In the process of carrying out the empirical research, this study encountered a number of methodological issues. It is hoped that by highlighting them, and linking them to existing literature on research methodology, these insights may be beneficial for the further development of research methodology in the field of HRM.

Firstly, this study contributes to methodology by testing different methods and then choosing the most suitable one, as explained in Chapter 3. Researchers want to conduct research using the appropriate design. However, the research context may be far more complex than anticipated; thus, preparing for multiple and alternative methods and techniques should be taken into account. In the data gathering process, this study suggests multiple instruments (different tools) for collecting information, such as a combination of semi-structured questions, a technique of taking research notes and interview profile questionnaires. For example, sometimes interviewees may ask the researcher to stop recording when they mention information that they feel is sensitive (e.g. information regarding how ESOEs engage in non-compliance practices in response to legislation and other institutional forces). Therefore, preparing alternative methods of taking research notes (even with some coding and some signs) is helpful. Although they are simple techniques, preparing before going into the field may shorten the transcription process and prevent losing information.

Secondly, concerning trustworthiness and ethical issues, both important issues in qualitative research, empirical evidence from this research shows that in a hierarchical society like Vietnam, people in organizations such as ESOEs tend to participate in research if their manager asks them to; they participate to ensure harmony in the workplace. In a relatively poor society such as Vietnam, with socio-economic difficulties, the concept of formal ethical approval in research is viewed as less important than mutual trust. As was discussed in Chapter 3, ethical issues concern the need to maintain integrity and validity of qualitative research and also to protect the rights and dignity of participants (Chowdhury 2015). Thus, qualitative researchers who obtain primary data from participants need to comply with ethics committee requirements. However, research ethics committees are absent when researchers face difficulty in the field; unexpected situations may arise which force a researcher to make immediate decisions such as the following. Researchers need to prepare to deal with the ethical tensions that may arise (you must drink their wine; you must go out with participants). In this study, the concept of “ethics” in doing qualitative research, particularly in management in the workplace, seems to exist in notions of faith and trust. People would participate if they had a certain type of “trust”, whether it was trust in the researcher, or trust in themselves that they faced no potential risk (by saying things to

the researcher that might be held against them). Interviewees in Vietnam are unfamiliar with the ethics approval procedure (Nguyen 2015). The Participant Information Sheet was handed to the interviewees, and the Consent Form was signed to complete the procedure but many respondents said they did not believe this procedure could protect them if unethical actions happened. Consideration of the process for gaining informed consent in doing research in developing countries could be further investigated in order to develop ethical standards that can work for different kinds of contexts.

Thirdly, the study suggests that conducting research by alternative methods may lead to a better understanding of some topics. For example: (1) To understand the institutional environment, consistent with Greenwood et al. (2008, p.215) that institutional work is often language-centred, understanding language and its layers of meanings can give a deeper insight to an institutional context in Vietnam where both social life and organizational life are very involved with discursive language-culture elements such as metaphors, euphemisms, sayings, folk culture, proverbs and so on. Thus, discourse analysis to understand how participants construct meanings of institutional forces is another aspect of institutional research. (2) Organizations are not only rule-takers of institutional forces; they are also rule-makers. This research has identified that some organizations have the ability to influence and make changes in institutional forces. Thus, participatory action research to see the processual stages of how an organization can influence institutional forces such as norms and values and habits would be useful in order to more fully understand the institutional environment. (3) The study has shown that both institutional pressures and responses to them involve much of the meanings, beliefs and values of a specific context. Understanding various cultures and subcultures in a setting can help to explain peoples' actions better; thus, an ethnographic approach which involves the researcher as participant observer could be another approach for studying institutional theory.

8.6. Limitations and suggestions for further research

This study is a comprehensive attempt to examine institutional influences on HRM practices in one type of economic entity in Vietnam. There are some limitations and suggestions for further research below.

Firstly, a commonly expressed concern of case study research is that it is influenced by biased views (Yin 2003). However, using multiple techniques to reduce bias can have other potential limitations such as the danger that one or other data set may be under-analysed and the issues involved in attempting to find out the "true" state of affairs when combining data from different sources (Silverman 2013, p.137) leads to a clash between positivist and constructivist paradigms. Another common concern is that the case study method is limited in providing generalisation.

Secondly, in an attempt to examine three mechanisms of institutional forces (normative, coercive and mimetic) and how they work together, the study recognised that, for

heuristic purposes, the forces were examined as if they were separate. Mimetic, coercive and normative forces are not pure categories. There is considerable overlap between these conceptual entities. The study does not explore in detail the linkages of the interactions of these forces at the micro level such as:

- A detailed description of each institutional force and its elements. For example, although there is evidence of discrimination against women in terms of HRM practices as a result of institutional pressures (norms and values) in the workplace, it was beyond the boundaries of this research to explore this issue in detail.
- The conflicting norms and values in specific ESOEs and the precise mechanisms of how they influence HRM practices in a particular enterprise.
- A deep understanding of responses to each institutional force or their institutionalisation process. Further research on the institutionalisation process is required to predict the life cycle of institutional forces. That is, the study suggests that institutional forces are not fixed but rather dynamic, interactive and reactive. However, the micro processes involved remain for a future study.
- Although there is some evidence of the links between institutional forces, we are less sure about how these links work and the consequences of these linkages.
- Mimetic behaviours of ESOEs reflect interesting aspects of institutional context and technical aspects in the shaping of HRM practices. The sources of reference for imitation, which is the desired model of HRM to imitate, and which factors influence imitation require further investigation.
- The rapid change of the institutional context in Vietnam means findings from this study need to be approached carefully when considering application in a later context.
- This research selects different types of industries in which ESOEs operate, and findings show that ESOE responses differ from industry to industry. Thus, responses to institutional forces in different industries suggest caution in not trying to generalise these findings in other types of industrial settings.

Further investigation of those topics can further develop the picture of the institutional environment in Vietnam.

Thirdly, the research was conducted in the North of Vietnam with limited access to ESOE resources and in a limited time frame. The South, which is considered to have quite different cultural elements and history, would be a promising area to further map the institutional factors in Vietnam.

Finally, institutional theory, as with any other theory, has its audience and supporters. Scholars and supporters want to develop the theory further such as in correcting its gaps, answering its criticisms and expanding its application. However, when working on these areas, scholars may integrate other techniques, methods and/or perspectives

from other theories. This study supports the need for continuously working and testing institutional theory across contexts, organizations, cultures and settings over time.

8.7. Conclusion

In summary, findings of this study demonstrate that the institutional environment has strongly influenced HRM practices in ESOEs, although the strength of influence on practice varied across institutional forces. Institutional forces bring both positive and negative effects to ESOEs' HRM practices. ESOEs are not passive actors. They selectively choose their strategic responses to these institutional forces. However, the conflicting interests of different groups of employees, conflicting elements of institutional forces and the nature of a transformative environment suggest both policymakers and HR practitioners carefully consider their approach to institutional forces. Related to this point, the study also suggests further investigation on details of specific institutional forces to better map the full extent of the institutional environment in Vietnam. While the nature, influence and extent of institutional forces in Vietnam are different to those experienced in Western countries, institutional theory has been demonstrated to provide a robust theoretical framework from which to assess HRM practices in equitised state owned entities in Vietnam.

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Appendix A: Approach letter to ESOEs

Dear (name)

We would like to invite your company to participate in a PhD research project conducted by me, Quy Nguyen, under the supervision of two Business Faculty academics at the University of Wollongong, Dr Peter McLean and Prof Mary Barrett. The title of my project is: Institutional Constraints on HRM practice in Equitized State Owned Enterprises (ESOEs) in Vietnam. The purpose of this study is to investigate what institutional forces are affecting ESOEs' human resource management practices in Vietnam and how ESOEs respond to these constraints.

If you choose to be included, I would like to ask some members of your management board, human resource management staff and staff working elsewhere, eg in marketing, accounting and so on for some information about their career in general, and their experience of human resource management policies and practices such as recruitment and selection, learning and development, performance management and reward management.

This research will provide new knowledge about how and why ESOEs change their HR practices and some suggestions for ESOEs for how they can benefit from this. For the Vietnamese government, this study may contribute to the better development of the Vietnamese business environment.

Your assistance to conduct this research would be greatly appreciated. If you are happy to participate, please send me an email saying the company is happy to be part of the project. I will then send you further information, including some examples of the questions I will ask.

If you have any further questions at this stage, please do not hesitate to or the other members of the research team.

I look forward to hearing from you as soon as possible.

Yours sincerely,

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Appendix B: Interview Guide/Protocol

This interview guide/protocol will be used to conduct interviews. Respondents' responses to this interview are entirely voluntary and completely confidential. The interview approach is semi-structured. Completion of a short profile questionnaire before interview is to gather background information of interviewees. Open-ended questions provided in this guide/protocol will guide the structure of the interview. Follow up questions will be asked to have deeper understanding of the subject. Responses illustrates with example are greatly appreciated. Completion of a profile questionnaire before interview is to gather background information of interviewees.

Background information on the research

- Introduction the interviewer and the research
- Explanation of the content of the interview

Background information of interviewee

Interviewees profile questionnaires		
1	Your position	
2	Your education	
3	Your degree	
4	How long have you been working here?	
5	When your organization was established?	
6	When was your organization equitised?	

1. Could you please give me some information about your career in general?

- Your duties
- What are the advantages and difficulties of doing your job?
- Have you changed your position, why, or why not…?

HRM

2. In your opinion, what are the main functions of HRM in this company?
3. Who are responsible for implementation of HRM practices in this company?
4. What are the advantages and difficulties of implementing HRM practices in this company?
5. In your opinion, what should be done for a better HRM?

Institutional Aspects

6. In your opinion, what factors from institutional environment effect HRM practices in this company? (Some examples of factors from institutional environment such as law, unions, political party, education, culture, religion and belief, custom, family, market and so on)

7. How does your organization respond to these institutional factors? (Based on the factors that you have mentioned, this question will ask you for how and why does your organization reflect them in HRM practices)

8. How does this company develop an HRM policy?

- Is there any written HRM policy?
- How do your company develop it?
- Why do they develop in this way?
- Is there any convenience or difficulty in this policy making process?
- Is there any change in these policies recently? Why?
- Have you noticed any reason for the way people perceive HRM practices, or adopt these policies in this company?
- Are there any criteria for making a new HR policy?

9. Do you think implementation of HRM practices in a company in province K is different from implementation of HRM practices in a company in city X?

10. Is there any HRM practice that is adopted by modelling from other organization? What are the reasons (if any)?

11. Is there any HRM practices that your company would like to adopt but cannot adopt now? What are the reasons (if any)?

Equitisation and HRM

12. Can you describe any difference between HRM practices before and after equitisation?

Thank you for your participation in this interview

Appendix C: Participant Information Sheet

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PARTICIPANT INFORMATION SHEET

Institutional influences on HRM practices in Equitised State Owned Enterprises (ESOEs) in Vietnam

PURPOSE OF THE RESEARCH

This is an invitation to participate in a study conducted by researchers at the University of Wollongong. The purpose of this study is to investigate what institutional forces are affecting ESOEs' HRM practices in Vietnam and how ESOEs respond to these forces.

INVESTIGATORS

Quy Ngoc Nguyen	Dr Peter McLean	Prof Mary Barrett
PhD candidate	Senior Lecturer	Faculty of Business
Faculty of Business	Faculty of Business	Co-Supervisor
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METHOD AND DEMANDS ON PARTICIPANTS

If you choose to be included, you will be asked to participate in an interview that would last approximately 45 minutes. You will be asked if you agree to the interview being audio recorded. The recording will be used only for transcription and translation purposes. Alternatively, the researcher can take notes during the interviews.

You will be asked some questions related to your career in general, and your experience of human resource management policies and practices. Sample questions include: What are some of the key features of HR practices in this ESOE? What changes have you seen in HR practices in this SOE since it was equitized?

The interview will be confidential and your employer will not know about the comments you make during interview. We will give your employer a copy of any published papers from the project (which will not identify participants personally) if they wish. With your permission, the interview will be recorded on audio, and the recording will be transcribed as a text document. Both the recording and transcript will then be analysed for common themes and responses.

Confidentiality is assured and your name will not be included in the recording or transcript. Recordings and transcripts will be kept securely on computer (with password protection and/or encryption) and only the investigators will have access to them.

POSSIBLE RISKS, INCONVENIENCES AND DISCOMFORTS

Apart from 45 minutes of your time for the interview, we can foresee no risks for you. Your involvement in the study is entirely voluntary and you may withdraw your participation from the study at any time and withdraw any data that you have provided to that point. Refusal to participate in the study will not affect your relationship with your organization, the University of Wollongong or the researchers.

FUNDING AND BENEFITS OF THE RESEARCH

This study is funded by the University of Wollongong and Vietnamese Program 165.
This research will provide new knowledge about how and why ESOEs change their HR practices and some suggestions for ESOEs for how they can benefit from this. Findings from the study will be written as a PhD thesis and possibly published in academic journals. Confidentiality is assured, and your company and you will not be identified in any part of the research.

ETHICS REVIEW AND COMPLAINTS

This study has been reviewed by the Human Research Ethics Committee (Social Science, Humanities and Behavioural Science) of the University of Wollongong. If you have any concerns or complaints regarding the way this research has been conducted, you can contact the UOW Ethics Officer on (02) 4221 3386 or email rso-ethics@uow.edu.au.

Thank you for your interest in this study

Appendix D: Consent Form

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CONSENT FORM

Institutional influences on HRM practices in Equitized State Owned Enterprises (ESOEs) in Vietnam

I have been given information about the project *"Institutional influences on HRM practices in Equitized State Owned Enterprises in Vietnam"* and discussed the project with Quy Ngoc Nguyen who is conducting this research as part of a PhD study supervised by Dr Peter McLean and Prof Mary Barrett in the Faculty of Business at the University of Wollongong.

I understand that if I consent to participate in this project, I will be interviewed for about 45 minutes. I understand that my contribution will be confidential and that there will be no personal identification in the data that I agree to allow to be used in the study. I understand that there are no potential risks or burdens associated with this study. I have had an opportunity to ask Quy Ngoc Nguyen any questions I may have about the research and my participation.

I understand that my participation in this research is voluntary, I am free to refuse to participate and I am free to withdraw from the research, and my data, at any time. My refusal to participate or withdrawal of consent will not affect my relationship with my organization, the researchers, and the University of Wollongong.

If I have any enquiries about the research, I can contact Quy Ngoc Nguyen at (+84) 982629283 or (+61) 410528597 and/or qnn918@uowmail.edu.au, Dr Peter McLean at +61 (02) 4221 3647 or pmclean@uow.edu.au, Prof Mary Barrett at +61 (02) 4221 4991or mbarrett@uow.edu.au or if I have any concerns or complaints regarding the way the research is or has been conducted, I can contact the Ethics Officer, Human Research Ethics Committee, Office of Research, University of Wollongong on 4221 3386 or email rso-ethics@uow.edu.au.

By signing below I am indicating my consent to participate in the research. I understand that the data collected from my participation will be used primarily for a PhD thesis, and might be used in summary form for journal publication, and I consent for it to be used in that manner.

□□I agree for my interview to be audio-recorded

Signed Date

..../...../.....

Name (please print)

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