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## Leadership styles and generational effects: Examples of US companies in Vietnam

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### Abstract

Leadership styles are an important issue for a range of areas, including business and management. One aspect of this is the influence of the age of people on their receptivity to leadership styles. Yet, research on this area using Asian contexts is limited. Consequently, our research looks at the generational effect in the reception of leadership styles - performance-oriented and participative. In particular, we examine the different value orientations of age cohorts and their reception to different leadership styles in Vietnam. First, we outline three strands of literature, namely culture and leadership, generation as a subculture and Vietnam as a context for the transfer of leadership styles. Second, our research methodology is detailed. Third, our empirical research using case study methods is presented. Our results cover the characteristics of three main age cohorts: the resilience of the pre-1975 born, the adaptability of 1975-1986 born and the arrival of the post-1986 born. Following the discussion and implications, we provide some brief conclusions.

### Keywords

examples, leadership, us, styles, companies, vietnam, generational, effects

### Disciplines

Business

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#### **Abstract**

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Key Words: Leadership, Culture, Transfer, US multinational companies, Vietnam.

## **Introduction**

Greater trade liberalisation, foreign direct investment (FDI) and economic integration have become more of a reality, albeit with historical antecedence (Hirst and Thompson, 1999). Concurrent with these developments has been the increasing challenge of managing a global workforce. Multinational companies (MNCs) depend on their ability to manage workforces located in different host countries (Dowling and Welch 2004; Schuler et al. 1993). Leadership is critical here and the notion of cross-cultural diversity in the realm of leadership has been proposed by several researchers (Bass, 1990; Gonzalez, 2008; Haire et al., 1966; Hofstede, 1976, 1980). Yet, while universally accepted leadership behaviours may exist across cultures, attention needs to be paid to cultural contingencies at both the national and organisational level (Ashkanasy, 2007; Bass, 1997; Dorfman et al, 2004; Hofstede, 1980; House et al, 1999) as well as other variables (Rowley and Ulrich, 2012a; 2012b).

Since the 1960s research on cross-cultural leadership has emerged (e.g. Roberts, 1970; Roberts and Boyacigiller, 1984). Although research on leadership in MNCs has made important steps forward, inadequacies and gaps remain. First, much work on leadership theories and practices are based on Western concepts and assumptions of human behaviours (House and Aditya, 1997). Some authors question the transferability of such models into other business environments, as an understanding of context, such as history, culture, political environment, skill levels, are essential as they influence attitudes and behaviours (for example, Jackson and Bak, 1998; Nevis, 1983). Specifically, there is a question of whether and how leadership styles developed in Western contexts can be applied elsewhere, such as to Eastern ones (Huang et al., 2006; Tsui et al., 2004).

Second, as an offshoot of cultural studies, research into leadership styles is characterised by stability, seeing change as very slow. For Hofstede (1997) culture is difficult to change. However, observations of some economies, such as Vietnam or China, point out that significant shifts in society and culture can occur quickly, in the space of a decade due to economic change. These new environments may have much higher acceptance levels to newly imported organisational practices and behaviours which were considered inappropriate previously. Thus, examining the transferability of the British flat hierarchical structure into Chinese society, Gamble (2001:36) argues that culture should be considered 'not as a static monolith but a shifting and changeable repertoire with diverse strands'. Leadership styles should be perceived in the same way, namely adaptable and subject to change - a view that might be acknowledged, but has not been explored, in more recent research.

Third, there has been little cross-cultural research on the relationship between a nation's sub-cultural dimensions and leadership behaviours (Egan, 2008; Salahuddin, 2010; Smith and Schwartz 1997). Generation is one type of national subculture that reflects the value priorities emphasised during a country's particular historical period (Egri and Ralston, 2004). Kabacoff and Stoffey (2001) argue that generational differences amongst organisational members have an impact on leader behaviours and consequently affect both individual job performance and organisational outcomes. Several studies have pointed out the differences in values, beliefs, expectations and behaviours of different generations at the workplace, especially in the US context (for example, Strauss and Howe 1991; Thau and Heflin, 1997). However, with only some exceptions (for example, Egri and Ralston, 2005; Yu and Miller, 2005; Yukongdi, 2010), there is very little work on the generational influences on the reception of transferred leadership styles.

Thus, our paper is important, interesting and worthwhile for a set of reasons. Indeed, the topic is interesting and a study of this type and location has not been undertaken before. We have quite a good sample size of interviews and it is ‘rich data’ as researchers also observed and took part in meetings and company functions, so were quite embedded in the organisations that were studied.

In view of these issues, our research addresses the generational effect in the reception of leadership styles in a changing society. In particular, it aims to discover the different value orientations of generation cohorts in Vietnam and the reception given to different leadership - performance-oriented and participative - styles by them.

Our paper is structured as follows. First, we examine three strands of literature, namely culture and leadership, generation as a subculture and Vietnam as a context for the transfer of leadership styles. Second, the research methodology is outlined. Third, the empirical study is detailed. There is a discussion section and limitations and implications are noted. Finally, we also provide some brief conclusions.

## **Literature review**

### ***Culture and leadership***

The notion of culture is widely identified as an essential consideration in the examination of leadership concepts across diverse geographical contexts. The bulk of the cross-cultural leadership research has been concerned with ascertaining whether elements of leadership and leadership theory are either ‘universal’ or ‘culturally contingent’. The former sustains an etic view of culture by proposing that leadership style commonalities exist across different

cultures, whilst the latter holds leadership as culturally specific and subjective, emphasising an emic perspective (Dickson et al, 2003).

The GLOBE study, a comprehensive empirical assessment of leader attributes, while providing support for both perspectives, does emphasise the significance of context in measures of leadership effectiveness (Dorfman et al, 2004). Specifically, the study's analysis of 65 leader traits (constituting six leader styles of: performance-oriented, team-oriented, participative, humane, autonomous, self-protective), across 62 societies identified 22 of them as universally desirable (e.g. intelligence, honesty, dependability, decisiveness) and eight as universally undesirable (e.g. irritability, egocentricity, ruthlessness). The significance of the remaining 35 leadership attributes (e.g. autonomous, compassionate, cunning, evasive), however, were largely culturally determined, some based on the dimensions comprising Hofstede's (1980) typology of national culture, particularly that of power distance (see Den Hartog et al, 1999).

So, the GLOBE study supports the premise that notions of leadership effectiveness are largely embedded in organisational and wider societal norms, values and beliefs of those being led (see Chokar et al, 2007; House et al, 2004). The qualities that discern one culture from another can hence be considered predictive not only of the organisational practices that exist within that culture, but also of the leadership behaviours and attributes that are commonly acted out, accepted and successful within that culture. As Brodbeck et al (2000) elaborate, it is the perceptions held by the host country audience (subordinates, colleagues, superiors) about the manager that determines whether they are considered suited to the role of 'leader'. These culturally legitimatised prototypes for leadership influence the feasibility of leadership style, the degree to which accepted and the extent to which considered successful

in this capacity. Similarly, a misalignment or inconsistency between the desired attributes and those that are exhibited can effectively impede leadership effectiveness (Brodbeck et al, 2000).

Of the leadership styles identified by the GLOBE study, performance-oriented and autonomous are the two that most distinguish the Anglo and South East Asian clusters. The GLOBE study conceptualises performance-oriented style as part of the charismatic or value-based approach to leadership (see Dorfman et al, 2004). Characterised by a highly innovative and decisive leader, the performance-oriented style depicts a leader who establishes high standards, emphasises the core values of the organisation, inspires followers around shared visions or goals and entices enthusiasm and passion to perform. When compared to other societies, Anglo nations (which includes Australia, Canada, Ireland, New Zealand, white South Africa, UK and US), sit at the highest point on measures of performance-oriented leadership. South East Asian countries were also found to occupy the high-range category for performance-orientated, albeit at the number four position (out of the ten societal clusters).

The extent to which the participative leadership style is preferred is also culturally contingent. The participative style emphasises delegation and equality (Dorfman et al, 2004) and facilitates collaborative and cooperative working practices (Khandwalla, 1995). The participative style ensures diverse inputs and perspectives are gathered as part of the decision-making process and open sharing of information occurs with key constituents (ibid). Findings from the GLOBE study deem this leadership style is valued at the highest level in the Anglo cluster and lowest to the South East Asian cluster. Collectivist societies are considered more receptive to transactional and autocratic styles of leadership than



transformational and participative styles that tend to have greater relevance in individualised, Western societies (Bass, 1998; Gerstner and Day; 1994).

### ***Generation as a subculture***

Whilst the juncture between leadership and culture has been examined in the extant literature, research on subcultures has been relatively limited (Egri and Ralston, 2004; Egan, 2008; Salahuddin, 2010). Generation represents one type of subculture that has received little attention within the research (Arsenault, 2004; Salahuddin, 2010). While Parry and Unwin (2011) suggest a case is still to be made for generation to be adopted as an additional factor for distinguishing between the values and preferences of different groups of employees, Yu and Miller (2005) accept that different generational groups or cohorts exhibit distinct work characteristics and prefer different leadership styles. For example, Generation Subculture Theory posits that the socio-political and economic occurrences that define a particular cohorts' formative years will lead to the formation of discrete generational identities that are set apart by distinct beliefs, values, behaviours and expectations (Egri and Ralston, 2004; Inglehart, 1997). In other words, social factors play a critical role in human development, with those born at similar times sharing and experiencing similar formative experiences which have the net effect of shaping their innate view of the world (Beutell and Wittig-Berman, 2008; Scott, 2000). As Conger (1998:10) suggests: 'these events leave emotional memories that are far more potent than the mental impressions derived from reading about events that have never been experienced' and consequently 'deeply shape our feelings about institutions, authority, materialism, family and careers'.

This world view is carried by individuals throughout their lives and represents the 'filter' through which their subsequent experiences are interpreted (Scott, 2000). Generation

subcultures are also useful as they represent a gauge for ‘understanding the evolutionary process of culture change’ (Egri and Ralston, 2004: 210). Vietnam is a country undergoing significant change and thus generational subculture represents an important means of elucidating this change process.

In order to capture the ‘qualitatively different subjective areas’ (Scott, 2000: 356) in which people are fixed, efforts have been made to establish a means by which to segment generations in a way that is both meaningful and reflective of the core value differences. In the Western world a variety of approaches have been utilised (see Meredith and Schewe, 1994; Smith and Clurman, 1997; Zemke et al, 2000). However, the most popular schemata involves segmentation into four distinct eras, with similarly distinct work characteristics and implications for preferred leadership styles. We outline these in Table 1.

Table 1

Investigations of generational cohorts within organisations have taken many forms, but few explore the relationship with leadership, especially in the context of non-Western countries. One of the exceptions, Yu and Miller (2005), examine whether generational differences in work characteristics and preferred managerial style of Baby Boomers and Generation Xers (as supported in the Western literature) also held true in the Taiwanese context. While their findings showed consistencies with Western reports of generational differences between the two cohorts (in manufacturing industry), they also found no differences elsewhere (in the education sector).

Another example is Egri and Ralston (2005) who explore the values orientations of generational cohorts in China and the US. Whilst the generally accepted Western schema for segmenting cohorts were utilised in the US study, Chinese generations were divided into three: 'Consolidation', 'Cultural Revolution', 'Social Reform'. This suggests consistencies between the value orientations of the Cultural Revolution and Social Reform generations and a shift towards a competitive market-based economy. The values of the Consolidation generation, however, were found to be less aligned with the market-oriented corporate adjustments.

Similar findings were confirmed in Yukongdi's (2010) examination of leadership styles preferred by Thai employees. New generations of workers are found to be increasingly adopting Western values and more open to democratic forms of leadership, a phenomenon attributed to the effects of modernisation and globalisation. Positive correlations are established between more consultative and participative styles of leadership and levels of employee satisfaction with participation and influence in decision-making.

In summary, while the bulk of the literature that has examined the relationship between culture and leadership has highlighted the importance of cultural contingencies in the transfer of Western leadership styles, Vietnam has been overlooked as a context of enquiry. However, given some shared history between China and Vietnam and cultural proximity to Thailand, similar results may be expected in the reception of the participative and performance oriented leadership styles.

This leads us to our research question. Specifically, can it be expected that older generations would be less open to the participative and performance oriented leadership styles whilst younger generations may be more accepting and receptive?

### **The transfer of leadership styles in context**

As one of the oldest civilisations in Asia, Vietnam is strongly influenced by the Confucian system of social and moral ethics; a legacy of the Chinese influence which also permeated its political system (Rowley and Quang, 2009). A defining feature of Confucianism evident in Vietnam is group-orientation; which sees collective units (for example, family and community) emphasised over individual interests, and the role of the individual recognised as being secondary to the group. Members within groups protect one another and provide security in return for loyalty (Xingzong, 2000). Great weight is placed on protecting a group's 'face' or reputation (Quang, 1997; Quang and Vuong, 2002). Thus, social interaction is tightly guided and informed by formal social frameworks.

Derived from Confucianism, there is a strong focus on social order and hierarchy within family units and wider society. Individuals hold distinct positions within the hierarchical structure, which is determined on the basis of age, title and status (Xingzong, 2000). Authority is similarly determined based on seniority, with younger members expected to exhibit submission and unquestioning obedience to superiors (Quang and Vuong, 2002). These values also pervade the business environment. Specifically, respect for authority, hierarchical order, collectiveness, consensus, cooperation and long term commitment are long standing features of the traditional Vietnamese firm. The teachings of Confucius support the sustenance of a paternalistic regime. The leader is compassionate, honourable and protective

of his subordinates, and they in return are respectful, loyal and obedient (Troung and Rowley, 2013). These can be seen in Vietnamese companies, as shown in Table 2.

Table 2

With a heritage spanning several centuries, the values and beliefs that define Vietnamese culture are deeply ingrained. The introduction of Doi Moi – the economic reform policy in 1986, however, has seen the country undergo significant change. Vietnam transformed from a closed and centrally planned, single sector economy into a more open, multi-sector and globally integrated market economy (Van, 2007). This has seen Vietnam become the focus of increasing FDI and foreign business activity (Mehta, 2010; The Economist, 2005).

Vo (2009) noted the relationship between these larger developments and human resource management (HRM) change in Vietnam. The increasing level of MNC activity has been the key contributor which has seen different HRM practices replace those traditionally used, particularly in ‘greenfield’ locations. However, scepticism has been expressed by researchers and practitioners about the applicability of Western HRM practices and leadership styles given that these may be at odds with some of the core defining values of Vietnamese culture (see for example, Vo, 2009; Rowley and Quang, 2009). For instance, performance-oriented leadership styles, which emphasise a leader who is decisive and innovative and seeks to inspire people to perform at high standards around the company’s vision and core values (Dorfman et al, 2004), may be hindered at the individual level by the tendency to downplay ‘self’ in order to maintain harmonious, cordial relationships. At a broader organisational level, employee performance may be constrained where rating criteria are unclear and include dynamics such as political attitude, work attitude, cooperation and personal relationships with

colleagues, especially with managers, etc. In addition, reward management strategies will be restrained given the existence of government pay scales primarily determined by length of service and political attitude and bear little relationship with economic performance of organisations. Furthermore, Quang, Swierczek and Chi (1998) concluded that Vietnamese managers place greater value on control than performance.

The high power distance that defines leader-subordinate relationships in Vietnam may also conflict with participative leadership styles, which emphasise delegation, equality and collective input in decision-making (Dorfman et al, 2004). Greater familiarity is generally expressed with authoritarian, familial and command-style leadership, which Quang and Vuong (2002) note are still highly evident in a range of organisations in Vietnam, both state-owned enterprises (SOEs) and private and joint ventures (JV). These reflect the tradition of a centrally controlled system. Furthermore, the collectivist nature of Vietnamese culture means individuals may shy away from decision-making and taking personal responsibility.

Nevertheless, generational differences have already begun to show in Vietnam's move towards a more market-based economy. Mcleod and Dieu (2001) note that younger generations, those born after the Vietnam war (1955-75), have more openly embraced Westernised ideals and ways of thinking and have distinct values and attitudes to earlier generations. This is supported by Quang and Vuong (2002) who found younger generations of managers to be more open and adaptable to participative styles of management brought into their JVs through expatriate managers. Whilst openness to Western values may ease or even facilitate the transfer of leadership principles (Thang et al, 2007), individuals will still be discerning and will refer to their value systems as a means of reconciling, adapting and

evolving (McLeod and Dieu, 2001). This applies as much to national culture as it does to the generational cohorts that comprise it.

## **Methodology**

Previous investigations have mainly focussed on the different leadership styles preferred by the generational cohorts primarily from a Western perspective. In the Vietnamese context, Western schemata's for classifying generational cohorts are less meaningful given the role played by culturally and historically specific events in the shaping of value sets and world views. It is, therefore, important to create a meaningful classification of generational cohorts to reflect the differences in Vietnamese collective memories, values and behaviour patterns.

Eyerman and Turner (1998:93) define a generation as: '[. . . people] passing through time who come to share a common habitus, hexis and culture, a function of which is to provide them with a collective memory that serves to integrate the generation over a finite period of time'. Accordingly, our research uses three generational cohorts, those who were born: 1) before 1975; 2) during 1975-86; and 3) after 1986. We do this as 1975 and 1986 are identified as the key historical milestones separating generational cohorts due to their significance in shaping the contours of the contemporary economy and society.

In 1975 the Vietnam war ended and a communist-style constitution formally committed the country to the development of a Soviet-style socialist-centralised economic system. However, as early as 1977 it was becoming clear that this economic strategy was not working as the economy suffered steady declines in production in vital industries (Le and McCarty, 1995). By the mid-1980s the economy was in crisis and was only sustained thanks to significant assistance from the then Eastern Bloc. In 1986 the government formally introduced a

comprehensive economic reform programme, Doi Moi, with the objective of liberalising and deregulating the economy. The results of the reforms were remarkable with growth rates increasing gradually. Thus, it is safe to say that 1975 and 1986 are the turning points of contemporary Vietnamese history. The years are marked by historical events that not only shaped the country's political and economic structure, but also had enormous impacts on the working conditions of employees and, therefore, their behaviours (Vo, 2009).

The breakdown of the centrally planned economy and the 'new winds of a new era', as often mentioned in the Vietnamese media, demanded dramatic and swift changes in people's mindsets, which under normal circumstance would require a very long time to realise. In this case, a transitional society sets a good context for dramatic changes in views and the successful application and reception of different leadership styles.

To highlight the contrasts between Anglo and South East Asian leadership styles, MNCs originating in the US operating in Vietnam were chosen as the object of research. Smith and Meiskins (1995) argue that the hierarchy of economies within the international capitalist system gives rise to 'dominance effects', which means countries of economic dominance have frequently evolved methods of organising production or the division of labour which have invited emulation and interest. The US together with Japan and the European Union Triad have dominated both originators and destinations for international investment (Hirst and Thompson, 1999; UNCTAD, 1999). US MNCs have enjoyed a strong presence in the Vietnamese economy. Over the 15 years 1995-2010, the US became Vietnam's biggest foreign investor, with a registered capital of US\$9.8 billion in 2009, making up 45.6 percent of the total foreign investment in the country (vovnews, 2011). In terms of leadership style,



US MNCs have distinctive ways of managing their workforce (see for example, Ferner 1997).

The largely exploratory nature of our research and the need to examine in detail the leadership styles in relation to generational diversity in companies, deemed the case study approach appropriate (Kelly, 1999; Yin, 2003). Case study research utilising qualitative methods provides a sophisticated instrument to capture the often subtle, complex and changing ways in which leadership is practiced. This method allows investigations into the behaviours and relationships of different actors (managers, subordinates, expatriates and local staff) and the consequences of those actions. Although quantitative methods may be useful for achieving a broad overview of patterns, confirming and verifying theories, they are unable to explore the complexity of the phenomenon and to explain the differences in behaviour patterns (Yin, 2003).

Sector is a key variable in explaining variations in leadership patterns (Locke and Kochan, 1995; Colling and Clark, 2002). Porter (1990) states that industries vary along a spectrum from multi-domestic to global in their international competition. Global industries compete on a worldwide basis drawing on global competitive advantages and what happens in one country is affected by competition in other countries, whereas in multi-domestic industries competition in each country is independent of competition in other countries. Our research attempts to capture the industrial influence of the leadership styles used by MNCs. So, we chose the automotive industry and energy sectors, as representative of global industries and the fast moving consumer goods (FMCG) sector as representative of multi-domestic industries. Not only did these meet the requirement of representing ‘global’ and more ‘national responsive’ industry, but they also have received strong FDI inflows and thus the

influence of US leadership styles are more likely to present. The investigated companies are coded as: Auto Co, FMCG Co1, FMCG Co2, FMCG Co3 and EN Co.

Our study took place during a two-year period from 2008 to 2010. First, a two month fieldwork trip was conducted in Vietnam and follow-up phone interviews carried out afterwards. Multiple interviews were held with key informants to compile information on HRM policies and practices in general and leadership styles in particular. Interviews were conducted with both managers and employees groups as this not only allowed various leadership styles to be identified but also shed light on managers' perceptions on their own leadership styles and how employees received it. We set out to have matched pairs of managers and employees (employees interviewed were under supervision and leadership of the managers interviewed) with five per company as a target. In some companies this was achieved, in others there were less or more. Furthermore, at least one manager and one employee in each age group (all pre-1975 born manager/employee, all 1975-1986 born manager/employee, all post-1986 born manager/employee) were interviewed. In total, we completed 57 one-to-one interviews, of which 25 were managers and 32 were employees.

Second, in addition, six focus group discussions of five or six employees were held. Four types of focus groups were arranged: all pre-1975 born employees, all 1975-1986 born employees, all post-1986 born employees and mixed groups. Table 3 presents details of these.

Table 3

Vietnamese was used and when not recorded; a case a written record of the interview was compiled on the basis of handwritten notes taken during the interviews. The average interview, both one-to-one and focus group, took more than one hour. The interviews included the following key themes: perception of leadership styles used in the company; the reception of participative and performance-oriented leadership styles; difficulties experienced in the application of these leadership styles; and generational effects in the perception and reception of these leadership styles.

Interviews conducted in situ allowed the third strand of our data collection, observation of the work environment and personal relations within the firms. Non-participant observation included seeing work practices at shopfloor level, sitting in on some daily meetings of shopfloor workers, HRM team meetings, chatting and sharing meals with employees at company canteens and taking part in some company functions and special days (such as Family Days). The purpose of such non-participant observation was to validate and check stated versus actual leadership practices, as well as quality checking the statements on well-being, job satisfaction etc., of employees.

Our combination of data-gathering methods (i.e. triangulation) is useful in the case study method for cross-checking data, thus ensuring reliability (Yin, 1994; Kelly, 1999). When a consistent picture emerged, through cross-checking interviewees' viewpoints, documentary analysis (when possible) and non-participant observation, collected information can be considered more reliable.

## **Findings**

The empirical findings outline the different value orientations of three generational cohorts in Vietnam and their reception to participative and performance-oriented leadership styles. This is presented in following three sub-sections and are summarised in Table 4.

Table 4

### **1) Resilience (pre-1975 born generation)**

The pre-1975 born generation lived through the effects of the centrally planned economy and as such, bear certain imprints and limitations of the old system. Bounded by the central control system, bureaucratic rules and procedures and secured by the lifetime employment system in SOEs they were not motivated to learn and develop new skills and knowledge. The training offered was mainly on the job, focusing on enhancing productivity and improving organisational health and safety. Short courses to strengthen political beliefs were widely available and they were required to attend these if they wished to be promoted. In terms of foreign language training, the vast majority were taught Russian, which greatly hindered access to Western knowledge, job opportunities and advancement in English speaking MNCs. Furthermore, the concept of an external labour market was non-existent and employees were assigned to enterprises by the government, in many cases without regard to the match between employee skill and knowledge and the firm's demands.

The pre-1975 born generation has long been embedded in the 'old' working environment that was built on strict hierarchical order. They expected long careers in one organisation and were loyal to their firms, partly thanks to their personal values and partly due to extremely limited job mobility, which was controlled by the government's system of residence permits (similar to the Chinese 'hukou' system) that allowed people to legally reside and work in one

area only. They respected authority and responded well to a directive leadership style. Such a preferred leadership style was described by an employee as follows:

*'You know who your boss is and take comfort in knowing that he provides directions and is responsible for all the decisions need to be made...My previous boss was a strong leader, who was able to establish order and pull a wide range of people with different characteristics and ideas firmly together under his leadership...I always knew where I stood.'* (Employee, EN Co)

Corresponding to employee perceptions, pre-1975 born generation managers also reveal that they are comfortable with giving direct commands. These managers also tend to care about their subordinates' lives outside work. We observed that some managers casually called themselves 'dad' and addressed their young subordinates as 'daughter' or 'son'. Many managers considered their age an added advantage as employees had great respect for seniority. For example, as one manager put it:

*'Being older has certain advantages. They [subordinates] trust that I have experiences many things and overcome many difficulties during my working time. I am also respected for my old age. My judgements are seldom challenged because of all of these. No one cares if my orders are direct or my communication is brief and abrupt and truth is, sometimes, rude. They might not tolerate that from a younger manager.'* (Manager, EN Co)

This generation can be perceived as slow to change, less productive and less technologically savvy, which impeded their performance. Managers revealed that when they do have choices, companies prefer younger employees, who are unsullied by working habits learnt in Vietnamese firms. However, Vietnamese JV partners often send some of their staff (both

blue-collar and white-collar ones) to the new establishment at the start of operations (as in the cases of Auto Co, FMCG Co1, FMCG Co2).

There are two main problems relating to recruiting employees from the Vietnamese partners in JVs: they often do not have the right skills – production and management alike – and they are deeply embedded in the social structure of SOEs. They are more likely to perceive local companies as referents and value them as ends in themselves (see, for example, Bjorkman and Lu, 1997). Breaking the legacy of the SOEs is more difficult than terminating the contracts of former SOE staff and recruiting new staff in their place we found.

FMCG Co1 and FMCG Co2 experienced conversion in ownership status due to the significant increase of their US share. In designing the new organisational structure these companies believed that older staff were incapable of coping with this challenge due to their deep embeddedness in the old system. A blunt strategy of making redundancies was applied. For example, three continuous redundancy processes were conducted in FMCG Co1 in 1997, 1998 and 1999. Around 14 managers together with nearly 250 blue-collar workers from the ‘old days’ were targeted. The result was that only one manager and about 50 workers from this group who were much younger and whose performances were rated far better than their colleagues, remained with FMCG Co1. Similarly, FMCG Co2 deliberately dismissed managers who were the input of the Vietnamese JV partners when the foreign partners bought the JV outright.

However, the issue is much more complex. First of all, there is a real need to recruit and retain older employees, who have had rich experiences in SOEs. For example, painters are a ‘rare commodity’ that MNCs in the automotive industry seek for several practical reasons.

Due to factory size (and also present market size), automotive factories are equipped with semi-automatic production lines, which means advanced painting techniques (cathode electro-deposit) are present hand-in-hand with less sophisticated ones (spraying). Highly experienced painters in automotive SOEs (such as Song Cong Diesel Company, Machinery Spareparts Company No.1, Co Loa Machinery Company, etc.) are highly sought after by foreign invested companies. Furthermore, companies also hire middle-aged blue-collar workers in order to reduce the turnover rate (as in FMCG Co2 and FMCG Co3) or take advantage of their valuable social and business networks and contacts (as in EN Co).

Thus, while companies initially attempted to dismiss older employees, the current constant inflow of older employees shows that by using appropriate selection methods they are confident with the quality of older employees. The older generation in general is in fact very well adjusted to the new environment. Furthermore, thanks to their years of experience, older workers have a wisdom that enables them to anticipate problems and to respond to them effectively. This can be seen in a one manager's views:

*'Many of them [pre-1975 born workers] are heads of quality control circles. Thanks to their rich experience, they not only are able to identify and solve product quality and production problems but also provide on-the-job training and lead their teams in these matters.'* (HR Manager, Auto Co)

A performance-oriented leadership style, which emphasises high standard of work and personal achievement, has been equally well received. As one manager stated: *'In terms of achievement, there is no real difference between the three generations'* (Production Manager, En Co). This assessment is consistently confirmed by the other managers. Although there is a general perception of the older generation being resistant to change and clinging to the

traditional leadership style, in reality, the older generation has proven that they are resilient, open to change and very adaptive to the new environment and leadership style.

## **2) Adaptability (1975-1986 born generation)**

The 1975-86 born generation entered the workforce when FDI had just taken off, with the large majority of MNCs establishing subsidiaries in Vietnam in the mid to late 1990s. They are the first generation after the Vietnam war that studied English at school, entered the workforce and sought employment with MNCs after Doi Moi and the Foreign Investment Law (1987) were introduced. This generation was the first to be exposed to an influx of non-communist, Western values, resulting in many changes in their personal values and attitudes. Furthermore, this generation experienced periods of economic distress and recently, prosperity. They have witnessed radical social changes, instability and chaos, including the collapse of the communist system, the emergence of the market-oriented economy, the privatisation of the state sector, as well as rapid technological change. The net effect has been the creation of ‘emotional memories’ (Conger, 1998:10) left by the former system, which have been carried by this generation and are reflected in how they observe institutions and authority. This generation, therefore, have learnt to be more opportunistic, financially self-reliant and entrepreneurial risk takers. Interviewees also pointed out that being opportunistic is deemed to be necessary in an economy where workplace loyalty and commitment no longer guarantee job security and/or financial reward.

This generation is the transitional generation – they are too young to remember the War, yet old enough to have witnessed its aftermath, they are too old to be deeply embedded to the old working environment in SOEs, yet some of them have experience of working in SOEs. Many



of them assert that they would not work for SOEs again because they are nurtured in and like, the working environment in MNCs. For example, as one manager noted:

*'I used to work for another US company, and then I had my first child. My husband and I decided that I should move to a SOE to reduce the workload and have more time with my family. However, I left it after six months. I suppose I got used to a foreign invested company's working atmosphere. I'm no longer sensitive and patient enough with personal networks, unnamed and nontransparent rules and all those things... I'm tired of bending my back and lowering my head. So, here I am... The workload is even heavier than in the previous US company but I'm happy to be here'* (Manager, FMCG Co3).

Moving toward a more materialistic and individualist society, this generation, nonetheless, still has a strong sense of nostalgia. They are happy to conform to societal norms and uphold traditional values, such as respecting authority figures and hierarchical order. For example, as one manager put it:

*'"You cannot wear your shirt over your head" [an old saying]... I am still tied by traditional order and boundaries. I choose to address myself as 'em or chau' [an addressing form that shows you are younger] to older colleagues, even though they are in a lower position than me and also addressing myself as 'em' to my direct supervisor, even though he is about 3 years younger than me. The form of addressing is not everything, but it surely does reveal my overall attitude to them.'* (Project Manager, Auto Co).<sup>i</sup>

This generation, both managers and employees, is very comfortable with participative and performance-oriented leadership styles. This generation displays a consistently high need for autonomy and seem to take participative leadership for granted, claiming it to be 'standard practice' (Focus group at FMCG Co3) and 'the way it should be' (Focus group, EN Co). For

one employee a performance-oriented style is considered as: *'Necessary for the survival of firm'* (Employee, FMCG Co1). As one manager said:

*'I think a good leader should encourage inputs and gather everyone's opinions in the decision-making process while a good employee should be able to make decisions. I enjoy taking responsibility. As an associate manager I can sign off for any expenses up to five thousand dollars without waiting for my boss to see the paperwork and approve it- that gives me a sense of autonomy albeit within a boundary'* (Manager, FMCG Co3).

This generation is certainly not afraid of questioning their leaders' decisions. An example which illustrates this is provided by a manager. Back in 2002, FMCG Co3 aimed to compete and expand their market share of sanitary products. The manager realised it required modifications to increase quality. However, this meant an increase of 15 percent in production costs, changes in production process and new machinery. Even though initially this met strong resistance from both local and regional levels, the innovation was approved. The resulting increase in sales helped the company lead the Feminine Care product market in the subsequent years.

### **3) Arrival (post-1986 born generation)**

The post-1986 born generation is commonly perceived by both older generations and themselves as 'highly individualistic' (Focus group with mixed groups). They were raised in the later period of Doi Moi, which was no longer marked by economic hardship but rather by constant changes and economic opportunities. They are characterised by their optimism for the future, newly found excitement for consumerism, materialism and entrepreneurship. They commonly openly admit the influences of Western capitalistic ideologies on their values and behaviours (Focus group interviews). They have gradually shifted away from the traditional

social order and values and some even question the rightness of them. This generation emphasises the meaning and importance of their career and describes their career as an integral part of their identity, compared to older generations that in general would prioritise family over work. As one employee said about work: *'It [work] brings me new knowledge, self esteem, respect of others and social relationship...'* (Employee, FMCG Co2).

At work, while older generations can be recruited through different channels, such as transfers from JVs, personal referrals, etc. during the establishment period of the companies, the post-1986 born generation, on the contrary, were only recruited after going through stringent and rigorous selection processes.<sup>ii</sup> Also, for office positions, candidates must have a relevant university degree and English language degree or certificate.

With regard to selection criteria, MNCs used their global 'competence list'. Thus, candidates for white collar positions are rated based on educational and training experience, past performance, leadership, commercial awareness, teamwork spirit, communication, competitive/entrepreneur spirit, motivation, adaptability, resourcefulness, interest in position, knowledge, behaviour, etc. Some concepts, such as motivation, resourcefulness, competitive spirit, are considered as Western concepts and which are quite unfamiliar to the Vietnamese. This is to say those selected are assessed as those compatible with the company's Western cultures.

This generation are increasingly well trained. Less concerned with corporate loyalty, they are technically savvy and eager to update knowledge and apply it to their work. They place less importance on job security, but more on learning opportunities, personal freedom and challenging work, which might reflect the early period of their working life that they are

currently on. Compared to older generations who respect and look up to authority, this generation is more comfortable with questioning leaders' decisions. They enjoy providing inputs in decision-making processes and yearn for delegation and autonomy. For example, as one employee put it:

*'I really like my boss' management style. He often tells me 'decide and take action - let me know what you did'. Although he has a 'hands-off' policy, he also follows up with me to see the effectiveness of the delegated responsibility, which is necessary in my case as I am still quite junior. I appreciate his feedback, which is very helpful for coaching and development purposes'* (Employee, FMCG Co2).

In terms of performance-oriented leadership styles, this generation is pro-active in establishing long-term direction and setting specific performance objectives in line with company vision and objectives. For example, one employee noted: *'I would like to know the mission or vision of my company. Where are we heading? How are we getting to that goal? Are they compatible with my own goals? That's very important to me'* (Employee, FMCG Co1).

A small proportion of this generation, who normally gained their education overseas in developed countries, such as the US, the UK, Europe, etc., advanced quickly on the corporate ladder and are considered as the 'elite' group. At a youngish age, many of them are working at low or middle management levels in MNCs. Embracing Western values, they were not much different from their counterparts in Western countries. Many of them adopt English names – a practice disliked and disapproved of by their older, more conservative colleagues. One expatriate manager (EN Co) made a comment that some members of the new generation of managers in the Vietnamese subsidiary are very competitive and direct in their manner.

This 'un-Asian' stance an indication of transformation of organisational behaviours. It signals the emergence of a new 'breed' of employees, distinguished by a set of workplace values, expectations and behaviours that vary drastically from the traditional workforce, especially those in SOEs.

## **Discussion**

Examination of leadership across cultures has traditionally focussed on national culture as the key contextual consideration (Egri and Ralston, 2004). As a key subcomponent of a national culture, generations are considered reflective of the values of a particular period in history (ibid). Thang et al (2007) highlighted the lack of homogeneity that exists in the cultural values across the different generations in Vietnam. Indeed, the defining feature of generations is that they are clearly set apart by shared 'lived' experiences and specific historical circumstances which shape and define their world views (Beutell and Wittig-Berman, 2008; Scott, 2000).

Within Vietnam, older generations were exposed to a significantly different socio-economic and political context, one based on a centrally controlled economic regime which saw work environments tightly defined and controlled through bureaucratic imperatives and the influence of culturally defined doctrines. Within the 'old' system, values of duty, respect, conformance and loyalty were emphasised over the more Western-infused principals of innovation, creativity, individualism and career-orientation. Exposure to these Western traits was largely hindered by the centrally controlled, closed and poor quality educational system which promoted Russian rather than English speaking. The restricted access to Western knowledge and the limited opportunities for developing English speaking skills had the

knock-on effects of limiting the opportunities available to pre-war generations for jobs and career advancement within Western MNCs.

There is evidence from our research that the traditional values of the old working environments within which the pre-1975 born generation have historically been embedded has the potential to create limitations for them within the new organisational context, particularly given some of the underlying incompatibilities. Without considering the parameters set for birth year and some of the core cultural and contextual differences, there are some parallels which can be drawn between the work values and characteristics of the pre-war Vietnamese generation, and the Veteran generation that features in the Western literature (as we saw in Table 1).

Within the Western world, Veterans are considered valuable to organisations due to being loyal, stable and reliable workers (Bernstein et al, 2008). However, some of the negative perceptions that exist about these older generations within the Western world are also evident in the views held about the pre-war generation in the Vietnamese MNC context (e.g less innovative and technologically savvy and unable to adjust to cultural changes). These were seen as potential inhibitors to their performance within a Western system of leadership.

Our research, however, renders these types of perceptions problematic. Whilst it is inevitable that elements of the old system are carried by the older generations into the new working environments given their historical entrenchment in these systems, our research indicates that rather than clinging to traditional forms of leadership, they are highly resilient to the changing work environment. The pre-war generation are essentially the ‘go-between’ generation, between the old and new era and, thus, potentially face multiple challenges in

reconciling the two worlds. As products of a centrally planned, closed economy and representatives of the former workplace, the pre-war generation are found to effectively embody the revolution mindset that has been identified as a necessary accompaniment to the macro-level adjustments that have occurred in recent decades. Their positions appear better adapted to the 'new' work environment than the Vietnamese managers in Quang et al's (1998) study on the perceptions of excellence in leadership within JVs in Vietnam. Their study indicated that Vietnamese managers continued to maintain high power distance and limited employee involvement in decision-making when compared to their international counterparts and viewed authoritarian leadership styles in a positive light. More than a decade on and the pre-1975 generation from our study show themselves to be more open and adaptive both to the changes occurring at the micro-firm level and the macro-societal level.

It is, however, the values of the post-1986 generation that provide the most telling account of the transformation occurring within Vietnam's society. The post-1975 generation have been exposed to a very different historical and contextual setting to those of the pre-1979 generation which make their values more closely aligned and compatible with Western practices (Thang et al, 2007). Specifically, the post-1975 generation (who comprise around half the Vietnamese population) experienced higher levels of cultural interaction with the Western world in their formative years (Egri and Ralston, 2004). Their values have been shaped within an open market system where the education system promotes Westernised ways of thinking (Mcleod and Dieu, 2001). For instance, the post-1986 generation, including the new breed of young managers who participated in our study, were found to be very un-Asian in their undertakings and far more individualistic and opportunistic than the pre-1975 generation. The post-1986 generation was also markedly more receptive to participative and performance oriented leadership styles, with many accepting them as the norm for leadership

behaviour. These findings mirror Egri and Ralston's (2004) study of the value orientations of Chinese and US generational cohorts. Specifically, their study confirmed that newer Chinese generations exhibited more entrepreneurial value orientations, which were highly compatible with the organisational changes and the implementation of competitive market reforms.

According to Inglehart (1997), it is erroneous to compare generational cohorts from different cultural settings merely based on common age parameters given that socio-historical events offer a far more truthful depiction of a country's generation cohorts. Whilst this is true, there are several parallels that can be drawn between the characteristics of Vietnam's post-1975 generation and the Generation X'ers of the Western literature. For instance, similar to the Generation X'ers, the post-1975 generation exhibited greater independence and preferred informality rather than hierarchy in their working relationships (Ralston and Egri, 2004; Salahuddin, 2010; Zemke et al, 2000). Furthermore, the post-1975 generation could be described as being more financially self reliant and open to risks than the pre-1975 generation and they were found to place less value on job security than on personal freedom (Kupperschmidt, 2000; Ralston and Egri, 2004).

## **Implications**

For theories of culture, the findings from our study underscore the importance of examining generational issues as an essential aspect of national culture. Generational differences represent a *sub-culture* factor that is highly influential in understanding the reception to leadership styles, and thus should be considered further in studies of cross-cultural leadership.

As far as the convergence versus divergence debate is concerned, it is clear that while the two leadership styles were not a norm within the context of the organisations investigated, or the



wider Vietnamese context, employees across the generational groups were receptive of these new approaches. This may provide some support for an *etic* view of leadership; that commonalities in what is deemed a positive leadership trait do indeed exist across cultures. Of course, for younger generations their receptiveness is most likely due to their more Westernised education and the inculcation of their values within a market-economy. For the older generations, however, aspects of these leadership styles were considered positively although they represented a departure from the leadership styles they were traditionally accustomed to in the context of a centrally-controlled economy. This suggests some universality does in fact exist across cultures in terms of what is viewed as a positive or desirable leadership trait.

The evidence from this study provides support for a convergence theory of cross-cultural leadership: that there is potential for greater similarity in the leadership styles used across cultural settings due to (a) the adaptability of older generations to new leadership approaches; and (b) the greater level of homogeneity in the values of younger generations with those of their western counterparts.

For practice, the findings from our study further highlight the complexities associated with managing across cultures. While there may be a move towards greater convergence in the reception of certain leadership styles, it is important to acknowledge the complexities that arise in the context of an economy that is still in transition. Specifically, managers must pay heed not only to the nuances and variations of both host and home country variables, but also on the added intricacies associated with generational issues. Indeed, generational issues have been identified as a critical management concern, at least in the Western world. Those

managing beyond home operations, however, cannot expect that the generational differences experienced in the context of their home country are the same as those abroad.

While our study allowed the emergence of some novel findings, it was not without limitations. First, the research scope was restricted to three industries, which may have limited the emergence of broader industry-based themes. Second, only two leadership styles were examined, although there is further scope for expanding research into the reception of other leadership styles, particularly those identified in the GLOBE study. Third, a longitudinal approach, whilst beyond our scope here, may have allowed any changes in the reception of leadership styles by the different generational cohorts to be tracked and observed temporally. Fourth, despite the many advantages of our research methods, they also come with the well known possible drawbacks. In particular, with some participant observation they can be a fear of ‘going native’ and becoming embedded and losing impartiality and objectivity from the research subject. Fifth, a comparison of the values orientations of the Vietnamese post-1975 generations with that of generational cohorts in Western contexts (particularly the Generation X’ers) in the footsteps of Egri and Ralston (2004) may shed closer insight into the subtle similarities and differences that exist between these cross-cultural generation groups with regards to leadership. The use of a qualitative methodology, however, may be better suited to allowing the finer intricacies of the cultural dimension that are interwoven with generational considerations to surface.

## **Conclusion**

Our findings established across three major generational groups highlight several issues. A generation’s values orientation can become a more persistent and pervasive feature of a national culture as it assumes the majority pose in society through positions of power and

influence (Inglehart, 1997). It can be anticipated that increasingly in the future many of the practices introduced by expatriate managers into the business environment will be taken as the norm, particularly with the increasing ‘importation’ of Western styles of management into the Vietnamese context through expatriate leaders (Quang and Vuong, 2002).

Culture change is: “an ongoing evolutionary process involving changes in the priorities of values at both individual and societal levels” (Egri and Ralston, 2004: 210) and as such, generation sub-cultures provide an informative gauge of the progress of culture change within a country or society. In Vietnam, the generation gap and the inter-generational values conflicts that define it have the potential to create further complexities in the transfer of leadership styles. The findings from our study, however, indicate that reconciling the differences may not be as difficult as it would first appear. Specifically, the pre-1975 generation was found to be surprisingly receptive to both leadership styles, despite commonly held assumptions about older generations being less open to cultural change. This suggests some change has been made within the society to shift towards a market economy and in adapting to different styles of leadership (Quang and Vuong, 2002). The truly transformational element of the business environment, however, is reflected in the changing values of the post-1986 generation who are found to be more closely aligned with Western values and were even more receptive of participative and performance-oriented leadership styles than the pre-1975 generation.

**Table 1: Generational Cohorts and their Work Related Characteristics**

Generation	Born	Perceived Characteristics	Leadership Implications
Veterans (‘traditionalists’ or ‘silent’ generation)	1922-1943	Loyal, dedicated and hardworking. Accustomed to defined hierarchical structures and clear lines of authority. Incapable of adjusting and evolving with cultural changes within organisations. Less innovative and up to date with technology.	More open to directive leadership styles, where is high degree of respect for authority, and regimented, military-type command and control relationships between leaders and subordinates.
Baby Boomers	1943-1960	Individualistic; competitive; strong work ethics; high levels of job involvement, often at detriment of personal lives. More optimistic and team orientated. Greater concern for work and personal gratification and growth. Less receptive to traditional hierarchical structures. Independent and value mutual respect, autonomy and shared responsibility.	Prefer collegiality and consensus through open communication and participation.
Generation X (‘baby bust’ generation)	1960-1980	Greater independence and openness to diversity. Tend to value informality over hierarchy. More self-reliant and risk taking. Value personal freedom and challenging work over job security and status and pursue greater balance between work and personal life.	Prefer less hierarchical and more participative forms of leadership.  Do not like to be micro-managed.
Nexters (‘Generation Y’, ‘millennials’, ‘dot com’ generation).	1980-2000	Technologically savvy, fun-seeking and apt at multitasking. Optimistic, achievement orientated, more risk tolerant and susceptible to change. Believers in team work and collective action as means of bringing about change. Whilst open to authority, preference for more courteous relationships than Veterans.	Respect leaders who are able to unite people towards a common goal.

Sources: Arsenault (2003); Bernstein et al (2008); Conger (2000); Dwyer (2008); Kupperschmidt (2000); Meredith et al (2002); Ralston and Egri (2004); Salahuddin (2010); Yun and Miller (2005); Zemke et al (2000)

**Table 2: Elements in Traditional Vietnamese Companies**

<b>Features</b>	<b>Leadership</b>	<b>Employees</b>
Respect for authority	Paternalistic	Respectful
Hierarchical order	Compassionate	Loyal
Collectiveness	Honourable	Obedient
Consensus	Protective of subordinates	
Cooperation		
Long term commitment		

**Table 3: Interview Details**

One to one interviews

	Manager			Employee		
	Pre-1975 born	1975- 1986 born	Post-1986 born	Pre-1975 born	1975-1986 born	Post-1986 born
Auto Co	1	1	2	2	2	1
FMCG Co1	2	2	1	2	2	2
FMCG Co2	2	3	2	2	3	4
FMCG Co3	1	1	1	2	1	2
EN Co	2	3	1	2	2	3
Sub- Total	25			32		
Total	57					

Focus group interviews

	Pre-1975 born	1975-1986 born	Post-1986 born	Mixed group
Auto Co				1
FMCG Co1				1
FMCG Co2	1	1		
FMCG Co3				1
EN Co			1	
Total	6			

**Table 4: Findings**

To what extent are participative and performance-oriented leadership styles accepted by:	Key findings
pre-1975 generation group	<p>Despite being embedded in ‘old’ working environment, are remarkably adaptive and responsive.</p> <p>While organisations show a preference for younger workers who are unmarred by the imprints and limitations of old system, these workers carry essential knowledge and skills.</p> <p>Proven to be highly resilient to the new environment and new leadership styles, despite these barriers, effectively embodying the mindset revolution identified as necessary to compliment the macro-level adjustments.</p>
1975-86 generation group	<p>Nostalgic and transitional, moving towards a more materialistic and individualistic society.</p> <p>Happy to conform and uphold traditional values, however, not afraid of questioning leaders’ decisions.</p> <p>Display consistently high need for autonomy and very comfortable with both leadership styles.</p>
Post-1986 generation group	<p>Accustomed to constant changes and economic opportunities and highly influenced by Western ideologies, shifted firmly away from the traditional social order.</p> <p>Value delegation, autonomy and opportunities to contribute to decision-making.</p> <p>Very similar to Western counterparts in acceptance of both leadership styles.</p> <p>Highly distinguishable from previous generations due to ‘un-Asian-ness’.</p>

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## Endnotes

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<sup>i</sup> There is no universal word for 'I' and 'you' in the Vietnamese language and people need to classify themselves as either older or younger than the person they speak to in order to determine the correct form of address.

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<sup>ii</sup> To be selected, candidates must go through some rounds of selection. A typical process for selecting both for white-collar workers can include five steps. The lengthy five-step process consists of scanning a written application to make the first cut, a written test, an interview, a health check, and a probation period – not necessarily in this order. In some cases, the companies may require different types of tests and/or two rounds of interviews. For blue-collar workers, normally a manual dexterity test is required.