# To what extent can management practices be transferred between countries?
# The case of human resource management in Vietnam

Le Chien Thang [a], Chris Rowley [b,*], Truong Quang [c], Malcolm Warner [d]

[a] *Shinawatra University, Pathum Thani, Thailand*
[b] *Cass Business School, City University, London, UK*
[c] *Maastricht School of Management, Maastricht, The Netherlands*
[d] *Wolfson College and Judge Business School, University of Cambridge, Cambridge, UK*

## Abstract

Several countries are on their way towards a market-oriented economy but in conditions where most local companies have a dearth of management expertise. To meet the growing pressure of globalization and integration, many local enterprises are keen to apply foreign know-how and practices, especially human resource management (HRM), to enhance competitiveness. Likewise, foreign invested companies face the fundamental question of the transferability of HRM practices, whose success depends on country specifics, into local settings. This paper examines the possibility of applying four management practices (pay for performance, multi-source feedback, involvement and empowerment, self-managed work teams) in the context of Vietnam, with illustrative comparisons with China. It suggests varying degrees of transferability and potential hindering factors, along with practical suggestions for managers and businesses considering management transfers more generally and elsewhere. Importantly, our approach and findings are relevant and applicable to a range of different country managers and businesses, especially those which have been subject to less research and enquiry.
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## 1. Introduction

Several economies in the world, including Asia, have recently been labeled ''transitional'' in their economic development. For instance, the fast-growing economy of Vietnam captures the world's attention for expanding (in gross national product-GDP terms) at about 7 percent on average in recent years, although less than China's nearer 10 percent (The Economist, 2005).

Vietnam's development is widely believed to be attributable to the economic renovation policy of ''*doi moi*'' initiated in 1986, some years later than economic reforms in China in 1979 (Nghiep & Quy, 2000; Warner, Edwards, Polonsky, Pucko, & Zhu, 2005). *Doi moi* aimed to transform Vietnam into a multi-sector, globally integrated market economy ''with socialist characteristics'' from a closed, centrally planned economy based on public property (Schermerhorn, 2000). In varying degrees, the Vietnamese version of economic adjustment was essentially patterned after the Chinese model, which was initiated some ten years before, and has achieved similar results. It has brought

* Corresponding author. Fax: +44 20 7040 8328.
 *E-mail address:* lcthang01@yahoo.com (C. Rowley).

dramatic changes in the business landscape and labor markets resulting in various and unfamiliar challenges for companies, making the management of people a core issue. After going through a long period when the economy was driven by an educational system teaching the Marxist-Leninist ideology of centrally planned management (as in many other Soviet-inspired regimes post-1945), local managers are short of management knowledge to deal with people-related issues arising in a market economy. To survive fiercer competition, state-owned and newer private sectors face the need to raise managerial competencies, especially for human resource management (HRM) in its local guise, to levels found elsewhere in the world (McDaniel, Schermerhorn, & Cuoc, 1999).

Our paper investigates the possibility of applying HRM management practices, in Vietnam, with comparisons "in passing" to the Chinese (see Warner et al., 2005). The attempt is appropriate and meaningful for several reasons. Vietnam has had long exposure to Western values since French colonization in the 1880s up to the 1950s and then US intervention until 1975. In addition, over half the population was born after the Vietnam war and they tend to be influenced by Western values and lifestyles (Mcleod & Dieu, 2001), with distinctive thinking and perceptions compared to earlier generations. This Western imprint may shelter a promising potential for applying Western-based managerial practices. On the other hand, Vietnamese rarely accept the beliefs and practices wholly as presented to them and modified both Soviet and US influences in the North and South respectively (Borton, 2000). Rather, they selectively adapt and adopt in accordance with their "belief reference system" (Mcleod & Dieu, 2001) as indeed do many other national cultures. As Schneider (1988:232) argues, there can be a "... clash of assumptions ..." underlying HRM practices. Thus, the introduction of practices requires careful consideration. This also provides knowledge and insight on a key area in Vietnam and other counties using ideas presented here.

We seek to evaluate the possibility of transferring four HRM practices-*pay for performance*, *multi-source feedback*, *employee involvement and empowerment* and *self-managed work teams*-into the Vietnam context, with passing comparisons to the Chinese one, which is more commonly discussed in the reform debate. These practices are in their respective ways keys to HRM and have been shown to have significant impacts on firms" performance in Western (or Japanese) contexts, and are part of the whole "best practice" debate, albeit they are contested (as indicated in the literature review), e.g. in

terms of outcomes and underpinnings, and hence their universality.

Furthermore, the whole notion of best practices raises several issues and can be questioned (Bae & Rowley, 2001). There is no consensus on what these practices are, with their conceptualization, interpretation and measurement, among people, countries and time. Some practices are taken as "best" because of their presence in successful and high profile companies. Another issue is the relationship with competitive advantage. One method of best practice transfer is benchmarking, based on the implicit assumption that best practice effects are not only transferable but also universal (Bae & Rowley, 2001). According to resource-based theorists, resources (e.g., HR) bring sustained competitive advantage when they are valuable, rare, difficult to imitate and supported by the organization. Without benchmarking, firms might gain only a competitive disadvantage (Barney & Wright, 1998). Therefore, imitating "valuable" best HRM practices is perhaps a necessary condition for competitive advantage. However, benchmarking may be seen as imitation rather than innovation. Best HRM practices need to be rare for firms to gain competitive advantage. If HRM practices are easily imitated, they bring only temporary competitive advantage. To gain sustained competitive advantage, best HRM practices need to be difficult to imitate. Here exists a dilemma: the necessary condition for competitive advantage (i.e., benchmarking best practices) is hard to imitate because best HRM practices are embedded implicitly in the organization.

## 2. Literature review

Research in HRM and these HR practices is not unambiguous. Work can be both supportive and more critical in terms of the concepts, methods, implications and results.

### 2.1. Pay for performance

This refers to a general set of practices that tie rewards to job performance. In traditional piecework, staffs are rewarded on the amount of products they produce or as stock options where rewards are linked to shareholder value. Other variants include commissions and bonuses, profit-sharing or gain sharing (Rowley, 2003). Pay for performance has been used by companies for various reasons. Five stand out, including keeping up with the competition, improving productivity, morale, quality and employee participation (IOMA, 2002).

This practice of pay for performance has both theoretical and empirical support. Expectancy theory argues that individuals are motivated to perform if they know that their extra value-added performance is recognized and rewarded (Vroom, 1964). Consequently, companies using performance pay can expect improvements. Empirically, although there is no guarantee of certain success in all contexts, a well-planned pay for performance program offers promising returns. In a recent review, Luthans, Luthans, Hodgetts, and Luthans (2001) reported three studies on for performance pay effectiveness. One study found that each dollar of incentive pay resulted in a gain of $2.34 (Gibson, 1995). Another study of 400 British and 100 American companies revealed that those using performance pay produced on average more than twice the shareholder returns than those without (The Economist, 1998). Another meta-analysis by Stajkovic and Luthans (1997) found the use of contingent pay as a reinforcement intervention averaged a performance improvement of 39 percent in manufacturing and 14 percent in services. Scott (2000) discovered the bonus scheme (equaling 10–20 percent of the first year's fees from a new client, paid as collected) for certified public accountants, yielded accounting companies a 2,000 percent return on investment.

There is also research noting the downsides of such pay systems. Some argue that pay for performance is erroneous both morally and practically (Kohn, 1993). First, it is morally flawed because it involves one person controlling another. Second, it is practically wrong since pay for performance can actually harm productivity. Milkovich and Newman (2003:293–299) analyze whether employees perform better on their jobs because of pay.

The merits of both sides' arguments are criticized for their methods. (e.g., Deci, Ryan, & Koestner, 1999). Others argue that performance pay failures lie less in inherent ability to motivate employees to exert appropriate behaviors than issues of measurement and administration. Performance measures that are highly subjective may lead to unwanted side-effects. Similarly, biased and unfair administration of the system demoralizes, discouraging productive behaviors and consequently lowering performance. Pay for performance can be effective if *well designed and administrated* (Milkovich & Newman, 2003).

## 2.2. Multi-source feedback

To solicit feedback from employees, companies can use multi-source feedback, flexibly combining self-appraisal and appraisals from others in the web of work interaction (Rowley, 2003). While the most common rating sources are the boss, subordinates, self and peers, the range can vary from more limited sources, such as only co-worker feedback or upward appraisal, to extended sources, such as customers and suppliers (McCarthy & Garavan, 2001).

Multi-source feedback has some supportive evidence. It has been shown to be effective for both motivation and performance outcomes (London & Smither, 1995), improving both internal and external customer service (Edwards, 1996) and enhancing leadership effectiveness (Thach, 2002). Nevertheless, there are also issues, problems and downsides to such methods. These include bias and cultural specificity (Bach, 2000; Rowley, 2003).

## 2.3. Employee involvement/empowerment

From the 1980s, initiatives to get employees involved in work-related decisions and grant empowerment have been undertaken (Robbins, 2003). Involvement allowing ''voice'' in decisions directly affecting their work is used for several reasons (Rowley, 2003). First, decisions are more readily accepted when one is involved in making them (Erez, Earley, & Hulin, 1985). Second, diverse input often leads to better decisions. Third, an environment of trust among staff is built (Rodrigues, 1996). There is some empirical evidence to support the use of employee involvement. A study of 43 firms in the US automotive industry, including the ''Big Three'' (General Motors, Ford, Chrysler), showed employee involvement positively associated with labor productivity (Spreitzer & Mishra, 1999).

Empowerment also represents a ''power-granting'' arrangement in which employees can make decisions themselves with assigned autonomy, resources, information and accountability (Elmuti, 1997; Rowley, 2003). Some empirical evidence supports empowerment. One study of the top 150 suppliers to the Big Three car companies found employee empowerment had a direct positive impact on growth in return on investment (ROI) and market share, as well as an indirect effect via three quality performance dimensions (company reputation, pre-sale customer service and responsiveness to customers) (Curkovic, Vickery, & Droge, 2000). In the service sector, recent research in Australian banks indicated empowerment practices had a favorable effect on productivity, performance and service quality (Geralis & Terziovski, 2003). Similarly, more empowered teams were found to be more

productive and proactive and had higher levels of customer service, job satisfaction, organizational commitment and team commitment, than those with lower levels of empowerment (Kirkman & Rosen, 1999). Again, this HR practice is ambiguous. The concepts, processes and results are contested (Marchington, 2001).

## 2.4. Self-managed work teams

Self-managed work teams started gaining popularity in Sweden in the 1970s and elsewhere in the 1980s, sometimes seen as the extension of empowerment into the team territory (Rowley, 2003). Employees are organized into groups appointed with authority, resources and information to manage and direct themselves toward common goals (Elmuti, 1997). Employees in teams are usually more familiar with certain aspects of operations than others. As a result, the application of this "power-granting" approach brings them the flexibility to shape the operation in ways that improve operational efficiency. There is some supportive research. A study of 223 unionized employees in 68 work groups in customer service centres in a large regional American company found participation in self-managed teams was associated with a statistically significant improvement in self-reported service quality and a 9.3 percent increase in sales per employee (Batt, 1999). Another study showed self-managed work teams increased manufacturing productivity at Harley Davidson Motorcycles by 88 percent and reduced production costs by 35–45 percent (Singer & Duvall, 2000). In services, as day surgery nurses working under self-managing teams had lower absenteeism due to sickness and higher morale, patient satisfaction with care and productivity, with efficiency savings of 3–36 percent, compared to other nurses in the hospital (Steelman & Quinlan, 1999).

However, even though self-managed work teams hold the promise of performance enhancement, a caveat is that they are not a panacea for all organizations. At least four situations hinder their success, including a low competitive environment, autocratic management style, highly specialized and automated production technology (Elmuti, 1997) and high independence of individual members' work (Williams, 2002). Teams can also be a management tool for control and surveillance and peer group pressure should not be forgotten.

## 2.5. Vietnamese national culture at a glance

One of the important factors (along with institutions, not the focus of this paper) influencing HRM practice

transfer is national cultural values (Kirkman & Shapiro, 1997; Rowley, 1998). As a result, practice transfer needs to take into account culture's influence. Hofstede's (1997) popular and widely cited book on cultural dimensions did not include Vietnam. Research that follows such standard cultural dimensions (or others such as Trompenaars & Hampden-Turner, 1998) to investigate Vietnamese work cultures is also rare. The only survey on Vietnamese cultural values was Ralston, Thang, and Napier (1999) work, focused just on the dimensions of collectivism and individualism. It found the transition to a market economy in a Confucian milieu resulted in a gradually merging set of values of individualism and collectivism among Vietnamese managers. These authors argued that over time, the Vietnamese might embrace values that are more market-friendly, as seen in China (Warner, 2005).

Other studies have only provided qualitative assessments about Vietnamese cultural values. One study noted that despite the influence of ostensibly egalitarian socialist ideology, employees show an attitude toward individualism in that they have no common goals and shared objectives and emphasize individual achievement in the post-war period (Quang, 1997). Likewise, another study observed a trend that younger generations are becoming more individualistic (Nilan, 1999), as they also are across most of the Asia Pacific region. Another study argued that the power distance dimension was not as high as it appears at first sight and uncertainty avoidance tended to be reasonably low (Tuan & Napier, 2000). The indication of a reasonable low tolerance for uncertainty may be born out of the absence of many laws and the weak awareness and knowledge of the law. Other studies noted a certain set of traits in Vietnamese, such as that they are prone to be indirect in their communication with others, along with the other cultural dimensions of "right relationships," respect and community (see Borton, 2000). For other commentators, Vietnamese hold a collective orientation in inter-personal relationships, as do the Chinese, have a past and present temporality, display public space and practice less systematic analyses of cause and effect (Berrell, Wright, & Hoa, 1999). They also place an emphasis on social networks and related reciprocity, as the Chinese do with "*guanxi*" (see Child & Warner, 2003). Yet, while *guanxi* could work out positively, especially in harnessing long-term mutual benefits, cultivating trust and personal relationships (Yeung & Tung, 1996), it can evolve and develop into widespread corruption (as a result of nepotism, cronyism and camaraderie) in the absence of an effective legal system

and social control norms, as recently reported in Vietnam (Vuong Ha, 2005).[1]

With it's past history and current ideology, Vietnamese culture bears similar traits to China in many respects. These are characterized by relationships, respect for seniority and hierarchy, patronage (mentor/protégé), collective responsibility, promotion from within, etc. This had been typically "mechanistic" under the one-party system until the country followed China to become more open. Nevertheless, contemporary Vietnam enjoys a more pluralistic blend of highly valued "model" behaviors and practices as derived from many sources, e.g., "divide and rule," "law and order," "individualism," "elite system," "gallantry," "camaraderie" (from France); "grassroots democracy," "materialism," "merit system" (from the US); and "egalitarianism," "collective decision and responsibility," "democratic centralism" (from socialism). These diverse socio-cultural characteristics can be observed in many organizations in terms of leadership, management styles and HRM practices (see Quang, 2006). In many ways these are essentially different from the "traditional" culture and practices which were heavily shaped under the Chinese influence in the past, towards building an "independent" identity of Vietnam ("*ban sac dan toc Viet*").

To be sure, Vietnam has a foundation of ancient literature upon which cultural values are formed, changed, retained and passed across generations. Back to feudal times, which only ended less than a century ago, mastery in literature was one of two key currencies (the other was martial arts) to gain the highest creditability in society. The legacy of such a system is the tendency in daily conversation for Vietnamese to use proverbs, sayings and idioms (Borton, 2000). These are compact, value-carrying and easily memorable messages used as references to guide thoughts, attitudes and behaviors. Therefore, in the absence of Hofstedian-type measures of cultural values for Vietnam, the rich pool of frequently used proverbs, sayings and idioms can be used complementarily to discern inherent cultural values related to the transferability of HRM practices, e.g., fear for loss of face, ambiguity and indirectness (Quang, 2006).

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[1] In 2005, Vietnam ranked 107 on the total of 159 countries together with Belarus, Honduras, Kazakhstan, Nicaragua, Palestine, Ukraine and Zambia (score: 2.6) in terms of corruption (Transparency National Corruption Perception Index, ICP) by the Berlin-based organization Transparency International, see http://www.transparency.org/.

## 3. Methodology

This paper takes an assumption-matching analytical approach to evaluate the possibility of transferring management practices into different contexts, mainly Vietnamese but also in passing to the Chinese. The approach was adopted in previous similar analysis (Kirkman & Shapiro, 1997; Kovach, 1994; Luthans et al., 2000; Nicholls, Lane, & Brechu, 1999). It proceeds as follows. At first it points out the assumptions and conditions underpinning the application of the HRM practices. After that, in order to gauge the possibility of transferring practices, these assumptions and conditions are matched against that country's standard national culture dimensions (such as Hofstede, 1997; Trompenaars & Hampden-Turner, 1998).

However, following such an approach is not possible for countries where standard measures of national culture dimensions are not available. Consequently, our paper adopts a modified approach in which it evaluates the degree of match of observable and inferred Vietnamese values, beliefs, social norms and customs, as well as relevant facts against the identified assumptions and conditions. This analysis is based on relevant literature reviews, the reflection of authors' observations and inferences of values carried within popular proverbs. This approach allows more subtle insight and understanding of reality that is difficult to capture by quantitative approaches alone.

## 4. Analysis of transfer possibilities to the Vietnamese context

Following our approach, we analyzed possible transfer of HRM practices. Of course, these sections need to bear in mind Schneider's (1988) careful warning that HR practices are "cultural artefacts" built on underlying cultural assumptions. For instance, appraisals and performance pay imply what performance "is" can be agreed and appraised and feedback given, accepted and acted on (*ibid*). For instance, in Japanese firms there is more concern for judging integrity, morality, loyalty and cooperative spirit and giving feedback in Asian cultures needs to take into account "saving face" and that confronting employees with "failure" in an open, direct manner is considered very tactless (*ibid*).

### 4.1. Pay for performance

The predicted benefits of pay for performance urges us to put forward the question of to what extent it is

compatible with the Vietnamese situation. The choice of specific pay methods to be applied needs to take into account a range of factors, such as the nature of the job, the people who do it and the person who supervises job holders. For the sake of transfer analysis, our paper focuses on ''human readiness'' for accepting this practice. The critical human bedrock of pay for performance includes individuals' preference for an equity allocation norm—that is, a distribution of rewards based on individual performance (Bond, Leung, & Wan, 1982) and managers' ability and willingness to do proper analysis of causality to conduct reliable performance appraisals (Kovach, 1994).

People assume a preference for an equity allocation norm when they accept and value individual achievement, when they buy the notion that differences in contributions deserve dissimilar shares of rewards, and finally, yet equally importantly, when they are motivated, and able, to exert discretionary effort to win the reward for the performance. In this respect, the Vietnamese education system prepares people fairly well to accept and value individual achievement. For instance, a norm is that students are ranked distinctively from first to last according to individual performance (rather than assigned into grades). Statistically, GPA differences are sometimes not significant enough to differentiate people, but rankings create a perceived sense of difference. In the work environment, there has been a similar sign of more tolerance to an equity allocation norm than before *doi moi*. On average, pay differentials have widened between the lowest and the highest earners, from 3.5 times in the early 1980s to 13 times in the early 1990s (Zhu, 2002), as in China.

History also presents relevant empirical evidence that Vietnamese are motivated by an equity allocation norm. The tendency for this preference is well manifested in the agriculture sector in the late 1980s. At the time, about 80 percent of the population earned their living from agriculture in the collective ownership sector in which people working in cooperatives were rewarded similarly whatever their contribution—an ''equality allocation'' norm. This practice put the country on the verge of catastrophe as workers had an incentive to shirk assigned responsibilities. However, the switch from collectivization to a contract system with individual household incentives, as was the case in Chinese agriculture in the 1980s, brought about significant productivity gains in Vietnam's rice production (Nghiem & Coelli, 2002; Pingali & Xuan, 1992) and contributed to turning the country into a major rice exporter. The Chinese introduced new pay systems in industry somewhat later in the early 1990s with the

''Three Systems Reforms'' (*san gaige*) and closely linked effort and rewards.

Recent socio-economic changes in Vietnam have resulted in the collision of the post-war emerging individualism, with long-held Confucian collectivism, which was more difficult to forsake (Ralston et al., 1999). Parallels may also be found in Chinese experience (see Warner, 2005). Some authors note that employees are pursuing their own goals and emphasizing individual achievement (Quang, 1997; Tuan & Napier, 2000) and younger generations are increasingly individualistic and consumption-oriented (Nilan, 1999). For others, collectivistic values remain an important part and are still apparent in inter-personal relationships among managers (Berrell et al., 1999; Borton, 2000; Ralston et al., 1999). At issue is whether this shift in cultural values influences the preference for an equity allocation norm. As empirical evidence indicates that higher preference for an ''equity'' over an ''equality'' allocation-norm seems universally common to both collectivists and individualists (Gomez, Kirkman, & Shapiro, 2000; Kim, Park, & Suzuki, 1990); this may be expected for Vietnam.

The second human factor related to reliable performance appraisals is grounded on the assumption that managers can, and will, objectively and fairly evaluate performance. In other words, they are able and willing to distinguish differentials resulting from ability and effort from deficiencies caused by forces outside the individual's control, and they then use the information to rate only on within-control performance (Kovach, 1994).

In reference to these assumptions, the observation (based on a sample of 10 Australian and 26 Vietnamese managers) that some Vietnamese tend to be less systematic in their analysis of cause and effect than do Australians (Berrell et al., 1999), seems to run counter to the conditions for good performance appraisals. However, it can be argued that the lack of a systematic approach may be due to the inadequacy of training in cause and effect analysis rather than from the inherent traits of managers. There is a strong expressive desire among Vietnamese for managers to be logical and consistent. A study of 127 managers found that being logical in problem solving and consistent in making decision is among the top ten characteristics that Vietnamese managers should have (Quang, Swierczek, & Chi, 1998).

Vietnamese, as well as Chinese, cultural values are inclined to harmonize to a reasonable extent with the assumption about the willingness of people to distinguish between performance differentials attributable to ability

plus effort and performance deficiencies due to forces beyond the control of individual employees (see Warner, 2003). Inherent in the saying "*co tinh co ly*," Vietnamese are taught to judge people's behaviors in twin dimensions: both "*tinh*" (consideration of the circumstances under which the person being judged arrives at particular behaviors) and "*ly*" (looking at the logical and rational grounds) sides. In addition, being objective ("*khach quan*") is more valued than being subjective ("*chu quan*") in judgments. The tendency to attribute one's own failure to outside forces known as "*do loi cho hoan canh*" ("blame external circumstances") is an attitude commonly not appreciated.

In sum, the underlying assumptions of the two key human factors for the use of pay for performance appear to mesh relatively well with some predispositions of the Vietnamese. This indicates that Vietnamese display a set of characteristics supportive of the use of pay for performance, especially for younger generations. But the change in the Maoist Chinese mind-set came even earlier, with dismantling of the egalitarian "iron rice bowl" (*tian fan wan*) lifetime employment model in industry from the mid-1980s (Warner, 1995, 2005).

### 4.2. Multi-source feedback

Effective feedback is based on two main sources: receivers and providers. First, for both sources it is assumed that people accept the notion that no-one is perfect and see feedback as an important element of professional and personal development. Second, for feedback receivers it is expected that individuals are willing to evaluate themselves instead of solely attributing causes for performance to external events and act upon the feedback in an objective and rational manner to improve past performance (Kovach, 1994). Third, for feedback providers the expectation is they are willing to give frank feedback.

How much Vietnamese cultural values fit these assumptions is not readily apparent. Inherent cultural values implied in proverbs, sayings and idioms tend to mesh with the first two assumptions. The Vietnamese sayings "*nhan vo thap toan*" ("people are not fully perfect") and "*nguoi che ta ma che dung la thay ta*" ("those who criticize us correctly are our teachers") seem to indicate people perceive feedback as important since people are not without shortcomings. Moreover, Vietnamese use the idioms "*co troi cung phai co ta*" ("if God is to be blamed, so are we") and "*tien trach ky, hau trach nhan*" ("first blame yourself, then blame others") to express willingness to take a balanced view

and even give priority to internal factors over external factors in attributing unfavorable things happening to them. Vietnamese also put high value on those who have "*tinh than cau tien*" ("the need for personal growth") and are "*ham hoc hoi*" ("eager to learn"), indicating an inclination to take feedback seriously and act on it. Failure to take the initiative to act upon feedback is deemed a negative trait, as reflected in the commonly used phrase "*dan gay tai trau*" ("play guitar on buffalo's ears"), which is used to criticize those who do not listen and act on what is considered "wise" advice.

The question of cultural fit for multi-source feedback for the third assumption about the willingness for giving feedback is not straight forward. A good start to examining this is to look at Vietnamese people's behaviors in providing feedback. These behaviors are complicated and come under the influence of at least three factors, including "*mat mat*" ("loss of face") as in Chinese culture (see Child & Warner, 2003), indirect style of communication and direction of feedback (Borton, 2000). These are examined below.

As in other Asian countries, Vietnamese speak of "face saving" or the tendency that people are not frank when they evaluate others (Borton, 2000). This response is often considered a trait that may hinder the effectiveness of feedback. In its own right, this dynamic of "face saving" is peculiar in that Vietnamese feel the need for face saving is dependent on the context and the purpose of communication ("*vuot mat phai ne mui*"). This peculiarity is demonstrated by the discovery that the dynamic of Vietnamese loss of face hinges on two dimensions-group membership and involvement-especially in the case of open criticism (Tuan & Napier, 2000). With regard to the group membership dimension, Vietnamese make a distinction between being "within" and "outside" a group. It is considered an unfavorable loss of face to a group or member when negative feedback comes from, or leaks to, someone outside the group. Nevertheless, giving negative feedback among members within a group is seen as acceptable because it is evidence of caring about another person. On the involvement dimension, Vietnamese interpret loss of face as having two sides—independence and involvement sides. The former concerns keeping a distance and respecting the independence of others, while the latter is about showing care and concern for others and their development. Therefore, providing feedback within group members and/or for developmental purposes is perceived as healthy.

The Vietnamese also show an indirect style of communication in the initial state of a relationship (Borton, 2000). In their socialization Vietnamese tend

to gauge the closeness of the personal relationship and then behave accordingly. They judge the closeness on a spectrum from superficial to intimate. At the superficial level, people may shake hands firmly when they meet, but they inclined to be indirect in their conversation since they are still uncertain about how much directly they can converse without making their counterparts feel rudely treated or offended. Noticeably, when Vietnamese want to deliver a frank and potentially offensive message to people with whom they have not established a sufficiently close relationship, the phrase "mat long truoc duoc long sau" ("better be frank now than upset later") is often used as the opening in order to keep the chance of triggering the listener's adverse attitude toward them as low as possible. Nevertheless, Vietnamese will be direct once they are in a more intimate level of a relationship (Borton, 2000) and when people pass a certain period of getting to know each other they can actually be more frank and honest with each other than before (Tuan & Napier, 2000). The implication is that the potential success of using multi-source feedback may be enhanced when efforts are made to enhance the "relationship" of those involved in the feedback cycle, as is often the case with "guanxi" in Chinese practice (Child & Warner, 2003:31).

Sharing the same background (Confucianism and socialism) as its neighbor, the practice of "guanxi" ("quan he") or "exchanging favor" ("ban phat an hue") has developed in support of an incompetent and corrupt bureaucracy in the form of a widespread "culture of envelops" ("van hoa phong bi"), which has put strain on the development endeavor of Vietnam (But Bi, 2006).

Next, the direction of feedback (to whom it goes) may influence Vietnamese in their willingness and frankness to give feedback. The degree of this depends on what stand the feedback providers take-whether they evaluate those under their supervision, their peers or their boss. Specifically, people are more likely to give feedback more frankly to subordinates than to peers and to peers than to their boss. This pattern of behaviors perhaps results partly from the size of legitimate power they have over the feedback receivers. All things being equal, it is perceived as riskier for people (e.g., a tarnished relationship, reduced benefits or lost favors) to give frank, negative, though well-intended, feedback to those with more power.

Traditionally, cultural values dictate that people should not be expected to evaluate the wisdom of elder or higher rank people. Younger people were expected to show due respect and deference to more senior or higher ranking persons, as in the sayings "quan su than tu, than

bat tu bat trung" ("kings say die, you must die"), "kinh lao dac tho" ("respect elders"), "nhat tu vi su, ban tu vi su" ("one word is from teacher, so is half a word"), "cha me dat dau con ngoi do" ("parents decide marriages, children follow"). These values are subject to change over time. Vietnamese more recently are more open and younger generations have gained more discretion in their own fate. They can decide on marriages with parents playing an "advisory" role. It is no longer that "young people unquestioningly submit to the wisdom of their parents and elders" (Nilan, 1999). In education, teachers are now more willing to accept feedback from students on performance. One study showed a vast majority of teachers see student evaluation as a useful tool to improve performance (Nguyen & Mcinnis, 2002).

In sum, Vietnamese value feedback and accept it as a good source for the better, but it is not anticipated that they will be frank and open immediately in the initial period of the relationship or in "other side" relationships. Frank and open feedback is only available after a period of getting to know each other or in "same side" relationships; the Chinese Communists had long used self-examination and self-criticism in groups as far back as the early 1950s (see Schurmann, 1968). Thus, while a culture of using feedback should not be expected to develop rapidly, the prospect may be quite promising over time if companies make efforts to cultivate and nurture an open environment so that people have time to develop bonds among one another. In addition, when feedback is anonymous and data are pooled and averaged, people are more willing as they not identifiable (Luthans et al., 2000).

### 4.3. Employee involvement/empowerment

One important condition regarding involvement is that people possess a participative openness; that is, they feel free to give opinions and contribute ideas (Hiltrop, 1996). As far as the cultural fit of openness is concerned, involvement is rather similar with Vietnamese feedback behaviors in that both are related to the degree of relationship closeness. At the outset of a relationship, Vietnamese are quite reserved in expressing their ideas. Therefore, effort should be made to build bonds among employees and encourage the sharing of ideas. When the relationship is closer or when groups build cohesiveness, Vietnamese are quite motivated to have a voice in the discussion. In fact, group discussion often leads to divergence in members" views, as noted in the proverb "9 nguoi, 10 y" ("9 persons hold 10 opinions"). The proverb highlights a

common phenomenon in Vietnamese discussions where groups often do not have a harmony in opinions and are willing to express divergent views. In addition, Vietnamese typically tend to resist imposed ideas although sometimes they do not want to show their reactions in person. Thus, at this stage the problem with involvement is less about openness and more about how opinions are handled. In the context of a richness of ideas, managers should show that their ideas are taken into account and a choice of one over another explained. Vietnamese are prone to be quite sensitive in that respect.

By the same token, there is no obvious answer to the cultural fit with empowerment. Whereas Vietnamese are willing to take more responsibility and authority when doing so is associated with additional benefits, they show more hesitant attitudes in delegating power. Assigning authority to lower ranks usually occurs when a sufficient amount of trust has been accumulated with these employees. The dynamics of trust mirrors the long history of uncertainty in daily life. In one aspect, Vietnamese follow a trust-testing approach to gauge the amount of trust they can put in a person. Vietnamese do not tend to trust people easily but to take a prolonged period to interact, observe and step-by-step test their working hypothesis about the degree of trust they give a person. The other side of this dynamic is the communication of trust.

In a nutshell, expectations for effective shortcuts to employee involvement and empowerment in the context of Vietnam are naïve. Although it is likely involvement and empowerment can grow on the ground of Vietnamese cultural values, the effect of such endeavors will only be felt over time. It is important, therefore, to build and nurture a mutual trust culture in organizations to facilitate the application of these practices. In Vietnamese, and Chinese, practice the inertia of Soviet influence has been strong, especially the top-down management model (invoking Lenin's "transmission-belt" metaphor) they both institutionalized when they respectively took power, even if this was mitigated by workers' assemblies and committees in different guises over the years (see Ng & Warner, 1998).

### 4.4. Self-managed work teams

Self-managed work teams are formed by a blend of self-management and collective teamwork components. Self-management is a process in which individuals set goals, monitor behavior, evaluate and reward/punish (Kirkman & Shapiro, 1997). The success of this first component is more attainable when people like the discretion offered by self-management and are willing to live up to self-set goals. With regard to cultural fit, it is argued that people from high power distance, being-oriented and deterministic cultures will resist self-management more than those from low power distance, doing-oriented and "free will" cultures (Kirkman & Shapiro, 1997).

In high power distance cultures, people expect managers to lead and they become uncomfortable with delegation of decisions (Kirkman & Shapiro, 1997). In contrast, Vietnamese express a strong desire for self-control and self-dependence, perhaps more than the Chinese. This was evident in history, as mirrored in the attitude of the saying "*phep vua thua le lang*" ("King's rule is transcended by village's regulation") (see also Borton, 2000). Moreover, the long historical struggle for national independence when people were constantly encouraged to resist further reinforced this desire. The desire became so ingrained in Vietnamese psyche that it is still reflected today with many consequences at both the national and individual citizen levels. One example of the need for self-dependence is the separation of previously combined provinces into self-managed units. Another is the "my own" tendency of each province preferring to duplicate its own production facilities similar to those of other provinces. At the individual level the desire for "be your own way" can be seen through the popularity of market-responsive TV advertising messages that emphasize this need in Vietnamese and the remarks of foreign investors about Vietnamese workers being hard-working but lacking discipline, especially those coming from rural areas.

Individuals from deterministic cultures believe that their actions are governed mainly by external forces; those from "free will" cultures, in contrast, think people control their own actions. When people hold the perception that they have significant control over the shaping of the environment rather than otherwise, self-management is more likely to be accepted (Kirkman & Shapiro, 1997). Where Vietnamese stand between the two ends of this cultural dimension is subtle. In a society like Vietnam where people experienced radical changes, such as war and political ideology, it should not be expected that there is some uniform cultural value across generations, at least for this cultural dimension. Many older people who endured a period of chaos and instability were forced to rely on luck or religious belief. On the other hand, middle-aged or younger generations are influenced by the education system in which superstition is condemned and the ideology of positivism ("people control their destiny") stressed.

Vietnamese are more ''doing-oriented'' than ''being-oriented'' that is, they are motivated to work harder to earn more rather than otherwise reduce their work once they get higher incomes. This is especially true for younger urban people. These hold a common attitude that they must give their quest for careers first priority and try to accumulate a certain amount of savings to guarantee the stability of their future married life. Such a new life style is manifested in the increasing average age of marriage. In addition, a large body of the younger generation is increasingly individualistic and consumption-oriented (Nilan, 1999), as in China (Warner, 2005). Thus, younger people tend to accept continuous extra work for more income. This trait is consistent with the need of altering (especially extending) workloads or schedules as needed when deviation from self-set goals occurs—an instance which is rather typical in self-management activity (Kirkman & Shapiro, 1997).

The second building component of self-managed work teams – teamwork – is more resisted by individuals from individualistic cultures than from collectivistic cultures (Kirkman & Shapiro, 1997). Regarding the cultural fit of teamwork and collectivism, Tuan and Napier (2000) argued that although Vietnamese assume the need for belonging to a group, they may not be necessarily as effective as a team as generally expected. The premise for this argument is that there are a lack of common well-defined goals in group work and an increasing popularity for pursuit of personal goals. In addition, ineffectiveness may result from the legacy of a rigid egalitarian compensation for group work where people got paid equally regardless of effort in state-owned enterprises. Such managerial practices provided employees incentives to avoid work and to look after their own goals at the price of group performance. The ''brigade'' and ''work-team'' systems, of long-standing Soviet inspiration, were commonly shared by both Vietnamese and Chinese Communists in their management history. However, it should be recognized that this problem of ''shirking'' can be partly handled through management practices. In fact, even in a culture as highly individualistic as American, teamwork finds application. This is likely because ''once team members get to know each other through training and team building over time, and group rewards or gain sharing are granted, the seeming cultural conflict may be neutralized'' (Luthans et al., 2000). Therefore, Vietnamese preference for belonging to a group makes a favourable ground for teamwork to grow and what remains is probably a matter of managerial competency to make teamwork function.

Many Chinese managers today want to learn skills to better manage teams and to listen to them, as a priority, but old top-down management habits die hard. Wholly-owned foreign invested companies, like Motorola, have tried more recently to import team-working (see Chen & Barshes, 2000) but have had to adapt it to Chinese norms.

The question of cultural fit of self-managed work teams does not have a clear-cut answer. Nevertheless, the analysis indicates that Vietnamese cultural values tend to be more accepting of, than resisting to, the use of such teams. It is worth noting that, like empowerment, self-managed work teams are also affected by the nature of Vietnamese willingness to delegate power, which is constrained by the dynamics of the trust mechanism. In addition, younger generations are exposed to a setting different from those of older generations; as a result, they hold a set of values more compatible with the practices. Table 1 summarizes underlying assumptions of aspects of Western HRM and the Vietnamese cultural milieu that may promote and limit adoption and possible ways to overcome such hindrances.

## 5. Implications for management generally

A great number of management practices, not just HRM, contain underlying assumptions and conditions for their successful application. Past success in a situation is not automatically sufficient to ensure effective application elsewhere, especially in another country, as there are likely to be potential clashes of cultural values and other conditions. As Schneider (1988:238) put it, preferences, in her example for compensation systems, are ''... clearly linked to cultural attitudes.'' Therefore, companies considering the decision to transfer management practices from one social and cultural setting to another should, above all, make considerable efforts to understand the practices, to visualize their hidden assumptions, as well as the hindering and promoting success factors they need to take into account. This understanding is a starting point and can be sought through consultation of internal or external professionals of the field.

Companies with the knowledge in hand are ready to take the next step to analyze the possibility of transferring specific practices to a particular country. The degree of fit between the cultural values and other factors and the assumptions behind a practice may be used as an indication of how likely its application turns out to be effective. At this stage, local knowledge concerning the cultural values and related conditions for

Table 1
HRM practices: underlying assumptions and Vietnamese culture

| Practices | Underlying assumptions | Promoting factors | Hindering factors and ways to overcome |
|---|---|---|---|
| Pay for performance | Equity over equality norm<br>Expectancy theory<br>Motivation theory<br>Individualism | 1. Use of individual ranks in education<br>2. Widening pay gaps<br>3. Success of individual incentive system in agriculture<br>4. Individualistic and consumption-oriented younger generations<br>5. Preference for equity to equality allocation norm<br>6. Dual "rationality and circumstance" as behavior guide<br>7. Objectivity preferred over subjectivity in judgment<br>8. Criticism put on blaming failure on external circumstances<br>9. Strong desire among managers to be logical and consistent | 1. Long-held Confucian collectivism (difficult to forsake)<br>→ Apply to younger generations<br>2. Lack of education on causality analysis<br>→ Provide appropriate training<br>→ Cast expectation from top management for objectivity and rationality |
| Multi-source feedback | Imperfection of human beings<br>Perceived importance to professional and personal development<br>Willingness to evaluate self and others frankly, objectively and rationally<br>Willingness to accept frank feedback from range of sources<br>Willingness to act upon constructive feedback | 1. "People are not perfect"<br>2. "Those who criticize us correctly are our teachers"<br>3. High value of desire for personal growth and eagerness to learn<br>4. Items 6–8 above in Pay for Performance<br>5. "If God is to be blamed, so are we"<br>6. "First blame yourself, then blame others"<br>7. "Play guitar on buffalo's ears," putting a social pressure on people not listen and act on "wise" advice | 1. Face saving<br>→ Aggregate feedback and ensure anonymity<br>2. Indirectness in initial stage of relationships<br>→ Open messages with "better be frank now than upset later"<br>→ Enhance the relationship of those involved, e.g., teambuilding activities<br>3. Upward direction of feedback<br>→ Last direction to apply<br>→ Ensure anonymity, prohibit revenge and set up hot line to hear violations |
| Employee involvement/ empowerment | The more views, the better<br>Participative openness Feel free to give opinions<br>Willing to take more responsibility and authority<br>Willingness of managers to delegate | "1 cay lam chang nen non, 3 cay chum lai nen hon nui cao" ("one tree does not make a mountain, but three trees do")<br>2. Reserved at the start of relationship<br>3. Richness as relationship gets close ("9 persons hold 10 opinions")<br>4. "Quyen loi va trach nhiem" ("benefits and responsibility should go together")<br>5. Trust-testing approach | 1. Future withdrawal behavior if contributed opinions are perceived as not valued<br>→ Choice of opinions explained and justified<br>2. Long history of uncertainty in daily life<br>→ Build and nurture a mutual trust culture |

**Table 1 (Continued)**

| Practices | Underlying assumptions | Promoting factors | Hindering factors and ways to overcome |
|---|---|---|---|
| Self-managed work teams | Like discretion offered<br>Willingness to live up to self set goals<br>Low power distance<br>Doing orientated<br>"Free will" culture<br>Collectivism | 1. Popular separation of previously combined provinces or districts into self-managed units<br>2. Setup of similar production facilities as other provinces<br>3. Popularity of TV advertisement messages to promote "be your own way"<br>4. "King's rule is transcended by village's regulation"<br>5. Careers first priority<br>6. Increasing age of marriage<br>7. Education stresses "people control their destiny"<br>8. Imprint of Confucianism<br>9. "Brigade" and "work-team" systems of long-standing<br>Soviet inspiration<br>Solidarity<br>Camaraderie<br>Centralism democracy<br>Collective responsibility (socialism) | 1. Increasing popularity for pursuit of personal goals<br>2. Growing individualistic and consumption-oriented younger generations<br>→ Training and team building over time<br>→ Grant group rewards or gain sharing |

*Note.* Words in quotation marks are translations of Vietnamese sayings, proverbs, or idioms.

favourable application is critical to analysis of transferability. Companies may refer to existing bodies of both practitioner and academic publications to acquire knowledge on cultural values and relevant conditions of countries to which the practice is considered to be transferred. However, this approach may not be helpful for countries which are subjected to less research and enquiry. Alternatively, companies can follow the approach taken in this paper to conduct analysis of transferring practices. Following this approach, foreign companies may need to hire local people who have insightful knowledge about the host country's subtle specifics and which are helpful clues to the analysis of possible transfer because such knowledge may be too elusive for foreigners to capture on their own.

## 6. Conclusion

This paper has taken an "assumption-matching" approach to analyzing management practice transfer looking at the example of the adoptability of some Western HRM practices into the Vietnamese (and to a lesser extent, Chinese) milieu. It has added to qualitative approaches by offering additional ways for gaining insights into some realms of cultural values of a country where research on management is in its infancy. Unlike approaches using standard measures of culture, the "proverbs, sayings, idioms and relevant facts" based approach provides complementary, more subtle, understanding to the cultural contents more peculiar to a country and thus may help yield more tactical insight at the operational level for management and business. Hence, our analysis may better contribute to enriching knowledge related to management in other less charted areas of the world, not only in Vietnam.

Four HRM practices were critically scrutinized for the compatibility of their underlying assumptions with the Vietnamese context. The analysis points to the varying degree of contextual fit of these practices. Of the practices, pay for performance appears most readily compatible with the Vietnamese backdrop. Although performance related pay and bonuses are now prevalent in Chinese reward-systems, they tend to be "group" rather than "individual" oriented. The other practices face more subtle relationship stage barriers. It is argued that when the work relationship among individuals grows closer and a certain level of trust is achieved, people show more openness, frankness, trust and cohesiveness or chemistry. The application of these practices then becomes more practical. The direct implication is that management and businesses need to

take a long-term view and gradually cultivate among its people a trusting, open and frank environment, as well as provide sufficient training needed to bring these into practice.

The outlook for spreading these HRM practices may be quite promising after they are introduced successfully in some pilot companies to show examples of proven success, given the common Vietnamese attitude of "*chuong hang ngoai*" (a tendency to prefer "foreign made" to "local made" things). The origin of this attitude can be traced back to the centrally planned economy during the 1980s, typified by a serious shortage and poor quality of local goods and services. A coupon system was in place to set quotas for the amount of products a family was allowed to buy. The quality gaps between local and foreign made products were so enormous that people living through this period of hardship held this attitude. Although such gaps are declining over time, the ingrained favourable attitude toward foreign over local things has reduced but not at the same speed, and remains rather strong in Vietnam (but is less the case these days in China). To a certain degree, this attitude is an advantage for the adoption of management practices of Western origin, at least initially.

Vietnamese enterprises are well placed to enjoy the advantages of "catch up." Being a "late comer" in joining the market economy (if a little later than China), the country has all the chances to learn and to import the management practices (see Warner et al., 2005). In this process, it should be emphasized that the import of foreign practices, particularly HRM, demands a careful consideration of their compatibility with Vietnamese contexts and cultural values. Experience has indicated that those foreign practices which tend to offer compromise with the norms, beliefs and assumptions of the existing Vietnamese culture (for example, where grassroots democracy, respect for the individual, third party intervention, which are the core values of Scandinavian countries are involved), have the best chance to be imported/transferred to improving the rigid system in managing and motivating people. In contrast, those attempts to seek confrontation or to impose ethnocentric practices of HRM (for example, "I'm the boss who will call the shots," and clear superior/subordinate, headquarters/branch attitude, typical of American or French managerial styles), would lead to failure, as an early warning for those prospective American companies aiming at entering Vietnam, "one of the world's last emerging markets" (Von Glinow & Clarke, 1995). Even for those foreign-owned companies which share the same cultural milieu with Vietnam,

such as South Korea, Hong Kong and Taiwan, there would be no exception, when local culture-specifics are ignored or neglected. An illustrative example is the surge of unorganized strikes (287 in total in the first five months of 2006 alone) in the Southern part of Vietnam, where most foreign-invested business ventures are located. Surprisingly, the causes leading to these industrial conflicts are the lack of respect and understanding from foreign managers (mostly from Taiwan, South Korea and Hong Kong) for the local culture and their failure to comply with the country's labor legislation (Duc, 2006). In many respects, while showing their keenness to learn from, and import, other values and practices (e.g., for the benefits of management excellence), the Vietnamese often insist on their own formula of "adaptation" instead of "adoptation" ("*hoa nhap nhung khong hoa tan*"). This reflects the typical Vietnamese way of dealing with challenges by avoiding head-on confrontation and more willing for compromise whenever necessary for mutual and long-term benefits.

In the final analysis, a combination of country's cultural specifics (local) and HRM "best practices" (foreign) could yield the optimal benefits by capitalizing on "multiplex guanxi" (Yeung & Tung, 1996) and developing the full "polycontextuality" among business partners and different cultures (Von Glinow, 2004).

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