

Master's Thesis
International Recruitment and Selection in Subsidiaries of An
Emerging Country: A Case of Vietnam

by

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Certification Page

I, NGUYEN Thi Ngoc Anh (Student ID 52114608) hereby declare that the contents of this Master's Thesis is original and true, and have not been submitted at any other university or educational institution for the award of degree or diploma. All the information derived from other published or unpublished sources has been cited and acknowledged appropriately.

NGUYEN, Thi Ngoc Anh
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Summary

Title: International Recruitment and Selection Practices of an emerging country multinational: Case Study of Vietnam

Idea of the study

It is widely acceptable by corporations and scholars that multinational approach is the route to survival, growth, and profitability. While researchers and scholars are drawn attention in MNCs in developed countries, China significantly create a new trend of such investment in emerging countries. Catching up this trend, only in recent years have Vietnamese corporations started to invest in other markets, especially in developing economies. If China are dominantly making a new trend of internationalization in developed countries, Viettel Global - a member company of Viettel Group – the largest telecommunication company in Vietnam seems to conduct this process in verse. The firm chooses to initiate its business in remote countries with many difficulties in term of geography, economics, and politics etc. such as Mozambique, Tanzania, Haiti etc. This draws my attention to have a deep insight. My research is expected to shed light on MNCs in the context of Vietnam and contribute vertical insights of human resource practices in the company.

Research background

Howard V. Perlmutter in 1969 is acknowledged as the first researcher to indicate orientations which firms may follow in every stage of internationalization. In detail, there are several stages for MNCs including ethnocentrism; polycentrism; and geocentrism. Later, Wind and Douglas (1973) reinforce the concept and add the fourth orientation of regiocentrism. Wind and Douglas state that the framework of E.P.R.G (standing for each attitude by corporations toward its given market: ethnocentric, polycentric, regiocentric and geocentric) is very supportive for corporations to prepare

in many aspects such as strategic management, structure, human resource, marketing management, etc. By using the concept of E.P.R.G, I will figure out the underlying reasons happening in Viettel Global.

Research questions

- Is there ethnocentric, geocentric or polycentric approach used by Viettel?
- Which criterions are used to choose PCNs, HCNs and TNCs ?
- Why do they for this?

Methods

The research is going to use the qualitative method, in which interview activities with different level respondents are preferred in order to improve the validity and reliability.

The methodological process will be implemented in four steps:

Step 1: Introduction: In this step, the research objectives, the analysis process, and the requirements are presented in advance in order to draw attention from top managers and take their supports.

Step 2 - Data collection: Data will be obtained from various sources, which are derived from primary and secondary sources.

Step 3: Secondary data collection: data is obtained from secondary sources and coded at the same time with step one in order to analyze properly. These data will be collected from headquarter and its subsidiaries.

Step 4: Interviews with key informants: As the purpose of the research, it will be conducted physically in both headquarter and subsidiaries. There are mainly two kinds of interviews that utilized during the research, including depth interview and indirect interview.

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Introduction

1. Background of the research

It is widely accepted that global expansion is inevitable for companies to survive in the current context of the global economy (Deresky, 2014). Emerging multinational companies (MNCs) defined as multinational organizations from developing countries become the key drivers of globalization (Rugman & Verbeke, 2004). According to a report of UNCTD (2014), the trend of South-South investment by emerging MNCs to other emerging countries becomes more weighted than that of North-South investment by the counterparts from developed countries.

Aykut and Goldstein (2006) categorize emerging MNCs into two types: companies are expanding regionally and others are approaching globally. The first tend to invest close to their home country and nearby countries because they share certain familiarities through trade, ethnic and cultural ties. On the other hand, there are some indications that the later are increasingly venturing beyond their immediate region. Thite, Wilkinson, and Shah (2012) indicates that emerging MNCs access developed countries to seek advantages of technology knowledge, management practices, human resource talents, etc. Meanwhile, those invest to developing countries in order to exploit advantages in respect of labor cost, natural resources, tax redemption etc. and to gain new markets. The researchers give hypotheses of strategies that emerging MNCs use to control subsidiaries in developed and emerging markets. In developed markets, the

polycentric approach is disseminated to capture local management practices and transfer knowledge in between headquarter and subsidiaries, whilst the ethnocentric approach is implemented to solve issues such as lack of technical skilled staffs or management practices in emerging markets.

Emerging MNCs from China has started internalization since the beginning of 1980s thanks to the Chinese government's policy of changing its economy towards the market-oriented system. They are dominantly making a leading trend of outward foreign direct investment (OFDI) in the world (Deng, 2004). Many types of research and studies are conducted to review the motives entry modes and strategies of Chinese MNCs in regards of internationalization (Saha, 2000), (Wu & Zhao, 2007), (Yang, Jiang, Kang & Ke, 2009). There are five motives that Chinese MNCs use to internalize including resource-seeking investment to secure domestic natural resources; technology seeking investment in developed countries to acquire cut-edging technology, producing know-how; market-seeking investments as the domestic market reaches a saturation; diversification-seeking investment under support of the government; and finally, strategic asset-seeking investment to maximize corporate performance and expansion of affiliate in other countries (Deng, 2004).

Catching up this trend, only in recent 20 years have Vietnamese corporations started to invest in overseas markets. Total overseas investment of these corporations since April 2015 is about US\$20 billion into over 1,000 projects, according to Vietnam Ministry of Planning and Investment. The Vietnamese corporations firstly starts to invest in neighbor developing countries such as Laos, Cambodia, Myanmar and rapidly expand to distant countries in Africa. Vietnamese MNCs have witnessed a speedy

development in scale and scope. The globalization trend draws my attention to do this research of management practices implemented by these MNCs.

2. Research objectives and research questions

The aim of this research is to figure out how Viettel - a Vietnamese MNC - a latecomer in the telecommunications industry, goes abroad and adopts its human management practices in subsidiaries. The research mainly focuses on exploring which orientation the company uses between its headquarter and subsidiaries by using the conceptual framework of Perlmutter (1969). As long as, it evaluates criteria which are used to assign its expatriates in overseas markets. The research is conducted in the headquarter with studied objects are human resource department and an expatriate who has international working experience in subsidiaries. The research questions are:

- 1 What is the international human resource management practice of Viettel ? Does Viettel implement an ethnocentric, or a polycentric or a geocentric international employment approach or a combination of them?
- 2 What criteria are adopted by Viettel in managing its human resources?

Literature Review

Human resource management (HRM) is a strategic function concerned with recruitment, selection, training and development, performance appraisal. Employee recruiting is the process of finding and appealing candidates for positions which a company desires to fill in. It aims to develop an appropriate number of applicants while keeping costs reasonable as well as increasing the success rate of the selection process. In the context of international business, the role of HRM becomes more multiplex when it occurs in extensive geographic areas. International human resource management (IHRM) not only works basing on fundamental functions of HRM but also refers to a broader view of managers, understanding of staff's personal lives, expatriation and relations of expatriates and locals (Dowling, Festing & Engle 2008).

1. The models of IHRM in MNCs

IHRM is extremely drawn the attention of researchers after many corporations have crossed trade barriers and institutional obstacles to entering new markets such as the cases of Huawei (Saha, 2000), Wal-mart (Rocha & Did, 2002), Unilever (Ball, 2005). Since the two last decades, researchers have extended IHRM to new areas. Adler and Ghadar (1990) indicate relations of HRM and internationalization phases under influences of culture. In the first phase, a company focuses on its domestic market, hence rarely deploying IHRM policy. When the company enters the international phase, it adjusts its products closely to local standards and transfers its know-how to overseas markets. At this time, language skills, adaptability, and sensitivity are major selection criteria of the IHRM policy (Gunter, Bjorkman & Morris, 2012). In multinational

phase, the company not only has more competitors but also deal with a diversity of culture in its markets. The goal in this phase is the cost advantage in order to provide a price as low as possible to customers. Therefore, the best people no matter where they originate are believed to be able to handle the goals, capture the company's vision and strategy and diffuse its corporate culture and values to staffs from many countries. When it steps up to the global phase, it needs to adapt with global integration and local responsiveness such as local interests, government laws or cultural values whereas also concern global integration. IHRM in this phase targets on creating an environment to share know-hows and assist managers to success in diversity of culture.

De Cieri and Dowling (2012) extend intensely the area of IHRM as correlating HRM functions with organizational aspects in the strategic relations through a conceptual framework. The framework is widely accepted by researchers as one of classic IHRM concepts and mentioned in several handbooks of this field (Scullion & Linehan, 2005), (Gunter, Bjorkman & Morris, 2012). It contributes understandings of inter-links between HR function and factors influencing on MNC organization as well as MNC performance. The figure 1 illustrates the link of HR functions in MNCs and organizational factors. Due to the attendance of MNCs in the context of global environment, external factors are believed to affect significantly to their structures, size and strategy when MNCs enter a new market and put direct impacts on organizational performance. The PESTLE is an analytical tool, representing political, economic, sociological, technological, legal and environment elements influencing tremendously to the firm's structure, size and its strategy. Organizational links, mentioned as an essential aspect of globalization are inter-relationship networks based on personal

relationships and trust in the organization. To the extent, the network emphasizes further on human resource aspect including knowledge, power, and trust. Therefore, one of the implications for strategic HRM in MNCs is that the network relies on the attraction of best people who have a strong personality and a talent in building networks. On the other hand, the organizational links with other MNCs and with national governments are mentioned to security agencies and national governments. The term “asymmetric events” firstly used by Gray (2002) defines risk managements from external threats such as military events, political conditions and culture factors. When these events occur in the context of international business, they are very difficult to recognize and deal with. As a result, strategic HRM is suggested to reflect and respond to uncertainty. It is said that environmental dynamics influence profoundly MNC performance and affect the internal operations and functions of a firm.

While external factors don't leave explicit consequence on HRM, internal factors make considerable influences in HR functions by a two-way relation. There are several internal important elements influencing HR functions such as the organization size, structure, maturity, etc. Noticeably, balancing global integration and local responsiveness refers to the extent that MNCs balance the level of customization in each country while integrating the subsidiary companies in the global organization. The balance always makes a pressure to MNCs due to tensions occurring in both sides of parent companies and subsidiaries. As a result, MNCs increasingly choose an integrated HR practices which can be applied globally even though there are difficulties of replication in different countries. Additionally, the international orientation of MNC headquarter is noted in many researches such as Perlmutter (1969), Harzing (2001)

about the diversity of experience in managing international bases.

The role of HR in MNCs is as important as internal and external organizational factors because they determine organizational performance. To cope with rapid global changes, HR function in MNCs is suggested to raise an awareness of the global corporate HR level which aligns with the organizational strategy. Additionally, it also includes global staffing, worldwide training program and performance management with linking to the role of expatriates.

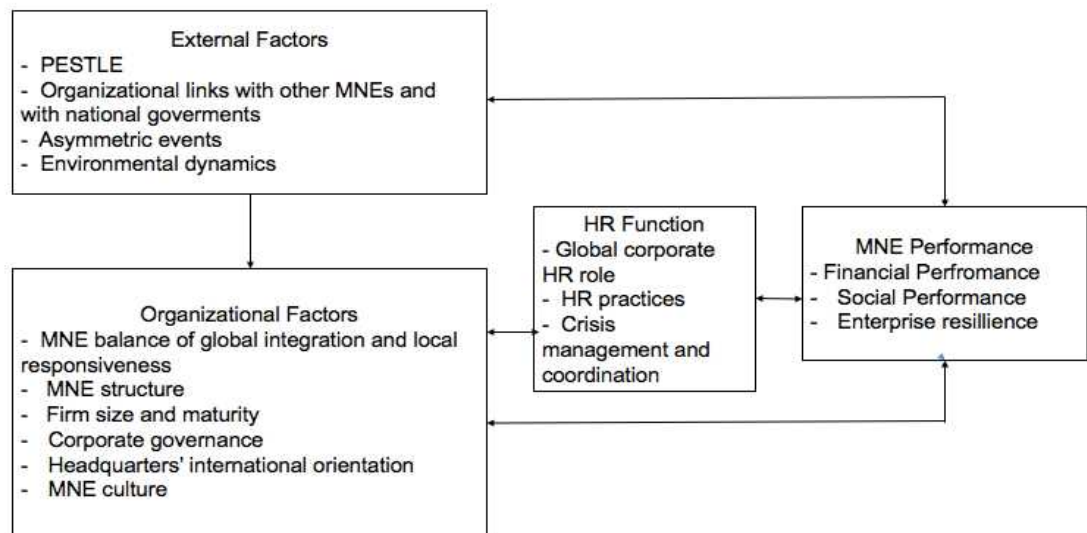


Figure 1: A framework of strategic HRM in multinational enterprises. Source: De Cieri, H. & Dowling, P.J., 2012

2. The E.P.R.G model

When evaluating a multinational company, factors such as ownership, a number of subsidiaries or revenue are used to claim size and international degree of that company. Perlmutter (1969) is acknowledged as the first researcher to claim the relationship level between headquarter and subsidiaries as a vital factor to describe how is a multinational company. The concept of Perlmutter indicates orientations that firms

may follow in every stage of internationalization including ethnocentrism; polycentrism; and geocentrism. Later, Wind, Douglas and Perlmutter (1973) reinforce the concept by adding the fourth approach of regiocentrism, then known as the E.P.R.G model. The concept explains these relationships under many aspects such as organizational structure, a level of decision making in headquarter and subsidiaries, evaluation and control, information flow and identification. In an ethnocentric-oriented MNC, the organizational structure is more complex in headquarter than in subsidiaries. Major decisions are made in home country. Home standards of rewards, evaluation are applied in every market. Whilst headquarter of a polycentric –oriented MNC allows its subsidiaries to make important decisions and adjust its standards according to local markets, leading a decentralized relationship between headquarter and subsidiaries. Communication in the ethnocentric company flowing from headquarter to its subsidiaries, affirms commands, orders from the subsidiary side. Yet, the information flow seems weak between headquarter and subsidiaries in the polycentric firm. With a regiocentric approach, regional headquarters and standards are established to solve complex issues in particular regions, meanwhile, collaboration with local headquarters and universal standards are encouraged in a geocentric –oriented MNC.

Organization Aspect	Orientation			
	Ethnocentric	Polycentric	Regiocentric	Geocentric
Complexity of organization	Complex in home country, simple in subsidiaries	Varied and independent	Highly interdependent on a regional basis	Increasingly complex and interdependent
Decision making	High in headquarters	Relatively low in headquarter	High collaboration among subsidiaries and regional headquarter	Collaboration between headquarters and subsidiaries
Evaluation and control	Home standards applied for persons and performance	Determined locally	Determined regionally	Balance between global and local standards
Rewards and punishments;	High in headquarters, low in subsidiaries	Can be high or low rewards for	Rewards for contribution to	All executives rewarded for

incentives		subsidiary performance	regional objectives	reaching local and worldwide objectives
Communication, information flow	High volume to subsidiaries orders, commands, advice	Little to and from headquarters, Little between subsidiaries	Little to and from headquarters, but may be high to and from regional headquarters and among countries	Both ways and between subsidiaries.
Identification	Nationality of owner	Nationality of host country	Regional company	Truly international company but identifying with national interests
Perpetuation	Recruit and develop people of home country for key positions everywhere in the world	Develop people of local nationality for key positions in their own country	Regional people developed for key positions anywhere in the region	Develop best men everywhere in the world for key positions everywhere in the world

Characters of the E.P.R.G model. Source: Mayrhofer & Brewster (1996)

In the human resource view, the framework of E.P.R.G describes different staffing policies by MNCs in subsidiaries to maintain a sustainable competitive advantage, emerging the presence of expatriates. Ethnocentric companies prefer to send their domestic staffs to maintain coordination and control in other markets whereas polycentric firms want to hire local nationals for high positions in subsidiaries due to their well-knowing of the business environment and understanding of culture, norms in local markets. The regiocentric companies want to find people who are familiar with the regional culture, market situations of that region for key positions. And the last one seeks the best people without noticing their nationality for key positions in their organization.

In spite of clearly defined categories, in fact, this concept is implicated in various ways. No single company simply adopts one approach in its organization. That one company can pursue many approaches at the same phase of internationalization, creating a complicated combination of strategies. Darchal (2014) claims that due to pressures of globalization, companies witness many changes and evolutions of technology, business models, strategies, etc. in order to adapt to business environment

changes. Therefore, it is common to see that initially a company starts with an ethnocentric orientation, then can switch to the polycentric or regiocentric approach and later change to the geocentric one. However, he points out that the approaches which are pursued by firms may be temporary and there are existing some exceptions. General Motors (GM) originally began with a regiocentric approach by letting their engineering staffs from Asia to Europe design vehicles for its respective regions. Australian engineers developed products for the local market. Hence, it produced 270 different types of vehicle radios. However, after witnessing a surpassing of Toyota in an aspect of profitability due to impacts of the global economics crisis, GM decided to transit to a geocentric orientation by assigning engineers for worldwide locations. As a result, it reduced to 50 different radios and saved 40% of the cost (Djordjevic, 2014). Or, the other case is General Electric (GE). The company, a household appliance manufacturer, has a global vision and mission to become a leader in the market . It provides 30 thousand full-time jobs across 170 countries. With a geocentric employment orientation, it creates a universal employment system for people of any nationalities can work in. Therefore, its employees are a mix of nationalities, who use 150 different languages. Although the strategy of GE keeps pursuing geocentrism, however, in a case of R&D, it revealed an evolution from ethnocentrism to geocentrism (Darchal, 2014). GE's research and development center mainly operates within the United States. However, in order to create a sustainable worldwide supply chain, it gradually built new research centers in other emerging markets, firstly in India, then in China, Brazil, and Germany.

In the aspect of marketing strategy, Wind, Douglas and Perlmutter (1973) point out the link in which every phase of internationalization reflects marketing orientations. In ethnocentric orientation, plans are established in the home offices; policies and

procedures in the parent company are utilized in overseas operations. Additionally, overseas marketing is commonly controlled by an international division and marketing personnel is assigned from the home country. By contrast, in polycentric orientation, they cope with overseas customers with different tastes and behaviors. Subsidiaries are independently operated themselves. They are able to conduct their own marketing research in each market and have authority to function different marketing activities. Especially, separated product lines are developed in each country, and original products from the home country are adjusted to meet local needs. In the same way, each subsidiary establishes its own pricing and promotion policy. The sales personnel is composed of local nationals and the channels of distribution are those traditionally used in each country. The company that follows last two approaches of regiocentrism and geocentrism assess regional and global markets as potential markets without geographic borders. The researchers indicate that when a firm sketch out its international marketing orientation, it needs to consider several factors such as a size of the firm, overseas experience, the size and degree of relevance of the potential market and the nature of its product (Wind, Douglas and Perlmutter, 1973).

To sum up, the concept of Perlmutter (1969) has profoundly practical implications which are very supportive for corporations in many aspects such as strategic management, structure, human resource, marketing management, etc.

3. Types of employees

According to Deresky (2014), there is an existence of interdependence of strategy, structure, and staffing. In theory, strategy will state organizational structure and staffing

modes. However, in reality, structural features influence strategic decisions and staffing constraints also put impacts on strategy. Due to the links of MNC's strategic operation and stage of internationalization, staffing abroad is conducted into the following staffing models such as ethnocentric, polycentric, regiocentric and global approaches. With the same agreement, Reiche and Harzing (2009), Treven (2015) distinguish different types of employees relatively to such these staffing models. They are including parent country national (PCNs) – domestic people; host country national (HCNs) – local people from local country; and third country national (TCNs) – people who can come from other countries except home and host countries. These policies have both advantages and disadvantages.

3.1 Ethnocentric staffing orientation

In general, firms conducting the ethnocentric approach tend to send their employees PCNs to fill all management positions (Dessler, 2011, p. 664). This policy gives the firm a chance to overcome a lack of qualified skill local managers. Besides, they are familiar with head quarter's goals, products, technology, policies etc., then they can maintain the company's corporate culture as well as keep communication and coordination smooth with headquarter (Deresky, 2014). It is said that companies assign expatriates for the top management positions in the foreign subsidiary to maintain close control due to the fact that they are preferable for high technical tasks and obtain higher loyalty comparing to counters in subsidiaries. On the other hand, the policy reveals some disadvantages, for instance, increasing high cost, lacking opportunities for local managers, decreasing their morale and loyalty to the subsidiary. In addition, expatriates

are also less adaptive to the environment of subsidiaries, causing failure (Wind, Douglas & Perlmutter, 1973). In spite of these disadvantages, this staffing policy is still adopted in most European MNCs, which are close to headquarter in term of geographic distance and the gap of culture differences is not large (Mayhofer and Brewster, 1996).

3.2 Polycentric staffing orientation

HCNs are assigned for key positions in subsidiaries. In contrast with the former orientation, the local managers are acquainted with culture, language, business context, therefore they are mobile to work inside and outside of the subsidiary. It is also undeniable that the approach can reduce significantly the cost of expatriate assignment. One disadvantage of a polycentric staffing policy is the difficulty of coordinating activities and goals between the subsidiary and the parent company. An additional drawback of this policy is that the headquarters managers of MNC will not gain the overseas experience necessary for any higher positions in the firm that require the understanding and coordination of subsidiary operations (Dessler, 2011).

3.3 Regiocentric staffing approach

Applicants of this staffing approach are recruited on a regional basis. This policy can produce a specific mix of PCNs, HCNs, and TCNs, depending on the needs of the firm (Reiche & Harzing, 2009).

3.4 Global staffing approach

In the global staffing approach, the best managers are recruited without caring about nationality. TCNs are more flexible due to high adaptation with environment, cultural differences. TCNs are less expensive for recruitment than PCNs and able to communicate well with HCNs. On the other side, the appearance of TCNs from some specific countries may cause a conflict due to host country's sensitivity to those nations. Besides, local nations feel unencouraged to achieve high positions in the multinational companies due to TCNs' presence (Reiche & Harzing, 2009).

4. Recruitment and Selection

International transfer is inevitable for MNCs to do business outside their home countries. Edström and Galbraith (1977) embody three reasons why MNCs send out expatriates. Firstly, expatriates are sent out for position filling due to the lacking of unskilled local managers. Secondly, when MNCs want to develop management practices so that sending expatriates is to enhance international experience for future roles. And finally, the companies purpose for organizational development by maintaining controlling power through their structure and decision process. Later, Harzing (2001) conducts an analysis to evaluate how importance of these functions in both sides of headquarter and subsidiaries across many countries. She concludes that position filling is more important in subsidiaries in Latin American countries than those in developed countries. Japanese and German MNCs from the headquarter view pay more attention to the function of developing their organizations, while the US and UK counterparts in the subsidiary view have the same consideration. Management

development is preferred to use in subsidiaries of MNCs from Switzerland, Germany, and The Netherlands. By virtue of the country of origin, MNCs from these countries want to diffuse its management practices by rotating jobs horizontally in German model, for instance.

Because of various purposes of expatriation, recruiting and selecting suitable managers are essential for MNCs. The first major study in this area was carried out by Tung (1981). Based on a review of the literature on the selection of personnel for assignments abroad, she identified four groups of variables that contribute to success or failure on the job and hence should be used to guide selection. The criteria include technical competencies, personal traits, flexibility in a rapidly changeable environment and family influences.

Tungli and Peiperl (2009) implemented a comprehensive survey of expatriate selection in 140 large MNCs based in Germany, Japan, the United Kingdom and the USA. Through it, they developed a list of criteria to examine selection practices in these MNCs:

<ul style="list-style-type: none"> - Technical/Professional Skills - Expatriate's willingness to go - Experience in the company - Personality factors (open mind, flexibility, resilience) - Leadership skills - The ability to work in teams - Previous performance appraisals 	<ul style="list-style-type: none"> - Family's willingness to go - Educational qualifications - Previous international experience - Language proficiency (high skill, expertise) - Loyalty to the company - Knowledge of new locality - Age and Gender
--	--

Source: Tungli and Peiperl (2009)

According to the study, the criteria of technical skills, experience in the company, the expatriate's willingness to go and leadership skills are the most important ranked by

MNCs from the U.S and the United Kingdom. Personality traits and the ability to work in teams seem important to MNCs from Japan, Germany and the United Kingdom as well. Adaptability or flexibility and communication are highly paid attention in the U.S firms, whilst previous performance appraisals and language proficiency are important in Japanese corporations.

Many firms in the process of globalization have added more criteria to choose expatriates nowadays. The criteria extend to the openness and awareness of global issues across markets. Javidan and Walker (2013) introduce a set of global mindset dimensions.

- Global intellectual capital refers to how managers know the head quarter's global strategy, knowledge of markets, industry, competitors. Besides, managers are proposed to gain knowledge of cultures, history, geography in different markets. Also, require an ability to analyze and problem solve.
- Global psychological capital describes managers' motivation and willingness to experience and to succeed in an international environment. Moreover, it refers to the enjoyment of traveling and living in different countries. This dimension calls expatriates for some special traits such as energy, self- confidence, interest in dealing with tough situations.
- Global social capital reflects expatriates' ability to interact well in the complex context. It enforces understanding ability of nonverbal expression with peers, colleagues, seniors and other people from other cultures. Moreover, expatriates seem to possess an ability to engage people as a leader. Not only does he/she work with staffs in the same organization, but also he needs to have strong network with influential people (Javidan and Walker 2013).

Methodology

The research adopted the qualitative method to explore factors impacting on the orientation that the researched company is pursuing. Bryman and Bell (2011) define the method as a research strategy that uses words rather than collective data to elaborate the nature of events. The method is widely used in business research because of its advantages in order to capture preliminary insights such as reasons for the firm's policy, strategy, etc. The qualitative method is usually using words to interpret a process, a setting or a nature of the research objectives. A strong advantage of this method is that the researcher can build up a close relationship with participants by which he/she can leverage as much as possible the ability of observation. Also, the qualitative researcher stands in the point of view of participants instead of imposing his/her view on that event. In comparison with the quantitative research method, Bryman and Bell (2011) emphasize the qualitative research uses an inductive approach. Most researchers using this approach prefer a theory to pick out relevant data out and arrange them following to the framework. The outcome of this method is to generate theories basing on fundamental frameworks rather than testing them which is usually seen in the quantitative method. This method assists researchers in collecting detailed primary data by conducting opened or unstructured questions. In-depth interview is selected in the research. Due to its features, this type of data collection method gives the researcher more opportunities to dig out descriptive data about participants' behavior, attitudes and perceptions through observation. (Zikmund, Babin, Car & Griffin, 2008).

1. Research Design

As the purpose of the research, it is conducted physically in the headquarter. There are total five interviews involved in the research.

- The deputy director of HR department in the headquarter of Viettel Global – the studied company.
- Two HR Executives who take responsible for recruiting staffs and foreign engineers for unit companies of Viettel Group – the parent company.
- One deputy director of Investment Promotion department in Viettel Group – who used to contact with expatriates in overseas.
- An expatriate manager was assigned in some markets and now is working as a director in a unit company established recently by the parent company.

Due to privacy conditions of the company, there is a minor change of working with the person of HR department. Instead of making a direct interview, the researcher sent an email of questions about the company's HR policy to the vice director.

2. Primary Data

Basing on the conceptual framework of Permutter (1969), the author designs a matrix of questions consisting of three parts to collect primary data:

- Introduction part: there are questions of interviewee's previous position and working experience. It aims to measure how valid and reliable information is and ensure that it is relevant to the research problems
- The main part includes structured questions of the frameworks.
- The final part is designed to explore which criteria to choose expatriates. In this part, the author gives a list of criteria which are reviewed thoroughly by other

researchers to ask interviews to express attitude and explain specifically.

As long as a limitation of time and budget, the researcher conducts several in-depth interviews with three interviews with HR executives and one expatriate in the headquarter (Hsieh, Y. H. & Chen, H. M., 2011). Particularly, due to the richness of information, the depth interview with the expatriate conducted one more time via Skype. Each interview lasts at least 45 minutes. During the interviews, all information is recorded or typed, combining other documents provided by subsidiaries to code properly.

3. Secondary Data

As mentioned in the literature review, SHRM in MNEs has a close relation with external and internal factors of the organizations. The framework proposed by De Cieri and Dowling (2012) is leveraged in collecting secondary data and using them to illustrate the link between Viettel's HR functions and relevant organizational factors. The availability of internet nowadays allows researchers to access information as much as possible. While there are limitations to having face-to-face interviews, the researcher leverages the Internet to collect data via many sources.

- Online newspapers in Vietnamese. Some of them provide versions in English
- The studied company's website
- The official document of Vietnam Information, Communication and Technology Industry issued by Ministry of Information and Communication
- Other reports provided in English

Analysis and Findings

1. Background of Viettel Group (VTG)

Vietnam Military Telecommunications Group (VTG) is a leading telecommunications and Information Technology group in Vietnam. The Hanoi-based group established on 1st June, 1989 and has just joined Vietnam telecom market (mobile phone and fixed network) in 2004 as the fourth entrant after Mobifone, VNPT – both operators are state-owned companies, Sfone- a joint venture telecommunications operator by Saigon Postel Corp. and SK Telecom (South Korea). After 13 years, VTG becomes the top 1 group in terms of infrastructure, mobile subscriber numbers and profit. It occupies 43.5% of total domestic mobile market share, followed by Mobifone at 31.7% and VNPT at 17.4% and the rest is shared by others (MIC, 2014).

VTG participates various business areas such as Post and Telecommunication services; Software development for electronic, Telecommunications; Communication technology, Internet, Production, Assemble and Trade in electrical goods. Additionally, the group is a major constructor of telecommunication infrastructure and produces wireless electric equipment. It concentrates on R&D activities as well as human resource training to meet its needs for business expansion.

1.1 External factors

When Vietnam telecommunications industry has begun since 1993, there was a big gap of technology between Vietnam and other countries. Developed countries switched their mobile network technology from the second generation (2G) to the third generation (3G), whilst developing countries had less access to approach such

technology. By virtue of the growth of young population after the Vietnam war's ending and the economic-opened policy by the Vietnamese government, Vietnam had promising potentials to develop the industry rapidly and to obtain technology updates. When VTG entered the mobile phone market, MobiFone – a state - owned company – had gained about 2 million subscribers. However, MobiFone was a limitation in term of user amount, network coverage and expensive telecommunication terminal equipment. In spite of the young population structure, few Vietnamese people got familiar with using mobile phones in the beginning of 2000s. Thus, the domestic market has been being still potential for new investors as long as they could resolve the issue of mobile phone facilities.

1.2 VTG core competences

It should be noticed that the nature of telecommunication business is making a profit from a crowded group of subscribers by selling services on infrastructure basement. The bigger its infrastructure network is, the more users it obtains, meaning the more profit can be generated. By investing significantly in a short time, investor can easily expand the size of the market, capturing market share as well as gaining profit – Mrs.Yingluck Shinawatra - the former Prime Minister of Thailand shared her view with VTG's leaders in a meeting. When VTG put its first step in the market as a latecomer in 2004, it soon agreed on the crucial nature of the business. However, VTG encountered the other problems which were a shortage of telecom equipment providers and a high cost of infrastructure contribution. As mentioned above, Vietnam hadn't yet built its technology trend in the market. Additionally, although VTG was supported financially by the government, its initial capital for equipment investment was very limited. It was

a common situation to other state-owned companies in Vietnam in the 2000s. Then, VTG came up with an idea to step back, using the 2G technology which was suitable with the current poor infrastructure system in a developing country like Vietnam. After that, it bought the 2G technology equipment which was being sold at cheap price by overseas telecom equipment providers. At that time, there are two types of telecom equipment providers in Vietnam. The first are European and American companies such as Ericsson (Sweden), Siemens (Germany), Alcatel (France) and the latter are Huawei and ZTE (China). While the first suppliers had a similar problem of high cost, the latter from China showed their competitive advantage of cheap price. Then, VTG decided to sign a 2-year deferment contract with Huawei due to the lowest price offer. The installation of Huawei's equipment was regarded as the premise for the struggle for cheap equipment in Vietnam. For a short time, it rocked hard on building base transceiver stations (BTS) in rural areas to occupy the fixed network market and using campaigns for cheaper call rates and constant promotions to stimulate the mobile consumer's demand. 70% of the Vietnam population live in rural area where internet and mobile network providers had not launched yet. In consequence, it implemented the Blue Ocean strategy of establishing its network in areas where were not exploited yet, focusing on low-income users. Thanks to it, VTG gained significant successes and dominates the domestic market till now. Figure 1 demonstrates market shares by mobile network operators accounting to 2014. The successes in the domestic market gives VTG initial experiences and create its core competencies:

- Technology knowledge
- Know-how of setting up infrastructure
- Highly adaptive in the most remote areas with the fastest speed

- Understanding customers, particularly low-income people.

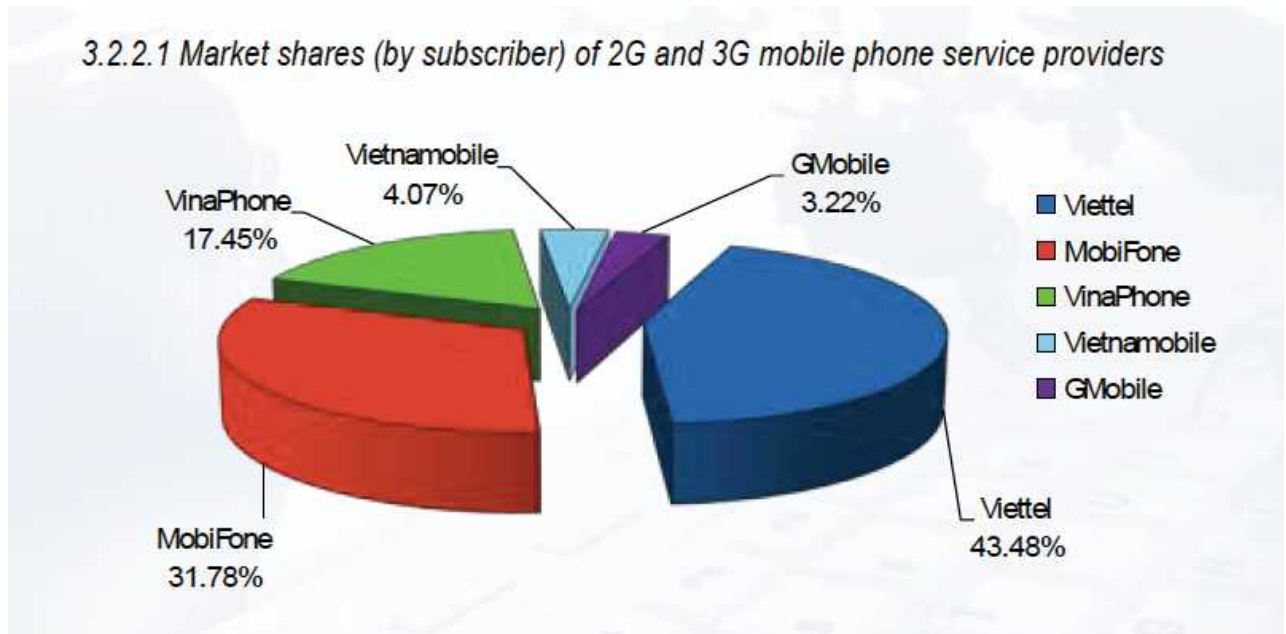


Figure 2: Mobile Market Share by operators. Source: MIC (2014)

2. Viettel Global (Viettel) and Globalization

2.1 Viettel's size and strategy

Telecommunications industry is considered the most active industry which appeals to investors of emerging MNCs. According to the study of Aykut and Goldstein (2006), it is showed that most of telecommunications companies choose to invest in neighbor countries first. For example, Hutchison Telecom which home country is Hong Kong invest East Asia and South East Asia such as Ghana, India, Indonesia, Israel, Thailand, Vietnam; or Vodacom from South Africa launches its subsidiaries to African countries such as Congo DR, Lesotho, Mozambique, Tanzania etc.

After 20 years of development, the Vietnam mobile market reaches a saturation with 90 million users and 90% of the market share belongs to three providers including VTG, MobiFone and Vinaphone. As a result, many Vietnamese enterprises choose internationalization as an unavoidable step of growth. In 2006, VTG decided to extend

its business to overseas looking for more potential markets. Viettel Global (Viettel) was established in October 2007 with a vision of turning VTG into a global telecommunications group. After 10 years, Viettel is one of the biggest Vietnamese overseas investors. It is a leader in terms of subscribers, revenue and infrastructure in the domestic market. It is now operating 9 telecommunications companies in different countries across Asia, Africa and America with total population of over 175 million and 13 million customers (Viettel, 2016). The table 1 shows its subsidiary companies and structure of capital ownership in each country.

Market	Capital (million USD)	Rate of capital ownership		Total
		Viettel	Partner	
Viettel Cambodia	44,88	90%	10%	100%
Star Telecom	59,47	49%	51%	100%
Viettel Overseas	25	100%		100%
Natcom	98,33	60%	40%	100%
Movitel	0,5	70%	30%	100%
Viettel Timor Leste	0,5	100%		100%
Viettel Cameroon	0,04	70%	30%	100%
Viettel Tanzania	5	100%		100%
Viettel Burundi	0,003	85%	15%	100%
Total		233,72		

Table 1: Viettel 's capital ownership structure in overseas markets. *Source: Viettel, Annual Report(2014)*

The company's strategy focuses on expanding mainly in developing countries, firstly in neighbor countries such as Laos, Cambodia due to similarities of culture, close relationship politically and then other remote countries in Africa. The table 2 demonstrates its significant milestones over time. In 2014, Viettel witnessed an

achievement of a total revenue at US\$1.2 billion and a pre-tax profit at US\$140 million. The company plans to invest over US\$2.23 billion within the period of 2015-2017 for foreign expansion purposes. By 2017 Viettel sets a goal of reaching over 350 million potential subscribers. It has anticipated expansion in Congo (DRC), Bangladesh, Nepal, North Korea, Belarus, and Ukraine in the near future. (VIR, 2015)

Year	Brand in oversea market	Activity
2007	Viettel Global	Viettel Global Investment JSC was established by the Vietnamese Ministry of Planning and Investment in Hanoi. The initial share capital was VND 960 billion
2008		Viettel Global signed a joint venture contract with Lao Asian Telecom (LAT) to establish Star Telecom Co., Ltd, in which Viettel Global holds 49% share capital.
1/2009	Metfone- No.1 of Subscribers and Infrastructure	officially launching telecommunications services in Cambodia
10/2009	Unitel – No. 1 of Infrastructure	Launching telecommunications services in Laos
2/2010		Viettel Overseas Co., Ltd established to invest in telecommunication network expansion in Haiti
11/2010		Viettel Global won the tender of the investment project of telecommunications network in Mozambique
9/2011	Natcom – No. 1 of Infrastructure	Launching the telecommunication in Haiti
5/2012	Movitel - No.1 of Subscribers and Infrastructure	Launching and starting the services provision in Mozambique
7/2012		Winning the tender of an investment license in East Timor
12/2012		Winning the tender of the mobile license in Cameroon
3/2013	Telemor - No.1 of Subscribers and Infrastructure	Launching the service in East Timor
2/2014		Received an investment license in Burundi
9/2014	Nexttel	Launch of services in Cameroon
10/2014	Bitel	Official launch of services in Peru
3/2015	Lumitel	Launch of services in Burundi.
10/2015	Halotel	Official launch of services in Tanzania

Table 2: Milestones of Viettel, *Source: Viettel, 2016*

Viettel functions under the form of a joint stock company in which, VTG accounts for 97,8% of share in order to take control of its activities. Besides investment promoting, infrastructure constructing, launching networks, Viettel is in charge of establishing human resource system in overseas markets and securing financial conditions for subsidiaries. Moreover, it is responsible for achieving business licenses in countries or boosting M&A, investment in America (Le, 2011).

Year	Revenue (USD)	Gross profit	Growth Rate (%)
2015	660 million	103 million	8.5
2014	1.2 billion	140.3 million	20
2013 (first 3 quarters)	376.1 million	-	-
2012	1.13 billion	95 million	-

Table 3: Viettel's revenue and profit in the period of 2012-2015.

Source: Compiled by the author from Viettel's press release

Table 3 indicates that Viettel is continuously growing through the last 4 years thanks to its rapid expansions in many markets. However, Its sales revenue underwent a drop to US\$660 million in 2015, representing the lowest bottom line of its performance since 2012 (Tuoitrenews, 2016). In fact, the fluctuation of exchange rates between VND – Vietnamese currency and USD left an impact on its profit. Besides, due to its expanding activities, Viettel increased its expenditure in some countries such as Cameroon, Burundi and Tanzania, causing the loss. (Ngoc, T. & Dam, T., 2016)

2.2 Viettel's philosophy

“The foundation of Viettel’s development is the society which it serves” is the philosophy of the whole group. It emphasizes to create sustainability in business by re-investment in the society. Viettel issues its “4Any” Philosophy when going aboard: anytime, anywhere, anyone and anything. It underlines four aspects: quality, covered territory, price and customer service. Any customers can use its services no matter where they are. It can provide any kinds of products and services as customers’ demands. Viettel has a possibility to approach anywhere from rural to urban areas, from any continents with any prices. (Viettel, 2012)

2.3 Globalization Integration and Local Responsiveness

“Internationalization is the priority orientation for its organization as a result of

the completely saturated domestic market” – VTG’s President highlighted.

In the view of Viettel, the global telecommunications markets are categorized into three types in term of the network coverage level:

- The non- developing market where the networks by current operators cover just 20% off the country’s total population. For example, Cuba, North Korea and Myanmar are countries where have not exploited yet.
- The saturated market where more than 60% off the population can access the service
- The developing market with the coverage proportion by less than 60%.

If Viettel chooses to enter the second typed market, it encounters the shortage of user volume which is already exploited and the fierce competition from other world-class telecom operators such as Vodacom (South Africa), Airtel (India), Vodafone (British) and so on. Meanwhile, developing markets mainly locate in remote African territories indicate the potential growth in long-term investment in spite of low average revenue per user index (ARPU), he added (Nhu, 2015). Cameroon is one of the least developed mobile markets in Africa in terms of market penetration and deployment of advanced data networks. The country had a mobile penetration of just 66.3% at the end of 2013 and is almost “blank market” where 3G network service is not yet available. Countries in Africa have a similar situation that the mobile and fixed network has not developed. By fiercely dominating the market in comparison with other rivals, Viettel believes that it can gain profit even in such low GDP developing countries. Therefore, if Viettel invests in 2G and 3G, it will take an advantage of applying its core competencies of technology and knowledge of constructing infrastructure since the beginning stage

entering the domestic market, as mentioned above.

2.3.1 The differentiating strategy

To align its goals from the headquarter, Viettel implements a differentiating strategy of building up its infrastructure as quickly as possible. Even though there are many obstacles in term of geography, culture differences, it completes establishing the BTS networks in a very short time. In some countries such as Mozambique, Viettel completed infrastructure construction within a year after receiving an investment license in 2011. Movitel was launched after 1 year later, its network covers 80% of the population nationwide. Table 3 sums up the speed of infrastructure establishment by the company and its entry mode in each market.

Brand	Speed of mobile and fixed network's infrastructure establishment	Network Coverage	Entry Mode
Metfone (Cambodia)	12 months (2009-2010)	90% fixed network market 46% market share in mobile service	Greenfield venture
Unitel (Laos)	5 year (2009-2014)	2,3 million subscribers, 49 % of the mobile market share	Joint venture
Natcom (Haiti)	12 months	1 million subscribers	Joint venture
Movitel (Mozambique)	24 months (2012-2014)	600,000 subscribers 80% market share	Joint venture
Telemor (Timor Leste)	12 months	45% market share 420,000 subscribers	Greenfield venture
Nexttel (Cameroon)	9 months	2 million subscribers Covered 70% of the population	Greenfield venture
Bitel (Peru)	1 year (2014-2015)	500,000 subscribers, 1.5% of the market share Provide 3G service	Greenfield venture
Lumitel (Burundi)	10 months	1000 BTS, covering 95% of the total population	Greenfield venture
Halotel (Tanzania)	12 months	560,000 subscribers 40% market share	Greenfield venture

*Table 4: Speed of infrastructure construction and its entry modes
Source: Compiled by the author from the company's press release issues*

2.3.2 Cost leader

Viettel leverages opportunities and exploits weakness in emerging markets to provide a “good enough” service, maintaining a low cost in comparison with rivals. This policy shakes up the Peru telecom market, breaking the current monopoly existing in this country and becomes a leader in the fierce competition (Collin, 2015).

Call rate is a strategic approach provided by Viettel, lower than current rivals in African countries. Halotel provides call rate at 1-2 cent for each minute comparing with Vodacom which charges 8-9 cent each call. The significant difference makes Viettel’s services become the first choice of customers in developing countries where it shows its presence. In the sector of internet services, by building more BTS nationwide, telecom prices have been driven down 2-4 times in Cambodia.

2.3.3 Brand name localizing

Regarding its concern of localization, Viettel follows the strategy of setting tailored brand name in each country. Local people in developing countries desire to have their own brand name which is familiar with their traditions. It can make a footprint in their mind by setting name in such way. Bitel (Viettel in Peru) contains the first part “Bi “means sharing, doubling value and success in Peruvian language while the later part “tel” stands for the telecommunications field (Viettel, 2016). By virtue of understanding it, Viettel chose particular names for nine markets.

2.3.4 Marketing Strategy – “Door to Door”

The experience and skills learned from the domestic market help Viettel to implement effectively its mission in African countries. The “door to door” strategy is

launched to provide its services to people in low population density areas. By coordinating with local staffs, Viettel establishes marketing networks to sell its sim card and introduce services each household. Nexttel has set up 4000 points of sale with 97 authorized dealers and 1500 mobile sales staff to provide services to locals.

2.3.5 Local responsiveness

Customization is the most priority thing to do when Viettel Global arrives any country, which is summed up in the Vietnamese phrase "nhập gia tùy tục". It means that Viettel needs to show its respect towards cultural differences, traditional norms as well as host country's government policies. The company makes a commitment itself to not only do business but also serve local communities in term of education, healthcare, CSR etc. Natcom (Haiti) has conducted a program of free internet access in 46 schools across the country, donating 20 thousands of local phones. Moreover, Natcom also provided mobile banking services on its network as the first service provider in Haiti since 2013 (Telegeography, 2013). Viettel through Halotel offered low-cost smartphones and provided free internet services to schools, hospitals and offices in Tanzania. Metfone contributes US\$40 million of taxes and fees to the Cambodian government, increasing 1% to the country's GDP growth and generating more than 7000 jobs for domestic workforce. The company also support its conference system technology to the government, conducted social programs for Cambodian people to reunite people with their lost relatives because of wars, free operations for heart-issue patients etc. (Weddi, 2015).

3. The orientation of Viettel's headquarter and subsidiaries

In this finding and analysis, information about the company, presented in the previous part is reviewed in interviews with Viettel persons. One of the interviewees is an expatriate, who was a former general director in Cameroon and now comes back to Vietnam for a new position as a deputy director in other member company of VTG. Although he is young, at around 30 years old but has 11-year working experience in the VTG. The expatriate has a background of engineering, then was promoted gradually from staff to director position. Before going to Cameroon, he was a chief representative of Viettel in America (VTA) to look for investment, M&A opportunities in 1 year. Due to the company's privacy, his name is not disclosed. His thoughts and opinions in this part are aim to elaborate some reasons behind Viettel's strategy and policy in subsidiaries.

3.1 The organizational structure

“This organizational structure of the parent company is replicated in subsidiaries. General director in each market represents the president to conduct tasks and directly report to BOD in Vietnam”, the expatriate said. After the managerial model was introduced in the State law 1995 by the Vietnamese government, many state –owned companies have operated under control by Board of Management. This board includes a number of departments such as Ministry of Finance, Ministry of Planning and Investment, Ministry of Interior, Ministry of Labor, Social Welfare and a Representative who is selected by the government according to Decision, No99/2012/ND-CP. On one hand, presences of various departments assist the companies to co-ordinates many resources of finance, human resource, planning etc. In

an aspect of management, however, it reveals serious disadvantages of decision making and bureaucracy of supervision, leading to a gross inefficiency in term of management and performance. The role of person who is mainly responsible for the organizational performance is not paid attention enough, causing a hard-solving problem in such those companies. To avoid that situation, VTG despite a 100% state-owned company decides to follow the model of Board of Directors (BOD). Figure 3 illustrates the organizational structure of VTG. The board includes one president and five vice presidents under the control of the group's Communist Party committee. Due to the particular political system, in each organization owned by the government with over 50% capital, it is required an attendance of the Communist Party committee to align the organization's political missions with its business goals. The current president -Mr. Nguyen Manh Hung elected by the government and Ministry of Defense has all authorities to make decisions relating to strategic planning, management, finance, production, business development, human resources and so on. Additionally, he has a duty to implement political tasks and issue policies of the entire group. It means that he is a person who has the main responsibility of the group's performance to report to the government. Vice presidents assist the President in organizing its structure and sector activities such as technology, infrastructure, business development, sales and finance.

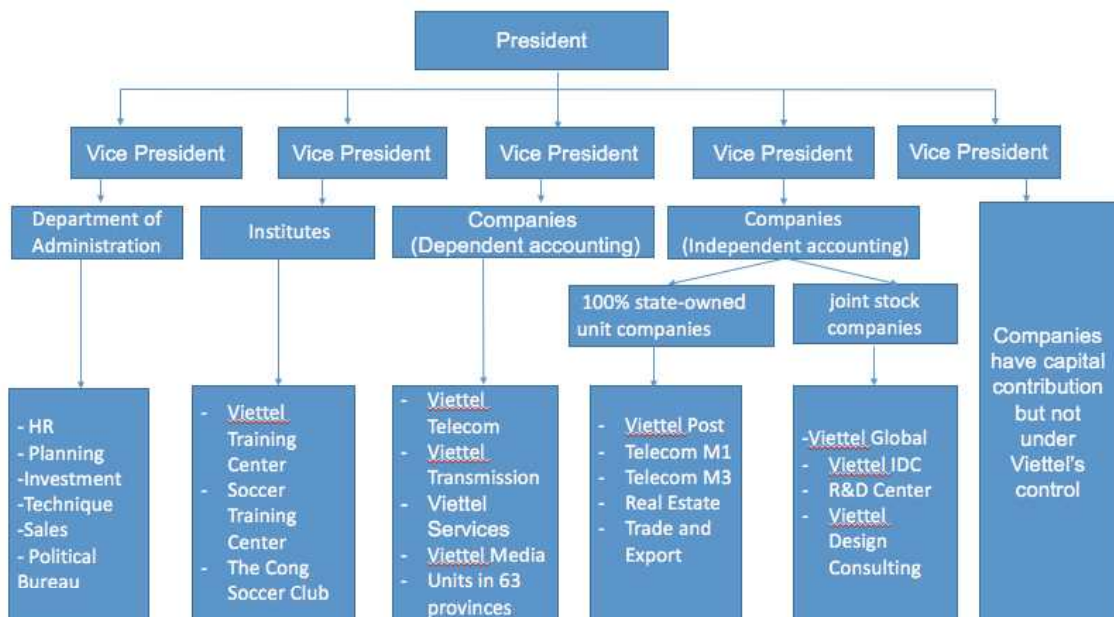


Figure 3: The organizational structure of Viettel Group. *Source: the company provided*

3.2 Decision making

In headquarter, the process of decision making is highly centralized in the “abstracted brain” of its system. To illustrate it, the president compared the group as a human being body, in which “the abstracted brain” accounting for 5% of its system decides all directions, actions of the whole body. For example, when the group recognizes that it needs to expand to a new country, the top managers are first movers to test, check and evaluate that markets. In the other words, decisions of investment mainly are made in the headquarter. After that, they will decide whether or not to invest. The top managers make plans and indirectly involve supervision through issuing policy, providing overseas license and controlling systems.

While the decision making process is more centralized in the headquarter, the company allows general directors in subsidiaries more authorities for judgment. In other words, this process orients decentralization between the head quarter and subsidiaries.

“In subsidiaries, the process of decision making is also replicated. But, rather making decisions in term of where to invest, I can determine activities of sales, marketing and recruitment under the given rules and policies. I also deal with questions of how to implement, for example, how to set-up infrastructure in that rural region, how to deal with natural problems which can slow down our progress of construction. I have to solve cultural differences such as misunderstandings in communication with staffs”, the expatriate elaborated.

However, in spite of giving more power, manager expatriates seem to rely on the headquarter. “In fact, I was limited to judge issues in my company, for example, the amount spent for sales activities which exceed the planned budget. Waiting for the head quarter’s resolution was time-consuming because of time differences while I had to give a solution immediately at that time”, said he.

3.3 Evaluation and control

In the first period of approaching any market, as a requirement to expand quickly its network, expatriate managers are assigned to originally conduct missions with an allowance to make their decision in overseas. “We are “glue-like” persons who have a responsibility of goal achievements such as the growth of infrastructure establishment, annual sales achievement. Another important task is recruiting and evaluating local people during working. After completing the constructing task, local people are filled into functional positions to implement daily task and deal with local issues. I also involve evaluating qualified people basing on their performance and working attitude in order to send them to Vietnam. During 1 year, they are trained in management transferring course. After going back their home countries, they are promoted to higher

positions and become next managers in its subsidiary organization.”

3.4 Rewards and punishments; incentives

Basically, salary and appraisals are forming on their performance and monthly sales. The standard is applied intensively in HQ for instance, the rate of wage is calculated basing on the proportion by 60% of the fixed salary and 40% of monthly sales. This method requires staffs to put high effort to achieve the best salary.

However, in subsidiaries like Cameroon, due to cultural differences, this standard is customized. Local staffs want the higher proportion of fixed salary to secure their living, therefore this rate is lower at 90% of the fixed salary and 10% of sales in the Cameroon subsidiary. “Because Viettel has entered in Laos and Cambodia first, we have understandings about culture differences, influencing significantly on people’s perception. Therefore, the headquarter agrees to adjust this policy in countries depending on their cultural working traditions”.

3.5 Communication, information flow

Every single policy made by HQ will shift to firstly general directors. From them, the policy will continuously be diffused to other levels of staff throughout frequent meetings. The media and communication department takes in charge of providing documents, guidance and other methods to boost communication among staffs such as handbooks, training programs etc.

3.6 Perpetuation

The number of Vietnamese staffs who are assigned to overseas branches has witnessed a rise up to 1,576 people till the end of 2014, raising up 14,6 times in comparison with 2008. However, there is a transfer in management positions from Vietnamese staffs to local peoples in overseas bases. The proportion of the number of Vietnamese staffs reduces recently in subsidiaries. In 2014, a large number of expatriates were withdrawn back about 654 of the total 1850 expatriates and completely transferred 1927 of the total 3014 local staff in management positions. Figure 4 demonstrates the proposition of current management positions held by Vietnamese and local staffs in subsidiaries.

For instance, there are now 58-60 Vietnamese per 1000 local staffs in Cameroon. Additionally, several massive recruitments have been conducted in Nextel (Cameroon), recruiting 5000 Cameroonian people to maintain sales and marketing activities (Yaounde, 2016). “The reason for this policy is derived from the parent company’s philosophy. When approaching a country, we want to make a commitment to residents, local governments about creating a better life for people. This policy is not only to solve the issue of expense when our company assigns us but also to respond the local government’s requirement” – the expatriate said.

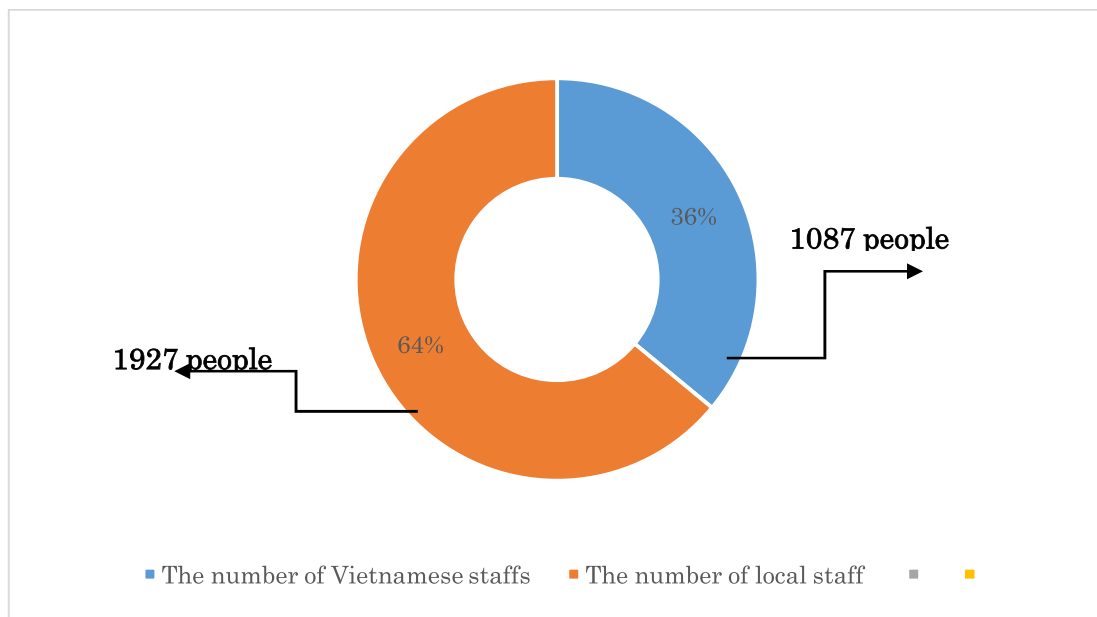


Figure 4: A comparison of expatriates and local in management positions in subsidiaries.
Source: (Viettel, Annual Report , 2014)

4. Recruitment and Selection Process

As a vision of being one of ten the biggest global investors in telecommunications industry, HR functions are significantly concerned. “Thanks to accumulative experience in many nations, organizational establishment and recruitment in local countries are particularly drawn attention by Viettel Global”, said Mr.Le Dang Dung, Vice President of Viettel Group (Thai Khang, 2016). After doing some interviews in Viettel’s headquarter and collecting secondary data from various sources, it is seen that HRM in Viettel Global, particularly recruitment and selection is practiced critically according to its strategies in the process of globalization.

4.1 Recruitment

The common recruitment process in the headquarter includes four stages:

- Application screening
- Candidate technical testing

- English ability test
- Interview in three levels at Viettel's unit companies, institutes and the headquarter

Due to the orientation of globalization, all employees are required to gain at least 800 TOEIC – a standard of fluency in English since 2017. The recruitment process is conducted by the HR Department of VTG in Vietnam, whilst general directors in overseas subsidiaries have all authorities to implement the recruitment activities. The process of recruitment in subsidiary level is similar, however, less complicated than that in the home country because of the not high skilled labor forces and geographic difficulties in conducting recruitment activities.

4.2 Selection

4.2.1 Selection of Expatriate

Because of the high pressure and workload on the 5% of top managers, now Viettel more focuses on the group of middle-level managers. Expatriates are selected from middle-level managers. Senior managers who directly supervise their staff's performance take a huge account into promoting middle-level managers for becoming expatriates. As an announcement of Viettel Group made by the president, Viettel aims to simplify its structure to make it more efficiently. Each manager has just 20 staffs under his management. This policy allows senior managers not only supervise staff's performance but also find the best people to be would –be leaders (Thai, 2015).

4.2.2 Criteria of Expatriate

Viettel particularly pays attention to choosing suitable people – who fit its organizational culture. The company's culture is always keeping proactivity and

creation in any circumstances. Also, due to the military –run organization’s characters, it emphasizes discipline, obedience and dedication towards the organization. Because of this special organizational culture, it also influences on shaping its expatriate’s characters.

- Expatriate managers must obtain the characteristic “3 in 1” including leadership, managerial ability and technical knowledge.
- Personal traits such as frankness, enthusiasm, determination, logical mindset and a sense of responsibility are first considered to secure a collective solidarity in its whole system.
- Certification, technique skills play a filtering role in choosing qualified people. The company believes that such criteria can be accumulated during the process of working.

The expatriate shared ” The important criteria to help me achieving mission is a willingness to take new experience. Second, the adapting ability to complex situations in subsidiaries is crucial to overcoming difficulties. There is existing language barrier. Cameroon was colonized by France in the past. In consequence, French is used by most people in Cameroon. In first days, none of us can speak French but my local staffs do. I encouraged my Vietnamese staff to learn some French, then we can use English, French and sometimes body language to communicate with them. After all, it worked out.”

4.2.3 Selection of Local staff

When Viettel completes the period of infrastructure contribution, rather than keeping Vietnamese staff in the country, there is a managerial transferring process from Vietnamese staffs to local people who will take in charge of business activities.

The process of promotion is requiring their local staff witness certain working experience in at least 1 year. By under training and supervision of expatriates, they can be promoted and assigned to functional positions such as sales, marketing, PR, etc.

Trust is built during to the time both expatriate managers and local staffs working together. Trust is one of the company's belief which has been observing from their reality. Outside of working time, the managers also create chances to play sports together, visit their home to shorten a gap. To enhance the relationship, these expatriates are required to work along side with them to give guidance, advice. The expatriate in the research interview explained that the role of expatriates is very important to show them Viettel's corporate culture.

Again, the philosophy reflects in the way Viettel conduct HR practices in host countries. Therefore, it proposes that local people will be the main workforce to take in charge of operating in subsidiaries. As a result, it claims a policy of withdrawing Vietnamese staffs back to the country after completing building network system and setting up functional departments and giving necessary training for locals. At the moment, local people who are going to take higher positions in subsidiaries are sent to the head quarter for 1-year training (Viettel, 2016).

Conclusion

This thesis has attempted to define the orientation of international human resource management in subsidiaries of an emerging MNC from Vietnam. After reviewing several concepts, perspectives of researchers and analyzing facts, the author concludes that the studied company adopts a combination of approaches in its management practices. Viettel is more ethnocentric in some aspects of structure, meanwhile, it recently orients more polycentric in term of human resource. It undergoes a management transfer by using host country people in its subsidiaries.

Because the nature of the telecommunications industry, a pressure of rapid market share expansion, competitors, ethnocentrism is the best approach in order to transfer completely its goals, strategies into overseas markets by using its internal resources such as technology knowledge, experience and domestic human resource. In the first stage of going aboard, factors of technique knowledge and constructing speed are external drivers to send PCNs to subsidiaries. Later, a belief of local responsiveness drives its HR practices to transfer management to HCNs. The orientation of polycentrism has been found is more suitable for the next stage of globalization.

The research's findings show that the company adopts international transfers to achieve its goal and fulfill its mission. For the early stage, it shifts technical knowledge to developing countries where local staffs are lacking essential skills. After that, it pushes management development helps to improve local staff's international experience in order to take future roles in subsidiaries by sending them back to the head quarter for management training courses.

Additionally, it is shown that the company releases the decentralized decision-making process between the head quarter and subsidiaries. However, in fact, the process is limited and subsidiaries have to rely on judgment from the head quarter.

5% of the top managers who make confidential decisions for the entire group represent a high power centralizing organization. This model reveals some weaknesses. When these managers become overload by many tasks, it will make the whole system inefficient if the business environment changes quickly and unresponsive to the local environment. It is suggested that the company should pay more its attention in structuring its organization by a strategic human resource management. Hsieh and Chen (2011) propose a fit between human resource strategy and business strategies. The concept of strategic fit helps firms to shorten the gap by motivating employees.

Discussion

Many studies review the process of internationalization in China. It is said that Chinese emerging MNCs enter advanced markets to capture cutting-edge technology, management practices in the initial stage of internationalization. Konka (Saha, 2000), Huawei (Wu & Zhao, 2007), Haier (Yang, Jiang, Kang & Ke, 2009) are outstanding cases of emerging MNCs internalize successfully in developed countries by acquisition, M&A entry modes.

In comparison, according to Mathews (2002) identifying a latecomer firm, Viettel is considered as a latecomer in the global market. Firstly, Viettel is late joining to overseas market due to historical factor. The Vietnam government allowed opening the economy since the 1990s, later than China for many years. Secondly, the company is limited to access resources, especially, investing capital. Although it is supported by the government but, in fact, the company reveals that it just takes 50% of capital funded by the government to invest overseas. The rest relies on loans and debts with partners. In spite of limitations, Viettel dominates in the domestic telecommunications industry and witness a rapid expansion through internationalization. The motive of internationalization by Viettel is market-seeking when the Vietnam telecommunication market reaches saturation. It mostly enters new markets by organic operation or green field venture and joint venture to assuring its power of control. Its strategy of internationalization is to pursue cost leading and differentiation by exploiting its core competences and previous experience. In spite of the disadvantages, Viettel obtains competitive advantages of a latecomer in comparison with its current rivals such as new infrastructure, experiences in poor and remote areas. These features shape its

organizational features, showing differences with emerging MNCs in other countries. To conclude, the case of Viettel illustrates a latecomer, due to the shortage of resources has different strategies to internalize in developing countries and exploit appropriately its competitive advantages to gain success.

Research limitations

The research has limitations, especially in geography and time. The research focuses only in the headquarter despite efforts to take a view of incidents happening in subsidiaries through the expatriate's perspective. As a result, it may not reflect completely about expatriates and local staffs.

Appendices

Interview Questions

I. Introduction

1. Name of Interviewee:
2. How long have you worked in Viettel?
3. Which positions have you been working for?

II. The Orientation of Viettel HQ and Subsidiaries by applying EPRG model

1. What is the organizational structure in Viettel HQ?
2. What is the decision making process in HQ and subsidiaries? Who involve in the process?
3. Which criterions are used to evaluate staff's performance?
4. What are differences of these criterions between HQ and subsidiaries?
5. What is the system of rewards and punishments applied in Viettel HQ?
6. How is the system shifted to subsidiaries?
7. Which policies are kept? Which policies are changed?
8. How the communication flow occurs in HQ and subsidiaries
9. Basing on your experience, how do you evaluate the efficiency in HQ?
10. What is the information flow in subsidiaries? How do you transfer info to staff in subsidiaries?
11. Is there any communication between subsidiaries?
12. How many percentages of parent-country nationals in your subsidiaries?
13. What is the policy of recruitment and development for key positions in Viettel

subsidiaries?

III. Expatriate's Core Characteristics

Please give your opinions about the importance of the characteristics below

1. Technical/Professional Skills	11. Language proficiency (high skill, expertise)
2. Expatriate's willingness to go	12. Loyalty to the company
3. Experience in the company	13. Knowledge of new locality
4. Personality factors (open mind, flexibility, resilience)	14. Global mind set: understanding and cognitive complexity, ability to function successfully in the host country, ability to build trusting relationships with local stakeholders,
5. Leadership skills	
6. The ability to work in teams	
7. Previous performance appraisals	
8. Family's willingness to go	
9. Educational qualifications	
10. Previous international experience	

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