Examining relationships between compensation components and employee perceptions of pay equity in a transitional economy: the case of Vietnamese state-owned enterprises

A thesis submitted in fulfilment of the requirements for the degree of Doctor of Philosophy

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DECLARATION

I certify that except where due acknowledgement has been made, the work is that of the author alone; the work has not been submitted previously, in whole or in part, to qualify for any other academic award; the content of the thesis is the result of work which has been carried out since the official commencement date of the approved research program; any editorial work, paid or unpaid, carried out by a third party is acknowledged; and, ethics procedures and guidelines have been followed.

Thi Ngoc Anh Ngo
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CONFERENCE PAPERS


ABSTRACT

Transformation of state-owned enterprises (SOEs) has been a central point of Vietnam’s economic reform, namely Doi moi, starting in the late 1980s, which aimed to adapt them to market-oriented practices and to increase their efficiency. This reform has led to significant changes in compensation policy and practices in this sector. The perceptions of pay equity among SOEs’ employees have also shifted from a view of respecting harmony and collectivism toward individualism and the notion of performance-based pay. This thesis aims to investigate relationships between compensation and perception of pay equity in Vietnamese SOEs during their reform process. The study employs a triangulated mixed methods design combining quantitative and qualitative approaches, using a theoretical framework developed from two key theories, compensation theory and equity theory, to examine key research questions: How do compensation components relate to employee perceptions of pay equity in Vietnamese SOEs? And why? The study contributes to the existing theoretical understanding of relationships between compensation practices and perceptions of pay equity, in particular in the context of Vietnamese SOEs. It also provides suggestions for policy makers and practitioners to develop compensation policies and practices that improve employee perceptions of pay equity in SOEs during the economic reform process.

Keywords: Vietnam, economic reform, state-owned enterprise, compensation policy, compensation practices, perception of pay equity.
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<tr>
<td>BOD(s)</td>
<td>Board of Director(s)</td>
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<tr>
<td>CBD</td>
<td>Central business district</td>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>CIEM</td>
<td>Central Institute for Economic Management</td>
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<td>CMV</td>
<td>Common method variance</td>
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<tr>
<td>CPA</td>
<td>Principal component analysis</td>
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<tr>
<td>DRV</td>
<td>Democratic Republic of Vietnam</td>
</tr>
<tr>
<td>DV</td>
<td>Dependent variable</td>
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<tr>
<td>EFA</td>
<td>Exploring factor analysis</td>
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<tr>
<td>EM</td>
<td>The Expectation-Maximization analysis</td>
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<tr>
<td>FDI</td>
<td>Foreign direct investment</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GSO</td>
<td>General Statistics Office Of Vietnam</td>
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<tr>
<td>HR</td>
<td>Human resource</td>
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<tr>
<td>HRM</td>
<td>Human resource management</td>
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<tr>
<td>ILO</td>
<td>International Labour Organization</td>
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<tr>
<td>IV</td>
<td>Independent variable</td>
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<td>Js</td>
<td>Joint stock</td>
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<td>KMO</td>
<td>The Kaiser-Meyer-Olkin measure</td>
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<tr>
<td>KPI(s)</td>
<td>Key Performance Indicator(s)</td>
</tr>
<tr>
<td>Ltd</td>
<td>Limited Liability</td>
</tr>
<tr>
<td>MAR</td>
<td>Missing at Random</td>
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<tr>
<td>PhD</td>
<td>Doctor of Philosophy</td>
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<tr>
<td>PSQ</td>
<td>Pay Satisfaction Questionnaire</td>
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<tr>
<td>RV</td>
<td>Republic of Vietnam</td>
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<td>SOE(s)</td>
<td>State-owned enterprise(s)</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistical Package for the Social Sciences</td>
</tr>
<tr>
<td>USA</td>
<td>The United States of America</td>
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<tr>
<td>VGCL</td>
<td>Vietnam General Confederation of Labour</td>
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<tr>
<td>VIF</td>
<td>Variance inflation factor</td>
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<td>VND</td>
<td>Vietnamese Dong</td>
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CHAPTER 1: INTRODUCTION

1.1 Rationale of the research and research questions

Compensation has been a concern in both academia and practice due to its significant influence on firms’ success. It is defined as ‘all forms of financial returns and tangible services and benefits employees receive as part of an employment relationship’ (Milkovich et al. 2011, p. 10). It is believed that, by providing satisfactory compensation packages, an organisation might retain the best talent, which is a key to success for any organisation today. Fairness or equity of a compensation system is a fundamental element creating employees’ satisfaction with their reward received (Milkovich et al. 2011).

Although compensation and perception of pay equity have been popular topics in the literature, it has been argued that these studies are fragmented. Jawahar and Stone (2011) observe that, even where it showed awareness of the importance of compensation fairness, research examining how perception of fairness is related to all components of pay is relatively scarce. Moreover, almost all studies about fairness compensation have been conducted on enterprises in developed economies such as in North America. For a transitional economy such as Vietnam, there are still scant studies about these compensation issues.

Vietnamese state-owned enterprises (SOEs) are the special interest of this thesis because their transformation process strongly reflects the transitional process of the Vietnamese economy in general. Since the Vietnamese economic reform began in 1986, namely Doi moi, SOEs have been forced to reform to adapt to market-oriented practices and to increase their efficiency. In other words, the reform of Vietnamese SOEs is a unique process in which these firms face unique challenges from an integration of management philosophy between the traditional socialist ideology and the Western ideology (Tran et al. 2016). The Socialist ideology of management aims to create a harmonious working environment and to inspire collective spirit. The final purpose of this management approach is to bring the feeling of equal distribution in which everyone has similar rewards despite of their different contribution. The Western management approach, meanwhile, focuses on individuals’ contributions and rewards to enhance their productivity. The Socialist ideology has been still dominant management in Vietnamese SOEs currently. Meanwhile, the new context of Doi moi forces these firms to be more innovative by making management reforms (Nguyen
The values of Confucianism influence the conduct of HRM practices such as performance appraisal practices in firms’ practices (Vo & Stanton 2011). Group-orientation that sees collective units over individual interests is emphasized as the first priority of HRM (Cox et al. 2014). The over emphasizing of collective values in Vietnamese firms make it difficult to implement such practices as individual performance-based pay (Zhu 2005).

This transformation has caused significant changes in SOE types, their management, and compensation practices. A series of compensation policies have been issued to guide compensation practice reform in SOEs. In addition, these companies are an economic force helping the Vietnamese government to control the economy and ensure a socialist orientation. The contribution of SOEs to the Vietnamese GDP in 2015 was around 30 per cent (GSO 2017c). SOEs are operating as leading corporations in almost all areas of the economy, such as electricity, finance, and transportation. However, since Doi moi, SOEs have been continuously performing inefficiently. In the period between 2006 and 2010, SOEs received 45 per cent of the total financial investment of the whole economy but only contributed 28 per cent to the GDP; while private firms only received 28 per cent of the total investment but contributed 46 per cent of the GDP (GSO 2017c).

Compensation policies and practices have been blamed for SOEs’ continuous inefficiency since Doi moi. It has been mentioned on a daily basis in popular Vietnamese newspapers that SOEs’ compensation has failed to encourage their employees to improve performance and productivity, due to employees perceiving their compensation to be inequitable. However, there is a lack of study about all compensation components as antecedents of perceptions of pay equity, especially in the Vietnam context. Thus, this thesis has been conducted to extend theory and to enrich the current compensation literature by focusing on investigating compensation fairness issues in the transformation process of SOEs in the transitional society of Vietnam.

In doing so, the thesis tackles the central research questions: How do compensation components relate to employee perceptions of pay equity in Vietnamese SOEs? And why?

1.2 Research objectives

Doi moi has created a substantial change in Vietnamese economic structure and its operational rules, especially for SOEs. The economy currently has multiple sectors and has
been strongly influenced by market rules. These changes in economic environment have influenced the perceptions of equity, and have created changes in compensation policies and practices for SOEs. Before *Doi moi*, the traditional socialist ideology of income distribution was that everyone received similar compensation, as they were all the owners of the public property, assets and materials in SOEs. This principle was used for compensation practices in SOEs as an equal distribution that was understood as equity for many decades, even into the early stage of *Doi moi*. Since *Doi moi* began, the marketization of the economy has brought another distribution principle for enterprises, which is based on the market rules of labour demand and supply, contributions and performance. The perception of equity in compensation, accordingly, has also changed toward the new principles of distribution under market conditions. However, due to the long period of having operated under the traditional socialist system, SOE management in general, and compensation in particular, have been strongly based on traditional criteria such as equal distribution and seniority. The inconsistency between the new awareness of equity and the traditional compensation system has been seen as a key element in demotivating employees and leading to SOE inefficiency.

Despite an emerging need for investigation of the effects of current SOE compensation practice on the perception of pay equity, no empirical studies on this issue have been found on the Vietnam context.

This thesis aims to investigate emerging issues in compensation practices in Vietnamese SOEs from the view of pay equity, by conducting a study using a multi-theoretical approach. The two theories of compensation theory and equity theory have been used to create a conceptual model for the study. Compensation theory by Milkovich et al. (2011) proposes foundation knowledge of compensation components, and how these components might affect perceptions of pay equity in an organization. This is the theoretical base applied to developing the construct of compensation components in this thesis. In addition to compensation theory, equity theory by Adams (1965) provides guidance to build a construct of perception of pay equity.

This thesis has two objectives. Firstly, it will explore the relationships between compensation components and the perceptions of pay equity in Vietnamese SOEs. It also aims to expand compensation theory and equity theory by applying these theories in the context of the Vietnamese SOEs’ transformation. The thesis aims to fill a gap in the literature on effects of all compensation components on the perception of pay equity in the context of Vietnam transitional economy. Secondly, the thesis’ purpose is to identify and analyse key
elements might influence the compensation systems in Vietnamese SOEs that have significantly influenced their employees’ perceptions of pay equity. It then will practically contribute to improving the perception of pay equity in these companies by providing suggestions for policy makers and SOEs’ management regarding compensation issues.

To do so, the thesis employs a concurrent mixed method that comprises both quantitative and qualitative approaches simultaneously. Each method will address specific problems. The quantitative study answers the research question of how the compensation components relate to the perceptions of pay equity, and investigates the ranking order of the effects among these components. Survey method with multiple regression for data analysis is used in the quantitative study. Meanwhile, a qualitative study concurrently conducted alongside the quantitative study answers the question of why the compensation components relate to the perceptions of pay equity. The qualitative study also explores contextual factors together affecting compensation components and the employee perceptions of pay. Case studies with in-depth interviews are employed to explore the research problems. Thematic analysis is used to analyse the qualitative data.

1.3 Structure of the thesis

This thesis is organised into eight chapters and structured as follows:

Chapter 1-Introduction: This chapter provides an overall picture of the thesis. It introduces the study background, to identify important contemporary issues in compensation and perception of pay equity in both theoretical and practical aspects. It also presents the research aims and objectives, together with the research questions. Then the chapter presents a brief outline of the methodology used to examine the research questions, and justifications for this application. Based on these fundamentals, the following chapters explore the research issues in more depth.

Chapter 2-Literature Review: This chapter provides a comprehensive understanding of compensation, and perception of pay equity, and linkages between them. Then it critically reviews existing relevant literature contributing to an exploration of the linkages between compensation and perception of pay equity in Vietnam. The two foundational theories used to develop the research framework, compensation theory and equity theory, are also discussed.
On the basis of the literature and theories discussed, the research questions, research hypotheses, and a conceptual framework, are developed.

Chapter 3-State-Owned Enterprises’ Compensation Reform: This chapter provides a comprehensive view of compensation reform in Vietnamese SOEs and changes in the perception of pay equity during the Doi moi process. Two key changes are addressed in this chapter: 1) changes in compensation policies and practices due to transformation of the SOEs; 2) changes in the perception of pay equity due to the economic and social environment changes since Doi moi began.

Chapter 4-Methodology: This chapter presents the research methodology employed to examine the research questions. It explains details of a mixed methods design comprising both quantitative and qualitative studies used in this thesis, and provides justifications for its use. The quantitative approach examines relationships between compensation components and the perception of pay equity in Vietnamese SOEs, via survey and multiple regression techniques. The qualitative study is simultaneously conducted alongside the quantitative study to provide further and deeper explanations of why the compensation components relate to the employee perceptions of pay equity, via a thematic analysis of interview data collected from the studied SOE cases.

The next two chapters present research findings based on an examination of the survey data and analysis of interview data. Chapter 5-Quantitative Study presents the quantitative data analysis and outcomes of testing the research hypotheses. The survey data were checked for errors and missing values, reliability and validity, and then tested for assumptions for multiple regression analysis. Chapter 6-Qualitative Study provides in-depth explanations of why the compensation components influence on the perceptions of pay equity. Based on the qualitative data sources, the chapter finally explores contextual factors also affecting the perceptions of pay equity in Vietnamese SOEs. By using different sources of qualitative data, the chapter provides a comprehensive understanding for the research problems.

Chapter 7- Discussion: This chapter provides discussion of key findings on influences of compensation components and contextual factors on the perception of pay equity, to answer the central research questions. It focuses on discussing how and why SOEs establish their compensation models, and on how and why these models influence the perceptions of pay equity in relation to their context of the restructuring process. Based on the findings in
Chapter 5 and Chapter 6, this chapter discusses how this thesis contributes to the literature on compensation and perception of pay equity.

Chapter 8-Conclusion: This chapter concludes the thesis by highlighting the core findings, and specifying key contributions to the literature and theory. It also presents recommendations for policy makers and SOE management in Vietnam to improve the employee perceptions of pay equity. Finally, it underlines limitations of the research and directions for future research in the field.
CHAPTER 2: STATE-OWNED ENTERPRISES’ COMPENSATION REFORM

2.1 Introduction

This chapter presents the changing contextual factors that have influenced compensation practices in Vietnamese SOEs, and discusses how these changes have affected perceptions of equitable distribution. The various factors and drivers of change for the government, and through the government, for SOEs, are presented and analysed, including the socialist ideology that underpins the approach taken by the government, as well as emergent economic factors that have resulted in the need to adapt socialist ideology to include a more competitive economic element as industry globalises. The impacts of the government economic reforms on employee compensation are identified, with a particular focus on discussing how reforms impact on perceptions of equity. The conclusion from this discussion is that the context of economic reform has significantly affected both SOEs’ compensation practices and the perception of pay equity in Vietnamese SOEs. This creates a proposition that the relationships between a SOE’s compensation and its employees’ perceptions of pay equity could be influenced by other contextual factors. This proposition will be explored further in the following chapters.

This chapter firstly presents the government’s approach to employee compensation for SOEs between 1954 and 1975, when a socialist ideology was dominant, and how this influenced employee perceptions of pay equity. The pressures for change that began in 1975 with the re-unification of North and South Vietnam are briefly explained. The chapter then focuses on changes introduced by the government as part of the Doi moi commencing in 1986. These changes explain the challenges of SOEs’ compensation practices, which in turn have influenced employee compensation, in particular in relation to employee perception of pay equity. This discussion provides the basis for the final section, which presents the challenges for SOEs that have resulted from these changes, in particular in relation to addressing the emerging negative employee perceptions of pay equity.
2.2 Compensation and perception of equity before Doi moi

2.2.1 Period from 1954 to 1975

The Vietnam Communist army in 1954 defeated the French army that had invaded Vietnam, in the battle of Dien Bien Phu. The resulting 1954 Geneva Convention led to the agreed resolution of the First Indochina War between France and the Việt Minh (Dang 2005). The agreement temporarily separated Vietnam into two zones: a northern zone to be governed by the Vietnam Communist Party (Việt Minh); and a southern zone to be governed by the State of Vietnam, and headed by former emperor Bảo Đại. This resulted in the establishment of a Socialist government, namely the Democratic Republic of Vietnam-DRV (Việt Nam Dan Chu Cong Hoa), in the Northern zone; and a government namely the Republic of Vietnam-RV (Việt Nam Cong Hoa), in the southern zone. The DRV government focused on building a socialist economic model, with SOEs at its core; while the RV government had no existence of this type of firm (Dao 2000). This thesis is about the compensation and perception of pay equity in Vietnamese SOEs; therefore, it only focuses on the situation of the DRV in this period.

The DRV government identified two key responsibilities for itself: to build a model of a socialist society in Northern region; and to continue to support the South to unite the country. The characteristics of a socialist ideology include: public ownership of production materials; centralised governance; and the absence of free competitive markets characteristic of capitalist societies (Beresford 1999; Collins 2009). Being profitable was not a concern in this traditional economic model (Collins 2005). This led to direct intervention of the government in every aspect of the DRV economy. On the one hand, the government established specific production tasks; and on the other hand, it identified how production would be distributed. It achieved this through the establishment of State Owned Enterprises (SOEs). SOEs were provided with production targets on an annual basis, and provided with an annual budget to enable them to meet their production targets. The government regulated levels of employee compensation to enable SOEs to meet their targets. The government also regulated how SOEs would distribute their product to the society (Beresford 1999).

While this created an official (formal) economic production and distribution approach, an unofficial (informal) approach developed - termed the ‘Black market’ (Cho den’).

Theoretically, under the socialist planned economy, the government’s formal approach decided all production, distribution and consumption issues. However, in reality, over time Black market developed, as budget limitations and insufficient management capacity led to a gap between estimated consumption plans and the real demand from the public and economic growth was constrained. In response, Black market developed to help demand to meet the supply available through the government distribution system. People with excess goods from the government system began to use their excess to purchase other goods they were not allocated, through the Black market system. This led to two competing price systems, in which government prices were below the Black market prices due to government price subsidisation. For example, in 1974-1975, the government price of rice was VND 0.4 per kilo, while the Black market price was 10 times higher (Dang 2005).

Paralleling the pricing system, the employee compensation system was also centrally government planned and subsidised (Beresford 1999). The compensation had two key characteristics: a subsidised monetary payment, and non-monetary coupons. A low minimum monetary salary was set at 27.3 VND per month to enable employees in Northern Vietnam to share the hardship of achieving independence (Dang 2005). To balance this, the government set a subsidised price (Gia mau dich) for goods via coupons, based on a calculation of basic consumption goods for the people to maintain their lives at the minimum levels. The government established wage scales determined by a combination of factors including position, the person’s contribution to the war, the nature of the job, seniority in employment, and geographic location (CIEM 1978). These elements were defined and administrated by the Ministry of Labour based on job characteristics (Bo Lao Dong - the Ministry of Labour; recently, Invalid and Social Affairs). For example, in the Production sector, the salary system had seven wage grades for 14 categories of work, four categories of leadership, and one category of technical specialist (Government of Vietnam 1960). The government had started to consider the job characteristics when setting payment (Ngo 2001). However, the main principle of salary system was still egalitarianism, as it set a very small gap between the wage scales and wage system. The view of the government distribution system in this period was of sharing hardship in the time of war. The Northern people were living and working toward a common purpose, of ‘all for the South liberation and the country reunification’ (Tat ca de giai phong mien Nam thong nhat dat nuoc) (To 1985).
Supporting the low wage, the coupon system enabled people to buy products from the government distribution system. There were different coupons for various types of goods. For example, there were coupons for batteries, fabrics, bicycle parts, sugar, condensed milk, fuel, fish sauce, fat, and salt. The factors that determined the amount were types of work, age, and size of family, etc. For instance, a government officer could buy 13 kg of rice a month, a worker with hard working conditions could buy 13-19 kg/month, a soldier could buy 21 kg a month, an infant at one-year-old was allowed 3 kg a month, and a farmer could buy 11-15 kg per month (Dang 2005). Accordingly, coupons for government officers (including managers in SOEs) were clarified into different types, from A to E, while those for workers followed levels of skill and levels of physical energy consumption. Table 3.1 presents quantification of consumption of meat and sugar via types of coupons under these determinants.

Table 2.1: Quantification of consumption levels of foods by coupon types (per month)

<table>
<thead>
<tr>
<th>Groups</th>
<th>Coupon type</th>
<th>Meat (kg)</th>
<th>Sugar (kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special group</td>
<td>A1</td>
<td>At least to 7 kg</td>
<td>At least to 3.5 kg</td>
</tr>
<tr>
<td>Ministers or equivalents</td>
<td>A</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Deputy Minister</td>
<td>B</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Officers with salary in the range of 140-169 VND</td>
<td>C1</td>
<td>3</td>
<td>1.5</td>
</tr>
<tr>
<td>Officers with salary in the range 114-140 VND</td>
<td>C</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Officers with salary in the range 64-114 VND</td>
<td>D</td>
<td>1</td>
<td>0.5</td>
</tr>
<tr>
<td>Officers with salary below 64 VND</td>
<td>E</td>
<td>0.3</td>
<td>0.25</td>
</tr>
<tr>
<td>Special workers</td>
<td>DB</td>
<td>2.5</td>
<td>0.75</td>
</tr>
<tr>
<td>Workers with hard jobs</td>
<td>I</td>
<td>1.5</td>
<td>0.75</td>
</tr>
<tr>
<td>Workers with normal jobs</td>
<td>II</td>
<td>1.2</td>
<td>0.5</td>
</tr>
<tr>
<td>Workers with easy jobs</td>
<td>III</td>
<td>0.3</td>
<td>0.35</td>
</tr>
<tr>
<td>Children below ages of 6</td>
<td>TR</td>
<td>0.3</td>
<td>0.5</td>
</tr>
<tr>
<td>Children from 7-16 year-old</td>
<td>TN</td>
<td>0.3</td>
<td>0.35</td>
</tr>
<tr>
<td>People</td>
<td>N</td>
<td>0.3</td>
<td>0.1</td>
</tr>
</tbody>
</table>

Source: Dang (2005, p. 433)
In addition to the direct distribution of consumption goods, the government also allocated accommodation and provided free healthcare and education for employees. Each person in an employee’s family was allocated a 4 square meter house which was then maintained by the Department of Land and Houses. Collective apartments were built in the city, and given to mid-management officers and workers (Dao 2000; Dang 2005). The government arranged a system of medical units in all enterprises, organisations and communities. For common illness, the employees could visit these units; for more serious illness, employees could obtain a referral to a relevant hospital. The government directly distributed medical equipment and medicine to the units and hospitals. Education and other costs associated with funerals, maternity and childcare were also directly provided to employees without them paying (Dang 2005; Collins 2009). Generally, these subsidies were quite equal for every group of employees (To 1985).

In summary, in the period from 1954-1975, employee compensation consisted of several components: a monetary salary and coupons for consumption goods, plus the government provided free medical care and education, free childcare, and an accommodation allocation. There were some differences in compensation between positions, contribution to the war, job characteristics, experience, and region, that were decided by government administrative decisions. The effect was that the compensation system was regarded as egalitarian, as it ensured a minimum standard of living while providing resources to support the development of the economy.

Perception of equity

The salary system before Doi moi was basically under a principle of averaging. This system was strongly supported by the traditional notion of Marxism about public ownership (So huu toan dan), and its principle of distribution of ownership. Marxism indicates that public ownership is a core of a socialist society, in which everyone is an owner of public property, and thus outcome based on such property must be distributed equally (Dao 2000). The notion of distribution for a long time assisted the government in maintaining its traditional salary system. In addition, the scarcity of the economy also caused the long existence of this wage system. The whole country was suffering a shortage of capital, materials for production, human resources, and modern technologies, thus leading to a scarcity of products for both consumption and production (Fforde & De Vylder 1996). The principle of egalitarianism,
therefore, helped the government to ensure that everyone had the necessary goods to survive, and to maintain its production systems in the difficult situation existing then (Nguyen 1972; To 1985).

Under the planned economy, a common mindset of the people was that equity means everyone getting a similar compensation package (Ngo 2001). The employees perceived that the compensation given to them was equitable. Similar to the government ideology, the above notion of Marxism for equal distribution also strongly influenced employees’ perception of equity. They perceived that every employee should have similar compensation, because they were all the owners of the company’s property and together contributed to its production. Getting similar compensation and care from the government (Dao 2000), thus, meant to them that they were being treated equitably, or in other words that equity was similar to equality.

In addition, the national ideology of fighting outside invaders to gain the country’s independence had also driven every person’s mindset of equity. Each person was considered as a soldier in various fields, to win the national war. Therefore, people were encouraged to sacrifice their individual needs for the nation’s goals (CIEM 1978; Nguyen 1972). The whole society was as a collective family, in which each member tried their best to complete their allocated tasks, and the family would look after their lives and wellbeing. The employees contributed to the completion of the national targets and received the government’s support and care. This was their conception of equity (Dao 2000).

Furthermore, under the salary system, the standardised quantification for different individual groups was indicated transparently. The reasons causing differentials of compensation among individuals were explained clearly. For example, the Ministers were provided a free house for them and their family members because they had to take responsibility to lead more important tasks and missions (To 1985; Dang 2005). The people, therefore, perceived that the distribution was equitable.

2.2.2 Period from 1975 to before 1986

The victory of the war against the United States of America reunited North and South Vietnam in 1975; at which time the Communist government declared that the newly united country would still continuously follow the Socialist planned economy. Vietnam had started a new era, to develop a socialist economy by operating processes of socialist-oriented reform
(cai tao Xa Hoi Chu Nghia) in the South, and strengthening the socialist system (cung co Xa Hoi Chu Nghia) in the North. These processes were almost completed in the early 1980s, by which the government had established public ownership (cong huu) in the both regions. Accordingly, the SOEs had become a key actor helping the government to build the socialist economy. In reality, even though all enterprises were publicised (quoc huu hoa) and many agricultural collectives (hop tac xa nong nghiep) were established, they operated inefficiently. From 1976 to 1980, the national productivity reduced, while various SOEs only operated at around 50% of their capability (Dang 2005). In particular, productivity of some agricultural and industrial products was even lower than in the wartime conditions. This inefficiency contributed to a stagnation of production in all fields of the economy (To1985).

Since the late 1970s, the economy had suffered from an extremely difficult period in which the government budget was at a high level of deficit, and hyperinflation was at more than 300 per cent, while all international financial aid was cut (Collins 2009; Dao 2000). This caused a scarcity of capital, consumption goods, and production materials. This scarcity led the whole society to seek for a solution, for survival. People operated informal business activities to develop their production outside the government production plans. These activities were called ‘fence-breaking’ (pha rao) (Beresford 1999). These types of business activities happened across many sectors. In the agriculture sector, several provinces created their own management mechanism that allowed them to sign supplier contracts directly with the farmers for production of rice. They encouraged farmers to increase their productivity above the government target, and bought the surplus products at the market price. These initiatives quickly motivated farmers to push their productivity to be able to make some extra income (Beresford 1999; Ngo 2001). In the industrial sector, SOEs actively increased their productivity above the government production target, and sold the surplus to the free market to obtain extra income. The income from these sideline activities was mainly used to improve employees’ living conditions (cai thien sinh hoat). Accordingly, these activities brought significant motivation for improving productivity and efficiency among SOEs (Beresford 1999; Dao 2000). This ‘fence-breaking’ was thus a significant mechanism to overcome the difficulties during this period. These outside economic activities later were judged and accepted by the government as solutions for overcoming economic difficulties at the time (Beresford 1999; Collins 2009).

The fence-breaking activities opened up a new awareness of market rules, as it demonstrated that production following the market signals (which, in this period, were
signals of the black market) could increase efficiency for both SOEs and the economy, and also fix government failures existing in the command and control economy (Fforde 2004). The fence-breaking activities opened up a period of ‘running to the market’ in the Vietnam economy (Fforde 2004, p. 38).

In 1981, the Vietnamese government issued Decision No. 25/CP, which officially allowed SOEs to operate partly under market rules. This decree regulated ‘three plans’ in production for SOEs. Plan One was the government plan. Inputs and outputs for production under Plan One were ordered and consumed by the government. This plan was formerly the unique duty of SOEs, before the decree. Plan Two was designed based on Plan One. When provided inputs by the government did not meet Plan One’s outputs, SOEs were allowed to find other sources to complete the production gap. This production under other sources was called Plan Two; and was sold to the government to bring income for SOEs. If SOEs used inputs efficiently, they could create outputs exceeding the government requirement. These exceeding parts were retained, to continuously develop production and to improve employees’ lives (Collins 2009). These retained parts were called Plan Three (Government of Vietnam 1981). Plan Three brought an opportunity for SOEs to have self-production outside the government plan (Beresford 1999; Ngo 2001). The decree made a significant change in the rights and obligations of SOEs, and also opened a new door for SOEs to engage in a free market (Collins 2009). In addition, Decision No. 25/CP had a strong impact on the economy. From when it was implemented, the average industrial growth rate raised from 0.6 per cent per annum in 1976-1980 to about 7 per cent per annum in 1981-1985 (Woo et al. 1997).

However, the Three Plan also created three types of prices in the economy. The hard price was set by the government; the half-hard price was also set by the government, but in relation to the informal market price; and the flexible price was set by agreement between SOEs and other participants in the informal market (To 1985; Dao 2000). The differences among these three types of prices were very large (up to 10 times, in 1985). This situation led to the government not being able to control the economy; and created opportunities for corruption, as the SOE leaders used the materials provided by the government to sell in the informal market to obtain an income (Dang 2005). The resulting situation of economic scarcity and uncontrolled prices caused a high inflation rate in 1985, at almost 100% (Dao 2000). The economy was continuously in a deep recession (Fforde & De Vylder 1996).
This economic reality led the government to make an important decision, of changing price systems and paying salary and revaluing of money (*Price-salary-money* or *cai cach gia luong tien*), which had strongly influenced employees’ incomes in the period (Dao 2000). This decision, made in 1985, related to three major aspects of the economy: price adjustment (*dieu chinh gia*), salary adjustment (*dieu chinh luong*), and currency re-valued (*doi tien*). The adjustment helped the government price to close the production cost, but was still by administrative decisions. The salary adjustment aimed to increase government employee’s salary in order to cover their living costs, without government subsidies. As the result of this reform, in average, employee’s salary was increased 20% during this period (To 1985). The reform of price and salary required a large amount of money, but due to an inability to print more money, the government decided to revalue the currency for ten times. It means 10 VND now became 1VND. This reform created a new economic condition, with a new price, a new salary level, and a new value for money notes (Dang 2005).

In reality, after implementing these policies, employee living was even more difficult. The salary reform had been done simultaneously with increasing prices and revaluing of the money, the latter which significantly contributed to a significant increase in the consumption price index. Employees’ salaries were not enough to support them in their lives. Accordingly, the government again increased the salary to match the new price; which caused a situation of continuous increases of salary to chase inflation (To 1985). This resulted in a super inflation rate of 774% in 1986 (Vneconomy 2010). The economy once again was in a deeper recession, and the government was back to the subsidy mechanism, and sometimes paying salaries in materials (*tra luong bang hien vat*) to continuously control the price and amount of money in the economy so as to reduce the inflation rate (Tran 1988; Dao 2000).

Even as the policies changed several times until this period, employees’ compensation structure had stayed the same as it was in 1960 (Dang 2005). The compensation components included monetary salary, coupons, and other subsidies of the government for healthcare, education, and accommodation (Collins 2009). However, in this period, there were additional allowances: a price increase allowance was added to cover price increases whenever they occurred; and the seniority allowance for employees was at the highest level of the wage scales (Dang 2005). The salary determinants were still seniority, position, the level of heavy work, and qualification (Government of Vietnam 1985). This system was, therefore, continuously egalitarian.
**Perception of equity**

From 1975 to 1986, the dominant ideology of distribution among the national leaders was still egalitarianism. This was reflected in the distribution regulations, which had not much changed compared to the previous time (Dao 2000). The compensation components that were basically unchanged included a major part of coupons and materials distribution, small salary, other subsidies such as accommodation, and healthcare and education. The determinants of such compensation stayed the same: that is, seniority, position, and qualification (Collins 2009). These continuing distribution systems were seen as being a result of the strong desire of the government to lead the country quickly to being a socialist country without considering the actual economic conditions. The equality of distribution was considered to be a superiority of the socialist country. The government, therefore, tried to build up the distribution system to establish the desired society (Ngo 2001).

However, it appears that this distribution system failed to motivate employees in production, because productivity over the country reduced during the post-war, reunification period. The government, therefore, was unable to ensure the quality of people’s lives at a minimum level, and could not provide real equality for everyone. It appears that the equal distribution mechanism, which had significantly encouraged the people under war conditions, failed to continuously motivate them after the reunion of the country (Tran 1988; Dao 2000).

It seems that employees’ thinking had changed due to the changes in social and economic conditions discussed above (Dao 2000). The country had gained independence; they now had opportunities to be concerned about their work and rewards, which they had never been concerned about during the war. They, therefore, started requiring the government to care about their contributions to work, and felt it to be unfair when they worked harder than others but still received similar compensation. They then reacted to reduce their effort to be like that of others. They were not concerned about their productivity, because whether they worked hard or not, they still received the same compensation (Nguyen 1972; Le 1977). This situation was common in many SOEs and other collectives (*hop tac xa*) in this period (Dao 2000; Dang 2005). This explained why productivity in Vietnam reduced to a lower level compared to that in the conditions of wartime. In other words, in contrast to in the war conditions the equal distribution in peacetime demotivated employees (Ngo 2001).
2.3 Compensation and perception of equity during *Doi moi*

The depth of recession of the Vietnam economy in the 1980s was explicit evidence that centrally planned management had not suited the recovery and development of the economy (Fforde 1993). In addition, the success of fence-breaking activities to improve production had presented a vital role for market operations in increasing productivity and economic efficiency. The government, therefore, recognised that the market is able to force the economy to operate more efficiently than the government alone could do (Dao 2000).

In 1986, at the sixth Congress of the National Communist Party, the government officially announced to lead the economy by operating under market rules. It also confirmed that this was the unique solution to overcome the current difficulties and to build strong economic power for the socialist country (Dang 2009; Tran & Norlund 2015). In order to do this, the government had to stop its subsidies, allow development of markets, support the establishment of the private sector, and open the economy globally (Dao 2000). The income distribution methods changed accordingly. In 1989, the government completely stopped the system of food coupons, and materials distribution, and created monetary salary as a major source of employee income (Ngo 2012).

Within this multi-sectoral system, SOEs’ operations were shifted to fit with the market-based economic system. They no longer received strong support from the government, but had to face dynamic challenges from markets. However, SOEs’ role in this new era has stayed the same: to economic aspects, they still are seen as the government agent to lead and control the economic system. In terms of social duty, they are the government tool to manage and implement the government’s social welfare system (Collins 2009). SOEs operate under extreme pressure and the challenges of improving their competitiveness while fulfilling their duties with the government. Since *Doi moi* started in 1986, the government has been operating a restructuring program for SOEs, towards a market mechanism. This has pushed changes for SOE ownership types and management (Bui 2008).

The legal framework guiding the restructuring process was gradually completed via the State-Owned Enterprise Laws, in 1995, 2003; which were then replaced by Enterprise Laws in 2004, and the latest version in 2014. Under these laws, SOE types and management have changed. The government has gradually increased SOE autonomy in various aspects. It removed centralised control of fixed prices. SOEs were allowed the setting of their products’
prices following market conditions. Then they were granted to care of their employees regarding payment of salary and benefits (Collins et al. 2013). The government has conducted various methods, including equitising, selling, transforming into limited liability (Ltd) companies, and establishing economic corporations, to change the types of these enterprises. Currently, there are two major types of SOEs: limited liability (Ltd) SOEs, and joint stock (Js) SOEs. Ltd SOEs are enterprises in which the state owns 100% of the chartered capital and Js SOEs are enterprises in which the state owns more than 50% of the chartered capital (Government of Vietnam 2005). These new SOEs ownerships are able to decide their own business activities, including compensating their employees (Government of Vietnam 2014).

The economic reform and restructuring of SOEs have significantly affected the compensation in SOEs. In 1992, at the Seventh Congress of the Vietnamese Communist Party the government declared a vital reform of compensation that was called the wage scale reform (*cai cach thang bang luong*). The Congress confirmed that the SOE employees’ salary had to be based on the firms’ efficiency and productivity, and to separate it from the government budget. The SOEs from now were allowed to take their own responsibility for caring for their employees’ salary. However, the government continuously kept direct control of the wage scales (Vu 2009). In addition, the reform of wage scales also resulted in the establishment of the social welfare funds, in 1993: social insurance, medical insurance, and unemployment insurance (Vu 2009). It only completely released its control in 2013 by asking these firms to build their own wage scales to suit their conditions (Government of Vietnam 2013). This decision presented a determination of the government to stop its subsidies for the employees’ welfare in SOEs. The social welfare funds are independent of the government budget, and operate under a rule of rewards based on contributions. Currently, the total cost of compulsory insurances is equal to 32.5% of the employees’ salary, in which the company contributes 22% and the employee contributes 10.5% (Vietnam Social Insurance 2015). This was a vital decision of the government, to let SOEs be autonomous and fully operate under market requirements (Collins 2009).

Currently, the employee salary has been completely decided by the SOE management at the firm level (Government of Vietnam 2013). Changes in the government compensation policies have created several issues in SOEs’ practices. SOEs have to take full responsibilities for employees’ compensation; this, therefore, has put more pressure on SOEs’ budget that is closely supervised by government (Zhu 2002). To overcome this financial burden, many
SOEs have created two salary schemes: a basic salary scheme (Luong co ban) which is based on the government wage scale, to calculate compulsory insurances fees; and productive salary scheme (Luong mem) to actual pay employees for their performance. The basic salary scheme is low that helps SOEs to reduce the fees that SOEs need to contribute to the social welfare funds. Owing to the maintaining of a multiple salary system, compensation in SOEs becomes complicated and somehow is lack of transparency (Vneconomy 2012; Tran 2015). The total employee salary, thus, has combined basic salary (Luong ca ban) based on the traditional government wage scale, plus Luong mem based on the business profit; and employees’ performance and bonuses (CIEM 2012).

In term of the government control, in limited liability SOEs, the government practices its ownership rights through its representatives in the firms. These representatives might be the chairperson or member of the Board of Directors (BOD), the chairperson of the company members’ council, the general director, the deputy general director, general manager, or deputy general manager. These positions are appointed, and also might be dismissed, by the government bodies that have direct responsibility to manage and supervise the SOEs. The representatives have full rights as the private owners in using state capital, but have to take responsibility for preserving and developing this capital (Government of Vietnam 2014). Simultaneously, they are operating under the supervision of the relevant government bodies, and the internal monitoring units at the companies (Government of Vietnam 2014). However, joint stock SOEs have more autonomy, with less supervision from the government. The government only has rights over its shares. The government, through its representatives in these firms, manages their capital (Trung 2014).

**Perception of equity**

The integration of Vietnam’s economy into the world economy has led employees to be able to participate in the international labour market: they have opportunities to find work in international companies, in which the compensation completely depends on their performance and contribution to work (Zhu 2002). They have thus found opportunities to obtain higher and better compensation when working hard and increasing their performance. It has been observed that the employees now perceive a payment to be equitable when it accurately rewards their effort and efficient workings (Vnexpress 2016).
In practice, FDI enterprises in Vietnam have implemented a flexible reward system to compensate their employees that is different to the traditional compensation practices in SOEs (Zhu et al. 2008). In FDI firms, the employees have obvious opportunities to get a higher income by increasing their productivity and performance, while in SOEs they might not do this. There was evident of ‘brain drain’ from SOEs to the FDI sector, as the employees saw opportunities to get higher income in these FDI companies (Vneconomy 2012). The official website of the Vietnam Electric Power Corporation stated that in 2008, there were hundreds of engineers and skilled workers that had left the corporation to work for private and FDI enterprises because they were offered better compensation there (ICON 2008).

Furthermore, the government ideology of equitable distribution also has been changed significantly. The Sixth Congress of The Vietnamese Communist Party in 1986 announced that there is a need for making a right and clear definition of equitable distribution in the society (Communist Party of Vietnam 1987). According to this statement, equitable distribution was re-defined as being that persons working more efficiently will get higher income, and vice versa. These changes have narrowed the tendency for compensating employees based on their seniority and contribution to the war in the past.

2.4 Challenges of policy reform for SOE compensation practices

Since Doi moi started, SOEs are facing many issues, related to current compensation policies. A low speed in the government’s provision of policies and their guidelines has been one of a key challenge for SOEs. For example, Decree 49/2013/ND-CP was dated 14/05/2013, but two years later, in 2015, Circular 17/2015/TT-BLDTBXH, dated 22/04/2015, was issued to guide implementation of this decree only for limited liability SOEs. For joint stock SOEs, three years later, Circular 28/2016/TT-BLDTBXH, dated 01/09/2016, was issued to guide their practices. It is seen that, from the laws to the practices, there are various bridging documents (decrees, circulars, or decisions) to provide guidelines for implementation. This process has slowed down the immediate effects of laws, and sometimes prevents SOEs from changes to adopt their business to market conditions (Trung 2014). In reality, it is commonly seen that enterprises have had to delay their reform to wait for a government decree and ministry circular guiding their activities (Do 2015).
In addition, SOEs also have faced unconsolidated interpretations and guidelines from different government documents. For example, limited liability SOEs operating in public services have to follow both Circular 17/2015/TT-BLDTBXH, dated 22/04/2015, and Circular 26/2015/TT-BLDTBXH, dated 14/07/2015, to build their employee salary. These two circulars have opposite regulations for calculating salary. Circular 26/2015/TT-BLDTBXH proposes a similar formula to Decree 205/2004/ND-CP, which is based on existing financial sources supported by the government; while Circular 17/2015/TT-BLDTBXH requires the SOEs to build the salary based on the limited liability SOEs’ efficiency. SOEs, therefore, choose wage scales as proposed in Decree 205/2004/ND-CP to save time and cost (Diem-Le 2016).

Moreover, SOEs are facing a situation of the ownerless (vo chu) due to overlapping management of government bodies. For example, the Prime Minister, Minister, or Head of Provincial People Units, according to relevant regulations might take responsibility of ownership in SOEs (Government of Vietnam 2014). Owning to their important positions in the government, they often do not have time to concern about managing SOEs operational matters. They then delegate this task to the next level by appointing representatives in SOEs to conduct the ownership rights on their behalf. These representatives do not have real power, and are considered as normal government officers in the SOE’s administrative system. The representatives, therefore, might not take serious responsibility for lost capital in SOEs, because previously their important business decisions often got approval from related government bodies (Quang & Dung 1998; Ngo 2012). Losses in SOEs usually were assigned to a lack of management skill. As consequence, whether the SOEs made or lost profits, the representatives might not be affected. This, therefore, does not motivate them to increase firms’ efficiency (Chau 2012).

SOEs are seemed to have less motivation for increasing their efficiency in the market-oriented economy. Although the government has been trying to create an equal legal framework for all enterprises, there have been seen several priorities it has especially provided for SOEs. SOEs are rarely announced to be in danger of bankruptcy when they are in a warning situation of loss, because they normally get government financial support or tax reduction in such a situation (Do 2006; Tran 2015). Moreover, compensation practices in SOEs are considered to face changes in employees’ awareness about equitable distribution.
2.5 Summary

This chapter has demonstrated that compensation practices and employees’ perceptions of pay equity have been changing since Doi moi started. Under the planned economy, SOEs were not concerned about efficiency, and employees perceived equity as being similar to equality. Since Doi moi started in late 1980s, SOEs have operated under market competition, they have to increase their efficiency; thus, eventually, they have needed to focus on increasing their performance. Accordingly, employees’ perceptions of pay equity have gradually changed.

In addition, this chapter has also indicated significant influences of the government role on both compensation practices and employees’ perception of pay equity in Vietnamese SOEs. The government’s policies play a vital role in reforming SOE compensation; while the SOE reform process reflects strong impacts of traditional culture, such as a collective view and socialist ideology of distribution, on compensation practices and employees’ perceptions of pay equity.

The conclusion from this chapter is that the context of economic reform has significantly affected both SOEs’ compensation practices and the perception of pay equity in Vietnamese SOEs. These, therefore, create a proposition that the relationships between compensation and perception of pay equity in SOEs might be influenced by contextual factors. This proposition will be explored in the qualitative study in this thesis.
CHAPTER 3: LITERATURE REVIEW

3.1 Introduction

The aim of this chapter is to review the relevant literature on compensation and pay equity to identify the research rationale and research theoretical framework. In doing so, the chapter commences with a revision of compensation theory and equity theory to provide foundational knowledge for this thesis. It then reviews empirical research based on these theories to identify factors that might influence the perception of pay equity, and the research gaps in the literature. These contents are followed by a review of empirical research on compensation and perception of pay equity in Vietnam, to strengthen the rationale for conducting a study on this topic. Based on the review of theoretical foundation and empirical studies, the chapter finally proposes a conceptual framework and research hypotheses to conduct the study.

3.2. Compensation theory

3.2.1 Definition of compensation

There are several definitions of compensation, due to different points of view. In a global view, compensation is considered as a general mechanism used to reward labours. It might be an entitlement, return, or reward, or might include all of these types (Milkovich et al. 2011). In an organisational view, compensation is considered as firms’ expenses and a tool to motivate employees (Patnaik & Padhi 2012). Gerhart et al. (1995) see employees’ compensation as a key factor of the employment relationship, as it is vital for both employees and employers. Compensation decisions also have strong impacts on other issues of attracting and retaining employees in the labour market and their working commitment in a firm (Gerhart et al. 1995). In an individual view, compensation is a source of sustenance and survival (Milkovich et al. 2011). In terms of employees’ interests, compensation contributes a large share of their compensation and health security (Patnaik & Padhi 2012).

Although there are different views of compensation, this varying terminology has a common meaning. As mentioned in a definition by Milkovich et al. (2011, p.10):
‘Compensation refers to all forms of financial returns and tangible services and benefits employees receive as part of an employment relationship’. According to these authors, the two words, compensation and pay, are interchangeable. From now on, the present research adopts this definition of compensation by Milkovich et al. (2011) to investigate the compensation issues in Vietnamese SOEs.

### 3.2.2 Compensation components

According to Milkovich et al. (2011), compensation components include all forms of pay that are described as total returns for an employee. The returns (see Figure 2.1) an individual receives from work are categorised as total compensation and relational returns. The relational returns are psychological, such as learning opportunities, status, challenging work, and so on. Total compensation returns are more transactional (Gerhart & Rynes 2003). They include cash compensation such as base pay, incentives, and cost-of-living adjustments; benefits such as pensions, medical insurance, and work and life balance; and relational returns such as recognition and status, employment security, challenging work, and opportunities to learn (Milkovich et al. 2011).

According to Milkovich et al. (2011), cash compensation includes all payment in cash that might be different due to employees’ experience, performance, skill or education. Meanwhile, benefits include compensation protection, work/life services, and allowances. Medical insurance, retirement programs, life insurance, and savings plans are common benefits. They help to protect employees from the financial risks in daily life. The cost of benefits has been rising in modern economies as both employees and employers have paid more attention to them (Dulebohn et al. 2009; Scott et al. 2011). Additionally, Gerhart and Milkovich (1992) emphasise that employees’ behaviours are not only affected by financial factors but also by non-financial factors such as recognition and status, employment security, challenging work, and opportunities to learn. Such elements are part of the total return; which provides a broader view for designing a suitable compensation model in an organisation (Milkovich & Newman 2005).
3.2.3 Minimum wage

Minimum wage is a fundamental regulation of the lowest level of wage or salary that firms must follow (Neumark & Wascher 2007). It provides an income floor for workers and employers to set a suitable pay model, ‘as legislation forces pay rates at the lowest end of the scale to move up’ (Milkovich et al. 2011, p. 579). Sometimes, a living wage is used to replace the minimum wage in salary calculation, as it reflects living costs in an area (Luce & Pollin 1998; Milkovich et al. 2011). To employees, the minimum wage helps to protect them from exploitation and low income; but to employers, it sometimes causes higher labour costs. Accordingly, employers in the short term have to consider a possible strategy to deal with costs increasing due to a minimum wage increase, and also seek to influence the minimum wage over time (Milkovich et al. 2011).
3.2.4 The bases of pay differentials

Before the 1980s, employee pay was often determined via the collective bargaining process (Brown et al. 1998; 2000). This is a process that helps to connect wages across the labour market, thus the ability of occupational groups to identify themselves such as, and monitor rates of pay in other organizations had strongly affected their members’ pay received. However, in the later years, the influence of collective bargaining has been reduced internationally (Dickinson 2006). Survey data examined by Brown et al. (2000) presented widespread changes in methods of pay determination that indicated a reduced trend of using collective bargaining and an increase in the role of management to decide employees salaries. According to the survey, only 35 percent of the employment contract in Britain is now covered by collective bargaining arrangements and 50 percent of employees have their pay set unilaterally by management (Brown et al. 2000). This movement has brought chances to managers to flexibly redesign job structures and pay structures to suit their company strategies (Rubery 1997).

More recently, compensation literature has suggested two fundamental bases of pay structures which are job-based and person based. The focus of job-based is on job evaluation to determining payment for the employees. According to Milkovich et al. (2011, p. 129-130), ‘Job evaluation is the process of systematically determining the relative worth of jobs to create a job structure for the organization. The evaluation is based on a combination of job content, skills required, value to the organization, organizational culture, and the external market’. The most common job evaluation methods are ranking, classification, and point method. Ranking method is fast, simple and easy to explain but unmanageable as a basis for comparisons is not called out. Classification can group a wide range of work together in one system but it leaves too much chance for manipulation. Point method is basis for comparisons but it can create chance for bureaucratic procedures and favourism in pay (Milkovich et al. 2011).

In the early 20th century, the second industrial revolution strongly affected work practices that are supposed to increase employee performance, flexibility and involvement with organizational goals (Handel & Gittleman 2004). Performance based and skill based
approaches were rated as the most important criteria in determining pay and earnings differentials (Dickinson 2006). Work was analyzed via a series of steps or tasks, which have been associated with the introduction of new compensation systems, such as pay for competencies, performance related pay and profit sharing (Dickinson 2006). In organizations today, the work is often analyzed with respect to increase competitiveness and success. Pay structures are set based on work analysis in which people doing simple work are likely to be paid less than people doing more complex work that contributes greater profits (Milkovich et al. 2011).

Skill- based pay is considered as a fundamental pay determinant departing from a traditional job-based pay to a person-based pay. According to Milkovich et al. (2011, p.163), ‘Skill based structures link pay to the depth or breadth of the skills, abilities and knowledge a person acquires that are relevant to the work. Structures based on skill pay individuals for all the skills for which they have been certified regardless of whether the work they are doing requires all or just a few of those particular skill’. This definition shows that the wage rewards to the person. This pay determinant is in contrast to the job-based pay where employees get pay for their job to which they are assigned, regardless of their skill posed. This approach rewards employees for their learning and demonstrating proficiency in a new skill regardless of whether employees actually use the new skill at the time of skill acquisition (Shaw & Gupta 2001).

With skill based structures, employees are encouraged to take further learning and training to achieve a higher skill certification in order to gain higher pay . On the one hand, this pay determinant encourages employees to take charge of their own career development. On the other hand, it might create favoritism and bias in determining who gets first opportunity at the training necessary to become certified at higher-paying skill levels. It also cause perceptions of inequity when having two people get different pay for doing the same work because they are certified as different skill based pay (Dickinson 2006).

Performance based pay is a salary or a wage paid to employees according to how well they perform. It is seen as an effective tool of HRM to improve employee performance (Roberts 1995; Swan 1991). ‘Pay for performance plans signal a movement away from
entitlement… sometimes a very slow movement toward pay that varies with some measure of individual or organizational performance’ (Milkovich et al. 2011, p.317). It is important to note that performance based pay systems are effective if they are designed well. In other words, efficiency of pay for performance critically depends on performance appraisal. According to Swan (1991), performance appraisal provides information to decide employee salary, bonuses and raises. If the information is not appropriate, the decisions on pay will not truly reflect employee performance and contribution to work, and then the pay system might fail to encourage the employee to improve their performance. Therefore, measurements of performance become the most difficult part of establishing a performance pay based system. Boice and Kleiner (1997) state that ‘Performance appraisal systems are not generic or easily passed from one company to another; their design and administration must be tailor-made to match employee and organizational characteristics and qualities’ (p. 197).

3.2.4 Objectives of compensation system

Objectives of a compensation system are to gain efficiency, compliance with laws and regulations, and fairness. The compensation system needs to be designed to help the company to control its labour cost and simultaneously to increase productivity to gain efficiency; while this design is required to be compliant with relevant laws domestically and internationally. More importantly, the compensation system must ensure its fairness by fair treatment to employees and its openness and understandability (Milkovich et al. 2011).

According to Milkovich and Newman (2005, p. 10), ‘fairness is a fundamental objective of pay systems’ because the perceptions of employees about the fairness of compensation influence their attitudes and behaviours in the workplace. Adams (1965) emphasises that perceptions of inequity in compensation cause negative emotions, which in turn demotivate employees, reducing their productivity. Thus, if this objective is not ensured, it might affect other objectives of compensation (Milkovich et al. 2011). In order to ensure fairness, compensation needs to be designed in relation to employee contribution and employees’ needs; and its procedures used in the decision-making process are required to be fair (Folger & Greenberg 1985; Milkovich & Newman 2005).

There are four common strategies to gain compensation fairness: internal alignment, external competitiveness, employee contributions, and management of the pay system.
Internal alignment strongly relates to the internal fairness of the compensation system. It refers to differentials in pay rates between different jobs or skill levels inside a single firm. The employee might make a comparison of pay between jobs and skill levels based on relative contributions to the firm’s objectives. Thus, a perception of inequity might appear if the internal pay rates are set inequitably in terms of jobs and skill levels (Gerhart & Rynes 2003; Milkovich et al. 2011).

There are various ways that internal pay policies affect employee perceptions of pay equity and, then, their behaviours. If the firm sets significant differences between pay levels, the employee might focus on improving their networking and ingratiation to allow them to move to higher pay levels, rather than increasing their performance and productivity (Luthans 1988). In contrast, if the differences are not large enough, the employee might not be motivated to move to the higher pay levels (Ehrenberg & Bognanno 1990). The procedure applied to set internal pay rates also impacts on the perception of fairness and behaviours of the employee. If the employer chooses a merit or skill base to establish pay levels, the employees often are motivated to improve their skill levels to gain an advantage; if the pay base is the performance, the employee might work harder to get the reward; if the pay levels are based on subjective evaluations, ingratiation and networking behaviour are favoured more than job performance; if the pay rates are based on tenure, the firm might lose the higher performance employees because they feel that they are underpaid and move to other performance-based pay firms (Milkovich et al. 2011).

External competitiveness relates to a pay comparison between organisations for similar work. This strategy establishes the pay rate and form based on competitors’ pay rates (Milkovich & Newman 2005). Therefore, it might affect employees’ willingness to continue to work for the organization. If the employee does not receive a pay rate similar to that which the competitors are paying, their desirability for movement will increase, and it is more likely that withdrawal behaviours such as tardiness, absenteeism, and turnover will increase (March & Simon 1958). Thus, a relatively lower pay might reduce the motivation of employees and negatively impact individual, group, and organization performance. Thus, an external competitiveness strategy directly impacts both the firm’s efficiency and fairness (Milkovich et al. 2011).

In term of contributions, pay decisions should recognise individual contributions to work because this directly affects the perception of fairness among employees. If the employee perceives there to be inequality between their contributions and the compensation received,
they might be demotivated or willing to move to other firms (Adams 1963, 1965). Thus, Milkovich and Newman (2005) highlight that an emphasis on employees’ contributions is an important policy decision because it directly influences their attitudes and work behaviours.

For management of the pay system, Milkovich et al. (2011) define management as ‘ensuring that the right people get the right pay for achieving the right objectives in the right way’ to ensure that ‘everyone feels they are being treated fairly’ (p. 20). Management helps the compensation system in reaching its objectives through different stages including choosing the pay strategy, establishing pay structures, and employing pay forms and pay base: ‘The greatest system design in the world is useless without competent management’ (Milkovich & Newman 2005, p. 12).

### 3.2.5 Evaluating compensation system

This section reviews how employees evaluate their received compensation. Previous research shows two major criteria that an employee uses to evaluate the compensation: the payment employees receive; and/or the procedures that were followed in order to determine the actual outcome (Colquitt 2001; Cropanzano & Randall 1993; Greenberg 1990a). It has been proposed that, in evaluating their pay, employees base their perceptions on just allocation norms, and on processes of comparison with others on which the justness of actual pay and pay distributions are assessed (March & Simon 1958; Sayles 1958; Jaques 1961; Patchen 1961; Adams 1965; Homans 1974).

According to Adams (1965) and Deutsch (1985), employees are concerned with the amount of reward received and the perceived fairness of that reward. Inequalities occur when one individual perceives that his or her reward is not fair when compared to the amount of another’s reward (Adams 1965; Deutsch 1985). If they see someone being more richly rewarded for doing essentially the similar job, they begin to perceive inequitable. In these situations, where the relationship between performance and reward becomes murky and work responsibilities become intertwined, perceptions of inequity and hard feelings can result in dysfunctional behaviour and lowered organizational outcomes (Pfeffer & Langton 1993; Shaw et al. 2002).
Thibaut and Walker (1975) introduce another angle on how employees evaluate their compensation, called procedural justice. This refers to the fairness of the process of the pay decision-making process. The aspects of pay procedures might be voice, opportunities, consistency, and selection or performance appraisal (Greenberg 1986; Gilliland 1994). Looking at reactions from plaintiffs and defendants in the U.S. legal system, researchers began to realize that, while people were obviously concerned with the sentences or judgments they received, feelings of fairness were tempered by their assessment of the proceedings involved (Thibaut & Walker 1975; Greenberg 1990a). Since procedural justice was first introduced as an important part of organizational justice, much empirical research has shown that pay procedure has strong effects on employee perceptions of fair pay and pay satisfaction (Folger & Konovsky 1989; Tremblay et al. 2000; Colquitt 2001; Williams et al. 2006).

Besides this, the evaluation of compensation might be based on employee needs. According to Webb-Day et al. (2014), in collectivistic cultures, values of interdependence and in-group harmony generally facilitate a preference towards equality or needs-based reward allocation. Allocation based on need has been demonstrated in developing countries, in cross-cultural comparisons, and possibly in individualistic countries, given within-group differences of contextual and organizational value systems and changes in predominant cultural values (Evans et al. 2010; Sama & Papamarcos 2000). Nowakowski and Conlon (2005) state that people should be rewarded based on their needs or level of deprivation.

Based on the compensation literature, the present research applies multiple dimensions to design measures for compensation components. The measures are based on the actual amount of compensation and the procedure of compensation, to understand comprehensively the employee perceptions.

### 3.3 Equity theory

#### 3.3.1 Perception of equity

Equity theory was introduced by Adams (1963, 1965). The theory highlights the conditions that lead to an individual perception of equity or inequity, and also identified specific ways in which individuals react to those conditions. The foundation of this theory is the idea of a social exchange. Following social comparison and relative deprivation theorists, Adams
(1963) developed a view on exchanges between employees and employers in workplaces. He states that an employee brings many inputs to his/her job, including experience, education, intelligence, physical strength, commitment, status, and social connections; and then expects to receive a just return or outputs. The outputs might be in the form of status, benefits, or basic pleasures, and reimbursed monetarily. He also emphasises that the exchange between employees and employers is subjective, so that the employees continuously check their inputs and outputs for jobs to perceive whether or not the ratio of the input and output is equitable. If the ratio is not equitable, they might feel dissatisfaction or discomfort (Adams 1963). The idea of perceived equity in the equity theory of Adams (1963) actually refers to employee perceptions of their pay when they make a comparison with the inputs (contributions) they are bringing to the job. If the ratio between the inputs and the outputs is equal, they perceive there to be pay equity, otherwise feelings of pay inequity exist.

There was a development of the reference people with whom an employee compares his/her own situation to defining the perception of pay equity in Adams’s theory. In his first research on this issue in 1963, Adams stated that the employee makes a comparison between his or her inputs and the outputs, and then defines whether the pay is equitable or not (Adams, 1963). In this sense, the employees made the comparison between their own inputs to outputs. The development of the reference point was made in a study in 1965, in which Adams expanded the comparison to be made with relevant others such as the colleagues inside or outside the organisation. The referent others in Adams (1965) can be either oneself in an exchange or a co-worker, while in the earlier version the relationship was mainly with a co-worker. Thus, the term ‘equity’ in this theory implies a personal perception of equity that assumes individuals to be rating all equity on a single range from equitable to inequitable, and dependent on the pay referent points used (Scholl et al. 1987).

3.3.2 Equity and equality

It is important to distinguish ‘equity’ and ‘equality’. Equity implies fairness, whereas equality means that everyone receives the same reward (Trevor et al. 2012). This distinction is an important one because, along with equity theory, there are other thoughts on organisational allocation systems and distribution decision rules. Both the nature and the distribution method of the compensation system will directly affect employees’ work behaviour. As
conceptualised by Deutsch (1985), when the overall goal is to promote productivity, equity will be the primary decision rule, and employees should be rewarded based on individual performance. When the objective is to promote group harmony, equality will be the primary decision rule, and egalitarian group reward structures are the most effective. When personal development is a goal, then the individual need should be used to determine the outcome. If these organisational objectives and reward allocation rules are improperly aligned, employee reactions to pay policies can become problematic (Deutsch 1985).

Trevor et al. (2012) made a further development on this point by distinguishing dispersion in explained pay from dispersion in unexplained pay. They report that the existing literature frequently confuses inequality with inequity; thus, they theorise that the effects of horizontal pay dispersion on team performance depend on whether or not pay differences are input-based. For example, in highly interdependent work settings, pay dispersion among employees having the same job deriving from differences in their inputs is not source of inequity. Otherwise, the pay dispersion configures an inequitable situation (Carrell & Dittrich 1978).

3.3.3 Inequity consequences

In equity theory, Adams (1963, 1965) predicts the reactions of individuals when they perceive equity or inequity. He presents that employees respond to inequitable situations in four ways: 1) if feeling overpaid, they can decrease their inputs brought to work; 2) if feeling there to be inequity, they can psychologically distort their inputs and outcomes, or those of the referents, to rationalise the differences between these two elements; 3) they might choose a new referent other; or 4) the persons can quit their jobs to remove themselves from the inequitable situation (Adam 1963, 1965).

Thus, the literature on compensation has shown that, in evaluating the fairness of a pay system, equity theory is a crucial theoretical foundation (March & Simon 1958; Patchen 1961; Homans 1974). Equity theory suggests that employees will always seek fair treatment (Adams 1963, 1965); in which notions of pay equity are based on perceptions about justness of compensation allocation, and on processes of comparison with others in which the justness of actual pay and actual pay distributions are assessed. As a natural response, a person will be
motivated to eliminate a sense of discomfort caused by the perception of inequity. The four reactions to perceptions of equity or inequity clearly show a linkage between a sense of equity and the fairness objective of a compensation system by which employees’ attitudes and behaviours at work are strongly influenced (Walster et al. 1978).

3.3.4 Referent dimensions of perceived pay equity

Since equity theory was proposed by Adams (1965), various studies have been conducted to confirm multiple referent dimensions of perceived pay equity. For example, Finn and Lee (1972) conducted research on sources of comparisons that individuals used in evaluating their pay. Their research findings show that, in most cases, the respondents indicated that they used a mix of internal and external comparisons to determine whether pay is equitable or not. In line with this thesis, Hills (1980) and Scholl et al. (1987) conducted research about pay equity referents, and confirmed that two crucial dimensions in research on pay equity are internal equity and external equity. For internal pay equity referents, the comparison occurs between employees in an organisation who might have the similar jobs or different jobs (Bloom 1999; Werner & Mero 1999; Trevor et al. 2012). Internal equity exists when an employer pays wages commensurate with the relative internal value of each job (Romanoff et al. 1986). For external pay equity referents, the comparison occurs with pay for the similar job but at a competing organization (Werner & Mero 1999). External equity exists when an employer pays a wage rate commensurate with the wages prevailing in external labour markets. Assessing external equity requires measuring these labour markets (Romanoff et al. 1986). More recently, Della et al. (2015) confirm that the more widely accepted referents are internal pay equity and external pay equity referents to measure pay equity.

Based on the relevant literature, this thesis uses multiple dimensions to measure perception of pay equity. Those dimensions are internal and external referents. The internal referents comprise the self-comparison and the comparison with others within an organisation. The external referent is the comparison with others working in similar jobs but in a competing organisation.
3.4 Proposal factors influence employees’ perceptions of pay equity

Adams (1963, 1965) proposed that employees compare their inputs such as education, skill, experiences, and efforts brought to work to outputs received, including pay, benefits, and personal recognition. Since Adams’s equity theory was proposed, many researchers have put effort into examining the effects of these factors on employee perceptions of equity. The empirical research on this topic might be separated into two groups: research on the effects of compensation components, including monetary benefits and non-monetary benefits, on the perceptions of pay equity; and research on the effects of demographic and organisational factors. The following section reviews these studies to identify factors that might influence the perceptions of pay equity in Vietnamese SOEs.

3.4.1 Compensation components

The research on impacts of pay as cash compensation on the perceptions of pay equity is the most popular in the relevant literature. Feelings about a fair amount and procedure of a payment can have positive effects on employee attitudes to the total pay or compensation. For the amount of pay, when people sense that they are not being fairly compensated for their efforts, they are less satisfied with their total pay (McFarlin & Sweeney 1992; Heneman 1985; Summers & DeNisi 1990), and as a result they tend to experience higher absenteeism rates, burnout, emotional exhaustion, and turnover rates (Telly et al. 1971; Carson et al. 2010). Moreover, when employees feel they have been underpaid due to wage cuts, they might react by engaging in acts of stealing and theft (Greenberg 1990).

More recently, Kumari (2016) reviews online research publications on employee pay perceptions which indicate that employee perceptions of pay equity are strongly related to whether the payment is adequate to their skill, efforts, and performance brought to the work. If the employees see that their current compensation is competitive in the labour market, they will tend to perceive it as equitable.

For procedures of pay, Robert and Karren (2011), in a study on organisational justice and pay level satisfaction, found that the procedural compensation had the strongest influence on the total pay satisfaction and the feelings of fairness. Similarly, Zheng et al. (2014) found that the decision-making process of pay has more impact on the perception of fairness than has
the amount of pay. Della et al. (2015) indicate that the transparency, fairness, and openness of compensation decisions significantly enhance employee satisfaction with pay and perception of pay equity.

Besides pay as cash compensation, Romanoff et al. (1986) state there are several non-monetary benefits influencing the perception of pay equity. Studies show that workers often rank job security, working conditions, advancement opportunities, management appreciation, relations with co-workers, and flexibility of hours or job assignment, ahead of pay. Studies done by Davis and Ward (1995) and Martin and Bennett (1996) indicate that the perception of fairness in benefits provided by the firm was related to the fairness of the total amount of compensation. Jawahar and Stone (2011) emphasise that the employees’ satisfaction with value and administration of benefits will tend to result in satisfaction with the overall compensation system.

Research on compensation factors influencing the perception of pay equity poses a direction for studying impacts of compensation components on the perception of pay equity. Since 1978, Carrell and Dittrich (1978) were concerned that research on pay equity should include the systemic dimension of compensation components in the research design. However, this issue has not been well investigated. Gerhart and Rynes (2003) emphasise that numerous factors have been identified as influencing individual pay equity. Some factors that have yet been explored include pay, benefits, and personal characteristics; but the effects of all compensation components on pay equity have not been explored well. A list of individual-level factors that affect pay is useful, but to substantially advance the field, research needs to develop models incorporating numerous factors, rather than just adding other individual factors to the list (Werner & Ward 2004). Similarly, Williams et al. (2006) point out that the literature on attitudinal reactions relating to compensation and fairness perceptions still have to be conducted independently. More recently, Jawahar and Stone (2011) emphasise that, even though most would readily acknowledge that fairness is important to compensation decisions, research examining how fairness perceptions relate to reactions to components of pay is relatively scarce. Thus, this literature gap provides a significant rationale for conducting a study examining roles of whole compensation components as antecedents of perception of pay equity.
3.4.2 Other factors

The empirical studies also indicate other factors apart from compensation components as contributing influences on the perception of pay equity. These include personal characteristics, firm’s management, government policies, and culture.

The relevant literature has shown that education background, seniority, experience, age, and occupation are demographic factors that influence perception of pay equity. Berkowitz et al. (1987) conducted telephone interviews of 248 males, and found that equity considerations included material benefits associated with living standards, age, occupation, education, and past unemployment. Research by Major and Forcey (1985) and Summers and Decotiis (1988) found that gender has influenced equity perceptions. These two studies show that women, compared to similarly situated men, think they deserve less pay. Other research has also added employees’ personality types into their studies to explore individual differences between their equity perception and pay satisfaction (Huseman et al. 1985, 1987; King et al. 1993; Miles et al. 1989). Lok (2007), in PhD research, confirms that perceptions of equity are always vague, and vary among people. Therefore, measuring perceptions of equity should not isolate the effect of individuals’ personality types.

Milkovich and Newman (2005) highlight that the perception of pay fairness might relate to other factors that determine the pay structure in compensation practices. Milkovich et al. (2011) state that these factors might include government policies, firm’s management and trade unions. They state that government regulations on compensation, such as minimum wage policies and welfare policies, set a legal framework forcing firm compensation practices to follow. Based on this background, employees’ compensation packages are established. These policies, therefore, indirectly influence employee perceptions of pay.

Different to government policies, the firm’s management directly influences how the employees perceive their payment received. Regarding to the relationship between individual performance and management restructuring, Blackman et al. (2017) argue that high performance organizations seek to align individual performance with organizational outcomes. Performance management can enable high performance through managing employee expectations. A study by Buick et al. (2015) found that adaptability to change of management in the public sector in Australia was integral for high performance. Many other studies on the fairness of compensation systems indicate that the management compensation
practice strongly relates to how the employee compensation is determined. Such practice, thus, significantly affects the perception of pay (Heneman et al. 1997; Isaac 2001; Sturman 2006; Tekleab et al. 2005; Wu et al. 2013). Wu et al. (2013) conducted research on the perceptions of compensation fairness of front-line staff in the hospitality industry, and found that the compensation communication and the supervision fairness of managers were significant elements creating employees’ feelings of fairness. Ketchand and Strawser (2001, p.231) based on their literature analysis on employees’ commitment state that the employees are likely to perceive their organization through their leader behaviors and communications. If the employees have high level of trust in their leaders, they are also likely to have similar feelings toward their organization and therefore have higher levels of satisfaction and commitment.

Trade unions are another vital actor influencing the employee perceptions of equity. Webb & Webb (1894, p.1) define trade unions as ‘a continuous association of wage-earners for purpose of maintaining or improving the conditions of their employment’. In the modern sense, a trade union is a collective worker organisation where the interests of employees are expressed and represented (Bray et al. 2009). Via unions’ operations, employees can contribute and influence to their terms and conditions at the workplaces (Vo & Stanton 2011). More importantly, trade unions pay a vital role in maintaining an equitable compensation system by participating in determining wage levels and wage structures. Katz & David (1999) state that changes in the extent of unionization or degree of centralization of collective bargaining can alter the wage structure and then result in compensation distribution. Card, Lemieux and Riddell (2004) also examines roles of unionization on wage distribution and state that stronger union has similar influences as other factors as age and skill group on dispersion of wage especially at the middle level of the wage distribution.

Culture has been found to be another factor influencing the employee perceptions of pay. Employees’ cultural background influences their view in judging compensation fairness. Deutsch (1975, 1985) and Leung and Bond (1984) indicate that employees in groups, concerning harmony, tend to accept equal reward distribution more than others did who were not in groups. Hundley and Kim (1997) found that college students in America perceived reward allocation fairness if it was based on individual performance, as they were strongly influenced by an individualistic view. In contrast, seniority and education attainment were criteria for assessing the fairness of pay among Korean students, as they had a collectivistic view. Chatterjee and Pearson (2002), in a study of variations of work-goal preferences in
Asian countries, state that contextual factors of culture and economic conditions significantly affect the individuals’ favoured choices of work-goals. For example, they found that, after the financial crisis in 1997, of the compensation components, promotion was more favourable and desirable than other benefits. In addition, they also indicate that strong social, philosophical and religious ideology creates norms for obligations and entitlements of management of work goals. Chatterjee and Pearson (2007), examining Meaning of Working with a large sample size of 2,466 managers in ten Asian countries, state that those managers from different national culture background have differently emphasised expected outcomes from work. They point out that managers from poorer economies such as India, China, and Mongolia might pay more attention to economic rewards; and managers who are from collectivist societies such as China and India might place harmonious goals to be the most important in the workplace. Hundley and Runde (2008) also confirm that cultural effects were predictive of pay fairness evaluation among employees and the pay determinants of compensation systems.

Given a lack of comprehensive studies about the relationships between compensation and perception of pay equity in the context of Vietnam, the following section reviews some the relevant literature on Vietnam HRM and compensation, demonstrating various approaches to examining compensation in Vietnamese companies. These studies provide a general understanding about key characteristics of HRM and compensation in Vietnam’s businesses, including SOEs.

3.5 Empirical research on HRM and compensation in Vietnam

Studies of compensation in the Vietnam mainly focus on various aspects, such as presenting changes in compensation systems before and after Doi moi, and relationships between compensation and firms’ efficiency. Before Doi moi, compensation in Vietnam was in the majority in kind, and supported directly by the government budget. It was also centrally controlled by the government. The key objective of compensation systems was to provide an equal reward to every employee, not to improve firms’ efficiency (Zhu & Fahey 1999; Thang & Quang 2005a; Collins 2005, 2009; Collins et al. 2013). Since Doi moi, in order to survive in a competitive market, compensation in enterprises has been changed to fit market conditions (Collins 2005, 2009). SOEs have needed to cut off many redundant workers by implementing redundancy and unemployment benefits. Moreover, Collins et al. (2011) points
out that compensation practices in SOEs began to pay attention to adjusting payment based on employee contributions, even though their main pay policies still followed traditional methods as under the former, planned economy. The appearance of compulsory insurance in 1993 was the most remarkable step in changing the compensation systems in enterprises since the occurrence of *Doi moi*.

An additional aspect of compensation that has considerable attention in Vietnam is firm leadership and compensation management. A study by Edwards and Phan (2013) examines the characteristics of management in the economic reform context of Vietnam. It shows that the model of Vietnamese management is derived from a triangular correlation of three key contextual factors: tradition, modernity, and the party-state. Tradition refers to Confucian and socialist values and relationships; and modernity implies external factors coming from influences of globalisation, FDI firms, and international institutions. The party-state is influences of the official ideology, government policies and regulations. This thesis demonstrates that the recent operation of SOEs is highly influenced by a politicized environment, as they are continuously considered to be motors of the economy for the government to pursue its socialist orientation. Therefore, the management in SOEs, including compensation management, can be rigid or flexible in adopting a more traditional or more modern management approach. In particular, the study highlights that the choice of management approaches considerably depend on the managers’ relationships to the party-state and their beliefs and ideology.

Ren et al. (2014) focus on changes in firm management in Vietnam and China during their economic transition towards a market orientation. They studied a series of different business types in Vietnam and China, including SOEs, local private-owned and FDI companies. It is found that managers in Vietnam have been facing a range of challenges, which originated from traditional cultural values, especially Confucianism, and socialist egalitarianism, and new requirements of the market orientation. The new economic conditions come with changes in HRM at the firm level, in which compensation systems need to be set up based on new labour contracts, working hours, minimum wages and other internal labour rules, in line with the market conditions. Due to influences of a nurtured market orientation, business leaders are required to update their leadership competencies to become more autonomous and to act quickly and strategically in response to market changes.

More recently, a study on SOE reform in three South East countries, South Korea, Vietnam and Laos, by Turner et al. (2017), demonstrates that this reform process of SOEs in
these countries has been influenced by political purposes. The typical reasons for this reform are to help the governments to fix their budget constraints, and to meet requirements of promoting privatisation by the international institutions when these economies are integrating to the global economy. Furthermore, Hai and O’Donnell’s (2017) study highlights that the success of the reform process of Vietnamese SOEs significantly depends on the reforming of firm management. These authors demonstrate two SOEs case studies, Vinashin and Viettel, to explain the success and failure of the reform in SOEs. They found that management and leadership are key factors leading the reform process of these cases being successful or a failure. A lack of long-term vision, weak management capacity, in particular in financial management and accountability, and a lack of effective government supervision over the firm operations, are the main reasons causing incrementally lost and poor performance of Vinashin, even when it continuously received various supports from the government. In contrast, effective management leadership in Viettel, which aims to enhance innovative and cooperation in the work place, has successfully created the good performance of this company. The leaders in Viettel also present themselves as models of learning and developing their modern knowledge of the industry and management skills.

Since Doi moi, compensation systems have changed significantly toward improving performance and autonomy for enterprises, including SOEs. Compensation systems have become more flexible and complicated under market conditions (Collins et al. 2011; CIEM 2012). Accordingly, the current compensation components in Vietnamese firms basically include a cash component, benefits, and relational returns. Cash compensation in Vietnam, called salary, is the pay received directly as cash (e.g. base, merit, incentives, and cost of living adjustments). Benefits include pensions, medical insurance, programs to help balance work and life demands, and brightly coloured uniforms. The relational returns are psychological, such as learning opportunities, employment security, and challenging work (Government of Vietnam 2012; CIEM 2012) (See Figure 2.2).

The majority of research on pay equity in Vietnam is conducted at the macro level, which focuses on wage inequality in the labour market. Gallup (2002) shows that wage inequity in the Vietnam labour market have been caused by differences in education level, gender, and region. He points out that women face substantial wage discrimination despite their schooling and work experience; but that this also fell by half over the period of his study. Even in controlling for worker characteristics, workers in Hanoi and Ho Chi Minh City
received a substantial wage premium compared to the rest of the country, with wages over 50% higher than those of any of the other region in the country. The primary city wage premium suggests that the residency permit restrictions contribute to inequality, between residents of the two biggest cities, and the rest of the country.

**Figure 3.2: Compensation structure in Vietnamese SOEs**

In addition, Walder and Nguyen (2008) present that firm scale, ownership, and location have significant impacts on income equity in Vietnam. They point out that the income of people working for large entrepreneurs is higher than that of others in smaller firms; that the advantages of household income reduce for people working in private firms compared to those of others working for State firms; and that the average incomes in the South are indeed significantly higher than incomes in the North.

Most of the above studies pay attention to the effects of demographic factors such as location, ownership type, and gender, on pay equity at the macro level. It is clear that there is a lack of study on relationships between compensation and perceptions of pay equity in Vietnam, especially at the individual level. This presents a need for conducting a study to address both practical and theoretical issues of compensation fairness.

Despite a lack of comprehensive studies about the relationships between compensation and perceptions of pay equity, the relevant literature in the field demonstrates various...

Source: Adapted from Government of Vietnam (2012); CIEM (2012)
approaches to examining compensation and pay equity in Vietnamese SOEs during their transformation process. The three major points guiding this thesis are: to consider multiple dimensions of compensation in relation to perceptions of pay equity; the effects of contexts on the changes in compensation and perceptions of pay equity; and a need to control demographic factors in the research, as these strongly influence employees’ perceptions of pay.

3.6 Conceptual framework

The review above of the two background theories and empirical research on compensation and pay equity in Vietnam has provided fundamental concepts for the present research, including compensation components and perceptions of pay equity; and has conceptualised relationships between them. Accordingly, in this thesis, perception of pay equity is defined as suggested by Adams (1965); and compensation includes minimum wage, salary, benefits, and relational returns, as suggested by Milkovich et al. (2011).

Perception of pay equity

The perception of pay equity is a personal sense of equity, when an employee compares his or her contribution to his or her reward, or compares the ratio with others (Adams 1965; Scholl et al. 1987). Adams (1965) emphasises that, when employees perceive their compensation received to be inequitable compared to their inputs such as time, loyalty, and effort, they will feel distressed or dissatisfied with their compensation; in contrast, when they realise that their compensation is equitable, their satisfaction occurs. Thus, employee perceptions of pay equity and feelings of satisfaction or dissatisfaction with their compensation have strong correlations, and might be used to define each other (Heneman 1985).

Based on Equity theory by Adams (1965), the present research examines employee perceptions of pay equity in Vietnamese SOEs, through their feelings of satisfaction or dissatisfaction with their compensation, in comparison with their inputs or with those of others inside or outside their organisations.

Minimum wage
The minimum wage is the minimum amount of wage that enterprises must set for their employees’ salaries. It is decided and fixed by the Government (Government of Vietnam 2012). Minimum wages have direct effects on employee incomes, because they are a basis for calculating basic salary and welfare (Government of Vietnam 2012; CIEM 2012). This is consistent with research by Milkovich and Newman (2005), which showed that the compensation policy that most obviously affects pay structures is the minimum wage legislation. Therefore, examining relationships between perceptions of pay equity and compensation should include minimum wage as another independent variable beyond compensation components.

**Salary**

Salary is monetary rewards that an employee receives usually on a monthly basis based on their working time, and quantity and quality of tasks they have completed (Government of Vietnam 2012). In enterprises, salary comprises three major components: basic salary, business salary, and allowances. According to the Vietnam Labour Code 2012, these components are defined as follows. Basic salary is the amount of salary defined in labour contracts or labour agreements between employees and employers. Business salary is the amount of salary calculated based on business outcomes of companies and employees’ performance. Allowances are extra monies paid for difficulties of positions or jobs, and defined in labour contracts, collective agreements, or regulations for employing labour (Government of Vietnam 2012).

Bonuses are the amount that employers reward employees based on business results of annual production and the degree of completion of work by employees (Milkovich et al. 2011). In Vietnam, bonuses are considered as a compensation element having similar characteristics to salary in terms of motivating employees at work (CIEM 2012). Both salary and bonuses in Vietnam are similar to cash compensation, in the compensation theory. Thus, this thesis combines both salary and bonuses in a variable, namely Salary, to examine their effects on employee perceptions of pay equity.

**Benefits**
Benefits are apart from salary and bonuses, and help to support workers and their families when their working capacity is reduced or lost. They include compulsory insurance, called social insurance, medical insurance, unemployment insurance, and other benefits that are provided by individual enterprises such as paid holidays and paid training (Tran & Mai 2008).

**Relational returns**

Relational returns are non-financial benefits including skills development, promotion, and the stability of a job (CIEM 2012). Promotional opportunities are for the advancement of an employee within a company position or job tasks. A job promotion typically is associated with a higher rate of pay or a financial bonus. Opportunity for skill development refers to learning and training opportunities to develop employee skills and knowledge. Stability of a job is an assurance that an individual will keep his or her job without the risk of becoming unemployed. Job stability might be ensured by the terms of a labour contract, a collective bargaining agreement, or labour legislation that prevents arbitrary termination (Collins 2009).

**Unit of analysis**

This thesis focuses on the perceptions of employees about their compensation and pay equity; thus, the unit of analysis is at the individual level. The impacts of internal and external contexts of the firm that might directly or indirectly influence employee perceptions are also examined to provide a comprehensive explanation of the relationships between compensation and individual perceptions of pay equity in Vietnamese SOEs.

**Demographic factors**

The demographic factors are controlled in this thesis. Perception is a process in which people select, organise, interpret, retrieve, and respond to information. The perception is subjective and varies from person to person. Different people perceive different things about the same situation according to their own sets of past experiences, culture, faith, and values (McCuddy 2003). Therefore, employees’ demographics might place influences on their perceptions of pay equity.
The focal point of this thesis is not on the impacts of demographic factors on perceptions of pay equity; however, due to the potential impacts of these demographics on the regression results, these factors will be controlled for when examining the relationships between compensation and perceptions of pay equity in Vietnamese SOEs.

3.7 Hypothesis development

3.7.1 Relationship between minimum wage and perception of pay equity

Milkovich et al. (2011) state that minimum wage contributes to social fairness by forcing employers to pay workers at least equally to a socially acceptable minimum. This protects workers from exploitation, especially ones in the low-income group. The relevant empirical studies also indicate that minimum wage positively affects pay equity. A study conducted by DiNardo et al. (1996) highlights that a falling minimum wage explained about 40 to 60 per cent of the rise in earning inequity between 1979 and 1988 in the US. Similarly, later, Lee (1999) in research on the gap between the state median wage and the applicable state or federal minimum wage in the US, concludes that a share of the rise in pay inequity from 1979 to 1988 was caused by the falling minimum wage. Bradshaw et al. (2008) confirm that the minimum wage is an effective tool to promote pay equity. This positive effect is stronger when the minimum wage level links to the minimum income needs of a single adult, possibly with some dependents, in order to underpin the notion of wages as the basis for standard of living. More recently, David et al. (2016) continue to approve that minimum wage increases pay equity at the lower end of the wage distribution.

In Vietnam, the 5th Plenum (05/2012) of the Central Committee of the Communist Party of Vietnam posited that minimum wage policy aims to increase pay equity in the economic sector. Other research confirms the aim of this policy. CIEM (2012) points out that this is an economic tool to reduce pay inequity in the labour market. Lao Dong (2016) states that minimum wage policy has eliminated pay inequity in both private and public sectors.

The relevant literature on the relationship between minimum wage and pay equity suggests the following hypothesis about the relationship between minimum wage and the perception of pay equity:
Hypothesis 1: Minimum wage positively influences the perception of pay equity in Vietnamese SOEs.

3.7.2 Relationship between salary and perception of pay equity

Although salary is a vital component of pay, empirical research on the relationship between salary and perception of pay equity is scant. Most of the existing research focuses on the relationship between salary and perception of pay satisfaction, and pay equity and pay satisfaction. Regarding the amount of salary, Rice et al. (1990) showed that the actual amount of salary that an individual receives well explains about 25 per cent of the variance in pay satisfaction. Many years later, Martocchio (2006) and Milkovich and Newman (2005) continue to state that, when employees are satisfied with the amount of their salary, they tend to be happy with the total payment received. Similarly, regarding the salary procedure, several authors (e.g. Dyer & Theriault 1976; Heneman 1985; Miceli & Lane 1990) have noted the positive relations between salary procedure and pay satisfaction. Miceli and Lane (1990) state that employees who are happy with how payments are determined will feel happy with their total payment. Lind and Tyler (1988) and Thibaut and Walker (1975) were consistent with the idea that, when people are more positive about salary procedures, this results in favourable pay outcomes or pay satisfaction. Therefore, this could come with a conclusion that salary positively affects pay satisfaction. In addition, Heneman (1985) reviews the pay satisfaction literature, concluding that the relationship between perception of pay equity and pay satisfaction is always positive. According to Milkovich et al. (2011), salary is a vital component of pay; therefore, when employees feel satisfied with it, they tend to perceive total pay be equitable. Based on the literature on the relationship between salary and pay satisfaction, and pay equity, the relationship between salary and perception of pay equity is hypothesised as follows.

Hypothesis 2: Salary positively influences the perception of pay equity in Vietnamese SOEs.

3.7.3 Relationship between benefit and perception of pay equity

Similar to research on relationships between salary and perception of pay equity, research on benefits and perceptions of pay equity is very limited. Previous research has focused mainly
on relationships between benefit and pay satisfaction. Due to the positive relationship between pay satisfaction and perception of pay equity, suggested by Heneman (1985), it is expected that, if the relationship between benefit and pay satisfaction is positive, then the relationship between benefit and pay equity is also positive, and vice versa.

Research in the field proposes a positive influence of benefit on pay satisfaction. The effect of benefit on pay satisfaction was first introduced by Heneman and Schwab (1985) as a dimension measuring pay satisfaction. Then, it also used by Miceli and Lane (1990) to measure pay satisfaction. Later, Barber et al. (1992) in empirical research showed that the implementation of flexible benefit plans enhanced employees’ pay satisfaction. Williams (1995) found that those who rated their current level of benefit coverage as higher tended to be more satisfied with their pay package. Davis and Ward (1995) also found evidence that employee perceptions of benefit justice positively impacts their pay satisfaction. Similarly, Williams (1995) and Williams et al. (2008) support this view by confirming that employees’ perceptions of benefit positively relate to pay satisfaction. Therefore, there is a logical hypothesis of a positive relationship between benefit and perception of pay equity in Vietnamese SOEs, as follows:

*Hypothesis 3: Benefit positively influences the perception of pay equity in Vietnamese SOEs.*

### 3.7.4 Relationship between relational returns and perception of pay equity

Previous research suggests that relational returns positively impact the perception of pay equity. In a book about reward management, Armstrong and Murlis (2004) emphasised that relational returns such as learning opportunities and promotion opportunities all act as powerful motivators and increase the employee perception of pay equity and satisfaction with the pay system. In addition, Milkovich et al. (2011), in their own theory of compensation, point out that relational returns beside financial rewards are other important outcomes that positively influence perception of the fairness of the pay package. These factors are part of the total returns, and bring a broader view on perceptions of pay equity of individual employees. Practically, in a report on pay fairness conducted by Scott et al. (2011), it is presented that relational returns have positive impacts on the perception of pay equity among employees. Based on these suggestions of previous studies, this thesis hypothesises the
relationship between relational returns and perception of pay equity in Vietnamese SOEs as follows:

_Hypothesis 4: Relational return positively influences the perception of pay equity in Vietnamese SOEs._

### 3.7.5 Ranking effects between compensation components on perception of pay equity

Milkovich et al. (2011) proposes that individuals perceive salary to be the main source of their financial security. In other words, monetary compensation or salary plays a vital role in ensuring employees’ well-being. Moreover, salary is also a key compensation component reflecting the value of skills, experiences or other inputs that employees bring to completing their jobs (Adams 1965). Therefore, it is expected that salary will have the strongest impact on the perception of pay equity among compensation components, as expressed in the following hypothesis:

_Hypothesis 5: Among compensation components, salary has the strongest impact on the perception of pay equity in Vietnamese SOEs._

By developing the above research hypotheses, this thesis can propose relationships between compensation components and perceptions of pay equity in a conceptual model, as shown in Figure 2.3. The effects of compensation components on the perceptions of pay equity are defined and can be investigated by the use of a quantitative approach.
Figure 3.3: A conceptual model of relationships between compensation components and perception of pay equity

- **Minimum wage**
- **Salary:** Basic salary, Business salary, Allowances, and Bonuses
- **Benefits:** Social insurance, health insurance, unemployment insurance, and paid holiday
- **Relational returns:** Promotion, learning opportunities, and job stability

**Perception of pay equity**

**Demographic factors:** Position, Gender, Schooling, Age group, firm type, and location

Source: Adapted from Milkovich et al. (2011); Government of Vietnam (2012); Adams (1965)
3.8 Propositions for effects of contextual factors on perception of pay equity

The previous studies about perceptions of pay equity among employees majorly have been conducted to investigate direct impacts of compensation components on perception of pay equity (Heneman & Schwab 1985; Heneman 1985; Miceli & Lane 1990). Some studies also mentioned that contextual factors such as firm leadership and culture compensation components also critically influence both compensation and perceptions of pay equity (Heneman et al. 1997; Isaac 2001; Vo & Stanton 2011; Wu et al. 2013; Buick et al. 2015). However, the research on these effects has not received much attention. The perceptions of pay equity, therefore, need to be investigated in relation to both compensation components and contextual factors. In section 2.7, by reviewing existing literature in effects of compensation on employees’ pay satisfaction and pay equity, this study has developed hypotheses and a conceptual framework to investigate relationships between compensation components and perception of pay equity.

In this chapter, leadership and culture have also discussed as potential factors beyond compensation components that might critically affect employees’ perceptions of pay equity. Leadership plays a vital role in making compensation decisions in the firms and influencing employee perceptions and satisfaction with the organisations. Ketchand and Strawser (2001) state that employees tend to perceive their organisation through their leaders’ behaviours and communications. They will feel high satisfaction if they are trust in the leaders. Hai and O’Donnell (2017) argue that a lack of long-term vision, weak management capacity, in particular in financial management and accountability is one of the main reasons leading to poor performance of the SOEs in Vietnam. Buick et al. (2015) finds that adaptability to change of management in public sector in Australia is integral for high performance and strongly relates to how the employee compensation is determined.

Culture is another factor having strong impact on compensation strategy and employee perceptions of pay equity. Section 2.4.2 has discussed how culture influences perceptions of pay equity. Additionally, in Vietnam, SOEs’ managers have been driving by a range of traditional cultural values, especially Confucianism and the socialist egalitarianism to design the compensation systems (Ren et al. 2014). These cultural values are challenging the needs of setting compensation structures based on new labour contracts, working hours, minimum wages in line with the market conditions. These studies suggest propositions to explore relationships between contextual factors and employee perceptions of pay equity as follows:

**Global proposition**: the effects of compensation components on employee perceptions of pay equity in Vietnamese SOEs are likely affected by contextual factors.
This proposition is explored through in-depth interviews in Chapter 6 via two sub-propositions as follows:

**Proposition 1:** the effects of compensation components on employee perceptions of pay equity in Vietnamese SOEs are likely affected by leadership.

**Proposition 2:** the effects of compensation components on employee perceptions of pay equity in Vietnamese SOEs are likely affected by Vietnamese traditional cultural values.

### 3.9 Summary

This chapter has reviewed both theoretical and empirical studies related to the key research themes of compensation and perception of pay equity, to identify a gap in the literature, in that effects of all compensation components on the perception of pay equity were given little attention. Based on the two theories of compensation and equity, and the discussion of relevant empirical studies, this chapter provided a simple conceptual model, with research hypotheses, which help to explain relationships between compensation components and perceptions of pay equity in the research investigation. All compensation components, of minimum wage, salary, benefits, and relational returns, are considered as vital elements positively affecting employee perception of pay equity. In addition, the literature review also suggests that other factors such as personal characteristics and contextual factors might contribute to influencing the perception of pay equity.

After clarifying the effects of the compensation components on perception of pay equity, this thesis can examine the research hypotheses to answer the first research question about the relationships between compensation components and employee perception of pay equity in Vietnamese SOEs, by using a quantitative approach. However, the quantitative investigation will not help to explain causes behind the relationships or explore other factors that might contribute to influencing employee perception of pay equity. In order to provide a more comprehensive understanding of the relationships between compensation and the perceptions of pay equity, this thesis also uses qualitative analysis to explore the reasons behind the relationships and to investigate additional factors influencing the compensation components and perceptions of pay equity. Chapter 3 provides the context of compensation reform and perceptions of pay equity in Vietnam, before and during *Doi moi*, to create a broader view for examining the research problems.
CHAPTER 4: RESEARCH METHODOLOGY

4.1 Introduction

This chapter presents the methods employed in the study to examine the research questions. The chapter first discusses the justification for using a mixed-method approach, indicating the philosophical stance of the research approach and the rationale for employing it. This is then followed by a description of the quantitative investigation, which comprises details of survey method and multiple regression technique applied to the analysis of the survey data. The procedures for the qualitative investigation are presented next, including explanations of the qualitative data collection, analysis and validation techniques. The chapter concludes with an overall summary.

4.2 Justification for research methodology

4.2.1 Research paradigm

The research paradigm is considered vital for the researcher to determine research methods. Creswell (2009, p. 6) calls the research paradigm a worldview, referring to ‘a general orientation about the world and the nature of research that a researcher holds’. According to Creswell, the type of research paradigm will lead to the choice of qualitative, quantitative or mixed methods in a research. Pearce (2012) suggests three major types of research paradigm: positivist, constructivist, and pragmatist. Based on the philosophical stance, the researcher can determine a suitable method for a study.

These three approaches of research paradigm differ based on their worldviews and specific methods applied. Regarding the first approach, the positivist paradigm, Creswell (2009, p. 7) observes that ‘positivists hold a deterministic philosophy in which causes probably determine effects or outcomes’ to verify laws or theories. He emphasises that positivists pay attention to identifying which causes mostly likely determine effects or outcomes, by developing numeric measurement or observation of the objective reality. According to Pearce (2012), the researchers applying this paradigm often use quantitative methods, such as experimental studies or questionnaire-based surveys. In the second
approach, the constructivist paradigm, by comparison to positivists, constructivists give their attention to understanding processes of interaction among individuals (Creswell 2009). They focus on the specific contexts in which objectives live and work, to uncover the meanings and gain an understanding of the issue being studied (Hesse-Biber & Leavy 2011). Researchers following this approach often apply qualitative methods, such as participant observation, interview studies, or content analysis, in their research (Pearce 2012). The third approach is the pragmatist paradigm. ‘The pragmatic worldview arises out of actions, situations, and consequences’ (Creswell 2009, p.10). Therefore, the pragmatists focus on their research problems, look to answer questions of ‘how’ and ‘why’, and use all approaches available to understand them. This philosophy is a theoretical foundation for mixed methods studies those that apply both quantitative methods and qualitative methods (Creswell 2009).

This thesis attempts to discover general information to gain knowledge and understanding of relationships between compensation and employee perceptions of pay equity in Vietnamese state-owned enterprises (SOEs). The two research questions focus on how and why compensation components relate to the perceptions of pay equity. This thesis bases on both cause-effect relationships and specific situations or contexts, to uncover the research problems. The philosophical stance of this thesis, therefore, is pragmatism. Accordingly, this thesis uses both quantitative and qualitative data collection and analysis to provide the best understanding of the relationships between compensation and perception of pay equity in the Vietnamese SOE context. As a result, this thesis employs mixed methods to understand these research problems.

4.2.2 Triangulation: Mixed research methods

A mixed-methods approach is identified as a combination of both qualitative and quantitative investigation in a single study or series of studies (Creswell & Clark 2007; Harrison 2012). Each method will address specific problems in a research topic. Harrison (2013) suggests, to find out or to classify factors influencing the outcome, a quantitative approach is the best one. In contrast, to understand a concept or phenomenon, using a qualitative method is more suitable. Morse (1991) points out that, for research aiming at both generalizing the findings to a population and developing a detailed view of the meaning of a phenomenon or concept, applying the mixed method might be the suitable choice. The central premise of the mixed
methods approach is that the use of qualitative and quantitative approaches in combination provides a better understanding of research problems than can either approach alone (Teddle & Tashakori 2009).

In general, there are four types of mixed methods design: embedded, exploratory, explanatory, and triangulated design (Clark et al. 2008). Embedded design is a methodology where one type of data frames the other types. Normally, in this design, a qualitative approach is used in a supportive role, and a quantitative one is dominant. Exploratory design comprises two phases of data collection, and usually emphasises qualitative methods. It starts with qualitative data collection and analysis to explore a topic; and then, based on the first phase results, the second phase using quantitative methods is built (Clark et al. 2008). Explanatory design comprises both quantitative and qualitative approaches in a sequence, in which quantitative data collection and analysis will be done in the first phase; then the second phase employs qualitative methods that are connected to or follow the results of the first phase (Morgan 1998; Tashakkori & Teddlie 1998). Triangulated design is a mixed-method in which both quantitative and qualitative studies are conducted concurrently to examine the research problems (Clark et al. 2008).

This thesis employs the fourth type of mixed-methods: triangulated design. This design fits this thesis due to several reasons. This design is significantly suitable to the research aims. The purpose of this thesis is to examine compensation components impacting perceptions of pay equity and to explore other potential factors that could have significant effects on perceptions of pay equity. Jick (1979) argues that triangulated design helps to examine the same phenomenon from multiple perspectives and to enrich our understanding by allowing new or deeper dimensions to emerge. In addition, triangulation design suits the limitations of time and financial resources of the present, PhD researcher. This design allowed the researcher to collect data for both quantitative and qualitative studies simultaneously that suits a limitation of time and budget of the researcher. Furthermore, this type of mixed-methods design helps to increase reliability and validity of the research, since this thesis is the first research conducted on this topic in the Vietnam’s context. Due to quantitative and qualitative data collection and analysis being conducted simultaneously, the research might provide comparisons those two sets of information, and give a confirmation of reliability and validity of the research outcomes.
Triangulation design aims to provide an equal emphasis on both quantitative and qualitative approaches (Clark et al. 2008). In this thesis, the quantitative and qualitative data collected are analysed separately, then their findings are integrated by comparing and contrasting the analyses to provide a comprehensive interpretation of the overall research findings. Figure 4.1 presents the triangulation mixed methods design used in this thesis.

**Figure 4.1: Research design**

In this design, the quantitative study aims to investigate the relationship between compensation components and perceptions of pay equity. This thesis answers questions of how compensation components relate to employee perceptions of pay equity, and the ranking orders among those components. Survey method with the multiple regression technique of data analysis is employed to explore these contents.

Meanwhile, the qualitative study is to answer the research question of why compensation components relate to the perceptions of pay equity in Vietnamese SOEs. This thesis aims to provide deeper explanations of the relationships, and also explores emerging factors together contributing to affect these relationships. Case studies with face-to-face interviews are employed to address this research problem. Thematic analysis is then employed to analyze interview data. The summary of the research methodology in this thesis is presented in Figure 4.2.
4.3 The quantitative study

The quantitative study involves selecting an appropriate sample, designing a survey questionnaire, and conducting pilot tests before performing the official data collection. The study used a closed-ended questionnaire with a five-point Likert scale, to ask respondents about their opinions on their compensation components and pay equity in SOEs in Vietnam.

4.3.1 Sampling method

This thesis employs a simple random sampling method. The choice of this sampling method is to improve generalization of the data, as every subject has equal chance to be selected (Fink 1995). The target sample of this survey was employees in SOEs across the country. The
researcher chose two main locations for this thesis: Hanoi and Ho Chi Minh City. The SOEs were chosen randomly from the list of 498 SOEs on the government website of enterprise information, http://doanhnghiep.chinhphu.vn/thong-tin-doanh-nghiep.html. Because of simple random sampling, each participant in the study was selected one at a time, independent of each other (Fowler 2013).

The survey was conducted by both online surveys and in hardcopy, from July to September 2015. However, the responses mostly came from the paper survey method. In order to access the SOEs for conducting surveys, the researcher contacted the Trade Union officers in these firms to obtain an introduction to individual employees. After obtaining acceptance to answer the survey from participants, questionnaires were sent to respondents' addresses, or the link of questionnaire via Qualtrics was sent to their emails. Then, for the paper survey method, the researcher traveled to those respondents to collect questionnaires in order to increase the response rate. However, in some cases, the researcher directly handed the questionnaire to the participants and then waited to get back their responses on the same day. In total, 800 questionnaires were sent to the participants, and the researcher received 655 responses, of which 30 responses were from online surveys. This led to a rate of response of approximately 82 per cent.

4.3.2 Survey questionnaire design

The study used a closed-ended questionnaire with a five-point Likert scale to ask the participants about their opinions of their compensation components received and perceptions of pay equity in the company. A plain letter introduced the participants to basic information of the research, including research aims, ethical issues, and their voluntary engagement with the research. The survey questionnaire was designed in two substantial parts.

Part 1: Instructions and Definitions
This part gave the participants instructions for completing the questionnaire and explanations of key terms used.

*Part 2: Questions and answers*

This part included two major sections. The first section is all items to measure variables in the research, including perceptions of pay equity; and the four main compensation components, namely, minimum wage, salary, benefits, and relational returns; and the eleven sub-components of the four main components. Each component of both groups was measured by three items. To measure the compensation components, the researcher referenced the Pay Satisfaction Questionnaire (PSQ) suggested by Heneman and Schwab (1985), Survey of Compensation Policies and Practices by WorldatWork (2003), and Employee Satisfaction Survey Sample by ECO Canada (2015). These questionnaires were referenced as a starting point for a systematic approach to measuring multiple dimensions of compensation components. The key points in the PSQ survey are to measure levels, actual amount, and procedure of compensation components. The surveys suggested by WorldatWork (2003) and ECO Canada (2015) provided guidance for items measuring the relational returns in the present survey. The second section asks about general information of the respondent. This comprises questions about gender, age, educational level, position, working length, income level, SOE type, and industry. This section is for the purpose of demographic statistics, which will be summarized in Chapter 5.

The questionnaire was designed to be clear to avoid confusions for respondents, but also detailed. It includes 48 multiple-choice items. Each multiple-choice item was constructed with a five-point Likert scale, comprising Very satisfied, Satisfied, Neutral, Dissatisfied, and Very dissatisfied. The questionnaire was translated into Vietnamese, due to all the respondents being Vietnamese. The questionnaire was tested in a pilot survey, and revised in response to the feedback from the pilot test.
4.3.3 Questionnaire translation process

The survey questionnaire was translated into Vietnamese as the original one was set up in English while the participants are Vietnamese. A rigorous process of two-way translation includes has done in this study. The translation process combining forward and backward translation made the idea and content of the Vietnamese version and the English version consistent. It also eliminated misunderstanding of the technical words used in the questionnaire.

In a forward translation process, two copies of original English version were sent to two different translators who are Vietnamese experts in compensation and in English; one of them graduated PhD in HRM in Australia. The results of this process are two versions of questionnaires in Vietnamese. These two versions then were synthesized in to the third version of questionnaire in Vietnamese by the researcher and a Vietnamese expert in HRM (PhD and senior lecture at an Australian university) to prepare for a backward translation process. In the backward translation process, the third version was sent to another accredited professional translator to translate back to English. Afterward, the researcher and the Vietnamese Expert in HRM carefully reviewed this English version and the third version in Vietnamese to produce the fourth version of the survey questionnaire in Vietnamese. This version was sent out to 30 people who are compensation experts, and employees working in public sectors such as a university and SOEs in Vietnam in a pilot test to get their comments on the survey questionnaire design, words used, and content. Once the pilot test had been done, all comments were reviewed and changes were made where they are acceptable. The final Vietnamese version was confirmed and then sent out to all prospective participants.
4.3.4 Pilot test

According to Veal (2005), it is important to run a pilot test for questionnaire surveys. A pilot test aims to discover problems of questionnaire design such as questionnaire wording, question sequencing, questionnaire layout, and questionnaire completion time.

This thesis included a pilot test, conducted during 26 Jun to 4 July 2015. This was an online survey, and there were 30 people who were sent a link to the survey to complete. This pilot sample group included compensation experts, and employees working in public sectors such as a university and SOEs. There were 28 people who responded, so the response rate was 93%.

The questionnaire was viewed by three persons who are experts in compensation field. The first one had completed a PhD degree and was working as a compensation policies consultant for enterprises in Vietnam. The two others are senior accountants who have been working for many years in compensation in SOEs in Vietnam.

The overall comments were very positive. Words used in the survey were clear, and easy to read and understand. Time for answering the whole survey was suitable: not too long or too short (from 10-15 minutes). Items were suitable to contents of related variables. Besides this feedback, the pilot respondents also proposed some constructive suggestions to improve the questionnaire survey that resulted in changes in the final survey draft. These suggestions were:

- Put the sentence, ‘It will take approximately 10 minutes to complete’, at the beginning of the questionnaire.
- Add question, ‘How long have you been in this current position?’, after the question about current position in the demographic questions.
- Add one more question about the type of SOE after the question on the SOE industry.
- Rearrange industries following the government classification.
This pilot study employed Cronbach’s Alpha to check internal consistency reliability estimates of the dependent variable scale, four independent variables, and other sub-independent variable scales. This was done to verify the accuracy of the measurement process. Table 5.1 shows total variables and their reliability. The reliability of all variables ranges from 0.776 to 0.965 for the pilot test data. These all fall within the range of ‘very good’, according to DeVillis (1991). Therefore, the questionnaire survey represents the variables and is considered reliable.

Table 4.1: Instrument Reliability

<table>
<thead>
<tr>
<th>Variables</th>
<th>Numbers of items</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceptions of pay equity</td>
<td>3</td>
<td>0.809</td>
</tr>
<tr>
<td>Minimum Wage</td>
<td>3</td>
<td>0.815</td>
</tr>
<tr>
<td>Salary</td>
<td>3</td>
<td>0.776</td>
</tr>
<tr>
<td>Basic Salary</td>
<td>3</td>
<td>0.899</td>
</tr>
<tr>
<td>Business Salary</td>
<td>3</td>
<td>0.965</td>
</tr>
<tr>
<td>Allowances</td>
<td>3</td>
<td>0.948</td>
</tr>
<tr>
<td>Bonuses</td>
<td>3</td>
<td>0.918</td>
</tr>
<tr>
<td>Benefits</td>
<td>3</td>
<td>0.907</td>
</tr>
<tr>
<td>Social Insurance</td>
<td>3</td>
<td>0.902</td>
</tr>
<tr>
<td>Medical Insurance</td>
<td>3</td>
<td>0.842</td>
</tr>
<tr>
<td>Employment Insurance</td>
<td>3</td>
<td>0.887</td>
</tr>
<tr>
<td>Paid Holiday</td>
<td>3</td>
<td>0.911</td>
</tr>
<tr>
<td>Relational returns</td>
<td>3</td>
<td>0.910</td>
</tr>
<tr>
<td>Learning Opportunities</td>
<td>3</td>
<td>0.887</td>
</tr>
<tr>
<td>Employment Stability</td>
<td>3</td>
<td>0.894</td>
</tr>
<tr>
<td>Promotion Opportunities</td>
<td>3</td>
<td>0.908</td>
</tr>
</tbody>
</table>

4.3.5 Data analysis approaches and tools

A choice of statistical techniques for a quantitative research depends on the nature of research question, and the number of independent variables and dependent variables. Cresswell (2009) states that a combination of the research questions and characteristics of dependent and independent variables determines what statistical test will be suited for investigating the
research questions or hypotheses. Similarly, Pallant (2010) points out that research questions and variables are determinants for choosing types of statistical technique.

The first research question in this thesis is about relationships between compensation components and perceptions of pay equity in Vietnamese SOEs. According to Pallant (2010) and Tabachnick and Fidell (2007), multiple regression is the most suitable statistical method to solve this type of research question. Pallant (2010) states that multiple regression is very helpful to explore the predictive ability of a set of independent variables on one dependent variable. Moreover, Tabachnick and Fidell (2007) agree that researchers often use multiple regression to investigate the relationship between a dependent variable and several independent variables. This thesis examines relationships between groups of independent variables (four major compensation components and eleven sub-independent variables, comprising four salary components, four benefit components, and three relational return components) and one dependent variable (perceptions of pay equity). Matching the research question in this thesis and the literature on choosing multiple regression, it is clear that multiple regression is the most appropriate technique for this quantitative study.

There are three main types of multiple regression: standard regression, hierarchical regression, and stepwise regression (Tabachnick & Fidell 2007). The major difference among the three types of multiple regression is the method for entering independent variables into the regression model. The difference might mean the elimination of some independent variables, or retaining all these variables, when examining their effects on the dependent variable. In standard multiple regression, all independent variables are kept and entered into a regression simultaneously. In hierarchical and stepwise regression types, these independent variables are selected and entered into a regression in an order, and some variables might be eliminated if they are correlated or covered by the other independent variables (Tabachnick & Fidell 2007; Pallant 2010). The standard regression entry method is employed when a researcher wants to know how much variance in a dependent variable is able to be explained by proposed independent variables, or how much unique variance in the dependent variable can be explained by each of the independent variables (Hair et al. 2014). The hierarchical and stepwise regression entry methods are employed if the researcher wishes to know what independent variables should be added to the prediction of the dependent variable to provide the best prediction (Tabachnick & Fidell 2007). However, in a hierarchical regression, the order of entering independent variables is followed according to the suggestion of the
relevant theories or literature; while in stepwise regression, this order is based on the statistical results (Pallant 2010).

This thesis employs only standard multiple regression, because its characteristics suit addressing the first research question, for the following reasons. Firstly, the standard multiple regression is suitable to examine, simultaneously, effects of compensation components on perceptions of pay equity in Vietnamese SOEs without considering their correlations. Theoretical background on compensation components suggested by Milkovich et al. (2011), and the regulations on pay model in Vietnamese SOEs, show that all compensation components are important in influencing an employee’s attitude and behavior. Therefore, it is necessary to consider them all to investigate the unique effect of each compensation component on the perceptions of pay equity. According to Tabachinck and Fidell (2007), standard multiple regression allows for keeping all independent variables in a regression, to analyse their unique effect on the dependent variable, without focusing on correlations among independent variables. This is exactly what research question 1 intends to do: it intends only to identify any possible factors influencing perceptions of pay equity, and not to consider the correlations between these factors.

Secondly, standard multiple regression helps to examine the ranking orders of the compensation components in affecting perceptions of pay equity, because of its simultaneous examination function in a regression. According to Tabachinck and Fidell (2007), in standard multiple regression, the variance of a dependent variable is explained by the unique contribution of each independent variable. In addition, Pallant (2010) states that, in standard multiple regression, the unique contribution of each independent variable shows information about how much this variable contributes to the variance in perceptions of pay equity. The higher the contribution is, the greater the impact of the independent variable on the dependent variable. In other words, by accessing simultaneously the unique contribution of each independent variable to the variance of the dependent variable, the ranking orders of these independent variables are presented. Therefore, the outcomes of standard multiple regression show the ranking orders of compensation components in relation to the perceptions of pay equity.

This thesis conducted data analysis through four steps, via employing SPSS:
- Step 1: Data entry and data screening: this step involves identifying and correcting missing data and checking outliers in cases.
- Step 2: Data reliability and validity examination: this step employs Cronbach’s alpha, exploring factor analysis (EFA), and a common method variance test, for checking reliability and validity of the measurements.

- Step 3: Regression assumption examination: this step involves checking violations of scales to multiple regression assumptions.

- Step 4: Regression analysis and findings: this step analyses regression outcomes and quantitative findings.

4.4 The qualitative study

4.4.1 Case study approach

Since this thesis employs the triangulation mixed methods approach, there is a need to conduct the qualitative study simultaneously with the quantitative study. The qualitative study in this design aims to enrich understanding of the relationships between compensation components and perceptions of pay equity in Vietnamese SOEs, and to uncover new factors in the organisation that might also influence perceptions. Owning to be the first study on this topic in the Vietnamese context, this mixed methods approach is to improve the validity of this thesis. Furthermore, the simultaneous use of both quantitative and qualitative methods helps to strengthen the research validity and reliability and avoid any bias in each method if applied individually and separately.

Case study approach was chosen for this qualitative study for the following reasons. Firstly, according to Yin (2003), a case study is an empirical inquiry that examines a contemporary phenomenon within its real-life context. Case study is a suitable approach to explore the effects of compensation components on employee perceptions of pay equity (a phenomenon) in the specific context of SOE compensation reform in Vietnam. The effect of compensation on the perceptions of pay equity in Vietnamese SOEs is a phenomenon that is only understood comprehensively in the context of the SOE reform process. The knowledge and experience of the interviewees working under the reform process contain valuable data for this thesis to investigate the research problem. Furthermore, the qualitative study aims to
answer research questions on how compensation influences perceptions of pay equity: as suggested by Yin (2003), a case study is more likely to address a research question of ‘how’.

According to Yin (2003), there are four types of the case study approaches. Type 1 studies a case in its totality, namely holistic single-case design. Type 2 studies units, processes, or projects within a single case, namely embedded single-case design. Type 3 studies and makes comparisons cases in their totality, namely holistic multiple-case design. Type 4 studies various units within identifiable cases, namely embedded multiple-case design. Among these designs, multiple-case designs are preferred over the single case design, due to their results being more compelling (Yin 2003).

The present qualitative study employs embedded multiple-case design to examine the research question. The objective of this thesis is to understand the complex relationships between compensation and perceptions of pay equity, and to explore the mechanisms of those relationships. The relationships are more problematic in the context of a Socialist transitional economy in which SOEs are restructuring. The restructuring process might influence the compensation policy and practice in these firms; thus perceptions of employees might be different due to different contexts of the firms they are working for. The multiple-case design is appropriate for this qualitative study, as to a single case study would be insufficient to capture the picture of effects of compensation on the perceptions of pay equity. In addition, this thesis aims to enrich information through the in-depth investigation of individuals’ perceptions. Employees from various SOEs are selected as individual research units for analysis. Therefore, this thesis involves embedded design, for the unit of analysis due to each SOE case has three individuals selected for in-depth interviews.

4.4.2 Case selection and sampling within case

Case selection

Case selection for the thesis is a vital to explore the research problem. The value of collected data strongly depends on how appropriate is the case selection for the purposes of the study (Gerring 2006). This thesis tries to discover the effects of compensation components and perceptions of pay equity in the context of Vietnamese SOE reform. Thus, the case selection in this thesis is not a random process, but is a purposive sampling to reflect the current
situation of Vietnamese SOEs. Accordingly, the SOEs selected in this thesis are representative of the SOE population, via key criteria of firm location, ownership type, and firm size.

The chosen criteria were based on the reality of Vietnamese SOEs, and on suggestions from previous studies on human resource management (HRM) in Vietnam enterprises. Regarding the location, SOEs were selected from Hanoi and Ho Chi Minh City. Hanoi is the capital of Vietnam, where the largest and oldest SOEs are located. Unlike in other areas of Vietnam, most SOEs in Hanoi are still strongly planned-oriented, because, being in close proximity to central government, they are more influenced by central government policies. In contrast with Hanoi, market economic reform activities have been most pronounced in Ho Chi Minh City. SOEs in Ho Chi Minh City have especially been influenced strongly by market mechanisms. Collins (2009) indicates that location influences HRM practices in Vietnam’s enterprises because of the different local culture, social and economic conditions. Therefore, selecting these two cities might help to discover the most representative points for studying SOEs’ changes of compensation during the reform process.

SOE type is another vital criterion for selection of SOE cases. As mentioned in Chapter 3, Vietnamese SOEs recently have been restructured into two major types, limited liability SOEs and joint stock SOEs. Limited liability SOEs are still 100% owned by the government; but in joint stock SOEs, the government only owns about 50% of the firm capital, and the remaining proportion of the capital is owned by other private shareholders. Therefore, the two types of SOEs are different in leadership, management, development strategy, and compensation systems (Collins 2009; Ngo 2012). Those differences might have impacts on employee perceptions of pay equity in the companies. Moreover, Milkovich et al. (2011) demonstrate that differences in pay strategy might cause different perceptions of pay equity. Accordingly, when choosing SOEs for data collection, it was necessary to consider SOE type as a key criterion for the case selection.

Firm size was another vital criterion for choosing SOEs in this thesis. According to Collins (2009), in Vietnam context, firm size has a relatively impact on HRM practices. Previous research has also proven that firm size is positively and significantly related to managerial compensation (Conyon 1997; Core et al. 1999; Firth et al. 2006). The financial circumstances of the organisation impact on its affordable payments, that might influence the perception of pay equity in the company (Armstrong & Murlis 2004). In Vietnam, the large
firms usually have a strong financial statement, and normally pay higher than do the small ones (Collins et al. 2013); thus, this might also impact the perceptions of pay equity of employees in these companies. Therefore, to choose representatives of SOEs, it was essential to consider their size.

In this thesis, SOEs are categorised into large firms and small firms. Large firms refer to SOEs listed in the top 500 companies of Vietnam; while small firms are not on this list. Of the 12 SOEs, there are 6 SOEs (3 limited liability SOEs and 3 joint stock SOEs) named in the top 500 companies of Vietnam, and the other 6 (3 limited liability SOEs and 3 joint stock SOEs) are not on the list. This list of top 500 companies in Vietnam is the famous ranking of the 500 largest Vietnam enterprises that was conducted by Vietnam Report Company in consultation with both domestic and international experts. Evaluation criteria used to rank the top companies are based on sales, profits, total assets, and the quantity of labour. The ranking has been periodically published since 2007 by VietNamNet (Vietnam Report 2015).

Twelve SOE cases were selected following the above criteria. In each SOE, three individuals, an employee, a management board member, and a unit trade union representative, were chosen for the in-depth interviews.

**Case profiles**

Among the twelve SOEs, there are 6 cases located in Hanoi, from case 1 to case 6; and the other 6 cases are located in Ho Chi Minh City (see table Table 4.1 for detail). In Hanoi, three SOEs are limited liability companies, and the other three are joint stock companies. The similar proportion of SOEs types is chosen for Ho Chi Minh City cases. Thus, the total limited liability SOEs in this thesis is 6 companies, which is equal to numbers of joint stock SOEs. Regarding firm size, in Hanoi, two SOEs are large firms, and the other four SOEs are small firms; while in Ho Chi Minh City, four SOEs are large, and the other two are small.

Case 1, coded as L1, is a small limited liability SOE in Hanoi. This SOE was established in 1959, with the vital role of producing, maintaining, and developing rare and good livestock breeds for the whole country. Recently, it has been under the supervision of the People Committee of Hanoi, because of its vital role in the breeding industry. Major business activities of this company are: breeding, and expanding the original livestock; producing and supplying cows, and pork for agriculture; and providing training knowledge for breeders.
Case 2, coded as L2, is a very large limited liability SOE in the electricity industry in Hanoi. It is one of the top 500 companies of Vietnam. It was established in 1969 by the Vietnamese government. The Ministry of Commerce and Industry of Vietnam is currently the government agent managing this company. The major business activities include management and distribution of electricity, and investment in expanding the electricity network from 110k voltage to 0.4k voltage in Hanoi.

Case 3, coded as L3, is a small limited liability SOE in Hanoi, which is under supervision and management of the Ministry of Education and Training of Vietnam. It was established in 1957. The major business activities are editing, writing, printing, and distributing all kinds of textbooks for schools, and education publications for teaching and learning. Because of its important role in editing, writing, and producing education publications, the government retains 100% control of this firm.

Case 4, coded as J1, was established in 1956, with a major role in the retail industry in Hanoi. It was equitized fifteen years ago, because the government defined that it was not necessary to hold 100% of its capital. Recently, this has been a joint stock SOE, where the government share is 51%. It is under the supervision of the People Committee of Hanoi. Its major business activities include shopping central management and real estate investment.

Case 5, coded as J2, is a small joint stock SOE in Hanoi that was established in 1996 and equitized in 2000. Its major business activities are manufacturing and supplying equipment and materials for electricity network, industries, and household appliances. Because of its vital role in the energy industry, the government still retains 65% of its capital. Recently, it has been under the supervision of the Hanoi Department of Industry and Commerce.

Case 6, coded as J3, is a large joint stock SOE, which is one of the top 20 largest companies in Vietnam. It was established in 1957. This company is operating in the banking and finance industry, and under the supervision of the State Bank of Vietnam. In 2012, this company was equitized. The government defines banking and finance as a sensitive section of the economy, thus the equitization of this company has been done slowly. So far, even though this company has been transforming into a joint stock SOE, the government still owns 95.7% of its capital.

Cases 7, coded as L4, and case 8, coded as L5, are public service companies (Doanh nghiep cong ich). Both are limited liability SOEs, under the supervision of The People Committee of Ho Chi Minh City. L4 is a small SOE, established in 1977, which has been operating in the environment and urban industry. Its major business activities are: supplying
public services in public construction, and public infrastructure, including parks, gardens, zoos and trees; doing business in green tourism, and flower festivals; managing street public lights; producing wood products, and organic fertilizer; and petrol stations. L5 is operating in the water supply industry, and is a large SOE that is in the list of the top 500 companies in Vietnam. L5 was established by the French in 1862, and since 1975 has been owned and managed by the Vietnamese Government.

Case 9, coded as L6, is a large limited liability SOE in Ho Chi Minh City. It has been operating in the transportation industry. This is a subsidiary company of a famous corporation in the transportation industry of Vietnam that is on the list of top 500 largest companies. It was established in 1968, and will not be equitized, because of its vital role in public transportation. Its major business activities are the transportation of people and goods, and other relevant business services.

Case 10, coded as J4, is a small company operating in the pharmacy industry in Ho Chi Minh City. It was equitized in 2000, and the government now retains 51% of the firm share. It belongs to the Ho Chi Minh Department of Industry and Commerce. Its major business activities are to produce and trade in medicines.

Both case 11, coded as J5, and case 12, coded as J6 are very large joint stock SOEs in Ho Chi Minh City. J5 is one of the top 20 largest companies, and J6 is one of the top 10, in Vietnam. J5 was established in 1999 and equitized in 2008. This SOE has been operating in the banking and finance industry. Its major business activities are to supply banking, insurance, and finance services. It is currently under the supervision of the State Bank of Vietnam, and the government currently holds 65% of the company share. Of all the selected companies, J6 is the largest. This is a joint stock SOE that was established in 1981, with a joint ownership by the Vietnamese and Russian governments, and has been operating in the petroleum industry. Its major business activities are: scientific research in the petroleum field; operation and maintenance of oil rigs; and offshore oil construction and installation. The profiles of the case studies are summarised in Table 4.2.

Access to the cases

Access to case studies and participants for the interviews was made through trade union organisations. The initial access to the SOE cases and their employees was made through two
trade union officers, in the Hanoi General Confederation of Labour and the Ho Chi Minh General Confederation of Labour. The first contact at each SOE was the chairperson of its trade union, who was introduced to the researcher by the two selected trade union officers in the Labour Confederations in Hanoi and Ho Chi Minh City. The researcher presented the aims and requirements of the interviews to the trade union chairperson; then they helped to introduce relevant interviewees. Before taking an interview, the researcher contacted potential participants via phone or email to introduce the aims of these interviews, and then asked for their agreement for participation.

Access to policy makers and researchers was made by a direct introduction from the Ho Chi Minh National Political Academy. The Academy sent an introduction letter to the National Salary Committee, the Ministry of Labour Invalid and Social Affairs of Vietnam, the Hanoi General Confederation of Labour, and the Ho Chi Minh General Confederation of Labour, to ask for their help to arrange interviews with officers in these organisations. Based on the requirements suggested by the researcher, the leaders of these organisations referred the researcher to potential interviewees. With this method of communication, the researcher recruited six non-SOE participants for interviews.

**Sampling within cases**

The individuals involved in interviews within each case were holding different working positions, comprising a worker, a manager, and a firm’s trade union officer. These chosen participants provide a broad view of perceptions of equity in SOEs, because their perceptions might be influenced by their working positions. Milkovich et al. (2011) suggest that the view of equity might be different between managers and workers, due to their different perspectives on compensation. This thesis focuses on the individual perceptions, thus the level of analysis in this thesis is the individuals, in SOEs.
### Table 4.2: Profiles of cases studies

<table>
<thead>
<tr>
<th>Location</th>
<th>Ownership type</th>
<th>Firm size</th>
<th>Major products</th>
<th>Coding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hanoi</td>
<td>Limited liability</td>
<td>Small</td>
<td>Breeding, expanding livestock; Supplying cows and pork for agriculture; Training breeders</td>
<td>L1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Large</td>
<td>Management and distribution of electricity; Investment in electricity network in Hanoi</td>
<td>L2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Small</td>
<td>Publishing educational publications</td>
<td>L3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Small</td>
<td>Shopping centre management; Real estate investment</td>
<td>J1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Small</td>
<td>Manufacturing and supplying equipment and materials for industries; and household appliances</td>
<td>J2</td>
</tr>
<tr>
<td></td>
<td>Joint stock</td>
<td>Large</td>
<td>Supplying banking, insurance, financial services</td>
<td>J3</td>
</tr>
<tr>
<td>Ho Chi Minh City</td>
<td>Limited liability</td>
<td>Small</td>
<td>Providing services for public infrastructure</td>
<td>L4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Large</td>
<td>Supplying clean water</td>
<td>L5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Large</td>
<td>Railway transportation</td>
<td>L6</td>
</tr>
<tr>
<td></td>
<td>Joint stock</td>
<td>Small</td>
<td>Manufacturing and trading drugs and medicines</td>
<td>J4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Large</td>
<td>Banking, insurance, and financial services</td>
<td>J5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Large</td>
<td>Providing scientific research; petroleum field operation and maintenance; Offshore oil construction and installation</td>
<td>J6</td>
</tr>
</tbody>
</table>
4.4.3 Data collection

Sources of data

This thesis uses multiple sources for gathering data for the case studies. Yin (2003) indicates that using different sources of data will enhance quality of case study research. Similarly, Creswell and Clark (2007) suggest that a good case study requires a combination of multiple sources of information. By triangulating data, this thesis is able to examine information collected through various sources, which helps to reduce the impact of potential biases that might exist in a single study (Patton 1990). Accordingly, to understand appropriately insights into the relationships between compensation and perceptions of pay equity in Vietnamese SOEs, this thesis employed documents and interviews as two main types of data in the qualitative case study. Besides these two main data sources, the study also used participant observations to enrich the interview information. These data sources are presented as follows.

Document analysis and participant observation

Document analysis is often used in combination with other qualitative data sources such as interviews, participant or non-participant observations, and physical artifacts, to triangulate the information (Denzin 1970; Yin 1994). In this thesis, documents collected include legislation and directives issued by the relevant government agencies, reports of the provincial and the national governments and trade union organisations, position letters of business associations on compensation policies sent to the Prime Minister and other central authorities, and reports of ILO specialists. Other sources, including newspapers such as Nguoi Lao Dong and Lao Dong, Vnexpress, or other government websites covering debates on compensation issues in Vietnam, are used as data for document analysis in this thesis.

Participant observation is adapted in this thesis to provide better understanding of HRM practices and workplace culture that might influence compensation and employee’s perceptions on payment. This thesis used the observation technique by Collins (2009), in which the researcher, by observing the administration, management departments, trade union unit offices and production areas, obtains information on the roles of these parts in the companies and the companies’ culture. The relevant information to gain a better
understanding of the companies’ compensation practices and employees’ perceptions were recorded for further analysis.

Interviews

This thesis uses interviews as one of the key data sources to address the research questions. According to Knox and Burkard (2009), interviewing is a technique that involves conducting intensive individual interviews with a small number of respondents, to explore their perspectives on a particular idea, program, or situation. In the present study, interviewing is useful to examine detailed information about the employees’ thoughts and behaviors, to explore the research problems in depth. The interviewing data offer a comprehensive picture of how the employees think about the equity of their compensation and the company compensation system. This thesis employs face-to-face interviews as a major method to collect data for the qualitative study.

According to Hiller and Diluzio (2004), face-to-face interviews allow interviewers to collect not only verbal but also non-verbal data. Verbal data means spoken words, and non-verbal data includes facial expressions and gestures that may supplement the meaning of the spoken words (Carr & Worth 2001). Shuy (2003) explains that, as both researcher and interviewee are in the same place, they can build a connection that may encourage participants to feel free and confidently show their experiences more effectively than might occur via phone interviews. In general, Musselwhite et al. (2007) summarise some advantages of the face-to-face interview, such as to help maintain participant involvement more successfully than in phone interviews, and to make clear the information being communicated.

There are two groups of interviewees in this thesis. The first group is employees working in chosen SOE cases. This group is called SOE participants: 36 SOE participants were in this group. Beside the SOE participants, the study also interviewed 7 policy makers and researchers who were working closely in the field. This group is called Non-SOE participants. The data collected from this group will validate and enrich the interview information.

Interview instrument and conducting interviews
Interview questions

This qualitative case study uses semi-structured interviews that employ a series of open-ended questions for data collection. According to Merriam (2014), the format of semi-structured question helps to keep the interview focused on the research topics, while still allowing the interview to be flexible.

For the SOE group, the interviews started with questions about firm profile, current changes in firm ownership and management, and the interviewees’ background and experience. The main questions focused on interviewees’ perceptions of compensation, including minimum wage, salary, benefits and relational returns, and fairness of compensation. Importantly, some questions were directed to exploiting how and why these components of compensation impacted their perceptions of pay equity in the company. Interviews intensively focused on restructuring processes happening in the firm, and how these affect the compensation and the perceptions of pay equity. During the interview, the researcher sought to maximize the amount of detailed information when encountering new ideas or new views from the participants.

Interview questions for policy makers and researchers focussed on the change in compensation at the policy level, and its effects on the employee compensation and pay equity in the SOEs. The interview questions also aimed to explore gaps between compensation policies issued by the government and the compensation practices in the SOEs.

Conducting interviews

The interview places were chosen to encourage the participants to feel confident to express their views and experiences without any pressure from their supervisors. Interviews would continue until the point of saturation, where few new perspectives and information are obtained (Arksey & Knight 1999; Kitay & Callus 1998; Ragin 1994). The interviews were around one hour in duration. The interviewee was sent a list of key questions prior the interview to prepare their answers, and they were able to determine how and how much they wanted to respond to for those questions. The researcher was able to seek clarification and follow up on new ideas. All interviews were conducted in Vietnamese. Data collected were transcribed and translated into English. Due to the fact that all interviewees were assured that
their comments would remain confidential and anonymous, a consent form is assigned to each interview.

Participants

For the SOE participants, the interviews were conducted with three people, a manager, a worker, and a trade union officer, in each SOE. Table 4.3 shows codes and characteristics of the SOE participants.

For the policy makers group, the researcher interviewed one member of the National Salary Committee of Vietnam and two government officers at the Ministry of Labour Invalid and Social Affairs of Vietnam. The two trade unions officers were working at the Hanoi General Confederation of Labour and Ho Chi Minh General Confederation of Labour. In addition, the two researchers working at Ho Chi Minh National Political Academy were also chosen to interview. These interviewees were chosen on purpose. The National Salary Committee of Vietnam was established in 2013 by the Prime Minister Nguyen Tan Dung.

The Committee has a function of consultation with the government about adjustment of minimum wage policies. Interviewing members of the Committee provides an opportunity to directly approach and understand both legislation processes and personal views of policy makers in issuing minimum wage policies. In addition, the two policy makers at the Ministry of Labour Invalid and Social Affairs of Vietnam chosen to be interviewed are people who directly supervise employment relations and compensation practices in enterprises, including SOEs. They understand clearly about government policies and practices in firms. Thus, they might help to identify gaps between compensation policies and practices. The two researchers were working at Ho Chi Minh National Political Academy, where they were training government officers and policy makers for the Government Bodies. They are associate professors who have many years running research on SOEs and their transformation process. These researchers presented their objective and scientific views about SOE compensation policies and practices. Details of these participants are presented in Table 4.4.
Table 4.3: Characteristics of the SOE participants

<table>
<thead>
<tr>
<th>Firms code</th>
<th>Participants Code</th>
<th>Seniority (years of working)</th>
<th>Position</th>
<th>Qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td>L1</td>
<td>S1</td>
<td>15 years</td>
<td>Worker</td>
<td>Undergraduate</td>
</tr>
<tr>
<td></td>
<td>S2</td>
<td>25 years</td>
<td>CEO</td>
<td>Master</td>
</tr>
<tr>
<td></td>
<td>S3</td>
<td>18 years</td>
<td>Trade union officer</td>
<td>Undergraduate</td>
</tr>
<tr>
<td>L2</td>
<td>S4</td>
<td>5 years</td>
<td>Technique worker</td>
<td>TAFE</td>
</tr>
<tr>
<td></td>
<td>S5</td>
<td>26 years</td>
<td>Line manager</td>
<td>Undergraduate</td>
</tr>
<tr>
<td></td>
<td>S6</td>
<td>20 years</td>
<td>Trade union officer</td>
<td>Undergraduate</td>
</tr>
<tr>
<td>L3</td>
<td>S7</td>
<td>16 years</td>
<td>Head of Financial Department</td>
<td>Master</td>
</tr>
<tr>
<td></td>
<td>S8</td>
<td>16 years</td>
<td>Sale assistant</td>
<td>Master</td>
</tr>
<tr>
<td></td>
<td>S9</td>
<td>10 years</td>
<td>Trade union officer</td>
<td>Undergraduate</td>
</tr>
<tr>
<td>J1</td>
<td>S10</td>
<td>20 years</td>
<td>HR manager</td>
<td>Master</td>
</tr>
<tr>
<td></td>
<td>S11</td>
<td>7 years</td>
<td>Sale assistant</td>
<td>Undergraduate</td>
</tr>
<tr>
<td></td>
<td>S12</td>
<td>15 years</td>
<td>Trade union officer</td>
<td>Undergraduate</td>
</tr>
<tr>
<td>J2</td>
<td>S13</td>
<td>6 years</td>
<td>Worker</td>
<td>TAFE</td>
</tr>
<tr>
<td></td>
<td>S14</td>
<td>22 years</td>
<td>Line manager</td>
<td>Undergraduate</td>
</tr>
<tr>
<td></td>
<td>S15</td>
<td>25 years</td>
<td>Trade union officer</td>
<td>Undergraduate</td>
</tr>
<tr>
<td>J3</td>
<td>S16</td>
<td>12 years</td>
<td>Finance officer</td>
<td>Undergraduate</td>
</tr>
<tr>
<td></td>
<td>S17</td>
<td>16 years</td>
<td>Vice director</td>
<td>Master</td>
</tr>
<tr>
<td></td>
<td>S18</td>
<td>10 years</td>
<td>Trade union officer</td>
<td>Master</td>
</tr>
<tr>
<td>L4</td>
<td>S19</td>
<td>18 years</td>
<td>Head of Financial Department</td>
<td>Master</td>
</tr>
<tr>
<td></td>
<td>S20</td>
<td>4 years</td>
<td>Accountant</td>
<td>Undergraduate</td>
</tr>
<tr>
<td></td>
<td>S21</td>
<td>14 years</td>
<td>Trade union officer</td>
<td>Undergraduate</td>
</tr>
<tr>
<td>L5</td>
<td>S22</td>
<td>10 years</td>
<td>Line manager</td>
<td>Undergraduate</td>
</tr>
<tr>
<td></td>
<td>S23</td>
<td>7 years</td>
<td>Worker</td>
<td>Undergraduate</td>
</tr>
<tr>
<td></td>
<td>S24</td>
<td>12 years</td>
<td>Trade union officer</td>
<td>Undergraduate</td>
</tr>
<tr>
<td>L6</td>
<td>S25</td>
<td>17 years</td>
<td>CEO</td>
<td>Master</td>
</tr>
<tr>
<td></td>
<td>S26</td>
<td>11 years</td>
<td>Worker</td>
<td>TAFE</td>
</tr>
<tr>
<td></td>
<td>S27</td>
<td>16 years</td>
<td>Trade union officer</td>
<td>Undergraduate</td>
</tr>
<tr>
<td>J4</td>
<td>S28</td>
<td>23 years</td>
<td>CEO</td>
<td>Master</td>
</tr>
<tr>
<td></td>
<td>S29</td>
<td>8 years</td>
<td>Sale assistant</td>
<td>Undergraduate</td>
</tr>
<tr>
<td></td>
<td>S30</td>
<td>10 years</td>
<td>Trade union officer</td>
<td>Undergraduate</td>
</tr>
<tr>
<td>J5</td>
<td>S31</td>
<td>9 years</td>
<td>Finance officer</td>
<td>Undergraduate</td>
</tr>
<tr>
<td></td>
<td>S32</td>
<td>22 years</td>
<td>CEO</td>
<td>PhD</td>
</tr>
<tr>
<td></td>
<td>S33</td>
<td>20 years</td>
<td>Trade union officer</td>
<td>Master</td>
</tr>
<tr>
<td>J6</td>
<td>S34</td>
<td>24 years</td>
<td>Chief Accountant</td>
<td>Master</td>
</tr>
<tr>
<td></td>
<td>S35</td>
<td>16 years</td>
<td>Technique staff</td>
<td>Master</td>
</tr>
<tr>
<td></td>
<td>S36</td>
<td>20 years</td>
<td>Chief Accountant</td>
<td>Master</td>
</tr>
</tbody>
</table>
4.4.4 Data analysis and tools

This thesis employs thematic analysis to analyse qualitative data collected. Braun and Clarke (2006) define thematic analysis as a method for identifying and analysing patterns of meaning in a data set. More specifically, Boyatzis (1998) emphasises that thematic analysis is a process of encoding qualitative information. In general, this is a method where the researcher interprets what the participants have said to identify underlying ideas, patterns, and assumptions. In this thesis, when the data collection was completed, interviews were transcribed and translated into English, then imported into NVivo 10, a qualitative data analysis software program. NVivo10 enables researchers to organise and analyse complex non-numerical or unstructured data as well as examine complex relationships in the data (Richard 1999). Besides the interview transcription, other documentary materials and notes from the observations were also imported to NVivo 10 for coding and analysis.

A theme is a specific pattern of meaning discovered in the data set (Braun & Clarke 2006). Thus, themes might be understood as conceptual linking of expressions. Boyatzis (1998) suggests that themes can be developed in several ways: a theory–driven approach (themes are deductively created from theory); a prior research-driven approach (initially, themes are generated inductively from previous research); and a data-driven approach (themes are developed from the raw information in the interview data set). A good coding to develop a theme should include these components: a label for a theme, a definition of the theme, a description of the theme (indicator), differentiation from the defined theme, and examples to eliminate possible confusion when looking for the theme (Boyatzis 1998).

<table>
<thead>
<tr>
<th>Coding</th>
<th>Seniority (years of working)</th>
<th>Institution</th>
<th>Qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td>NS1</td>
<td>29</td>
<td>National Salary Committee</td>
<td>PhD</td>
</tr>
<tr>
<td>NS2</td>
<td>20</td>
<td>The Ministry of Labour Invalid and Social Affairs of Vietnam</td>
<td>Master</td>
</tr>
<tr>
<td>NS3</td>
<td>18</td>
<td>The Ministry of Labour Invalid and Social Affairs of Vietnam</td>
<td>Master</td>
</tr>
<tr>
<td>NS4</td>
<td>30</td>
<td>Ho Chi Minh National Academy</td>
<td>PhD</td>
</tr>
<tr>
<td>NS5</td>
<td>32</td>
<td>Ho Chi Minh National Academy</td>
<td>PhD</td>
</tr>
<tr>
<td>NS6</td>
<td>18</td>
<td>Hanoi General Confederation of Labour</td>
<td>Master</td>
</tr>
<tr>
<td>NS7</td>
<td>20</td>
<td>Ho Chi Minh City General Confederation of Labour</td>
<td>Master</td>
</tr>
</tbody>
</table>
In this thesis, themes were developed by using both a theory-driven approach and a data-driven approach. There were specific themes that were already defined in the research conceptual framework, such as effects of minimum wage, salary, benefit, and relational returns on perceptions of pay equity. Besides these themes, the thesis also developed emerging themes during analysis of the raw data collected, such as compensation management, culture, and government compensation policies. The emerging themes were inductively created via repetition and grouping of information. The researcher read and reread carefully the data set to discover the repeated patterns of meaning. These patterns were then used to create the emerging themes.

The data of this thesis were classified and sub-categorised by data sources. Then, major underlying themes were identified after a thorough reading of all the materials. Data that support the same themes were automatically gathered into groups of evidence, or ‘nodes’, as they are termed in NVivo 10. This ‘noding’ process is grounded on the key themes that emerged from the empirical data, as well as informed by the conceptual framework and research questions (Eisenhardt 1989). This method of data grouping allows for the analysis of single cases, actor-based and cross-level relations, as well as the consideration of different sources of data. When the data are analysed from different angles, it is possible to capture the patterns, themes, and relationships that together form answers to the research questions.

4.5 Ethical considerations

Ethical issues have been carefully considered in this thesis, to protect the privacy, rights and safety of the participants, before collecting data. Issues related to ethical considerations, including consent form, agreements of trust, and privacy and confidentiality, had to be assessed and approved by the RMIT Human Research Ethics Committee (No. 18661). The participation in this thesis was strictly voluntary. For the survey respondents, the researcher didn’t know their identities because the questionnaires were unidentified. For the interview respondents, the researcher knew their identities; however, to protect their privacy and safety, pseudonyms were used to provide and to analyse the interview data. All interviewees were named from S1 to S36 for the SOEs participants, and NS1 to NS7 for policy makers and specialists. The original data belonging to this thesis, including audio-recordings, transcripts and surveys, are stored for a minimum period of five years according to the RMIT University requirements.
4.6 Reliability and validity of the research

The main requirements of a research are reliability and validity. Reliability and validity ensure the quality of the research, and these criteria need to be considered in every single study. According to Fraenkel et al. (2012), the validity of a research is the appropriateness of any interpretations and conclusions made by the researcher through doing an investigation. Reliability relates to consistency and dependability of ‘the results obtained from a piece of research’ (Nunan 1999, p. 14).

This thesis employs a mixed methods design that effectively enhances the reliability and validity of the research results. Due to using different research methods, different techniques of data analysis and different sources of data, a mixed methods design is well known to increase the validity and reliability of the data and the interpretation (Zohrabi 2013). In a mixed methods research, reliability and validity can be achieved by the improving those criteria separately for quantitative and qualitative study (Ihantola & Kihn 2011). Therefore, the next sections will discuss reliability and validity of the quantitative study and the qualitative study in this thesis.

4.6.1 Reliability and validity of the quantitative study

Reliability

In the quantitative research, reliability refers to the consistency of measurement (Bollen 1989), or stability of measurement in different conditions, in which the results should be the same (Nunnally 1978). According to Nunnally (1978), reliability can be improved in the stage of designing questionnaire, and can be tested after data collection. In designing the questionnaire, by writing items clearly in terms of wording and instructions, the questionnaire is easy to understand, which might increase the reliability of the study (Nunnally 1978). Doing a pre-test or pilot test is useful to improve reliability in the questionnaire designing stage (Kimberlin & Winterstein 2008). Besides this, after collecting data, reliability can be tested by using various methods: testing equivalence, testing stability over time, and testing internal consistency (Drost 2011).
This thesis uses both a pilot test and an internal consistency test to ensure its reliability. The pilot test was designed to make the questionnaire easy to understand, then to improve the quality of the survey data. In this pilot test, the comments from compensation experts and about 20 employees in SOEs were taken seriously by the researcher, to improve the wording and instructions of the survey questionnaire. Thus, the reliability of the quantitative study was taken into consideration before conducting the main data collection.

The study used an internal consistency test to ensure the reliability of the measurement after the main data collection had finished. Internal consistency measures consistency within the instrument and questions (Drost 2011). In the thesis, it shows how well a set of items measure a particular scale within the test. To be internally consistent, the reliability of a test is based on the average inter-correlations among all the single items within the test. Coefficient alpha, suggested by Cronbach (1951), is the most popular method to test internal consistency in behavioral research. The coefficient alpha is called as *Cronbach’s alpha*. Hair et al. (2010) and Kline (2015) suggest that, to ensure the validity of measurement, or in other words, items measuring the same construct correlate, Cronbach’s alpha should be in above 0.6. In the present study, Cronbach’s alpha of the construct’s measurement scales ranges from 0.741 to 0.911. According to Hair et al. (2010) and Kline (2015), they were all in the very good and excellent ranges of internal consistency. Thus, these results confirm the reliability of the quantitative study.

**Construct validity**

Kimberlin and Winterstein (2008) define validity as an instrument that measures what it purports to measure. Validity is concerned with the meaningfulness of research components, to ensure its results are trustworthy (Drost 2011; Hair et al. 2010). This thesis pays more attention to construct validity. Construct validity shows how well a concept, idea, or behavior - that is, a construct - is translated or transformed into a functioning and operating reality (Litwin 1995). In this thesis, the hypothetical constructs were measured by various items, referenced from previous empirical research. To guarantee the trustworthiness of the research outcomes, it thus is necessary to check the specific measures derived from the quantitative analysis belonging to a represented construct.
This thesis employs exploratory factor analysis (EFA) to investigate the construct validity of the measure. This is an inductive approach, to identify which items are loaded to the construct as predicted. The objective is to recognize those items that most clearly represent the content domain of the underlying construct. Only those items that clearly load on a single factor should be retained. Following this method, the number of factors to be retained depends on both underlying theory and empirical results. In the present study, EFA was individually run for each construct. The EFA results show that all constructs in this quantitative study are well transformed into a functioning and operating reality. In other words, the designed items accurately measure the constructs: the construct validity of this thesis is ensured. The detail of testing for construct validity is presented in Chapter 5: Quantitative study.

Testing common method variance

Common method variance (CMV) is variance attributed to the measurement method rather than to the measurement of constructs (Podsakoff et al. 2003). It may be a concern when self-report questionnaires are used to collect data at the same time from the same participants (Richardson et al. 2009). According to Conway and Lance (2010), self-report questionnaires to measure variables might inflate or deflate relationships between the variables. This thesis uses self-rating along with self-report to measure the employee perceptions of compensation and pay equity; thus, it is necessary to test for common method variance to ensure its reliability and validity.

The Harman single-factor test was employed to check CMV in this thesis. The test requires loading all the measures into an exploratory factor analysis. CMV appears if there is the emergence of either a single factor or a general factor accounting for the majority of covariance among measures (Podsakoff et al. 2003, p. 889). The results of the Harman single-factor test, presented in Chapter 5, are all less than 50%, which means that all measures are loading onto a factor; thus, CMV does not present in this thesis.
4.6.2 Trustworthiness of the qualitative study

The quality of a qualitative study is considered from a different viewpoint than for a quantitative study. As mentioned above, reliability and validity are two criteria referring to the quality of a quantitative study. Those criteria in the quantitative study focus on the quality of the instrument measures and what they are designed to measure. However, Agar (1986) suggested that the terms of reliability and validity relate to the quantitative view, and are not suitable for the detail of qualitative research. Later, Krefting (1991) explained that, due to the nature and purposes of qualitative research being different to those of quantitative research, it is incorrect to apply the same criteria for both research approaches. Similarly, Stenbacka (2001) observes that the qualitative study involves a non-standardised process of data analysis, and thus reliability is considered irrelevant.

Golafshani (2003) suggests that a qualitative study’s quality refers to the increase in trustworthiness or the alleviation of bias within the research. The present qualitative study increases its trustworthiness by using a triangulation of data sources, triangulation of the participation of informants, and triangulation of working site to enhance its trustworthiness. According to Krefting (1991), triangulation is a powerful strategy to enhance the quality of research. This strategy utilises a convergence of multiple perspectives on data to ensure a phenomenon has been investigated in all its aspects (Krefting 1991).

Regarding triangulation of data sources, this qualitative study uses two different sources of data, document and interviews, for data analysis. According to Guba (1981), triangulated data sources are assessed against one another to cross-check data and interpretation. This strategy provides a number of different slices of data, thus it helps to minimize distortion from a single data source or from a biased researcher (Field & More 1985). Document such as companies’ reports, the government decrees, Vietnamese newspapers, and relevant information from the government websites brings a comprehensive view of the research problems and helps to validate and to enrich the information gained from the interviews. Shenton (2004) considers that documents can be effective supporting data, as they provide background to help explain the attitudes and reactions of the interviewees. Thus, the triangulation of data sources helps to maximize the richness of data, and might bring about complete understanding for the research problems.
The second type of triangulation in this thesis is the participation of informants. Maanen (1983) concedes that it is beneficial to investigate information across informants. Following this view, Shenton (2004) explains that a range of people interviewed who have different viewpoints and experiences might bring a constructive base for verifying a rich picture on the attitudes, needs or behaviors of the interview participants. This thesis employs various interviewee groups, including non-SOE participants and SOE participants, to obtain various views about compensation and pay equity in SOEs. In addition, in the SOE group, there are also two sub-groups of participants, managers and workers, which selection ensures a comprehensive view on compensation practices and pay equity in SOEs.

Thirdly, the trustworthiness of this qualitative study was also ensured by applying triangulation of the working sites. Shenton (2004) suggests site triangulation might be achieved by recruiting the participation of informants within several organisations. This author emphasises that, ‘where similar results emerge at different sites, findings may have greater credibility in the eyes of the reader’ (p. 66). In addition, the sampling of a range of people in different organisations provides diversity of practices (Shenton 2004). The present qualitative study employs multiple cases of Vietnamese SOEs, to provide better insights on relationships between compensation components and perceptions of pay equity. This selection ensures the relationships are examined in different contexts of the SOEs, and thus enhances the overall findings and results of this qualitative study.

4.7 Summary

This chapter has presented the methodology employed in this thesis to examine the research questions. It has outlined the mixed methods design that includes both quantitative and qualitative investigation as the most suitable for the research. The quantitative approach helps to address the research question of how do the compensation components relate to the perceptions of pay equity in Vietnamese SOEs, through survey and multiple regression technique. The qualitative investigation was simultaneously conducted with the quantitative study to explore the research question of why these compensation components relate to the perceptions of pay equity. The details of each research’s findings will be presented in the following chapters.
CHAPTER 5: QUANTITATIVE STUDY

5.1 Introduction

This chapter focuses on the quantitative study that was conducted as part of the mixed methods approach taken in this thesis. As discussed in Chapter 4, the quantitative study used a questionnaire survey with a five-point Likert scale to investigate respondents’ opinions on the relationships between compensation components and their perceptions of pay equity. Compensation components in the survey were constructed based on compensation theory by Milkovich et al. (2011) and current compensation practices in Vietnam; and components for employee perceptions of pay equity were created based on the suggestions of equity theory by Adams (1963, 1965). The chapter firstly presents information about data screening, which includes analysis of missing values, and detecting and dealing with outliers. It then examines the validity and reliability of this quantitative study, with a presentation of tests of the assumptions for the multiple regression. Next, the chapter focuses on investigating and interpreting the research hypotheses on the relationships between compensation components and perceptions of pay equity, which are the key quantitative findings in this thesis.

5.2 Data entry and data screening

5.2.1 Data entering and missing value

All surveys were imported to SPSS manually. Before checking for reliability and validity, the data set was checked and rechecked to make sure there was no data entering error. Data screening was done to investigate and to exclude responses that did not provide sufficient information causing confusion to arise, including none of the demographic questions being answered, blanks being left for most questions, or choosing two options for one specific question related to the variables. After checking this information, there were 5 unusable cases, which were deleted. Thus, the usable cases are 650, a usable response rate of 99.2%.

The next step in the screening process was to examine cases with a small number of missing values and to determine whether to keep these cases or not. Little (1988) states that, if the missing value is random, this case should be retained to analyse; if the missing value is
systematic, the case should be deleted. After analysing the raw data, it was detected that 8 cases had missing values, as shown in Table 5.1.

Table 5.1: Missing value proportion

<table>
<thead>
<tr>
<th>Case</th>
<th>Items</th>
<th>Q25</th>
<th>Q15</th>
<th>Q33</th>
<th>Q7</th>
<th>Q8</th>
<th>Q9</th>
<th>Q13</th>
<th>Q16</th>
<th>Q18</th>
<th>Q27</th>
<th>Q28</th>
<th>Q30</th>
<th>Q33</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percentage of missing value (%)</td>
<td>0.2</td>
<td>0.2</td>
<td>0.3</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.3</td>
</tr>
</tbody>
</table>

The researcher firstly determined whether the missing values were random or systematic. Little's MCAR test is the most common test for whether missing cases are completely at random or not. According to Little (1988), if the p value for Little's MCAR test is not significant (greater than 0.05), then the data may be assumed to be MCAR, or missing completely at random, and the case is assumed not to be suitable for the analysis. This test can be done in SPSS via The Expectation-Maximization (EM) analysis.

Table 5.2 presents the outcomes of this test. Sig. value is 0.871, which is greater than 0.05, confirming that the test is not significant, or in other words, that all the missing values were determined as Missing at Random (MAR), and thus that the missing does not matter for the analysis (Little 1988).

Table 5.2: EM Means

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q5</th>
<th>Q6</th>
<th>Q7</th>
<th>Q8</th>
<th>Q9</th>
<th>Q10</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.3308</td>
<td>3.2769</td>
<td>2.8415</td>
<td>2.7662</td>
<td>2.6646</td>
<td>2.8169</td>
<td>2.9613</td>
<td>3.0945</td>
<td>3.3086</td>
<td>3.1169</td>
</tr>
<tr>
<td>Q11</td>
<td>Q12</td>
<td>Q13</td>
<td>Q14</td>
<td>Q15</td>
<td>Q16</td>
<td>Q17</td>
<td>Q18</td>
<td>Q19</td>
<td>Q20</td>
</tr>
<tr>
<td>Q21</td>
<td>Q22</td>
<td>Q23</td>
<td>Q24</td>
<td>Q25</td>
<td>Q26</td>
<td>Q27</td>
<td>Q28</td>
<td>Q29</td>
<td>Q30</td>
</tr>
<tr>
<td>Q31</td>
<td>Q32</td>
<td>Q33</td>
<td>Q34</td>
<td>Q35</td>
<td>Q36</td>
<td>Q37</td>
<td>Q38</td>
<td>Q39</td>
<td>Q40</td>
</tr>
<tr>
<td>Q41</td>
<td>Q42</td>
<td>Q43</td>
<td>Q44</td>
<td>Q45</td>
<td>Q46</td>
<td>Q47</td>
<td>Q48</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Little's MCAR test: Chi-square = 339.491, DF = 370, Sig.=0.871
The next step was to determine whether to retain or delete variables or cases with missing values. Tabachnick and Fidell (2007) suggest that, if the proportion of missing values is very small, mean values can be substituted. Then, the imputation needs to be conducted by applying the SPSS routine with a choice of ‘Replace with mean’, which computes the mean value for the variable and then gives the missing case that value (Pallant 2010). In the present research, all missing cases had a very small missing value proportion, thus applying the imputation of mean values was done for all these cases.

5.2.2 Outliers

Outliers are defined as ‘observations with a unique combination of identifiable characteristics as distinctly different from the other observations’ (Hair et al. 2014, p. 62). Tabachnick and Fidell (2007) concede that outliers can deform statistical tests. Therefore, the 650 cases were examined for outliers. Kline (2015) states that outliers can be detected in both univariate and multivariate situations. This thesis employs both univariate and multivariate analyses to detect outliers.

Hair et al. (2014) suggest using standardized scores (Z-scores) to examine univariate outliers. ‘Univariate detection identifies outliers in the distribution of observations for each variable in the analysis and selects as outliers those cases falling at the outer ranges (high or low) of the distribution’ (Hair et al. 2014, p. 64). For small samples (80 or fewer observations), outliers are cases with standard scores of 2.5 or greater. For larger sample sizes, the threshold value of standard scores of outliers are up to 4 (Hair et al. 2014, p. 65). The sample size in this thesis is 650 observations, which is identified as a large sample size, thus threshold values of Z-score, according to Hair et al. (2014), should be up to 4.

Table 5.3 presents the range of Z-score values of variables. All Z-score values of variables in this thesis are in the threshold range of up to 4, therefore there are no outliers of concern in the data set.
Table 5.3: Z-score value of variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perception of pay equity</td>
<td>650</td>
<td>-2.70413</td>
<td>2.39299</td>
</tr>
<tr>
<td>Minimum wage</td>
<td>650</td>
<td>-2.25134</td>
<td>2.97468</td>
</tr>
<tr>
<td>Salary</td>
<td>650</td>
<td>-2.87800</td>
<td>2.67156</td>
</tr>
<tr>
<td>Benefit</td>
<td>650</td>
<td>-3.23016</td>
<td>3.21736</td>
</tr>
<tr>
<td>Relational return</td>
<td>650</td>
<td>-2.50556</td>
<td>2.54269</td>
</tr>
<tr>
<td>Basic salary</td>
<td>650</td>
<td>-2.57825</td>
<td>2.65981</td>
</tr>
<tr>
<td>Business salary</td>
<td>650</td>
<td>-2.59352</td>
<td>2.59264</td>
</tr>
<tr>
<td>Allowance</td>
<td>650</td>
<td>-2.57537</td>
<td>2.79602</td>
</tr>
<tr>
<td>Bonus</td>
<td>650</td>
<td>-2.49784</td>
<td>2.74838</td>
</tr>
<tr>
<td>Social insurance</td>
<td>650</td>
<td>-2.99845</td>
<td>2.43972</td>
</tr>
<tr>
<td>Medical insurance</td>
<td>650</td>
<td>-2.88365</td>
<td>2.42322</td>
</tr>
<tr>
<td>Unemployment insurance</td>
<td>650</td>
<td>-2.24642</td>
<td>3.05000</td>
</tr>
<tr>
<td>Paid holiday</td>
<td>650</td>
<td>-3.19322</td>
<td>2.89732</td>
</tr>
<tr>
<td>Learning opportunities</td>
<td>650</td>
<td>-2.89987</td>
<td>2.47244</td>
</tr>
<tr>
<td>Promotion opportunities</td>
<td>650</td>
<td>-3.01309</td>
<td>2.77886</td>
</tr>
<tr>
<td>Job stability</td>
<td>650</td>
<td>-2.98592</td>
<td>3.47938</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>650</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This thesis employs multiple regression for data analysis, thus according to Tabachnick and Fidell (2007), it is necessary to detect multivariate outliers, besides the univariate test. This thesis detects multivariate outliers in the multiple regression process as those with standardised residual values above about 3.3 (or less than -3.3) (Pallant 2010, p. 128). The four multiple regressions were conducted to investigate the hypotheses. The first one is to examine relationships between the four main compensation components; the second one is to examine relationships between the sub-independent variables of salary group and perceptions of pay equity; the third is to examine relationships between the sub-independent variables of benefit group and perceptions of pay equity; the fourth is to examine relationships between the sub-independent variables of relational return group and perceptions of pay equity. As displayed in Table 5.4, standardised residuals of cases in the four regressions are in the range of -3.2 to 3.28. Therefore, regarding the multivariate approach, there is also no multivariate outlier case of concern in this thesis.

Table 5.4: Standardized residual of multiple regressions

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standardized Residual of Model 1</td>
<td>650</td>
<td>-2.64</td>
<td>3.03</td>
<td>.000</td>
<td>.989</td>
</tr>
<tr>
<td>Standardized Residual of Model 2</td>
<td>650</td>
<td>-3.20</td>
<td>3.15</td>
<td>.000</td>
<td>.989</td>
</tr>
<tr>
<td>Standardized Residual of Model 3</td>
<td>650</td>
<td>-2.91</td>
<td>3.22</td>
<td>.000</td>
<td>.990</td>
</tr>
<tr>
<td>Standardized Residual of Model 4</td>
<td>650</td>
<td>-2.68</td>
<td>3.28</td>
<td>.000</td>
<td>.985</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>650</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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5.3 Testing reliability and validity of measurements

5.3.1 Reliability of measurement

Reliability of measurements in this thesis was examined through testing for internal consistency reliability, by applying Cronbach’s alpha coefficient. According to Bryman and Bell (2015), Cronbach’s alpha is the most common test for examining internal consistency reliability of a multiple-item measure. All variables in this thesis were measured by multiple items, thus applying Cronbach’s alpha for testing the measurement reliability is suitable. Cronbach’s alpha is calculated for each variable separately. According to Hair et al. (2010) and Kline (2015), the value of the alpha coefficient should be above 0.6, a level of internal consistency is acceptable if it is in the range of 0.6 to 0.7, around 0.7 is adequate, around 0.8 is very good, and around 0.9 is excellent.

Table 5.5 presents the Cronbach’s alpha of the measurements, ranging from 0.741 to 0.911. According to Hair et al. (2010) and Kline (2015), these are all above the acceptable lower limit, and in the very good and excellent ranges of internal consistency. These results confirm that the measurements were accurate and consistent.

Table 5.5: Cronbach’s alpha of measurements

<table>
<thead>
<tr>
<th>Variable</th>
<th>Number of items</th>
<th>Observation</th>
<th>Cronbach’ alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perception of pay equity</td>
<td>3</td>
<td>650</td>
<td>0.791</td>
</tr>
<tr>
<td>Minimum wage</td>
<td>3</td>
<td>650</td>
<td>0.813</td>
</tr>
<tr>
<td>Salary</td>
<td>3</td>
<td>650</td>
<td>0.791</td>
</tr>
<tr>
<td>Basic salary</td>
<td>3</td>
<td>650</td>
<td>0.892</td>
</tr>
<tr>
<td>Business salary</td>
<td>3</td>
<td>650</td>
<td>0.909</td>
</tr>
<tr>
<td>Allowances</td>
<td>3</td>
<td>650</td>
<td>0.911</td>
</tr>
<tr>
<td>Bonuses</td>
<td>3</td>
<td>650</td>
<td>0.902</td>
</tr>
<tr>
<td>Benefits</td>
<td>3</td>
<td>650</td>
<td>0.837</td>
</tr>
<tr>
<td>Social insurance</td>
<td>3</td>
<td>650</td>
<td>0.790</td>
</tr>
<tr>
<td>Medical insurance</td>
<td>3</td>
<td>650</td>
<td>0.767</td>
</tr>
<tr>
<td>Unemployment insurance</td>
<td>3</td>
<td>650</td>
<td>0.741</td>
</tr>
<tr>
<td>Paid holiday</td>
<td>3</td>
<td>650</td>
<td>0.798</td>
</tr>
<tr>
<td>Relation returns</td>
<td>3</td>
<td>650</td>
<td>0.855</td>
</tr>
<tr>
<td>Learning Opportunity</td>
<td>3</td>
<td>650</td>
<td>0.788</td>
</tr>
<tr>
<td>Employment Stability</td>
<td>3</td>
<td>650</td>
<td>0.757</td>
</tr>
<tr>
<td>Promotion Opportunity</td>
<td>3</td>
<td>650</td>
<td>0.862</td>
</tr>
</tbody>
</table>
5.3.2 Construct validity of a measure

Construct validity shows a consistency between a theoretical concept and a specific measurement procedure. Construct validity can be investigated via examining the relationship between a specific measurement and a theoretical variable; and they should be highly correlated with each other (Carmines & Zeller 1979). To estimate the validity of the constructs, this thesis employed exploratory factor analysis (EFA). According to Russell (2002), EFA must be applied to examine where a theoretical variable is a single or multidimensional factor; and this examination gives a clear estimation of the factor structure of the measures. The variables in this thesis are strongly based on theories: the items measuring variables were referenced from some previous studies and samples; thus it is necessary to do EFA to check the validity of these measures. In this thesis, EFA was employed individually for each variable.

Two steps were done to check construct validity of a measure, examining the suitability of the collected data for doing EFA via the Kaiser-Meyer-Olkin (KMO) measure, and Bartlett’s Test; and then doing the EFA, which comprises factor extraction (the extraction method is principal component analysis) and rotation (the rotation method is Varimax). According to Chiou (2010) and Pallant (2010), both the KMO measure of sampling adequacy and Bartlett’s test of sphericity are essential to do factor analysis, including EFA, because they are determinants of the suitability of applying factor analysis. Hair et al. (2010) suggest that data is suitable for factor analysis when KMO is between 0.5 and 1, and Bartlett’s test of sphericity is significant (<0.05).

EFA has two steps, factor extraction, and factor rotation and explanation. Factor extraction is to find out factors; while, in contrast, factor rotation is to improve explanation of a given factor solution (Tabachnick & Fidell 2007). Regarding step 1, factor extraction, this thesis used principal component analysis (CPA) to define the factors required to present the structure of the items. Hair et al. (2010) recommend that factors having an eigenvalue above 1 are significant, and those below 1 must be ignored. In addition, the percentage of variance criterion that guarantees actual significance for the extracted factors should be above 60 per cent (Hair et al. 2010). After the factors are extracted, it is necessary to decide which items load onto these factors. This process belongs to factor rotation. The Varimax rotation method
was employed to identify factor loadings. The outcomes of these processes are presented in the following paragraphs.

**KMO and Bartlett’s test result**

The results of KMO and Bartlett’s test in Table 5.6 show that the data set is suitable for doing factor analysis for all variables, due to a value of KMO of these variables being from 0.640 upwards, which is above 0.5, showing sampling adequacy. The result of Bartlett’s test was significant (<0.05) for all variables, showing that there were sufficient associations between the items involved in the analysis (Hair et al. 2010). These results significantly support conducting EFA for all variables in the research.

**Table 5.6: KMO and Bartlett's test**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Number of items</th>
<th>KMO</th>
<th>Bartlett’s test of sphericity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perception of pay equity</td>
<td>3</td>
<td>.696</td>
<td>.000</td>
</tr>
<tr>
<td>Minimum wage</td>
<td>3</td>
<td>.659</td>
<td>.000</td>
</tr>
<tr>
<td>Salary</td>
<td>3</td>
<td>.679</td>
<td>.000</td>
</tr>
<tr>
<td>Basic salary</td>
<td>3</td>
<td>.746</td>
<td>.000</td>
</tr>
<tr>
<td>Business salary</td>
<td>3</td>
<td>.756</td>
<td>.000</td>
</tr>
<tr>
<td>Allowance</td>
<td>3</td>
<td>.746</td>
<td>.000</td>
</tr>
<tr>
<td>Bonuses</td>
<td>3</td>
<td>.740</td>
<td>.000</td>
</tr>
<tr>
<td>Benefit</td>
<td>3</td>
<td>.697</td>
<td>.000</td>
</tr>
<tr>
<td>Social insurance</td>
<td>3</td>
<td>.692</td>
<td>.000</td>
</tr>
<tr>
<td>Medical insurance</td>
<td>3</td>
<td>.677</td>
<td>.000</td>
</tr>
<tr>
<td>Unemployment insurance</td>
<td>3</td>
<td>.672</td>
<td>.000</td>
</tr>
<tr>
<td>Paid holiday</td>
<td>3</td>
<td>.692</td>
<td>.000</td>
</tr>
<tr>
<td>Relation return</td>
<td>3</td>
<td>.640</td>
<td>.000</td>
</tr>
<tr>
<td>Learning opportunities</td>
<td>3</td>
<td>.695</td>
<td>.000</td>
</tr>
<tr>
<td>Promotion</td>
<td>3</td>
<td>.693</td>
<td>.000</td>
</tr>
<tr>
<td>Job stability</td>
<td>3</td>
<td>.710</td>
<td>.000</td>
</tr>
</tbody>
</table>

**EFA outcomes**

After running factor analysis using SPSS, the outcomes presented in Table 5.7 show for every measure that only the first factor is retained, as their eigenvalue is greater than 1, and that the cumulative percentage of variance accounted for by the current factor is greater than 60%. According to Hair et al. (2010), the measure in the research is presented as the structure of the items.
After the factors were loaded, a particular criterion was used to give reasons for significance of the factor loadings, to make sure that there was a significant correlation between the item and factor (Hair et al. 2010). A cut-off point for factor loading at 0.50 was employed, to guarantee that each item for each factor was significant. The outcomes of factor loadings are summarized in Table 5.8. The items measuring each theoretical variable are loaded onto 1 component. In other words, the items truly explain the given variables, thus the measurements of these theoretical variables have construct validity.

Table 5.7: Total variance explained

<table>
<thead>
<tr>
<th>Variable</th>
<th>Factor</th>
<th>Eigenvalue</th>
<th>Cumulative percentage of variance explanation (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perception of pay equity</td>
<td>1</td>
<td>2.117</td>
<td>70.554</td>
</tr>
<tr>
<td>Minimum wage</td>
<td>1</td>
<td>2.222</td>
<td>74.052</td>
</tr>
<tr>
<td>Salary</td>
<td>1</td>
<td>2.126</td>
<td>70.863</td>
</tr>
<tr>
<td>Basic salary</td>
<td>1</td>
<td>2.469</td>
<td>82.301</td>
</tr>
<tr>
<td>Business salary</td>
<td>1</td>
<td>2.541</td>
<td>84.709</td>
</tr>
<tr>
<td>Allowance</td>
<td>1</td>
<td>2.552</td>
<td>85.077</td>
</tr>
<tr>
<td>Bonuses</td>
<td>1</td>
<td>2.508</td>
<td>83.616</td>
</tr>
<tr>
<td>Benefit</td>
<td>1</td>
<td>2.263</td>
<td>75.419</td>
</tr>
<tr>
<td>Social insurance</td>
<td>1</td>
<td>2.118</td>
<td>70.586</td>
</tr>
<tr>
<td>Medical insurance</td>
<td>1</td>
<td>2.045</td>
<td>68.180</td>
</tr>
<tr>
<td>Unemployment insurance</td>
<td>1</td>
<td>1.977</td>
<td>65.894</td>
</tr>
<tr>
<td>Paid holiday</td>
<td>1</td>
<td>2.148</td>
<td>71.583</td>
</tr>
<tr>
<td>Relation return</td>
<td>1</td>
<td>2.330</td>
<td>77.675</td>
</tr>
<tr>
<td>Learning opportunities</td>
<td>1</td>
<td>2.108</td>
<td>70.251</td>
</tr>
<tr>
<td>Promotion</td>
<td>1</td>
<td>2.018</td>
<td>67.273</td>
</tr>
<tr>
<td>Job stability</td>
<td>1</td>
<td>2.352</td>
<td>78.416</td>
</tr>
</tbody>
</table>
Table 5.8: Factor loadings

<table>
<thead>
<tr>
<th>Variable</th>
<th>Items</th>
<th>Factor loadings</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perception of pay equity</td>
<td>Q1</td>
<td>.833</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Q2</td>
<td>.869</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Q3</td>
<td>.816</td>
<td></td>
</tr>
<tr>
<td>Minimum wage</td>
<td>Q4</td>
<td>.878</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Q5</td>
<td>.915</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Q6</td>
<td>.783</td>
<td></td>
</tr>
<tr>
<td>Salary</td>
<td>Q7</td>
<td>.859</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Q8</td>
<td>.881</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Q9</td>
<td>.782</td>
<td></td>
</tr>
<tr>
<td>Basic salary</td>
<td>Q10</td>
<td>.900</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Q11</td>
<td>.902</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Q12</td>
<td>.919</td>
<td></td>
</tr>
<tr>
<td>Business salary</td>
<td>Q13</td>
<td>.915</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Q14</td>
<td>.928</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Q15</td>
<td>.918</td>
<td></td>
</tr>
<tr>
<td>Allowance</td>
<td>Q16</td>
<td>.902</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Q17</td>
<td>.938</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Q18</td>
<td>.926</td>
<td></td>
</tr>
<tr>
<td>Bonuses</td>
<td>Q19</td>
<td>.900</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Q20</td>
<td>.908</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Q21</td>
<td>.934</td>
<td></td>
</tr>
<tr>
<td>Benefit</td>
<td>Q22</td>
<td>.899</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Q23</td>
<td>.814</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Q24</td>
<td>.890</td>
<td></td>
</tr>
<tr>
<td>Social insurance</td>
<td>Q25</td>
<td>.874</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Q26</td>
<td>.817</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Q27</td>
<td>.828</td>
<td></td>
</tr>
<tr>
<td>Medical insurance</td>
<td>Q28</td>
<td>.866</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Q29</td>
<td>.786</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Q30</td>
<td>.823</td>
<td></td>
</tr>
<tr>
<td>Unemployment insurance</td>
<td>Q31</td>
<td>.760</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Q32</td>
<td>.834</td>
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</tr>
<tr>
<td></td>
<td>Q33</td>
<td>.839</td>
<td></td>
</tr>
<tr>
<td>Paid holiday</td>
<td>Q34</td>
<td>.822</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Q35</td>
<td>.832</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Q36</td>
<td>.883</td>
<td></td>
</tr>
<tr>
<td>Relation return</td>
<td>Q37</td>
<td>.897</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Q38</td>
<td>.942</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Q39</td>
<td>.799</td>
<td></td>
</tr>
<tr>
<td>Learning opportunities</td>
<td>Q40</td>
<td>.826</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Q41</td>
<td>.868</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Q42</td>
<td>.820</td>
<td></td>
</tr>
<tr>
<td>Promotion</td>
<td>Q43</td>
<td>.833</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Q44</td>
<td>.814</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Q45</td>
<td>.814</td>
<td></td>
</tr>
<tr>
<td>Job stability</td>
<td>Q46</td>
<td>.838</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Q47</td>
<td>.906</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Q48</td>
<td>.911</td>
<td></td>
</tr>
</tbody>
</table>
5.3.3 Common method variance test

Common method variance (CMV) is ‘variance that is attributable to the measurement method rather than to the constructs the measures are assumed represent’ (Podsakoff et al. 2003, p. 879). Common methods can cause systematic measurement errors that either inflate or deflate the observed relationships between constructs. Self-report data can create false correlations if the respondents have a propensity to provide consistent answers to survey questions that are otherwise not related (Williams et al. 2010). This thesis employed self-report survey to collect data; thus it is necessary to conduct CMV tests to ensure the validity of the data set.

Harman’s one-factor test was conducted to test the presence of CMV. According to Harman (1960), this test uses exploratory factor analysis, where all variables are loaded onto a new single factor and constrained so that there is no rotation. If the new common latent factor explains more than 50% of the variance, then CMV may be present (Podsakoff et al. 2003). Applying this method, all items were entered into EFA using unrotated principal components factor analysis. The findings summarized in Table 5.9 show that the new common latent factor only explains 32.794% (<50%) of the variance in the measures. Therefore, the results of Harman’s one-factor test indicate that CMV was not a concern in this data set.

Table 5.9: Total variance explained (for common latent factor)

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial eigenvalues</th>
<th>Extraction sums of squared loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Variance (%)</td>
</tr>
<tr>
<td>1</td>
<td>15.741</td>
<td>32.794</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis

5.4 Checking assumptions of multiple regression

5.4.1 Sample size

Sample size has considerable effects on the reliability of multiple regression analysis. Hair et al. (2014) state that the range of sample size influences levels of statistical power and statistical significance of multiple regression analysis. Any sample size is lower than 30 cases
would be considered small. In addition, Tabachnick and Fidell (2010, p. 123) provide a formula to calculate appropriate sample size for multiple regression analysis, as follows: \( N \geq 50 + 8m \), where \( N \) is sample size, and \( m \) is number of independent variables. Following this formula, as this thesis has 15 independent variables, the minimum required sample size is \( 50 + 8 \times 15 = 170 \) cases. However, the sample size of the research is 650, much larger than the minimum requirement. This large sample size gives the multiple regression analysis more reliability.

5.4.2 Multicollinearity

Multicollinearity was detected via SPSS as a part of the multiple regression procedure. The two values are Tolerance and VIF, which show whether multicollinearity among independent variables exists or not. Tolerance is an indication of how much of variability of the specified independent variable is not explained by the other independent variables in the model. VIF refers to the variance inflation factor; it is the inverse of the Tolerance values. Pallant (2010) suggests that a Tolerance value less than 0.1 and VIF value above 10 indicate multicollinearity.

This thesis conducted four multiple regressions to check multicollinearity among independent variables. The first multiple regression was on the four main independent variables, minimum wage, salary, benefit, and relational return, and the dependent variable, perception of pay equity. The second one was for the sub-independent variables, basic salary, business salary, allowance, and bonuses, which are salary components. The third was for the sub-independent variables of benefit components, social insurance, medical insurance, unemployment insurance, and paid holiday. The fourth was for the sub-independent variables of relational return, learning opportunities, promotion, and job stability. Table 5.10 shows that Tolerance values of all independent variables are from 0.386 to 0.862, which are above 0.1; and VIF values of all independent variables are from 1.160 to 2.587, which are less than 10. Therefore, according to Pallant (2010), these regressions do not violate assumptions of multicollinearity.
5.4.3 Normality

Normality is a form of distribution where its statistical characteristics estimate the normal distribution for a single metric variable. It is important to check normality of the variables in this thesis because a significant departure from normality of a variable’s distribution may weaken the variable’s statistical results (Tabachnick & Fidell 2007). Thus, a normality test was done to investigate serious departures from normality, before running further multiple regression analysis (Hair et al. 2010).

Table 5.10: Collinearity statistics (Dependent variable-DV: Perception of pay equity)

<table>
<thead>
<tr>
<th>Model</th>
<th>Independent variable</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Minimum wage</td>
<td>0.617</td>
<td>1.620</td>
</tr>
<tr>
<td></td>
<td>Salary</td>
<td>0.467</td>
<td>2.140</td>
</tr>
<tr>
<td></td>
<td>Benefit</td>
<td>0.658</td>
<td>1.519</td>
</tr>
<tr>
<td></td>
<td>Relation return</td>
<td>0.585</td>
<td>1.708</td>
</tr>
<tr>
<td>2</td>
<td>Basic salary</td>
<td>0.446</td>
<td>2.242</td>
</tr>
<tr>
<td></td>
<td>Business salary</td>
<td>0.386</td>
<td>2.587</td>
</tr>
<tr>
<td></td>
<td>Allowance</td>
<td>0.486</td>
<td>2.056</td>
</tr>
<tr>
<td></td>
<td>Bonuses</td>
<td>0.432</td>
<td>2.313</td>
</tr>
<tr>
<td>3</td>
<td>Social insurance</td>
<td>0.480</td>
<td>2.084</td>
</tr>
<tr>
<td></td>
<td>Medical insurance</td>
<td>0.463</td>
<td>2.162</td>
</tr>
<tr>
<td></td>
<td>Unemployment insurance</td>
<td>0.847</td>
<td>1.181</td>
</tr>
<tr>
<td></td>
<td>Paid holiday</td>
<td>0.862</td>
<td>1.160</td>
</tr>
<tr>
<td>4</td>
<td>Learning opportunities</td>
<td>0.765</td>
<td>1.307</td>
</tr>
<tr>
<td></td>
<td>Promotion</td>
<td>0.682</td>
<td>1.466</td>
</tr>
<tr>
<td></td>
<td>Job stability</td>
<td>0.784</td>
<td>1.276</td>
</tr>
</tbody>
</table>

‘Normality among single variables is assessed by skewness and kurtosis’ (Tabachnick & Fidell, 2007, p. 613). Skewness provides an indication of the symmetry of the distribution, and Kurtosis refers to the ‘flatness’ or ‘peakedness’ of the distribution (Byrne 2010). There are different referent range values for skewness and kurtosis. Hair et al. (2010) suggest that, for critical values of -2.58 to 2.58 (0.01 significance level) and -1.96 to 1.96 (0.05 significance level) for both standardized skewness and standardized kurtosis, the distribution is normal. Meanwhile, West et al. (1995) propose another reference of substantial departure from normality, using an absolute value of skewness and an original (proper) value of kurtosis. They state that, when the absolute skewness is less than 2 and an absolute kurtosis is less than 7, the distribution tends to be normal. Besides this, Kim (2013) suggests that, for sample sizes greater than 300, with either an absolute skewness value smaller than 2 or an
absolute original kurtosis smaller than 7, the distribution is normal. This thesis has a large sample size of 650, therefore the critical values of skewness and kurtosis suggested by West et al. (1995) and Kim (2013) were used to assess the normality of the variables.

The results in Table 5.11 show that all constructs have values of skewness less than 2 and values of kurtosis less than 7. These results indicate that the violation of normality should not be a concern in this thesis, according to West et al. (1995) and Kim (2013).

Table 5.11: Results of Skewness and Kurtosis

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>S.D</th>
<th>Skewness Value</th>
<th>Std. Error</th>
<th>Kurtosis Value</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perception of pay equity</td>
<td>650</td>
<td>1.14</td>
<td>4.92</td>
<td>3.14</td>
<td>.74</td>
<td>-.121</td>
<td>.096</td>
<td>-.316</td>
<td>.191</td>
</tr>
<tr>
<td>Minimum Wage</td>
<td>650</td>
<td>1.12</td>
<td>4.93</td>
<td>2.76</td>
<td>.72</td>
<td>.080</td>
<td>.096</td>
<td>.370</td>
<td>.191</td>
</tr>
<tr>
<td>Salary</td>
<td>650</td>
<td>1.07</td>
<td>5.00</td>
<td>3.10</td>
<td>.70</td>
<td>-.174</td>
<td>.096</td>
<td>-.229</td>
<td>.191</td>
</tr>
<tr>
<td>Benefit</td>
<td>650</td>
<td>1.38</td>
<td>5.00</td>
<td>3.19</td>
<td>.56</td>
<td>-.098</td>
<td>.096</td>
<td>.044</td>
<td>.191</td>
</tr>
<tr>
<td>Relation return</td>
<td>650</td>
<td>1.33</td>
<td>5.00</td>
<td>3.15</td>
<td>.72</td>
<td>.015</td>
<td>.096</td>
<td>-.186</td>
<td>.191</td>
</tr>
<tr>
<td>Basic salary</td>
<td>650</td>
<td>1.39</td>
<td>4.88</td>
<td>3.10</td>
<td>.66</td>
<td>-.128</td>
<td>.096</td>
<td>-.190</td>
<td>.191</td>
</tr>
<tr>
<td>Business salary</td>
<td>650</td>
<td>1.36</td>
<td>4.92</td>
<td>3.13</td>
<td>.68</td>
<td>-.158</td>
<td>.096</td>
<td>-.192</td>
<td>.191</td>
</tr>
<tr>
<td>Allowance</td>
<td>650</td>
<td>1.42</td>
<td>4.88</td>
<td>3.07</td>
<td>.64</td>
<td>-.187</td>
<td>.096</td>
<td>-.183</td>
<td>.191</td>
</tr>
<tr>
<td>Bonuses</td>
<td>650</td>
<td>1.52</td>
<td>5.00</td>
<td>3.17</td>
<td>.66</td>
<td>-.137</td>
<td>.096</td>
<td>-.147</td>
<td>.191</td>
</tr>
<tr>
<td>Social insurance</td>
<td>650</td>
<td>1.30</td>
<td>4.79</td>
<td>3.22</td>
<td>.64</td>
<td>-.071</td>
<td>.096</td>
<td>-.067</td>
<td>.191</td>
</tr>
<tr>
<td>Medical insurance</td>
<td>650</td>
<td>1.31</td>
<td>4.72</td>
<td>3.15</td>
<td>.64</td>
<td>-.064</td>
<td>.096</td>
<td>-.096</td>
<td>.191</td>
</tr>
<tr>
<td>Unemployment insurance</td>
<td>650</td>
<td>1.72</td>
<td>4.90</td>
<td>3.06</td>
<td>.60</td>
<td>-.050</td>
<td>.096</td>
<td>-.084</td>
<td>.191</td>
</tr>
<tr>
<td>Paid holiday</td>
<td>650</td>
<td>1.06</td>
<td>5.21</td>
<td>3.23</td>
<td>.68</td>
<td>-.101</td>
<td>.096</td>
<td>-.120</td>
<td>.191</td>
</tr>
<tr>
<td>Learning opportunities</td>
<td>650</td>
<td>1.32</td>
<td>4.69</td>
<td>3.13</td>
<td>.62</td>
<td>-.096</td>
<td>.096</td>
<td>-.110</td>
<td>.191</td>
</tr>
<tr>
<td>Promotion</td>
<td>650</td>
<td>1.03</td>
<td>4.83</td>
<td>3.00</td>
<td>.65</td>
<td>-.041</td>
<td>.096</td>
<td>-.137</td>
<td>.192</td>
</tr>
<tr>
<td>Job stability</td>
<td>650</td>
<td>1.24</td>
<td>5.51</td>
<td>3.21</td>
<td>.65</td>
<td>-.130</td>
<td>.096</td>
<td>.017</td>
<td>.191</td>
</tr>
</tbody>
</table>

5.4.4 Linearity and homoscedasticity

According to Hair et al. (2014) and Pallant (2010), these assumptions of linearity and homoscedasticity between variables can be checked from residuals scatterplots that are generated in the multiple regression process. Relationships between the independent variables and the dependent variable are linear when the presentation in the P-P Plot of the regression standardized residual shows a straight line (Hair et al. 2014). The dependent variable is homoscedastic if the presence of the residuals in the Scatterplot of the standardized residuals is roughly rectangular distributed (Pallant 2010).

The normal P-P Plots of regression standardized residuals of the four multiple regressions in the present study (Graph 5.1) all show a straight line. Therefore, the
relationships between independent variables and the dependent variable in these regression models are linear.

**Graph 5.1: P-P Plots of regression standardized residuals (DV: Perception of pay equity)**

<table>
<thead>
<tr>
<th>Model 1</th>
<th>Model 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="Graph" /></td>
<td><img src="image2.png" alt="Graph" /></td>
</tr>
<tr>
<td>Independent variables: Minimum wage, Salary, Benefit, Relation return</td>
<td>Independent variables: Basic salary, Business salary, Allowance, Bonuses</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image3.png" alt="Graph" /></td>
<td><img src="image4.png" alt="Graph" /></td>
</tr>
<tr>
<td>Independent variables: Social insurance, Medical insurance, Unemployment insurance, Paid holiday</td>
<td>Independent variables: Learning opportunities, Promotion, Job stability</td>
</tr>
</tbody>
</table>
The Scatterplots (Graph 5.2) of the standardized residuals in the four multiple regressions show that the distributions of the residuals are roughly rectangular. Therefore, the dependent variable is homoscedastic in these regressions.

**Graph 5.2: Scatterplots of the standardized residuals (DV: Perception of pay equity)**

**Model 1**
- Independent variables: Minimum wage, Salary, Benefit, Relation return

**Model 2**
- Independent variables: Basic salary, Business salary, Allowance, Bonuses

**Model 3**
- Independent variables: Social insurance, Medical insurance, Unemployment insurance, Paid holiday

**Model 4**
- Independent variables: Learning opportunities, Promotion, Job stability
5.5 Interpreting findings

5.5.1 Demographic data analysis

**Gender**

Among the 650 usable respondents, there were 341 males and 309 females. This results in just over 52 per cent of total respondents being male and slightly over 47 per cent being female. The gender structure of this sample reflects closely the structure of the Vietnam labour force in 2016, which was 51.6 per cent for male labour and 48.4 per cent for female labour (GSO 2017b). This similarity might provide more support for the study’s generalizations. The detailed information is presented in Table 5.12.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid Female</td>
<td>309</td>
<td>47.5</td>
<td>47.5</td>
<td>47.5</td>
</tr>
<tr>
<td>Male</td>
<td>341</td>
<td>52.5</td>
<td>52.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>650</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

**Age group**

Table 5.13 shows that the majority of respondent age is in a range from 20 to less than 50 years old. Among the 650 respondents, only one case reported that his age was lower than 19 years old, and very few respondents reported that their ages were above 50 years old. According to Vietnam Labour Code 2012, the retirement ages are 55 years old for women and 60 years old for man (Government of Vietnam 2012). This explains the major proportion in the Vietnam labor force and in this sample are placed in the age group between 20 and 50: there was almost 70 per cent of the Vietnam labour force having the age between 20 and 50 in 2016 (GSO 2017b), while in the sample the percentage of this group is nearly 90 per cent. The reason for the range in our sample is that employees at year 55 and above are excluded because the retirement age. In Table 5.13, the highest percentage is employees who are between 30 and 34 years old (23.3 per cent), while the lowest percentage is employees who are younger than 19 or older than 50 years old (only 6 per cent in total). The second and the
third highest percentages belong to employees whose ages are between 25-29 and 35-39 (39.7 per cent in total).

Table 5.13: Respondent demographic characteristics: Age

<table>
<thead>
<tr>
<th>Age group</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>&lt;=19</td>
<td>1</td>
<td>.2</td>
<td>.2</td>
</tr>
<tr>
<td></td>
<td>20-24</td>
<td>51</td>
<td>7.8</td>
<td>8.0</td>
</tr>
<tr>
<td></td>
<td>25-29</td>
<td>132</td>
<td>20.3</td>
<td>28.3</td>
</tr>
<tr>
<td></td>
<td>30-34</td>
<td>151</td>
<td>23.2</td>
<td>51.5</td>
</tr>
<tr>
<td></td>
<td>35-39</td>
<td>127</td>
<td>19.5</td>
<td>71.1</td>
</tr>
<tr>
<td></td>
<td>40-44</td>
<td>94</td>
<td>14.5</td>
<td>85.5</td>
</tr>
<tr>
<td></td>
<td>45-49</td>
<td>56</td>
<td>8.6</td>
<td>94.2</td>
</tr>
<tr>
<td></td>
<td>50+</td>
<td>38</td>
<td>5.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>650</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Income groups

In this survey, there are 7 income groups of. Table 5.14 presents that, within the 650 respondents, only 0.5 per cent of employees in the sample have a salary lower than 2 million VND per month, and 0.7 per cent of respondents have an income above 32 million VND per month.

Table 5.14: Respondent demographic characteristics: Income group

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td>.5</td>
</tr>
<tr>
<td>&lt; 2Mils</td>
<td>3</td>
<td>.5</td>
<td>.5</td>
<td>41.2</td>
</tr>
<tr>
<td>2 up to &lt; 5 Mils</td>
<td>265</td>
<td>40.8</td>
<td>40.8</td>
<td>79.8</td>
</tr>
<tr>
<td>5 up to &lt; 10Mils</td>
<td>251</td>
<td>38.6</td>
<td>38.6</td>
<td>95.4</td>
</tr>
<tr>
<td>10 up to &lt; 18 Mils</td>
<td>101</td>
<td>15.5</td>
<td>15.5</td>
<td>99.5</td>
</tr>
<tr>
<td>18 up to &lt; 32Mils</td>
<td>27</td>
<td>4.2</td>
<td>4.2</td>
<td>99.8</td>
</tr>
<tr>
<td>32 up to 52Mils</td>
<td>2</td>
<td>.3</td>
<td>.3</td>
<td>100.0</td>
</tr>
<tr>
<td>&gt; 52Mils</td>
<td>1</td>
<td>.2</td>
<td>.2</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>650</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

As can be seen from Table 5.14, nearly 40 per cent of respondents have a salary between 2 and 5 million VND per month, and a slightly lower percentage of respondents are paid from 5 to 10 million VND per month. The two groups accumulate up to nearly 80 per cent of respondents. The total percentage of employees who are paid between 10 and 18 million VND per month and 18 to 32 million VND monthly is only 19.5 per cent. Incorporating Table 5.13 of the age group and Table 5.14 of the income group, a majority of the
employment in this sample is in the middle career pathway, and their income is also in the middle group.

**Education level of respondents**

As per our expectation, the number of respondents holding a bachelor's degree dominates the sample. Table 5.15 shows that the percentage of respondents with a bachelor degree is 61.5 per cent; while the percentage of respondents with a PhD degree is only 0.3 per cent. Among the 650 respondents, there are only 9.8, 9.2 and 9.7 per cent of the employees having a Vocational certificate, Diploma, and Master's degree, respectively. This reflects a current trend of Vietnam labour market where almost all labors have been trying to hold a bachelor degree before applying for a job.

**Table 5.15: Respondent demographic characteristics: Education level**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>13</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Did not complete High School</td>
<td>48</td>
<td>7.4</td>
<td>7.4</td>
<td>9.4</td>
</tr>
<tr>
<td>High School degree/equivalent</td>
<td>64</td>
<td>9.8</td>
<td>9.8</td>
<td>19.2</td>
</tr>
<tr>
<td>Vocational certificate</td>
<td>60</td>
<td>9.2</td>
<td>9.2</td>
<td>28.5</td>
</tr>
<tr>
<td>Diploma</td>
<td>400</td>
<td>61.5</td>
<td>61.5</td>
<td>90.0</td>
</tr>
<tr>
<td>Bachelor degree</td>
<td>63</td>
<td>9.7</td>
<td>9.7</td>
<td>99.7</td>
</tr>
<tr>
<td>Master degree</td>
<td>2</td>
<td>.3</td>
<td>.3</td>
<td>100.0</td>
</tr>
<tr>
<td>PhD</td>
<td>2</td>
<td>.3</td>
<td>.3</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>650</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

**The current position of respondents**

Respondents' positions in their companies in the survey are varied, from a worker position to senior management position. This makes the survey's outcomes more balanced, where we have had answers from the lowest to highest positions in companies. Table 5.16 presents the percentage of respondents who are non-management is the highest (69.1 per cent), and the percentage of respondents holding senior management positions is the lowest (only 3.8 per cent). The percentage of respondents who are currently at the middle level of their management career is the second highest, of 17.1 per cent. In addition, only 10 per cent of respondents show that they have worked in low management positions.
### Table 5.16: Respondent demographic characteristics: Current position

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Management</td>
<td>449</td>
<td>69.1</td>
<td>69.1</td>
<td>69.1</td>
</tr>
<tr>
<td>Low Management</td>
<td>65</td>
<td>10.0</td>
<td>10.0</td>
<td>79.1</td>
</tr>
<tr>
<td>Mid-Management</td>
<td>111</td>
<td>17.1</td>
<td>17.1</td>
<td>96.2</td>
</tr>
<tr>
<td>Senior Management</td>
<td>25</td>
<td>3.8</td>
<td>3.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>650</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

**Types of company**

In Table 5.17, among the 650 respondents, 34.2 per cent of the respondents are working for joint-stock companies, while 65.8 per cent of respondents are working for limited liability companies. The results of the survey reflect the current situation in Vietnam, that the Vietnamese Government is now withdrawing their capital from state owned enterprises in order to improve their efficiency and competitive power. It could be claimed that the majority of respondents working in limited liability companies might lead to a biased analysis in this survey, but in fact this reflects the real proportion of SOE types, due to there being a decline in companies where the Government holds more than 50% of their share.

### Table 5.17: Respondent demographic characteristics: SOE type

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Limited Liability company</td>
<td>428</td>
<td>65.8</td>
<td>65.8</td>
<td>65.8</td>
</tr>
<tr>
<td>Joint stock company</td>
<td>222</td>
<td>34.2</td>
<td>34.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>650</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

**Experience**

Table 5.18 shows that the average length of working in the sample is 9.45 years, where the shortest length is only a month and the longest length is 38 years. These results show us that the respondents are mainly at the middle stage of their careers.

### Table 5.18: Respondent demographic characteristics: Experience

<table>
<thead>
<tr>
<th>Criteria</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working length</td>
<td>650</td>
<td>.08</td>
<td>38.00</td>
<td>9.4504</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>650</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Industries

There are eleven industries that respondents are working in. Among these: the highest percentages of respondents are for banking and finance industries (16.6 per cent), and the urban environment and water industry and the trading, (with 16.3 and 15.7 per cent, respectively); then followed by manufacturing, with 14.9%; and the IT and communication technology industry, with 13.7 per cent of respondents. The lowest percentage of respondents is for the lottery industry (0.9 per cent). Detailed information is given in Table 5.19.

Table 5.19: Respondent demographic characteristics: Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>15</td>
<td>2.3</td>
<td>2.3</td>
<td>2.3</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>97</td>
<td>14.9</td>
<td>14.9</td>
<td>17.2</td>
</tr>
<tr>
<td>Construction</td>
<td>51</td>
<td>7.8</td>
<td>7.8</td>
<td>25.1</td>
</tr>
<tr>
<td>Logistic</td>
<td>14</td>
<td>2.2</td>
<td>2.2</td>
<td>27.2</td>
</tr>
<tr>
<td>Banking and Finance</td>
<td>102</td>
<td>15.7</td>
<td>15.7</td>
<td>42.9</td>
</tr>
<tr>
<td>Trading</td>
<td>108</td>
<td>16.6</td>
<td>16.6</td>
<td>59.5</td>
</tr>
<tr>
<td>Lottery</td>
<td>6</td>
<td>.9</td>
<td>.9</td>
<td>60.5</td>
</tr>
<tr>
<td>Urban Environment and water</td>
<td>106</td>
<td>16.3</td>
<td>16.3</td>
<td>76.8</td>
</tr>
<tr>
<td>Education</td>
<td>28</td>
<td>4.3</td>
<td>4.3</td>
<td>81.1</td>
</tr>
<tr>
<td>IT and Communication Technology</td>
<td>89</td>
<td>13.7</td>
<td>13.7</td>
<td>94.8</td>
</tr>
<tr>
<td>Printing and Publishing</td>
<td>30</td>
<td>4.6</td>
<td>4.6</td>
<td>99.4</td>
</tr>
<tr>
<td>Others</td>
<td>4</td>
<td>.6</td>
<td>.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>650</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

5.5.2 Investigating research hypotheses

By reviewing the relevant literature, the present study hypotheses that minimum wage, salary, benefit, and relational returns have positive influences on the perception of pay equity in Vietnamese SOEs. To investigate these hypotheses, the study uses four simple regressions and four multiple regressions. The four simple regressions are used to test relationships between each main independent variable, minimum wage, salary, benefit, and relational return, and the perception of pay equity, separately. The four multiple regressions are used to test effects of all four main independent variables together and the perception of pay equity, and effects of three sub-independent variable groups, salary group, benefit group, and relational return group, and the perception of pay equity, separately. The next sections present the findings of these regressions, responding to the hypotheses.
**Relationship between minimum wage and perception of pay equity**

_Hypothesis 1: Minimum wage positively influences the perception of pay equity in Vietnamese SOEs._

The causal relationship in Hypothesis 1 is that the employee who is satisfied with the minimum wage level is more likely to be satisfied with pay equity in the firm. A simple regression was conducted in this hypothesis, with the independent variable being minimum wage and the dependent variable being perception of pay equity, while controlling for demographic factors.

Table 5.20 presents the general information for this regression. After controlling for demographic factors, the model explains 30.2% of the variance of perceptions of pay equity, as R square is .302. According to Pallant (2010), this is a reasonably good explanation for the dependent variable.

**Table 5.20: Model summary** (Independent variable-IV: Minimum wage)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.261a</td>
<td>.068</td>
<td>.059</td>
<td>.71975</td>
</tr>
<tr>
<td>2</td>
<td>.549b</td>
<td>.302</td>
<td>.294</td>
<td>.62345</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Location, Gender, Schooling, Age groups, Firm types, Current position  
b. Predictors: (Constant), Location, Gender, Schooling, Age groups, Firm types, Current position, Minimum wage  
c. Dependent Variable: Perception of pay equity

Table 5.21 demonstrates that the sig. value of this model is equal to .000 that is equivalent to the p-value is less than .0005. Therefore, the model reaches statistical significance, or there is a direct relationship between minimum wage and perceptions of pay equity in Vietnamese SOEs.

Table 5.22 presents the contribution of minimum wage to predicting perceptions of pay equity, after controlling for the demographic factors. The sig. value of minimum wage is .000, indicating that this variable is making a statistically significant contribution to predicting perceptions of pay equity. The beta coefficient of minimum wage has a positive sign, implying that minimum wage positively impacts perceptions of pay equity. Therefore, Hypothesis 1 is supported by this regression.
Table 5.21 ANOVA\(^c\) (IV: Minimum wage)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>23.579</td>
<td>6</td>
<td>3.930</td>
<td>7.570</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>333.796</td>
<td>643</td>
<td>.519</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>357.375</td>
<td>649</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regression</td>
<td>107.404</td>
<td>7</td>
<td>15.343</td>
<td>39.407</td>
<td>.000c</td>
</tr>
<tr>
<td>Residual</td>
<td>249.971</td>
<td>642</td>
<td>.389</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>357.375</td>
<td>649</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Location, Gender, Schooling, Age groups, Firm types, Current position
b. Predictors: (Constant), Location, Gender, Schooling, Age groups, Firm types, Current position, Minimum wage
c. Dependent Variable: Perception of pay equity

Table 5.22: Coefficients\(^a\) (IV: Minimum wage)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>3.007</td>
<td>.287</td>
<td></td>
<td>10.471</td>
</tr>
<tr>
<td>Gender</td>
<td>.188</td>
<td>.057</td>
<td>.127</td>
<td>3.280</td>
</tr>
<tr>
<td>Age groups</td>
<td>-.050</td>
<td>.019</td>
<td>-.109</td>
<td>-2.577</td>
</tr>
<tr>
<td>Schooling</td>
<td>.004</td>
<td>.019</td>
<td>.010</td>
<td>.232</td>
</tr>
<tr>
<td>Current position</td>
<td>.125</td>
<td>.036</td>
<td>.153</td>
<td>3.439</td>
</tr>
<tr>
<td>Firm types</td>
<td>-.256</td>
<td>.066</td>
<td>-.164</td>
<td>-3.847</td>
</tr>
<tr>
<td>Location</td>
<td>.192</td>
<td>.066</td>
<td>.130</td>
<td>2.921</td>
</tr>
<tr>
<td>2 (Constant)</td>
<td>1.684</td>
<td>.265</td>
<td></td>
<td>6.363</td>
</tr>
<tr>
<td>Gender</td>
<td>.130</td>
<td>.050</td>
<td>.088</td>
<td>2.611</td>
</tr>
<tr>
<td>Age groups</td>
<td>-.038</td>
<td>.017</td>
<td>-.082</td>
<td>-2.249</td>
</tr>
<tr>
<td>Schooling</td>
<td>-.001</td>
<td>.016</td>
<td>-.003</td>
<td>-.083</td>
</tr>
<tr>
<td>Current position</td>
<td>.139</td>
<td>.032</td>
<td>.170</td>
<td>4.405</td>
</tr>
<tr>
<td>Firm types</td>
<td>-.188</td>
<td>.058</td>
<td>-.120</td>
<td>-3.254</td>
</tr>
<tr>
<td>Location</td>
<td>.128</td>
<td>.057</td>
<td>.087</td>
<td>2.246</td>
</tr>
<tr>
<td>Minimum wage</td>
<td>.497</td>
<td>.034</td>
<td>.488</td>
<td>14.662</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Perception of pay equity
* *, ** and ***: statistical significant at 10%, 5% and 1% respectively

Relationship between salary and perception of pay equity

Hypothesis 2: Salary positively influences the perception of pay equity in Vietnamese SOEs.

The causal relationship in Hypothesis 2 is that the employee who is satisfied with their salary will be likely to be satisfied with the pay equity in the firm. A simple regression was conducted to examine this causal relationship between salary and perception of pay equity. Besides this, a multiple regression was also conducted to identify influences of sub-
components in salary group on perceptions of pay equity. These sub-components are basic salary, business salary, allowance, and bonuses. Both the simple and multiple regressions are controlled for demographic factors.

Outcomes of the simple regression are presented in Tables 5.23, 5.24, and 5.25. Table 5.23 shows that, after controlling for demographic factors, salary explains 39.8 per cent of variance of perceptions of pay equity in Vietnamese SOEs, as the value of R square is 0.398, which is higher than that for minimum wage.

**Table 5.23: Model summary\(^c\) (IV: Salary)**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.257(^a)</td>
<td>.066</td>
<td>.057</td>
<td>.72050</td>
</tr>
<tr>
<td>2</td>
<td>.631(^b)</td>
<td>.398</td>
<td>.391</td>
<td>.57909</td>
</tr>
</tbody>
</table>

\(^a\) Predictors: (Constant), Location, Gender, Schooling, Age groups, Firm types, Current position

\(^b\) Predictors: (Constant), Location, Gender, Schooling, Age groups, Firm types, Current position, Salary

\(^c\) Dependent Variable: Perception of pay equity

Table 5.24 shows that the simple regression on the impact of salary on perceptions of pay equity is statistically significant, as the sig. value is 0.000 that refers to the p-value is less than 0.0005. Therefore, salary directly impacts on perceptions of pay equity.

**Table 5.24: ANOVA\(^c\) (IV: Salary)**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>23.579</td>
<td>6</td>
<td>3.930</td>
<td>7.570</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>333.796</td>
<td>643</td>
<td>.519</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>357.375</td>
<td>649</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Regression</td>
<td>142.086</td>
<td>7</td>
<td>20.298</td>
<td>60.529</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>215.289</td>
<td>642</td>
<td>.335</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>357.375</td>
<td>649</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^a\) Predictors: (Constant), Location, Gender, Schooling, Age groups, Firm types, Current position

\(^b\) Predictors: (Constant), Location, Gender, Schooling, Age groups, Firm types, Current position, Salary

\(^c\) Dependent Variable: Perception of pay equity

Table 5.25 presents the coefficient of salary in the simple regression. The beta coefficient of salary is 0.594, which is a positive number. This indicates that salary positively affects perceptions of pay equity. The sig. value of salary in this table is 0.000, meaning that salary makes a statistically significant contribution to predicting perceptions of pay equity. The outcome of this simple regression supports Hypothesis 2.
To investigate relationships between salary components and perceptions of pay equity, a multiple regression was conducted. Outcomes of the multiple regression on sub-independent variables in the salary group are presented in Tables 5.26, 5.27, and 5.28. Table 5.26 presents the general information for the multiple regression examinations of relationships between basic salary, business salary, allowance, bonus, and the perception of pay equity. After controlling for demographic factors, the model explains 45.4% of the variance of perception of pay equity, as the R square of the model is 45.4.

Table 5.26: Model summaryc (IVs: Components of salary)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.261a</td>
<td>.068</td>
<td>.059</td>
<td>.71975</td>
</tr>
<tr>
<td>2</td>
<td>.674b</td>
<td>.454</td>
<td>.446</td>
<td>.55252</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Location, Gender, Schooling, Age, Type, Current position  
b. Predictors: (Constant), Location, gender, Schooling, Age, Type, Current position, Allowance, Basic salary, Bonus, Business salary  
c. Dependent Variable: Perception of pay equity

Table 5.27 provides information on the significance of the model for testing Hypothesis 2. The sig. value of this model is 0.00 referring to the p-value is less than 0.0005, indicating that the model is statistically significant (Pallant 2010). In other words, there is a direct relationship between salary components and perceptions of pay equity in Vietnamese SOEs.
Table 5.27: ANOVAa (IVs: Components of salary)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>24.278</td>
<td>6</td>
<td>4.046</td>
<td>7.811</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>333.098</td>
<td>643</td>
<td>.518</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>357.375</td>
<td>649</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Regression</td>
<td>162.299</td>
<td>10</td>
<td>16.230</td>
<td>53.163</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>195.076</td>
<td>639</td>
<td>.305</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>357.375</td>
<td>649</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Perception of pay equity
b. Predictors: (Constant), Location, Gender, Schooling, Age, Type, Current position
c. Predictors: (Constant), Location, Gender, Schooling, Age, Type, Current position, Allowance, Basic salary, Bonus, Business salary

Among salary components, Table 5.28 indicates that basic salary, business salary, and allowance, have sig. values less than 0.05, thus these variables have a statistically significant contribution to the variance in the perception of pay equity. Only the sig. value of bonus, at 0.068, is greater than 0.05; thus the effect of bonus on the perception of pay equity is not statistically significant. Among basic salary, business salary, and allowance, the effect of business salary is the strongest, then followed by the effect of basic salary.

Table 5.28: Coefficientsa (IVs: Components of salary)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td></td>
<td>3.007</td>
<td>.287</td>
<td>10.471</td>
</tr>
<tr>
<td>Gender</td>
<td>.188</td>
<td>.057</td>
<td>.127</td>
<td>3.280</td>
</tr>
<tr>
<td>Age</td>
<td>-.050</td>
<td>.019</td>
<td>-.109</td>
<td>-2.577</td>
</tr>
<tr>
<td>Schooling</td>
<td>.004</td>
<td>.019</td>
<td>.010</td>
<td>.232</td>
</tr>
<tr>
<td>Current position</td>
<td>.125</td>
<td>.036</td>
<td>.153</td>
<td>3.439</td>
</tr>
<tr>
<td>Type</td>
<td>-.256</td>
<td>.066</td>
<td>-.164</td>
<td>-3.847</td>
</tr>
<tr>
<td>Location</td>
<td>.192</td>
<td>.066</td>
<td>.130</td>
<td>2.921</td>
</tr>
<tr>
<td>2 (Constant)</td>
<td></td>
<td>.742</td>
<td>.247</td>
<td>3.002</td>
</tr>
<tr>
<td>Gender</td>
<td>.077</td>
<td>.045</td>
<td>.052</td>
<td>1.733</td>
</tr>
<tr>
<td>Age</td>
<td>-.027</td>
<td>.015</td>
<td>-.060</td>
<td>-1.834</td>
</tr>
<tr>
<td>Schooling</td>
<td>-.012</td>
<td>.014</td>
<td>-.027</td>
<td>-.845</td>
</tr>
<tr>
<td>Current position</td>
<td>.083</td>
<td>.028</td>
<td>.101</td>
<td>2.937</td>
</tr>
<tr>
<td>Type</td>
<td>-.103</td>
<td>.052</td>
<td>-.066</td>
<td>-1.993</td>
</tr>
<tr>
<td>Location</td>
<td>.047</td>
<td>.051</td>
<td>.032</td>
<td>.916</td>
</tr>
<tr>
<td>Basic salary</td>
<td>.272</td>
<td>.049</td>
<td>.244</td>
<td>5.591</td>
</tr>
<tr>
<td>Business salary</td>
<td>.284</td>
<td>.051</td>
<td>.263</td>
<td>5.619</td>
</tr>
<tr>
<td>Allowance</td>
<td>.174</td>
<td>.048</td>
<td>.151</td>
<td>3.641</td>
</tr>
<tr>
<td>Bonus</td>
<td>.090</td>
<td>.049</td>
<td>.081</td>
<td>1.827</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Perception of pay equity

The regression outcomes support the Hypothesis 2. Among salary components, there are direct relationships between basic salary, business salary, and allowance, and perceptions of
pay equity. Statistical evidence clearly shows that business salary has the strongest influence on the perceptions of pay equity, followed by the influence of basic salary.

**Relationship between benefit and perception of pay equity**

*Hypothesis 3: Benefit positively influences the perception of pay equity in Vietnamese SOEs.*

The causal relationship in Hypothesis 3 is that the employee who is satisfied with the benefit received is more likely to be satisfied with pay equity in the firm. A simple regression used to examine Hypothesis 3 uses the independent variable of benefit and the dependent variable as perception of pay equity. Besides this, a multiple regression is also used to identify the relationships between the sub-independent variables in the benefit group, social insurance, health insurance, unemployment insurance, and paid holiday, and the dependent variable, perception of pay equity. Both the simple and multiple regressions are controlled for demographic factors.

Outcomes of the simple regression are presented in Tables 5.29, 5.30, and 5.31. Table 5.29 provides general information on the regression. In Table 5.29, the R square value is only 0.211. This indicates that the model explains only 21.1 per cent of the variance in perceptions of pay equity, which is less than those of the explanations of salary and benefit in the two above simple regressions.

*Table 5.29: Model summary*<sup>c</sup> (IV: Benefit)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.261&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.068</td>
<td>.059</td>
<td>.71975</td>
</tr>
<tr>
<td>2</td>
<td>.468&lt;sup&gt;b&lt;/sup&gt;</td>
<td>.219</td>
<td>.211</td>
<td>.65924</td>
</tr>
</tbody>
</table>

<sup>a</sup> Predictors: (Constant), Location, Gender, Schooling, Age groups, Firm types, Current position

<sup>b</sup> Predictors: (Constant), Location, Gender, Schooling, Age groups, Firm types, Current position, Benefit

<sup>c</sup> Dependent Variable: Perception of pay equity

Table 5.30 shows that the sig. value of the model regressed on benefit and perception of pay equity is 0.000. This indicates that there is a direct impact of benefit on perceptions of pay equity in Vietnamese SOEs: i.e. that benefit makes a statistically significant contribution to the variance in perceptions of pay equity.
Table 5.30: ANOVA\textsuperscript{a} (IV: Benefit)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>24.278</td>
<td>6</td>
<td>4.046</td>
<td>7.811</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>333.098</td>
<td>643</td>
<td>.518</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>357.375</td>
<td>649</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Regression</td>
<td>78.365</td>
<td>7</td>
<td>11.195</td>
<td>25.759</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>279.011</td>
<td>642</td>
<td>.435</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>357.375</td>
<td>649</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\textsuperscript{a} Dependent Variable: Perception of pay equity
\textsuperscript{b} Predictors: (Constant), Gender, Firm types, Current position, Age groups, Schooling, Location
\textsuperscript{c} Predictors: (Constant), Gender, Firm types, Current position, Age groups, Schooling, Location, Benefit

Table 5.31 provides information about the beta coefficient of benefit in the simple regression. Its value is .395, which has a positive sign, which indicates that benefit positively impacts perceptions of pay equity in Vietnamese SOEs. Thus, Hypothesis 3 is supported by the simple regression between benefit and perception of pay equity.

Table 5.31: Coefficients\textsuperscript{a} (IV: Benefit)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>3.007</td>
<td>.287</td>
<td>10.471</td>
</tr>
<tr>
<td></td>
<td>Age groups</td>
<td>-.050</td>
<td>.019</td>
<td>-.109</td>
</tr>
<tr>
<td></td>
<td>Gender</td>
<td>.188</td>
<td>.057</td>
<td>.127</td>
</tr>
<tr>
<td></td>
<td>Schooling</td>
<td>.004</td>
<td>.019</td>
<td>.010</td>
</tr>
<tr>
<td></td>
<td>Current position</td>
<td>.125</td>
<td>.036</td>
<td>.153</td>
</tr>
<tr>
<td></td>
<td>Firm types</td>
<td>-.256</td>
<td>.066</td>
<td>-.164</td>
</tr>
<tr>
<td></td>
<td>Location</td>
<td>.192</td>
<td>.066</td>
<td>.130</td>
</tr>
<tr>
<td>2</td>
<td>(Constant)</td>
<td>1.433</td>
<td>.299</td>
<td>4.800</td>
</tr>
<tr>
<td></td>
<td>Age groups</td>
<td>-.031</td>
<td>.018</td>
<td>-.068</td>
</tr>
<tr>
<td></td>
<td>Gender</td>
<td>.140</td>
<td>.053</td>
<td>.095</td>
</tr>
<tr>
<td></td>
<td>Schooling</td>
<td>-.006</td>
<td>.017</td>
<td>-.014</td>
</tr>
<tr>
<td></td>
<td>Current position</td>
<td>.125</td>
<td>.033</td>
<td>.153</td>
</tr>
<tr>
<td></td>
<td>Firm types</td>
<td>-.170</td>
<td>.061</td>
<td>-.109</td>
</tr>
<tr>
<td></td>
<td>Location</td>
<td>.156</td>
<td>.060</td>
<td>.105</td>
</tr>
<tr>
<td></td>
<td>Benefit</td>
<td>.522</td>
<td>.047</td>
<td>.395</td>
</tr>
</tbody>
</table>

\textsuperscript{a} Dependent Variable: Perception of pay equity
\textsuperscript{b} Predictors: (Constant), Gender, Firm types, Current position, Age groups, Schooling, Location
\textsuperscript{c} Predictors: (Constant), Gender, Firm types, Current position, Age groups, Schooling, Location, Benefit

Besides the simple regression between benefit and perception of pay equity, a multiple regression was conducted to examine the relationships between sub-independent variables in the benefit group and perceptions of pay equity. These sub-independent variables are social
insurance, medical insurance, unemployment insurance, and paid holiday. The outcomes of this multiple regression are reported in Tables 5.32, 5.33, and 5.34.

In Table 5.32, the R square of the regression model testing Hypothesis 3 is 0.219, indicating that benefit components could explain 21.9% the variance in perceptions of pay equity. This is consistent with the simple regression results for effects of benefit on perceptions of pay equity.

Table 5.32: Model summary (IVs: Components of benefits)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.261a</td>
<td>.068</td>
<td>.059</td>
<td>.71975</td>
</tr>
<tr>
<td>2</td>
<td>.468b</td>
<td>.219</td>
<td>.206</td>
<td>.66105</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Location, Gender, Schooling, Age, Type, Current position
b. Predictors: (Constant), Location, Gender, Schooling, Age, Type, Current position, Paid holiday, Social insurance, Unemployment insurance, Medical insurance
c. Dependent Variable: Perception of pay equity

Table 5.33 provides information about the sig. value of the multiple regression on social insurance, medical insurance, unemployment insurance, and paid holiday, and perceptions of pay equity. Despite the lesser effects of benefit, the benefit components still directly influence perceptions of pay equity, as the sig. value in Table 5.33 is 0.00 less than 0.05 (Pallant 2010). In other words, sub-independent variables in the benefit group make a statistically significant contribution to the variance in perceptions of pay equity in Vietnamese SOEs.

Coefficients of benefit components in this multiple regression are as shown in Table 5.34. This information indicates that social insurance, medical insurance, and paid holiday have statistically significant impacts on perceptions of pay equity, as their sig. values are less than 0.05. Only unemployment insurance is not statistically significant, as its sig. value is 0.525, greater than 0.05, according to Pallant (2010). Among these components, social insurance has the strongest effect, followed by the effect of medical insurance, with paid holiday having the least effect.
Table 5.33: ANOVAa (IVs: Components of benefits)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>24.278</td>
<td>6</td>
<td>4.046</td>
<td>7.811</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>333.098</td>
<td>643</td>
<td>.518</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>357.375</td>
<td>649</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Regression</td>
<td>78.136</td>
<td>10</td>
<td>7.814</td>
<td>17.880</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>279.239</td>
<td>639</td>
<td>.437</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>357.375</td>
<td>649</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Perception of pay equity
b. Predictors: (Constant), Location, Gender, Schooling, Age, Type, Current position
c. Predictors: (Constant), Location, Gender, Schooling, Age, Type, Current position, Paid holiday, Social insurance, Unemployment insurance, Medical insurance

This regression result supports the Hypothesis 3, that benefit positively impacts perceived equity. Among the benefit components, the effect of social insurance is the strongest, while the effect of unemployment insurance is not statistically significant.

Table 5.34: Coefficientsa (For IVs: Components of benefits)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>3.007</td>
<td>.287</td>
<td>10.471</td>
</tr>
<tr>
<td></td>
<td>Gender</td>
<td>.188</td>
<td>.057</td>
<td>.127</td>
</tr>
<tr>
<td></td>
<td>Age</td>
<td>-.050</td>
<td>.019</td>
<td>-.109</td>
</tr>
<tr>
<td></td>
<td>Schooling</td>
<td>.004</td>
<td>.019</td>
<td>.010</td>
</tr>
<tr>
<td></td>
<td>Current position</td>
<td>.125</td>
<td>.036</td>
<td>.153</td>
</tr>
<tr>
<td></td>
<td>Type</td>
<td>-.256</td>
<td>.066</td>
<td>-.164</td>
</tr>
<tr>
<td></td>
<td>Location</td>
<td>.192</td>
<td>.066</td>
<td>.130</td>
</tr>
<tr>
<td>2</td>
<td>(Constant)</td>
<td>1.273</td>
<td>.330</td>
<td>3.863</td>
</tr>
<tr>
<td></td>
<td>Gender</td>
<td>.164</td>
<td>.053</td>
<td>.111</td>
</tr>
<tr>
<td></td>
<td>Age</td>
<td>-.037</td>
<td>.018</td>
<td>-.081</td>
</tr>
<tr>
<td></td>
<td>Schooling</td>
<td>-.004</td>
<td>.017</td>
<td>-.009</td>
</tr>
<tr>
<td></td>
<td>Current position</td>
<td>.153</td>
<td>.034</td>
<td>.187</td>
</tr>
<tr>
<td></td>
<td>Type</td>
<td>-.087</td>
<td>.064</td>
<td>-.056</td>
</tr>
<tr>
<td></td>
<td>Location</td>
<td>.197</td>
<td>.061</td>
<td>.133</td>
</tr>
<tr>
<td></td>
<td>Social insurance</td>
<td>.330</td>
<td>.058</td>
<td>.285</td>
</tr>
<tr>
<td></td>
<td>Medical insurance</td>
<td>.142</td>
<td>.059</td>
<td>.123</td>
</tr>
<tr>
<td></td>
<td>Unemployment insurance</td>
<td>-.030</td>
<td>.047</td>
<td>-.024</td>
</tr>
<tr>
<td></td>
<td>Paid holiday</td>
<td>.091</td>
<td>.041</td>
<td>.083</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Perception of pay equity
**Relationship between relational return and perception of pay equity**

**Hypothesis 4:** Relational return positively influences the perception of pay equity in Vietnamese SOEs.

The causal relationship in Hypothesis 4 is that the employees who are satisfied with their relational return are more likely to be satisfied with the pay equity in the firm. There is a simple regression on relational return and perceptions of pay equity conducted to test this hypothesis. Besides this, a multiple regression was also done to identify the effects of sub-independent variables in the relational return group, promotion, learning opportunities, and employment stability, on perceptions of pay equity in Vietnamese SOEs. Both of these regressions controlled for the effects of demographic factors. Simple regression outcomes are demonstrated in Tables 5.35, 5.36, and 5.37, and multiple regression outcomes are in Tables 5.38, 5.39, and 5.40.

In Table 5.35, the general information of the simple regression shows that the R square value is 0.249. This means that the model regression on relational return explains 24.9 percent of the variance in perceptions of pay equity in Vietnamese SOEs. This percentage is quite similar to the contribution of benefit to explaining the perceptions of pay equity in Hypothesis 3.

**Table 5.35: Model summary** (IV: Relational return)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.261&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.068</td>
<td>.059</td>
<td>.71975</td>
</tr>
<tr>
<td>2</td>
<td>.499&lt;sup&gt;b&lt;/sup&gt;</td>
<td>.249</td>
<td>.241</td>
<td>.64637</td>
</tr>
</tbody>
</table>

<sup>a</sup> Predictors: (Constant), Location, Gender, Schooling, Age groups, Firm types, Current position

<sup>b</sup> Predictors: (Constant), Location, Gender, Schooling, Age groups, Firm types, Current position, Relational return

<sup>c</sup> Dependent Variable: Perception of pay equity

Table 5.36 shows that the sig. value of this simple regression is .000, which is less than .0005. According to Pallant (2010), this model is statistically significant; or in other words, relational return directly influences perceptions of pay equity.
Table 5.36: ANOVA\(^a\) (IV: Relational return)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>24.278</td>
<td>6</td>
<td>4.046</td>
<td>7.811</td>
<td>.000b</td>
</tr>
<tr>
<td>Regression</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residual</td>
<td>333.098</td>
<td>643</td>
<td>.518</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>357.375</td>
<td>649</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>89.147</td>
<td>7</td>
<td>12.735</td>
<td>30.482</td>
<td>.000b</td>
</tr>
<tr>
<td>Regression</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residual</td>
<td>268.228</td>
<td>642</td>
<td>.418</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>357.375</td>
<td>649</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(a.\) Dependent Variable: Perception of pay equity

\(b.\) Predictors: (Constant), Gender, Firm types, Current position, Age groups, Schooling, Location

\(c.\) Predictors: (Constant), Gender, Firm types, Current position, Age groups, Schooling, Location, Relational return

Table 5.37 shows the coefficient of relational return in the simple regression model. The beta coefficient of this variable is .436, which has a positive sign. This means that relational returns positively impacts on perceptions of pay equity. This result supports Hypothesis 4.

Table 5.37: Coefficients\(^a\) (IV: Relational return)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>(t)</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>3.007</td>
<td>.287</td>
<td>10.471</td>
</tr>
<tr>
<td></td>
<td>Age groups</td>
<td>-.050</td>
<td>.019</td>
<td>-2.577</td>
</tr>
<tr>
<td></td>
<td>Gender</td>
<td>.188</td>
<td>.057</td>
<td>.127</td>
</tr>
<tr>
<td></td>
<td>Schooling</td>
<td>.004</td>
<td>.019</td>
<td>.010</td>
</tr>
<tr>
<td></td>
<td>Current position</td>
<td>.125</td>
<td>.036</td>
<td>.153</td>
</tr>
<tr>
<td></td>
<td>Firm types</td>
<td>-.256</td>
<td>.066</td>
<td>-.164</td>
</tr>
<tr>
<td></td>
<td>Location</td>
<td>.192</td>
<td>.066</td>
<td>.130</td>
</tr>
<tr>
<td></td>
<td>Relational return</td>
<td>.446</td>
<td>.036</td>
<td>.436</td>
</tr>
<tr>
<td>2</td>
<td>(Constant)</td>
<td>1.749</td>
<td>.277</td>
<td>6.314</td>
</tr>
<tr>
<td></td>
<td>Age groups</td>
<td>-.029</td>
<td>.017</td>
<td>-.063</td>
</tr>
<tr>
<td></td>
<td>Gender</td>
<td>.152</td>
<td>.052</td>
<td>.102</td>
</tr>
<tr>
<td></td>
<td>Schooling</td>
<td>-.006</td>
<td>.017</td>
<td>-.014</td>
</tr>
<tr>
<td></td>
<td>Current position</td>
<td>.103</td>
<td>.033</td>
<td>.126</td>
</tr>
<tr>
<td></td>
<td>Firm types</td>
<td>-.185</td>
<td>.060</td>
<td>-.118</td>
</tr>
<tr>
<td></td>
<td>Location</td>
<td>.090</td>
<td>.060</td>
<td>.061</td>
</tr>
</tbody>
</table>

\(a.\) Dependent Variable: Perception of pay equity

A multiple regression was conducted to examine the effects of sub-independent variables in the relational return group on perceptions of pay equity. These sub-independent variables are promotion, education opportunities, and job stability. Statistical results in Table 5.38 show that relational return components only explain 20.3% of the variance in perceptions of pay equity, as the model R square is 0.203. This outcome is quite similar to the effects of
benefit, indicating that these two groups of variables did not play major roles in affecting perceptions of pay equity.

**Table 5.38: Model summary** (IVs: Components of relational returns)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.261&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.068</td>
<td>.059</td>
<td>.71977</td>
</tr>
<tr>
<td>2</td>
<td>.450&lt;sup&gt;b&lt;/sup&gt;</td>
<td>.203</td>
<td>.191</td>
<td>.66729</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Location, Gender, Schooling, Age, Type, Current position  
b. Predictors: (Constant), Location, Gender, Schooling, Age, Type, Current position, Job stability, Education opportunity, Promotion opportunity  
c. Dependent Variable: Perception of pay equity

Although they are not major factors, the effects of these relational return components on perceptions of pay equity are statistically significant, due to the sig. value of the model in Table 5.39 being .000, which is less than 0.05 (Pallant 2010).

**Table 5.39: ANOVA** (IVs: Components of relational returns)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>24.234</td>
<td>6</td>
<td>4.039</td>
<td>7.796</td>
<td>.000&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>Residual</td>
<td>332.599</td>
<td>642</td>
<td>.518</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>356.833</td>
<td>648</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Regression</td>
<td>72.299</td>
<td>9</td>
<td>8.033</td>
<td>18.041</td>
<td>.000&lt;sup&gt;c&lt;/sup&gt;</td>
</tr>
<tr>
<td>Residual</td>
<td>284.534</td>
<td>639</td>
<td>.445</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>356.833</td>
<td>648</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Perception of pay equity  
b. Predictors: (Constant), Location, Gender, Schooling, Age, Type, Current position  
c. Predictors: (Constant), Location, Gender, Schooling, Age, Type, Current position, Job stability, Education opportunity, Promotion opportunity

Table 5.40 shows the unique contribution of relational return components to the variance in perceptions of pay equity. The education opportunity and promotion opportunity components are statistically significant in relation to perceptions of pay equity, due to their sig. value being less than 0.05; while the effect of job stability is not statistically significant, as its sig. value is greater than 0.05 (Pallant 2010).
The regression results support Hypothesis 4, which is that relational return positively impacts on perceptions of pay equity in Vietnamese SOEs. Among the relational return components, education opportunity has the strongest effect, while job stability is not statistically significant in its contribution to explaining perceptions of pay equity.

**Ranking effects between compensation components on perception of pay equity**

**Hypothesis 5: Among compensation components, salary has the strongest impact on the perception of pay equity in Vietnamese SOEs**

There is a multiple regression used to examine this hypothesis that comprises four main independent variables (minimum wage, salary, benefit, and relational return), and a dependent variable (perception of pay equity). The outcomes of this multiple regression are reported in Tables 5.41, 5.42, and 5.43.

General information about the regression model testing of Hypothesis 5 is presented in Table 5.41. As mentioned above, to test the relationships between compensation components, minimum wage and perceptions of pay equity, this thesis controlled for demographic

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**Table 5.40: Coefficientsa (IVs: Components of relational returns)**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>3.011</td>
<td>.287</td>
<td>10.483</td>
<td>.000</td>
</tr>
<tr>
<td>Gender</td>
<td>.186</td>
<td>.057</td>
<td>.125</td>
<td>3.232</td>
</tr>
<tr>
<td>Age</td>
<td>-.049</td>
<td>.108</td>
<td>-2.559</td>
<td>.011</td>
</tr>
<tr>
<td>Schooling</td>
<td>.004</td>
<td>.019</td>
<td>.009</td>
<td>.213</td>
</tr>
<tr>
<td>Current position</td>
<td>.127</td>
<td>.154</td>
<td>3.469</td>
<td>.001</td>
</tr>
<tr>
<td>Type</td>
<td>-.258</td>
<td>.165</td>
<td>-3.880</td>
<td>.000</td>
</tr>
<tr>
<td>Location</td>
<td>.191</td>
<td>.128</td>
<td>2.897</td>
<td>.004</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.644</td>
<td>.305</td>
<td>5.388</td>
<td>.000</td>
</tr>
<tr>
<td>Gender</td>
<td>.148</td>
<td>.053</td>
<td>.100</td>
<td>2.776</td>
</tr>
<tr>
<td>Age</td>
<td>-.042</td>
<td>.093</td>
<td>-2.359</td>
<td>.019</td>
</tr>
<tr>
<td>Schooling</td>
<td>-.015</td>
<td>.034</td>
<td>-.866</td>
<td>.387</td>
</tr>
<tr>
<td>Current position</td>
<td>.145</td>
<td>.178</td>
<td>4.267</td>
<td>.000</td>
</tr>
<tr>
<td>Type</td>
<td>-.170</td>
<td>.109</td>
<td>-2.709</td>
<td>.007</td>
</tr>
<tr>
<td>Location</td>
<td>.075</td>
<td>.051</td>
<td>1.204</td>
<td>.229</td>
</tr>
<tr>
<td>Education opportunity</td>
<td>.363</td>
<td>.307</td>
<td>7.614</td>
<td>.000</td>
</tr>
<tr>
<td>Promotion opportunity</td>
<td>.102</td>
<td>.090</td>
<td>2.108</td>
<td>.035</td>
</tr>
<tr>
<td>Job stability</td>
<td>.062</td>
<td>.054</td>
<td>1.365</td>
<td>.173</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Perception of pay equity
variables, SOE type, Gender, Current position, Age, Schooling, and Location, as these variables potentially influence personal perceptions of pay equity; as was suggested in the relevant literature. The information of the Model Summary states that the R square of the Model 1, with only demographic variables, is very small (only 6.8%). This indicates that demographic factors only explain 6.8% of the variance in perceptions of pay equity; or that there is little impact of demographic variables on perceptions of pay equity in Vietnamese SOEs. Meanwhile, in the Model 2 testing for the effects of minimum, salary, benefit, and relational return on perceptions of pay equity, when controlling for demographic variables, the value of R square is 44.9%. This indicates that Model 2 explains 44.9% variance in perceptions of pay equity. According to Pallant (2010), this is a respectable result.

### Table 5.41: Model Summary\(^c\) (IVs: Minimum wage, Salary, Benefit, Relational return)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.261a</td>
<td>.068</td>
<td>.059</td>
<td>.71975</td>
</tr>
<tr>
<td>2</td>
<td>.670b</td>
<td>.449</td>
<td></td>
<td>.55533</td>
</tr>
</tbody>
</table>

\(a.\) Predictors: (Constant), SOE type, gender, Current position, Age, Schooling, Location  
\(b.\) Predictors: (Constant), SOE type, gender, Current position, Age, Schooling, Location, Minimum wage, Salary, Benefit, Relational return  
\(c.\) Dependent Variable: Perception of pay equity

In addition, Table 5.42 confirms that the multiple regression is statistically significant \((p=.000<0.05)\), indicating that there are direct relationships between minimum wage, salary, benefit, relational return, and perceptions of pay equity (Pallant 2010).

### Table 5.42: ANOVA\(^a\) (IVs: Minimum wage, Salary, Benefit, Relational return)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>24.278</td>
<td>6</td>
<td>4.046</td>
<td>7.811</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>333.098</td>
<td>643</td>
<td>.518</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>357.375</td>
<td>649</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Regression</td>
<td>160.313</td>
<td>10</td>
<td>16.031</td>
<td>51.984</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>197.062</td>
<td>639</td>
<td>.308</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>357.375</td>
<td>649</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(a.\) Dependent Variable: Perception of pay equity  
\(b.\) Predictors: (Constant), SOE type, gender, Current position, Age, Schooling, Location  
\(c.\) Predictors: (Constant), SOE type, gender, Current position, Age, Schooling, Location, minimum wage, salary, benefit, relational returns

Table 5.43 shows that the sig. values of minimum wage, salary, benefit, and relational return are all less than 0.05, indicating that these variables make a statistically significant contribution to the variance in perceptions of pay equity. The beta values of all independent
variable have a positive sign, indicating that these main compensation components positively impact perceptions of pay equity. Among these main independent variables, the value of the beta coefficient of salary is highest, and the beta value of minimum wage is the second highest. These results mean that salary has the strongest effect on perceptions of pay equity, followed by the effect of minimum wage. Relational return and benefit both have little influence on perceptions of pay equity. Hypothesis 5 is therefore supported by this regression.

Table 5.43: Coefficients\(^a\) (IVs: Minimum wage, Salary, Benefit, Relational return)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>3.007</td>
<td>.287</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gender</td>
<td>.188</td>
<td>.057</td>
<td>.127</td>
</tr>
<tr>
<td></td>
<td>Age</td>
<td>-.050</td>
<td>.019</td>
<td>-.109</td>
</tr>
<tr>
<td></td>
<td>Schooling</td>
<td>.004</td>
<td>.019</td>
<td>.010</td>
</tr>
<tr>
<td></td>
<td>Current position</td>
<td>.125</td>
<td>.036</td>
<td>.153</td>
</tr>
<tr>
<td></td>
<td>SOE type</td>
<td>-.256</td>
<td>.066</td>
<td>-.164</td>
</tr>
<tr>
<td></td>
<td>Location</td>
<td>.192</td>
<td>.066</td>
<td>.130</td>
</tr>
<tr>
<td>2</td>
<td>(Constant)</td>
<td>.731</td>
<td>.256</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gender</td>
<td>.067</td>
<td>.045</td>
<td>.045</td>
</tr>
<tr>
<td></td>
<td>Age</td>
<td>-.020</td>
<td>.015</td>
<td>-.043</td>
</tr>
<tr>
<td></td>
<td>Schooling</td>
<td>-.010</td>
<td>.014</td>
<td>-.022</td>
</tr>
<tr>
<td></td>
<td>Current position</td>
<td>.088</td>
<td>.029</td>
<td>.108</td>
</tr>
<tr>
<td></td>
<td>SOE type</td>
<td>-.117</td>
<td>.052</td>
<td>-.075</td>
</tr>
<tr>
<td></td>
<td>Location</td>
<td>.062</td>
<td>.051</td>
<td>.042</td>
</tr>
<tr>
<td></td>
<td>Minimum wage</td>
<td>.203</td>
<td>.038</td>
<td>.200</td>
</tr>
<tr>
<td></td>
<td>Salary</td>
<td>.384</td>
<td>.045</td>
<td>.367</td>
</tr>
<tr>
<td></td>
<td>Benefit</td>
<td>.121</td>
<td>.048</td>
<td>.092</td>
</tr>
<tr>
<td></td>
<td>Relational return</td>
<td>.112</td>
<td>.039</td>
<td>.109</td>
</tr>
</tbody>
</table>

\(^a\) Dependent Variable: Perception of pay equity

Regression results for relationships between the four main compensation components support Hypothesis 1, which is that there are positive relationships between minimum wage, salary, benefit, and relational return, and perceptions of pay equity. Salary is the strongest and minimum wage the second strongest component contributing to the variance in perceptions of pay equity.
5.6 Summary

This chapter presented the quantitative analysis and findings. Before the development and testing of the hypotheses, data were checked for errors and missing values, reliability and validity, and then tested for assumptions for multiple regression analysis. The results proved that the data set is reliable and valid. The characteristics of the data set met the requirements for analysis using multiple regression.

The results from the regressions confirm the positive relationships between the four main compensation components and perceptions of pay equity in Vietnamese SOEs. These results affirm the literature on compensation fairness, that the perception of pay equity is driven by fairness of the rewards received. Previous studies found that if the employees are satisfied with their salary received from works they are satisfied with their overall compensation (Heneman 1985; Summers & DeNisi 1990; Milkovich & Newman 2005). In line with these studies, the quantitative study in this thesis indicates that salary significantly affects the employee perception of pay equity. In addition, similarly to the previous studies on fairness of benefits conducted by Heneman and Schwab (1985) and Williams et al. (2002), this thesis demonstrates that benefits and relational returns are two predictors of the perceptions of pay equity. When employees are satisfied with these components, they tend to be satisfied with the fairness of compensation package received.

However, this quantitative study’s findings shows that, among the four main independent variables, salary has the strongest effect, with minimum wage the second strongest, relational return the third, and benefit the fourth strongest effect on perceptions of pay equity. These findings are different to those of previous studies on compensation that emphasise the important role of benefits. Romanoff et al. (1986) argued that employees pay more attention to the fairness of non-monetary benefits than salary. In addition, Milkovich et al. (2011) propose a current trend of focusing on benefits worldwide, as these benefits strongly influence employees’ perceptions of compensation. The differences between this thesis’s findings and the previous studies will be investigated by a qualitative study through the research question of why the compensation components relate to employee perceptions of pay equity in Vietnamese SOEs.
CHAPTER 6: QUALITATIVE STUDY

6.1 Introduction

The aim of this chapter is to present the qualitative study’s findings, which included perusal of company documents and government regulations, and 36 interviews with employees, managers and trade union representatives in the case studies companies, and 7 interviews with policy makers and researchers from relevant institutions in Vietnam. In Chapter 5, the findings from the quantitative study identified that all four main compensation components (minimum wage, salary, benefits, and relational returns) positively affect employees’ perceptions of pay equity. This chapter investigates the causes behind these relationships by examining company- rules and regulations governing compensation. In-depth interviews with company leaders, trade union representatives and employees were conducted to obtain their personal perceptions of pay equity. This chapter commences with findings on relationships between selection criteria of studied cases and employee perceptions of pay equity. It is then followed by in-depth explanations of the effects of the four compensation components on the employee perceptions that were developed from the research framework in Chapter 2. Finally, the chapter reviews contextual factors affecting the compensation practices and employee perceptions.

As identified in Chapter 4, the companies were covered six limited liability companies (L1, L2, L3, L4, L5, L6), and six joint stock companies (J1, J2, J3, J4, J5, J6). These selected companies were, chosen in a combination of size and location, including both small and large cases located in Hanoi and Ho Chi Minh City. Three interviews were conducted in each case, with an employee, a manager, and an unit trade union officer.

6.2 Responses to selection criteria

Among three selected criteria, the qualitative findings only present obvious relationships between employee perceptions and company types, but do not show clear correlations between employee perceptions and company size and location.

Regarding development of the company’s salary system, as mentioned in Chapter 3, the SOE salary system consists of two key parts: Luong co ban (the government set-wage scale)
for calculation of social insurance; and *Luong mem* (the company’s self-designed wage scale), which part companies are free to develop to fit with their financial budget. *Luong co ban* is standard across all cases, and is set out in the government scales. The differences between cases were in *Luong mem*, where individual cases have their own approach to and philosophy of their design. As stated in Chapter 3, limited liability companies have 100 per cent of the state capital, while joint stock companies are also owned by private shareholders, besides having the government as the largest shareholder. The qualitative data reveals that these differences of ownership characteristics in these SOE cases have been a key reason causing differences in management between them.

The qualitative findings indicate that joint stock cases have adopted more modern management methods in an attempt to increase efficiency because of pressures to increase efficiency. S32, the CEO of one of the joint stock companies, described this as follows:

‘Being a joint stock SOE means that the company will have fewer government supports and more competition from other enterprises in the industry. To be competitive, we have to actively learn modern management methods, especially from the foreign companies’ (Interview S32, 19/09/2015).

All six joint stock companies have built their *Luong mem* based on individual employee performance and company outcomes. To measure employee performance, three joint stock cases used common performance appraisal methods such as ranking, supervisor feedback, or comparing to planned production; while the other three companies (J3, J5, and J6) have developed Key Performance Indicators (KPIs) to measure their employees’ performance, which significantly improves their employees’ perceptions of equity. Commenting on this new management approach, a Vice Director from J3, S17, stated:

‘KPI is a modern indicator to measure performance that has been introduced worldwide in the 1980s, but it is only concerned in Vietnam in recent years. It helps the performance appraisals to be specific, measurable, achievable, realistic, and time-bound. By using it, the management can appropriately evaluate their employees’ performance and efficiency to decide suitable rewards to their works. It, therefore, helps to ensure the transparency and fairness of human resource management, especially of the compensation practices’ (Interview S17, 15/09/2015).
While acknowledging that KPIs are essential to increase the effectiveness of the compensation systems, all managers in these three joint stock companies acknowledged that identifying appropriate KPIs is complicated. A chief accountant from J6, S34, stated:

‘KPI has been built for specific jobs based on their functions and tasks and suited the company conditions and business strategies. It creates a range of points which measure the level of job completion and the reward equivalents. To make it quantitative and understandable requires a comprehensive understanding of HRM at both theoretical and practical levels’ (Interview S34, 18/09/2015).

An overall observation is that employees in the joint stock cases employing KPIs perceived that this indicator measures their performance equitably. S35, an employee from J6 said:

‘My company is partly applying KPI to calculate our productivity salary. This application has appeared in differences in salary among us due to our different performances. This is what we (the employees) are expecting from a fair payment policy’ (Interview with S35, 19/09/2015).

S16, another employee from J3, one of the three companies that has been employing KPI to calculate employee productivity salary, expressed his satisfaction with this indicator’s fairness. He said:

‘Since the company uses KPI, I clearly understand the company’s expectations on our works. In order to get the higher salary I just need to improve my performance following the criteria in the KPI. The more I try to improve my efficiency the better rewards I might receive. This is an equitable indicator’ (Interview S16, 16/09/2015).

On the other hand, limited liability cases, in general, are slower compared to the joint stock cases in terms of adopting new management tools to increase their efficiency, because limited liability cases are more under the direct management of the government. S2, a CEO from L1, one of the limited liability cases, stated:

‘We face difficulty in reforming the management of the firm. All important decisions in compensation issues needed to have the agreement and approval from the relevant government units at a higher level in government hierarchical system, because the company has 100% of the capital state-owned. This process is often time-consuming as it involves multiple approval levels by a collective decision making process.’ (Interview S2, 09/09/2015).
NS4, a senior researcher on SOE compensation, stated another reason that has led to limited liability cases being unwilling to change their management style: this is the monopolistic advantages and continuously silent support from the government. She highlighted:

‘In fact, the limited liability SOEs have an existing monopoly in key economic sectors such as communication, transportation, and the energy sector. SOEs in these business areas have faced no competition. They also receive financial support from the government so they can afford to provide the employees with a higher salary than the average in the market without increasing their productivity. (Interview NS4, 03/09/2015).

As result of the government’s continuing support, limited liability cases choose to implement the government set-wage scales for their Luong mem component rather than implement a salary system built on efficiency and performance as joint stock cases have. Three of the six limited liability cases were still using the government calculation method to design their Luong mem components. This old approach relies on seniority and qualification, not on performance.

Overall, employee participants from the limited liability cases considered their company’s compensation to be inequitable, as they were not able to see a clear link between their performance and efforts, and the reward received. S1, a worker at a limited liability company, L1, in Hanoi complained:

‘The wage scale used in my company is the old system one; in which the company uses determinants of seniority and qualifications to establish our salary. This is absolutely egalitarian because it is leveling our contributions to works’ (Interview S1, 10/09/2015).

However, to approve the old system and make it more relevant to the current market economy, some limited liability cases have developed a semi-change in the Luong mem component. L1, L4, and L6 created a new tool, namely Productivity Salary (Luong san pham), which is calculated basing on a set of criteria such as attendance (cham cong), meeting company targets (hoan thanh ke hoach duoc giao), and supervisor valuation (danh gia cua cap tren) (Interview, S19, 17/09/2015). Among cases using Luong san pham, each company may have more or fewer items in their criteria. It depends on the nature of the business and management belief or competency of management in using them. The
combination of these points was used to calculate the productivity salary of individual employees. L6 has followed the old government system to evaluate employees’ performance. Every 6 months this company organises a collective performance appraisal to measure employees’ performance. S25, a CEO of L6, observed:

‘We follow traditional performance appraisal because it is already built by the previous leaders in this company and easy to apply. Every 6 months, we organise a meeting with employees to rank their performance. Employees in Rank A refers to people who completed their works perfectly, and in Rank B are ones who completed their work but have been absent without acceptable reasons, and in Rank C are people who have not completed their tasks or violated the company regulations at the workplace. Based on these Ranks, we pay bonuses for the employees’’ (Interview S25, 20/09/2015).

According to S2, a CEO of L1, this creation of productivity salary aims to make the compensation system more in-line with a performance management approach, but still maintaining the direct influence of government policy in the decision-making process (Interview S2, 09/09/2015). However, employees’ responses to these tools are mainly negative. S26, a worker from L6, commented on this performance appraisal:

‘It is very superficial. In these meetings for appraisals, we are all ranked in Rank A or Rank B, no one is in Rank C. But these mean nothing as they have not affected our salary, and the bonuses for Rank A and B are almost similar. It has not improved fair payment in this company by this type of appraisal’ (Interview S26, 21/09/2015).

Similar to S26’s comments, S23, a worker from L5, that also employs the ranking system to evaluate employee performance, said:

‘Every three months, each department arranges an employee meeting to make an evaluation of employee performance following the above order. In this meeting, the head of the department takes responsibility to collect all comments of employees to address at which level that an employees’ performance should be. This is actually very subjective because it all depends on everyone emotions. If you are nice to others you might get good comments and thus to be ranked at a high level of performance. This appraisal method is not a true performance evaluation’ (Interview S23, 18/09/2015)
S8, a sales assistant from L3, gave another comment on the company productivity, as follows:

‘This company uses piece wage (Luong khoan) to calculate my productivity salary. They give a maximum amount of salary that I get if I could compete for 100 per cent of the planned revenue proposed by the company. If I could not, my salary will be deducted. But in practice, I have rarely seen someone who gets 100 per cent of the salary because the planned revenue was set at a high level. I do not believe this appraisal method is an appropriate way to calculate productivity salary’ (Interview S8, 01/09/2015).

Giving an overall comment on the so-called Luong san pham applied in these companies, NS4, a senior researcher, said that the Productivity Salary tool is not new. She said:

‘The calculations used to evaluate employees’ performance in limited liability cases were the traditional measurements of performance which had been popularly used in the SOEs under the planned economy. It is mainly based on the employee attendance, which it is totally different to the calculation approach used for performance measurement in KPIs that are based on individual job description’ (Interview NS4, 03/09/2015).

These findings also show that, if the performance-pay base is applied improperly, this might cause the perception of pay inequity. S29, an employee in a joint stock company, J4, in Ho Chi Minh City, said that she was not really happy with her salary and bonuses because her company was using group performance-based pay to calculate individual salary. She said that sometimes she did not have bonuses due to her team not finishing its plan: ‘In this case, we all have to be deducted salary and bonuses, but actually, some of us worked very productively, only others do not finish their targets’ (Interview S29, 21/09/2015). Some SOEs used timesheets recording employees’ attendance in the workplace every day, and considered this as a criterion to calculate salary and other benefits. This led employees to feel they were being compensated unfairly. According to S1, a worker in L1, ‘this does not reflect the employee performance. It is totally unfair’ (Interview S1, 10/09/2015). Interview findings explore that, in almost all limited liability cases and some joint stock cases, performance appraisal has been employed in the form of scoring the level of task completion among employees.
Regarding the relationships between company’s size, and location, to perceptions of pay equity, the interview findings show a mixed result. Some interviewees, such as S6 from L2, and S23 and S24 from L5, which are both large companies, expressed their pleasure with the amount of salary they received; while others also from large companies, such as S13 from J2, experienced negative feelings toward compensation in their companies. Similarly, for small companies, some interviewees, such as S1 and S29 from L1 and J4, respectively, said that their salary to some extent reflected their contributions; while others, such as S8 from L3 and S11 from J1, complained about the lack of fairness in compensation practices in their companies. Some interviewees who were happy with their salary and the methods of salary calculation came from both Hanoi (S1, S13, and S6) and Ho Chi Minh City (S2 and S29); while others also coming from these cities had negative feelings about these methods (S3 and S8 from Hanoi; S20 from Ho Chi Minh City).

6.3 Key compensation elements affecting perceptions of pay equity

6.3.1 The effects of minimum wages

The minimum wage system in Vietnam currently has two types of minimum wage co-existing, which have totally different functions and structures: the general minimum wage (for enterprises using the government wage scale), and the regional minimum wage (are regional locations which for enterprises using their own wage scales). The single general minimum wage is regulated at 1,300,000 VND per month (Government of Vietnam 2016a). This is almost three times lower than the regional minimum wages for four regions which are designed for 3,750,000 VND for the region 1; 3,320,000 VND for the region 2; 2,900,000 VND for the region 3; and 2,580,000 VND for the region 4 (Government of Vietnam 2016b).

Interviews with policymakers and researchers identified that the general minimum wage depends on the government capacity to pay and budget constraint. NS4, a senior researcher in economic reform and labour market development in Vietnam, stated:

‘The general minimum wage is mainly employed to calculate salary for employees who get paid directly from the government budget. Any changes or increase in this wage might place significant influence on the government pay ability. The
government, therefore, is not able to set a high minimum wage level that it cannot afford to pay its employees’ (Interview NS4, 03/09/2015).

Policy makers and researchers provided consistent evidence that regional minimum wages are higher than the general minimum wage because they are based on living standard surveys and labour market conditions. A policy maker from the National Salary Committee said: ‘We calculate regional minimum wages based on employee needs and the average salary in labour market’ (Interview NS1, 10/09/2015).

Many interviewees from both types of SOEs have raised their concern about this gap between the two minimum wages because it creates different incomes among them even though they have similar qualifications and skills. S4, a young worker from L2, expressed his disappointment, stating:

‘My company uses the government minimum wage scale to design its compensation package. The result is that my beginning level salary is 1,728,000 VND per month. At the same time, another company uses the regional scales to design their system, which leads to a better salary for a similar position, of 3,100,000 VND. This is inequitable and demotivates me’ (Interview S4, 06/09/2015).

In addition, NS6, a trade union officer from Hanoi General Confederation of Labour stated that the differences between regional minimum wages are unreasonable:

‘The regional minimum wages are not adequately developed for immigrant employees. They are based on an assumption that employees are from local areas. Unfortunately, the majority of workers are immigrants from various locations coming to work in industrial zones, who need to spend a lot of their incomes on renting and accommodation. The implementation of this policy has a great impact on their lives and, as the result, has strongly contributed to creating their feelings of inequity’ (Interview NS6, 10/09/2015).

Employee responses in interviews confirmed this and evidenced it as a cause of their perception of pay inequity. An employee in one joint Stock SOE located in Hanoi CBD stated that the SOE has begun a trial to create its own wage scale for its marketing department. It decided a basic salary of 3,100,000 VND per month, which was equal to the minimum wage for the region 1 in which the company was located. This resulted in herself and her colleague
receiving the same salary; but, due to their living in different locations in Hanoi that had different living costs, she and her colleague had different standards of living. She said:

‘With the same amount of salary, I am struggling to pay bills and rent, while my colleague has enough income to cover her own living expenses. I am not satisfied with this salary calculation. It is inequitable’ (Interview S11, 11/09/2015).

These findings are consistent with the quantitative findings that the minimum wage effects on employees’ perception of pay equity are statistically significant. The inconsistency between the general minimum wage and the regional minimum wages and the unreasonable differences within regional minimum wages have created differences in employees’ incomes that have raised the perception of inequity among them.

6.3.2 The effects of salary

As reviewed in Chapter 3, since 1993, SOEs have been asked to create their own Luong mem based on their business conditions. However, according to Decree 49/2013/ND-CP, a minimum difference of 5 per cent of the first level in their wage scales only is allowed between two adjacent wage levels (Government of Vietnam 2013a). This fixed percentage supports the government’s socialist principle of ensuring equality in income gaps in the society. This policy received complaints from both managers and employees in the case studies: they consider this to be inequitable. Management participants stated that narrow gaps between different levels/grades do not reflect real efforts that employees have put into their work, nor reflect the reality of the economic inflation rates and so forth. One line manager in limited liability cases, S22 from L5, said:

‘The 5 per cent of a gap between two contiguous wage grades is just equal to the average inflation rate in the last three years, thus it could not motivate employees to get a higher wage grade’ (Interview S22, 18/09/2015).

Similarly, S16, a credit officer from J3, perceived that the wage grades were inequitable because they did not reflect his performance and living conditions. S16 disappointedly observed:

‘I have just had my increment after 3 years working here but my new monthly salary is only increased by 50,000 VND - about USD2.5 compared with my old one. It is not
worth it for me to put my effort to perform well for three years then receive this low, try to perform well for this little change’ (Interview S16, 16/09/2015).

The qualitative data indicates that salary decision-making processes are another element to contribute to affecting perceptions of pay equity in these studied cases. Reviewing Charters (Dieu le cong ty) of the studied cases shows similar rules for the collective decision-making process, in which compensation issues are decided by the BOD (Ban giam doc), in consultation with employees via an employee congress (Dai hoi cong nhan vien chuc) and under the supervision of the Party Unit. All important management decisions need to be agreed by three actors: the BOD, the Trade Union Unit (Cong doan co so), and the Party Unit (Dang uy).

The findings from the qualitative study show that the trade union representatives have a minor role in negotiation for their members. Their activities are finalised by their company. Several government regulations have stated that companies are required to provide financial and other necessary facilities to support trade union units in their organisations to operate (Government of Vietnam 2012; VGCL 2013). In addition, the trade union representatives also receive their salary from companies as normal employees (Government of Vietnam 2013b). Consequently, the management takes charge in negotiations between them and the trade union units. S3, a trade union officer from L1, stated that, since union officers were in the company’s decision-making team, they have a dual role of being a Party member and a union leader. To fulfil these roles, they therefore need to maintain a good balance in their activities. He related:

‘Key functions of the Trade Union Unit in this company are to explain and educate the companies’ regulations and strategies to employees and to provide companies’ welfare for employees. We participate in employment disputes by collecting feedback from employees and reporting this to the BOD, then supervising the BOD in resolving these disputes. Normally, we play as an intermediate agent to reconcile conflicts between employees and management. Generally, we pay more attention to providing welfare for employees’ (Interview S3, 08/09/2015).

Interviews with employees demonstrate that the trade union officers do not have real power to negotiation for the welfare of their members. S13, a worker from J2, said:

‘Trade union officers received pay from the company and are under the direction of the company leaders. They were not in an objective position to voice our concerns directly to managers if those concerns were against the management. Many trade
union officers seek promotion for their careers when accepting to be a trade union officer. So they will seek for agreement with management rather than acting against management decisions to protect us’ (Interview S13, 15/09/2015).

Regarding the dual role of the BOD, observations of the researcher show that this dual role allows the BOD to maintain their centralised management power. S2, a CEO of L1, confirmed this: ‘Overall the management here is centralised in order to ensure the consistency of the entire company with the company strategies and the government directions’ (Interview S2, 09/09/2015). Even S14, a line manager from J2, confirmed that, ‘a group of shareholders (including government representatives) that own the largest share of the company will decide every business affairs in this company’ (Interview S14, 16/09/2015).

Indeed, employee interviewees reveal that the decision-making process of their salary is subjectively decided by top management, which reflects a centralised management rather than collective decisions as mentioned in the companies’ charters. This centralisation in practice constrains employee voices and, in turn, causes their perceptions of inequity. S13, a worker from J2 told that: ‘It does not matter how the decision has been made, the workers like me rarely raise voices in those issues’ (Interview S13, 15/09/2015). There was no clear criteria or guidance presented to help them to understand how these decisions were made. These led the employees to consider their salary to be dependent on being their boss’s favorite, or just a subjective decision of leaders, rather than for their efforts and performance. Indeed, S13, a worker from J2, expressed these doubts: ‘I think if someone is a boss’s favorite or having a good relationship with a boss might get a higher wage level or other additional income’ (Interview S13, 15/09/2015). These procedures have created negative feelings among employees.

Salary determinants were another factor that has significantly contributed to influencing perceptions of pay equity in the cases because they present how the companies reward their employees for work.

The majority of employee interviewees emphasised that salary based on criteria of qualification and seniority were egalitarian because salaries of two people having similar qualifications and working time are automatically the same regardless of their productivities. S4, a young worker from L2, said that ‘payment based on seniority and qualifications cannot differentiate productive or less productive workers, so why do we have to work hard?’ (Interview S4, 06/09/2015). Similar to S4, another young accountant, S20, had less working years, thus his wage grade was the lowest level in the wage scales and appeared to stay the
same over at least three years, regardless of his performance and effort. He, therefore, felt dissatisfied with these determinants (Interview S20, 17/09/2015).

This unsatisfied feeling was also shared by S15, who was the oldest participant in the employees group and also a unit trade union officer in J2. She had worked for 25 years continuously and, as a senior employee, had advantages of a seniority pay base, and her salary now was at a high grade. However, she still expressed her dissatisfaction with the payment. She said, ‘it took too long for me to get that wage grade, while if the company used a performance pay base I could shorten the time by increasing my performance and efforts’ (Interview S15, 16/09/2015).

In contrast, performance pay base was perceived as an equitable criterion because it reflected the employees’ effort and performance. S16, a finance officer in J3, was thankful for the KPI approach that his company uses for measuring his performance, and that it calculates for his payment. S16 said: ‘I get a salary equivalent to the level of work completed that was set out by KPIs. I believe that the salary following KPI measures is equitable’ (Interview S16, 16/09/2015). In addition, S29, a sales assistant in J4, stated that her productivity salary or business salary depends on the company annual revenue and her performance. She said: ‘this new payment approach is tied to my contributions to work and definitely equitable’ (Interview S29, 21/09/2015). Similarly, the business salary in J5 has been tied to employee performance. S31, a credit officer from J5, told that:

‘My business salary is different between months because it depends on my performance. I am happy with this calculation because it motivates me to increase my revenue to get higher income’ (Interview S31, 21/09/2015).

These findings show that both young employees and old employees had similar views on performance and seniority bases, even though their benefits were different due to the effects of the seniority pay base.

The qualitative study has shown a consistency to the quantitative findings that salary has significantly affected employee perceptions of pay equity. In terms of the effect of salary, the interview findings identify that the majority of employees feeling that different salary procedures lead to inequality.
6.3.3 The effects of benefits

The qualitative study indicates that benefits have influenced employee perceptions of pay equity. As reviewed in Chapter 3, benefits are one of the key compensation components in a total reward package provided by enterprises. They contain compulsory types of insurance (social insurance, medical insurance, and unemployment insurance), and individual SOE benefits. Decree 959/QĐ-BHXH regulates that the cost of compulsory insurance be equal to 32.5% of the employees’ salary, in which the company contributes 22% and the employee contributes 10.5% (Vietnam Social Insurance 2015). The compulsory insurance components are designed by government and consistently applied to all organisations across the country, to secure for employees’ retirement, accident, illness, or loss of job. On the other hand, individual company benefits are optional for a firm depending on their financial conditions and their demands.

The qualitative study found that, in recent years, insurance benefits that members receive have gradually reduced, while the premise has been increasing from 20 per cent of total contribution in the late 1990s to 32.5 per cent in the mid-2010s. Adding to this critical matter, Social Insurance Law 2014 states that, from 1/1/2018, to obtain the maximum amount of pension, employees have to pay a fee for 35 years for a man and 30 years for a woman, instead of 30 years and 25 years, respectively, as they paid in the past. In addition, the pension will be adjudged according to its calculation method. Accordingly, from 2018, the employee’s pension will be equal to 75 per cent of the average salary received in the last 15 years before the employee retires, instead of in the last 5 years as it was in the previous policy (Government of Vietnam 2014e). In fact, the average salary in the last 5 years of working is much higher than the average in the last 15 years, as the salary tends to be higher when the employees become more experienced. These changes appear to be against an initial objective of the social insurance, which was designed to secure employees’ future living after retirement. This objective has been a key argument the government has used as a rationale to force employers and employees to buy this insurance. As result of this contradiction, most of the participants expressed their feelings of unfairness in buying this insurance. Interviewees indicated that the actual benefits they received from these insurances were low, and not able to secure their future lives; which is thus raising doubts about the fairness of these benefits. S11, a sales assistant from J1, said her retired mother received a retirement pension of 2.8 VND million per month after more than 20 years working for a SOE. This amount was only enough for two weeks of her basic living. S11 said: ‘This pension is not fair comparing to a
period of 20 years my mother had committed to that company’ (Interview S11, 11/09/2015). Besides this, S1, working for 15 years in L1, commented that the proposed unemployment benefit was only equal to 60 per cent of the minimum wage. The current minimum wage is already very low, and actually can only support about 75 per cent of an individual’s basic needs: ‘how can a person survive with such a small amount of money’ (Interview S1, 10/09/2015). This inadequate insurance benefit has made employees feel that it is inequitable compared to the actual living standard.

Moreover, some others claimed that they were not satisfied with medical insurance services due to the low-quality services for members covered by this insurance. S1, a worker from L1, who had used this insurance for her medical treatments, said:

‘Last year, I was in a hospital for a surgery which was covered by the medical insurance. I had to pay a lot of extra money for a cure because the insurance only covered the common medicine that was not useful for my case. In term of hospital service, I had to share my hospital bed with another patient. Can you imagine two serious illness persons in a single bed?! I asked to have a separate bed for me because I could not move my body and felt very tired but I was explained that the medical insurance only affords for a sharing bed like this. I was totally disappointed with the service that I received from this medical insurance’ (Interview S1, 10/09/2016).

These low quality and insufficient services have brought negative feelings about these insurance schemes, and in turn have caused an overall perception of unfairness toward these benefits from employees. These findings imply that the perception of pay equity has been influenced not only by the compensation practices of these companies but also by the insufficient compensation policies of the government.

In contrast to the compulsory insurances, other benefits provided by individual companies such as paid holidays and ad hoc financial support for special occasions, lunch allowances have enhanced perceptions of pay equity among employees. Interviewees expressed their feelings of being treated equitably by their company regarding these benefits. S13, a worker from J2, said that he has received many benefits from his company’s trade union unit. For example, when he became sick, he received a small financial support from his company’s trade union unit. On the Children Day, trade union officers gave gifts for his children. In addition, once a year, the company’s trade union unit organised a paid holiday for all employees. He felt satisfied with these benefits (Interview S13, 15/09/2015). Similarly,
S26, a worker from L6 said: ‘Every year, the company gives me a sum of money for a holiday, and I can organize it by myself. If I do not go on holiday, I can use the money for other purposes’ (Interview S26, 21/09/2015). According to S26, his company provided very clear instructions on his welfare package, such as for paid holidays and sickness financial support. The instructions detailed levels of sickness and amount of monetary support for each level; thus, S26 said that: ‘welfare is similar to everyone. I am very satisfied with these benefits’ (Interview S26, 21/09/2015).

Notably, the practices of these additional benefits are in the majority done via the trade union units. Almost all respondents who are trade union officers in these SOE cases confirmed that caring for the employees by providing these types of benefits is a key role of the trade union units at the company’s level. S18, a trade union officer from J3, highlighted that:

‘We worked with the BOD to arrange a paid holiday and other benefits for all employees. More importantly, all these benefits are written in the company’s collective agreement and funded by the company welfare fund. We (the unit trade union officers) directly practice and supervise these benefits to ensure they are provided fairly to every employee’ (Interview S18, 15/09/2015).

These activities of the trade union have significantly contributed to improving feelings of satisfaction with compensation of the employees, which in turn helps to increase their perceptions of pay equity.

In summary, the qualitative study found that benefits influence employee perceptions of pay equity. Ineffective benefit packages and inefficient services provided by the Social Insurance Scheme are the main causes of negative perceptions equity among employees. The employees perceived that the benefits they received from this scheme were not equal to what they have contributed. Employees, therefore, did not pay much attention to these benefits, as they did not believe the benefits were able to secure their lives in critical situations such as having an accident or illness, or for retirement. The findings also indicate that individual companies that provided extra benefits beyond the insurance for their employees were able to increase perceptions of fairness of their compensation system.
6.3.4 The effects of relational returns

As analysed in Chapter 2, relational returns refer to other non-financial benefits such as education development opportunity, promotion opportunity, and job stability. This qualitative study finds that education development opportunities in limited liability cases and skill training opportunities in joint stock cases are the main relational return factors enhancing or decreasing their employees’ feelings of pay equity. Thus, these findings are in line with the quantitative findings of the existence of causal effects between relational returns and perceptions of pay equity.

The qualitative study detailed differences between ownership types in the rational returns component. These differences in providing training and educational opportunities have created different perceptions of equity in these cases studies.

For joint stock cases, overall, the opportunities to obtain short training courses are equal for every employee, which helps to enhance their perceptions of pay equity. Findings from interviews show that joint stock cases pay much attention to providing short courses training for their employees, and have a strategic development plan to improve their workforce. Among joint stock cases, J3 and J5 built their own training centers; and J4 and J6 invited external instructors to provide short course training for their employees. These courses were for both knowledge and skills. These courses are organised annually and free for all employees. Explaining the reason for joint stock cases to put effort into development training activities for their companies, S32, a CEO from J5, stated:

‘Owing to great pressures from market and shareholders on increasing company’s efficiency and productivity, the short training courses in my company are organized to improve employees’ performance, with the hope to increase the firm’s efficiency. The company, therefore, has scheduled organisation of the courses as annual human resource management activities’ (Interview S32, 19/09/2015).

These training policies in joint stock cases have significantly improved employee satisfaction with their rational returns component, and then increased their perceptions of pay equity. S16, a finance officer from J3, who had just completed a seven-day training course on new international and domestic laws on internet banking, stated:

‘Although my salary did not increase after studying this course, my ability to work is much improved. This training provided me chances to improve our skills and I am very happy with this company’s policy’ (Interview S16, 11/09/2015).
Since he was sent to the course by his company policy, S16 received his full salary during this training period, which made him feel very satisfied with this benefit. Similarly, NS5, a senior researcher from a government institution, commented:

‘Providing skills training courses in joint stock SOEs has significantly improved employee feelings of fair reward allocation in these companies, because the equal opportunity to receive this training for employees means that every employee is equally important for the company, and reflects the company efforts to reward employees equitably’ (Interview NS5, 03/09/2015).

In contrast, findings from interviews with limited liability cases indicate that these companies appear to have unclear strategies for employees’ training. The limited liability cases show that they receive less pressure from market competition. Even though they were concerned about improving their operation and productivity, they showed little sign of being willing to improve the skills and competency of their labour force. As the result of this reluctant behaviour toward training and development issues, they generally did not often organise internal training courses, but casually provided educational opportunities for some employees to receive formal training from external institutions.

The interview data indicates that, in some limited liability companies, the educational opportunities have been provided unequally to employees, in which some individuals received financial support from the companies but others did not. S1, a worker at L1, said that his company paid the tuition fee for an undergraduate course that he was attending. In addition, he still received his salary during the course (Interview S4, 10/09/2015). Meanwhile, S4, a worker at L2, said that, ‘this company’s leader agreed to let me take an undergraduate course at a university, but I have to pay for the course’ (Interview S4, 06/09/2015). Participants overall perceived educational opportunities in these cases as being inequitable. S8, a sales assistant from L3, emphasised: ‘Financial support in my company for the study is inequitable because it is based on personal relationships rather than on an explicit policy for employee educational development’ (Interview S8, 01/09/2015). Even S1, a worker from L1 who had been receiving financial support from the company for his study, did not believe in the fairness of the opportunities to receive educational development in his company. He revealed: ‘To get the support for my study, I had tried my best to have a good personal relationship with bosses’ (Interview S1, 10/09/2015).

The interview findings indicate that the companies’ training policies have contributed to the employee perceptions of pay equity. If they are able to provide fair opportunities to their
employees to improve their knowledge and skills, they are also able to enhance their perceptions of fairness. These findings are consistent with the quantitative findings that the relational returns contribute to influencing perceptions of pay equity.

6.4 Leadership affecting perceptions of pay equity

*Proposition 1*: the effects of compensation components on employee perceptions of pay equity in Vietnamese SOEs are likely affected by leadership.

The qualitative findings reveal that competency of individual leaders has played a crucial role in enhancing employee perceptions of the fairness of company’s compensation system. Firstly, the leader’s ability to create employee trust is significant in making employees perceive the system to be equitable. S26, a worker from L6, said he believed in the fairness of his compensation received because his CEO was a very fair and caring person:

‘My CEO here is the best one I have met. He always cares about our life; the last some months when the petrol price goes up suddenly, he decided to increase the petrol allowance for all of us. He also gives equal opportunities for everyone to attain higher education levels or training. He is such a good CEO. Certainly, I believe in the fairness of his decisions’ (Interview S26, 21/09/2015).

He called the company CEO ‘my CEO’, with a very respectful attitude. Thus, he said his salary is not very high compared to colleagues in other companies, but he is happy because the working environment was friendly and his bosses were so nice and understanding. Indeed, S25, the CEO in L6, had been successful in enhancing his employees’ perceptions of pay equity by developing their trust in his decisions. According to this CEO, caring for employees’ living helps to improve their trust in the fairness of compensation decisions. He said:

‘To me, this company is my second family. I consider every employee here as a family member that I need to take care of in both physical and spiritual aspects. You might see multiple generations within one family are working together in this company. They are contributing to this company’s development. That’s why I need to look after them very carefully and respectively’ (Interview S25, 20/09/2015).

Similar to S25, S32, a CEO of J5, said:
‘Being a state representative in this company, I have to take responsibility to take care of the employees. I still allow some old workers to work here even I know they are not productive ones. This is because they have spent almost all their life working for this company. Their contribution should be respected. This also makes this company different to private companies which are only concerned about their profits’ (Interview S32, 19/09/2015).

Secondly, the leaders’ ability to learn and to apply new management knowledge in their practices is also found to influence the company compensation management, and that leads to an effect on their employees’ perception of pay equity. The qualitative data presents that applying a new management approach such as KPI has required a lot of effort and competency from managers. S32, a CEO of J5, said that:

‘Implementing KPIs to ensure their measurement is truly reflecting the employee performance is time-consuming and requires a lot of management effort. Indeed, we have to review this annually by collecting feedback from the employees to improve their accuracy and fairness. Through many years of implication, we decided to add evaluations of employees to their colleagues’ performance to ensure measuring performance objectively’ (Interview S32, 19/09/2015).

In addition, S17, a vice director from J3, told that she had spent three months attending a course on HRM that was organised by an international organisation in Vietnam, to update her knowledge about effective performance appraisals. She said:

‘My management experience was mainly based on traditional personnel management, as common in all state-owned enterprises. That course provided by an international institution had opened new views for me to manage this company effectively; in which I have learnt about fairness of compensation’ (Interview S17, 15/09/2015).

In summary, compensation management in the cases strongly depends on management personnel in the firms. Effective leadership creates a trust to employees, which then increases their perceptions of equity of the compensation. On the other hand, if leaders are not well respected by their employees, this will raise their doubts of management decisions. Moreover, good leadership competency helps management to adopt modern management methods to improve the accuracy and fairness of the compensation system, thus to increase perceptions of equity. The qualitative findings strongly support for Proposition 1 that the effects of compensation components on employee perceptions of pay equity in Vietnamese SOEs are affected by leadership.
6.5 Cultural elements affecting perceptions of pay equity

Proposition 2: the effects of compensation components on employee perceptions of pay equity in Vietnamese SOEs are likely affected by Vietnamese traditional cultural values.

The qualitative study findings demonstrate significant impacts of Socialist ideology and collectivism on the perceptions of pay equity of both leaders and employees in SOEs cases.

Socialist ideology

Firstly, the four CEOs in this thesis all expressed their awareness of political responsibilities to help the government in ensuring its socialist orientation of equal distribution. S32, a CEO from J5, stated that:

‘This company compensation system has been designed to ensure an acceptable income for all employees and limited income gaps among them. We maintain the government wage scale to calculate basic salary because it ensures equality among employees. I believe that a mixed pay system of both traditional criteria and modern ones help everyone to feel they are being treated equally and to keep the company operating smoothly’ (Interview S32, 19/09/2015).

According to S32, if the company only used a performance pay basis, this might not be equitable for the senior employees who have been working for the company for a long time and in the final stage of their working life, because ‘they are too old to adapt to pressures under the new pay base’ (Interview S32, 19/09/2015). Similarly, S25, a CEO from L6, highlighted that:

‘The company divides salary fund into two parts. The first part, based on the traditional pay determinants, accounts for 60% of a person’s salary; and the second part, based on employees’ performance, accounts for 40% of the salary. This combination is to make everyone perceive that they are compensated well.’ (Interview S25, 20/09/2015).

However, the findings on the effects of salary on perceptions of pay equity indicate that these parallel compensation systems have made it easier for employees to recognise the inequity of traditional pay determinants, which in turn has raised their feelings of inequity.
Moreover, as mentioned before, employee perceptions of pay equity have changed towards a performance pay base; thus, maintaining traditional pay determinants in these companies has been contributing to perceptions of inequity among employees of the pay systems.

Secondly, benefits provided by individual companies have been found to be strongly influenced by the socialist ideology, which contributes to enhancing the employee perceptions of pay equity. NS7, a trade union officer from Ho Chi Minh General Confederation of Labour, said:

‘Individual SOEs’ benefits are usually good because they are majorly maintained as those under the planned economy. As being state companies, they sometimes care for their employees on behalf of the government. Many of them have invested in facilities such as golf courses and motels to provide holidays for their employees. Generally speaking, employees working for SOEs have been enjoying huge benefits that others in private sectors rarely do’ (Interview NS7, 17/09/2015).

In addition, according to S28, a CEO of J4, a state company does not dismiss its employees easily like a private company can, because one of its compensation objectives is to care for every employee’s living. S28 said:

‘After transforming to a joint stock company, we invested more in new equipment. This is creating labour redundancy, especially for the old workers who are lacking modern skills. However, we would not dismiss them because they have been devoted almost their whole life for this company. So we are trying to arrange other suitable jobs that allow them to work until their retirement age’ (Interview S28, 20/09/2015).

Almost all employee respondents stated that they are satisfied with the benefits provided by their companies. S29, a sale assistant from J4, explained:

‘It has been rarely seen there is any dispute in my companies. I thought it was because the company has cared about our spiritual life. Benefits provided by the company such as paid holiday and birthday gifts have engaged every employee to the company as in a family’ (Interview S29, 21/09/2015).

Similarly, S4, a technical worker from L2, said:

‘Every year, the company paid around 7-8 million VND per employee to arrange a holiday for us. This money was extracted from the company’s welfare fund. The paid holiday has encouraged us to work harder, and especially it develops our collective spirit’ (Interview S4, 06/09/2015).
Collectivism

For the employees, the interview findings present strong influences from the traditional culture of employees’ attitudes to pay inequity. All interviewees had perceived the traditional criteria of seniority to be inequitable. However, instead of raising their voices to oppose it, they all accepted this as a part of the collective spirit. S4, a young worker from L2, said that he felt uncomfortable if he complained about the lesser productivity of the old workers in the company. This might break confidence in the collective engagement that was very good in his department. He, therefore, thought that ‘everyone should not concern too much about the individual benefits. The whole group performance is more important than the individual performance’ (Interview S4, 06/09/2015). Likewise, S29, a sales assistant of J4, impressed that her company strongly encouraged co-operation among employees. It therefore usually calculated bonuses based on group performance. She thus did not complain about inequity in salary between the old and the young workers. She highlighted:

‘I know I am working harder than the old people here, but my salary has not been as high as theirs. I sometimes concern about this, but if I complain about this, my department might be considered as having internal conflicts and will not get the bonuses. I do not want to be seen as a selfish one’ (Interview S29, 21/09/2015).

These findings strongly support for Proposition 2 about the effects of Vietnamese traditional cultural values on relationships between compensation and employee perceptions of pay equity in Vietnamese SOEs. These findings indicate that the parallel effects of the traditional culture and changes in the employee perceptions of equity have created an insight conflict, between the collective spirit and a wish to be treated equitably based on performance. This conflict has not been resolved so far. This situation is silently demotivating employees. Consequently, they may not have tried their best at work, because they have understood that these efforts would not be compensated equitably. They always keep their performance at the average level, which is similar to others, and also to maintain a cooperative face in the workplace.
6.6 Summary

The above findings from qualitative data sources, of document analysis and interviews, indicate that compensation components, of the minimum wage, salary, benefits, and relational returns, directly affect employees’ perceptions of pay equity. These findings are consistent with the quantitative findings presented in Chapter 5 which indicated the compensation components statistically positive affect employee perceptions of pay equity. The findings from in-depth interviews in Chapter 6 explore reasons behind these impacts. The differences in the companies’ implementation and limitations of minimum wage policies have created negative effects of the minimum wage on employees’ perceptions of pay equity. Unreasonable criteria for wage scales and lack of transparency in the salary decision-making process were found in these case studies’ salary systems, which led employees to feel them be inequitable. In addition, the seniority and qualification pay base significantly resulted in perceptions of pay inequity, while the performance pay base brought feelings of equity among employees. The low benefits from compulsory insurances and the inefficient services provided by the insurance companies were also major reasons for perceptions of pay inequity, as the employees felt there to be an inequality between their contributions and the provided benefits and services. The lack of fairness in opportunities to obtain training and support for part-time studies in these case studies were other causes of employees’ feelings of there being inequitable compensation.

The qualitative study also explored contextual factors emerging from interview data, which critically affect both compensation practices and employees’ perceptions of pay equity, directly or indirectly. These are company types, leadership, and culture. In other words, the relationships between compensation components and the perceptions of pay equity have been significantly impacted by these factors. The qualitative findings in this chapter and the quantitative findings in Chapter 5 will be discussed further in the following chapter, to identify the key elements that have been found to increase employee perceptions of pay equity in the Vietnamese SOE sector.
CHAPTER 7: DISCUSSION

7.1 Introduction

The aim of this thesis is to examine the relationships between compensation components and employees’ perceptions of pay equity in Vietnamese SOEs. To do so, a quantitative study in Chapter 5 and a qualitative study in Chapter 6 investigated influences of minimum wage, salary, benefits, and relational returns, which are compensation components on the perception of pay equity. The findings from each chapter contained a number of conclusions, but both approaches were consistent in their findings that those compensation components positively affect employee perceptions of pay. The quantitative study presented that, among the four compensation components, salary had the strongest effect on the employee perceptions. Furthermore, the qualitative study explored the key causes of these interrelationships by an in depth investigation to learn why these four compensation components influence the employee perceptions of pay equity. The qualitative study found a number of contextual factors originating in the environment in which SOE cases have been operating that have influenced their compensation practices. This chapter aims to discuss the outcomes of both the quantitative study and the qualitative study, to provide a comprehensive understanding of the relationships between compensation components and perceptions of pay equity in relation to effects of contextual factors. It then will reconcile outcomes of this thesis into a model to explain the relationships between compensation components and the perception of pay equity in the Vietnamese SOEs. Finally, the chapter will consider the study’s findings in relation to relevant theories, to clarify contributions of this thesis to the literature in this area of research.

7.2 Influences of key compensation components on perceptions of pay equity

7.2.1 Influences of monetary and non-monetary benefits on perceptions of pay equity

Quantitative findings indicate that, among the components of the minimum wage, benefits, and relational returns, the coefficient of salary was the highest, indicating that salary has the highest effect on perception of pay equity. These findings demonstrate that employees are concerned mostly about their salary or monetary benefits, rather than about non-monetary
components. Similarly, the qualitative findings reveal that the employees paid more attention to their salary or monetary benefit than to non-monetary benefits, because the former has a direct influence on meeting their daily needs and on living standards. This finding is consistent with that of Komaki et al. (1996) about the role of monetary motivation. These authors found that money assists as a primary motivation to employees because it can be used directly and immediately to exchange for their primary desirable products such as goods, services, or privileges. This finding also supports the compensation theory by Milkovich et al. (2011) that salary is one of the most important compensation components influencing employees’ perceptions of pay and their attitudes and behaviors at work. The qualitative study in the current study has provided an in-depth explanation of the causes of this thesis’s findings, representing the unique case of Vietnamese SOEs.

Firstly, employees have paid the most attention to salary received because of the common situation of a low average salary in the Vietnam economy that does not meet their daily needs. Before Doi moi, Vietnamese society had been suffering from war and hardships for many decades, in which people had suffered from shortages of food and consumer goods, during the 1970s and 1980s (Dao 2000). Under pressure of insufficiency of salary and subsidised food, many SOE employees had done informal work to subsidise their expenses, such as cultivation to sell on the black market or making clothes for neighbours (Dang 2005). It was seen that such economic difficulties encouraged SOE employees to pay the most attention to their salary received and to seek sufficient money to cover their daily needs.

Even though Doi moi has helped to increase employee incomes, overall the average national income is still low (CIEM 2012). Many interviewees related that they were living with their parents, or sharing their house with other family members, due to not being able to rent or to buy their own houses. They had to work hard just to earn enough money for their basic needs. According to GSO (2017a), the average monthly salary in SOEs in 2015 was 6.15 million VND, which was found to be insufficient to support employees and their families (CIEM 2012). The economic difficulties and low-income situation have thus contributed to creating a mindset of favouring monetary rewards over other, non-monetary benefits (Chatterjee & Pearson 2007). In such a difficult financial status, these employees tend to have a short view of the compensation, and are more easily impressed by their enterprises’ financial support for their daily lives than by any longer-term benefit.
Secondly, it is seen that Vietnamese people tend to prefer cash rather than non-monetary benefits, as an effect of the marketization since *Doi moi* began. As reviewed in Chapter 3, people’s ideology from sharing hardship and being subsidised has been changed. In other words, there has been a change from a spiritual motivation during the war to a material motivation, or to materialism (Ngo 2012). The marketization has given people opportunities to improve their living conditions through more work choices (Zhu 2002). The notion of ‘get rich’ (*lam giau*) to catch up with neighbouring countries has become a common goal for both government and community since *Doi moi* (Nguyen 1993). Accordingly, in the early years of *Doi moi*, the society saw a trend of favour toward or even love of money (Dang 2005; Vnexpress 2013). The idioms such as ‘money is god’ (*tien la tien la phat*) or ‘money is the standard of everything’ (*tien la thuoc do cua van vat*) were popular in this period, reflecting the significant shift in people’s mindset toward materialism, which had never occurred during the war period (Dang 2005). In this new market economy, money has been the key of all exchange and also the main source for securing employees’ living needs. Salary is a key source of their money and has become the most important component in their compensation package (Dao 2000).

Thirdly, in addition to the shift in community view toward the role of money, the low quality and insufficiency of insurance services have directly contributed to the employees’ view on the lesser importance of non-monetary benefits provided in their compensation schemes. The findings in Chapter 6 show that the participants were dissatisfied with the value of social insurance benefits because these were not equal to what they had contributed. They did not believe in the benefits provided by compulsory insurance. They perceived that the insurance scheme was useless to pay for their required services, and thought it would be better if they could pay for these services directly using the same amount that they had contributed to this scheme. This finding is consistent with a survey by a popular online newspaper in Vietnam, *Youth (Tuoi tre)*, in 2015. This survey pointed out that 60% of retired persons stated that their pension was not able to support their lives and they still worked part-time to support their retirement lives. Furthermore, 64% of participants worried about the decreasing value of money (Tuoi Tre 2015).

In addition, following history of compensation practices in Vietnamese SOEs, the meaning of compensation, as salary or monetary benefit, has been the standard notion for most employees, as was the nature of the compensation system under the planned economy (To 1985). Until *Doi moi* started in 1986, there was not any formal compensation system that
recognised non-monetary benefits such as social insurance or medical insurance. The only benefit that SOE employees received was the coupons that subsidised for basic consumer goods for SOE employees and government officers (Dang 2005). Coupons and salary were acknowledged and appreciated as total compensation for the employees (Collins 2009).

Results of this thesis show that, among the four components of compensation, the monetary (salary) item has stronger effects on employee perceptions of pay equity than do non-monetary benefits. This thesis indicates that salary assists as a primary motivation to employees because it can be used directly and immediately to exchange for their primary desirable products such as goods, services, or privileges.

7.2.2 Influences of traditional based pay and performance based pay on perceptions of pay equity

The findings of the qualitative study in Chapter 6 presented that there are three main determinants, educational qualification, seniority, and performance, being applied simultaneously to determine employees’ salary. Among these, the employees see performance-based pay as being more equitable than the others, because it reflects their efforts and contributions to work. These findings present an argument that performance-based pay is the only reasonable criterion of pay determine employee perceptions of pay equity, as it brings feelings of equity between the inputs employees bring to work and the rewards they received.

This finding is similar to that of research conducted by Scott et al. (2011), about the perceptions of reward fairness around the world. That research found that individual performance is a significant determinant of reward fairness, regardless of base pay or variable pay. Regarding base pay, Scott et al. (2011) found that the majority of their respondents agreed that work responsibility and individual performance significantly affected the perceptions of reward fairness. These authors also confirmed that the most important criterion affecting perceptions of pay equity is individual performance. Findings of this thesis show that SOEs should pay more attention to designing their compensation based on employees’ performance, to increase the perception of fairness. If the pay differentials within a firm are not able to be explained by previous employee performance, the result may be employee dissatisfaction with pay, which causes a high level of absenteeism (Della et al. 2015).
Moreover, the current study shows that proper performance appraisal is the core factor enhancing employee perceptions of pay equity. The qualitative data presented that there are a few different methods of performance appraisal being used in the SOEs cases to calculate performance-based salary. Some of these appraisals have caused the perception of pay inequity. As presented in Chapter 6, to calculate the Luong mem (Productive Salary), some cases used timesheets recording employees’ attendance and considered this as a criterion to calculate performance-based salary and other benefits. Some other cases conducted annual performance appraisal, which was, however, developed from many unrelated-performance criteria such as levels of involvement in social and political activities (tham gia doan the). The result of this was that it led employees to feel they were being compensated unfairly.

In contrast, the performance-based pay approach that properly uses performance appraisal methods such as KPIs indicated significantly increased perceptions of equity for the employees. This new approach is acknowledged by employees as a fair system because it clearly rewards employees for their individual levels of performance. Interviewees stated that they feel their efforts and contributions to work are appreciated and properly compensated by this new approach. It is clearly demonstrated that performance-based pay only has positive effects on employees’ perceptions when the employees are satisfied with the performance appraisal system or the fairness of the salary procedures. These findings emphasise a vital role for the fairness of salary procedures in creating a fair performance-based pay system, in enhancing perceptions of pay equity in SOE cases. This thesis found that individual performance is a significant determinant of reward fairness. The participants agreed that work responsibility and individual performance significantly affected their perceptions of reward fairness.

This finding supports the equity theory by Adams (1965) that the perception of pay equity appears when employees see equality between their input brought to jobs and the rewards received. In this thesis, traditional pay criteria have not presented a linkage between the employees’ contribution and effort in completing their jobs, and the compensation received; they thus were perceived as being inequitable. These findings highlight that perceptions of pay equity are strongly affected by reasonable or explainable pay criteria. Individual assessment based on expected, reasonable pay criteria will determine employee perceptions of pay equity, then leading to a given reward being considered satisfactory (Perkins & White 2008). The findings in the study indicate that if pay differentials within a
firm are not able to be explained by management, it will cause dissatisfaction among employees.

In addition, this finding expands compensation theory by Milkovich et al. (2011), which proposes that all three salary determinants, of seniority, qualification, and performance, might help to enhance employee perceptions of pay fairness. In this thesis, the qualitative investigation indicated that employees acknowledged seniority- and qualification-based pay as being inequitable. These variations to the compensation theory can be explained by the context of Vietnam, which leads the seniority and qualification bases being applied in these case studies to have differences to those stated in previous studies.

For seniority-based pay; historically this was applied in Vietnamese compensation systems as a tool to reward employees’ contributions to the war and the country’s development (Zhu & Fahey 1999). This was considered as being suitable for the war conditions, and in the first stage of economic development after the country’s reunification, as it showed the government’s recognition and appreciation of individuals who had sacrificed their interests to protect and rebuild the country in such difficult conditions of the war (Dang 2005). However, in recent times, the economy has been transforming into a market orientation, thus the SOEs have had to increase their efficiency and performance. The qualitative findings in this thesis indicated that the seniority-based pay appears not to suit to the new context of a market-oriented economy, as it is creating feelings of inequity among employees. Employee interviewees claimed that the salary of the older employees is usually higher than that of the younger ones, even though they might work in the same positions. In some cases, the younger workers complained that many older workers had not been as productive as younger ones while receiving a much higher salary because they have intensive components such as being war veterans (thuong binh) or having family war heroes (gia dinh co cong voi cach mang). The employee participants in this thesis mostly affirmed that such criteria were not able to reasonably account for their effort and contribution to work. It has been suggested that this social welfare function should be paid separately from a different government social welfare scheme. The compensation system in the SOEs should be reformed to focus only on improving their performance and efficiency, rather than being a tool of the government to practice its social welfare.

The use of seniority-based pay in Vietnamese SOEs has extended this concept from that in previous studies in other Asian countries such as Korea or Japan, where the wage based on seniority was to call for employee loyalty against the situation of labour shortages and high
labour mobility (Conrad 2009). In those contexts, the purpose of applying seniority-based pay was for economic or business objectives that assist labour issues or strengthen the labour force. This is not in the case of Vietnam, where seniority-based pay is solely used for the political reason to reward national heroes and strengthen the government’s political goals. This has led to feelings of dissatisfaction among the study participants. The employees who were mostly in the younger generation, who were not involved in the war, did not feel it was right to receive less payment compared with the war veteran employees who may not need to work very hard for a higher income because they received their seniority component pay.

For qualification based pay, employee interviewees did not believe this determinant was a reasonable criterion for salary calculation, because of the low quality of the current education system. Many interviewees stated that qualifications are far from representing employees’ working capacity. One interviewee pointed out: ‘Qualifications do not reflect true skills and knowledge of the people who are holding them’ (Interview S1, 10/09/2015). The interviewees revealed that there were employees in the government system having higher qualifications but lacking sufficient skills and knowledge to complete their work. As some previous studies on skill development and management in Vietnam have shown, the education system in Vietnam has been in a crisis, with a number of issues such as low quality and efficiency, at all levels from primary school to higher education (Nguyen et al. 2011). The curriculum has been theoretically based rather than offering practical training, which has caused learners to be lacking practical skills, self-learning skills, and the ability to apply their knowledge to their work (Nguyen & Nguyen 2008; Edward & Phan 2013). In general, tertiary-graduated students are not confident to deal with practical issues in the workplace. Owing to this lack of practical skills when they start work, they cannot fulfil the skills needed for their work (Thang & Quang 2005).

7.3 Influences of contextual factors on perceptions of pay equity

The analysis of relationships between compensation components and employee perceptions of pay equity has indicated several differences between the findings in this thesis and those of previous studies in the research area. There are two main differences identified: the quantitative findings demonstrated that salary has strongest effects on the perception of pay equity; and the qualitative study’s findings show that performance-based pay is only the pay determinant enhancing employee perceptions of equity in Vietnamese SOEs. This section
focuses on discussion of why three major contextual factors, of cultural norms and socialist values, management structure, and leadership competency, were found in the qualitative study to significantly impact employee perceptions of pay equity.

7.3.1 Influences of cultural norms and socialist values on perceptions of pay equity

The qualitative findings in Chapter 6 show that contextual factors, including cultural norms and socialist values, have significantly influenced the perceptions of pay equity of both managers and employees in the two types of SOE.

From the management perspective, the qualitative findings suggest that the socialist ideology of equal distribution has been found to have become a key element driving compensation management in both types of cases. The qualitative finding indicated that SOE managers have tried to keep the state-owned businesses’ reputation by ensuring their egalitarian compensation systems. They are often reluctant to dismiss employees or reduce employees’ wages, as being representative of the government in maintaining the socialist characteristics of SOEs.

This finding is in line with a study by Zhu et al. (2008) that the reward system in Vietnam state enterprises has been based on Socialist ideology of egalitarianism and tends to reward employees for their seniority and contributions to the Party or to war in the past. This socialist ideology of egalitarianism has been seen as a development in compensation practices of the SOEs. All SOE case’s leaders were educated by the socialist education system, which appreciates equality or egalitarianism in the society. It can be argued that the socialist ideology has become part of the nature of their mindset and beliefs.

Another reason explaining influences of the socialist ideology on compensation management in the SOE cases might be linked to the process of appointment of leaders in these companies. As stated in Decree No. 97/2015/ND-CP, the first condition to become an SOE leader is to have a strong socialist view and belief (Government of Vietnam 2015). These leaders are usually asked to take further political training courses to strengthen their socialist ideology when being appointed to these positions. All managers participating in this thesis have confirmed that they regularly attend political training courses to improve their awareness of the political issues, and for updating on the government agenda for the social economy and its direction to lead the society. The SOE managers, therefore, have a self-
awareness of responsibility for representing the socialist government in the management of these companies, and they work as the government officers. The socialist ideology of equal distribution has driven the managers to design a reward-system that has been based on the criteria of employee contributions to the war, their position in the firm, and qualifications. However, it can be argued that this socialist philosophical approach has constrained the firms from employing modern management methods based on employee performance, in that the companies use individual performance to design their compensation system.

From the employee perspective, the qualitative study found that the collectivism creates a common view that individual employees need to work together to create harmony in the workplace rather than to focus on their individual goal or performance. This finding is similar to that of previous studies by Collins (2009) and Edwards and Phan (2013), that collectivism is an influence of the Confucian culture on employment relations in Vietnamese enterprises, especially the state companies, to ensure a harmonious working environment. Collectivism emphasises organisational and personal commitment rather than the individual benefits (Warner 2003). Many employees in this thesis cared to maintain a collective spirit in the workplace that avoids placing individual interests first. This offers insight into a conflict that is silently driving them to reduce their performance to the average level, similar to others, and also to maintain a cooperative face in the workplace, because they have understood that their extra efforts would not be compensated equitably. Even though many interviewees recognise the advantages of a performance-based system, they are against competition in the workplace and consider that team support and team effort to keep workplace harmony is the most important factor for their firm’s success. Any individual self-promotion (tự cao) or competition (cạnh tranh) is seen as unacceptable or ‘low-class’ behaviour that would damage the spirit of a company. This is one of the key factors impacting the implementation of a performance-based pay system in SOEs. The impression of the philosophy of collectivism could be seen in many aspects of HRM practices in this thesis’s SOE cases, such as group-based decision-making processes, and group performance-based bonuses, in most cases. In this sense, it appears that the Western notion of fairness in payment based on individual performance has not been well accepted in the SOE cases, even though employees acknowledge that this maybe the better method to design compensation in the context of a market economy.

Notably, since Doi moi, the common perception of pay equity appears to move toward pay-performance and contribution. The employee perceptions regarding the meaning of equal
distribution have been gradually shifting since the first informal wave of changes in SOE operations in the 1980s before Doi moi had started, as mentioned in Chapter 3: the so-called ‘fence-breaking’ activities (Fforde & De Vylder 1996; Beresford 1999). This had significant impacts on both the management and the employees, with respect to equity of distribution (Dao 2000; Dang 2005). The sharp increase in productivity of agricultural and some industrial products, due to the fence-breaking activities, had driven the government to adjust its distribution principles. The implementation of Three Plans in the early 1980s is adequate evidence of the initial change of government and management ideology, of distribution from equality to equity, based on efficiency, contributions and performance under market conditions. This was a remarkable change in perceptions of equitable distribution in regard to the traditional socialist ideology. This was because that equitable distribution under market conditions was formerly considered as a capitalist distribution or Western ideology and not allowed to exist in Vietnam (Tran 1988). In the early 1980s, it was accepted as a vital tool for developing a socialist, market-oriented economy in its early stages of development (Dao 2000; Ngo 2001).

In addition, since Doi moi, labour market operation has strongly impacted the views of SOE managers and employees on equitable compensation system (Ngo 2001). The integration of Vietnam’s economy into the world economy has led employees to be able to participate in the international labour market. They also have opportunities to find work in international companies, in which the compensation completely depends on their performance and contribution to work. They have thus found opportunities to obtain higher and better compensation when working hard and increasing their performance. It is seen that employees now perceive a payment to be equitable when it accurately rewards their effort and efficient working. The compensation models in private and FDI enterprises have been seen to contribute to changing the notion of pay equity among SOE employees (Collins 2009; Thang & Quang 2005; Ngo 2012).

This thesis’s findings demonstrate significant impacts of collectivism and socialist ideology on the perceptions of pay equity of leaders and employees in SOEs. For leaders, the socialist ideology has driven them to design a socialist compensation system, which aims at providing an equal reward based on seniority and qualifications to everyone. The efforts of SOE management to maintain the reputation of state-owned enterprises sometimes has acted against comprehensive reform in compensation practices toward efficiency and improving performance. For employees, collectivism still strongly affects their thoughts, which leads
them to easily accept the traditional salary system even when they perceive it to be inequitable. These factors silently support the existence of egalitarianism and less transparency in compensation practices among SOEs, thus increasing perceptions of pay inequity. These findings also indicate the parallel effects of the traditional culture, and changes in the employee perceptions of equity have created an insight conflict, between the collective spirit and a wish to be treated equitably based on performance. This situation is silently demotivating employees, as they always keep their performance at the average level, which is similar to others, and also to maintain a cooperative face in the workplace.

**7.3.2 Influences of management structure on perceptions of pay equity**

The qualitative study found that there have been two models co-existing, traditional and modern compensation management, in the SOE cases. As discussed in Chapter 3, traditional management refers to a centralised compensation decision making process and pay determinants being based on seniority and qualifications. Meanwhile, modern compensation management focuses on rewarding employees based on their individual performance, contributions, and efforts to increase the firm’s efficiency.

The qualitative study in Chapter 6 indicated that, under these management structures, compensation practices in SOE cases currently are structured into two parts: the *Luong co ban* (the government-set wage scale) and the *Luong mem* (the company self-designed scale). The *Luong cung* scale is based on traditional criteria, of qualifications and seniority; while the *Luong mem* scale is based on the modern criteria of efficiency and performance. As the findings from Chapter 6 show, such a complex compensation system has been managed by a strong centralisation process in decision making, which was the main cause for employees’ dissatisfaction with their compensation scheme. Moreover, this dual compensation system might assist the employees to easily recognise which one is the more equitable (i.e. the new one).

The qualitative findings in Chapter 6 have demonstrated that the participants in most cases preferred the greater transparency in decision-making processes of modern management. Indeed, the common, centralised management style has made the pay system less transparent, due to almost all compensation decisions having been made by management and rarely explained to the employees. This has led the employees to distrust these decisions,
and in turn created their perceptions of inequity. In contrast, the modern management approach helps employees to see an explicit link between their contributions to jobs and their received compensation. A KPI management method has been applied in three joint stock SOEs (J3, J5, and J6), in which the employees’ salary is clearly paid with reference to their input brought to complete their jobs. Employees were happy with this new approach because they consider this calculation method of salary to be equitable. This finding highlights that employees’ request for a clear communication that well-explained basis for their pay differentials is a core element to make them feel positive about a compensation system.

This finding supports the equity theory by Adams (1965) and compensation theory by Milkovich et al. (2011), confirming that the reason for perceptions of pay inequity is pay differentials not being explained by reference to equitable criteria. Similar to the previous studies, this thesis has found that employees in the cases perceived their payment to be inequitable because they did not understand clearly how their payment had been determined. If the pay is set under secret conditions, the employee will not have clear information about the pay allocation, and thus might have feelings of mistrust and assume that their pay is inequitable. Pay secrecy might cause a break in relationships between pay and performance. Therefore, employees perceive compensation as being unfair if they are unclear about how the pay is derived.

This thesis demonstrates that employees’ perceptions of pay equity are changed under the influences of contextual factors, namely culture, management structure, and leadership competency. In the study of Adams (1965), the perception of pay equity was only investigated in terms of relations between inputs and outcomes of individuals, and did not include environmental factors. This thesis has expanded Adams’s (1965) equity theory by exploring a significant change in employees’ awareness of pay equity under influences of these contextual factors. The study has found that, in the context of Doi moi, equitable compensation refers to earnings the employees receive based on their performance and contribution to work, rather than on equal distribution as under the planned economy. This thesis also contributes to expanding the compensation theory by Milkovich et al. (2011). Apart from confirmation of these authors’ propositions that the differentials between wage levels might cause feelings of inequity if they are not explained by equitable criteria, the present research provides more specific details on such equitable criteria in the context of Vietnam, in which only the performance-based pay creates the perception of pay equity among employees. In addition, outcomes of this thesis indicate that employees’ perceptions
of pay equity are significantly and positively influenced by the fairness of every compensation component, but that the influences are at different levels due to the influences of culture and organisational factors such as ideology, management style, and leadership skill. Moreover, while prior empirical research on compensation fairness suggests that both internal fairness and external fairness of a compensation system are vital to the perception of pay equity, this thesis shows that, in the context of Vietnamese SOEs, the internal fairness of pay structure is more important.

This thesis has affirmed the finding in the literature on compensation that employees evaluate the fairness of a compensation system via both the actual amount of compensation received and also its procedure. This finding has thus contributed to enriching the literature on compensation fairness (see Colquitt 2001; Heneman et al. 1997; Cropanzano & Randall 1993; and Greenberg 1990a). The researchers just cited emphasize that both distribution and compensation procedural fairness are vital to influencing the perception of pay equity and pay satisfaction. This thesis has gone beyond these findings to investigate to a greater depth, finding that unfairness occurring even in one of these two aspects of compensation will result in a perception of pay inequity among employees. This suggested that the company might predict what reasons cause perceptions of pay inequity, to revise their compensation policies and practices in order to eliminate this negative feeling of payment and to motivate employees, as well as to improve the company’s efficiency.

This thesis’ findings also support previous studies conducted by Blackman et al. (2017) and Buick et al. (2015) on the relationship between management structure changes and individual performance. It found that, in the Vietnam context, the reform of SOE management structure greatly impacts the employees’ performance and their opinion about a performance-based pay system. The modern management approach of KPIs has strong influences on individual employees’ performance, in turn improving the overall firm performance. Three SOE cases in the current study which applied the KPIs were the joint stock cases that have changed from the traditional SOE structure of the government owning 100 per cent of the chartered capital, to a new structure of multiple ownership. These cases are shown to have better business performance compared the rest of the cases.
7.3.3 Influences of leadership competency on perceptions of pay equity

Evidence from previous chapters show that, apart from factors such as political purposes, and management belief and norms (which have been discussed above), leadership competency is also a crucial item having influences on particular leaders (or groups of leaders) in making decisions regarding compensation. These decisions, in turn, impact employees’ perceptions of pay equity.

Leadership competency is one of the key criteria for selecting personnel to become leaders in the organisation. In the business environment, leadership competency normally is understood as management skills: that a leader is competent to manage his or her company to achieve the best business outcomes (Draganidis & Mentzas 2006). In the SOE cases, leadership competency appears to be the key factor deciding the success of these firms, since SOE cases apply a centralised management system that places a crucial role of managers in their day-to-day operations. Qualitative findings suggest that the BOD retains the total power to determine the company’s affairs, including compensation. At least two out of the four key components of compensation, namely benefits and relational returns, rely solely on the leader’s decisions. This shows the importance of leaders in terms of providing suitable policies for these components to their workforce. As the result of this centralised and less transparent compensation approach, the leader’s knowledge, management skills and leadership ideology crucially impact the way they decide on the company’s benefits and training and development programs.

However, the qualitative study suggests that management in the SOEs cases are lack of relevant professional knowledge and a modern management skills. Examination of profiles of managers in the case studies indicated that the tertiary qualifications of these managers did not contribute much to their leadership roles nor assist them to have a suitable understanding of their businesses and management of their companies. For example, a general director of L1, a livestock breeding company, had a bachelor’s degree in civil engineering; and among 6 members of the BOD of L3, a printing and publishing company, only 2 managers had degrees in relevant fields. The lack of suitable skills and modern management knowledge were also common among HR leaders in these case studies. The majority of HR managers in the case studies did not have a HRM degree or professional HR training. Many interviewees revealed that they were promoted to be HR specialists from various departments because they were working in the company for a long time and had experience and knowledge of this workforce.
Their lack of understandings of modern HRM might be one of the main reasons for them to make HR policy based on their past experiences or norms that were set out in the previous SOE structure. Evidence from interviews shows that, in many cases, the policy on benefits was objectively decided by the SOEs leaders and was not relevant to employee performance. These findings are consistent with those of studies by Napier (2005), Ren et al. (2014), and Tran et al. (2016), that Vietnamese business leaders are insufficiently prepared to manage their companies in a market economy.

Historically, the requirement for tertiary degrees for leadership positions in SOEs has accompanied the sector’s reform since the mid-1980s. As observed in Chapter 3, faced with strong competition from local private-owned and FDI businesses, SOEs have had to find a new approach to operating in the new market economic system (Zhu et al. 2008; Napier 2005). As a result of these changes, SOE leaders have been required to have tertiary degrees, to gain suitable knowledge to manage the companies (Edwards & Phan 2013). The government has required many SOE leaders who are working full time to take up distance tertiary degrees (Bang dai hoc tai chuc) in any field that the person might study (Ngo 2001). This has led to the situation of many managers holding tertiary degrees in field knowledge unrelated to their current position (Chau 2012). These criteria, in reality, have not been effective in choosing suitable leaders for business management positions (Ngo 2012).

It appears that the chosen SOE leaders have relied mainly on their political positions rather than on their business management capacity (Nguyen 2005). According to manager participants, having a political degree is an essential condition (dieu kien du); while having a tertiary degree is only a fulfilled requirement (dieu kien can) to be a SOE leader. Evidence from the qualitative study suggested that the leadership’s decisions on company business operations were mainly influenced by the government’s political purposes. Review in Chapter 3 shows that, throughout the period of three decades of the compensation reform called Salary-Price-Value of Money Reform (Cai cach gia luong tien 1985), the socialist ideology has been the only philosophy that has been practiced by SOEs’ HR management (Communist Party of Vietnam 2001; Collins 2009). Interviews with manager participants found that they have been continually required to attend Marxist philosophical courses, and to implement this knowledge to manage their companies. All manager participants stated that attending these political courses is compulsory and ongoing for all leaders in the government system, including SOEs. Even though there were some negative comments about a lack of relevance of the contents or there being not much direct relation between the courses and
SOEs’ day-to-day business, participants who were managers agreed that this is the ‘must do’ task for all government leaders to strengthen their socialist principles, to lead the SOE workforce in the right direction. SOE leaders are required to fulfil these political courses not only for maintaining their current positions but also for their internal promotion (Nguyen 2005). The influences of this political training are clearly seen in the leadership’s decisions on company business needing to be in line with the government’s political purposes.

This finding reinforces those of previous studies by Turner et al. (2017) and Edwards and Phan (2013), that the party-political view influences management ideology and in turn impacts the way management makes regulations for their firms. This thesis demonstrates that SOEs are currently operating in a highly politicized environment, and are continuously considered as being the economic force for the government to pursue its socialist orientation. SOEs leaders in the cases appear to rely on the traditional management approach. The findings from qualitative study suggest that the socialist principle in managing the workforce has made SOE leaders feel more comfortable in continuing to manage their companies with an old style. SOE managers are still relying heavily on the socialist principle in making compensation decisions. They are reluctant to recognise individual efforts and performance. This management approach has created a negative feeling among employees. Although, in some cases, employees were happy to receive generous benefits such as extra cash bonuses (Interview S13, 15/09/2015) or receive a company scholarship for study with an external institute (Interview S1, 10/09/2015), they did not see these benefits as being made as part of a company’s sustainable strategy. They felt that these benefits or bonuses were more favours from individual managers toward them. They, therefore, thought that these compensation practices were not equitable. In this sense, the reform of compensation in SOEs can be seen as an unsuccessful one from the employees’ point of view. As stated in Hai and O’Donnell’s (2017) study, a lack of long-term vision and weak management capacity are among key causes of poor performance of an SOE. In this thesis, this was evidenced in the compensation area.

7.4 Summary

The aim of this chapter was to analyse the inter-relationships between compensation components and the employee perceptions of pay equity in the context of Vietnamese SOEs.
The results of this thesis show that, apart from the effects of the four key compensation components, there are a number of important contextual factors that also strongly affect the employee perceptions of pay equity.

Regarding compensation components, salary as monetary benefit better enhances perceptions of pay equity than do other non-monetary compensation components of minimum wage, benefits, and relational returns. These other three components have important roles in terms of affecting employees’ feelings toward their compensation scheme. These four compensation components have inter-relationships, in which, if one component is adjusted to change, this might cause changes in other components, because they are all constrained by the firms’ budget for their labour costs. Within salary determinants, performance-based pay more significantly affects perceptions than do others such as traditional pay determinants of seniority and qualification. Overall, this thesis has emphasised that to improve the perception of pay equity, SOEs need to have more focus on salary, in particular, its structures and determinants and decision-making processes.

This thesis emphasises that the key reason causing the demotivation of employees in the SOE sector originated in a gap between the employees’ perceptions and the firms’ compensation policies and practices. The compensation practices in SOEs have basically followed the traditional compensation systems, which are discrepant from employee expectations of a fair compensation system with modern pay determinants. These findings highlight the need for an unavoidable reform of compensation practices in SOEs toward establishing a transparent compensation system based on performance and contributions. This thesis has provided a broad view of the effects of compensation on the perceptions of pay equity, and also an in-depth understanding of these relationships, to indicate key issues that SOEs need to address to improve the fairness of their compensation models.

This thesis’ findings expand the equity theory proposed by Adams (1965), by including other contextual factors to examine the perception of pay equity. Moreover, the findings also enrich the compensation theory by Milkovich et al. (2011), in presenting a comprehensive view of the effects of all compensation components on perceptions of pay equity, in a specific context of the transformation of Vietnamese SOEs. These are the key theoretical contributions of this thesis to the literature on compensation and pay equity.
CHAPTER: 8 CONCLUSIONS

8.1 Introduction

This chapter focuses on the contributions of the research, and provides suggestions for future studies. The thesis findings have been discussed in the previous chapter, to answer the research questions of how and why compensation components relate to the perception of pay equity in Vietnamese SOEs. This chapter discusses the key contributions of the thesis to both theory and practice. It firstly gives an overview of the thesis, which is then followed by a discussion of the research contributions to the literature on compensation and pay equity and to compensation practices in Vietnamese SOEs. Finally, it presents limitations of the thesis and recommendations for future research.

8.2 Synthesis of the thesis

Compensation and perceptions of pay equity have been of interest to this thesis because of their significant influences on firms’ success. Compensation fairness is believed to be a key factor creating employee satisfaction with their compensation system and motivating them in the workplace (Milkovich et al. 2011). In Vietnamese SOEs, due to the influences of the economic reform since the 1980s, compensation policies and practices have been transformed to adapt to market conditions (Collins 2009). However, it is observed that these companies have been continuously operating inefficiently, even though their transformation began three decades ago. It has been claimed that the compensation system in SOEs has failed to motivate their employees to improve their performance and efficiency. In spite of the critical roles of compensation in the employees’ motivation, there has been scant research on this topic in the Vietnam context, particularly on the SOEs. This thesis, therefore, has been conducted to investigate the relationships between compensation components and the employee perceptions of pay equity in Vietnamese SOEs, and to expand the literature on compensation fairness in term of theoretical perspectives, and of compensation fairness in SOEs during their reform process.
The analysis of the context of Vietnamese SOEs’ compensation reform in Chapter 2 indicated important roles of the social-economic environment in which SOEs operate, for changes of both compensation policies and practices and employees’ perceptions of pay equity. Tran et al. (2016) argues that the transformation of SOEs’ management faces challenges from an integration of management philosophy between socialist ideology and Western ideology. According to Nguyen (2003), socialist ideology focuses on collective harmony while Western management approaches pay most attention on individual performance and reward. These studies propose a need for considering the effects of contextual factors on the relationships between compensation components and perceptions of pay for the investigation.

To obtain the research purposes, from the literature review in Chapter 3 this thesis addressed the research gaps in the literature on the compensation and pay equity. The chapter explained that compensation components have not been investigated comprehensively in relation to the perceptions of pay equity. The two key theories of equity theory and compensation theory were reviewed to provide a theoretical foundation for constructs of compensation components and the perception of pay equity in this thesis. Based on the relevant literature and the two theories, positive relationships between compensation components, of minimum wage, salary, benefit, and relational return, and the perception of pay equity, were developed in Chapter 3. The end of this chapter, a conceptual model to examine research questions, was proposed.

The research design and justification of the triangulated mixed methods used in this thesis were clearly demonstrated in Chapter 4. To understand the relationships between compensation components and the perception of pay equity in the context of SOEs’ transformation in Vietnam, both quantitative and qualitative approaches were employed. The quantitative study examined the measurable relationships between these variables via conducting surveys and multiple regression technique. The qualitative study explored the reasons behind the influences of compensation components and the contextual factors on the perceptions of pay equity via embedded multiple cases design. The triangulated mixed methods provided comparable data and a comprehensive investigation for the research problems, and also increased the validity and reliability of this thesis findings.
The research findings were presented in Chapter 5 and Chapter 6. The quantitative findings in Chapter 5 indicated that all four compensation components, of minimum wage, salary, benefit, and relational return, positively affect the perception of pay equity. Of these components, salary has the strongest effects on the employee perceptions of pay equity. The qualitative findings in Chapter 6 were consistent with the quantitative findings about the relationships between the four compensation components and employee perceptions of pay equity; in which, Chapter 6 demonstrated unique explanations for the causes of these compensation components on the perceptions of pay equity. It was revealed that the salary systems in SOEs are based mainly on traditional pay determinants, of seniority and qualification, which are leveling the employees’ performance and contributions and thus causing their perceptions of pay inequity. In addition, the inconsistency of two minimum wage systems, the regional minimum wage and the general minimum wage, and the unreasonable differences within the regional minimum wage levels, have caused the income gap among the employees. These issues in the minimum wage systems have been found to create negative perceptions of compensation in SOEs. In term of relational returns, the qualitative study indicates that equal opportunities for employees’ career development, such as seeking for further qualifications or improving professional skills, provided by some SOEs, help to create employees’ positive feelings about the companies’ compensation. In contrast, unequal opportunities in career development caused the negative perception of payment. Moreover, the low benefits and insufficient services covered by the compulsory insurances have been found to create employees’ perceptions of pay inequity; while other benefits provided by individual SOEs such as paid holidays have brought positive feelings toward compensation.

In Chapter 6, the unique effects of compensation components on employees’ perceptions of pay equity were found to originate with the involvement of contextual factors, of social norms and socialist ideology, management structure, and leadership competency, in both compensation practices and perceptions of equity in Vietnamese SOEs. The traditional culture of collectivism which respects seniority, education and harmony strongly influences SOEs’ compensation reform at both policy and practice levels. These cultural values have led to maintaining practices of the traditional payment criteria. In addition, the socialist ideology of equal distribution has strongly assisted the existence of the traditional compensation
system among SOEs. These compensation practices have created the perception of pay inequity among employees because they were seen to average the employees’ contributions and efforts, whilst the employees, under the market conditions, have required a fair payment to be based on their performance. Management structure and leadership competency have been found as two other key contextual factors influencing the employee perception of pay equity. In addition, several leadership competencies that have been found to impact the employee perception of pay equity are the ability to create employees’ trust, and capacity to learn and to apply new management knowledge in compensation practices.

To address the significance of this thesis, Chapter 7 discussed the key findings in relation to the literature and relevant theoretical foundations. This thesis is unique because it investigated the comprehensive relationships of key compensation components and the perceptions of pay equity in a context of the SOE reform. This thesis, therefore, was able to discover different results, such as the most important role of salary as a monetary benefit in predicting the employee perceptions of pay equity, or that only the performance-based pay can create the perceptions of pay equity for the SOEs’ employees. This thesis also provided an alternative approach to examining the employees’ perceptions of pay equity that considers both inputs and outcomes of their work and the effects of the contextual factors of social-economic reform on their perceptions of pay.

8.3 Contributions of the thesis

This is the first ever research to provide a holistic view on the impacts of all compensation components on employee perceptions of pay equity in the context of Vietnamese SOEs’ reform, based on both survey and in-depth interview data. This thesis makes several important theoretical contributions to the literature, and also has practical implications for enhancing employee perceptions of pay equity in Vietnamese SOEs to improve both the employees’ performance and the companies’ efficiency.
8.3.1 Theoretical contributions

**Extension of the equity theory by Adams (1965)**

The findings of this thesis expand on the equity theory by Adams (1965) and other empirical research based on this theory, by indicating that employees’ perceptions of pay equity have been driven by contextual factors along with the inputs and outcomes of their works. Adams (1965) states that the employee perceptions of compensation are similar if they have similar inputs and outcomes. However, this thesis indicates that procedures used to determine those inputs and outputs are a vital predictor for the perceptions of pay equity. Many employee interviewees in this thesis expressed their negative perceptions of the payment received as they did not believe the fairness of their companies’ compensation decision-making process.

In addition, the social-economic environments also contribute to changing the perceptions of pay equity. This thesis found that the perceptions of pay equity have been changed during the transformation from a planned to a market economy in Vietnam. Before *Doi moi*, the SOE employee’s perception of pay equity was to see it as an equal distribution to everyone regardless of their performance and effort. The major criteria for equal distribution were seniority and contributions to the war. In the context of *Doi moi*, the SOE employee’s equitable compensation is perceived as being rewards based on their performance and contributions to work. The results of this thesis expand Adams’ equity theory by identifying other factors beyond the employees’ inputs and outputs that significantly affect employee perceptions of pay equity. In addition, the findings indicate that Adam’s Equity theory built on an individualistic social context is still suitable to apply in a transitional economy that HR practices have been strongly impacting by the collectivism. Unlike many previous studies conducted in controlled laboratory experiments, the present research was conducted within the context of a specific economic sector and organizations. Thus, the results of this thesis provide stronger evidence to expand the theory in the work setting, compared to the results of previous, laboratory experiments.
This thesis provides an expansion to previous studies on compensation fairness by suggesting a comprehensive approach to investigating employees’ perceptions about the fairness of a compensation model, in which all compensation components are examined together. As stated in Chapter 2, there has been scant research on relationships between all compensation components and perceptions of pay equity (Werner & Ward 2004; Williams et al. 2006; Jawahar & Stone 2011). This thesis has added to the compensation literature a model investigating the relationships between compensation components and the perception of pay equity in the context of Vietnam. It has created constructs to measure the fairness of compensation components, including minimum wage, salary, benefits, and relational returns. This model provides a new approach to investigating the inter-relationship between compensation fairness and perception of pay equity in the context of an Asian transitional economy.

This thesis extends the compensation literature by its investigation of compensation fairness in the specific context of Vietnamese SOEs. Firstly, it indicates that salary has the strongest effect on the employee perceptions of pay equity. This finding is different to that of the emerging role of non-monetary benefits in perceptions of compensation (Scott et al. 2011; Morrell 2011). This difference has been found to be due to the influences of social-economic environment in Vietnam, which has led the employees to be mainly concerned about their salary received. In addition, this thesis provides more specific details on the equitable salary determinants in the context of the Vietnam economic reform, in which only the performance pay base creates the perception of pay equity among employees. This finding also enriches results of the compensation theory by Milkovich et al. (2011), which states that the differentials between wage levels might cause feelings of inequity if they are not explained by equitable criteria such as performance, seniority, experience, or merit. The findings of this thesis confirm the crucial role of communication between stakeholders contributing to create a feeling of fairness among employees. They require transparency or a clear explanation of the compensation that they receive. However, the thesis also suggests that both seniority-based pay and qualification-based pay applied in Vietnamese SOEs appear not to reflect the employees’ skill, knowledge and performance. This is because seniority, as used for
calculating employees’ salary, is mainly based on individual contributions during the war. The qualifications of employees mostly were not related to their job’s requirements. They therefore did not reflect employees’ competency. These contextual factors cause the different conclusions, on equitable determinants of pay in the Vietnamese SOE compensation systems, compared to the suggestions of Milkovich et al. (2011).

**Contributions to studies on Asian HRM and compensation in Vietnam**

Being the first research on this topic in the Vietnam context, this thesis significantly contributes to the field of knowledge of compensation and its fairness. It argues that employee perceptions of pay equity, compensation components and contextual elements have interrelationships. Results of this thesis show that the context in which the SOE cases studied are operating has strong influences on the compensation practices and, in turn, impacts employee perceptions of pay equity. The contextual factors, including social norms and socialist values, management structure, and leadership competency, significantly influence the way the compensation system was developed and on the employees’ perceptions of pay equity. The socialist ideology has driven SOE managers in designing their compensation schemes at the company level, to ensure that SOEs carry out the government’s socialist principle of equal distribution in the society. The SOEs’ management structure still follows a centralised management that allows the government to maintain their sole power of control over all areas of business decision-making, including compensation schemes. This sole power management approach has caused less transparency in the decision-making processes establishing the compensation schemes, which has constrained the employee voice in this process. Together with socialist norms, the collectivist value has made employees accept the equal distribution rules that have not been based on their performance and effort at work. Both management approach and employees’ accepted behaviours have led to maintaining traditional compensation practices in the SOE sector, which have been found to increase employee perceptions of pay inequity.

As the effects of these contextual factors on both compensation practices and the perceptions of pay equity can be significant, this thesis, finally, includes these three additional factors to develop a model examining the relationships between compensation
components and the perceptions of pay equity in the context of Vietnamese SOEs. Figure 8.1 presents inter-relationships between key factors influencing the perception of pay equity in Vietnamese SOEs, during their transformation process from a planned to a performance-based pay system.

8.3.2 Practical contributions

In addition to the theoretical contributions, this thesis has provided several practical contributions to compensation policies and practice, in order to improve employee perceptions of pay equity.

For policy makers

This thesis demonstrates that several current issues in compensation practice causing perceptions of pay inequity in Vietnamese SOEs have originated in the government compensation policies. The qualitative study indicates that the current minimum wages are very low and are insufficient for employees’ living needs. In order to attract and retain quality personnel, SOEs have to create other types of salary such as business salary and allowances beyond the basic salary, to increase their employees’ incomes. The SOEs usually have not reported these payments to the government. This practice has made the SOEs’ compensation to be more secretive, in which management does not make this clear to employees. Since employees have rarely had the compensation scheme explained, they have assumed these systems to be inequitable. This finding suggests that the government decisions on the minimum wage are, in the main, administrative, and lack a basis of scientific evidence. The government needs to be consistent in using only a single minimum wage which is based on comprehensive research evidence to make sure it adequately meets employees’ basic living needs.
Figure 8.1: Model of inter-relationships between compensation components and the perception of pay equity in Vietnamese SOEs
In doing so, the Vietnamese government should establish the intermediate agencies such as compensation experts and employment relations specialists, to provide consultation for the compensation policy decision-making process. These institutes, therefore, are important to help the issuance of policies to be more reliable and to meet real requirements from the market economy. By conducting research and creating connections between the government, enterprises and academics, they will be able to identify the current issues in compensation policies and practices, to suggest suitable changes for the compensation systems. The government, enterprises and employees benefit from this collaboration, to improve the quality of policy decision and implementation. Thus, policies based on scientific evidence might help to reduce dissatisfaction of employees that originates in unreasonable compensation policies.

The government is able to help SOEs to reduce the pressure to increase salary by improving the social welfare system so as to be sufficient and more convenient for employees. The findings show that employees usually have to pay extra money to health services even though they are covered by the medical insurance, because the services covered under this insurance are insufficient. If the social welfare system is sufficient for employees, they would not be required to spend extra on the health services that already are contributed to by themselves and employers through the social insurance scheme. These actions might significantly improve employee satisfaction with the benefits of compulsory insurance and their salary.

*For SOEs’ management*

Outcomes of this thesis show that SOEs managers need to be aware of the impacts of employee perceptions of pay equity on their company performance and efficiency. They should consider that the fairness of the compensation system is one of the main objectives, to motivate their employees. At present, productivity in SOEs has been lower than other sectors, while their average salary is higher (Tran 2015). Accordingly, their labour cost has increased while productivity has not improved. The thesis findings suggest that applying a strategic HRM in relation to business strategy could help to design an effective compensation scheme to enhance employee perceptions of pay equity, in turn increasing their performance and firm
efficiency. In practice, this thesis suggests some key solutions to improve the employee perceptions of pay equity in SOEs.

Firstly, SOE management should focus on the fairness of the compensation procedure, especially salary procedure. Results of this thesis confirm that employees are more likely to perceive their compensation to be equitable if they see the compensation procedures as being fair. Therefore, practicing managers should increase employee perceptions of compensation procedural fairness by clearly informing them how their compensation is decided and how their salary corresponds to their efforts and performance or contributions. The performance pay base should be a key determinant in calculating salary. The compensation practices should be open and transparent. This is more important than other factors, because this thesis’s findings indicate that employees have negative perceptions of the closed and centralised compensation management in SOEs. They usually assume that this centralisation of compensation decisions is rarely equitable. Besides this, SOE management can encourage employees to be involved in developing systems that allow them to evaluate each other and to have feedback on their performance. These activities can help to strengthen perceptions of equity regarding compensation procedures.

Secondly, adopting an effective communication with employees should be seen as a central approach in SOE management. The qualitative study presents that managers in SOE cases have not been aware of the vital role of communication with their employees. This poor awareness of communication has significantly contributed to perceptions of inequity. SOEs need to establish an open communication channel with their employees, in which the managers inform employees about compensation issues such as changes in business strategies that cause revisions of compensation practices or the compensation policies. A frequent communication with employees will improve their performance. Simultaneously, this would allow employees to give their feedback and comments on the compensation, which would assist managers in understanding the employees’ needs. Based on this information, the management could adjust compensation practices to better fit employee expectations where possible, helping to increase positive perceptions of the pay system.

Thirdly, this thesis finds that increasing interpersonal trust in leaders is a vital factor in improving employee perceptions of pay equity, in the context of centralised management in Vietnamese SOEs. The leader can significantly influence employees’ feelings by providing
them with support and care. More importantly, leaders need to ensure that their directions and decisions are consistent, unbiased, and ethical, to create trust for the employees. On top of the formulation of employee perceptions of pay equity, leaders should ensure that they are always being seen as fair leaders by their employees.

### 8.4 Limitations and future research

While this thesis has made several contributions to the relevant literature and practice, it has some limitations. Owning to the time and resource limitation of a PhD research, the data for this thesis were collected in the two largest cities in Vietnam, Hanoi and Ho Chi Minh City, where most of the SOEs are located. It aims to represent the general situation. However, future research should be designed to investigate the research problem in other regions of Vietnam, which might have a smaller number of SOEs, to see how the differences between social and economic contexts of these urban and rural regions would impact on the study’s results.

In addition, the scope of this thesis was to focus on the state-owned enterprise sector, which still has strong government controls. This thesis’s outcomes are limited in explaining other types of firms in private sectors such as local private-owned or FDI companies. It is recommended that future research should expand to research into private sectors to investigate how the differences in ownership types would influence the management decisions in compensation and the level of adoption of new models of pay, and how these would impact on employee perceptions of pay equity.

### 8.5 Concluding remarks

This thesis has significant contributions to the literature on relationships between compensation and perceptions of pay equity in a transitional economy. It has brought all compensation components and contextual factors into a model to investigate their effects on the perception of pay equity. This model is a compromise of both compensation theory and equity theory, to examine the practical issue of pay equity in Vietnamese SOEs. It helps to expand equity theory in terms of exploring the influences of contextual factors on the
perception of pay equity. It also enriches compensation theory by investigating comprehensive effects of all compensation components from the perspective of pay equity, which has been a gap in recent studies on compensation issues.

The main focus of this thesis was to investigate features of a compensation system enhancing employees’ equity perceptions in Vietnamese SOEs, based on the dual theoretical foundation of compensation theory and equity theory. It is acknowledged here that, to design a suitable compensation model aiming at equity, SOEs have to consider influences of contextual factors beyond compensation components, because these all contribute to impacting their employees’ perceptions. The marketization process in Vietnam has brought major changes in the government policies, especially in terms of SOE management. The government has been trying to establish a legal framework to ensure fair competition for all types of enterprises. This means that SOEs will gradually lose their monopolistic advantage, and operate under the conditions of competition with other enterprises in other sectors, following market rules. This is an unavoidable trend that all SOEs have been facing. Improving performance and efficiency is most important to them to exist in such a competitive market. This thesis has found that Vietnamese SOEs need to be concerned to create positive feelings for employees about their compensation practices, in order to improve performance and efficiency. This thesis argues that paying more attention to the fairness of salary and its procedures will positively influence employee perceptions of compensation, and then improve their performance. SOEs also should learn and adopt modern management methods, especially in compensation, to improve fairness in their decision-making processes, as employee perceptions of equity have changed toward the modern ideology of distribution and management.
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GSO (2017c). *Gross domestic product at current prices by types of ownership*.  


### QUESTIONNAIRE SURVEY

**Please circle the one number for each question that comes closest to reflecting your opinion about it.**

*Thanks for your participant to answer this survey!*

<table>
<thead>
<tr>
<th>Perception of pay equity</th>
<th>Very satisfied</th>
<th>Satisfied</th>
<th>Neutral</th>
<th>Dissatisfied</th>
<th>Very dissatisfied</th>
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<td>1. The differences among levels in your company’s pay structure</td>
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<td>Neutral</td>
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<td>6. The current regional minimum wage</td>
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<td>Neutral</td>
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<td>Dissatisfied</td>
<td>Very dissatisfied</td>
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<td>4. The general benefits of social insurance</td>
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<td>7. The general benefits of medical insurance</td>
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<td>8. The medical insurance benefits you have received</td>
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<td>How long have you been working for this company? Years…… Months……</td>
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# BẢNG KHẢO SÁT

**XIN HÃY KHOANH TRtraîN MÔT LƯA CHỌN GANNHAT Vectl Y KIỂN CỦA ÔNG/BÀ TRONG NĂM PHƯƠNG ÂN**

*Cảm ơn ông/bà đã dành thời gian trả lời bảng khảo sát!*

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APPENDIX 2

INTERVIEW QUESTIONS

For employees

COMPANY BACKGROUND

1. Company structure
   Type of firm: Joint-Stock Company [ ] Limited Liability Company [ ]
   Industry the firm belongs to:
   Age of firm:
   Major product(s):

2. Interviewee information:
   Date of interview:
   Type of labour contract: Unidentified time labour contract
   Long-term labour contract
   Short-term labour contract
   None-labour contract/ Verbal –agreement:
   Position:
   Workers Technical personnel
   Managerial staff Administrative staff Other
   How long have you worked for this company?
   Highest qualification:

3. Organisational changes
   Have any of the following occurred in last two years?
   - Introduction of major new products?
   - Introduction of major new equipment?
   - Company restructuring?
   - Major changes in work practices?
   - Significant changes in senior management?
   Were these changes discussed with the employees prior to their introduction?
   What are reasons for these changes?
COMPENSATION PRACTICES AND EMPLOYEE SALARY AND BENEFITS

Minimum wage:

1. Do you know the aims of the minimum wage policy issued by the government? Are there any effects of the policy to your income and others’ income? Why?

2. Are there any changes in your company wage structure after an increase in general minimum wage increase in the last year and regional minimum wage early this year?

3. Are you informed these changes? If yes, who did inform you?

4. Are you satisfied with changes in the minimum wage? And why?

Salary

5. How many wage groups are in your company? Are you satisfied with the differences among these groups? Why?

6. How did the company set the basic salary (collective bargaining, management decision, individual bargaining, and government direction)?

7. How did the company set the business salary?
   - The nature of the job?
   - Experience/qualifications?
   - Agreed performance?
   - Individual performance?
   - Group performance?

8. What changes does your company have in terms of wages in last two years? And why?
   - Designed new system;
   - Changes in number of wage scales
   - Changes in levels of wage.

9. How have these changes affected your income?

10. How is your month’s salary made up? Basic wage…….% of total pay
    Age payment…….% of total pay
    Seniority payment…..% of total pay
    Allowances……….% of total pay
    Bonuses…………% of total pay
    Other payments……….% of total pay

11. How did you get involved in discussing your salary?
    Direct discussion []  Be informed []  Collective bargain []  Other []

12. How do you upgrade your wage grade?

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- improve education
- improve skill
- improve experience (years of working)
- improve performance
- get higher positions
- others

13. Are there any changes in policies of upgrade wage grade for employees in the last two years? If yes, why?

14. How do these changes influence your income?

15. Are you satisfied with the process of wage establishment in your company? Why?

16. Are you satisfied with your salary in this company? Why?
   - Process of making decisions on salary.
   - Your own salary (level of wage, amount of money received).

**Bonuses and Allowances**

17. What kind of bonuses does your firm still pay?
   - Annual/Year End Bonus
   - Incentive Bonus

18. How does the firm pay bonuses to the employees?
   - Individual performance
   - Group performance
   - Others...

19. What kind of bonuses do you receive? Why?

20. What are changes in bonus policies of the company in the last two years? And why?
   - Award assessment.
   - Types of bonuses
   - Amount of bonuses
   - Payment method /or payment calculation

21. How have these changes affected your income and others’ incomes?

22. Are you satisfied with bonuses provided by this company? And why?

23. What kinds of allowances did the firm provide to the employees?
   - Travel allowance
   - Subsistence allowance
   - Cost of living allowance
   - Housing allowance
   - Education allowance
   - Holiday fee
   - Other.

24. Were allowances the same for all employees?

25. Were there any conditions to get these allowances?

26. What were changes in allowances in last two years?

27. How do these changes affect your income and others’ incomes?

**Benefits**
28. Do you have any problems when receiving insurance benefits (including social insurance, health insurance, and unemployment insurance)?
29. Have you ever claimed these insurance benefits? If yes: have you faced any difficulties to claim these benefits?
30. How did your company contribute to the three types of insurance fees?
   - How much percentage of total fees does the company contribute to?
   - Fees of insurance based on the basic salary or total income of an employee?
31. What were changes of company’s benefits in the last two years?
32. How did the changes impact on your benefits and others’ benefits? Why?
33. Are you satisfied with social benefits when working here? Why?
34. Is your company having other kind of benefits? If yes: what are your opinions of their fairness?

Relational returns/Career advancement

35. Does the company have policies on career advancement for employees? If yes, what are they?
   - training policy in this company
   - training opportunities in this company
   - promotion policies in this company
   - Others…
36. What were the changes of career advancement in the last two years? Why?
37. Does the company have equal policies on career advancement for employees?
38. Are you satisfied with your career advancement opportunities in this company? Why?

Collective Labour Agreement and Role of Trade Union

39. Does the company have a collective labour agreement? If yes, how was it produced?
40. Are there any contents of compensation covered by the Collective Labour Agreement? What are they?
41. How does the Trade Union involve in producing the Collective Labour Agreement?
42. Has there been a compensation dispute in the last five years? If yes, explain the nature of the dispute and how it was resolved?
43. How is the Trade Union involved in solving the compensation disputes in the company?
CÂU HỎI PHÔNG VÁN

Dành cho nhân viên

THÔNG TIN VỀ CÔNG TY

4. Loại hình công ty
Phân loại công ty: Công ty cơ phần nhà nước [] Công ty TNHH nhà nước []
Lĩnh vực hoạt động:
Thời gian hoạt động:
Các sản phẩm, dịch vụ chủ yếu:

5. Thông tin người tham gia phòng văn
Ngày phòng văn:
Loại hợp đồng lao động được ký:

- Hợp đồng không thời hạn……
- Hợp đồng dài hạn……
- Hợp đồng ngắn hạn……
Không có hợp đồng lao động/ Hợp đồng miệng: 

Vị trí công việc:……. Công nhân… Công nhân kỹ thuật…
Lao động quản lý… Hành chính văn phòng… Khác…

Thời gian làm việc tại công ty?
Bảng cấp cao nhất:

6. Những thay đổi trong công ty
Có những thay đổi nào dưới đây đã diễn ra tại công ty anh/chị?
- Giới thiệu sản phẩm mới?
- Giới thiệu kỹ thuật sản xuất mới?
- Tái cấu trúc lại công ty?
- Thay đổi trong công việc?
- Những thay đổi lớn về các vị trí lãnh đạo chủ chốt?
Những thay đổi này có được thảo luận với người lao động trước khi được quyết định không?
Lý do của những thay đổi trên?

THỰC HÀNH LƯƠNG THƯỞNG TẠI DOANH NGHIỆP VA LƯƠNG THƯỞNG, PHỤC LỘI NHÂN DỤC CỦA NGƯỜI LAO ĐỘNG
Lương tối thiểu

1. Anh chị có hiểu về mục đích của chính sách tiền lương tối thiểu không? Tiền lương tối thiểu hiện nay có ảnh hưởng gì tới thu nhập của anh chị không? Tại sao?
2. Việc tăng tiền lương tối thiểu thời gian qua có ảnh hưởng gì đến cơ cấu tiền lương của anh chị không?
3. Anh chị có được thông báo và giải thích về việc tăng tiền lương tối thiểu không? Nếu có thì cách thông báo là gì?
4. Anh chị có hài lòng với những thay đổi về tiền lương tối thiểu vừa qua không? Tại sao?

Tiền lương

5. Có bao nhiêu nhóm lương trong công ty anh chị hiện nay? Anh chị có hài lòng với những chỉnh lệch về tiền lương giữa các nhóm hay không? Tại sao?
6. Lương cơ bản trong công ty được xây dựng dựa trên căn cứ nào? (Thỏa thuận tập thể, quyết định của người quản lý, thỏa thuận cá nhân, hay hưởng dặn của nhà nước?)
7. Lương kinh doanh (lương sản phẩm) được doanh nghiệp xây dựng như thế nào?
   - Đặc điểm công việc?
   - Kinh nghiệm làm việc hoặc Bằng cấp?
   - Định mức lao động?
   - Kết quả công việc của cá nhân?
   - Kết quả công việc của nhóm?
8. Có những thay đổi gì về tiền lương trong công ty trong vòng hai năm trở lại đây không? Nếu có thì tại sao?
   - Xây dựng hệ thống lương mới;
   - Thay đổi số thang bậc lương;
   - Thay đổi mức tiền lương.
9. Những thay đổi này có ảnh hưởng gì đến thu nhập của anh chị?
10. Tiền lương của anh chị bao gồm những khoản nào?
    Lương cơ bản……..% tổng tiền lương
    Lương kinh doanh…..% tổng tiền lương
    Lương thâm niên…..% tổng tiền lương
    Phụ cấp…..% tổng tiền lương
    Tiết kiệm…..% tổng tiền lương
    Các khoản khác…..% tổng tiền lương
11. Anh chị tham gia vào thỏa thuận tiền lương của mình như thế nào?

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Trực tiếp thảo luận [] Được thông báo [] Qua thỏa thuận tập thể [] Khác[]
12. Bằng cách nào để anh chị có thể được tăng lương?
   - Học nghề có bằng cấp cao hơn
   - Nâng cao kỹ năng làm việc
   - Nâng cao kinh nghiệm làm việc bằng số năm kinh nghiệm
   - Nâng cao hiểu quả công việc
   - Thăng chức
   - Lý do khác
13. Có thay đổi gì về chính sách tăng lương tại công ty trong hai năm gần đây? Nếu có thì tại sao?
14. Những thay đổi này ảnh hưởng như thế nào đến thu nhập của anh chị?
15. Anh chị có hài lòng với việc xay dựng lương của doanh nghiệp? Tại sao?
16. Anh chị có hài lòng với tiền lương của mình không? Tại sao?
   - Vẽ quá trình ra quyết định lương.
   - Vẽ mức lương nhận được.

Tiền thưởng và trợ cấp các loại
17. Công ty hiện nay có những loại tiền thưởng nào?
   [] Thưởng cuối năm  [] Thưởng theo năng suất
18. Công ty tính tiền thưởng dựa vào căn cứ nào?
   [] Hiệu suất làm việc cá nhân  [] Hiệu suất làm việc tập thể  [] Khác....
19. Anh chị nhận được các loại tiền thưởng nào? Tại sao?
20. Có thay đổi gì về chính sách tiền thưởng của công ty trong hai năm gần đây? Tại sao?
   - Cách đánh giá tính tiền thưởng
   - Loại tiền thưởng
   - Sổ tiền thưởng
   - Cơ sở tính tiền thưởng
21. Những thay đổi này ảnh hưởng như thế nào đến thu nhập của anh chị?
22. Anh chị có hài lòng với chính sách tiền thưởng của công ty? Tại sao?
23. Có những loại trợ cấp nào trong công ty của anh chị?
   [] Trợ cấp di lại  [] Trợ cấp gia [] Hỗ trợ nhà ở
   [] Hỗ trợ tiền học [] Trợ cấp chi phí cho các kỳ nghỉ  [] Khác
24. Những khoản trợ cấp này có như nhau cho tất cả mọi người không?
25. Có cần điều kiện gì để nhận được những khoản trợ cấp này?
26. Có những thay đổi gì về chính sách trợ cấp của công ty trong hai năm gần đây? Tại sao?

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27. Những thay đổi này có ảnh hưởng gì đến thu nhập của anh chị?

Phúc lợi

28. Anh chị nghĩ thế nào về quyền lợi mà các loại hình bảo hiểm bắt buộc (Bảo hiểm xã hội, Bảo hiểm y tế, Bảo hiểm thất nghiệp) sẽ chi trả cho người tham gia bảo hiểm?
29. Anh chị đã bao giờ nhận các loại icios từ các loại bảo hiểm này chưa? Nếu có; Anh chị có gặp khó khăn gì trong quá trình thu hướng các quyền lợi này không?
30. Anh chị có ý kiến gì về phí chi phí công ty trả cho các loại bảo hiểm này không?
   - Về tỷ lệ phần trăm đóng góp của công ty?
   - Về cơ sở tiền lương tính phí các loại bảo hiểm?
31. Có những thay đổi gì về chính sách bảo hiểm trong hai năm trở lại đây?
32. Những thay đổi này có ảnh hưởng gì tới quyền lợi của anh chị?
33. Anh chị có hài lòng với những loại bảo hiểm này không? Tại?
34. Công ty có chính sách phúc lợi gì khác không? Nếu có: Ý kiến của anh chị về tính công bằng của những loại phúc lợi này?

Phát triển nghề nghiệp

35. Công ty anh chị có chính sách riêng về phát triển nghề nghiệp cho nhân viên? Nếu có thì là những chính sách gì?
   - Chính sách đào tạo nâng cao tay nghề
   - Chính sách về cơ hội được nhân đầu tạo tay nghề tại công ty
   - Chính sách thăng tiến trong công việc
   - Chính sách khác…

36. Có những thay đổi gì về chính sách phát triển nghề nghiệp của công ty trong hai năm trở lại đây? Nếu có, tại sao có những thay đổi này?
37. Cơ hội phát triển nghề nghiệp có như nhau cho mọi người không?
38. Anh chị có hài lòng với cơ hội phát triển nghề nghiệp của mình tại công ty không? Tại sao?

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39. Công ty có thể bước lao động tập thể không? Nếu có, thể bước này được xây dựng như thế nào?
40. Có nội dung nào về chính sách lương thưởng được đề cập đến trong thể bước này không? Nếu có, những nội dung này là gì?
41. Vai trò của công đoàn cơ sở trong việc xây thể bước lao động tập thể?
42. Anh chị có thấy bất kỳ xung đột nào liên quan đến tiền lương và tiền thưởng tại công ty trong vòng hai năm trở lại đây? Nếu có, anh chị có biết nguyên nhân của những xung đột này không?
43. Sự tham gia của công đoàn cơ sở đối với những xung đột này như thế nào?
APPENDIX 3

INTERVIEW QUESTIONS

For Managers

INTERVIEWEE INFORMATION
Date of interview:
Position:
Length holding the position:
Highest qualification:

COMPANY BACKGROUND

1. Company structure
Type of firm: Joint-Stock company [] Ltd. Liability company []
Industry the firm belongs to:
Age of firm:
Major product(s):
Major factor for success of firm: price/quality/other

2. Employee Profile:
Number of employees: Unidentified time labour contract:
Long-term labour contract:
Short-term labour contract:
None-labour contract/ Verbal agreement:
Percentage of women employed:
Is there any shortage of skill workers? And why?
Number of shifts per day:
Normal working hours per week:

3. Organisational changes
Have any of the following occurred in last two years? What are reasons for these changes?
- Introduction of major new products?
- Introduction of major new equipment?
- Company restructuring?
- Major changes in work practices?
- Significant changes in senior management?
Were these changes discussed with the employees prior to their introduction?
What changes do you plan to make in the future?
- Work organisation
- Recruitment methods
- Managerial roles
- Wage system
- Training
- Employee participation schemes

COMPENSATION PRACTICES AND EMPLOYEE SALARY AND BENEFITS

Minimum wage:
1. How does your company participate in decision making of the changes in minimum wage policies?
2. How do you think about the minimum wages set out by government? Is it useful for your company in terms of calculating wages for employees?
3. How do the minimum wage policies influence your firm performance?
   Raising cost [] improve productivities [] Reduce employment [] Other []
4. Are there any changes in your company wage structure after an increase in general minimum wage in the last year and regional minimum wage early this year?

Salary
5. What are strategies/objectives when establishing a compensation system in your company?
   - Efficiency
   - Compliance
   - Ethics
   - External equity
   - Internal equity
6. How does the company let employees participate in setting their salary?
7. What are criteria used to decide a level of salary of employees? Methods of appraisal?
8. How many employment wage groups are in the company?
9. How the company clarify these wage groups?
10. Major differences between basic salary and business salary in your company?
11. How does an employee upgrade her/his wage grade?
   - improve education
   - improve skill
   - seniority (years of working)
   - improve performance
12. What is the process for making the basic salary and business salary in your company? (Collective bargaining, management decision, individual bargaining, market analysis, and government direction)

13. What changes does your company have in terms of wages in the last two years? And why?
   - Designed new system;
   - Changes in number of wage scales
   - Changes in levels of wage.
   - Policies of upgrade wage level for employees
   - Others

14. How do these changes influence employee incomes?

**Bonuses and Allowances**

15. What kind of bonuses does your firm currently pay to employees?
   - [ ] Annual/Year End Bonus
   - [ ] Incentive Bonus

16. How does the firm pay bonuses to employees?
   - [ ] Individual performance
   - [ ] Group performance
   - [ ] Others

17. What are the changes in bonus policies of the company in the last two years? why?
   - Award assessment.
   - Types of bonuses
   - Amount of bonuses
   - Payment method/or payment calculation
   - Others

18. How do these changes influence employee incomes?

19. What kinds of allowances does the firm provide to employees?
   - [ ] Travel allowance
   - [ ] Subsistence allowance
   - [ ] Cost of living allowance
   - [ ] Housing allowance
   - [ ] Education allowance
   - [ ] Paid holiday
   - [ ] Other...

20. Were allowances the same for all employees?

21. Were there any conditions to get these allowances?

22. How did the company pay for these benefits?
   - [ ] Firm’s Funds
   - [ ] Ask for Government support
   - [ ] Others

23. What were changes in allowances in last two years?

24. How do these changes affect employee incomes?

**Benefits**
25. Do you have any problems when implementing insurance laws (including social insurance, health insurance, and unemployment insurance)?
26. How does your company contribute to the three types of insurance fees?
   - How much percentage of total fees does the company contribute to?
   - Fees of insurance based on the basic salary or total income of an employee?
27. What were changes of social security in the last two years?
28. How did the changes impact on employee benefits?

**Relational returns/Career advancement**

29. Does the company have policies on career advancement for employees? If yes, what are they?
   - training policy in this company
   - training opportunities in this company
   - promotion policies in this company
30. What were the changes of career advancement in the last two years? And why?
31. Does the company have equal policies on career advancement for employees?

**Collective Labour Agreement and Role of Trade Union**

32. Does the company have a collective labour agreement? If yes, how was it produced?
33. Are there any contents of compensation covered by the Collective Labour Agreement? What are they?
34. Has there been a compensation dispute in the last five years? If yes, explain the nature of the dispute and how it was resolved?
35. How is the Trade Union involved in solving the compensation disputes in the company?
CÂU HỎI PHÔNG VÂN

Dành cho các nhà quản lý tại doanh nghiệp

THÔNG TIN NGƯỜI THAM GIA PHÔNG VÂN
Ngày phỏng vấn:
Vị trí trong công ty:
Thời gian làm việc tại vị trí công việc hiện tại:
Bảng cấp cao nhất:

THÔNG TIN VỀ CÔNG TY
1. Tổ chức của công ty
Loại hình công ty: Công ty cổ phần nhà nước []  Công ty TNHH nhà nước []
Lĩnh vực hoạt động:
Thời gian hoạt động:
Các sản phẩm và dịch vụ chủ yếu:
Những yếu tố quyết định đến thành công của công ty: ......giá cả/chất lượng/khác…

2. Thông tin về lao động của công ty:
Tổng số lao động:…….Trong đó    Hợp đồng không thời hạn .......
    Hợp đồng dài hạn ........
    Hợp đồng ngắn hạn ........
    Không có hợp đồng lao động/ Hợp đồng miệng: ....

Tỷ lệ lao động nữ…….%
Có bất kỳ sự khan hiếm lao động nào mà doanh nghiệp phải đối mặt không? Tại sao?
Số ca làm việc trong một ngày…….
Trung bình số giờ làm việc/ một người lao động/ tuần…….

3. Những thay đổi chính trong công ty
Công ty có những thay đổi chính gì trong hai năm gần đây không? Lý do của những thay đổi này là gì?
- Giới thiệu sản phẩm mới?
- Giới thiệu kỹ thuật sản xuất mới?
- Tái cấu trúc lại công ty?
- Thay đổi trong công việc?
- Những thay đổi lớn về các vị trí lãnh đạo chủ chốt?
Những thay đổi này có được thảo luận với người lao động trước khi được quyết định không?

Công ty có những kế hoạch thay đổi gì trong thời gian tới không? Tại sao?
- Tổ chức công việc
- Phương pháp tuyển dụng
- Công tác quản trị
- Hệ thống lương
- Đào tạo
- Sự tham gia của người lao động vào các hoạt động của doanh nghiệp

THỰC HÀNH LƯƠNG THƯỞNG TẠI DOANH NGHIỆP VÀ LƯƠNG THƯỞNG, PHỨC LỢI NHÂN ĐƯỢC CỦA NGƯỜI LAO ĐỘNG

Tiền lương tối thiểu:
1. Công ty anh/chị tham gia như thế nào vào những thay đổi trong chính sách lương tối thiểu của nhà nước?
2. Ý kiến của anh/chị về các mức lương tối thiểu hiện nay? Chúng có hữu ích trong việc tính lương cho người lao động tại công ty anh/chị không?
3. Chính sách lương tối thiểu hiện nay ảnh hưởng như thế nào đến hiệu suất của công ty?
   - Tăng chi phí [] Cải thiện năng suất lao động [] Giảm số lao động [] Khác []
4. Có những thay đổi gì về cấu trúc lương tại công ty khi tiền lương tối thiểu chung tăng lên?

Tiền lương
5. Chiến lược của việc xây dựng hệ thống lương thưởng và phúc lợi của công ty là gì?
   - Hiệu quả
   - Tuần thứ pháp luật
   - Văn đề đạo đức
   - Công bằng so với thị trường lao động
   - Trả lương công bằng trong doanh nghiệp
6. Công ty để người lao động tham gia vào quá trình quyết định lương, thưởng như thế nào?
7. Những tiêu chí nào được sử dụng để quyết định mức lương của người lao động? Phương pháp đánh giá hiệu quả lao động là gì?
8. Có bao nhiêu nhóm lương khác nhau trong doanh nghiệp?
9. Công ty phân loại các nhóm lương này như thế nào?
10. Sự khác nhau cơ bản giữa lương cơ bản và lương kinh doanh tại công ty?
11. Làm thế nào để người lao động tại công ty được tăng lương?
   - Học để có bằng cấp cao hơn
   - Nâng cao kỹ năng làm việc

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- Năng cao kinh nghiệm làm việc bằng số năm kinh nghiệm
- Năng cao hiệu quả công việc
- Thăng chức
- Lý do khác

12. Anh/chị có thể mô tả cơ sở để ra quyết định lương cơ bản và lương kinh doanh của công ty?
(Thỏa thuận tập thể, quyết định quản lý đơn thuẩn, thỏa thuận với cá nhân người lao động, dựa vào phân tích thị trường, hoặc sự hướng dẫn của nhà nước)

13. Đã có những thay đổi gì về chính sách tiền lương của công ty trong hai năm vừa qua? Tại sao?
- Thiết kế hệ thống lương mới;
- Thay đổi số thang lương, bằng lương;
- Thay đổi mức tiền lương.
- Thay đổi điều kiện tăng lương
- Những thay đổi khác

14. Những thay đổi này ảnh hưởng như thế nào đến thu nhập của người lao động?

**Tiền thưởng và trợ cấp**

15. Có những loại tiền thưởng nào tại công ty anh/ chị hiện nay?
   - [ ] Thưởng cuối năm
   - [ ] Thưởng theo năng suất

16. Công ty tính tiền thưởng dựa vào căn cứ nào?
   - [ ] Hiệu suất làm việc cá nhân
   - [ ] Hiệu suất làm việc tập thể
   - [ ] Khác...

17. Có thay đổi gì về chính sách thưởng của công ty trong hai năm gần đây? Tại sao?
   - Cách đánh giá tính tiền thưởng
   - Loại tiền thưởng
   - Số tiền thưởng
   - Cơ sở tính tiền thưởng

18. Những thay đổi này ảnh hưởng như thế nào đến thu nhập của anh chị?
19. Có những loại trợ cấp nào trong công ty của anh chị?
   - [ ] Trợ cấp di lại
   - [ ] Trợ cấp giả
   - [ ] Hỗ trợ nhà ở
   - [ ] Hỗ trợ tiền học
   - [ ] Trợ cấp chi phí cho các kỳ nghỉ
   - [ ] Khác

20. Những khoản trợ cấp này có như nhau cho tất cả mọi người không?
21. Có cần điều kiện gì để nhận được những khoản trợ cấp này?
22. Nguyên tiền để chi trả cho các khoản trợ cấp này?
   - [ ] Quỹ của công ty
   - [ ] Xin hỗ trợ từ chính phủ
   - [ ] Nguồn khác

23. Có những thay đổi gì về chính sách trợ cấp của công ty trong hai năm gần đây? Tại sao?
24. Những thay đổi này có ảnh hưởng gì đến thu nhập của người lao động?

Phúc lợi

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25. Công ty có gặp những khó khăn gì khi thực hiện các chính sách về bảo hiểm bắt buộc cho người lao động (Bảo hiểm xã hội, Bảo hiểm y tế, Bảo hiểm thất nghiệp)?
26. Công ty tham gia chi trả các loại phí bảo hiểm này như thế nào?
- Tỷ lệ đóng góp phí bảo hiểm?
- Cẩn cứ để tính phí bảo hiểm?
27. Có những thay đổi nào về phúc lợi của công ty trong hai năm trở lại đây? Tại sao?
28. Những thay đổi này ảnh hưởng như thế nào đến quyền lợi của người lao động?

Phát triển nghề nghiệp
29. Công ty anh chị có chính sách riêng về phát triển nghề nghiệp cho nhân viên? Nếu có thì là những chính sách gì?
   - Chính sách đào tạo nâng cao tay nghề
   - Chính sách về cơ hội được nhận đào tạo tay nghề tại công ty
   - Chính sách thăng tiến trong công việc
   - Chính sách khác…
30. Có những thay đổi gì về chính sách phát triển nghề nghiệp của công ty trong hai năm trở lại đây? Nếu có, tại sao có những thay đổi này?
31. Cơ hội phát triển nghề nghiệp có như nhau cho mọi người không?

Thỏa ước lao động tap thể và vai trò của Công đoàn cơ sở
32. Công ty có thỏa ước lao động tap thể không? Nếu có, thỏa ước này được xây dựng như thế nào?
33. Có nội dung nào về chính sách lương thưởng được đề cập đến trong thỏa ước này không? Nếu có, những nội dung này là gì?
34. Vai trò của công đoàn cơ sở trong việc xây thỏa ước lao động tập thể?
35. Anh chị có thấy bất kỳ xung đột nào liên quan đến tiền lương và tiền thưởng tại công ty trong vòng hai năm trở lại đây? Nếu có, anh chị có biết nguyên nhân của những xung đột này không?
36. Sự tham gia của công đoàn cơ sở đối với những xung đột này như thế nào?
APPENDIX 4

INTERVIEW QUESTIONS

For Policy Makers and Researchers

GENERAL INFORMATION:

Name of institution: 
Position: 
Length in the position: 
Date of interview: 

GOVERNMENT POLICIES ON COMPENSATION:

1. What are the most important compensation policies changed since Doi Moi? How and why have these changes happened?
2. What do you think about the purposes and real effects of the current minimum wage policies for SOEs’ compensation practices?
3. What do you think about the purposes and real effects of the current minimum wage policies for employees’ compensation received?
4. What are your opinions on the processes by which the minimum wages were decided?
5. How does the process of restructuring SOEs influence compensation practices and employee incomes in these companies?
6. Currently, are there any differences of compensation policies between Joint Stock Companies where the government owns more than 50% of capital and Limited Liability Companies? If yes, what are they? Why?
7. What are key challenges in managing compensation in these two company types?
8. Has the Government received feedback from these two types of SOE when they implemented the new compensation policy? If yes, what are they? How does the Government respond to these comments?
9. How have changes in compensation policy affected employee incomes in SOEs?
10. Are there any policies to protect workers from dismissal, or exploitation during SOEs’ transformation?
11. What are your opinions about salary and efficiency in SOEs compared to these in other sectors?
12. What are the policies to attract and retain employees in SOEs? Are there any supports from government policies?
CÂU HỎI PHÔNG VÁN

Dành cho cán bộ quản lý nhà nước và các chuyên gia

THÔNG TIN CHUNG:

Cơ quan công tác: 
Thời gian làm việc tại vị trí này:
Vị trí công việc: 
Ngày phỏng vấn:

CHÍNH SÁCH NHÀ NƯỚC VỀ LƯƠNG THƯỞNG:

1. Những thay đổi quan trọng trong chính sách lương thưởng của nhà nước từ khi Đổi mới bắt đầu? Những thay đổi này diễn ra như thế nào và tại sao?

2. Ý kiến của ông/bà về mức dịch và tác động thực sự của chính sách tiền lương tối thiểu đến hoạt động trả lương thưởng và phúc lợi tại các doanh nghiệp nhà nước?

3. Ý kiến của ông/bà về sự ảnh hưởng của chính sách lương tối thiểu đến lương thưởng và phúc lợi người lao động được hưởng?

4. Ý kiến của ông/bà về quá trình ra chính sách về tiền lương tối thiểu?

5. Những thay đổi trong quá trình tái cấu trúc DNHN ảnh hưởng như thế nào đến chính sách lương thưởng và quyền lợi của người lao động trong các doanh nghiệp này?

6. Hiện nay có sự khác nhau nào về chính sách lương thưởng giữa công ty TNHH nhà nước và công ty có phần nhà nước chi phí không? Những sự khác biệt đó là gì và tại sao?

7. Những thách thức đối với công tác quản lý nhà nước về lương thưởng đối với hai loại hình công ty này?

8. Chính phủ có nhận được những ý kiến phản hồi từ doanh nghiệp về các vấn đề này sinh trong quá trình thực hiện chính sách lương thưởng của nhà nước tại doanh nghiệp không? Nếu có thì đó là những phản hồi gì? Chính phủ xử lý như thế nào với những thông tin phản hồi đó?

9. Những thay đổi trong chính sách lương thưởng của nhà nước ảnh hưởng thế nào đến thu nhập và lợi ích của người lao động trong DNHN?

10. Chính phủ có chính sách gì để bảo vệ người lao động khỏi các rủi ro về việc làm và thu nhập trong quá trình tái cấu trúc các DNHN?

11. Ý kiến của ông/bà về hiệu quả của các DNHN và thu nhập và quyền lợi của người lao động tại các doanh nghiệp này?

12. Chính sách để thu hút nhân tài trong các doanh nghiệp nhà nước là gì? Chính phủ có hỗ trợ gì cho các DNHN trong để thu hút nhân tài không?
Notice of Approval

Date: 26 August 2014
Project number: 18661
Risk classification: Low Risk
Principal Investigator: Dr Ngan Collins
Student Investigator: Mrs Ngo Thi Ngoc Anh
Project Approved: From: 26 August 2014 To: 4 March 2017

Terms of approval:

1. Responsibilities of the principal investigator
   It is the responsibility of the principal investigator to ensure that all other investigators and staff on a project are aware of the terms of approval and to ensure that the project is conducted as approved by BCHEAN. Approval is only valid while the investigator holds a position at RMIT University.

2. Amendments
   Approval must be sought from BCHEAN to amend any aspect of a project including approved documents. To apply for an amendment submit a request for amendment form to the BCHEAN secretary. This form is available on the Human Research Ethics Committee (HREC) website. Amendments must not be implemented without first gaining approval from BCHEAN.

3. Adverse events
   You should notify BCHEAN immediately of any serious or unexpected adverse effects on participants or unforeseen events affecting the ethical acceptability of the project.

4. Participant Information and Consent Form (PICF)
   The PICF must be distributed to all research participants, where relevant, and the consent form is to be retained and stored by the investigator. The PICF must contain the RMIT University logo and a complaints clause including the above project number.

5. Annual reports
   Continued approval of this project is dependent on the submission of an annual report.

6. Final report
   A final report must be provided at the conclusion of the project. BCHEAN must be notified if the project is discontinued before the expected date of completion.

7. Monitoring
   Projects may be subject to an audit or any other form of monitoring by BCHEAN at any time.

8. Retention and storage of data
   The investigator is responsible for the storage and retention of original data pertaining to a project for a minimum period of five years.

Regards,

[Signature]

Professor Roslyn Russell
Chairperson
RMIT BCHEAN
APPENDIX 6

INVITATION TO PARTICIPATE IN A RESEARCH PROJECT

PARTICIPANT INFORMATION

Project Title: Managing of human resource and income inequality in a transitional economy: The case of Vietnam’s State-Owned Enterprises (SOEs)

Investigators:
1. Ms. Anh Ngo, PhD Candidate, School of Management, RMIT University
   Contact: thingocanh.ngo@rmit.edu.au; +61 405050916
2. Senior Supervisor: Dr. Ngan Collins, Senior lecturer, School of Management, RMIT University.
   Contact: ngan.collins@rmit.edu.au; +61 3 9925 1312

Dear Sir/Madam,
You are invited to participate in a research project being conducted by the School of Management, RMIT University. Please read this sheet carefully and be confident that you understand its contents before deciding whether to participate. If you have any questions about the project, please ask one of the investigators.

Who is involved in this research project? Why is it being conducted?
The investigator is a PhD student enrolled in the School of Management, RMIT University. The research project is being supervised by Dr. Ngan Collins who is senior lecturer at school of Management, RMIT University.

Promoting income equality and managing human resource efficiently in SOEs have been controversial issues in Viet Nam’s SOEs during the SOEs transformation process. Using mixed-methods of quantitative approach and qualitative approach, this research explores the current state of income and human resource management of Vietnamese SOEs, the challenges it has been facing, and the possible solutions to tackle these challenges.

The research has been approved by the RMIT Human Research Ethics Committee.

Why have you been approached?
You have been approached to participate in this research because the researchers believe your position directly relates to human resource management in Vietnamese SOEs. You have been individually and personally selected by the researcher and your contact details are obtained from the public domain (e.g. web pages). It is important to note, permission has been given to interview government officials within the Institution of Economics at Ho Chi Minh National Political Academy. Your participation is still voluntary and you may decide not to participate in this research.
What is the project about? What are the questions being addressed?
The research focuses on the employees’ income and HRM in Vietnam’s SOEs. The aims of the research are:
- Investigate factors that influence income disparities in SOEs
- Examine the relationships of these factors to the changes of HRM policies and practices
- Suggest policies implications
Steaming from the research aims, survey questions have been designed as in the list of interview questions.
Surveys will be conducted in Vietnamese with approximately 150 surveys during the research process.

If I agree to participate, what will I be required to do?
If you agree to participate, you are requested to agree to be engaged in an approximately 60 minute interview with the researcher (Anh Ngo) from any date between September 15th, 2014 and February 1st, 2014 conducted in Hanoi, Vietnam. Please fill in the consent form (Appendix 1).
The interview will answer some questions in Vietnamese language, focusing on the employees’ income and HRM in Vietnamese SOEs during the transformation of SOEs, such as: How many employment grades or levels are there in the company?; How are workers recruited? What are the major criteria in recruitment? (Qualifications, Trainability, Commitment, Personality, Experience etc.) Although the interviews will be audio recorded, it is not mandatory and you have the right and freedom to request that taping cease at any time during the interview process. An outline of the research questions for the interview is also provided in (Appendix 2).

What are the possible risks or disadvantages?
There are no risks associated with participation in this research project and any future publication stemming from this research will respect your right as agreed in the consent form.

If you are unduly concerned about your responses to any of the interview questions or if you find participation in the project distressing, you should contact Dr. Ngan Collins (the chief investigator) as soon as convenient. Dr. Collins will discuss your concerns with you confidentially and suggest appropriate follow-up, if necessary.

What are the benefits associated with participation?
The interview will take about an hour of your time. Please be assured that the research outcomes will be shared with you when awarded. Your participation will provide important contribution to this research. The research may not be of any direct benefit to you, however, we assume that this research potentially can provide better understanding and insights about the SOEs development process in Vietnam, the challenges and the possible solutions to solve these challenges.

What will happen to the information I provide?
All information provided in the interview will be recorded (consent of the interviewee), transcribed and translated into English. Your information will be treated with strictest confidence. The results of this interview will only be used for my research, in the form of a thesis, academic papers and conference papers. The data will be kept securely for a period of
five years upon completion of the research before being destroyed by RMIT University and can only be accessed by my supervisors and me.

“Any information that you provide can be disclosed only if (1) it is to protect you or others from harm, (2) if specifically required or allowed by law, or (3) you provide the researchers with written permission.”

**What are my rights as a participant?**

*As a participant you have:*

- ✓ The right to withdraw from participation at any time
- ✓ The right to request that any recording cease
- ✓ The right to have any unprocessed data withdrawn and destroyed, provided it can be reliably identified, and provided that so doing does not increase the risk for the participant.
- ✓ The right to be de-identified in any photographs intended for public publication, before the point of publication
- ✓ The right to have any questions answered at any time.

**Whom should I contact if I have any questions?**

Dr. Ngan Collins, Senior Lecturer, School of Management, RMIT University.
Contac: ngan.collins@rmit.edu.au; +61 3 9925 1312

**What other issues should I be aware of before deciding whether to participate?**

There are no other issues that you should be aware of as a participant.

*Yours sincerely,*

**ANH NGO THI NGOC**

*PhD Candidate, School of Management, RMIT University*

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All complaints regarding participation in negligible risk and low risk research should be directed to the Chair of BCHEAN. Contact the Chair, RMIT Business College Human Ethics Advisory Network, GPO Box 2476V, Melbourne, 3001, telephone +61 3 9925 5596 email bchean@rmit.edu.au.
PARTICIPANT’S CONSENT FORM

1. I have had the project explained to me, and I have read the information sheet

2. I agree to participate in the research project as described

3. I agree:
   - to be interviewed in Vietnamese language
   - that my voice will be audio recorded  □ Yes  □ No

4. I acknowledge that:
   
   (a) I understand that my participation is voluntary and that I am free to withdraw from the project at any time and to withdraw any unprocessed data previously supplied (unless follow-up is needed for safety).
   
   (b) The project is for the purpose of research. It may not be of direct benefit to me.
   
   (c) The privacy of the personal information I provide will be safeguarded and only disclosed where I have consented to the disclosure or as required by law.
   
   (d) The security of the research data will be protected during and after completion of the study. The data collected during the study may be published, and a report of the project outcomes will be provided to Ngoc Anh (the researcher). Any information which will identify me will not be used.

Participant’s Consent

Participant: __________________________ Date: ________________

(Signature)

Participants should be given a photocopy of this PICF after it has been signed.
THÔNG TIN THAM GIA
Tên đề tài: Quản trị nhân lực và bất bình đẳng về thu nhập trong các nền kinh tế chuyển đổi: nghiên cứu trường hop các doanh nghiệp nhà nước (DNNN) ở Việt Nam.

Người nghiên cứu:
1. Bà Ngô Thị Ngọc Anh, Nghiên cứu sinh tiến sĩ, Đại học RMIT, Úc.
   Liên hệ: thingocanh.ngo@rmit.edu.au; +61 405 050 916
2. Giáo viên hướng dẫn: Tiến sĩ Ngân Collins, Khoa Quản lý, Đại học RMIT, Úc
   Liên hệ: ngan.collins@rmit.edu.au; +61 3 9925 1312

Kính gửi Ông/Bà,

Ông/Bà được mời tham gia một dự án nghiên cứu được thực hiện bởi Trường Đại học RMIT. Xin vui lòng đọc kỹ những nội dung sau trong thư mời này trước khi quyết định tham gia vào nghiên cứu này. Nếu Ông/Bà có bất kỳ câu hỏi về đề tài nghiên cứu, xin vui lòng yêu cầu một trong các nhà điều tra.

Người tham gia vào dự án nghiên cứu này? Tại sao nó được tiến hành?
Điều tra viên là một nghiên cứu sinh đang trong chương trình Tiến sĩ ngành Quản lý, trường Đại học RMIT được hưởng dẫn bởi Tiến sĩ Ngân Collins, Khoa Quản lý, Đại học RMIT.

Đảm bảo phân phối thu nhập công bằng và quản lý nguồn nhân lực hiệu quả đang là mục tiêu của cao trình đổi mới các DNNN ở Việt Nam. Thực tế hoạt động của các DNNN thời gian qua đã thể hiện nhiều vấn đề nổi cộm về phân phối thu nhập và quản lý nhân lực. Sự dùng kết hợp phương pháp nghiên cứu định tính và định lượng, để tài sẽ tìm hiểu thực tế thu nhập của người lao động và thực trạng quản lý nguồn nhân lực tại các DNNN hiện nay, chỉ ra những thách thức và tìm hướng giải quyết cho những vấn đề này.

Nghiên cứu này đã được sự chấp thuận bởi Ủy ban Đạo đức Nghiên cứu con người, Đại học RMIT.

Lý do tại sao bạn đã được tiếp cận?
Ông/Bà được tiếp cận để tham gia vào nghiên cứu này bởi vì các nhà nghiên cứu tin rằng chuyên môn và hiểu biết của Ông/Bà có giá trị trong việc nghiên cứu thu nhập của người lao động và công tác quản lý nhân lực tại các DNNN ở Việt Nam. Thông tin liên hệ của Ông/Bà đã được các nhà nghiên cứu tìm được trên web chính của tổ chức/công ty của Ông/Bà.

Nội dung của dự án là gì? Các câu hỏi được giải quyết là gì?

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**Nếu tôi động y tham gia, những gì tôi sẽ phải làm gì?**

Nếu Ông/Bà động y tham gia, Ông/Bà được yêu cầu động y tham gia trong một cuộc phỏng vấn 45-60 phút với các nhà nghiên cứu (Ngô Thị Ngọ Anh) trong khoảng thời gian từ 01/06/2014 đến 01/12/2015 được tiến hành tại Việt Nam. Xin vui lòng điện vàomailto: Nguyễn lcn tại nay? 2. B

Cuộc phỏng vấn sẽ bắng tiếng Việt với một số câu hỏi mở, tập trung vào nội dung quản lý nguồn nhân lực nhằm giảm bất bình đẳng thu nhạp của người lao động trong các DNNN. Mặc dù các cuộc phỏng vấn sẽ được ghi lại âm thanh, nó không phải là bất buộc và bạn có quyền và tự do để yêu cầu ngừng thu bất cứ lúc nào trong quá trình phỏng vấn. Các câu hỏi mở của nghiên cứu được cung cấp kèm theo (Phụ lục 1).

**Những rủi ro hoặc bất lợi có thể là gì?**

Khỏng có rủi ro khi tham gia dự án nghiên cứu này và bất kỳ công bố trong tương lai xuất phát từ nghiên cứu này sẽ tốn trọng quyền của Ông/Bà theo thỏa thuận trong cấu trúc hợp đồng (Phụ lục 2).

"Nếu Ông/Bà bạn khoản về câu trả lời của Ông/Bà trong bất kỳ câu hỏi phỏng vấn nào hoặc nếu Ông/Bà có vấn đề thắc mắc trong việc tham gia phỏng vấn, Ông/Bà nên liên hệ với Tiến sĩ Ngân Collins (Phụ trách chính). Tiến sĩ Ngân Collins sẽ cung cho thông tin về những thắc mắc của Ông/Bà một cách bao mật".

**Các lợi ích gắn liền với sự tham gia là gì?**

Cuộc phỏng vấn sẽ kéo dài khoảng 60 phút. Buổi phỏng vấn này không mang tới lợi ích trực tiếp cho Ông/Bà. Tuy nhiên, lợi ích liên quan đến tham gia trong nghiên cứu này là dòng góp chuyên môn và kinh nghiệm của Ông/Bà để việc giúp các nhà điều tra trong việc thúc đẩy sự phát triển bền vững của khu vực DNNN ở Việt Nam.

**Diệu gì sẽ xảy ra với những thông tin tôi cung cấp?**

Tất cả các thông tin cung cấp trong buổi phỏng vấn sẽ được ghi lại (đưới sự đứng y của người phỏng vấn), phiên âm và dịch sang tiếng Anh. Các thông tin sau đó sẽ được nhập vào bảng Nvivo8- phần mềm phân tích kết quả. Thông tin của Ông/Bà sẽ được quản lý nghiêm ngặt. Kết quả của cuộc phỏng vấn sẽ chỉ được sử dụng cho nghiên cứu của tôi, dưới hình thức của một luận án, bài đăng báo học thuật và tham dự hội thảo. Để liên hệ với tôi, xin vui lòng gửi an toàn trong thời gian này nầm quay sự liên hệ của ông/bà được hoàn thành trước khi bị phá hủy bởi trường đại học RMIT và chỉ có thể được truy cập bởi các nhà sĩ và của tôi và tôi."

"Bắt kỳ thông tin mà Ông/Bà cung cấp có thể được tiết lộ khi (1) là để bảo vệ Ông/Bà hoặc những người khác khỏi bị hại, (2) nếu yêu cầu cụ thể hoặc pháp luật cho phép, hoặc (3) Ông/Bà cung cấp cho các nhà nghiên cứu với sự cho phép babbage.
**Quyền lợi của tôi nếu tham gia là gì?**

Là một thành viên bạn có:

- Quyền rút tham gia bất cứ lúc nào.
- Quyên yêu cầu chấm dứt ghi âm.
- Quyền thu hồi bất kỳ dữ liệu chưa qua chế biến và bị phả hủy, với điều kiện có thể xác định được tình trạng của, và với điều kiện là làm như vậy không làm tăng nguy cơ đối với người tham gia.
- Quyền được không bị xác định trong bất kỳ hình ảnh dành cho công bố công khai, trước thời điểm công bố.
- Quyền được đặt câu hỏi bất cứ lúc nào.

**Người mà tôi cần liên hệ nếu tôi có bất kỳ câu hỏi?**

Tiến sĩ Ngân Collins, Giảng viên chính, khoa Quản Lý, Đại học RMIT
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**Có những vấn đề khác tôi nên biết trước khi quyết định có nên tham gia?**

Không có vấn đề gì khác mà bạn cần phải bận khoản trước khi quyết định khi tham gia.

Trân trọng.

NGO THI NGOC ANH
Nghiên cứu sinh, Khoa Quản lý, Đại học RMIT

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Nếu bạn có bất kỳ mối quan tâm về việc tham gia vào nghiên này, mà bạn không muốn thảo luận với các nhà nghiên cứu, bạn có thể liên hệ với các cán bộ đào tạo nghiên cứu, Quản trị và hệ thống, Đại học RMIT, GPO Box 2476V, Melbourne, 3001, telephone +61 3 9925 5596 email bchean@rmit.edu.au
MẪU CHẤP THUẪN THAM GIA

1. Tôi đã đọc kỹ thông tin được cung cấp về dự án nghiên cứu

2. Tôi đồng ý tham gia dự án nghiên cứu như đã nêu tại thư mời

3. Tôi đồng ý:
   ▪ Được phòng ván và trả lời phiếu hỏi bằng tiếng Việt
   ▪ Câu trả lời của tôi được ghi âm □Đồng ý □Không đồng ý

4. Tôi xác nhận rằng:
   (a) Tôi hiểu rằng sự tham gia của tôi là tự nguyện và tôi tự do rút khỏi dự án bất cứ lúc nào và rút bất kỳ thông tin cung cấp trước đây chưa qua xử lý (ngoài trừ việc xem xét cần thiết).
   (b) Dự án này là nhằm mục đích nghiên cứu. Nó có thể không mang lại lợi ích trực tiếp cho tôi.
   (c) Sự riêng tư của thông tin cá nhân tôi cung cấp sẽ được bảo vệ và chỉ được tiết lộ những thông tin tôi đã đồng ý tiết lộ hoặc theo yêu cầu của pháp luật.
   (d) Bảo mật của dữ liệu nghiên cứu sẽ được bảo vệ trong và sau khi hoàn thành nghiên cứu. Các dữ liệu thu thập được trong quá trình nghiên cứu có thể được xuất bản, báo cáo bởi bà Ngô Thị Ngọc Anh (nha nghiên cứu). Các thông tin cá nhân của tôi sẽ không được tiết lộ.

Chấp thuận của người tham gia

Người tham gia: ___________________ Ngày: ________________

(Chữ ký)

Người tham dự được cung cấp một bản sao sau khi đã ký xác nhận.