



# **HUMAN RESOURCE POLICIES AFFECT COMPANY'S BRAND IMAGE IN FOOD & BEVERAGE SERVICE OF VIETNAM**

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**Bachelor Thesis**

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**Bachelor Thesis**

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## **ABSTRACT**

F&B service, together with Vietnam economy, has thrived in recent decades with many impressive achievements. This sector has had many strengths supporting the success yet still remained some weaknesses and threats that should be faced and improved. For service industry in general and F&B service in particular, building an influencing brand image is very important to attract more customers, which can be implemented through the human element. Therefore, the thesis will analyze the HRM-related theory, the overall situation of F&B service in Vietnam, which will be the basement for many open opportunities of brand image improvement that the F&B businesses can obtain for applying HRM and HR policies, through Employer branding. The author will also give several hints and recommendations to help F&B businesses in Vietnam develop their own brand image, as well as leverage the position of the sector in the market. Mainly in the report, literature from professional books/journals, data and figures from reliable sources and practical case from the interview will be optimized to interpret the issue in the most coherent way.

Key words: Employer Branding, HR Policies, Food and Beverage service, Vietnam

Pages: 58 pages + 3 pages Appendix

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## LIST OF ABBREVIATIONS

Association of South East Asian Nations	:	ASEAN
Charter Institute of Personnel and Development	:	CIPD
Department	:	Dept.
Gross Domestic Product	:	GDP
Food and Beverage	:	F&B
Human Resources	:	HR
Human Resources Management	:	HRM
Organization for Economic Cooperation and Development	:	OECD
Small and Medium Sized Enterprises	:	SMEs
Strategic Human Resources	:	SHRM

# 1 INTRODUCTION.

## 1.1 Premises

The economy consists of three basic sectors, including agriculture, industry and services. In the past, agriculture and industry were more powerful and gained more investment and focus. However, as the economics is growing strongly, the structure relatively changes. Soubbotine did introduce Chapter 9 by a very meaningful statement: “Everything that grows also changes its structure. Just as a growing tree constantly changes the shape, size and configuration of its branches” (Soubbotine 2004, p.63). This applies correspondingly to the economic situation. In “The Service Economy” in Business and industry policy series published by OECD, the characteristics of services are defined quite clearly. In short, service provides human value added through labor, advice, managerial skill, entertainment and so on. Some example of service can be cinema, restaurant, hotel, transportation, etc. Especially, service is distinguished from primary and secondary sector is that they should be consumed after production and cannot be stored for later usage. In recent decades, services have shown a strong development and transformation, which can be seen in the following figure.

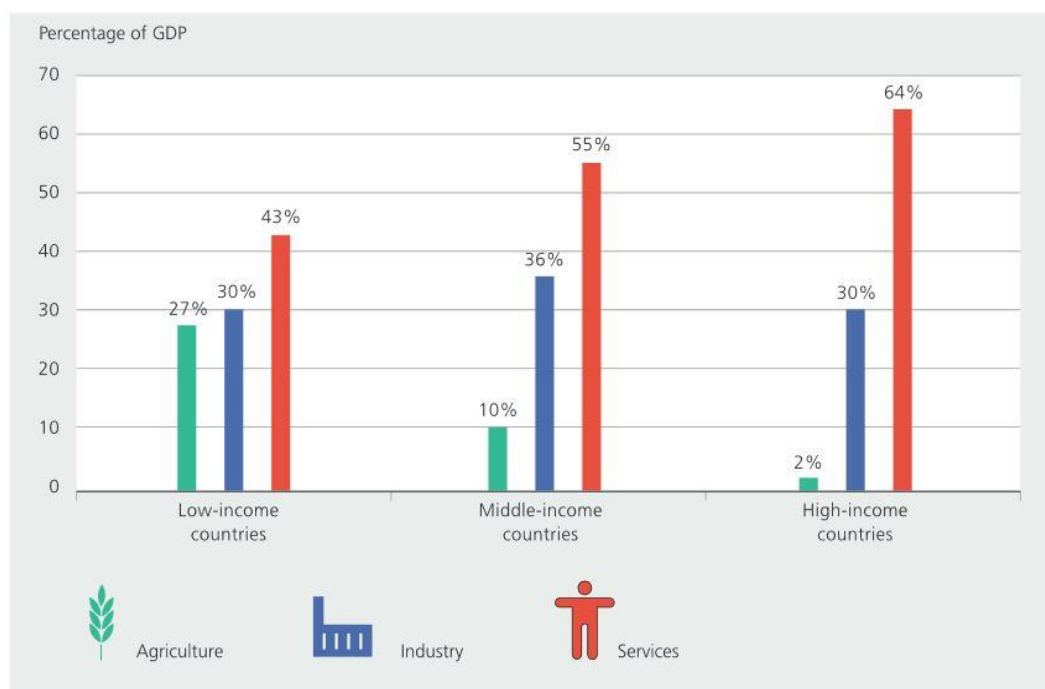


Figure 1 Sectoral Structure of World Economy, 1999 (Source: *Beyond Economic Growth*, Soubbotine P.T., 2004, p.63)

In any country – either developed or developing ones, service sector always takes up the most percentage share (approximately 50% of GDP). From the figure, it is



clear that the more developed the country is, the more service percentage takes. Therefore, it cannot be denied that as the world's economy grows, services sector will be more crucial.

According to the publication *Beyond Economic Growth* by World Bank, service processes are built up through human-human interaction, which is different hugely from manufacturing sector (human-machine interaction) or agriculture sector (human-nature interaction) (Soubotine 2004, p.67). Therefore, in order to bring perfect and convenient services, providers should satisfy and fulfill customers' demand, which can be executed through better innovation. This has definitely created an effect on business managers in order to improve their people's quality and gain better customer experience and satisfaction.

In the flow of the same trend, services in Vietnam also records good performances. According to *Trade Economics*, by December 2014, Vietnam had total GDP of \$186bn, with the growth rate of 7.01% by the end of 2015. The service sector has occupied up to approximately \$74.7bn, which accounts for 43.6% of total GDP. This also proves a gradual increase in service share in Vietnam, with 41.7% in 2012, 43.3% in 2013 and 43.4% in 2014 (The World Bank Data 2015)

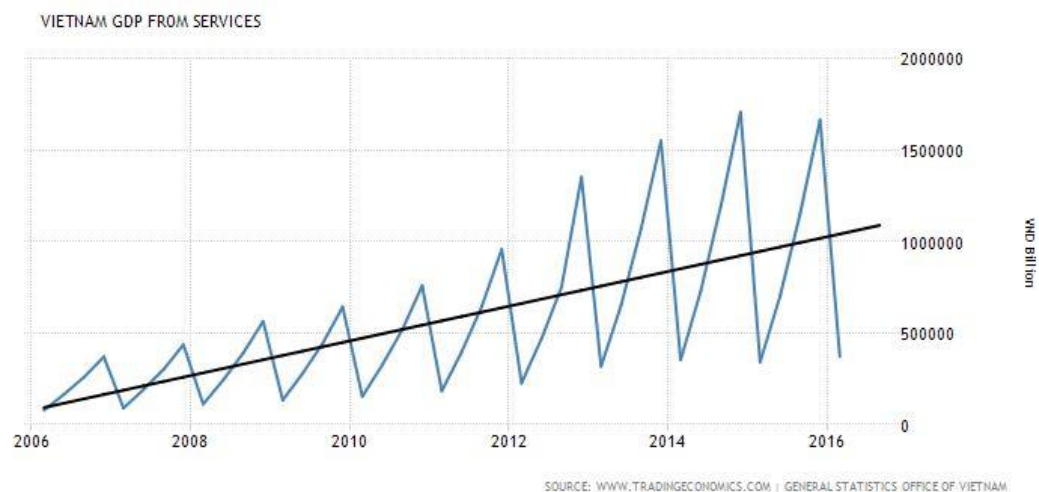


Figure 2: Vietnam GDP from services (Source: Trading Economics)

For the past 10 years, Vietnam's service sector has illustrated a significant development. Together with the fast rise in total GDP, service sector of Vietnam take higher steps every year. This can be seen as a positive sign that Vietnam has been developing in accordance with the global trend. Also from The World Bank data, the figures in the nearby regions also show that Vietnam has a quite equivalent index and not fallen behind. For example, in 2014, service percentage share in GDP

in Cambodia was 42.6%, in Laos was 40.9%, in Indonesia is 42.2% and in Thailand was over 50%. In the near future, with the mentioned development progress, Vietnam can hopefully achieve more success in services, especially under the control of the new government which has been elected last January 2016 (Vuving 2016).

In the service sector, F&B is an important branch that attracts more consideration and focus. To break down work by word, F&B is the service of serving food or drinks at the F&B venues, such as restaurants, bars, hotels, takeaway coffee shop, etc. Plenty of famous brands in this fields have emerged with continuous development and worldwide reputation. Best examples can be introduced such as Starbucks, McDonald, and KFC and so on. In Vietnam, F&B is also on the track to prosper with significant achievements. Domestic brands become more competitive and developed. The KAFé – a café and restaurant franchise in Vietnam – owned by Dao Chi Anh, has gained an investment of \$5.5 million by Cassia Investment in October 2015 (Duong 2015). In the same year in April, Huy Vietnam Group, who run more than 70 restaurants under three brands, including Mon Hue Vietnam, Com Express, and Pho Ong Hung, received the investment of \$15 million from private firms in Singapore and Hong Kong (Inside Retail Asia, 2015). Quan An Ngon with 4 branches in Hanoi, Vietnam has attracted huge numbers of both domestic and international guests every day (Quan An Ngon website – About us). Or Urban Station Coffee – a coffee-take-away concept brand with over 40 stores in big cities in Vietnam – is also a successful case of Vietnamese F&B industry (Urban Station Coffee website). The founder of this coffee chain – Dinh Nhat Nam – is also in the list “30 under 30” by Forbes Vietnam in 2015 due to his contribution (Le 2015). Besides, international brands start to enter Vietnam. KFC can be considered as the largest international brand with 135 outlets, Burger King with 20 outlets, Pizza Hut with 34 outlets and Vietnam has newly welcomed Starbucks and McDonald (Ghosh 2014). Eventually, these figure and information have suggested an overall picture of the service-focused economy in Vietnam for the moment. The current trend in Vietnam concentrates on service development, especially F&B industry, which are invested hugely from both domestic and international organizations.

## 1.2 Topic and Research question

The full topic of this thesis is “Human Resource Policies affect Company’s Brand Image in Food and Beverage service of Vietnam”. There are some reasons leading the author to choose this topic. Firstly, as the characteristic of service is human-human interaction, human management become more crucial than ever. The quality of service will be judged by how providers treat their customers, which create the brand reputation or position in the market of that company. Besides, in most companies nowadays, HR Department plays a key role, which states the importance of HRM. Moreover, as mentioned and analyzed above, Vietnam is in the transition period into service and has recorded significant achievements in F&B – a competitive and flourished branch in services. Therefore, HRM should be taken into further consideration though different policies, so that customers can access the best services with higher satisfaction and the company accordingly can draw a better brand image for a company in F&B field.

Following the topic is the research question, which will clarify the main purpose of the thesis. The question is “How HR policies, including employees’ motivation and training, affect a company’s brand image in Food and Beverage services, with the focus on restaurants and coffee shops, in Vietnam?” Through this question, the thesis will analyze how HR policies create advantages in image maintenance and keep frequent customers for the company through employer branding. HR policies will be narrowed down to motivation and training the current employees, who have been recruited and worked for some time in the company.

## 1.3 Methodology

The main method of the thesis is secondary research or desk research. Books, articles and other publications from trustworthy sources and authors will be utilized to create a concrete basis and figure, which make the thesis more reliable and easy to understand.

Besides, the author will also introduce interview results from F&B service owners with different outlets in Vietnam, and research on other international cases to bring up the practical lessons for this thesis. This will represent for the practical part of the thesis.

#### 1.4 Objectives and Structure

Through this thesis, several objectives are targeted and will be achieved. Firstly, the related theory will be introduced and studied thoroughly, to bring an overview, as well as a deep understanding of the topic. Besides, analysis part, which answers the research question will clarify the theories, along with example and research from reality. Furthermore, with the thesis, the author hopes to bring a new way in approaching and analyzing F&B service in Vietnam, as well as suggest several recommendations, which may help in some contexts. Finally, this will complete the final puzzle in personal interest in HRM generally and employee branding particularly, which relates to the author's studying major – International Management.

To figure out those objectives, a clear structure will be formed. Firstly, the related theory, including definition, characteristics and some other aspects of general HRM, SHRM, brand image, HR policies and especially employee branding, will be taken into consideration and analysis. Secondly, the main part which explains how HR policies can affect company's brand image through employee branding. This part will be analyzed based on SWOT structure, which focuses more on opportunities companies can obtain and challenges they may face in the future. Furthermore, to make the thesis more reliable, real cases will be introduced, including interview manager of F&B chain in Hanoi and international cases to draw useful lessons. Last but not least, some suggestions or recommendations will be proposed in order to help partially the current situation in Vietnam, followed by a conclusion. With the detailed structure, the thesis can be expressed in the most logical and coherent way.

## 2 RELATED LITERATURES

### 2.1 Human Resources Management and Strategic Human Resource Management

#### 2.1.1 HRM and its importance

HRM these days has become one of the most common and popular terms in business, which plays a vital part in an organization's development. In any industry, HRM has been the issue that calls for attention and consideration, because human (in another word 'labor') is one element of economic Capital, which can be called 'human capital'. Especially, in the service sector, HRM is more necessary than ever due to the characteristics of this industry – human-human interaction. Therefore, what is HRM – the term that concerns nowadays?

According to Boxall and Purcell, "HRM includes anything and everything associated with the management of employment relations in the firm" (Boxall and Purcell 2000, p.184, as cited in Ackers and Andrian 2003, p.73). HR can be considered as the soul of a company, who creates company's values and image, especially for services. Literally word by word, HRM can be said as the management and control of all human elements in a business, even from the managers, full-time employees to part-time ones, interns or cleaning/guarding staffs who works together under a business. Hence, according to this general definition, HRM embraces all activities in managing people in an organization. For example, HRM department of a company can control tasks such as recruiting new people, testing their ability, defining their contracts as well as general policies.

With the equivalent approach, Storey thinks "HRM is a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce, using an array of cultural, structural and personnel techniques." (Storey 1995, p.5. as cited in Ackers and Andrian 2003, p.74). The ultimate goal of an organization is to be distinguished from competitors, to earn more profits and to create better values for its customers. In short, they want to gain competitive advantages over other brands and upgrade to a higher position in the market. In the service sector, to gain those competitive advantages, emphasis on HR is a useful tool, and may be the most powerful tool. Therefore, a strategic plan of choosing and using the right people should be clearly formed and directed, along with different practices and policies.

In addition, “HRM is an inevitable process that accompanies their efforts in combining a group of individuals into a functioning organization. It is an essential element in entrepreneurial activity and a driver of organizational growth.” (Boxall and Purcell 2016, p.6). Normally, a company will be divided into different departments, such as Finance Dept., Product Development Dept., Customer Relation Dept., etc. and they often work independently to complete their specialized tasks. Linking all of them as a whole in order to execute the common goals of the company will require the role of HRM. To complete planned targets and boost a business’s development, every person, and every department should blend together and become one. Through different policies, HRM will help each and every separate group in an organization to act properly and be associated together. In other words, HRM seems to be the ‘intermediary’ between companies’ common goals and employees’ relevant activities.

In general, HRM is related to the employment process. So what is actually included in that process? HRM “involves all management decisions and actions that affect the nature of the relationship between the organization and its employees – its human resources.” (Beer et al. 1984, p.1, as cited in Needle 2000, p.415). To maintain the stable growth of a business, there should be a concrete capital to reinvest. In this context, HR can be considered as a capital element – which is also known as ‘labor force’. To build a strong group of employees, the company should set up and nurture a good relation among between the company and their people. HRM will ensure the employees a friendly, comfortable and convenient working environment; as well as equip them with the most useful tools as possible. This, eventually, makes employees feel that they are cared and connected to the company, from which to bring higher determination and efficiency at work.

More particularly, HRM includes “acquiring, training, appraising, and compensating employees, and of attending to their labor relations, health and safety, and fairness concern” (Dessler 2013, p.30). As listed above, HRM performs as the true meaning in accordance with its name. It includes all activities related to personnel issues, from how to spread the job positions’ news, how to recruit them, how to develop them to a new level or how to protect them with suitable and favorable welfares. In short, HRM is an efficient ‘hand’ which helps the business to welcome, instruct, care, manage and develop their people mentally and physically.

Also with the same view, according to Decenzo and Robbins, HRM consists of four main functions, which can be defined and listed clearly in Figure 3.

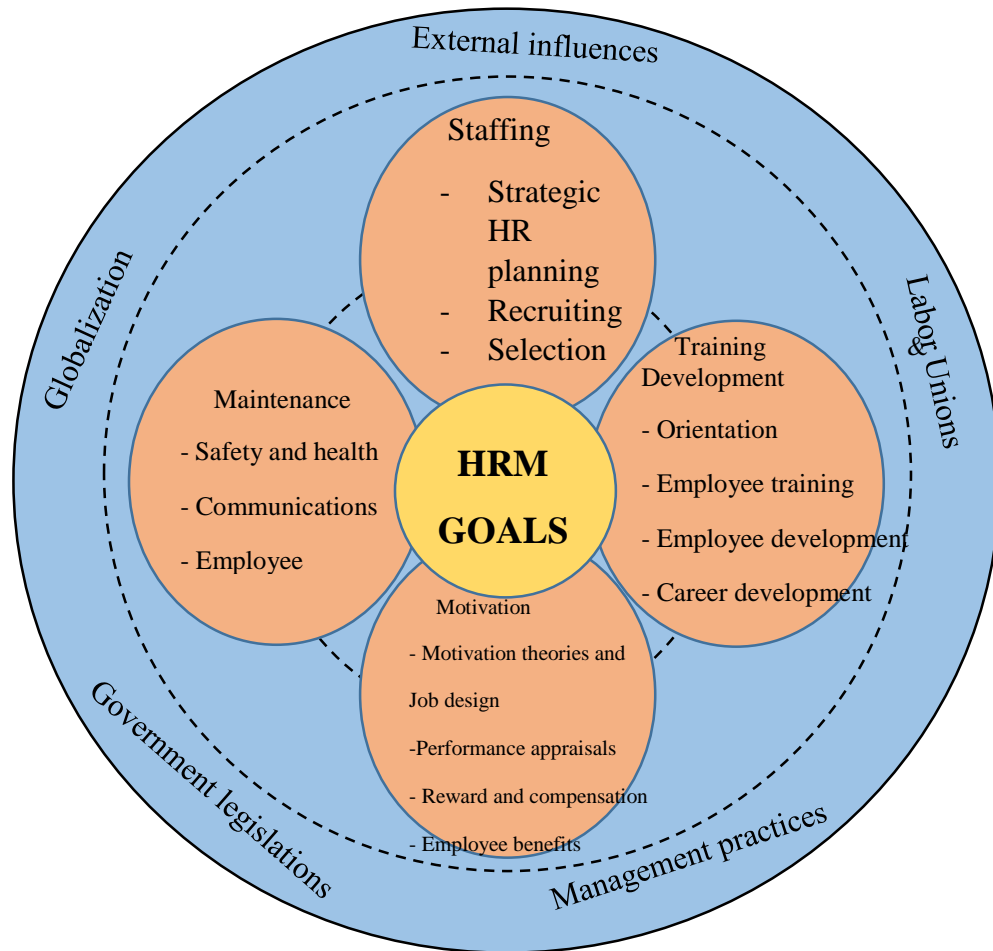


Figure 3: HRM: Primary Activities (Source: Decenzo and Robbins 2002, p.39)

HRM, in accordance with company's common goals, will also target their own goals by following their functions, which comply with other external factors (such as government legislations, management practices and so on). As described in the figure, the four functions in order are Staffing, Training, and Development, Motivation and Maintenance. Firstly, to expand and exchange company staffs, *recruitment and selection* must be taken into serious account. This is the stage where an organization can choose and filter the best people to participate in the values-creating process. After that, HRM will introduce them the working styles, the tasks, the disciplines and many other current/new knowledge for their employees. Besides, to help employees work more productively, as well as catch up the trends or new changes in the industry, *further training and development* is a necessary mission. Through this second stage, employees will be equipped with

essential and critical skills to resolve their works more quickly and effectively, which will contribute to company's overall growth. Furthermore, apart from having sufficient aids, HRM will help in *motivating the employees*, which creates their engagement to the company. To complete tasks, initial skills are enough, however, to complete tasks with all their hearts requires encouragement and motivation. This is crucial in building employee's engagement with the company, from which to work more thoroughly and conscientiously. Last but not least, to ensure that employees are physically and mentally well-cared, *maintenance function* needs to be present and utilize, which makes sure HR are entitled to the full rights as well as the best welfare as possible. On the other word, the four functions have created HRM and HRM itself executes those precisely, which creates a bilateral relationship.

Those functions and values that HRM creates have highlighted the importance of HRM nowadays. In the past, HRM was considered as a personnel department, who cared for activities such as company picnics, vacation schedule, health-care coverage or other parties. (Decenzo and Robbins 2002, p.37). Moreover, according to Lussier and Hendon, around the mid-1970s – when technology had not exploded, HR Managers or Personnel Managers were thought to have less experience and not to be able to manage. Their main tasks were job applications, employee paperwork, and performance evaluation. Additionally, HRM used to be regarded as cost centers – the “division or department within the organization that brings in no revenue or profit – it only costs money for the organization to run this function.” However, things have changed reversely these days. HRM has become the *productivity centers* – which are the “revenue center that enhances the profitability of the organization through enhancing the productivity of the people within the organization.” Productivity is created by effectiveness and efficiency. HRM's role here is to improve the efficiency of employees in the company, so as to answer the question “Did we do things right?” and from which to improve business's overall revenue and profits. In other words, HRM today is not the area that cost money from the organization but the one creating values for organizational growth (Lussier and Hendon 2013, p.6).

Furthermore, there are some other reasons why HRM are critically important for all organizations these days, even profit-based or non-profit ones. Firstly, some personnel mistakes will be prevented from. Through HRM, managers will have a

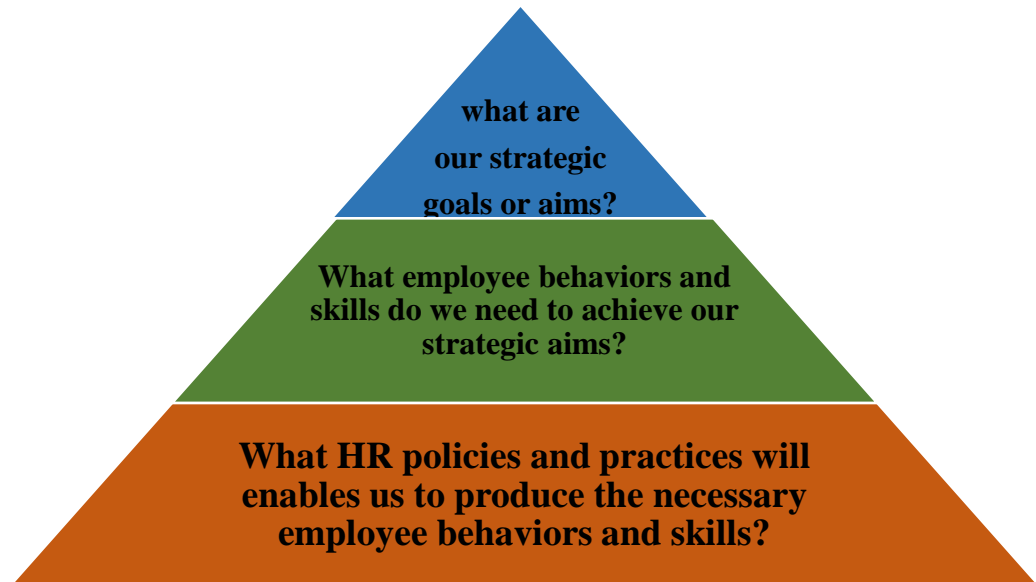


chance to avoid unexpected blemishes. For example, a company can recruit the right people for the job positions, who may not be the best ones but the most suitable ones. This task requires the presence of HRM to judge the submitted job applicants carefully. Another benefit is that managers can partly avoid the decrease in employees' effectiveness and determination at work as well. Moreover, through HR, the company can achieve their goals and improve profits and performances. A clear, coherent and logic plans are good but not enough to get the final result. Many cases have proven that human element is also a key factor of success. "Effective HRM can help ensure that you get results – through people". Many managers succeed "because they had the knack of hiring the right people for the right jobs and motivating, appraising, and developing them. That is the reasons why HRM is of the most important in company's growth and development (Dessler 2013, p.31).

#### 2.1.2 SHRM and its importance

In HRM, SHRM is an important aspect, which gains more concerns and analysis in today's HRM theory and practices. "SHRM means formulating and executing human resource policies and practices that produce the employee competencies and behaviors the company needs to achieve its strategic aims" (Dessler 2013, p.106). In an increasingly complex and developed society, each and every organization should have a specific and detailed plan to achieve their expected strategic goals or aims. They are the "focused statements of intent directed at those aspects of the organization's operations which are critical to success – often described as 'the core business'. They usually cover product-market (or service) intentions, resourcing (people, plant, materials, funding, etc.), the use of technology, quality standards, and financial parameters (Cole, 1997, p.18). Therefore, these are the objectives which aim at the sustainable and stable development of the company, for which reason, they are considered to be highly strategic. In order to turn those tactics/strategies into success as well as to bring the best effectiveness, organizations should to consider their HR and use SHRM as an important tool. SHRM will guide and provide essential and practical policies so that every employee can absorb sufficient knowledge and skills which are suitable to win those aims. For example, a restaurant is planning to achieve more feedbacks from customers on site as well as online (through TripAdvisor) through service quality. HR Manager will propose a strategic plan with the view of training and developing

their employees with skills in mood expressions, manner, and attitudes in serving guests. Besides, there will be other programs of motivating their people to work positively and make customers more satisfied. Those practices will help to improve the service quality significantly and be a part of SHRM. The triangle figure below will explain more on how important SHRM is.



*Figure 4: The Practices Behaviors Strategy Pyramid (Source: Dessler 2013, p.107)*

To complete an SHRM process, there are three questions an HR Manager has to answer and follow strictly. Firstly, when the company begins a campaign with the strategic aims, HRM Dept. should clearly understand and carefully analyze those aims. This is for sure an essential task for any department in the company, however, as the place of managing all working personnel of the company, HRM should take this task more seriously than any others. Then HRM Dept. needs to review what types of skills, behaviors or attitudes that every employee should have to gain the strategic aims. This acts like a stepping stone for the last and most important step – define the suitable practices and policies to equip employees with necessary qualities. According to Needle, HRM deals with all of these (recruitment, selection, training, pay, welfare and industrial relations), “but integrates them within the overall strategy of the enterprise and sees business values as an overriding consideration” (Needle 2000, p.416). It can be said that, in order to implement company’s strategic goals, HRM itself also needs to draw up a strategic plan to support for that common goals. Utilizing strategic plans to achieve common strategic goals – that is what SHRM represents for.

Furthermore, SHRM is defined as “the pattern of planned HR deployments and activities intended to enable the firm to achieve its goals” (Wright and McMahan 1992, p.252). The most important aim for any firm is to successfully accomplish a set of goals, which can be higher profit or better quality in service/product. This becomes stricter in the service industry because it is not only the products that attract customers but also the employees – who contact directly to the clients. Therefore, the company should focus more on the employees through suitable HR plans and strategies, which can support in goal achievement process.

Eventually, HRM is a managerial perspective which argues the need to establish an integrated series of personnel policies to support organization strategy (Buchanan and Huczynski 2004, p.679). With the help of SHRM, employees can gain the desired knowledge, skills and have better attitudes at work. Once the employees fit company’s requirements, it is much for favorable to complete those expected goals. The managers and supervisors can easily deploy their personnel in accordance with tasks’ characteristics so that employees can perform well and co-work with others.

## 2.2 Employer Branding

According to Kotler and Armstrong, the service sector contains 3 types of marketing. Besides external marketing such as advertisement or special offers, there is another important type called “Internal Marketing”, which can be seen from Figure 5. The term “Internal Marketing” at first seems to be not related to HRM. However, this can be seen as an advanced term in developing company as a whole. Internal marketing means “orienting and motivating customer-contact employees and supporting service people to work as a team to provide customer satisfaction” (Kotler and Armstrong 2014, p.240). In other words, internal marketing is the linkage between the company and their HR, which shows how the company manages, cares and develops their employees. In this phase, Employer branding is a useful tool to pull it off. From this, employees can create interactive marketing with the customers, then complete the puzzle of marketing for service companies and improve the overall brand image through HRM.

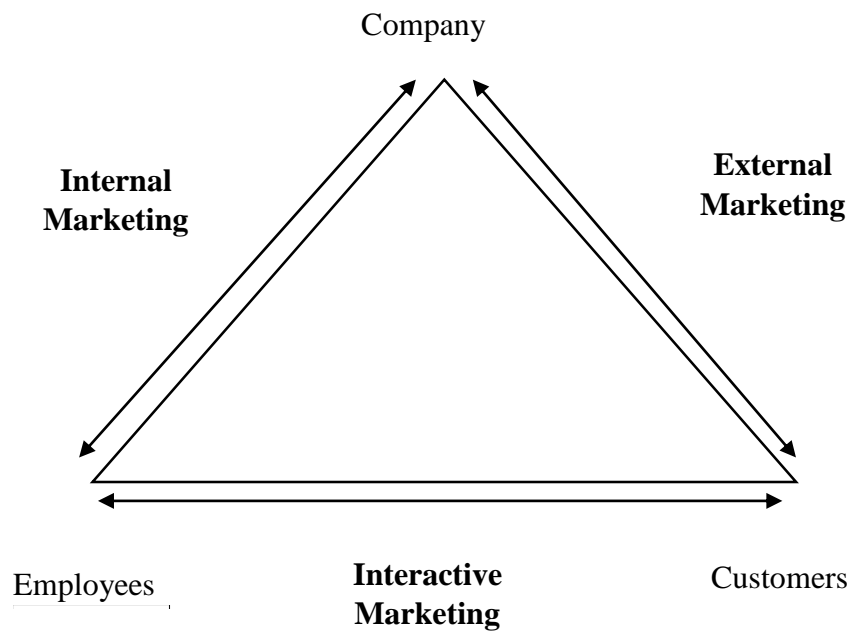


Figure 5: Three types of Service Marketing (Source: Kotler and Armstrong 2012, p.241)

It can be said that employer branding is an important branch of HRM and SHRM in managing employees in order to complete strategic aims – strengthen company’s brand image in customers’ perceptions. It also acts as a method for Internal Marketing. Hence, this part will focus on Employer Branding issue, including the definition, characteristics and the related brand image literature.

### 2.2.1 What is Employer branding?

Employer branding is a vital aspect of HRM in general and SHRM in particular. As mentioned above, labor is an extremely important factor in service business operation. Therefore, in order to increase productivity and create an effective HRM plan, some strategic methods and techniques should be applied, in which Employer branding can be considered to be useful.

A company always has close relations to all of its stakeholders, including investors, suppliers, customers, and employees. For sure, the main purposes are to attract its customers, make customers satisfied and earn profits from selling products or services. On the other hand, it should also attract its employees, so that they can manufacture the best products or bring best services for the clients. In short, employer branding involves the same approach as marketing in attracting customers, but apply and show what it offer to potential and existing employees (CIPD 2015). More specifically, employer branding focuses on “ensuring that employees act in accordance with organization’s brand values”, which also brings

“a consistent branded experience” to the customers when they interact with company’s employees (Bach 2005, p.266). Each company often defines itself with its own values and identity. Besides being known and appealed by customers, those characteristics need to be spread out and understood inside the company. It means that everyone who works there should feel and comprehend those things, from which to modify their behaviors and activities accordingly. Eventually, the employees can act like the ambassadors who promote the messages to the customers, which is essential and critical in the service industry.

The most popular definition of employer branding is “the identity of a company as an employer of choice” (Ungemah 2015, p.41). This is the process of transforming the company into ‘a great place to work’ in the minds of the target group, in this case, that is its employees (Grünewälder 2007 p.2). Then what is ‘employer of choice’ that attracts so much attention? According to Purcell et al., employer of choice means you can “create good work and a conducive working environment”. You make your company an ideal place to work as individual demands of all employees are met and fulfilled, through various types of training, appraisals, and guidance (Purcell et al. 2003, as cited in Armstrong 2006, p.394). Furthermore, employer of choice also represents that employees are willing and enthusiastic to work in your business; that other companies and competitors will feel jealous and most importantly that you make your potential and talented people stay with you throughout the career (Ordioni 2013). These types of bosses can offer a favorable working environment that makes their staff comfortable and willing to stay. It can be said that through employer branding, the leaders has partly affected on how their employees are working and performing. If being offered a poor and uninteresting place, employees may not have enough motivation and space to develop, which leads to the lower results. However, if you bring them a preferable and comfortable working environment, it is obvious that employees will become more creative and eager to work and progress.

In reality, employer branding can be referred as an “attempt by the employer to define the psychological contract to help in recruiting and retaining talent” (Meier 2006, p.28). When recruiting staff, a paper contract based on principles and regulations are formed and signed. However, most of the information only includes two parties, terms of work, salary and other similar issues. To make an employee work whole-heartedly and conscientiously, paper terms are not supposed to be

sufficient. Therefore, to achieve employees' commitment, leaders should lead towards a so-called 'psychological contract'. This type of contract may not appear alone and have its own form, but it can be the combinations of all policies and practices that company creates, in order to develop and motivate employees. This, on one hand, helps the company understand their employees, and on the other hand, keeps them working in the company for a longer time.

As mentioned above, this type of contract will not stand on its own or appear on a paper form with the name of 'Psychological Contract'. It will be the "package of functional, economic and psychological benefits provided by employment and identified with the employing company". Its main roles include providing a coherent framework for management, create focus priorities, increasing productivity and improve employees' commitment. (Barrow and Mosley 2005, as cited in Rosethorn 2009, p.18).

Besides being very important, employer branding also creates a lot of benefits for the company if they apply it the right way. According to Meier, firstly, when an organization cares and brings a favorable environment for the employees, it can hire the suitable personnel and gain their commitment. Turning into an 'employer of choice' will be a reliable premise to attract talented and potential applicants, from which, the company has more chance to choose the most suitable employees for the job positions. This is fairly expected and predictable because normally, candidates or job-seekers will target brand-reputed company or other less and non-famous ones if there are better conditions in policies and treaty. Besides, with those kinds of policies, employees will feel well-treated, from which they will want to stay longer and work for the company because everyone wants to receive favorable treatment in their life, as well as in their works. By that, employees will want to devote and connect to their organizations.

Secondly, employer branding will contribute in creating highly-motivated labor with better competitive advantages. After hiring process, with preferable treating, employees will find it comfortable and willing to devote themselves to work. They will not feel being exploited, working for company's own profits. Instead, they will find the work placement as their homes, thus helping them to develop their competencies. In short, they can be more creative and not reluctant to express their unique ideas for the issues. Gradually, they will realize that they work for passion,

for the company, not entirely for benefits or being forced. That is of the most powerful competitive advantages that a company will gain.

Moreover, not only influencing employee's quality and competence, employer branding is "an important activity that a modern HR department should focus on for the organization to be competitive and to help ensure that the HR function becomes more of a strategic force in a company's business activity" (Martin and Beaumont 2003 and Ulrich and Smallwood 2003, as cited in Bach 2005, p.266). HR Department, differently from the past, has gained its power in managing people with the true meaning. Thus, employer branding, which has an impact on personnel, will be the issue that is related mostly to HRM. Through employer branding, employees are equipped with better competencies, which means the company will be more competitive in the market and ensure a higher quality of services and products. In additions, this is also a clear proof for HR's role in an organization. Every step the company takes will require the help of a carefully-planned strategy to pull it off. To build that up, the human element is compulsory because they are the one who directly create company's values, especially in services. The more high-quality and competitive this element are, the higher chance of success the company gains. Therefore, employer branding nearly the most appropriate and perfect tool for each strategic step, which strengthens HRM's position in modern business.

Furthermore, employer branding will also have a certain influence on the brand of a company. "Employee branding bolsters an organization's brand with customers" (Bach 2005, p.267). The statement above has revealed mostly employer branding's role in company's reputation. In the service industry, it is not only the products that satisfy the consumers, but also the way we serve, which is all expressed in employees' attitude and treatment to them. Therefore, if the employees feel connected to where they work, they will find ways to provide better services for the customers. In some cases, they can become the ambassadors for their own company, expressing company' real values and benefits to the clients. Hence, it is indeed true to state that employer branding is one of the most useful ways of promoting the company and boost its growth.

Bringing huge numbers of benefits, what does employer branding include? Employer branding will require concentration on employee's "introduction, training, development and performance management", from which to make sure

that “when the employees come to work, they are motivated to live the organization’s brand”. The complete employer branding requires the whole HR stages to be involved in order to bring the best final results. Employer branding aims to create favorable environments for employees, therefore, there should be actions from the very first step and throughout the employment. Since the beginning, besides announcing necessary information regarding the working policies, the employer should introduce company’s cultures and values for all employees. This will help the employees understand where they work and be aware of company’s brand. From this first point, other steps like training, development and evaluation will give a hand in “winning the ‘hearts and minds’ of staff” and “winning the war on talent” (Bach 2005, p.266).

Eventually, employer branding increasingly becomes one of the best strategies to get higher performance and employee’s commitment of an organization. This method will “frames how you motivate employees to deliver what your business promises to customers and how you nurture a working environment that prospective employees will want to join”. (Sartain and Schumann 2006, as cited in Rosethorn 2009, p.18). This will turn employees into ambassadors for the organization and that ‘feel good factor’ can permeate out to others, notably customers and clients”, through a set of “functional, economic and psychological benefits” offered by the employing company (Simon Barrow 1996, as cited in Deb 2006, p.273). It targets directly to every employee and makes them willing or eager to work for their company. Furthermore, it also puts an indirect impact on customers, makes the consumers more aware of and interested in the company’s brand image, which will be clarified after this part.

### 2.2.2 Brand image effect

When it comes to Employer branding, it is impossible not to mention the term ‘brand’ or ‘brand image’, because eventually employer branding will support the brand image of a company to thrive. They have a rigid and close relation together. Therefore, this sub-part will play the role of discussing ‘brand’ definition as well as research on its impact on the company, under the utilization of Employer Branding.



According to Kotler and Armstrong, a brand is the representative of everything that means to customers through its products or services. It is not just a name or symbol but more than those. It is the most important element in building and strengthening the relationship between an organization and customers. It signifies how customers perceive, recognize and feel about the services or products and their performance (Kotler and Armstrong 2012, p.243). In the service industry, the brand is not evaluated through the products as in manufacturing industry, but furthermore through the serving style from the company. This is the main feature that attracts customers and creates a good image in their eyes.

In the so-called “weightless economy”, a brand has become the critical source of competitive advantage for many organization (Martin and Beaumont 2003, p.vi). Nowadays, gaining an advantage over competitors is more and more difficult. This requires not only improving the products but also making customers satisfied. When they are pleased both with the quality of products and the serving from the employees, the brand of the company in their minds will follow that to be better. Once that happens, loyal customers will keep coming back and moreover, introduce to others to join, which brings the company more strengths and superiority over their rivalry than ever. A lot of brand managers “believe they ‘own’ the brand, but a brand is a perception that lives primarily in the mind of customer” (Franzen and Moriarty 2009, p.7). Therefore, companies should not behave themselves as the owner, but instead, try to bring the best services for customers to create a more worthwhile and reliable image in their minds.

Brand image is one of the important terms in numerous ones related to a brand, which is studied and argued with high frequency these days. Brand image is analyzed and discovered on the basis of ‘brand awareness’ (Woodside et al. 2009). It is “a necessary condition for the creation of a brand image” (Woodside et al. 2009, p.42 as cited Keller 1993, p.1). This matches the above analysis about brand generally. The brand image is generated according to how the customers feel about it, not what the company thinks. Therefore, stimulating brand awareness for customers is also one of the necessary tasks for any firms.

In addition, brand image is correspondingly a “cluster of attributes and associations that consumers connect to the brand name” (Aaker Biel 1993, p.71, as cited in Woodside et al. 2009, p.40). According to Aaker 1991, brand image includes “a set of associations, usually organized in some meaningful ways” in which brand

association is “anything mentally linked to the brand” (Aaker 1991, p.272, as cited in Woodside et al. 2009, p.41). The brand associations will reveal how customers perceive about the brand in their memory, and eventually will provide the meaning of the brand for consumers (Keller 1993, p.3, as cited in Woodside et al. 2009, p.42).

As a brand image composition, brand associations are divided into three categories. Firstly, it is made of attributes. These attributes show how product-related factors (including performance and functions of the product itself), and non-product factors (including price, serving style or customers’ own experience with the brand) affect the brand image. For example, a restaurant – a typical representative for service industry – creates its brand image through some following possible attributes: its food/drinks quality (product-related) and mostly its treatment or attitudes to customers (non-product related). Secondly, benefits are also one element contributing to brand associations. They are defined as “what consumers believe the product or service can do for them”, in the other way, they are the most favorable conditions that the company can serve to their customers. Lastly, brand attitudes are the final yet important component. This is the total evaluations of a brand from customers’ point of view. These three factors have created brand associations, thereby contributing to the building of the brand image of an organization (Woodside et al. 2009, p.43, as cited Keller 1993).

It can be said that brand image is very necessary and important to any firm, then why companies need it? According to Lussier and Hendon, “customer have more power today than ever before, as they have a major effect on the organization’s performance through their purchase of products. Without customers, there’s no need for an organization.” (Lussier and Hendon 2013, p.43). They are the ones who directly affect a company’s profit and revenue due to their frequency of using the products or services. Therefore, the company should create a strong and influential brand image, because “brand image influences the customers to act toward a specific product or service” (Keller 1993, as cited in Glynn and Woodside 2009, p. 276). Furthermore, brand image functions define the product for consumers and differentiate the firm’s offering among competitors (Padgett and Allen 1997, as cited in Glynn and Woodside 2009, p. 276). Customers are so powerful without doubt, however, companies can turn that power into their own unique advantage if they have strategies for their brand image. With an outstanding and influencing

brand, companies will be well-known with a beautiful image. Consequently, customers will tend to be in more sympathy with the company and be happy to use the service or product, which results in higher profits both in finance and reputation.

Therefore, the mission the companies should do now is “continually improve products to create value for their customers. This process of product improvement requires skilled employees who are willing to use their creativity to further the organization’s knowledge, and as a result, this creates new products and services for their customers” (Lussier and Hendon 2013, p.43). Therefore, branding strategy, in which employer branding plays a crucial role, will allow an organization to differentiate itself from competition and in the process to bond with their customers to create loyalty (Deb 2006, p.273). Through employer branding, personnel of a company have the chance to work creatively yet conveniently, which creates the close relations between them and their workplace. “If the employees commit to the brand, the more successful the brand is. This is shown in daily interaction with customers” (Cottam 2006, p.624). This is absolutely true when applying to the service industry. In this sector, customers will interact, have contacts and communicate with the people from the brand, not with the products as in manufacturing industry. Thus, how the employees act affects hugely on how the brand is sensed by the customers.

Brand is often regarded as a marketing term, however, nowadays, building brand image is the common goal of every single department of a company. That brand image, besides plenty of marketing strategies and social media, is promoted through the firm’s HR element through employer branding. Eventually, the internal marketing, which is reflected through employer branding, has a close connection and put a strong influence on the brand image of a business.

In other words, “Employer Branding is a solid process based approach to discover and articulate the organization’s unique identity, which is connected in compelling ways to individual identities and aspirations of human resources, both current and potential” (Deb 2006, p.274). This helps to attract, develop and retain talented people of the organizations, and moreover places an impact on employees’ performances. Once the employees are well-treated with many opportunities for career development, their commitment and loyalty to the company will soar to a new level. They will work and try to complete their missions or tasks with the most efforts and investment. As a result, the relationship between the company and

customers will be improved through high-quality HR, which draws a stable and trustworthy brand image in customer's memory.

## 2.3 Human Resource Policies

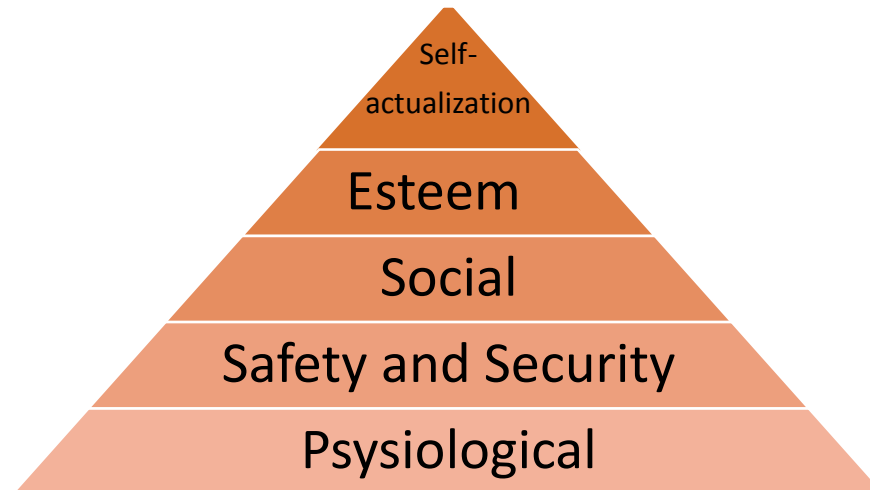
To make the employees become the ambassadors for the company and the brand, employer branding will be utilized and connected to HR policies to make it happen and succeed. They are the guidelines defining values, principles and strategies, and should be applied and implemented in managing people (Armstrong 2006, p.4). Besides, employer branding requires the alignment of management, and HR policies will ensure that the employees can have the matching experience to the brand image. To achieve goals and fulfill organization's need, "managers adopt policies and practices for organizing work and employ people (...). They include management activities in recruiting, selecting, deploying, motivating, appraising, training, developing and retaining individual employees" (Boxall and Purcell 2016, p.6). As cited, there are many types of policies that HRM uses to develop its people. In this part, two HR policies, including motivation and training which are also two out of four function of HRM (Figure 3), will be taken into account and analyzed.

### 2.3.1 Motivation

The first popular way to raise passion, commitment and dedication to work are motivation. For SHRM generally and employer branding particularly, motivation cannot be ignored as this is one of the most effective ways to improve employee's productivity. It focuses on the 'soft' version of HRM, where human relations are appreciated. This version will emphasize communication, motivation, and leadership (Storey 2015, p.8). Therefore, motivation is an important element that should be applied.

Everyone always desires to have their needs fulfilled, so do the employees. Once those necessities are reached, the employees will feel more satisfied with their company and try to perform better. The phases of need have been clarified in the traditional Maslow's Hierarchy of Needs in Figure 6. These five stages are defined from the basic to the advanced. Firstly is physiological – the point that has compensation system, which allows employees to fulfill their basic needs such as food, clothes or shelters. The next one is safety which provides employees with sufficient security at work, healthcare, and other working conditions. The third one

is belongingness when employees are encouraged with interpersonal relations and social functions, such as outdoor picnics with other colleagues. The following stage is esteem which offers promotions and accomplishment reorganization. The last one, also the most important one and hardest to achieve – self-actualization. At this point, employees are granted the opportunities to utilize their skills and knowledge to the best level (Maslow 1970, as cited in Lauby 2005, p.2)



*Figure 6: Maslow's Hierarchy of Needs (Source: Maslow 1970)*

The last step – self-actualization is when employees can confirm their talents, competencies and get recognized by others. Once they are confident to express themselves, they can fulfill the jobs to higher level, which will directly affect company's overall performance. Hence, to achieve this, motivation are often introduced and taken into force.

There are many concepts and terms which define motivation these days. At a very basic level, it is characterized as a certain level of willingness on the part of employees to increase their effort, to the extent that this exertion also satisfies a predefined need or desire they hold (Beardwell and Claydon 2007, p. 491). These are the employees' enthusiasm that helps to reach organizational goals, with the pre-condition to satisfy some individual needs (DeCenzo and Robbins 2008, p.266). When the company targets new aims, it is likely that they will recruit or choose the most talented people to work, with a strict timeline to achieve those. That is surely the first step that any company will think of. However, people are not the machine and cannot work without breaks. Breaks here may not mean the pauses during work, but the way company treats them. In order to execute a task correctly, an excellent person is a necessary condition, and the company will complete the sufficient

condition through motivating them. If they feel uninterested or discouraged about the project, they cannot put their hearts and souls to implement their jobs perfectly.

Another definition for motivation is “a state of readiness or eagerness to change, which may fluctuate from one time or situation to another. This state is one that can be influenced” (Miller and Rollnick, 1991, as cited in Long 2005, p.4). This is to some extent equivalent to the previous statement. Besides willingness, motivated employees can get ready and prepared for the up-coming tasks and goals from the company. This will be affected by how the company treats and offers them. Therefore, along with the influence of company’s motivation, employees will have higher spirit to obtain the maximum preparation, which can support more closely to company’s new target. This carries more weight especially in the service sector where the motivated employees can perform and create better interaction with the customers, then improve the brand image.

Furthermore, employee’s performance in any organization is created based on abilities and willingness, hence, motivation is functioned to help employees exert high energy level to work (Decenzo and Robbins 2002, p.45). In a simpler way, motivation is about encouraging staff to give their best, from which they care as much about the success of the business as their own career and perform better at work (BBC 2014). The ability of personnel has often been defined from the beginning when recruiting them. Therefore, when targeting a new aim, the company should also focus on the second issue – the employee’s attitude to work. Anyone if being forced to work or work under no respect or appreciation, it seems that they cannot complete their work perfectly and to the level the boss wants – which creates another stress for the employees. However, if they are motivated and highly inspired, they will work conveniently yet still exceptionally whole-heartedly. Each person will be an artist in their own field. Therefore, when there is emotion at work, there will be perfect and more valuable results.

There are two types of motivation, which are extrinsic and intrinsic. The first one is to satisfy indirect or instrumental needs, with the typical example of monetary motivation. On the contrary, the second one is intrinsic which satisfies the direct need in its own right. Of this type, there is a division of three main forms, including job satisfaction/experience, compliance with the standard for their own sake and the achievement of personal goals (Frey and Osterloh 2002, p.8). As mention in the employer branding part, there are two types of contracts between employer and

employees, one is transactional contract – by which the employees give their labor and take back financial remuneration. This is referred to extrinsic motivation. The second one is psychological, so known as relational contract – by which employees' motives are recognized, and are referred to intrinsic motivation more (Frey and Osterloh 2002, p. 17-18). To use extrinsic one today is not too difficult and the company will have a chance to receive some short-term benefits. Yet in the long run, intrinsic should be exploited and applied. The reason for that is employees will be willing to work and overcome some difficulties because they already feel satisfied and enthusiastic with need-fulfillment from the company. They realize that they are cared and known, which forces them vice versa to help the company, as well as to help their own life and career.

There are many benefits that motivation can bring to the companies if they are aware of applying. Firstly, “employee motivation is significantly positively associated with productivity” (Huselid 1995, as cited in Collings and Wood 2009). Motivation will urge employees to work harder and more efficiently. This is one of the most important conditions that all managers need to keep in mind for company's development because human is an exceptionally vital element of success. Therefore, a working environment full of encouragement and motivation will turn the repetitive day-by-day job into a new, exciting and engaging adventure for each and every employee.

In addition, quality of the working results will be improved to a higher level (BBC 2014). Motivation, besides making employees feel encouraged, also helps them to be more confident and self-assured in themselves. From there, they will not hesitate to promote their inherent abilities. Previously, without motivation, they may feel introvert, which results in not having the opportunity to express themselves. However, with the help of motivation, they will believe more in themselves and self-discover their own hidden abilities. This not only helps them to develop but also brings benefits for the company, through better performances they make.

Last but not least, motivation will help to improve the maintenance function, which is the activities in HRM concerned with maintaining employees' commitment and loyalty to the organization (Decenzo and Robbins 2002, p.46). From the past until now, succeeding in anything will often require trustworthy and loyal partners. In this case, company, if they want to develop in the long run and promote their long-lasting brand image, will need the help from committed employees. Then

motivation is the most useful tools to achieve this. When employees are fairly and favorably treated, besides dedicating in work with excellent results, they will want to be with the company in a long term and consider it as the second family to dedicate their talents.

### 2.3.2 Training

The second effective HR policies for company's development will be training. If motivation 'hits' the spiritual side, then training will affect directly employees' ability to perform.

The very basic definition of training is to bring "a desired standard of efficiency, condition or behavior by instruction and practice" (Hackett 2003, p.1). In other words, training can be considered as a type of learning, but with instructed assistance. For example, the restaurant manager showing the employees how to communicate with the customers correspondingly is also a case of training. In addition, with the same view, "training is a learning experience in that it seeks a relatively permanent change in an individual that will improve the ability to perform on the job". It can be including changes in skills, knowledge, attitudes and behaviors (Decenzo and Robbins 2002, p.215). Through training, staffs have the chance to obtain many new, useful and advanced things. In particular, the training courses provided by the company will not be rambling but will focus directly on the necessary skills for the current jobs. For instance, learning English includes many categories with different topics and situations. In F&B industry, employees may not need English skills related to manufacturing or traffic and other unrelated topics. Therefore, through company's training, employees in this field will study knowledge in the related backgrounds, such as types of food or communication skills.

In business, training can be considered as "the process of teaching employees the skills necessary to perform a job" (Lussier and Hendon 2013, p.240). For example, showing new Web designers the intricacies of your site or new salespeople how to sell your firm's product are also a process of training. This applies both to new and current staff in an organization. The new ones require training to participate in a new working environment, to get acquainted with the manners and policies of the company. This step will help them to quickly settle down and start working smoothly. For the current ones, who are already working at the company, training is a key method to help both employees and company. Training, in this case, will



help the employees accessed to new sources of information and skills, which makes them more confident in solving tasks and improves company's overall performance.

From the definitions, it can be drawn that employee training is very important and bring many benefits for both individuals and the organizations. Training will help employees to be kept updated, effective and efficient (Geet et al. 2009, p.5.2). In a growing society with many improvements and innovations, every organization should be equipped with the new knowledge to cope with changes and challenges. Therefore, when being provided new skills and reinforced the existing abilities, employees will be able to perform with more creativity and productivity. Besides, with the well-trained workers, mistakes and errors are more likely to be avoided (Geet et al. 2009, p.5.7). Because of that, training will support in reducing significant cost and effort incurred to fix those mistakes.

Furthermore, another benefit of training is to form "the appropriate shape to the behavior of employees to achieve the predetermined goals" (Geet et al. 2009, p.5.3). Each company always has certain strategic aims, such as improving the brand image in customers' minds. If an organization wants these goals to succeed, apart from business environment issues and external opportunities, a decisive factor is labor. Therefore, staff productivity improvement through training is a useful way to victory. Furthermore, if the organization applies training in the right way, training will be one of the primary tools in performance appraisals to help them determine working successfully (Lussier and Hendon 2013, p. 240). Therefore, once capacities are developed and new skills are supplemented, employees' performance will be improved. They will have more determination and power to work, which will affect directly in the process of achieving company's success.

To execute a training program, there are some steps that the manager should follow. According to Lussier and Hendon, there are five stages of training. The first one is to *assess and detect the need for training*. In this phase, the managers should review their company's up-coming goals and decide whether a training program is required for success. The next one is *selecting how to shape behaviors*. Here, employers will select the suitable methods for training their staff with further learning and attitude shaping. The third one is *designing training* when a training and developing plan or schedule are created. These two stages combine together to bring about the most suitable plan as possible. The following step is *delivering training*. This is when the

training plan is actually conducted and taken to force. And last but not least, after any program, *assessment* is always needed. This is the final phase to review the final results after applying training program. With this evaluation, the company can realize whether their training is successful or not to propose new preparation. (Lussier and Hendon 2013, p. 243-244). In short, a training program often consists of setting learning objectives, creating a motivational learning environment, making the learning meaningful, making skills transfer obvious and easy, reinforce the learning, ensuring transfer of learning to the job and other issues (Dessler 2013, p.276).

Eventually, employee training is present-oriented which focuses on the current jobs. This will be the basement for employee development – the future-oriented training, with the focus on growth in employee's career. Individual development will also lead to the synchronous thrive of the organization. Hence, "employees needs to be trained, and that's where human resource management can make a valuable contribution" (Decenzo and Robbins 2002, p.215-217).

To conclude, the very first principle of learning, is 'learning is enhanced when the learner is motivated' (Decenzo and Robbins 2002, p.216). It means that a person needs to be eager to learn, by that desire, they can put more effort in the training process. Therefore, along with motivation, training will complete the process of using HR policies by managers, which will together create a better effect, help the company to execute its objectives and aims to prosper.

### **3 HOW EMPLOYER BRANDING WITH HR POLICIES AFFECT A COMPANY'S BRAND IMAGE?**

This is the analysis part– also the main part and the soul of the thesis. In this section, the impact of employer branding, with the help of two HR policies – motivation and training, on company's development, especially brand image; and the current situation of F&B service in Vietnam will be considered into further details. The study is based on SWOT analysis, in which S will be about the current strengths that F&B service has been achieved so far in Vietnam. W stands for the weaknesses from the internal size that they are facing and on the way of finding solutions. O is the main part where open opportunities will be described. The open chances brought to the company through employer branding, especially to the influence of brand image, will be analyzed in details. Last but not least, the T – threats will be the existing risks that company in F&B of Vietnam are facing right now, which are necessary to avoid and transform. The study will be based on related theory, articles report, and an interview with an F&B owner with four outlets in Hanoi.

#### **3.1 Internal factors**

Internal factors consists of Strengths and Weaknesses. These will focus on the advantages and competencies that support the company to gain its strategies targets. Besides, the disadvantages or limitations incurring will also be analyzed in order to find the way of further development. Both of them will be studied based on F&B services, with the focus on restaurants, coffee shops, and the similar, in Vietnam.

##### **3.1.1 Current Strengths of F&B service in Vietnam**

In 1986, from subsidy economy, Vietnam conducted a comprehensive economic reform. At that time, Vietnam Communist Party launched the plan named “Doi Moi” (Renovation), leading the country from a subsidy to a market-based economy. This can be called as a revolution that changed the entire economic situation in Vietnam. From one of the least-developed countries, Vietnam has taken steps to a middle-income nation. During the last 30 years, Vietnam has recorded many significant and on-going achievements (World Bank, 2016). In general, Vietnamese economy still relies mostly on the manufacturing sector, with the highest GDP shares among others. However, service sector still plays a very important role and is on the way to further prosperity. Although the index and data are only in the second place, service still keeps close pace. According to OECD (2010), the share

in GDP of construction and industry sector in Vietnam fluctuated from 38% to 40%. That of services are 38% or 39%. Both of them have created power and far exceeded the primary sector (only from 19-20%). In service, the sub-sector 'Restaurant, Hotel' accounts for 11.0%, which is the second-largest sub-sector after Retail and Wholesale (University of Leicester 2008, p.6). Besides, following the global trend, Vietnam will adopt practices and receive more investment to develop services. This has created more favorable conditions for the business managers to put more efforts on progressing their diverse types of services. It can be said that though not being in the first place, service sector in Vietnam is still in the lead, growing to a positive direction and promising outstanding improvements if being managed properly. Therefore, the situation and current development pace have brought certain advantages for the economy generally and the businesses particularly.

In the service sector, there are many different branches that are developing in Vietnam, such as tourism, hospitality or telecommunication, with undeniable achievements (OECD 2010). However, besides that, there is a branch that is on the track of developing and also gains numerous successes – Food and Beverage. In the Introduction part, F&B situation in Vietnam has been partly described with many facts and figures. This part will continue analyzing in further details. Firstly, F&B service in Vietnam generally has shown a high market value which continues to grow in the next few years (Figure 7).

Historic Market Value and Growth of Vietnamese Foodservice by Category, US\$ millions						
Category	2008	2009	2010	2011	2012	CAGR 2008-12
Total Consumer Foodservice	21,313.0	22,899.6	24,679.0	30,980.4	33,295.7	11.8%
Full-Service Restaurants	11,259.5	11,985.1	13,027.3	17,091.2	18,477.6	13.2%
Street Stalls/Kiosks	8,389.7	9,060.9	9,604.5	11,338.4	11,961.9	9.3%
Cafés/Bars	1,410.0	1,565.4	1,719.2	2,132.8	2,373.3	13.9%
Fast Food	253.8	288.1	326.9	414.5	477.4	17.1%
Pizza Consumer Foodservice**	26.7	30.8	39.0	55.9	62.7	23.8%
100% Home Delivery/Takeaway	-	-	1.1	3.6	5.4	-

Forecasted Market Value and Growth of Vietnamese Foodservice by Category, US\$ millions						
Category	2013	2014	2015	2016	2017	CAGR 2013-17
Total Consumer Foodservice	36,330.3	40,755.4	46,131.4	52,397.8	59,771.0	13.3%
Full-Service Restaurants	20,521.0	23,488.3	27,134.3	31,455.0	36,609.9	15.6%
Street Stalls/Kiosks	12,634.1	13,647.8	14,841.7	16,158.3	17,634.9	8.7%
Cafés/Bars	2,620.7	2,964.1	3,376.2	3,857.7	4,424.5	14.0%
Fast Food	546.7	643.8	762.8	903.4	1,068.9	18.2%
Pizza Consumer Foodservice**	73.6	88.9	108.5	132.6	162.8	22.0%
100% Home Delivery/Takeaway	7.8	11.4	16.5	23.4	32.7	43.1%

*Source for both:* Euromonitor, 2014. *CAGR:* compound annual growth rate.

Figure 7: F&B Market Value: Past and Forecast (Source: Agriculture and Agri-Food Canada 2014, p.2)

From the Figure 7, it is clear that a number of F&B service in Vietnam increases year by year from 2008 to 2012, and is forecast to be higher, even nearly double by 2017. These numbers have shown a current success and a continuous development of F&B in Vietnam. Furthermore, there are huge numbers of Vietnamese brands that are created and operated successfully. The KAfé – as known as The KAfé Group – is a famous brand in youth community. According to the KAfé Website, in 2008, Dao Chi Anh – the owner of this urban fusion café-restaurant chain – opened her own Kitchen food blog, followed by The Kitchen Art Store and Studio in 2011. With the desire to bring a new model of F&B, which is more modern and attractive, The KAfé was born in 2013 with Mrs. Dao's passion. From that until now, The KAfé has operated with over 20 outlets in 2 biggest cities of Vietnam – Hanoi and Ho Chi Minh, under four sub-brands, including The KAfé, The KAfé Village, The KAfé Box, and the Burger Box. They aim to bring the simple yet fresh and safe farm-to-table food and drinks to customers, through their certified organic farm. The company has been aware of the need for fresh food and unique concepts, which creates the basement for their establishment. This is the key element in the success of the brand. Besides, on TripAdvisor – the most popular reviewing website for hotels, restaurants and more, many outlets of The KAfé are voted 4 stars (5 stars is the highest evaluation). It can be said that this brand has discovered the demand of customers and from there, gained their trust. Moreover, success follows success when the company received a huge investment from abroad. The value of this deal is up to \$5.5 million from Cassia Investment in the last quarter of 2015. This has assisted the company in further expansions to other cities along Vietnam, and Mrs. Dao even hoped to bring the KAfé Group to London and Hong Kong stock exchange in 2 years (Nguyen 2015a). One more example is Huy Vietnam Group. Huy Vietnam was founded by Mr. Huy Nhat in 2006 and has transformed itself as largest self-managed local Vietnamese food Restaurant Company. Currently, there are approximately 140 outlets in Hanoi and Ho Chi Minh, under four sub-brands, including Mon Hue, Com Tho Chay, Pho Ong Hung and Great Banh mi & Café. These restaurant chains offer various traditional Vietnamese food from many domestic regions. They are also the pioneers in the type of international and professional management, with the profound knowledge about customers' taste (Huy Vietnam – About us 1). With the support of New Asia Partners – a Hong Kong-based private equity group, Huy Vietnam has raised in total \$65 million from many global investors (AIF Capital Asia IV, Welkin Capital, Fortress Capital and

so on). These successes have helped the company in their network expansion and quality development (Nguyen 2015b). The KAfé and Huy Vietnam are two in many other F&B-related brands in Vietnam. Other names can be listed such as Urban Station with over 40 outlets in different cities of Vietnam, Delio Coffee with 5 outlets in Hanoi, the newly opened Banh mi Minh Nhat by the second Vietnamese MasterChef winner with many outlets, Koh Samui Hut managed by Nguyen Ha Linh – top 30 Under 20 of Forbes Vietnam, etc.(Vietnamnet 2016a) Besides, massive entry of foreign brands, such as McDonald, Burger King or Starbucks has also increased the importance of F&B (Ghosh 2014). Eventually, F&B industry in Vietnam has gained remarkable and proud achievements, which acts as a favorable strength promising a better future and more opportunities for further development of this ‘newly-entered’ branch in Vietnam.

Another strength that supports F&B service is the current staff. From General Statistics Office of Vietnam, the total labors on hotels and restaurants – where F&B service exists – were 2 430.4 by the 1<sup>st</sup> quarter of 2015 and increased to 2 442.8 by the end of 2015. The figure was in the second place in the service sector of Vietnam. Besides, the number of youth participation is fluctuating around 57% to 60% (General Statistic Office of Vietnam 2015, Table 10 and Table 19). Therefore, the employees are often the youth generation who are youthful, active and easily integrated. Firstly, the full-time employees may include the CEO, the manager, the marketing officer or the accountants. They are the ones who develop plans for the company in general, also those who make important decisions for the company and are the representatives of the company in term of media and advertising. This point will be explained in further detail in next paragraph. Besides, other employees who interact directly with customers – the waiters and waitresses also play a vital role in gaining company’s competitive strength. For these positions, most restaurants and café, especially the fancy ones for youth generation, often hire and sign contracts with young people. Because of that, they are regularly very energetic, enthusiastic, and full of inspiration at work. In addition, for being young, they are easy to assess and catch new domestic and international trends, from which to contribute unique and creative ideas for company’s development. The impression of a youthful team has been frequently expressed through their official websites, and especially Facebook Fan pages – one of the most popular official marketing media tools of Vietnam F&B business besides official websites.

As mentioned above, besides the staff, F&B service in Vietnam earns its strength through excellent leaders and senior employees, who are in charge of management tasks. They are the essential and extremely important factor in the success of a brand because a good manager can design the best and most suitable employer branding plans for their own businesses. They are educated and have gained certain success in the related area, and especially have devoted themselves to their business ideas and followed till the end. Huy Vietnam – the mentioned Group who has gained a huge amount of investment – includes a very experienced management team. Mr. Huy Nhat – the CEO has over 20-year experience in F&B industry and has been opened many restaurants in USA, China, and Vietnam. He graduated from UCLA (University of California, Los Angeles) for BA and Pepperdine University for MBA. Ms. Tran Thi Thanh Tam – the Co-founder and Chief Chef has about 30 years of profound experience as a head chef and restaurant owner. The Vice President of operations and Finance Director both have over 15 years' experience in related fields. Huy Vietnam's team has shown the strength of self-management and brought about plenty of success and potential for the company (Huy Vietnam Website – About us 2). Dao Chi Anh – Founder of the KAfé Group – has a culture-diverse background. Due to her father's work, she was born in Russia, spent her childhood in Germany and Taiwan. As grown up, she lived and worked in Singapore for 8 years and is now doing her business in Vietnam. Therefore, she can speak fluently 4 languages – which opens many opportunities for herself. Her success was initiated by her passion for food and cooking. During her time in Singapore, she opened her own blog about her culinary passion. Then she published two cookbooks with another co-author. To put the first brick for success, she quitted the desirable job at Panasonic Singapore, returned to Vietnam and started-up, with the capital full of her passion and enthusiasm. This has helped her gain more experience in F&B industry, from which to call for more investments and many devoted partners, as well as to create the victory of The KAfé Group today (VOVNews 2015). Dinh Nhat Nam – founder and owner of Urban Station coffee – is proud to be one of the youth in 2016 list 30 under 30 in Asia by Forbes (Vietnamnet 2015). This was the proof of his success, which will be further promoted later on. Another example is Minh Nhat with her Banh mi (Baguette) restaurant chains. She was the winner of MasterChef Vietnam 2014 and had a chance to appear on the list 30 under 30 by Forbes as well (Yao 2016). Hence, these owners with their personal success have, to some extent, brought an advantage to

their brand. Therefore, they are the ones who not only manage their businesses well but also bring benefits for the F&B in general.

Furthermore, with the integrated trends, F&B service in Vietnam has set some initial investment for the image of the company through the staff and media products. Firstly, many companies are aware of attracting customers through social media. Therefore, they have put a lot of efforts in developing the official information sources – websites. On those, the visuals are designed to attract the eyes, and the information is invested with full news and descriptions. In some website of developed restaurants, such as the KAfé, Huy Vietnam, Urban Station or Koh Samui, there are even English or Chinese versions, which helps the foreign customers or investors find it easier to access. Concerning the employees, many businesses in this field has made some progressive changes. Through the images and articles on the official website and other social media of these companies, it is not difficult to recognize the overall image of the staff team. They are equipped with synchronized uniform. There may be only the apron uniform or T-shirt uniform but invisibly these have created a professional and energetic image for the business itself. Besides, for example, Huy Vietnam has promoted a co-operation between the Group and Hoa Sen University in Ho Chi Minh. This has created promising chances of internship for Hospitality students of this university, which also increased a number of professionally educated staff for this business sector (Great Banh Mi and Café news). In addition, as stated on the official website, The KAfé Group has been not only implementing development strategies, in order to gain a higher return for shareholders, but also to create better values for employees (The KAfé Group Introduction). In other words, the company has realized the importance of employees and has conducted certain investments for them, which creates a solid connection for the development of the company. These strategies have shown a progressive and serious attitude in the operation of Vietnamese F&B business, which proves that they are on the right track as the pioneers in this industry.

Furthermore, according to General Statistic Office of Vietnam, from the “Result of the Vietnam Household Living Standard Survey 2012” displayed in Figure 7, spending on Eating, Drinking and Smoking took up about 56.0% in 2012, in which Outdoor meals were 12.5%, which shown a significant increase compared to 2002 (7.1%). From these data, it can be drawn up that the need for primary activities like



eating and drinking has taken up more than half of the consumption expenditure, And the demand for using F&B services – eating out at restaurants, coffee outlets, and other similar forms – is increasing nearly twice in 10 years period from 2002 to 2012, and shows a sign of continuing increase. Besides, there has been also an increase in income from Figure 9. The total monthly income per capital increased to 1999.8 thousand VND in 2012, which shows a huge rise of over 5 times compared to 2002 with only 356.1 thousand VND. This explains why Personal Consumption has increased. Although increasing income does not mean that spending on F&B service will increase at the same pace, this will have a certain influence on the demand for services in general and the need for F&B service in particularly. Some positive data from the Figure 8 has proven a development sign in the future for this type of service.

### 6.13 Cơ cấu các khoản chi tiêu cho đời sống chia theo vùng và khoản chi

*Structure of consumption expenditure for living by region and consumption expenditure item*

(Giá hiện hành/ At current prices ) Đơn vị tính/ Unit: %

	8 vùng/ 8 regions								
	Chung/ Total	Đồng bằng sông Hồng/ Red River Delta	Đông Bắc/ North East	Tây Bắc/ North West	Bắc Trung Bộ/ North Central Coast	Duyên hải Nam Trung Bộ/ South Central Coast	Tây Nguyên/ Central Highlands	Đông Nam Bộ/ South East	Đồng bằng sông Cửu Long/ Mekong River Delta
<b>CẢ NƯỚC/ WHOLE COUNTRY</b>									
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>Chi ăn uống, hút/ Eating, drinking &amp; smoking</b>									
2002	56.7	53.8	61.2	64.2	58.3	56.4	58.6	52.7	60.5
2004	53.5	51.1	58.2	60.0	56.3	53.1	51.3	50.4	56.7
2006	52.8	51.5	57.0	60.2	55.1	54.4	52.2	48.0	56.2
2008	53.0	53.4	57.9	59.9	56.7	54.1	53.7	47.1	55.8
2010	52.9	51.8	57.6	62.1	55.5	53.8	55.5	48.5	54.5
2012	56.0	55.5	60.0	61.9	57.4	57.7	54.8	53.2	56.7
<b>Ăn uống ngoài gia đình/ Outdoor meals</b>									
2002	7.1	6.9	3.2	2.4	3.8	8.9	3.4	10.8	6.8
2004	7.7	7.1	4.3	3.0	4.7	8.3	4.2	12.2	6.6
2006	7.1	7.0	4.7	2.4	4.8	9.4	4.7	9.1	6.9
2008	7.2	6.6	5.0	3.3	5.7	8.7	4.9	9.9	6.2
2010	10.5	10.2	6.8	7.3	9.3	12.8	10.0	13.4	8.9
2012	12.5	11.2	9.3	7.5	11.4	16.8	10.7	15.8	11.2

Figure 8: Consumption Expenditure on Outdoor meals (Source: Official Statistic Office of Vietnam 2012, p.260-261)

	Chung/ Total	Tiền lương tiền công/ Salary or wage	Nông nghiệp/ Agriculture	Lâm nghiệp/ Forestry	Thủy sản/ Fishery	Công nghiệp/ Industry	Xây dựng/ Construction	Thương nghiệp/ Trade	Dịch vụ/ Services	Khác/ Others
<b>CẢ NƯỚC/ WHOLE COUNTRY</b>										
2002	356.1	116.4	82.4	4.5	14.5	19.7	1.6	34.4	24.8	57.7
2004	484.4	158.4	109.5	4.8	17.4	26.0	2.1	47.8	32.8	85.5
2006	636.5	218.0	132.0	5.1	21.2	34.8	3.5	62.3	44.5	115.1
2008	995.2	345.5	202.3	6.9	29.5	50.4	5.3	94.9	74.9	185.6
2010	1387.1	622.4	238.6	9.8	30.9	69.5	9.5	147.6	100.9	158.0
2012	1999.8	923.1	339.6	13.6	43.3	81.5	14.4	203.4	143.0	237.9

Figure 9: Monthly Income per Capital per month (Source: Official Statistic Office of Vietnam 2012, p.202)

These are the strengths of both the people and society's side. These have created a positive image of F&B service in general during its initial development. They will act as the favorable conditions to support the development of F&B in particular and to contribute to the innovation of Vietnam economy in general.

### 3.1.2 Existing Weaknesses

Although there are many strengths that support the development of F&B service, there are a number of weaknesses that should be investigated and fixed, in order to bring more opportunities for F&B image in Vietnam generally.

Firstly, there are some problems related to the quality of Vietnamese human resources. They are lacking skills or having weak skills in their working fields. A lot of Vietnamese human resources seem to lack necessary skills to perform work – such as language, behavioral or technical ones – compared to other countries in regions like Singapore, Malaysia, and Thailand. Vietnam has ranked in the bottom half in the ranking of labor force development in ASEAN (Vietnam Briefing 2014). The statement means that employees in Vietnam are lacking essential skills and knowledge, which makes them less competitive among the regional countries. In international development trend today, each person should be provided with skills to cope with the integrated tasks. Not only so, with the domestic jobs, human resources also need essential abilities to perform with higher efficiency, which forces the overall economic development and leads to more opportunities. For example, in F&B service, if lacking behavioral skills, the employees, especially the waiter staff, may communicate poorly with customers, or have irrational behaviors. With global trend and tourism development in these days, it is not hard to find foreign customers visiting at any restaurant outlet. These tourists cannot speak

Vietnamese, if yes, the percentage is quite low. Hence, if lacking language skill especially English – the international language nowadays, the employees find it hard to interact with customers and to follow their requests. This weakness has been warned by many international organizations and there is a need for further training (Chi Mai 2013). Nevertheless, this is a repairable weakness over time. In the Vietnam Development Report 2014 by World Bank, it is said that the biggest property of Vietnam is the high number of young labor. However, the on-going demographic transition means that relying on the quantity of workforce is not appropriate anymore, instead, Vietnam should focus on the quality and productivity. The consensus has been established to develop more skilled and high-qualified human resource for the period 2011-2020. These policies are hoped to improve the current situation of overall Vietnamese labor (World Bank 2014, p.11).

Secondly, with the current situation there have not really had clear policies and strategies to attract and retain foreign investment or brands in F&B. Apart from some foreign F&B brands who entered Vietnam through the ‘front door’, including Lotteria, KFC, and Jollibee, there is a number of enterprises entering through the ‘side door’. Before January 2015, Vietnam was under the 8 year WTO accession since the participation in 2007. Therefore, during that time, Vietnam did not completely open ways for F&B service from foreign investment. Therefore, the first grand opening of Starbuck in Vietnam in 2014 was a surprise to many lawyers. This famous brand entered Vietnam through Hong Kong’s Maxim Group – its franchise partner. Through its subsidiaries – Coffee Concepts Vietnam, Starbucks was drawn way to enter Vietnamese market. However by the beginning of 2015, F&B will have more chance to welcome foreign investors and brands, which accounts for F&B service development in Vietnam generally (The Business Time 2014a). However, due to many other reasons, the foreign F&B brands in Vietnam are still struggling beside initiative successes. Many F&B chains find it hard to seek for sources of local material suppliers. According to the Business Time, McDonald has had Da Lat – a highland city in Vietnam – as the only vegetable source, and ABC Bakery Vietnam as the only burger buns source. This company is also providing materials for other foreign F&B chains such as Jollibee, KFC or Burger King since 1996. As for Lotteria – a Korean brand, despite being opened for more than 20 years, they still complain about finding domestic suppliers until now. Because of this, many brands still needs to import ingredients from abroad to meet their

demand both on quantity and quality (The Business Time 2014b). More badly, Burger King – a famous F&B brand from the US – has suffered from closing several outlets in Vietnam. In total in 2015, they closed 3 outlets in Ho Chi Minh City and 1 outlet in Da Nang city. The situation shows a difference to investors' perspective when entering Vietnam market (Vietnamnet 2016b). Therefore, following the integration trend, although Vietnamese market has attracted many foreign resources in F&B, there are still not many favorable and supporting conditions for this service. From there, it may be drawn that the domestic F&B brands are also struggling to some extent in the battle of development.

In addition, the emerging issues of dirty food and waste management have influenced a lot to F&B service in Vietnam. Choosing safe materials and ingredients for meals is a proper need of each individual and any F&B service outlet. However, this seems to be struggling in Vietnam's current situation. In Vietnam, meat and other goods are imported with huge volumes. According to Animal Health Department's statistics in 2008, the amount of imported frozen meat increased to approximately 120 000 tons, which was nearly 3 times more than 2007. In the first half of 2011, the figure showed up to almost 60 000 tons. It is worth mentioning here that the loose management in import activities has allowed the non-labeled, expired, unidentified, and non-origin products to enter. There are even food-smuggles in several Vietnamese provinces close to China in the north through the borders. Several cases of food smuggle has been caught red-handed by the police (CASE News 2011 and Sai Gon Giai Phong News 2011). Besides, there are several issues related to food safety in Vietnam, including using pesticides in farming and its consequence, misuse of food additives, illegal import and color/preservative usage (Phung 2015). Recently in April 2016, the Minister of Agriculture and Rural Development even held a press conference to apologize for his previous statement "most of our food are safe". The statement has raised many doubts for consumers and lawmakers of the country, which has acted like a "fuel to public's anger" (Tuoi Tre News 2016). Furthermore, Vietnam is still lacking appropriate equipments and skill labor in handling food safety and hygiene issues (Thanh Nien News 2010). In short, food problems have actually caused a lot of concerns among people. This, therefore, has more or less influence on F&B – the service serving food and drinks for customers. In this case, many consumers may choose to eat at home and cook by themselves rather than using F&B services like restaurants, fast-food stores or

coffee shops as much as before. Therefore, these are the weakness that every F&B service in Vietnam should find solutions to fix and calm their customers.

The weaknesses concerning human resource quality and other social factors have been the valuable lessons, which helps F&B businesses to have chances to look back and repair promptly. From that, they can make better and more appropriate decisions for operation activities in accordance with the general trend of the society and economy.

### 3.2 External factors

External factors consist of Opportunities and Threats. Firstly the opportunities will be the main sector of the analysis part, where the influences and effect of employer branding and HR policies on the F&B service's development and brand image will be described in further details. From there and other parts of SWOT analysis, the research question will be answered and responded. Secondly, the threats part will include the pressure and fear that come from the outside environment, by which the company finds it hard to control. However, together with the analyzed weaknesses, this will help F&B businesses to have an overview of their position and situation, from that to launch numbers of measures and solutions helping them to stay strong and developed.

#### 3.2.1 Opportunities for brand image when applying employer branding

From the internal factors above, the F&B service in Vietnam has made the very first successful and stable step in development, yet still had numbers of difficulties to overcome and required new directions of planning. The macro issues related to the economy and society will be discussed and reacted by the government. On the side of individual F&B business, they also need to have their own modification to refresh their images. Therefore, Employer branding with the assistance of HR policies will help them to reap more opportunities in the current situation. Besides, investing in HR will bring them chances to make up for the weaknesses and create a more steady position on the market. Employer branding and HR policies including motivation and training have been discussed and analyzed in details in the previous part. From which, the certain opportunities for F&B services can be brought about as follows.

Firstly, when employer branding is conducted with the focus on motivation, the employees will be mentally comfortable and energetic at work, which creates spill-over on everyone around including customers. In a working environment with many challenges, every employee of F&B service should form a careful, dedicated and polite attitude to perform well and face up with those difficulties. And motivation represents employees' willingness to work and try (Beardwell and Claydon 2007, p. 491). In the favorable condition of economy and society, employees' voluntariness has been an extremely important element. This almost decides the success or failure of the plans and strategies because the staff is the ones who directly implement the company's targets. Therefore, in an arduous condition of F&B, the support of the staff is necessary and appreciated. With this, the employees will not totally work only for their own needs, such as earning more money, caring only for their own purposes, etc., but also for the common development of the F&B business – the community they are 'living' in. Motivation means the company cares about their employees, brings them more benefits and pleasure. In manufacturing, although there are many requires and changes, there are still plenty of instructions on using machinery stuffs. In the case of the service industry, especially F&B requires a lot of effort at work. The employees interact directly with customers – those who often have many diverse requirements for their purposes. Therefore, in this sector, they are required to be more patient to complete their jobs productively. Then, where their patience come from? As mentioned above, once being created favorable and reasonable working conditions, employees' morality will be improved. In such an environment, people will work effectively with more inspiration, harmony, and creativity. At this point, to them, creating values for customers and the company is as important as their individual needs. From there, they will work with the aim to support company's strategy and plan. As a result, jobs and tasks will be carried out with more efficiency and higher investment. This has led to customer satisfaction and company's project successes. In F&B services especially, customers' interest and satisfaction is a decisive factor for victory. For example, in a restaurant outlet, the employees with better motivation plan from the company will show a difference. They will serve with a smile and bring a space of comfort for their customers. These details may be small but it will put a great impact on customer sentiment because the customers always hope to get the standardized and worthwhile service with the money spent.

Secondly, employer branding with the help of training will increase the quality of employees and the service, from which deliver better values for customers and even a higher chance for economic development. By definition, training is “a desired standard of efficiency, condition or behavior by instruction and practice” (Hackett 2003, p.1). In short, training provides the employees with new skills in changing society, as well as strengthens the available skills to a new level. These activities will help them gain the necessary skills for their own development and the overall prosperity of F&B service. Not being a new sector but F&B have just exploited with more achievement in the last 10 years. Therefore, employees in this service should be equipped with both hard and soft skills. ‘Hard’ refers to basic knowledge to perform their missions and ‘soft’ means the way they express their attitudes and behaviors to customers – the main and important stakeholder in this business. With this understanding, they can complete the common requests of the industry and implement company’s strategies faster yet more efficient. This fact is exceptionally true when applying to F&B service. In ‘Vietnam Development Report 2014’, it is stated that “a skilled workforce is central to the success of Vietnam’s economic and social transitions” (World Bank 2014, p.7). Lacking several necessary skills is a mentioned weakness of Vietnamese labor. Consequently, this has partly prevented Vietnam in ‘labor battle’ when comparing to other neighboring countries, and more seriously led to poorer service provided by Vietnamese employees. As an important branch which brings many economic and social benefits, F&B itself should take certain measures to improve the situation to some extent for its own development, from which contributes to the whole progress of Vietnam. Hence, training – a useful method for every industry – also applied perfectly for F&B service. Due to characteristics of this branch, the training plan may be different from other types of services. Besides sector-related knowledge such as types of food, how to make perfect drinks or hygiene tests, managers in F&B service should plan to train their behavioral and cognitive skills for their staff – which are wanted for Vietnam economy, according to World Bank (World Bank 2014, p.7). The reason is that in this kind of service, most of the time the employees will interact and service directly to the customers. In a typical example of F&B service – restaurants, the staff’s jobs include welcoming the clients, taking their orders, serving the dishes and listening to other related requests from them. In order to perform these activities smoothly and efficiently with good feedbacks, every employee should have sufficient skills. For fresh employees, it is of the most important so that they can start to work with

less roughness. For current employees, training will provide them the newest trend and attitudes needed for changing customers' taste these days. All of these will aim to bring better services for customers and create competitive advantages over rivals. Thus, the general situation in Vietnam requires a new generation of HR with new skills and professional training. Therefore, every industry and sector should contribute their best to this comprehensive development. Motivation and training for F&B service are two most important methods for employees in this quality transformation, which on one side bring more benefits for F&B sector, and on the other side support the common target of Vietnam economy and society.

Furthermore, applying HRM method – employer branding with the focus on motivation and training will also help the company in F&B service itself to attract more customers and gain higher profits. Formerly, HRM was considered as cost-centers which only consumed the budget and gained no benefits. However, these days, it is the revenue center that “enhances profitability of the organization through enhancing the productivity of the people within the organization” (Lussier and Hendon 2013, p.6). Hence, a team of professional and efficient staff will increase the company's success, especially in profit issue. That is a good judgment, especially in case of F&B. With the characteristics of human-human interaction, F&B service should appreciate this statement more. Through professional skills and striving attitude at work, employees can increase the quality of services, from which bring more profits to the company. Profits here refer to both monetary and non-monetary issues. The non-monetary issues will be discussed in further details in the next paragraph. The monetary issues are related to company's overall financial situation. Firstly, with the quality of service received, customers will find it worthwhile with the money they have spent. This will appear in their mind as a suggestion for coming back, which helps the company to gain more money on their revenue. More customers with more money paid, there will be more financial profits in return. Secondly, better quality of service also brings the brand to a new level, especially in F&B services situation with many competitors. With delicious food and good drinks, together with excellent attitude and behaviors, the companies will gain a strong competitive advantage in their competition field. This also means they will catch more eyes from customers, attract them to visit and interest them to use their service. Because of this, F&B service outlets will have a chance to welcome more and more guests. Although this increasing number may cause a little



more stress, there will be more profits which in return can play as a type of motivation for both managers and employees. Therefore, with one step – applying HR policies, F&B companies can obtain two benefits – customer attraction and profit increase – which are also the most important factors in any service operation. From this, they can develop comprehensively in accordance with the overall trend.

Remarkably, the most important opportunity is F&B businesses can promote their brand through employees and have more effective and beautiful image in the market, which is the non-monetary benefit and beyond. In the literature part, according to Glynn and Woodside, “brand image influences the customers to act toward a specific product or service” (Keller 1993, as cited in Glynn and Woodside 2009, p. 276), which means a brand image will affect customers’ behaviors and perceptions toward the company. If the brand is attached to a lot of scandals or disrepute, there seems to be a certain effect on customers’ awareness to the negative direction. On the other hand, with a stunning and positive image, the company can gain a firm position in the market. In product-manufacturing industry, the product itself is the one who retains customers. However, in the case of F&B service, not only the serving food and drinks raise voice, but also does the quality of serving by employees. Therefore, a thoroughly trained and spiritually motivated staff will convey differentiated results among others. Once being equipped with those, the employees will take their customer to a new brand-experience. With a comfortable working spirit and well-trained skills, employees are promised to bring a superior service, which makes customers feel more comfortable and satisfied. This is very crucial because when using any service, customers often hope to enjoy a good provision with friendly and understanding staff. Customer satisfaction is the clearest confirmation of the service quality, especially in F&B. In addition, “customer have more power today than ever before” because they affect hugely on company’s performance through their using products or services (Lussier and Hendon 2013, p.43). Therefore, when the customers have a good sense of a brand, its image will be gradually consolidated and enhanced, which brings a wealth of benefits for the company. The company’s positive brand image will be spread out on a larger scale. From one customer who is impressed by the quality of the company, there will be more customers who know about the brand through word-of-mouth or internet feedbacks. As for F&B service, the online feedbacks can be found easily on their own websites, social media pages such as Facebook, Instagram

or Twitter, and other review websites such as TripAdvisor or Foursquare. The assessments and comments from previous customers themselves have contributed to improving the brand image of the company to new customers. Furthermore, with a good and broad brand image, the F&B companies can attract more people to come and use their service, which puts an impact on company's financial results. In addition, it can be said that the F&B companies can market themselves through employees to boost their own brand images, but not actually use any marketing plan. Therefore, employer branding also helped the company improve and strengthen its competitive position as well as save financial resource for marketing plans. Hence, with the utilization of employer branding in F&B service, not only the quality of the service is guaranteed, but the brand image has also been enhanced and widely known.

Another benefit of HR policies, including motivation and training is to avoid, as many as possible, unexpected mistakes which may affect F&B business's overall performances. This is also one of the benefits of HRM, which has been defined in the literature part. Once HR policies are utilized, the employees can develop their available and potential skills, which helps them to bring about the best performance and prevents the companies from harming their brand image. From that, faults or disruptions may be reduced to some extent. For example, in 2015, a coffee shop in York, England emerged with the issue with their customers. A guest who went for an afternoon tea with a tight budget left a 1 star (lowest) review on TripAdvisor about that café. She complained about being charged £2 for a cup of hot water and a thin slice of lemon which was over-priced to her; plus a comment about a very rude staff. The restaurant owner, later on, put a reply, which showed her she was wrong and knew nothing about the overhead cost of a business to prove that her drink was worth £2 (Fahey 2016). The issue received a lot of multi-dimension responses from other people, some of which went in for the customers and the others agreed with the restaurant owner. In this case, the customers may be right or wrong, but if the waiter who served that customer was better trained or motivated, they would have had suitable explanation to customer directly on that day, not some days later on the Internet, which brought a prompt and reasonable explanation to the customer and eased them more quickly. From that, the café can avoid several articles about their scandal, which to some extent affects their brand image. Hence,

reducing a number of unexpected mistakes by HR will also be a tool for strengthening the overall image of the brand.

Furthermore, being cared and appreciated will gain employees' loyalty but also the commitment and positive review from customers. As being analyzed a lot in the literature part, an important aim of HR policies is also to retain employees. When being motivated and having the opportunity to develop themselves in their future career, the employees can feel a closer connection to their workplace. Then at that phase, the company can improve both employees' quality as well as their trustworthiness and loyalty. This will help to form a united, close and long-term workforce for F&B service in particular and Vietnam economy in general. Besides, with better employees' quality and attitudes, the customers may trust in using that brand's service for the next times, from that to increase customer commitment to the company.

Last but not least, in integrated trend these days, better service in F&B also helps to bring better image for the country as an 'ambassador of culinary arts' to tourists. In the trend of traveling across nations these days, a number of tourists enter each country will increase than previously, which applies to Vietnam situation. In the first 4 months of 2016, Vietnam welcomed about 3.3 million international arrivals, which showed an increase of 17.8% compared to the same period last year (Vietnam National Administration of Tourism 2016). In addition, food and culinary arts is one way of acculturation to other people, which can be enhanced through F&B service' development. Eventually, the innovation of F&B not only helps position itself in the economy but also supports Vietnam tourism industry. By this, Vietnam can become a more beautiful destination with traditional cuisine and delicious fusion, with a thoughtful and attentive attitude from the staff.

Hence, employer branding along with HR policies has brought a huge number of open opportunities if they are applied in the right direction and with the appropriate method. All of these will back up the development of each and every outlet, from which to boost the growth and to bring a newly modern look for the whole F&B service.

### 3.2.2 Facing Threats from the outer environment

Threat part in SWOT analysis will refer to the unavoidable risks caused by the business environment and society. These act as a warning for F&B service to plan ahead several solutions to “fight” and define itself in the economy.

The first threat will come from the characteristic of F&B service. Monopolistic competition, in which the number of sellers is relatively large, is a part of imperfect competition, together with Oligopoly and Duopoly (Jain and Khanna 2009, p.146). In monopolistic competition, firms confront with few or many competitors but “each firm sells a differentiated product”, and an example of this type is F&B service (Joel Mokyr 2003, p.446). There are many characteristics of this competition as follows. The one that appears in its definition is about the high number of sellers and it is hard to calculate how large they are, which may depend on types of market. Besides, there is no limitation of entry and exist. New sellers are free to enter and the old one can exit anytime, which affects directly to others’ market share. Another characteristic taken into account is product differentiation. In contrast to monopoly – where one seller trades one product/service, monopolistic includes many sellers who sell homogeneous product/service. Therefore, in order to attract and retain consumers, these sellers need to distinguish themselves through their own design, shape, usage, after-sale-service and etc. (Dwivedi 2006, p.356-357). From these facts, placed in the situation of Vietnam, it is true to F&B service to some extent. In Figure 10, there shows a huge quantity of F&B representatives, which proves one statement – F&B service in Vietnam is very competitive and its number of outlets will continue to increase due to free entry policy of the monopolistic competition. Consequently, besides investing in food and drinks quality, any firm in this sector needs to tell themselves apart through their personnel. This feature can moderately create that company’s own culture and identity, which helps to define its position in the market. Therefore, in order to get access to more customers, as well as keep loyal customer to stay, applying employer branding for F&B service will be a supporting tool for any individual company to confront with this challenge.

**Outlets and Transactions of Vietnam Foodservice by Subsector, 2012**

Subsector	Outlets	Total Sales (US\$ million)	Transactions (thousands)	Average Sales per Outlet (US\$)	Sales per Transaction (US\$)
Street Stalls/Kiosks	438,697	18,477.6	8,420,731	42,119.3	2.2
Full-Service Restaurants	84,227	11,961.9	5,601,617	142,019.8	2.1
Cafés/Bars	23,322	2,373.3	917,289	101,762.3	2.6
Fast Food	7,684	477.4	368,499	62,129.1	1.3
Pizza Consumer Foodservice**	212	62.7	9,891	295,754.7	6.3
100% Home Delivery/Takeaway	11	5.4	479	490,909.1	11.3

*Source:* Euromonitor, 2014.

*\*\*Pizza consumer foodservice data is compiled from three different subsectors (fast food, full-service restaurants, and 100% home delivery/takeaway) for the purposes of comparison, but remains reflected within the figures for these subsectors, and thus the consumer foodservice total. As such, pizza consumer foodservice is not counted as its own sector within the consumer foodservice total.*

*Figure 10: F&B numbers and transactions in Vietnam (Source: Agriculture and Agri-Food Canada 2014, p.4)*

Secondly, besides confronting with the domestic brands, the introduction of international brands has increased the tension of competition in F&B service of Vietnam. It is stated that the development of foreign company can lead to a “fierce competition for local brands”, some of which will end up losing ground to rivals (The Business Time 2014c). As stated both in Strength and Weaknesses part, a huge number of international brands such as KFC, Lotteria, McDonald, Burger King, and Starbucks and so on, of which KFC and Lotteria have entered Vietnam for the longest time (nearly 20 years). These massive entering of famous brands has brought many opportunities for F&B service in Vietnam to develop more internationally and learn relative lessons in the field. However, this directly affects and threatens local F&B brands in competition fields. The main reason is that the domestic competition is already tense without the foreign partners, due to the monopolistic characteristics. According to VietnamOnline website, many Vietnamese people, especially youngsters nowadays choose international fast-food restaurants as ideal places for dating, gathering or even anniversary. From which, it can be drawn out that Vietnamese customers are more open to these foreign services, which shows their success of entering Vietnamese market, but also brings certain risks and worry for domestic brands’ development.

In Macroeconomic theory, it is stated that “with an increase in income, consumption expenditure does increase, but the increase in consumption expenditure is smaller than the increase in income (Mahahan 2008, p.4.2). From the Figure 9, income of Vietnamese people has shown a clear sign of increase, which means their spending will relatively rise. This seems to be a positive signal to F&B service, however, income increase does not ensure growth in using F&B service. They may spend their additional salary for other daily needs such as home eating and drinks or for other leisure/entertaining services such as cinema or tourism. Therefore, income

rise can be, in some cases, a threat to F&B service. Besides, even if higher income will boost more usages in F&B service, there will be threats in serving too many guests at one time. A lot of customers using F&B service all together will force the companies to ‘divide’ their serving to many people, which will somehow reduce the quality of serving. Hence, employer branding will be a good choice to consolidate their staff’s abilities and to attract more customers to come to F&B service, among the competitors from same and other sectors.

Because of high integration these days, traveling becomes a more common word, which is a way to learn and discover many cultures in the world. In Vietnam, besides many tourist attraction such as the Capital Hanoi, Ha Long Bay, Sapa, “food is at the very heart of the culture” (Lindberg, n.d.). Many people nowadays fall in love for Vietnamese food and drinks when traveling there. In other words, through F&B service, Vietnamese culture has been partly expressed and promoted. However, a tourist visiting a new country often finds it hard to judge whether the food is good or bad. In some cases, it is perfect to the natives but not that good to the travelers. Therefore, the quality of service through personnel is an effective way to make these foreign tourists pleasant. Eventually, an increasing number of international tourists will, on one hand, help F&B service gain more profits, but on the other hand, will also be a threat if they perform a poor service. This is more severe when those foreigners feel bad about the country more than only about the outlets they visit.

The mentioned threats will cause relative cautions to any F&B managers to find suitable measures and solutions to overcome. With successful achievements and open opportunity, there will be more hope for F&B service to confront the risk and prosper.

In the nutshell, the SWOT analysis has given an overview of the situation of F&B service in Vietnam to get the overall view of this sector. Through that, favorable and achieved strengths, existing weaknesses to repair and external threats to confront are altogether described and analyzed in details. They will act as the basis for the opportunity brought about to Vietnam F&B service’s image when applying employer branding through HR policies. This part has answered the research question and played as the foundation for more recommendations.

## **4 FACTS AND LESSONS FROM REALITY**

This part will include the analysis of 2 cases, one from the international brand with the representative of Starbucks and one from Vietnamese brand with the representative of “Beer 2Ku” in Hanoi, Vietnam. The analysis will bring a more practical idea about applying Employer branding in reality.

### **4.1 Foreign Brand Case – Starbucks**

Among many international F&B brand, Starbucks is a very typical example who considers their employees as an asset and channel of promoting its brand. Because of this, they have applied Employer Branding and gained plenty of success.

Their employer branding plan has been very famous and described in many articles. This brand has created an ideal working environment for employees through various ways. Firstly, through social media such as YouTube and Twitter, this feature has been described clearly. On Twitter, employees are free to express their love to the company through Starbucks Job account, with the common hashtag #sbuxjobschat. The company will also respond and update the most recent and exciting news about Starbucks world. The same happens on YouTube, Starbucks has received a lot of views on their videos in this channel, which helps to provide employees, as well as customers and investors with more information (Caffrey 2013). Besides, from Starbucks Career, the number of benefits that employees can receive are openly listed. All employees in Starbucks are not called waiters, waitress or employees but they are considered as “partners”. The company explains that “we are all partners in shared success. Every partner at any level of the company is eligible to receive an annual grant of company stock through our Bean Stock program.” From that statement, it can be said that Starbucks really respects and appreciates their employees and their roles in the final victory. They are one of the decisive factors in every step of the company’s progress. They are also given the chance to take part in community’s service as a team, which inspires them that they are part of something bigger in the world around. This company also motivates their people through a culture that respects diversity and inclusion, which encourage the partners (employees) to “engage together and make Starbucks a place they look forward to working each day”. Furthermore, Starbucks creates a tailored benefits package for their eligible HR who work at least 20 hours per week. This package

includes flexible work hours, regular work schedules through “Optimal Scheduling” with many positive feedbacks. It also offers a fair and competitive wage including affordable health care, company stock, eligibility for merit increases, paid vacation, free coffee and so on. Especially, Starbucks has launched a meaningful program called “Starbucks College Achievement Plan”. Approximately 70% Starbucks employees in the US are students or aspiring students (MyHRPartner 2014). Therefore, this is a precious chance for all eligible partners to complete a bachelor degree for free with the co-operation between Starbucks and Arizona State University. This can be considered as a part of training plan delivered by Starbucks, which helps the employees develop themselves as well as creates a more professional staff. (Starbucks Career and Starbucks Newsroom 2013). From these policies in employer branding, Starbucks has gained positive and continuing results. According to Forbes list, Starbucks is in the 52<sup>nd</sup> World’s Most Valuable Brand in 2015. Other recognitions are also listed in Starbucks website, including “Best Workplace in Canada” by Great Place to Work Institute 2011-2014, “World’s 50 Most Innovative Companies” by Fast Company 2012, “Most Admired Companies in America” by Fortune 2003-2015 and so on (Starbucks-About us 2). Besides these credits, through employer branding, Starbucks has formed an experienced and enthusiastic team. Starbucks CEO Howard Schultz wrote in his book – “Onward” that “Employees are the true ambassadors of our brand, the real merchants of romance and theater, and as such the primary catalysts for delighting customers” (Kessler 2012). For this reasons, Starbucks is always on the list of top effective employer branding (SRA Admin 2016 and Caffrey 2013).

#### 4.2 Vietnamese Brand Case – “Beer 2ku”

On the Vietnamese Brand Case, an interview between the author and a restaurant chain owner – Tung Tran in Hanoi, Vietnam was conducted. It happened from 9h – 10h (GMT+2) on 3<sup>rd</sup> May 2016, through the Internet. The restaurant was established in 2013, which is called “Beer 2Ku” – a beer and Vietnamese cuisine one with 4 outlets in Hanoi. Their addresses are Thuy Khue, Cua Nam, Hoang Cau and Thach Ban. The situations are ideal neighborhoods including famous and biggest Lake of Hanoi – Ho Tay, youngster’s playground – New Zone 9 area and the other in the famous Old Quarter – one of the tourist attraction of Hanoi. Therefore, through the interview, there will be information and opinions about the situation of the restaurant in particular and F&B service in general from the



Vietnamese restaurant manager's point of view, from which to conclude some facts and lessons about this sector in Vietnam.

Firstly, the interviewer asked the interviewee – Mr. Tran about his current operation of 4 outlets. According to him, his restaurant chain is developing at a fairly stable rate with a high number of young and loyal customers. Because of its feature of offering Beer – a common drink of Vietnamese people, they are more crowded with many guests in the hot season than in the cold period. Besides, other elements also contribute to the final success including the unique provision of Vietnamese dishes and cuisines, various types of drinks and central venues. From these, he has a lot of chances to attract customers. Especially, ideal and favorable outlets' situations are the useful features to be popular to people, however, the more beautiful the place is, the higher the capital. Therefore, there should some measure and policies Mr. Tran hope to implement to gain more reputation and profits.

Regarding their employees, each outlet will have one manager who is in charge of supervising and controlling his/her outlet. Mr. Tran is the owner and also the one who regularly inspects and checking all restaurants. The staff includes waiter/waitress, cooks, security guards, logistics team and other officers. Depending on each outlet's characteristics, the number of employees will vary. Standardly, in an outlet, there are 6-8 waiters/waitresses, 2 cooks, 2-3 kitchenhands, 1-2 security men plus a manager. The logistic team includes 3-4 people and office staff for finance and secretary are about 3 people, all of them will work as a whole for 4 outlets. This chain's employees are often young generation, who age from 22-35 years old on average. They are often recruited through a direct interview and a probationary period with different wage before officially employed.

When being asked about F&B service in Vietnam, he has stated that this sector is extremely competitive and there are following reasons to explain this. These days, plenty of restaurants are opened and developed at high speed. The competition seems to be fiercer when a culinary trend emerges, that is when many restaurants adapt it to their places. All of them desire to make their place appealing to customers so that they invest all the best in decorations, food quality and other services to each and every outlet of them. Because of that, customers have more choices in using F&B service, which forces the pace of competition to higher levels.

Concerning HRM in F&B services, Mr. Tran had shared his opinion indeed openly and sincerely. From his point of view, for SMEs like his, this issue is not clearly discussed and taken into serious account. There is more emphasis on F&B quality, venue overall decorations or central outlet locations. Due to limited time and capital, training for SMEs is normally on-site rather than a proper class-based one, which may be different from other types of jobs. For smaller size such as F&B service with only one outlet, sometimes when in need of employees, the current ones can recommend the suitable candidates for a probationary period, which can save more money and time for these businesses. In the interviewee's case, he has applied initial steps to improve his HRM. With these methods, he hopes to create a dynamic, comfortable and professional working environment. To him, serving good dishes goes along with high-quality service from the staff, from which to support brand development to customers and gain more profits. His basic plans include clear schedule for each employee (especially waiters/waitresses who often work in shifts), supportive budgets for transportations and fuel for employees who live far, uniforms for waiters, on-site training for restaurant's upcoming events.

As a result, he admitted a positive sign in applying the initial step of employer branding. The employees who are already active are now working more effectively and enthusiastically. Therefore, in his opinion, for F&B service in Vietnam, employer branding is quite new but if being invested to the right direction, there will be optimistic results, at least in Mr. Tran's restaurant chain. Hence, it should be applied and spread more to support and create a new image – a more professional and diligent generation of employees in F&B service of Vietnam.

## 5 RECOMMENDATIONS

The recommendation will follow the stream of the thesis, therefore, this part will suggest HR policies including motivation and training plan for F&B business in Vietnam, which is based on literature review and practical interview to bring one of the most suitable solutions. The very first and most general advice is to keep the core values and achievements that F&B service in Vietnam have gained so far. These successes will act as the basis for further growth and development. From this, the company can apply employer branding to their outlets through motivation and training plans to bring their business to a new level.

### 5.1 Motivation plan

Motivation plan is a part of HR policies that helps to encourage employee in working process and supports for an effective employer branding strategy. For F&B in Vietnam, motivation plan can lend companies a hand to create better efficiency. The motivation methods which can be applied in Vietnam are as follows.

First of all, when starting to work and signing the contract, the employers should prepare the template with clear terms including basic information, working ethics and policies, working hours and shifts, salary or wage, tips from customers, etc. On the one hand, these things will make the employees find it clear and fair from the beginning. On the other hand, the managers can control and supervisor more quickly and efficiently during the employment time. Both parties can follow the signed policies and agreement to perform their best in accordance with the contracts. Through this, the employees can understand the basic principles and benefits while working, in addition, the employer can create a fair-minded and professional image.

Besides that, there are some supportive methods that F&B service in Vietnam can apply in practical cases. As the employees need to work quite hard during the day, especially at meal time when customers visit at the highest rate, the employer can support them through providing a full meal during lunch and dinner time with no extra charge or reduction from their final salary. This has been applied quite regularly to almost restaurant chains in Vietnam, however, the thing is the employees should have a quiet and appropriate place to enjoy their meals and take a break from the stressful job outside, not just having meals in the kitchen or backdoor area. To implement this, the F&B owners can create a small area inside

their outlets which is a private place for their employees to rest, take a coffee and eat. Thus, they will have chance to properly rest to recharge themselves with more energy and to continue working. Besides, if possible, the employers can support additional budget for transportation and fuel of their employees who live far from work. These measures are not too great but very important in conveying the staff the trust and comfort.

The third solution for motivation plan is internal events. These are the events taken place among the business's staff where everyone of the company can join and share everything together. They can be the formal ones such as company's anniversary or birthday; and they can also be some parties or information seminars. These occasions will be a valuable opportunity for employees to relax after work, meet and share with others about job or private issues. From this, the staff team can be closer, more supportive and more helpful, which build a good relationship at work and in normal life among them. At this point, the employers have acted as a bridge to help everyone in the organization connect and unite together, from that to create a decisive strength for success.

Another step for an effective motivation plan is career promotion. There should be a set of salary levels from the beginning. The probationary period is a separate level and official period is another level. The salaries and bonuses can be increased gradually based on their capabilities, effort and final results of each person. Besides, those who have the potential and skills at work can have chance to be promoted to higher positions, such as outlet manager, after passing the challenged probation. These actions will create a greater motivation at work for employees, make them determined to perform better and more proficiently.

In larger chains with bigger operations, a reward system can be set up as a motivation technique. This action requires higher attention from the owner and outlet manager in supervising their employees. The reward prizes can be for the best employees of the month, the quarter and the year; the employees with the most positive feedbacks from loyal customers and the like. These rewards are just a paper certificate but can create working determination for the staff team. They should work more productively and effectively to gain the mental gifts which are very meaningful throughout their career.

The motivation plan based partly on the interview and the author's own opinion is consisted of 5 methods, which can be applied for F&B service in Vietnam, especially SMEs who are searching for solutions to improve their employees' quality.

## 5.2 Training plan

Together with motivation, training plan is also another step in applying employer branding to make customers more professional and boost brand image to a higher level in the market and customer's eyes. There are several training methods, which is divided for SMEs brands and larger-operated brands in F&B service of Vietnam.

Firstly, SMEs brands are the ones who have a few outlets operated in less than 2 cities with about fewer than 80 employees; and the typical example is from the interview – the restaurant chain “Beer 2Ku” 4 outlets in Hanoi, Vietnam. For these types, the most optimal and effective way is on-site training, which means the employees will get their training program during their work. From Mr. Tran – the interviewee's point of view, this solution brings numbers of benefits for SMEs in this field. On the one hand, the employees will be carefully instructed while working, from which they can apply to the practical cases they are dealing with. Especially to the new employees, this measure will help them to get used to the new working environment and begin to work much faster and more effectively. On the other hand, the employers or the owner can save additional budgets and time for training sessions after work, but still gain efficiency from employees at work. Moreover, the on-site training does not always require the instruction from the employers but the older staff can show and tutor new ones the familiar arrangement at the outlets, serving styles of the brand and so on. This may bring more practical advice and experience for new employees of SMEs in F&B service rather than a proper lesson. When the company targets a new campaign, there may be an official meeting when employers disseminate the general information and application to achieve their aims. And from that, all employees get back to work and start their on-site training based on the new approach of the whole brand. Hence, for smaller brands in F&B service, on-site training is one of the most useful tool. However, in the long run, it may cause some concerns for the employees as if they change their job, it may be a little difficult for them in starting a new job, because in some cases,

what is trained in this company may be not appropriate to others due to different styles of operation.

For bigger enterprises with many outlets in various cities of Vietnam, there are more training methods to apply. Naturally, on-site training is still the most important for all sectors, including F&B service because this phase will create a practical mind for employees to deal with actual issues at work. However, for bigger company, there should be a general training periodically for them to firmly grasp the changes and new strategies from their ultimate bosses, from which to implement the consistent actions with those general purposes.

Therefore, there are some following solutions that these companies can apply for training their employees. Firstly, the recruitment stage should be careful so that from the beginning, the company has gained better employees, which will make the training process much more quickly and proficiently. Then the next step is to find out what the employees lack of, to design the matching training program. In Vietnam Development Report 2014 by World Bank and Vietnam Briefing 2014, there are several skills that Vietnamese labor is lacking language skills and behavioral skills. Therefore, the company should create their training programs to gain these skills for their employees. In term of language skills, in integrated period nowadays, the employees should be equipped themselves with English – the international and most-used language nowadays, especially when foreign tourism to Vietnam is growing. Regarding behavioral skills, in F&B service, this refers to how employees behave at work, how they treat other colleagues and most importantly customers or how they deal and solve the difficulties in some cases such as during highly crowded time at the restaurants. Besides, hygiene skills and cuisine knowledge are also important to perform safe and standardized service to customers. Those skills will assist them the necessary tool to optimize their jobs and contribute to the whole success.

One determining the needed skills, the detailed training program can be formed. According to Dessler 2013 (p.279-288), there are diverse methods of training. The most common and well-known one is lectures or lesson-based training, which can happen quarterly or similar for check-up and upgrading. Through those, employees will be taught firstly the most commonly used English vocabulary and sentences in the F&B service situation. Because it does not require a really high level of specialized or academic terminology but mainly focuses on communication, the

classroom can be run by the employers who have a lot of skills and experiences; or by senior employees who are good at it. Moreover, the lesson-based method is also useful for teaching knowledge of hygiene and behavioral skills with practical examples. If the condition and budget is favorable, the employers may invite a guest in F&B field to share their experience, their past situation and how they encounter with optimal solutions. From these lessons, the employees can draw their own lessons and apply them to their on-job period. They act as a basis for the staff to practice in the real situations, from which to improve with better and more tactfully. In addition, there can be a combination of theoretical lessons and computer or internet training. After each lessons, there may be some assigned homework which can be completed by the computers and then sent back to the teachers for review. Surely this depends on the situation of each company and its employees, but if possible, this is one effective way for them to remember the lessons more, especially for language skills.

Besides, team training is also another useful method to apply. In F&B service, during lecture-based training, the company can form some teamwork and team plan to solve a typical issue at work. Or the company can open a work seminar to provide information for employees as a team. In any kinds of job, the strength of team work has been proven. Therefore, in F&B service, the support of teamwork will help employees to perform with more convenience, efficiency and productivity through the timely help and frank reminder in time from the colleagues.

The last solution for the training program is Internet usage. The company can create their own online community or mobile app to spread the knowledge. There, every one of the organization can share their experience and their solutions or ask others how to solve their mentioned situations. The employer or senior employees can post lessons, exercises and final approach as a source of references. This method is the easiest to implement because it does not cost a huge amount of money. For F&B service of Vietnam, the company can create a 'Secret Group' on Facebook – the very common social networks in Vietnam; or if possible an online web-based forum.

Hence, there are some kinds of training methods that can be applied to F&B service of Vietnam for the moment. Implementing them and creating success from that require a process where the employer and employees should be altogether patient

and concerted in implementation. By that, the training program can bring the most valuable results to the employees and the company as a whole.

The recommendation part has suggested some ideas in HR policies for F&B service in Vietnam. Therefore, depending on different operations and perspectives of the employers, the plan may be rephrased and modified to suit their strategies. Through these policies, the quality of employees will have more opportunities to be significantly improved, enabling them to work more effectively and professionally, since then the brand image and overall quality will also be enhanced and widely promoted.

## **6 CONCLUSION**

In conclusion, after the research and analysis, the thesis has conveyed the notable and outstanding points of F&B services in Vietnam, accompanied by the HRM situation of that factor along with several solutions for brand image boosting.

Through the thesis, the authors has described the general situation of F&B service of Vietnam with reliable data, figures and reports. Averagely, the F&B service in Vietnam has won many successes from numbers of domestic brands, as well as from the massive entry of international brands. Regarding HRM field, this sector has also demonstrated the dynamic, professional and modern characteristics with young and famous employer together with active employees. These strengths has brought a wealth of growth opportunities to the brand itself and the overall development of F&B service. However, in Vietnam, there are still some weaknesses related to HR which are necessary to compete in the integrated age; and other unexpected threats that should be aware of. Therefore, investment in HRM is necessary to improve the quality and the reputation of the brands.

Therefore, with the targeted perspective of HRM, the thesis has focused on employer branding with the support from HR policies to provide more opportunities for F&B service in Vietnam. As mentioned above several times, the nature of service is human-human interaction, hence, the image of a company is built mainly from the employees who directly interact and communicate with the customers. Consequently, the development and management of F&B service labor are



extremely important. Employer branding with the focus on motivation and training will bring lots of opportunities for the company to improve their reputation and image. First of all, there will be a chance to develop the quality of their company because through those HR policies, the employees will gain higher and more efficient working result with better quality to customers. When customers feel satisfied and pleasant with the service, they will have more positive and optimistic review about the company, from which a more outstanding and impressive brand image will be built. Kotler and Armstrong in “Principle of Marketing” stated that “a brand represents everything that a product or service means to consumers” therefore their feelings and perceptions are very important for brand image building process, which is the second opportunity a company can obtain through its labor. In addition, F&B service is a highly competitive sector due to its characteristic of monopolistic, thus, by investing in HR, a company have more chance to differentiate themselves from rivalry and retain customers. Eventually, employer branding is a new approach which is worthwhile to try and apply for F&B business in Vietnam in the current situation.

Besides, there is also a practical analysis from the international company with the representative of Starbucks and a domestic company represented by “Beer 2Ku” in Hanoi, Vietnam with 4 outlets. The analysis will reveal the practical effects of applying employer branding, and thus derive some recommendation for businesses in F&B service in Vietnam situation. The suggestion is divided into motivation and training plans with specific and potentially applicable ideas. However, depending on the situation of each company, these solutions can be omitted, changed or combined with the inherent one from the company, to create the final plan which fits the company’s targets and desires.

In a nutshell, through the theory of HRM and the practical analysis of F&B service industry in Vietnam, the thesis has answered the research question on “How HR policies affect a company’s brand image in F&B service of Vietnam” and proposed some optimal solutions for Vietnamese businesses in this sector.

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## APPENDIX

### Interview between the author and Mr. Tung Tran – owner of “Beer 2Ku”, Hanoi, Vietnam.

The interview was taken place from 9am-10am (GMT + 2), via Skype on the Internet in Vietnamese. As follows will be the translation and summary of the interview through the questions – answer form.

**Author:** Good morning Mr. Tran, nice to meet you! Can you introduce yourself and your business?

**Mr. Tran:** Good afternoon Uyen (Here in Vietnam is 2pm already)! Nice to meet you, too. My name is Trung Tran. I am the owner of a restaurant chain called “Beer 2Ku” with 4 different outlets based in Hanoi, Vietnam. They are situated in Thuy Khue, Cua Nam, Hoang Cau and Thach Ban. More information about the detailed addresses can be found at the Official Facebook Page <https://www.facebook.com/beer2ku/?fref=ts>. My restaurants offer beer as the main cuisine, other drinks and Vietnamese traditional and special dishes so there is more demand in the coming summer season. Currently, they are operating quite well with a stable profit and many loyal customers. Most of them are young people, some are at their 40s and there are few foreigners in some special occasions.

Regarding my staff, there are 75-85 people including full-time and part-time depending on seasons. In hot seasons – the most profitable ones, there are more part-time employees to cope with a higher volume of customers. In general, in each outlet, there are about 6-8 waiters (this number will be higher up to 10-12 for crowded periods), 2 main cooks, 2-3 kitchenhands, 1-2 security (who guards customers’ vehicles and stuff). The other office employees in finance and secretary are 2-3 people, and the logistic team is 3-5 people. All of them work for all outlets. In short, the business is working quite profitably and I am somehow satisfied with it.

**Author:** It is great to hear about your stable situation, congratulation on that. Hence, how do you think about Human Resource Management generally?

**Mr. Tran:** In my opinion, Human Resource Management is related to the human element, in another word, the labor force. For F&B service like my business, these are all the employees who work for me, including all the waiters, waitresses who

directly serve the customers, all the cooks, and other officers. To me and the company generally, they are very important in achieving my success. Therefore, in short, HRM is how the manager or the owner manage, control and develop the labor in order to gain competitive advantages and complete the overall targeted plans. For service sector generally and F&B service particularly, this is the most important factor to gain customers' satisfaction, in my point of view.

**Author:** Do you apply any HR policies for your restaurant franchises? If yes, what are those?

**Mr. Tran:** For sure! Because I am aware that HRM is really important, I have had applied some first and basic policies, including motivation and some training programs. Because my company is regarded as SMEs, therefore there will be a difference in using those policies.

For motivation, there are 4 main methods. I define the policies, instructions, salary and *scheduling* right after recruiting to make every employee clear about working process. I also spend an amount of profit to support the cost such as transportation or fuel to some employees who live far or who are students and working part-time. Besides, I create the condition that they can have lunch or dinner in the most comfortable way. I do not force them to have their meal fast but let them have their time of up to 45-60 mins (depending on the number of customers at the time). Of course, they will eat in turn so that there are enough employees working at the peak time (because for F&B service, lunch time and dinner time is when customers visit with the highest rate). Finally, there are several events often hold inside the company, which welcomes all the employees to join. Through such occasions, I hope to bring them close and connected altogether so that they can help and support each other at work.

For training, I only apply some on-site training. This means the training program will happen at work and be taught by the manager or senior employees. Because my company is SME, therefore, it is hard and costly to open a lecture-based training. With the on-site one, it is easier for employees to apply right away and the manager can show them what should be done in each case. To me, it is useful but cost-saving for our company. And of course, for the bigger enterprises, they can apply various method together with the on-site training.

**Author:** Is there any changes before and after you apply such HR policies?

**Mr. Tran:** Yes. There are numbers of changes after applying those policies. I have found that my employees are more energetic and comfortable at work. This can be seen through the way they serve the customers and communicate with other colleagues. There are more smiles and laughter at work than before. Furthermore, their attitude and actions seem to be more professional and they know how to behave differently with different types of customers, in order to satisfy them. Although the changes are not too much and exceeded, it somehow meets my satisfaction and belief in HRM. Overtime, the changes will be clearly shown but the initial result has impressed me that I should continue. Eventually, there are more optimal and positive comments/feedbacks about my restaurants from the customers, which makes my company's brand to be more influencing and remarkable in the market.

**Author:** In your opinion, should F&B service use employees as a strong element to boost brand image?

**Mr. Tran:** For this questions, my answer is definitely a big Yes. As I also mentioned in the last answer, I have received more positive feedbacks from my customers, which I think is a success for my applying HR policies. In F&B service, customers will communicate and order directly to the employees, hence, in my opinion, the employees play a very important part of how the customers perceive about the company and how the brand is expressed. To build a strong image for the company in the customer's mind and in the rivalry battle, human element should be obtained and utilized. As in my business, I have applied some policies and found it work. Therefore, the bigger companies and the F&B service of Vietnam can optimize and together build a strong basis and deeper development.

## **SIGNED DECLARATION**

Ich versichere, dass ich die vorstehende Arbeit selbstständig angefertigt und mich fremder Hilfe nicht bedient habe.

Alle Stellen, die wörtlich oder sinngemäß veröffentlichtem oder nicht veröffentlichtem Schrifttum entnommen sind, habe ich als solche kenntlich gemacht.

Die Arbeit hat in gleicher oder ähnlicher Form noch keiner anderen Prüfungsbehörde vorgelegen.

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Signature