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Strategic Management for long term growth in small and medium sized companies

Case: Thien Hoa Equipment and Technology CO, Ltd.

Bachelor Thesis

Spring 2018

School of Business and Culture

Degree Program in International Business

SEINÄJOKI UNIVERSITY OF APPLIED SCIENCES

Thesis abstract

Faculty: Business and Culture

Degree Programme: Bachelor of Business Administration

Specialisation: International Business

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Title of thesis: Strategic Management for long-term growth in small and medium sized companies, the case study of Thien Hoa Equipment and Technology CO, Ltd.

Supervisor(s): Jorma Impola

Year: 2018

Number of pages: 71

Number of appendices: 1

The thesis's focus is on Thien Hoa Equipment and Technology, a small sized company with roughly 30 employees, is the sole distributor of heavy industry products in the Vietnamese domestic market for different widely known brands in the world, including Japan's Bridgestone, Sweden's Atlas Copco... The company is located in Hanoi, the capital city of Vietnam, of which GDP per capita is considered among the fastest in the world at the average rate of 6.4 percent per year since the 2000s. Thien Hoa has faced many competitors over the years of different product tiers, from low to high, due to the highly competitive and fast-growing economy. In fact, the company has to develop constantly sustainability strategies in order to achieve annual growth. With over a decade of experiences, the company's case will be an example used to raise awareness on why strategic management a crucial factor in each company's advancement in the markets over their competitors. The research demonstrates how the organization reacts to the environment and apply suitable actions such as expansion, stability as part of the company's own operation. A semi-structured interview is conducted in the research, combining with the real observation of the author during the internship in Thien Hoa back in 2015. The theories relating to strategic management and sustainable development have been selected to describe the theoretical framework of the research. In addition, they will serve as the applications to the practical case study of the thesis.

Key words: strategic management, sustainable growth, small and medium sized companies

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Terms and Abbreviations

GPD	Gross Domestic Product
KPI	Key Performance Indicator
ROI	Return on investments
SEO	Search Engine Optimization
SMEs	Small and Medium Enterprises.
SWOT	Strengths, Weaknesses, Opportunities and Threats

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1 BACKGROUND

1.1 Thesis Objective

The thesis will focus on studying various strategic management practices in Thien Hoa Equipment and Technology based on the company's particular background and operating market in Vietnam to raise awareness of strategic management among organizations of the same size. The thesis will have mini researches on the nature of the general market, heavy industry in particular and the country's working culture. There are a few main objectives the author wants to clarify in this research work:

Firstly, the thesis will analyze Thien Hoa's management strategies, planning, and executions in order to see how the company managed to achieve long-term growth, as well as short-term goals, within the past 15 years.

Secondly, with the combination of the author's point of view gathered from the experience of his practical training, along with information gained from the interview with the board management, the author will create a connection between the real strategic management approaches compared to theoretically general approaches. Furthermore, the connection will be used to emphasize the importance of management strategies even further, from dealing with problems underlying in the organization to engaging external agendas in a proper way. Nevertheless, with the information gained, limitations, challenges and potential grounds for improvement can be seen more clearly. The research can then assist other companies in the same positions to deal with their problems more easily.

As a result, based on thorough analyzation, Thien Hoa's management board can have a more accessible vision and come up with more straightforward approaches to the business planning process.

1.2 Necessity of the thesis

According to Thompson, Strickland III and Gamble (2007), a strategy is important in an organization's business due to two primary reasons. First, it is essential for the management to actively arrange and guide which direction the company should take. However, a shrewd strategy is the key to making distinctive competitive advantage, as it will be the game changer for the organization compared to other competitors in pleasing customers and improving financial gains.

It was stated that a company which focuses more on developing its strategy throughout the business process is more likely to perform a lot better compared to the one that views strategy as a subservient factor. In fact, sufficient strategic design will undoubtedly lead a company to a better outlook on increasing the revenue, earnings and return on investment (ROI). Based on Dyson, R. et al. (2007), the strategic management is a considerably loose term, due to its vague nature and the needs to be analyzed. However, the term can be more clearly defined, or diverted, as a "strategic development process". The authors believe that when an organization encounters with struggling strategic decisions, the strategic development process helps form the idea to deal with the current situation. Forming and executing business strategies are basic management functions, which act as a test to evaluate the management's value. The process tends to distinguish exceptional performers to mediocre ones. It is also a basic business activity that organizations are constantly involved in. Since the process is closely linked to the management board's thinking, every organization necessarily come up with strategic plans for different periods such as one-shot, five-year, ten-year... In conclusion, the authors from both books consider strategic management as one of the most crucial factors in an organization, as it determines utter success or bitter failure, due to many integrated processes of the strategic planning such as company's direction, business approach, internal and external execution...

1.3 Research Methods

1.3.1 Basic methods theories and characteristic

In academic researches and studies, numerous authors use two main types of research methods: quantitative and qualitative methods. According to Johnson, B., Christensen, L., (2008), and Lichtman, M. (2006), there are many criteria used to analyze the dissimilarity of quantitative research and qualitative research. In a summary published by Xavier University based on the mentioned authors, the first criteria put up for debate is the research purpose.

Table 1: Qualitative research vs Quantitative research (Johnson, B., & Christensen, L. (2008); Lichtman, M. (2006))

QUALITATIVE VERSUS QUANTITATIVE RESEARCH

Criteria	Qualitative Research	Quantitative Research
Purpose	To understand & interpret social interactions.	To test hypotheses, look at cause & effect, & make predictions.
Group Studied	Smaller & not randomly selected.	Larger & randomly selected.
Variables	Study of the whole, not variables.	Specific variables studied
Type of Data Collected	Words, images, or objects.	Numbers and statistics.
Form of Data Collected	Qualitative data such as open- ended responses, interviews, participant observations, field notes, & reflections.	Quantitative data based on precise measurements using structured & validated data-collection instruments.
Type of Data Analysis	Identify patterns, features, themes.	Identify statistical relationships.
Objectivity and Subjectivity	Subjectivity is expected.	Objectivity is critical.
Role of Researcher	Researcher & their biases may be known to participants in the study, & participant characteristics may be known to the researcher.	Researcher & their biases are not known to participants in the study, & participant characteristics are deliberately hidden from the researcher (double blind studies).
Results	Particular or specialized findings that is less generalizable.	Generalizable findings that can be applied to other populations.
Scientific Method	Exploratory or bottom-up: the researcher generates a new hypothesis and theory from the data collected.	Confirmatory or top-down: the researcher tests the hypothesis and theory with the data.
View of Human Behavior	Dynamic, situational, social, & personal.	Regular & predictable.
Most Common Research Objectives	Explore, discover, & construct.	Describe, explain, & predict.
Focus	Wide-angle lens; examines the breadth & depth of phenomena.	Narrow-angle lens; tests a specific hypotheses.
Nature of Observation	Study behavior in a natural environment.	Study behavior under controlled conditions; isolate causal effects.
Nature of Reality	Multiple realities; subjective.	Single reality; objective.
Final Report	Narrative report with contextual description & direct quotations from research participants.	Statistical report with correlations, comparisons of means, & statistical significance of findings.

While qualitative research is used to understand and comprehend interactions, quantitative method is applied for theory testing, thus creating predictions based on those facts. The research methods' target group are arguably different. Qualitative research requires a small and pre-determined group to conduct a study. However, quantitative method randomly adopts groups to produce results. The qualitative research intends to investigate the whole idea or concept. On the other hand, quantitative research usually focuses only on specific matters. Qualitative research collects variable forms of data to analyze elements by receiving open-ended responses, data from interviews, personal experiences, observations... while quantitative research mostly receives the responses constructed by validated means and produce results based on analyzing patterns of numbers and statistics. In fact, a qualitative research's view is narrowed, in-depth and biased because of the small target group, in contrary to the wide scope of opinions recovered by quantitative research, which leans more on naturality since participants' characteristics might not be known by the researcher. In qualitative research, the result is specific or personalized, opposing to the generalizable results that researchers can get.

1.3.2 Method selection

Based on the aim of the thesis, the research work will apply the qualitative method into the company case study since an interview with Thien Hoa Equipment and Technology would be conducted to figure out the company's strategic management process

The topic is "Strategic management for long-term growth in small and medium-sized companies". This topic demands a deep understanding of the nature of business administration and planning, as it involves every part of the corporation, internally and externally. Moreover, Thien Hoa is a small-sized company with around 30 employees and its operation is fully located in the Vietnamese market, which is a completely different background compared to the ones from the international brands. In fact, the company must fulfill its duty and matches the international

standards, which requires sophisticated knowledge and cultural experience in order to execute every engagement perfectly.

Nevertheless, the qualitative method is considered to be the best approaching options for defined thesis topic since the author did an internship with the case company, making the approach more natural but less costly at the same time. In addition, it includes the added values of the in-depth knowledge needed towards the thesis topic by utilizing open-ended questions during individual interviews.

1.3.3 Data collection method

The data gathered for the research is originated from multiple sources to support the author's opinion about the importance of the topic to its fullest. Consequently, it paves a way to clarify the researching purpose of the study.

In specific, firstly, the research will be composed of a thorough explanation concerning the strategic management process, as well as small and medium-sized companies. After that, the research goes deeper into the corporation level as it will focus on each aspect of the strategic management process, generally and specifically. Furthermore, surrounding factors such as competitive advantages and cultural influences, which are based on Geert-Hofstede cultural models, will be examined since the company is associated with international firms. The research will be conducted by utilizing a wide range of academic resources to support the theoretical framework and enhance the author's knowledge to a greater extent.

In addition, having worked as an intern in all departments of Thien Hoa Equipment and Technology, the author has had first-hand knowledge and was provided with an opportunity to observe the company's operation through different angles. Therefore, the author can select the best options, which would produce the most results for the research interview. Accordingly, based on the marvelous cooperation of the company, the research was able to proceed smoothly with comprehensive answers that strongly support the researching topic.

1.4 Thesis Structure

The thesis is constructed under a pre-determined structure to clearly express the author's idea and the unveil the research topics. The thesis's contents can be easily followed with a table of headings, subheadings framework from the introduction to the theoretical as well as empirical research.

First, the background part will include the vision of the thesis and its research work. The thesis's objective and necessity will be followed by an explanation of the research methodology used in the research work. At the end of the background part, the readers can find the thesis structure to review the research work's flow. Second, the theoretical part's main focus is the illustration of the theoretical framework, which is composed of definitions and descriptions of strategic management for long-term growth, to the readers. In-depth information of strategic management, competitive advantages cultural dimensions... are displayed so readers can have a better perspective looks into elements surrounding strategic management. The third part will be mainly focused on the descriptions of the interview with Thien Hoa Equipment and Technology, which will include the board management's insights on strategic management procedures necessary for small and medium-sized companies. Before getting into the interview's descriptions, the company's background, operating market, competitors and operations will be examined.

After reviewing through strategic management practices theoretically and practically together, the author and the board management will identify remaining issues and challenges the and being able to identify the main issues as well as challenges the company is facing at the moment. On the other hand, potential ground for development will be carefully looked into so the company can continue achieving sustainable growth. Moreover, useful tips and suggestions for companies of the same target group will also be listed out after the interview's publication.

The conclusion part will sum up the main points of each part in the thesis work and provide a result gained from different researches made during the thesis' making. Practices will be further developed after discussing with the company for adjustment while evaluations of experiences from the author's learning will be examined.

2 STRATEGIC MANAGEMENT IN SMALL AND MEDIUM-SIZED COMPANIES (SMEs)

This chapter provides all the necessary theoretical research as a based framework to conduct the study and research on a reliable background as well as a proper basic guide. All the key concepts relating to the topic as well as main issues focused in the practice case will be picked and studied in order to create a clear framework for the studying direction as well as a guideline for the interview question to find out the necessary information from interviewees in order to support the study purpose.

2.1 Small and medium sized enterprises (SMEs)

Small and medium-sized enterprise is a phrase to indicate non-subsidized firms with a specific form of organization size. Hence, it depends on the firm's size in accordance with the number of employees who work at the firm (Kalleberg; Van Buren, 1996). However, SMEs do not necessarily mean entrepreneurial start-up firms as there exist many proven forms of small businesses (Harney, B., 2014). However, there is no particularly numerical definition to distinguish between large firms and SMEs because determining employee criteria is variable across national statistical systems. In the European Union, the limit of employees within SMEs is 250 employees, while in the United States, the limit can be up to 500 employees. In fact, some other countries set the limit at 200 employees at most. In general, small companies are usually composed of fewer than 50 members, while micro enterprises possess less than 10 (OECD – Organization for Economic Operation and Development, 2000). Nevertheless, the undeclared workforce can prove to be a challenge to formally define the employed personnel of the organization (Harney, B. 2014). In more recent times, SMEs is considered an important catalyst to sustain the economy and employment rebound (Lawless, M. 2012).

Despite the firms' size, SMEs play a significant role in the job market and economics. Accordingly, SMEs make up 95% of the total number of companies worldwide, equaling to 60% of private sector employment (Ayyagari, M., 2011). SMEs are critical to the economic growth of the OECD area, acting as the employment source.

In general, approximately 95% of OECD enterprises are SMEs, providing 60%-70% of employment in most countries. (OECD – Organization for Economic Operation and Development, 2000). Among the members globally, Japan possesses the highest proportion of SMEs with a sizeable 99% of total enterprises (EIU 2010). On the other hand, in growing economies, based on the Ministry of Micro, India's 13 million SMEs in 2008 account for 80% of all the country's businesses (Ghatak 2010). While in South Africa, the dominant form of business entities are SMEs, being equivalent to 91% of the country's business (Abor, J., Quartey, P., 2010).

The weight of SMEs in the economy is increasing gradually. The harsh competition revolving around entries and exits of smaller firms contribute to the productivity growth, which leads to economic growth. The cycle creates high job turnover rates, resulting in high influence on the labor market. Moreover, SMEs also serves as a part of the supply chain and networks of larger firms. Therefore, it prevents the monopoly of big business, by creating hyper-competition and space for innovation and risk-taking. (Harney, B. 2014).

2.2 Characteristics of SMEs

Based on Gibson, T., van der Vaart, H.J. (2008), small and medium-sized enterprises share mutual traits with micro and larger firms but operates differently compared to the mentioned forms of organizations: SMEs are formally registered with government ministries or other registration bodies. Therefore, their obligations to pay taxes and social security charges are similar to others, as they are not exempt to avoid governmental charges. In fact, most SMEs are capable of financing accounts receivables, investing capital with a payback of longer than 12 months and contributing their participation to local events as a part of the marketing plan. SMEs' personnel are allowed to receive compensation while taking sick leave and holidays. They are more likely to be unskilled workers who did not meet bigger firms' hiring standards, but they fit the SMEs' lower budgets. Therefore, employees are generally provided with formal training by the companies. In contrary to larger firms, SMEs possess different organizational and behavioral attributes. They are less likely to be involved with governmental contacts or the financial sectors, making it difficult to

negotiate unique incentives or take advantage of government benefits. Hence, the lack of networking with the government proves them to be clear from government corruption. Besides, SMEs are composed of considerably weaker levels of departments but are mostly managed by the owners with a centralized organizational structure. SMEs' business plans focus more on short-term goals and survival rather than on long-term agendas. They adapt quickly to the economic and environmental changes in the markets because of the firms' sizes. However, smaller operational budgets usually prevent them from purchasing sophisticated or up-to-date technology and operating in multiple markets or communities.

2.3 Strategic management process

2.3.1 Definition

Strategic management is a term used to describe the formulation and applications of goals and targets by a company's top management. Strategic management utilizes the company's resources as well as internal and external factors of the organization. (Nag, R.; Hambrick, D.C; Chen, M.J, 2007). In the past decade, many authors and researchers have analyzed the topic and came up with many different, in context, but similar in idea-wise. According to Rao, C.A. et al (2009), a strategy is a solid, integrated plan that will bring the firm strategic advantages regardless of the challenges of the environment. The design of the plan and its execution make certain of the enterprise's basic objectives. Chandler, A. (2007), also has a similar approach to the concept as he stressed it as a course of actions to ensure long-term targets of an enterprise through allocations of resources and means. Boxall, P. and Purcell, J. (2003) thoroughly explained the term as a process of constantly reforming the company's strategies if the firm survives. In fact, these definitions conclude the same idea saying that strategic management is the result of rational planning. Thompson, Strickland, and Gamble (2007) pointed out that a company's strategy conducted by managerial levels consists of competitive moves and business approaches in order to raise the organizational performance, expand the business while keeping the customers satisfied to a certain level. Therefore, strategic

management composes of scouring market areas, strategic formulation, application, observation, and analyzation of the whole process to ensure long-term objectives.

Kim and Mauborgne (2005) stated that companies should find it necessary to constantly search for unexplored market spaces outside their assumed market boundaries. It will create a competitive edge for those companies to outperform the ones that decided to stay inside the comfort zone. In fact, the authors meant continuously developing new products, perfecting older offerings in existing as well as new markets, thus ensuring sustainable competitive advantages in the process. The importance of creating a competitive advantage was stressed by Ohmae, K. (1982) who stated that formulating a business strategy is a different process compared to business planning. A business strategy aims for competitive advantages over competitors. In a monopoly market, there is not any need for a strategy. However, in a fierce market, strategic planning enables the company to gain a sustainable edge and alters the company's capability compared to its competitors.

2.3.2 General ideas of strategic management

In the strategic management process, companies react to the respective environment and conduct appropriate actions like investment, divestment, expansion and strive for stability. Top level management makes these decisions considering the innovation of products, joint ventures, and expansion, which will have a long-lasting effect have long-lasting effects on the company's operation. In fact, they are responsible for providing the firm with directions regarding where the company should head in the future. Strategic management involves both short and long terms decisions that have certain impacts on the company's growth by facing problems and realizing opportunities. According to Jeyarathmm, M (2007), a company's road to triumph depends on three main elements, namely the industry, the operating country and strategic formulations based on resources.

Some specific industries prove to be more profitable than others regarding customer attractiveness. A company operating in an attractive industry will likely generate more profit or success compared to the one operating in a less attractive industry. In the past decade, the software industry has become the most profitable industry

in the world. For example, in Finland alone, the top three income earners of 2016 come from a gaming/programming company.

The operating country has a strong influence on the natural competitiveness within the market. In fact, because of certain policies, some countries provide certain competitive advantages for specific industries compared to others. For example, the most affluent pharmaceutical companies are located in U.S. and Switzerland. Moreover, many of the successful financial services companies are located in the United States and Great Britain. In these countries, national competitive advantage decides whether the firm can be successful or not.

Utilizing available resources, capabilities for strategic formulations is arguably the biggest reason for the success or failure of the firm. In fact, there are companies that perform well in a less appealing industry while there are others that perform poorly in more attractive industries. However, even with the same national competitive advantage, companies' performances can vary. Therefore, the top management who formulate and develop these strategies need to keep track of what is happening in the market, the industry and the company's operation itself in order to minimize the chances of failures and increase the chances of success. Specifically, strategic management helps create a general approach to managerial matters and display a broadened picture of the organizational problems. In fact, a business is considered as a machine composed of different parts. Therefore, a specialist's narrow and by-the-book point of view is not recommended for solving business problems. For example, Human resource management is a crucial part and employee turnover rate is the main problem for most companies. Organizations can hardly operate without stable and functioning personnel. However, there are many internal and external factors that lead to a good or bad employee turnover rate. In fact, it is due to unattractive recruitment policy, poor training programs, products' declining demands, job and workplace satisfaction... and so on. Nevertheless, this example shows that analytical skills and the ability to understand the situations are critical for developing successful strategies regardless of complications.

2.3.3 Detailed process of strategic management

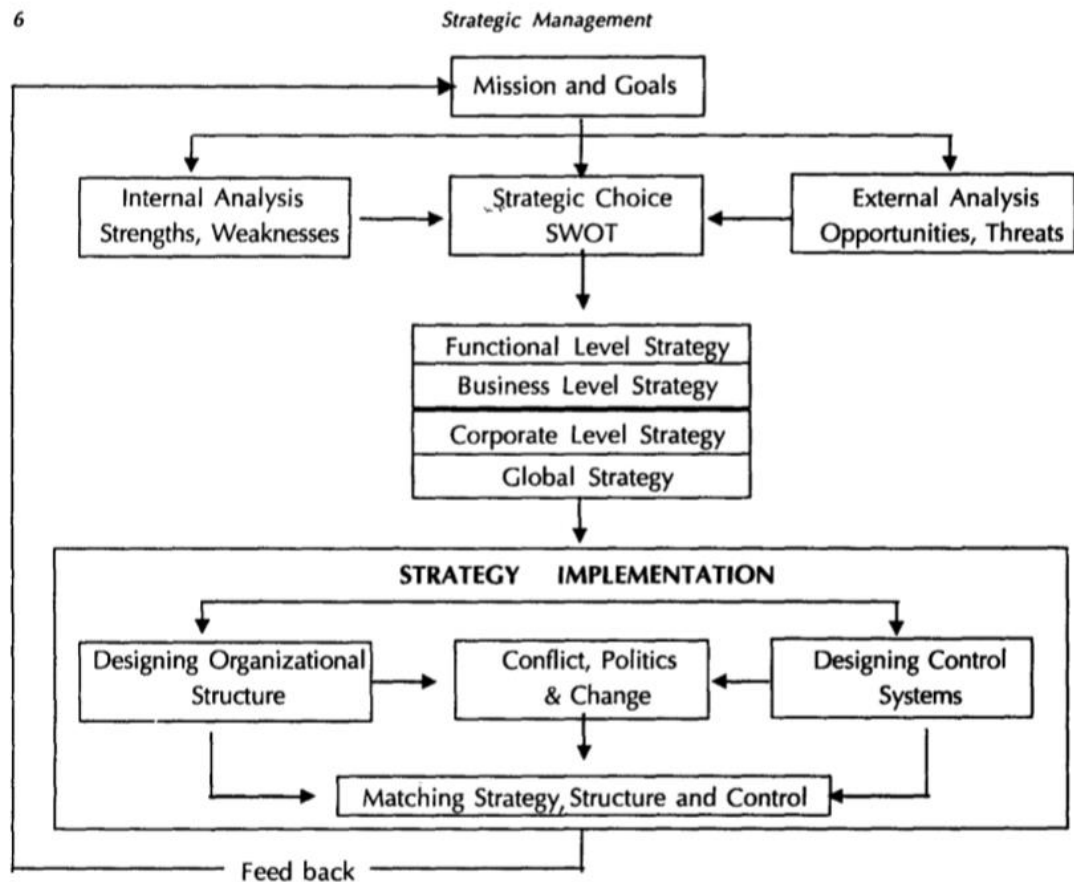


Figure 1: Strategic Management process by Jeyarathmm, M. (2007)

Mission and Goals

Determining the mission and main goals of the organization is the first step in the strategic management process. Created by strategists, consultants and chief executives, it is considered an indispensable part of the strategic management process for all types of organizations (Darbi, W., 2012). Bart, C. K., Bontis, N. and Tagger, S. (2001) believed that mission statement is among an unequalled management tool because it reflects and has a direct impact on the business's performance, depending on how vague or implicit the statement is. Rao, C.A. et al (2009) stated that defining the business' existing mission, purpose and objectives is the rational starting point of laying the foundation for strategic management as it

implies clearly the reason for the organization's existence and draws a path of different tasks for the organization to complete. In fact, the research of Senthilkumar S., Durai, M., Sharmila A. and Poornima J. (2014) implies that organizations typically work towards goals of gaining substantial market share, amplifying profit, satisfying shareholders and so on. Based on Bartkus's opinion (2004), a clear mission boosts communication between the organization and stakeholders in order to plan strategically.

Developing a mission statement includes formulating methods for achieving the objectives, goals which they hope to reach in a predicted length basis, acting as a catalyst for the employees' shape of mind, which results in positive impacts on their performance. (Mullane, J. V, 2002). A study by Rigby, D.K (1994) pointed out that the mission statement is a vital ingredient of a solid, integrated organization, in which everyone focuses on planned objectives and works towards the same direction. Bartkus (2004), through his studies of the USA, European and Japanese businesses, also suggested that after increasing communication between the organization and stakeholders, relevant and considerate mission statements can bring motivations and inspirations alike to employees, if delivered accordingly. Similarly, other authors, such as Peters, T. J., and Waterman, R. H. (1980), Mullane, 2002; Rigby, D.K, 1994, have referred to their studies on how sharing the same ideology, missions and visions can influence elements regarding employees like satisfactions, behaviors, motivation, commitment, and working performance. In addition, Bart, C. K., Bontis N. and Tagger, S. (2001) found that if the organization's policies and programs are created based on the extraction of the mission statement, they can have a positive effect on employees' personal performance, resulting in a better financial performance and corporate progress for the organization.

According to Millard, S (2010), an effective mission statement follows some certain principles. First, it has to be clear and precise. The mission statement should not be either too narrow or too wide. Moreover, it should be simple, but practical and achievable because the statement stands for the reason the company exists to insiders and outsiders alike. If a statement does not have any connections with the staff members, it will be for naught. Additionally, uniqueness will add up for a sufficient mission statement by paying attention to indicators such as how the company achieves excellence, what kind of quality sets the company apart from the

rest, and why the staff is valuable. However, the mission statement should not remain the same forever. Over the course of operation, the business' priorities and focuses may shift gradually, bringing in different changes to the company's mission.

On the other hand, goals are formulated from the mission statement. Similarly, well-formulated objectives share comparable characteristics versus the mission statement as they should also be clear and realistic. Nevertheless, it tends to be numerically detailed. For example, instead of stating growth in market share, sales and incomes, the goal statement indicates an objective of achieving a 13% increase in sales, 12% decrease in assets, and the company will be ranked in the top 3 within 5 years. Setting a goal rationally is vital because if the company is currently ranked in the top 6, it will be far more practical than in the top 20. While the mission statement sets the course for the company, the goal statement aims for one objective at a time for the business. Once a time frame is set, the staff members are obligated to deliver the results within the duration. Common objectives encourage cooperation within the organization, serving as indicators of evaluating success or failure of an organization based on its performance.

Approaches to strategic decision-making process

Decision are always made by the top-level management. In order to run a business, the person possesses certain insights in the area he is working in. His awareness and ability to be rational improves over time. Eventually, the management is fully aware of all the different options and outcomes of those options when applying those options to maximize the competitive advantages. However, in reality, decision makers face information overload and are not able to be fully aware of the outcomes. Hence, they tend to follow instincts and cogitative thinking. As a result, many managers assume intuitive decisions can bring better results than following general techniques. Moreover, decision-makers' thoughts are influenced by outsiders' pressures, due to political reasons. There are different influencers for an organization. For example, trade unions require job security and acceptable wages for employees. On the other hand, customers demand product's quality to match its price while owners expect agreed interests for their investment. Externally, suppliers

expect stable and continuous trades. Protection and economic security are provided by the government to secure tax collections. Therefore, the pressure put by these mentioned stakeholders has a powerful impact on companies' strategists, limiting the extent of the strategies to maximize advantages. In conclusion, based on mentioned factors above, Jeyarathmm, M. (2007), believed that shrewd strategists balance them out when formulating the plan, utilizing rational conscious analysis, intuitive thinking in consideration of varied political encounters.

Impact of E-commerce (Search engine optimization)

The Internet is becoming critically important to the world of business and commerce. In fact, one of the most necessary components needed in a company's strategy revolving around the communication network is optimizing the Search Engine. Websites are ranked on different Search Engines. If the website is successful, it would appear to the user when they put up a search for the product based on the hashtags of coded whilst the site is being constructed. The process of creating and modifying a website to maximize its findability and ranking is called "Search Engines Optimization" (SEO) (Al-badi, A.H. et al, 2011). The content is ranked based on its relevance to the users' findings. On the other hand, companies like Google also include a "Pay-per-click" model for optimizing search results. For example, many companies' strategies involve paying for keywords/hashtags and each time the users click on the registered words. Since SEO aims to generate sales through its online presence, the budget for each company remains variable, depending on the company size, type of products, the working industry...

A learning organization

A learning organization studies its members and consecutively transforms itself. Nowadays, enterprises, companies, and organizations are individuals in a harsh, intense competition created by a compound environment. Therefore, companies' strategies tend to change quickly to aim for short-term bursts and create the necessary competitive edges over other competitors. Consequently, companies

adapt strategic flexibility by continuously experimenting with new approaches, gaining insights from experiences and delivering knowledge efficiently to each level of employees, who are responsible with environmental scanning. Hence, they understand environmental shifts within the industry and will be able to evaluate and provide with suitable solutions.

External analysis

The external environmental analysis is a process which assists in recognizing viable opportunities and threats presented in the environment. External analysis heavily influences a firm's growth and survival. The external examination takes many factors into consideration: operating industry, the operating country, including political, sociological, technological and customer preferences... There exist many mistakes by big companies that were not doing sufficient external analysis. For example, McDonald's and Burger King, arguably the two biggest fast food chains in the world with dozens of thousands of stores throughout the world, flopped in Vietnam. According to the video presentation of CNBC (2018), without proper market research, McDonald's and Burger King did not anticipate the fact that the street vendors or food stalls of Vietnam beat the two fast-food giants in what those two are famous for: being fast, cheap and able to take away. The value proposition of local rivals seemed to have topped the two giants in terms of mentioned reasons, especially with the rock-bottom price compared to the two fast food chains. Therefore, outer factors such as competing firms and competitive positions are analyzed carefully during this phase.

Internal Analysis

Internal Analysis is a process of identifying a company's capabilities, including resources, strengths, and weaknesses. The process helps the firm formulate unique strategic plans to adapt to the hyper-competition in the market. Essentially, by evaluating quantity, quality of resources as well as distinctive competencies and comparing the same against the opportunities, the process assists the company in

utilizing its resources in various aspects such as increasing efficiency, quality, innovation, and customer loyalty.

Organization Analysis implies developing a profile of an organization along with its lines of its activities-either along its functions or around the component operations in the manufacturing of a product or producing service. These functions or activities, when identified and strung together, give a broad picture about which activities of an organization are contributing to either better sale of its products and services or their production or improvement in the firm's profits, or reduction in its costs, or boosting the firm's goodwill. After identifying these activities or departments or functions, those which are best contributing to the goals of the firm are evaluated and ranked. The outcome of such an evaluation is an identification of the most critical functions of the organization.

A research by Meesala, A (2015) indicates that Internal Analysis can be approached using five different methods, namely Function Approach, Value Chain Approach, Internal Factor Analysis, Critical Success Factor Analysis, and SWOT analysis (Strength, Weakness, Opportunity, Threat). Most methods study the firm's resources, strengths, competencies, weaknesses, capabilities, goal gaps while Internal Factor analysis stress more on suppliers, competitors, mediators, customers, and interest groups. In addition, particular challenges and threats are presented to oversee in these analyses as well. As a matter of fact, SWOT analysis examines those elements extensively. It is also used to compare with external analysis of the environment to maintain balance by modifying programs and services in the quest for maximizing organizational performance. (Jeffrey, P. H., 2010). However, a firm's strategic identification can be varied; this firm's strength in this industry is possibly a weakness in another industry. The same indication is applied to the operating countries, labor situation, and location.

Structure

A solid structure perceives higher chances of producing a good strategy. It requires duties, responsibilities and decision-making authority to be shared appropriately among levels of the organization.

Vitez, O (2018) stated that the organizational structure of a small company is usually an extension of the owner's personality, management style and characteristics. Different firms require different forms of structures, from tall/flat structure to a centralized/decentralized decision-making authority. In fact, each form of structures certainly offers advantages on one hand but also disadvantages on the other. A tall organizational structure is usually more suitable for large organizations with a complex level of hierarchy because it creates a system with a long chain of management levels, which make managing in the responsible area more uncomplicated. On the other hand, a flat organizational structure has fewer levels of management. Each level is responsible for a wider range of area, yet it emphasizes the autonomy of the employees and cooperation between members (Griffin, D., 2018).

Centralized organizational structure grants one individual the power of making decisions and guide the company. Small companies tend to follow this structure because the owner is responsible for its operations. The owner would develop the company's mission and vision by setting goals for managers to work towards those tasks. On the contrary, a few individuals are granted with the authority of decision making in their respective areas within a decentralized organizational structure. This structure utilizes a variety of individuals' expertise in a complex business operation. On top of that, conflicts are common in organizations. Different organizational structures give births to various types of conflicts, but the reasons are usually power struggle, resource distribution and divergent agendas between subgroups within the organizations. (Jeyarathmm, M, 2007). Undoubtedly, organizational politics should be analyzed and managed effectively because it is a vital key point in strategy implementation. Consequently, shrewd management helps fulfill the common mission, making the business more likely to thrive on success.

Strategic implementation

Based on Jeyarathmm, M. (2007), there are four distinctive steps in strategic implementation: Formulating fitting organizational structure; creating suitable control systems; syncing strategy, structure and controls; and overseeing conflicts, politics,

and sudden changes. However, Mintzberg, H. (1985) argued that strategies can be formed spontaneously within the organization because they are the needed course of actions when organizations face unforeseen situations. Strategic management is considered more than just planning since they are the term to describe what the company actually does. He categorized strategies as intended (planned) and emergent (unintended). However, in Mintzberg's opinion, he found that emergent strategies are likely to be more successful than other types. During applications, organizations conduct a combination of both types of strategies. Nonetheless, emergent strategies share similar traits to the general process. In fact, they are meant to focus more on making modifications to the intended strategies to properly react to emergent situations.

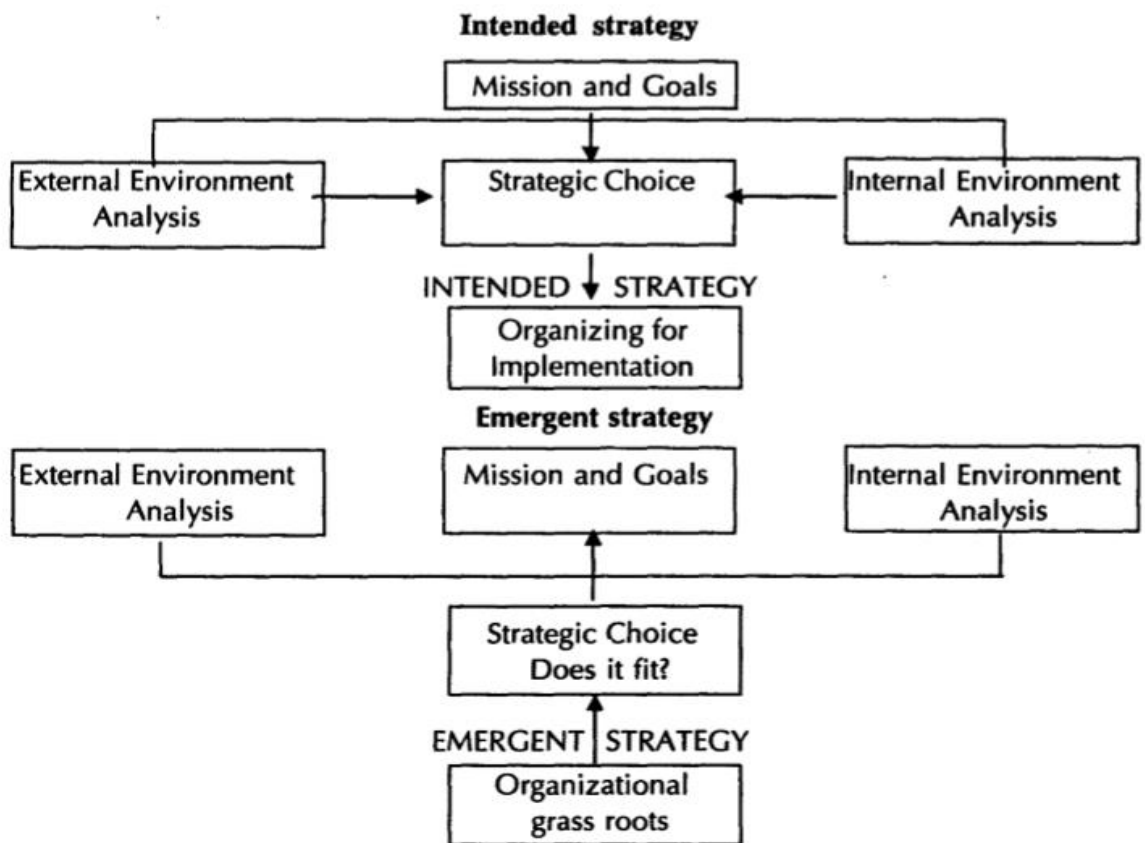


Figure 2: Strategic management process for intended strategies and emergent strategies (Jeyarathmm, M. (2007))

Challenges and how to overcome them

Subsequently, there also exists many challenges and limitations for real-life strategists. For instance, the planning process can get a lot slower due to cognitive bias and group-thinking because most strategic decisions are agreed in consent with a group. Groupthink emphasizes unity and consensus. Therefore, when planning a certain course of action, the group's opinion can become less rational-based and more emotional while missing on objective criteria. As a result, controversial issues and attainable facts are usually overlooked.

Nevertheless, according to Schwenk, C. R. (1984) there are ways of improving the results of the strategic management process, namely devils' advocacy and strategic assumption analysis technique. For instance, with devils' advocacy technique, one member of the team will act as an opposer, criticizing the plan and highlighting why the plan is not ideal. This technique allows the group to find out and be aware of all possible risks the plan has. With strategic assumption analysis technique, in other words, a dialectic inquiry, the group come up with a plan and its counter plan together. The arguments around these plans will reveal drawbacks of both plans, as well as areas of improvements. Based on both plans, a final, solid plan will emerge instead.

2.4 Competitive advantage

Competitive advantage is defined as tangible and can be evaluated. In fact, it is believed to be the most important ingredient of organizational success. Kenyon, G.N and Sen, K.C (2015) consider a competitive advantage is the true essence of the company and its growth since attracting and sustaining customers can be infeasible without it. A firm creates its competitive advantage over the competitor either by delivering the same products or services but with a lower cost, naming cost advantage or bearing benefits that are unavailable from the competitors' arsenal as differentiation advantage. (Wang, W.C, Lin, C.H, Chu, Y.C. 2010). In common markets, a normal consumer has a wide range of product choices from numerous providers. Therefore, each product or service is meant to aim at the customers'

desires. Hence, it is critical for the supplier to stay competitive so as to retain customer loyalty in an adequate number of consumers. Rationally, the company is not able to earn stable profits without a consistent base of customers. Consequently, the company lacks the essential capital to overhaul, replace or repair the equipment and assets since they are bound to suffer from depreciation after certain usage. On the other hand, the lack of sufficient funds prevents the firm from making progress on new products and service offerings, adapting to changes to the workforce as every business faces employee turnover, or purchasing new technology to satisfy the market demands.

In order to stay ahead of the competition, Kenyon, G.N and Sen, K.C (2015) suggests that companies should create a guideline; and strategies made from the guideline will have a profound impact on generating unique competitive advantages. The first step in gaining a competitive advantage is to understand the demand landscape. The firm is obligated to understand the customers' basic needs thoroughly. However, targeting the basic needs of the consumer segment is inadequate in many cases. In fact, in order to thrive for success, the company is required to anticipate various factors that are able to influence consumers' choices. For instance, companies are also able to determine the demand landscape by narrowing the market segment to generate sufficient consumers with special needs, regarding low or high price, basic or sophisticated products, or specially modified services. In another aspect, naturally, there are unforeseen circumstances that are not within the management's control. For example, the company is a high-quality restaurant that offers excellent food with incredible dining experiences. However, the crime and thievery rate in the neighborhood, in which the restaurant is located, has been raised to an all-time high. The situation can affect the customers' choice of diners and the business itself. Accordingly, the company should not only concern about the brand image but also the demand landscape and present competitive threats.

Next, the company is required to evaluate its own offerings in comparison to those of the competitors to make sure it provides more merits. Subsequently, the company will gain knowledge of the closest competitors and gain more insights into the aspects of improvements. Moses, A (2011) stated that characteristics of differentiation strategy for competitive advantage are product quality, technology

and innovativeness, reliability, brand image, firm reputation, durability, and customer service; and they should be inimitable. At the same time, it is crucial to constantly reconcile with the customers' product evaluations in order to understand the level of the company's items or services, since the customers do not purchase the products, they purchase the value within it. Value, quality, and price share a close relationship, emphasizing the importance of understanding consumers' requirements and usages, as well as the functionality and benefits of the offerings provided by the company. Therefore, the most noticeable strategy in the formulation of competitive advantage is attempting to deliver quality services at a competitive price. In conclusion, cost competing is the norm for survival while superior quality wins the consumers.

2.5 Geert-Hofstede cultural dimensions in business operation

Hofstede, G. (2001) defined culture as a mental programming that categorizes groups of people. In each area, there are numerous subcategories. The program/model can be applied to societies and individuals alike, varying from genders, generations, occupations, classes... The model is used to study the concept of "Culture" and demonstrating the differences between cultures by realizing how people react to situations in certain environments. In the research, Hofstede mentioned that stereotyping is the result of identifying behavior. Different cultural behaviors can create barriers between groups coming from other cultural areas, which can affect business projects between international firms.

The figure below shows the Geert- Hofstede cultural dimension model of Japan vs Vietnam. The author takes Japan because the case company's main partner is a Japanese corporation, which grants distribution authority but provides supervision at the same time. On the other hand, the company's working culture resides in Vietnam. Therefore, understanding, comprehending and utilizing characteristics of both cultures are the key to plan appropriate strategies for the company's operations.

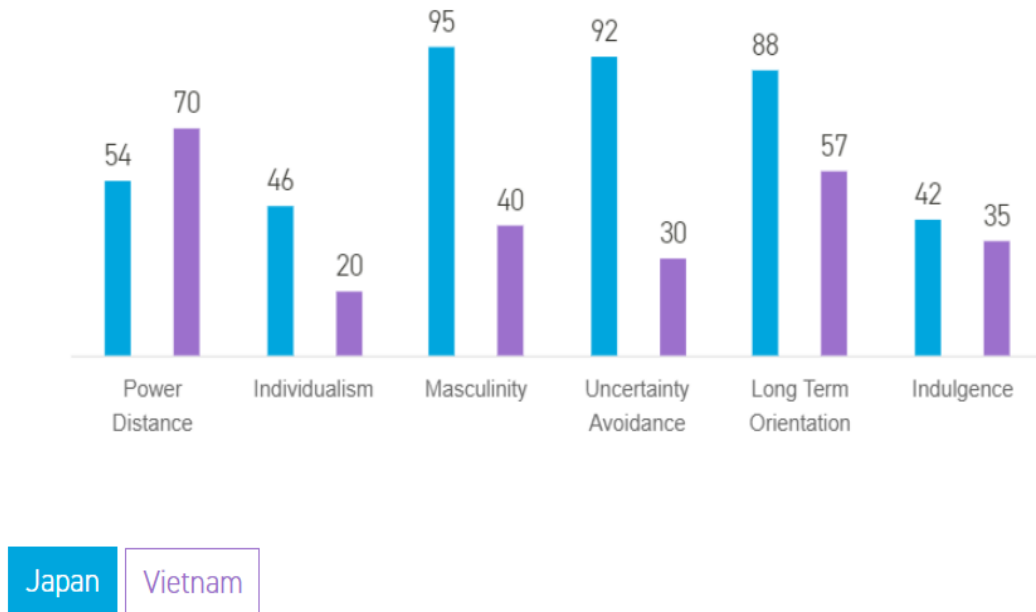


Figure 3. Geert-Hofstede Cultural Dimension scores: Japan vs Vietnam by Hofstede Insights

Power distance

Vietnam scores relatively high on Power distance with the score of 70. Basically, it means that individuals in society are not treated equally because of the imbalanced power distribution. In fact, they accept their places on social standings and positions within society. Moreover, authorities never really change or have a revolution. In the end, opinions of the people cannot unbalance the scale as it does with democratic communities. Accordingly, Japan is also a country with intermediate power distance with a score of 54. The society is highly hierarchical, and its people are always conscious of social standings and they act accordingly.

In daily lives, the hierarchy can be noticed quite easily. Formality is one of Vietnamese's most serious elements when communicating. For example, people address other individuals who are older than them with specific words/or prefixes to demonstrate the level of respect. The prefixes remain crucial in conversations.

Similarly, Japan also possesses this trait of prefixes and its importance in daily life is also considered undeniable.

In the business environment of both countries, power distance is easily noticeable. Normally, if the individual is a relatively new worker compared to the others, he, or she would still have to show them a certain degree of respect, even when they have the same ranking/positions in the company. In fact, trying to learn new things from the colleagues and elder personnel is welcomed in Vietnamese working culture. However, the person is obligated to demonstrate respect of the hierarchy in working. Because this matter gave rise to the high-power distance point in Vietnamese culture, giving opinions or proposing new ideas as an experienced employee to senior colleagues is sometimes difficult and considered disrespectful. However, it may depend on the size of the firm if its small/medium sized as well. In these kinds of companies, people are usually more open-minded. The senior staffs opened themselves, so the new employees do not get alienated. Furthermore, most of them are willing to go through all the business procedures with the new employees, without showing much attitude in the process.

In Vietnam, the salary range varies but it is likely that the employees do not receive high salary and they are minimally protected. Comparing it to the Japanese culture, the society's hierarchy indicates that the management holds absolute power in an operation. However, in the contrary, business decisions are taken through many hierarchical layers and there is no management can solely make the decision by himself or herself. According to the Embassy of Japan (2009), in a meeting with a Japanese, the person would always bow to his or her colleague to show respect, and the degree of bowing would show how deep the level of respect is. Nevertheless, the Japanese education system hints the equality in the education everyone receives.

Individualism vs Collectivism

Vietnam is a collective community with a very low point of individualism of 20. In this group, people prefer working together as a team on given tasks. As a result, this

society forges relationships and everyone is responsible for one another in the group. In fact, this group uses the indirect way of communication because being indirect can prevent people getting offended by words and affecting their bonds. On the other hand, Japan scores 46, which is on the intermediate level.

In the business environment, the collectivism of Vietnam is very evident. Teamwork is a crucial part of every working place. Naturally, everyone would come up with his or her own ideas. Therefore, the needs of a good leader in a collective community is relatively important. The cooperation and communication between all the employees and the managers are noticeable. Naturally, the group's harmony has a bigger role compared to the needs of an individual. Both countries possess a strong sense of shame for losing face. According to Geert-Hofstede (n.d), Japan is a "situational" country since it is viewed as collectivist by Western Standards and Individualist by Asian standards because of one special characteristic, loyalty. In the business environment, employees are loyal to their companies. Based on Brasor, P. (2014), Japan is famous for "lifetime employment", hinting the absolute loyalty of the employees till retirement, while it is considered normal by Western standards to change companies for a more ideal working condition or higher salary.

Masculinity

Vietnam bears 40 points on Masculinity, hinting that the community lies on the Feminine side. Based on Geert-Hofstede model figure, a feminine society has the mentality of working for survival, equality, harmony. Perks such as leisure time and the advantage of flexibility is favorable. The Feminine society usually gives opinions, or rather judgements, on the individuals that stand out from the rest, which hinted that they favor equality in the community. Even though that achievement and success of an individual are still considerably valued and there is noticeable competition within the group, people tend to stress more on group unity for mutual interests and the quality of their working life, especially their well-being.

On the other hand, as one of the most masculine countries in the world, Japan possesses an eminent score of 95 on Masculinity, referring that the Japanese

society is literally a competition, which is based on the success and achievement of the individual. In business life, employees strive for perfection. Another masculine trait of Japan is the long working hours compared to the standardized nine-to-five in many countries globally. Japanese women are not highly regarded in society, so it is very challenging for them to climb the status ladder.

Uncertainty avoidance

Vietnam has a low score of Uncertainty Avoidance (30). It means that society has a laid-back attitude towards problems. People rarely plan beforehand and react based on the situation. In both daily life and working cultures, schedules are flexible and changed frequently. In fact, Vietnamese people tend to be pragmatic. The society accepts the outcome of the matter instead of trying to alter the course.

On the contrary, Japan is one of the countries with the highest uncertainty avoidance. A high uncertainty avoidance community creates plans for the uncertain possibilities of the future. For instance, since Japan is often struck with natural disasters like earthquakes, tsunamis... Therefore, it is imperative for Japanese people to prepare themselves for all kinds of situations in their lives. In business operations, all researches on risk calculations must be carried out before starting any projects. Before taking any decisions, layers of manager gather all the detailed information from relating departments.

Long-term orientation

The Vietnamese community possesses a medium score in Long-term orientation (57). It means that the Vietnamese society stresses the importance of traditions when dealing with matters in the present or the future. They focus on common benefits for an extended period and feel the need to preserve for the future. In this dimension, Germany scored even higher than Vietnam (88), meaning that the Japanese people are very practical. Both the Vietnamese and the Japanese have

the tendency to save, invest and be patient. Therefore, stability is the key in both cultures.

Indulgence

Vietnam and Japan are both restraint countries with the scores of 35 and 42 on Indulgence, respectively. In these societies, individuals tend to be cynical and pessimistic since they do not have the freedom to choose how their lives would turn out to be. Basically, freedom of choices in most matters is taken out of hands. Everything in life is a guideline and the person must follow it accordingly.

Therefore, it can mean that there is a big fraction of the community works in a profession that they do not like for a living. Moreover, the Vietnamese community is also viewed as a gender imbalance society in term of power distributions between sexes. Men are expected to be the main pillars of the family while women are to be taking care of the family in the backline. Therefore, the women's positions in society are not highly valued. However, in the past decade, society is changing gradually. Nowadays, women are more regarded in numerous matters, which leveraged their sociable standings to a much higher level and lessened the burdens of men. According to the voice of Vietnam (2017), there is about 25 percent of the total enterprises in Vietnam are led by women.

The significant developing pace of globalization process has been far beyond our capacity to catch up with all the changes that it involves. A significant trend that can be seen clearly is the massive movement of the economic labor, material and capital market flow through the continents and the foundation of huge economic centers and international trading agreement across different areas of the world. The Globalization can be a huge advantage as the availability of the economic resources such as consumer market, labor, technology, capital etc. can be easier than ever, however, it can also be a huge disadvantage for those who are not able to adapt to the flexible movement of this massive market trend. There are three main factors that determine whether a business can survive and gain its competitive advantages or lose its position in the initial marketplace are: the ability to apply the benefit of all

available communication technology resources, being innovative and able to predict the trend or lead the trend, and lastly, the cross-border adaptability. As nowadays, the terms 'Culture' and 'multiculturalism' has become the basic concepts involved in almost every aspect of the social and economic activity. However, there have been a lot of different interpretations taken to define these concepts.

2.6 Human resource management in growing small and medium sized companies

For an operation to function properly, investing in its people is arguably the most critical resource of the company that defines its value and growth by conducting organizational activities. The company rewards employees with payment, network, and experience while gaining access to their skills and insights, in hope of certain achievements in the market. Dessler, G. (2003) describes HRM as practices of utilizing human resource from a management position, such as screening, hiring, training, evaluating and rewarding. Armstrong, M. (2003) shares a similar concept of HRM while Bratton, J., Callinan, M., Forshaw, C. & Sawchuck, P. (2007) referred HRM to be an approach that manages personnel relations and make use of employees' capabilities to generate competitive advantages. However, Armstrong, M. (2003) stressed that the application of personnel within the organization is not identical to that of other resources such as assets, capital... but it requires the unification of various managerial tools, namely leadership, strategic management, organization's value... (Ferris, Sherman, & Rosen 1995). HRM practices help trigger the effort, capacities, and commitment of the employee toward the organization's common objectives. Without a doubt, a highly motivated and inspired group of personnel increases the likelihood of the company to achieve its goals and visions while consecutively building core competencies. In consequence, HRM tends to play a significant role in organizational issues by offering a neutral framework for such a wide range of analysis. (Bacon, N., 2007). However, Harney, B. and Noland, C. (2014) believed that human resource management debate has always been too generalized and not too relevant to small and medium-sized firms (SMEs). The claim takes roots from the fact that SMEs is the dominant organizational type with the

contribution of over 55 percent of gross domestic product (GDP) and 65 percent of total employment in high-income countries, according to the statistics of the Organization for Economic Co-Operation and Development (OECD) in 2005. In addition, as mentioned, SMEs account for 95% of the entire sums of companies globally while supplying up to 60% of private sector employment (Ayyagari, M. et al, 2011).

At the beginning of a business, owners always act as the managers of the company, while carrying out organizational activities as entrepreneurs. Moore, G. (2014) suggested that the decisive factors, which determine the survivals of SMEs, are mostly labor inputs during the first years of operation as these inputs distinguish the line between stability and failure of organizations. Eventually, the stable growth of the organization signifies the need to hire new managerial personnel and to formulate new policies and practices in order to smoothly run the expanding operation; e.g. check-in systems, employee cards, weekly to annual reports... Thus, the success of HRM practices in a small company heavily relies on the manager's ability to look at matters in a bigger picture, form teams, stop handling every problem and divide responsibilities to others. This chain of actions will improve team building and communication within the entire personnel levels, enhancing their commitment of following the long-term vision and planned strategies in the process. However, the demand for hiring a specific HR manager is dependent on the nature of the company and its operating market. (Mazzarol, T., 2003). The pace of change in HRM practices from being unauthenticated to being official can be very dramatic, but it eventually lessens when the company reaches a certain stage of maturity. HRM practices are bound to change eventually, yet the urgency varies between phrases of organizational maturity. (Kotey.B; Sheridan, A. 2004).

Amstrong, M. (2003) stated out five reasons why HRM practices are required. First, they support the main business strategies to acquire ample skills, key knowledge and essential competencies for the personnel, in order to back the overall organizational mission, vision, goals, and values up. Second, HRM practices bring up opportunities and incentives for workers to grow and polish themselves, creating a competitive company culture. Third, they positively improve turnover rate if the HRM practices are seen as appealing to the talents in and outside of the company. Fourth, they solidify the bonds between different managerial levels of the

organization. Fifth, HRM practices encourage the development of work ethics while helping employees to adapt to the organization's environment.

Nonetheless, HRM practices are not considered to be full of merits as multiple pieces of researches, created by Baron, J.N., Davis-Blake, A., and Bielby, W.T. (1986); Kalleberg, A.L. (1996 – 2006) and Hollister, M.N. (2004), implied that large firms with high reputations put more offerings on the table for their employees, such as higher wages, sufficient benefits, and greater career opportunities compared to those of the smaller ones. However, other researches made by Hodson, R. (1984), Hodson, R. and Sullivan, T.A. (1985), and Zipp, J.F. (1991) indicated that employees in larger firms are not entirely satisfied more than individuals of smaller firms. In fact, they exclude interesting, independent, and social networking tasks in exchange for higher salaries, benefits, and future opportunities. On the other hand, due to the simpler organizational structure and divisions of labors, small companies' employees opt for other eccentric attractions, including socially rewarding work and the diversity of tasks in their activities, without the obligation of being consistently tied with specialized assignments. (Wallace, J.E., 2009). In another aspect, a high turnover rate has become a problem for every type of organizations. Based on PwC's Human Capital Effectiveness report (2012) of 300 large organizations in the USA, during 2011, the employee turnover has become a trend ever since, because of the older employees' retirements and younger ones' desire to expand career opportunities. As a consequence, in SMEs, even a small group of employees' decisions to quit or change their current positions could have a tremendous effect on the company's image in the customers' point of view, which eventually leads to guaranteed financial losses. (Andersen, T., 2003). Due to the personnel problem and the size of the company, it has a direct effect on the quality of products and services. In fact, losing only one customer is capable of posing a big threat to certain SMEs, as they lack the liquidity assets and backing assistance compared to bigger firms. Therefore, consecutive employee feedback is vital to help the workers grow, improve self-performance and stay motivated. (Forte, J., 2009). Hence, it is even considered a more effective way in human resource practices compared to increasing employees' wage.

3 RESEACH ENVIRONMENTS – INTRODUCTION OF THE CASE COMPANY AND THE OPERATING MARKET

3.1 Hanoi and the Vietnamese market

The Social Republic of Vietnam is an Asian country located in South East Asia that that is made up of more than 94 million people (United Nation, 2016). According to World Bank (2017), economy-wise, Vietnam has been one of the fastest-growing country in the world with over 6.4% expansion in GDP per capita since the 2000s, placing itself at the 35th place in worldwide GDP Purchasing Power Parity rate (International Monetary Fund, 2018). As being one of the world's fastest growing countries according to GDP statistics, Vietnam's economy can be viewed as an extremely potential market for financial investment. As a result, Vietnam joined the World Trade Organization in 2007.

Hanoi is the second most populated city in Vietnam, composing of almost 7.6 million people. The capital city is known to be one of the key economies of Vietnam besides Ho Chi Minh City with exceptionally dense business, services, financial and tourism activities. In addition, the city is the location of the best universities in Vietnam, which produce the future educated workers for the country. Moreover, Hanoi also plays a crucial role in being the historical and political center. It is arguably among the most touristic cities in the world, especially for westerners. According to one research made by Price Waterhouse Coopers (2009), Hanoi is becoming the fastest growing city in the world in terms of GDP.

3.2 Vietnam heavy industry background:

The heavy industry is considered one of the most crucial elements of Vietnam's economy. According to Anh, N. et al (2015) in *the evolution of Vietnamese industry*, Vietnam's industrial policies prioritized heavy industry during the and after the Vietnam War with the US but the tremendous growth of the light industry, as well as

agriculture sectors, outpaced that of heavy industry, despite the larger budget share of the government budgets. However, during the five-year plan or the late 90s, early 00s, the policies of the period emphasized on fulfilling the national demand and mining raw materials but with additional priority on industries such as steel and cement. Consequently, this period gave Thien Hoa Equipment and Technology's CEO the aspiration to establish the heavy industry retailing company.

3.3 Establishment

Thien Hoa is the sole distributor and fully authorized sales-agent of different brands in the heavy industrial area such as Bridgestone (Japan), Atlas Copco and Flygt (Sweden), Rulmeca (Italy), Chicago Pneumatic (America)... The company's main partner, Bridgestone, is a world-famous Japanese manufacturing brand specializing in tires and diversified goods such as chemical, industrial products, sporting goods, transportation...About the manufacturer, Bridgestone has been going global since the middle of the 1900s and became widely known mostly for its supreme quality tires. Nowadays, Bridgestone also sponsors many sporting events all around the globe: 2024 Olympic, World Golf Championship since 2006, National Football League (NFL), National Hockey League (NHL) and multiple motorsports competition as well as motor shows. The company's case study will mostly describe Thien Hoa's partnership with Bridgestone while glimmeringly going through others.

The company offers services in delivering, installing, repairing products in numerous market segments, mostly in heavy industries, including cement industry, steel, seaport, construction, mining, wastewater treatment, irrigation... In fact, the company has mainly focused on the cement and steel industry ever since the foundation due to the country's policies and priorities towards these industrial markets in the company's foundation years.

3.4 Services offer and operational market

Thien Hoa Equipment and Technology offers international products in the Vietnamese market. The company is specialized in Bridgestone's high-quality off-the-road tires. They are created to be suitable in mining, construction sites where the surfaces are rocky and muddy with harsh condition exits. Moreover, the company provides specialized products such as conveyor belts, marine fenders, air compressors... for industry-related manufacturing sites. The company stocks the products in a storage within the city, composing of basic products, in order to be ready at all times in case the customers have any purchase demands. On the other hand, Thien Hoa also takes in orders from factory customers who require the products to be precise in length, width, thickness... according to the customers' measurements and sends the order back to the brand so the mother company can customize the products for those specific customers. Naturally, in order to understand the customers' needs, the company provides after sales services where teams are sent to do regular check-ups on customers' purchases, fix on-site the broken and faulty products, provide the customers with insights and assist them with installations. The company's structure is divided into different departments.

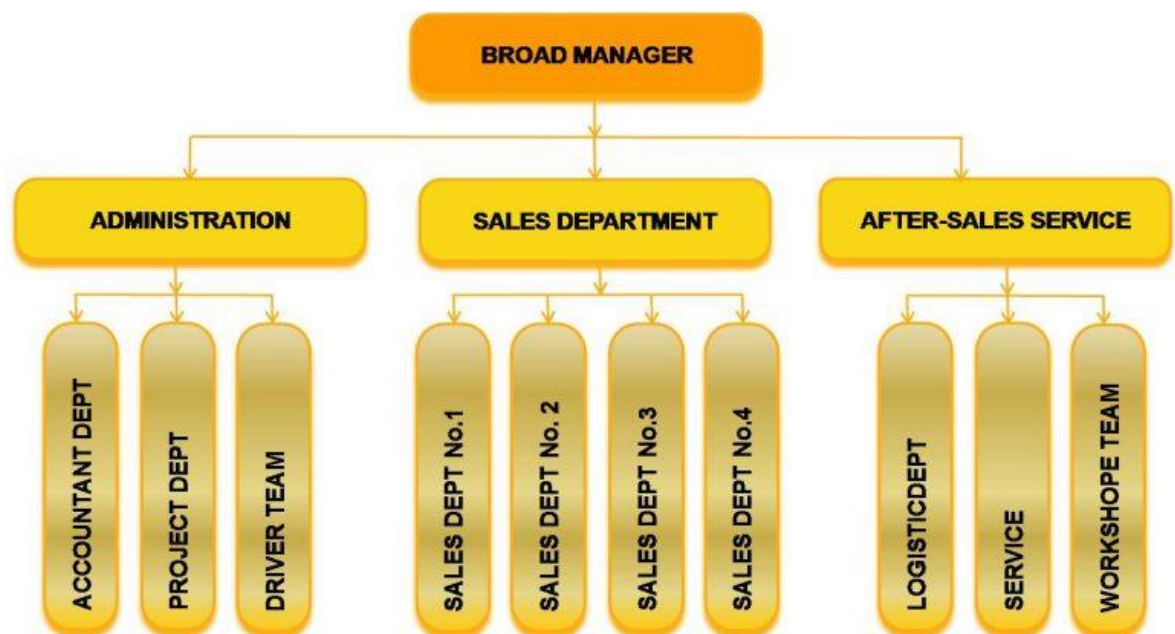


Figure 4: Thien Hoa's operational departments. Provided by the case company.

The board manager: this department consists of the chairman and the company's director. This department has the utmost authority within the company. They give out orders, planning, directions and important decisions on where the company should head in order to achieve sustainable growth and keep the company operational.

1. **Administration department:** the department composes of smaller ones:
 - Accounting team has the responsibility of holding and supervising the financial situation of the company, producing weekly, monthly, quarterly and annual balance sheets and financial reports to the board.
 - The project department investigates the markets within the country in order to come up with new but related products for the customers or searches the area for potential ones.
 - The driver team is responsible for taking care of the company's tangible assets, but most importantly, cars and trucks. The team's most important objective is to deliver other teams (sales, service) as well as the products safely to their working locations.

2. **Sale apartment:** Thien Hoa possesses different sales departments in order to distinguish different groups who sell different products:
 - For instance, Department 1 sells off-the-road tires, conveyor belts, and air compressors... to the northern part of the country
 - Department 2 and Department 3 have the exact same tasks but in the middle part and the south part of the country, respectively.
 - In addition, Department 4 handles Bridgestone's newly licensed product: the marine fenders into seaports across the country.

3. **After-sales department:** the company's after-sales department is also one of the crucial parts in Thien Hoa's structure.
 - The group's main function includes installing or helping the customers to install the purchased products according to their service orders.

- Moreover, they are obligated to attend to the factories and individual customers monthly to do product checkups and provide workshops to deliver the products' essential knowledge to the workers of the customers' companies or factories.

In conclusion, each group (administration, sales, and after-sales) is headed by a manager who does direct reports to the board group. They function together accordingly as each group has equal authority to another.

3.5 Operation

Thien Hoa's main source of income comes from performing promotions and product sales of the brands with which the company has signed distribution contracts, mostly with Bridgestone. Bridgestone offers distribution license for various products, most of which are important functioning products of factories such as Excavator's off-road tires, factories' automatic conveyor belt systems that transfer raw materials.

On the other hand, other brands with which Thien Hoa has distributor contract only provide the company authority to issue supporting products. However, it was also within Thien Hoa's calculation since the company does not want to put the focus on many different products from various brands but prioritize on Bridgestone's linear products. In fact, the company brought up information about the essential related equipment if the customer wishes to save time/money from finding the needed assisting products from other providers. For instance, if a Bridgestone's conveyor belt is installed in the factory, rollers of equal quality must be paired for the belt to work smoothly, because the more the rollers work due to the factories' non-stop operation, the more eroded they get. Along with the introduction of the belts, Thien Hoa will also advertise Rulmeca- high-quality Italian rollers that will ensure the factories' undisrupted operation throughout the years. In fact, for factories, if the system has to stop even one day because of the repairing process, a great deal of operational capital will be lost.

The company occasionally acts as an intermediary between customers and the brand itself to reach long-term agreements. After reaching a mutual ground, the

company then proceeds to deliver the products to customers accordingly based on the rules of Incoterms stated by the International Chamber of Commerce (ICC).

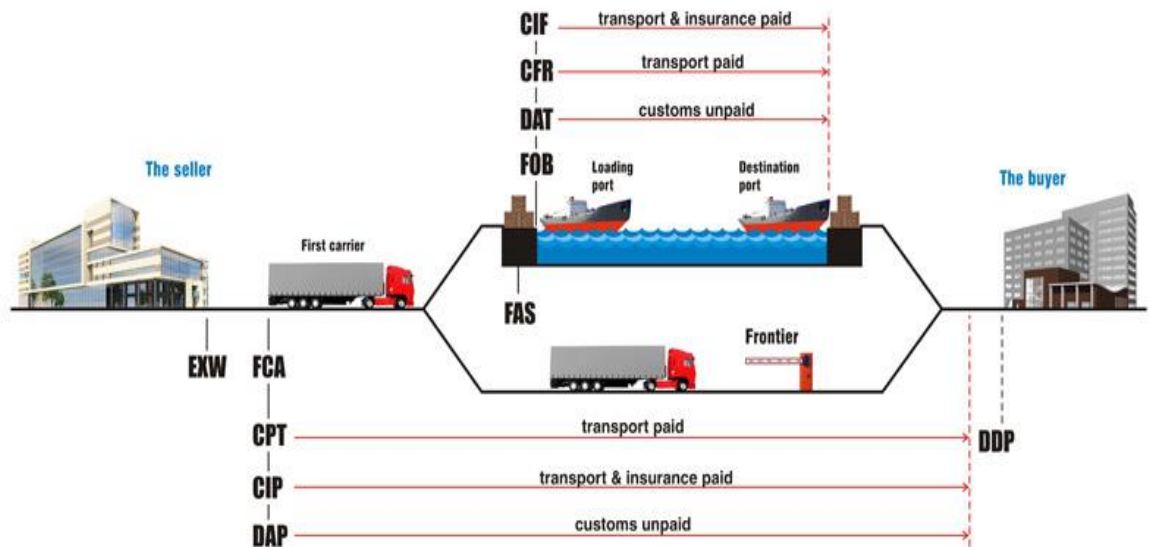


Figure 5: The full Incoterms. By Dawa, S. (2018)

According to Thien Hoa's management board, the company's most used terms of trade are "Free on Board" (FOB) and "Carriage, Insurance and Freight" (CIF) depends on the customers' desires.

Based on ICC's Incoterms, with the terms of FOB, the company will be responsible for the preparation of the goods and loading on freights/ships. Thien Hoa and the customer will share an equal risk when the goods are onboard. After arrival, the buyer is responsible for the products from that moment onwards. When the customers require the CIF terms, Thien Hoa is in charge of handling the goods to the specific port, paying the freight's essential costs and managing the insurance while the customer will be held accountable for risks the moment the goods are loaded. Thien Hoa's profit from these different terms of trades is varied, depending on the negotiations.

The company's operation acts as both the supplier and the distributor. Each order is processed through all the related departments of the company for the purchasing process to go smoothly. Since Vietnam is a relationship-focused country, according to the cultural dimensions of Hofstede, building relationships with existing and potential customers through networking and bonding between the supplier and the

customers beforehand is considered a very important task. For instance, upon discussions, the company will send a team of specialists to evaluate the working condition of the factories or mines. For example, if the purchase of tires is underway, the team will come to the mining site to examine the roads and check what the density of rocks is or what kind of condition the road has. This process is handled carefully as to come up with an appropriate and specific type of product for the customer before the purchasing process. The same is applied to products like conveyor belts because the team would need to escalate the thickness, width, length and determine what type of belt's surface would be ideal for delivering these types of raw materials.

After completing the observation process, Thien Hoa's administration group will send the pricing list to customers and needed paperwork to handle legal procedures. New listings will be sent out to customers upon their approval of the price lists. During negotiations, both parties will decide the types of payment: pre-purchase, immediately after-purchase, a quarter-year after usage, a year after usage... and sign in the agreements together. After a period of time, the agreement between both parties can change depending on the circumstances. In fact, if both parties came to an agreement on the purchase, the buyer will also receive a commission/returning fee, which varies greatly based on how significant the contract would be while Thien Hoa, the supplier, generates profits from the price difference between the manufacturer and the mutual agreement. In addition, the profits will be shared between the company's departments through working agreements. Rewarding decisions are also made by the board management and the company's shareholders. Moreover, the business is looking to expand by coming into agreement with Bridgestone in granting distribution license on a new product during 2018. Since each sales department is responsible for a specific market throughout the country, the company will connect old customers with potential new ones through meetings, workshops so they can exchange knowledge and experiences with each other. The customers can profit through these events as they can broaden their engineers' and managers' product understanding, combining with the benefits of networking.

4 STRATEGIC MANAGEMENT AT THIEN HOA EQUIPMENT AND TECHNOLOGY CO, LTD.

4.1 Research Timeline

The interview was held on the 25th of October after the author completed the general construction of the theoretical framework, on which the interview questions were based. The questions and the interview format are displayed in the Appendices. There were two interviewees from the case company, with one of them being the current director of the company, the other, the chairman. They were interviewed at the same time to ensure the coherence within the company's highest managerial levels.

The languages of the interview were both Vietnamese and English. The first language was Vietnamese since it is the native language of both the interviewees and the author. Conducting the interview mostly in Vietnamese makes certain of the analysis's transparency once the matters are looked into deeply. Nevertheless, parts of the interview are in English as per requested from the respondents to encourage professionalism, such as the interview form and transcriptions. The main objective of the interview is evaluating the status of the company's strategic management policies.

4.2 Strategic management background

Being located at the capital of the country demands the company to be flexible when changes come up in this complex and ever-changing market. The heavy industry is an open market with a large number of competitors from inside and outside the country, with various levels of quality. The country's huge population and improving education also enable the company to engage in the direct recruiting process for a capable workforce. However, those factors also create a very competitive market with little to no monopoly throughout the country, especially in this industry.

4.3 Strategy formulation

4.3.1 Organizational establishment

The management of the company described the company's own strategic management process in orders. In the founding days of the company, upon realizing main offerings, the top management conduct an external environment analysis to recognize viable threats, opportunities and more knowledge of the market the business is venturing into. The chairman mentioned that during those early days, he recognized the market's needs and demands for higher quality products, such as off-road tires, due to the harsh mining conditions across the country. On the other hand, domestic products' quality was not able to match that of the foreign brands. However, at the same time, powerhouses such as Michelin and Bridgestone were attempting to adopt a native company to represent them as the official retailer in the Vietnamese market. Thien Hoa was acting as a sales agent of both brands in the market, alongside a few other competitors. However, after long negotiations and market examinations, upon acknowledging the potential the Vietnamese heavy industry can contribute, Bridgestone allowed Thien Hoa to become its official retailer. Therefore, the management specifically emphasized the importance of external market research, which is capable of showing viable market opportunities and understanding.

The management then mentioned an internal analysis, which follows after the external environmental research. In this research, an assessment of the company's capabilities, such as liquidity, capital, tangible and intangible assets... are listed out accurately in order to evaluate the company's financial situation and to establish a suitable business plan. They also mentioned that further approaches, for instance, SWOT analysis and a few similar others, are optional, since it greatly depends on the market and company size, or the complexity of the company after establishment.

4.3.2 Thien Hoa's expansion

Following the assessment of the market and company's standings, Mr. Khanh Nguyen – the company's chairman, specifically implied that solidifying the mission and goals statement is a vital step. He perceived the statement as the definition of the company, and a testament to what it stands for, while goals are reasonable benchmarks to push the company's capacity. Furthermore, the mission statement acts as an ideal support to identify the right direction for the company's strategic planning. "One decision for all you need" is the company's slogan. This slogan implies that when the customers choose the products provided by Thien Hoa, they will receive the full benefits of the services offered along with it. According to the respondents, the mission statement helps the company to consecutively develop its services besides from the high-quality products supplied by the Japanese brand, in order to create a distinctive mark that only the organization offers. In fact, it helps them lay the foundation to the after-sales service department, which plays a crucial role in the company's growth throughout the years.

The customer service department's duty is conducting biweekly checkups of the organization's supply at customers' mining sites, calculating their lifespans and conditions for free, or with minimal costs, if fixations are required. The emergence of the service department significantly contributed to the company's growth and financial expansion as it left a positive influence on following purchases of current and potential customers. It was a service that other brands did not pay attention to carefully enough since they only invest in visits when the brands send ambassadors or when the products were already functioning improperly.

According to Thien Hoa's director, operating as a representative of well-known international brands and being able to uphold its reputation and images can add up massively added values for the business, especially in the Vietnamese market, if utilized effectively. The Vietnamese consumers have the tendency to favor foreign brands compared to domestic brands, from their daily consuming products to industrialized products, since the domestic goods or "foreign" items from China are considered inexpensive and short-lived. Therefore, it is very important for the company to make use of this conventional fact in order to grow the company's

potential to its fullest. It is considered one distinctive competitive advantage of the company, considering that there are a handful of special territories in Vietnam that can only be mined effectively using off-the-road tires with unique features, which prolong the longevity of the products. These eccentric features can only be found in products of Bridgestone and of the other sole competitor, namely Michelin from France.

Michelin is a fierce competitor of Bridgestone in the heavy industrial market. According to the respondents, both companies share a similar amount of market share in Vietnam and represent the medium to the high tier product line of the market. Customers' product selection depends on organizational budgets. Therefore, the customers would opt for Bridgestone if the budget is tighter and vice versa.

Hence, to stabilize the market share, the management oversaw the negotiations with customers and Michelin sales representatives on balancing the market based on each brand's influence on the industry, while working on the company's expansion in other areas. In fact, they mentioned that thorough external and internal analysis should not be forsaken and can be utilized multiple times throughout the process to identify facts of other areas. As a result, in 2012 and 2014, Thien Hoa is authorized by Bridgestone to officially sell conveyor belts and marine fenders, respectively. Conveyor belts is arguably the most important machine inside any production lines while marine fenders are the safeguards of ships and cruises. Naturally, the company extended its reach to ports and deeper areas within the heavy industry, such as factories. The respondents mentioned that expansion comes with changes within the company. As a consequence, the mission statement is changed to "Maximization of production" to fit with the various services offered.

In fact, the respondents mentioned that international products are highly favored by the customers, especially foreign-owned factories with a wider financial budget, due to their superior quality which is nearly impossible to find within the domestic goods. Foreign brands' conveyor belts, such as Bridgestone's, are set to last for at least a decade, depending on the working condition, while domestic products, if put in the same conditions, are settled at roughly only five to seven years in lifespan. The durability of the product strengthens Thien Hoa's position further because for big

manufacturing factories, stopping the production for several days is able to cause tremendous effects on their output efficiency. Since many production factories are part of the heavy industries, for instance, cement, steel, or fertilizer factories, they are served as competitive edges of the company because they already possess established strong relationships with the customers in those facilities across the nation, greatly reducing essential marketing and introduction costs for the high-quality goods. On the same note, the extended partnership also paves the way to the mini expansions of acquiring assisting accessories from other international brands mentioned during the company's introduction. For example, the Italian rollers and belt conveying products support the accuracy of the conveyor belts by adjusting the belts when they start going off-track.

Furthermore, the expansion to an irrelevant product from the heavy industry, such as marine fenders, was also on account of the fact that old marine fenders which were being used in the ports, got out of use and malfunctioned during the time, endangering the safety of crew members in the ports. In addition, marine fenders are extremely high-cost goods that commonly last for many decades. Naturally, Thien Hoa is able to provide associating services to the product, which ensure parts of the company's long-term development plan. In addition, in 2016, the company opened the E-commerce department as an attempt to follow the worldwide trend. The department is tasked with constructing the company's website, getting the company more noticeable on the internet by setting up SEO strategies and scanning the environment for potential customers.

4.3.3 Organizational structure and decision-making approaches

Mr. Nguyen and Mr. Ly both agreed that capitalizing the chances created by the market's hype can bring a tremendous boost to the any enterprise's growth, especially within SMEs, in which the organizational structures are much simpler compared to those of bigger firms. Therefore, they stressed that an organization should always be adapting. Most companies are faced with an abundance of competition. Hence, learning from experiences, ensuring the smooth flow of information within levels of the company, and always preparing for short-term boosts

have been Thien Hoa's agendas for the past decade. The management strategic flexibility is one of the major factor's that can make continuous short-term boosts occur. By modifying details from long-term missions and goals, companies will establish different emergent strategies, each of which adjusts the company to divergently environmental shifts, while being able to stay on course with the prescriptive mission. In fact, these strategies are influenced by many relevant factors, including Vietnamese policies, adaptive environment, trends, supplier's or customers' pressure... Each strategy is proposed in a monthly formal meeting composed of the chairman, the director and the heads of each department. After assessing the situations, the group fashions a suitable game plan for possible scenarios while the final decision is made by the director, with the chairman acting as a supporting counsel. Based on the respondents, the flat structure combining with the centralized model of the organization reflect Thien Hoa's operation, since the company possesses solely few managerial levels, leading to a faster decision-making process.

4.3.4 Human Resource Management (HRM)

Recruitment and selection process

The human resource is always considered a vital part in almost every business. It applies for Thien Hoa Equipment and Technology as well, a company that sells engineering-oriented products. Since the workforce plays a huge part in the future long-term development of the company, the process is taken very seriously by the director himself in order to minimize risks for unsuitable recruits. In fact, since the recruitment process involves the director himself, it will attract more capable workers because it is a testament that the company really values potential workforce. Nevertheless, since Vietnam is a populated country, the demand for employment is immense. Therefore, the process is thorough but very time-consuming on the other hand. In order to effectively utilize the search, the company partners up with recruitments agency to fill out compatible workers for the recruitment process. Moreover, the development of the Internet and technology, in general, is also

contributing its merits to the employment process. Websites like LinkedIn or the company's own website can assist on filtering out all irrelevant applicants who are not so interested in the particular field while providing their necessary basic information at the same time to the employer. The employee selection is then followed by the interview process. It has always been conducted offline according to the company's information. According to the management, having face-to-face interviews yields much better results compared to online interviews for two reasons. First, workers of all types from across the country, especially skilled ones, search for opportunities in the capital area where the economy is most developed. Second, in a company where the revenues are generated through sales, it is essential for the employer to observe characteristics of the applicants, such as his or her personalities, attitudes, documenting skills or even built, due to the unavoidable stress that comes from certain departments of the job, which require constant traveling and customer visits... Especially when the company is recruiting sales representatives, the employer presents a specific case and the applicants are tested for their analytical, problem solving and communication skills. In addition, the company is also opened to accept undergraduate interns for different positions of the company. The director indicated that by employing a fresh, undergraduate student from the university, there are chances of finding potential future workers if they are proved to be skilled enough over the course of the internships.

Training and development

Freshly employed workers and internees are exposed to the training program designed by the company, with different approaches depending on their positions. Employees are guided through essentials of each department in the first days then the mentoring programs officially started, based on the author's own experience, who has worked at the company for three months under the internship. Inexperienced workers are paired with experienced ones in office work, or work trip, even customers' meetings, in order to establish new relationships with the customers. According to the Geert Hofstede's model, Vietnam is a hierarchical and relationship-focused community at the same time. Therefore, a junior is expected to respect the seniors and be humble to the senior's mentorship. First work trips are

considered invaluable experiences, which will partially decide the employee's success, depending on how well the relationship with the customers are established.

Job design

Since the employees' personalities vary, each of them will be assigned to certain customers and areas across the countries, ensuring that their potentials will be exposed to its fullest. At the same time, they are obligated to seek out new customers in the given areas, in the quest of generating their own sales. Since Thien Hoa is an equipment and technology company with a long product lifetime, an employee's sales, if met with stable customers, is only able to offer an expected number of products and services per year. Hence, heading into unexplored areas and attempt to establish connections with new customers are always encouraged as it is also essential for the employee's self-development.

Conflict resolution

In every company, due to the wide range of personalities, origins, age, and experiences..., conflicts are bound to happen. In a small sized company like Thien Hoa, the departments' managers are responsible for dealing with these conflicts, listening from both sides, and deducing a suitable solution based on both perspectives. In these cases, the solutions need to be as natural and objective as possible, to avoid the feeling of inequality among the workforce. In the worst-case scenario, it can possibly cause a negative effect on the employees' performance, which is detrimental to the company's overall performance and growth.

Performance appraisal and evaluation

The evaluation meetings are conducted formally. The company has a specific day for all personnel's meeting. During the meeting, the company addresses highlights of the week, indicates essential objectives for the near future, examines the progress of current ones, and discuss internal problems if present. In addition, during each month, employees with exceptional performances are given praises and presented with small gifts to show appreciation of their efforts. However, if other employees' performances are sluggish, according to the management, it is important to address publicly that they are not at their best for the time being, so the fact can motivate the individuals. However, details of their stagnated performances are discussed in private meetings to keep their faces. Vietnam is a culture of great pride. Therefore, talking down and criticizing other individuals in public can be considered rude and disrespectful. On the same hand, it greatly demotivates the employees, worsening and demotivating them in all likelihood.

Remuneration and compensation

The wage rate of the employees is subjected to agreements between both parties, and not by any circumstances, lower than the minimum rate according to the government's laws. In fact, it relies on the working position, durations, accumulated experiences. Internees from universities are not eligible to negotiate for the amount of salary, but they receive full benefits of a normal employee. Remuneration is not public information for any employees except for the chairman, the director, and the financial manager of the company. Naturally, that type of information can cause demotivation within the same ranks of individuals performing the same tasks. Therefore, it is important that it is kept confidential. It is essential for the payment, which is one of the biggest, if not the biggest, drives of the employee to work, to arrive in time and in full. The interviewees believe that it is unacceptable to delay the promised salary receiving date because it will greatly abbreviate the company's reputation.

Working benefits are basic benefits enforced by the government to protect the workforce, including the perks offered by the company. In Thien Hoa, these perks include personal health insurance, the company's annual health checkup, paid travel expense, customer meetings, and free lunch made by the company's own cook. Since elevating overall health and fitness has become a trend over the past years, the personal cook of the company's menu is able to offer more nutrient and healthy options for the employees rather than takeaway or quick lunch options available in the neighborhood. While female employees are encouraged to go to fitness centers with supported time and expense, male employees are free to join a weekly football match, organized by the company itself. The company's chairman believed that outdoor activities together help the employees release stress while elevating their overall fitness level and harden the bonds between members. Subsequently, he has faith that it would solidify the teamwork between different departments, in and outside the company. In addition, they are exempt from work during national holidays, but they are granted a company-sponsored summer vacation in one chosen destination before the busy seasons. The management reckons that it would act as a motivational boost for the workforce, while occasionally combining with customer visits, resulting in better performance throughout the whole organization.

Parental leave is a mandatory benefit in any company, but it remains an important issue within small and medium-sized enterprises. The employer is obligated to give parental leave with benefits based on the decree of the government. Based on the interviewees, it is vital to foresee this issue and to anticipate the absent personnel's work before it affects the whole operation.

Employee retention

Maintaining an effective management style is one of the most important factors of employee retention. For a small sized company such as Thien Hoa, with only around 30 employees, retaining the employee turnover rate low is very vital to keep the business on the path of sustainable growth. The staff training is costly and tedious as the procedures take months to complete, including learning products' key

knowledge, company's process, establishing customer relationships... Therefore, creating a loyal staff culture is very important. The management stated that even though Thien Hoa's main partner is the Japanese brand, Bridgestone, it does not represent the Japanese working culture. "The Japanese working culture revolves around spending many hours working in the office, to the extent that working overtime till nine o'clock in the evening all year round becomes common." – The chairman stated. Hence, he stressed on the fact that it is crucial not to put employees through overtime sessions frequently, but when the work requires those sessions, the employees are supposed to be treated fairly with extra payments and benefits. Since every employee has a personal life outside the office, keeping the working life and social life is crucial to retain the company's employees. Moreover, if the staffs succumb to stress and work pressure, they will worsen their performances gradually, while harming their health with physically and mentally, resulting in a higher turnover rate in all likelihood.

Therefore, all those benefits mentioned are offered by the employees to harden their bonds with the company while remaining as stress-free as possible from working. In fact, the management use this particular strategy for staff retention. Although the employees' income is basic compared to all others, the benefits offered within the position makes the job a lot more desirable compared to that same position of other companies. According to the company's research, there are higher paying positions available in other companies. However, most employees do not wish to change their workplace due to the supporting benefits. For example, in other job descriptions, the basic salary the employees receive is around 25-30 percent higher compared to Thien Hoa's employees of the same position. However, they do not cover customer meeting costs, which is a distinctive trait of the industry, or annual summer vacation, health benefits...

In the past seven years, the management has been hiring English teachers during office hour to further improve the overall's English skills of the company, due to Bridgestone's quarterly ambassador visits. During these visits, the employees' main objectives are taking the ambassadors to meet the company's customers, present the current business situation and overall quarter reports to them. The management believed that the art of employee retention is making them feel that they belong in

the company, while constantly being able to hone their skills and to sharpen their minds. During the past 15 years, there have been a handful of employees who either switch professions or open their own businesses. Despite losing them, the management handles the situation with shrewd promotion and recruitment process, while maintaining good relations with those employees as they will be potential business partners at some point. According to the company's employment's statistics, the average employment contract of an employee in Thien Hoa is roughly 6.5 years.

4.4 Challenges and opportunities

Vietnam's heavy industry is a constantly developing market in a fast-growing economy, according to the World Bank (2017). However, it also means the fast development of technology and branding. The management mentioned that, since 2015, one of the business' main products, off-the-road tires for the heavy industry, have experienced stagnated growth. It is partly due to the entrance of other competitors from Taiwan, or China, or even domestic brands, with products and services of inferior quality. Nevertheless, their pricings are considered cost-effective by many of the company's current customers who are under binding contracts. Therefore, despite exceptional customer service offered by Thien Hoa, the customers still desire to experience the Japanese standardized products, but with a gradually tighter budget. As price scaling in accordance with market adjustments proves to be problematic, it paves the way for innovation of customer services in order to retain them.

On the other hand, the rapid development of technology has not worked wonder for Thien Hoa at some points. According to the respondents, due to the growing trend of conducting E-commerce, the company once had an E-commerce department, of which main duty is attracting online sales and scanning for potential hidden customers. However, due to the nature of the products, which do not attract fast-moving consumers, the department could not achieve anything significant.

Eventually, after one year of operating, it became a lost cause of the company and was disbanded, creating a sudden fluctuation in turnover rate, financial loss, resulting in the company's small reorganization.

Meeting each brand's KPI (Key Performance factor) in order to remain the sole authorized sales agent in Vietnam is the daily mission of Thien Hoa. Due to the country's relationship-focused way of doing business, most businesses conducted rely on long periods of forging bonds with the business and the customers. However, the deeper the bond, the more irrational the trades take place. Thien Hoa is not an exception from the results of a relationship-focused business. While many relationships have helped the company bloomed during the years, many others stagnated the operation's growth. There were a handful of trades between Thien Hoa and other factories or companies, in which Thien Hoa did not benefit from the contract at all and the contracts were solely for maintaining the relationship among the customers and the supplier. On the bright side, Thien Hoa was relatively unchallenged at keeping up with the steadily growing pressure of KPI from the international brands. However, some of the company's ongoing objectives got halted for a long period of time due to these trades. For a SME, utilizing money flow and shrewd financial management are extremely crucial due to the lack of availability. On the other hand, the goods are expensive enough for the companies to divide the payment into different periods, which may cause liquidity or capital related issues in the longer run.

4.5 Strategic review and evaluation

The content of this session is entirely empirical as the evaluation is based on the authority's opinion through the collection of academic findings to construct the theoretical work and the data gained from the case company, including its given information, statistics, and interviews.

4.5.1 Advantages

Based on the author's observation, Thien Hoa's theoretical frame of strategic planning is extremely close to the plans' realization. The company's structure is particularly solid, enhancing the communicative abilities and cooperation between departments of the company. The moderate number of departments within a small company of about 30 employees like Thien Hoa by helps maintain close communications and fast transfer of information flow. In addition, the synchronized data enables the strategist, in this case, the director as the decision maker, through the chairman's influence, to rapidly come up with a proper strategy depending on the changes of the market and the situation of the company. The analyses conducted by the company, such as Internal, External or SWOT analysis, were thorough and near accurate, allowing the company to execute their strategic plans with minimal risks and unexpected struggles with precise knowledge of the situation.

The execution of Thien Hoa's expansion to other markets is incredibly acute. Thien Hoa's main market remains the heavy industrial area, with off-the-road tires as its linear product. However, through the stagnation of the market after maximizing the market share, the product's potential has nearly reached its full potential and it is already capable of providing a stable amount of net profit through generating sales annually, although it may either fluctuate or subside within expected levels.

Therefore, expanding Thien Hoa's operation to alternative markets such as ports or manufacturing factories undoubtedly increases the reach of the company throughout the domestic market. According to the respondents, the conveyor belts products are already blooming in sales, while marine fenders were successfully purchased for the first time in 2017 after 2 years of attempting to enter the market and scanning through potential customers. The timely breakdown of the former fenders definitely plays a part in Thien Hoa's expansion plan. However, the ability to foresee the probability of entering a brand-new market and create strategic plans for the entrance while applying for authorization from the mother brand Bridgestone strongly benefits the company's growth as a whole. The effort on customer service undeniably strengthens the company's images in customers' perspectives as it was an unexploited area that none of the other companies tried to focus on. In the

author's perspective, it was probably due to others' intention of maximizing sales rather than investing in keeping the customers for sustainable growth, while Thien Hoa's plan managed to achieve both aspects.

The company greatly values its human resources by providing them with an abundance of benefits while a great deal of other companies resorts to basic employment benefits, so finance can be saved. However, Thien Hoa's human policies not only create an ideal working environment for most staffs but also contribute greatly to their well-being. The happiness of the workforce tremendously reduces employee turnover, greatly increases their individual performances and effectively cuts continuous recruiting costs for the employer. The management perfectly mended both working culture of the Japanese brand, which is strict and task-oriented, to adapt to the Vietnamese's more relaxing and relationship-focused culture. As a result, the mentioned working culture is able to represent the Japanese's image in business while conducting business effectively regardless of being the representative of different cultural prospects.

4.5.2 Disadvantages

In the author's point of view, some trades made by Thien Hoa, which were solely for the sake of keeping a good relationship with the customers, are seen as relatively insensible. It is understandable that without these irregular and non-profit trades, the company may suffer from the risks of losing long-term customers, reducing of market share to other competitors as a consequence. However, more notably, according to the company's financial assessments, the relationship-focused way of conducting business clearly possesses hazardous disadvantages. The company suffered from almost 150,000 euros of reliabilities, as credited to the trades with other companies. It was stated that these companies either declared bankruptcy or defrauded multiple other companies after successfully gain their faith through initial trades. Therefore, in a broader perspective, relationship-focused businesses, in Vietnamese culture, in particular, may hold certain drawbacks, which are capable of seriously hindering any company's long-term growth.

As mentioned, E-commerce has become a global trend in the business world. However, utilizing the trend effectively is another matter. Since the products' usage is applied to the heavy industry and ports, the scope of consumers is not as wide as that of fast-moving consumer goods. In fact, it is possible to take up to a month to process the order as if the items are customized or distinctive at any point, the company has to send the order to the mother enterprise, which is Bridgestone, for example. In addition, the price range of the products is extremely wide, with prices ranging from 150 euros to 100,000 euros or even more, making online purchasing decisions for customers undoubtedly difficult. The business has always been invested in the traditional business way: sending catalogues, customer visits, customers' recommendations... Pieces of evidences from the statistic reports of the former E-commerce department have shown that E-commerce is either suitable or profitable for Thien Hoa. However, a part of the company's e-commerce plan, the company website is still playing its part efficiently by providing visitors with essential information about the products, company, or employment advertisements.

During the author's internship in Thien Hoa, in spite of employee's satisfactory with the company's policies and benefits, some staffs, especially in the sales department, have objections on how uneven the areas are assigned. The areas are specifically assigned to the employees by the company's director. However, there were complaints that these areas' distributions are unfair, as this area possesses many customers while the other area does not contain many potentials which can result in long-term sales. As a consequence, it subconsciously increases the fear of losing the employment after a certain period of insufficient sales. Objectives are indicators of organizational performance and to be expected over a specific period of time. They are supposed to be challenging but remaining attainable and practical for employees. Towering or unambitious number of sales targets is precarious and misleading the employees, resulting in frustration and subpar performance. However, based on the author's observation, the company was very supportive for those employees who are very active but did not get many sales during their first-year venturing into their respective areas. The chairman mentioned that when the company was still a micro-enterprise, he started introducing the policy that distributes parts of the profits from overall sales of the company to the involved

parties. In fact, the main salesman still receives the promised incentive based on the contract but sharing the profits for others, depending on their contribution, encourages them to be actively searching too. Nevertheless, salesmen, who are not willing to do the legwork and indulge in cold calls instead, do not receive these incentives if the company's activity evaluation and reports deem them unworthy. On the other hand, it can cause the prominent sellers to experience frustrations and discomforts since they conduct the sales while the others benefit from it. All in all, maintaining equality, which is one of the operation's main values, remains a struggle for the management.

According to the employees' feedback form provided by the respondents, it was evident that Thien Hoa lacks the employment opportunities for internees and trainees. The age range of the staffs within the company is from 30 years old to 50 years old. Based on the author's observation as an intern in Thien Hoa, there was no presence of young employees except for other trainees and internees. Nevertheless, millennial abilities are seen as advantages in many companies because of their creative thinking, educational background, and adaptive nature. In addition, their access to trends and technology can prove to be a valuable asset for the company in the upcoming years. Hence, freshening the workforce is capable of filling energy into the company, while opening unexplored directions where the previous generations have not discovered. Although they are inexperienced, their potentials remain untouched and will be fully exposed if given a proper amount of time and training, so they can be ready to step up when the older generation gives out or changes professions.

5 CONCLUSIONS

5.1 Feasibility of the thesis

Strategic management for long-term development is the most general practice to guide a company to sustainable growth. The practices assist the companies in achieving its goals and vision through various struggles that they encounter. In addition, those practices create the edges that will set the companies out of their competitors through various means. The thesis studied the characteristics of the proper strategic management process, promoting proper strategic planning as the norm for survival and growth any types of organization is necessary in the business world. Initially, the theoretical framework is perceived as the key knowledge for the audience before approaching the practical study case. It is created in accordance with numerous academic resources, such as textbooks, e-books, institutional researches, online articles... The theoretical framework initiates the predetermined topic with different explanations of concepts and practices from various points of views, with the data being collected and filtered by the author. In short, it lays the illustrative foundation to the following strategic management analysis within small and medium-sized companies, which play an enormous part in any economy.

In the author's perspective, Thien Hoa Equipment and Technology serves as an indicator for other companies to realize the crucial role that strategic management plays in a long-term growth and survival of small and medium-sized enterprises. Without proper strategic planning, the company's management is more probable to struggle with finding a clear path to direct the business. Although strategic planning is important, it is as vital to put those theoretical plans into realization. Hence, the realization of strategic management can utterly guide any company through obstacles that it may encounter on the road to sustainability.

5.2 Result of research method, validity and reliability

The qualitative research method was used as the approach for the practical company case. The sole topic of “Strategic management” can be vague and general. However, by focusing on only small and medium-sized companies, the author can go much deeper inside the topic and gain profound knowledge from a realistic point of view. The topic was practically studied through the cooperation with Thien Hoa, a small-sized Equipment and Technology company located in the capital of Vietnam. Although the company’s base of operation is the country’s capital, Hanoi, the company’s geographical market area is sparse across the country. As an authorized sales agent of Bridgestone and a few other international brands, the company has to uphold certain international standards and regulations, while competing with other companies from the domestic market, in order to ensure its survival and long-term growth. Therefore, proper strategic planning has always been one of the company’s most important priorities to expose its full potential, making it a suitable study subject for the thesis. Moreover, the qualitative method ensures the integration of theoretical research and its application, with the establishment of a semi-structured interview. The interview involves the top management of a specific company, such as the chairman and the director, who are directly involved in strategic planning in a company. On the other hand, the author’s experience at the case company as an internship also helps with the construction of interview questions. With the combination of perspectives from both the employer and employee, the author was capable of optimizing the empirical research to make it more objective, forming a practical view in the thesis work. In conclusion, the author subjectively deems the research reliable. However, the case study of this company is not applicable generally. Due to the differences in cultures, products, and behaviors, if a company of different attributes attempts to tackle strategic planning the similar way that Thien Hoa does, it is not successful in all likelihood since the key to triumph in this market does not represent the same value in the other. In the author’s opinion, the case company’s human resource strategies and organizational structure are potent, greatly contributing to the company’s maturity. While other companies are able to take after these elements, emulating business strategies in a dissimilar environment or culture likely causes appalling results.

5.3 Potential ground for development

Based on the results gained from the study and the interview, combining with practical observation through working experience in the organization, the author has listed out the company's strengths and current challenges that Thien Hoa is facing. The company's strategic management, in the long run, is nearly faultless, yet it possesses limitations that hinder the company's more successful state, due to the nature of the products, the operating market, and culture. The management stressed changes happen frequently in and outside of the organization. Hence, considering all associating factors, they are required to be aware of various situations to come up with the best strategic adjustments for the company in its extensive quest for growth. The author does not possess any potential suggestions for the case company's strategic development. Yet, internal factors regarding human resource management issues, which were mentioned as disadvantages in the strategic review and evaluation, should possibly be examined thoroughly next to ensure the company's unity. For example, the company can consider re-distributing the market areas for each sales representative to fix the differences in individual performances between members while promoting workplace equality. On the other hand, although the case company is able to retain an extremely low turnover rate, an ideal working environment should include a note of younger, talented but inexperienced workers, in order to freshen the workforce and creativity.

5.4 Research process

The research process with the case company and thesis as a whole was undoubtedly a valuable experience for the author. Before the initial research process, the author only possesses the brief knowledge, or a scratch of the surface, of the term "strategic management" from spending time with the case company during a practical traineeship. Therefore, it was considerably difficult to determine which aspects of strategic management the author should examine because the strategic management concept itself is considerably broad. However, with the cooperation with Thien Hoa as the case study, the author was capable of selecting

essential attributes that help the readers to comprehend the relevance between the theoretical framework and the interview's results with the case company. Fortunately, the interview's respondents were resourceful and informative. Their will to correspond with the interview for the former internee definitely helped push the progress of the entire research work. Through conducting academic researches and learning through the case study, the author gained exquisite insights from these sources, and those newly gained insights can positively assist the author with future researches.

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APPENDICES

APPENDIX 1. Interview questions for Thien Hoa's chairman and director.

Interview questions for Mr. Khanh Nguyen, Thien Hoa's chairman and for Mr. Giang Ly, The current director of the company. There are questions designed specifically for each respondent. Therefore, it will be marked with a description following by the respondent name.

How long were you the company's director and then, as the company's chairman?
(For Mr. Khanh Nguyen – the chairman)

How did you start the company? Why the heavy industry in particular?

What are the advantages and disadvantages of operating in Vietnam, especially in its capital?

Do you think strategic management is important in small and medium sized companies and how do you apply it in a company like Thien Hoa?

Can you explain the company's strategic management process in details?

What has the company done to uphold the standards of world-famous brands in a distinctive market such as Vietnam?

What kind of competitive advantage do you think the company possess over its competitors?

Have efficient uses of strategic management bring competitive edges to the company over the years? Examples.

How do the company manage to keep consistent relationship with international brands from different countries?

Are cultural factors vital for the company's stable growth during the past 15 years?

Based on the current market trend and the company growth speed, will the company's mission and vision change in the future?

How do you manage your employees, so they all strive for the same goals and values of the company?

Does your view of human resource change from being the employee vs being the director? (For Mr. Giang Ly – the director)

Are there changes in policies or the company's structures and procedures in the near future?

Since the company represent many international brands around the world, do you think it is a good idea to recruit foreign workers? Will it benefit the company in any ways?

Do you have any pointers to other SMEs on how sufficient strategic management will play an important part in their operation and its survival?

What aspects of strategic management can the company improve in the future in your opinion?