

Leadership, power and influence in state-owned enterprises in Vietnam

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Abstract

In the success of every organization, businesses have a leader figure. It would be great if the leader is not only powerful, but also influential. Correct thinking about own role will help leaders choose effective ways to lead staff. In many functions, the influence of leaders is evaluated as the most important factor for the success of each business.

Keywords: leadership, power, influence, state owned enterprise, Vietnam

1. Introduction: Theoretical Framework

1.1 Concept of state-owned enterprises

State-owned enterprises are the type of enterprises holding huge amounts of assets of the State. For the 2005 Enterprise Law, the focus is only on the establishment and operation model of enterprises of all economic sectors that have not solved the specific problems of state-owned enterprises and management. State enterprises only stop at the level that the sub-law is inappropriate, imposing a tightening on the management of state-owned enterprises by setting new rules at the level of legal documents. Therefore, the issuance of a separate chapter in the Enterprise Law 2014 is necessary to create a legal framework that is tight and consistent in the management of state enterprises. This is one of the strong measures to prevent state-owned enterprises from rampant and ineffective investment in areas other than the main industries, leading to losses and loss of state capital. According to Clause 8 Article 4 of the Law on State Enterprises 2014, the concept of state-owned enterprises is stipulated:

State-owned enterprises are 100% charter capital owned by the State. This is institutionalized at the law level has created a large network of management thinking as well as landmark changes to investment business activities for state-owned enterprises. State-owned enterprises currently exist or only exist in one form, which is a one-member limited liability company owned by the State (as an organization), including:

- State-owned one-member limited liability companies holding 100% of charter capital are parent companies of state-owned economic groups, parent companies of state companies and parent companies in parent companies - subsidiary company, or
- An independent one-member limited liability company with 100% charter capital owned by the State.

1.2 The concept of leadership, power and influence

Leadership is a process in which an individual influences others so that he or she can accomplish a goal and a guide in a way that is most effective. Leaders implement this process with their own leadership skills, such as trust, respect, improvisation, personality, knowledge or skill. Although your position as a manager, supervisor or a head of department will give you the authority to direct others to

accomplish the company's tasks and objectives, this does not give you the power to make you a leader in the right way.

The most common way to understand power is the ability of the subject to influence the object. However, there are many different concepts in different authors. They argue that power is the subject's ability to influence the behavior and attitude of the subject. Sometimes it is also considered relatively as the subject's influence on the object is stronger than the influence of the subject on the subject. Here we can understand, power is the potential influence of the subject on the attitude and behavior of the subject. The focus of this definition is to influence people, but influencing objects is also considered as a basis of power. Power is an important factor in enabling a leader to achieve the compliance of others. Leaders who understand and know how to use power are often more effective than those who don't know or want to use power. Power is a form of social relations. Essential power is the ability of a person or a group of people to influence the treatment of others. This definition implies that power is the force to perform influence and the influence will not appear if this power is not expressed. Hereafter are some principles of using power:

- Power is often contained in its negativity, resistance, because it is often used to achieve tragic outcomes for the object and also because of what it gives to its holder. However, for individuals with power who are righteous and selfless, power is a means to achieve a high goal.
- Power is only used effectively and brings good things once it is in line with the style of leadership, and the purpose of leadership.
- Concerning the understanding of the origin of power. The more capable the leader is to exploit these sources, the more likely he is to succeed in leadership.
- Related to the source of power itself. If a person is only able to perceive a way to create power, he tends to narrow his freedom and act hard, unlike those who can act in many ways due to the full and wide awareness of many kinds of sources of power. However, the tricky thing here is that the more likely you are to choose, the harder it is to decide how to act.
- Power expressed in action is turning potential into reality. The leader is the one who acts. The person who is capable of influencing others, influencing the direction

of things to achieve results will have someone else follow, and that is the leader.

Impact is the impact of one side on the other side. The party performing the effect is called the subject and the party is subject to the impact called the object. This is a very broad concept, because the subject can be one or more people, the object can also be a person, a group of people, an organization or objects. Moreover, the intensity of influence is also very different and therefore the outcome of the impact effort is also different. The end of the influence effort may be what is intended by the subject, it may also be the opposite of the subject's intention. At the same time an influence effort can cause different levels of influence on the subject.

2. Practical Analysis of Leadership Competencies, Power and Influence in State owned Vietnam Enterprises

2.1 Impactful leadership

Take a look back at the concept of leadership in Vietnam. In the past, when people had not been exposed to the knowledge of corporate governance and leadership, the majority of people thought that leaders were the ones who had the authority and the right to use that right to command and run businesses. Later, people began to more clearly distinguish leadership and management functions in the enterprise. Accordingly, leadership is working with people, while managing is working with materials (money, materials and processes). However, there are many types of people in leadership. Leadership in the traditional way is to use their rights and positions to run, commanders require others to comply. Until now, it was understood that the highest level of the leader is leadership with influence. Accordingly, these people, by their quality and ability, make people submit to the ambush and people voluntarily follow what the leader desires, the leader thinks right. Influence can be so high that only if a leader has a clear business philosophy, management philosophy, for example, "trust is especially important to the organization and we are willing to lose money. In order to protect prestige, "there is no need to order, any officer who resolves a specific situation will try to protect prestige to the end without asking for permission to spend money to protect prestige." So that organization will respond more quickly, promptly and operate much more effectively than leading organizations in authority, where people are in a passive situation, and must ask for permission to follow each situation. First of all, it is necessary to deal with awareness, from the top leader, to instill a philosophy of leadership by influence, not by authority or ministry. After that, it is necessary to convey that philosophy to other leaders to affirm that is important and bring the best value to the organization. To be an influential leader, that leader must have a good quality first. Being a leader should be noted that you must treat people honestly or it will be very difficult to build credibility. Leaders need to be credible with customers and employees. The leaders promised, at all costs, must do. For example, when encouraging business development, leaders offer very attractive bonuses, but after a year to sum up, the number of employees who achieve a lot of results, see the bonuses multiply too high to not perform as committed, it hurts a lot to reputation for employees. In addition, the treatment of employees in the organization must be fair and fair. Doing this is not easy, because it is a person who has personal

feelings, but when it comes to promotion, promotion, salary increase, reward, it is necessary to separate between personal feelings and requirements of the job, need to have clear criteria for evaluation. Evaluating people correctly is also not easy, because there are people who are close to you, easy to observe, easy to feel, but there are people who are far away, some people are silently devoted, some are to do a ten say one. In order to appreciate properly, leaders need to have criteria and tools and should consult many dimensions to help review and reduce subjectivity, thereby making accurate decisions. Besides, leaders need to listen and respect everyone, so that they are allowed to speak. Sometimes, it is necessary to actively observe.

One of the important things that create leadership influence is that leaders make their followers believe that following them will succeed and after every successful business, they think and believe, in that success is their contribution. Meanwhile, for leaders who command only by authority, on the contrary, they always make employees see that success is the leader's and other people are just a maid or just play a minor role in that success. This shows that the leaders have the influence of never competing successfully, reputation with subordinates and that makes the team below believe and admire. There is another important factor, too: leadership must be responsible. In fact, there are many leaders who, when having difficulties, feel depressed and decide to quit their jobs, which is a lack of responsibility. Being a leader means being responsible for leading the organization, leading the partners to the end of the journey. Enterprises with a strong influence will develop significantly compared to other companies in the same field and often in the No. 1 and No. 2 position compared to the leading companies in their positions. In addition, the leading businesses with influence, the cohesion, teamwork, love will be higher, the severance rate will be less and the business will grow more sustainably, because then, those people in the organization have shared an ideal, philosophy, value of life. When the organization is large, people will decentralize officials, in which a leader of this level will be responsible for down two levels below him. That way, the influence will spread from top to bottom. In Vietnam, we have a lot of leaders who demonstrate the role of influence, most notably examples like Uncle Ho, General Giap. Uncle Ho almost never gave orders, but everyone voluntarily followed. In some state organizations, there are chief cases of influence that are even higher than vice ministers

2.2 Powerful and influential leadership determinant factors

Although many Vietnamese enterprises have gained certain successes in production and business activities over the years, however, the success in that business has not really reflected what is called the "true leadership capacity" of business leaders. That reality is expressed specifically through the perception / knowledge about leadership is not good. Some elements of leadership and influence are as follow:

- Motivational encouragement capacity: Encouragement is one of the most important factors to create the success of leaders.
- Competence to understand oneself - Understanding people: Understanding oneself, understanding people is one of the most important requirements of any leader. Only understanding themselves, understanding people

can the new leaders care about each individual, can gather forces. Only when we understand that we understand the people, can the leaders give reasonable solutions to their subordinates, assigning appropriate assignments/assignments. Therefore, understanding yourself, understanding people is the success factor of any leader.

- Communication capacity leadership: If professional communication, modern communication is the process of exchanging information between two or more parties in order to constantly create, strengthen and develop the relationship between two or more parties. Then, leadership communication is probably even higher. With that enlightenment, we can speak that leadership is the process of constantly building, consolidating and developing the relationship between superiors and subordinates to create a close relationship of the organization to perform well, the most important mission of the enterprise.
- Ability to influence and build images: A leader can hardly succeed in the long term without the ability to build and reinforce his leadership image. In essence, building images is the process of influencing not only in depth but also in width. Influencing in depth is the process of making subordinates really feel in the leadership of true values, but great value and make subordinates trust in their leaders absolutely. Influencing the width does not stop at making subordinates believe in leadership, but also for everyone, including inside and outside the Enterprise, to feel confident, and to raise values.

Using power effectively is the most critical element of management. Researcher Warren Bennis, when studying the 5 key elements for an effective administrator, interviewed 90 people who had been the most influential heads of their colleagues in all areas of society. And Bennis has found that these people have a common trait: they make others feel powerful and powerful. These leaders have power because they learn how to build a power base in their company or organization. They cause influence because they use their power to help their colleagues and subordinates to accomplish the difficult task. To accomplish common tasks there is no need for any special power (innate skills or talents). But it is impossible to perform really difficult jobs without tricks. Many people feel that power is a function concept that only acts boring, and even they feel uninterested when discussing it. It conjures up images of arbitrary, cunning bosses who always seek to suppress their subordinates. However, these are only limited views on power. Power does not have to be tied to attack, extremism, attachment to force, or repression. Power can be seen as a sign of personal effectiveness. It is the ability to mobilize resources to complete the job effectively. People with power often create their surroundings, while those without power are often led by their surroundings. Rollo May, said that those who do not want to exercise power and influence often encounter many unhappy things throughout their lives. A powerful manager can:

- Stand out for those who are in trouble
- Can arrange a favorable working position for a competent subordinate
- Can be approved by superiors for overspending

- Inclusion or removal of problems from the program of meetings
- Quick contact with the highest decision makers
- Maintain regular relationships with the highest leaders
- There are quick information about changes in decisions and policies that people should not crave for power unless we understand its outcome.

Too hungry for power will ultimately lead to failure and dramatic end. In a recent study of failure and success managers (McCall and Lombardo, 1983), similar results were also shown. Research by the Creative Management Center has identified nearly 20 businesses that lead their companies and compared with more than 20 other businesses that failed their careers. The start of both groups joined companies with the same premise. There are no significant differences in education levels as well as professional abilities and other characteristics. However, gradually the career of the second-class people became increasingly sluggish due to personal factors. However, it should be noted that there are many problems that arise from using ineffective power in personal relationships. Bad characteristics for a manager's career:

- Poor sensitivity to others, impassive, frightening
- Cold, distant, arrogant
- Betray the trust of others
- Too ambitious, intriguing and always trying to climb
- Cannot authorize another person or build a group
- Too dependent on others (instructor)

3. Solutions for Powerful and Influential Leadership in State Owned Enterprises in Vietnam

The results of restructuring state-owned enterprises in the period of 2011-2015 have discovered many potential aspects of enterprises of some key industries and weak factors leading to inefficient operation. In particular, the management capacity and leadership ability of representatives for equity in state-owned enterprises is the main reason leading to serious losses and losses in business, causing many systems. For the society, much damage to the country's material wealth.

Based on the results of the analysis of factors related to the capacity of state-owned enterprise managers, it is now proved that: Indicators assess the experience and ability of international cooperation relations, legal knowledge of international law. Understanding of application of modern management model and enterprise resource planning (ERP) is very low compared to the criteria set for the evaluation criteria force of leadership in state-owned enterprises. Many researchers and economists at home and abroad have done many surveys with the purpose of proposing to the Government the application models to change the governance system of state-owned enterprises, speeding up the reform process, boosting transparency in asset valuation. The most important is to determine personal responsibility for leaders of state enterprises in the results of business management and strictly control the recovery of capital and assets of the State. Researchers have shown that, in the current situation, finding a way to restructure state-owned enterprises in the period of 2016-2020 is a huge challenge for the Government, but a great opportunity to restructure the administration apparatus according to the modern model. In other words, restructuring state-owned enterprises

in the coming period is the main goal of the Government in this term. Through this program will continue to promote global economic integration and attract more foreign investors (FDI) in many areas, to promote economic growth and national development.

In order for the restructuring process to be more effective and successful in the period of 2016-2020, the Government should boldly change and supplement stricter regulations for the following core issues:

- Selecting heads of SOEs according to job requirements, professional qualifications and operating experience. The current leaders must also pass admission, if they meet the recruitment requirements, they will continue to participate in running state-owned enterprises after equitization.
- Eliminate the mechanism of appointment and planning of important titles such as the President, the General Director, the Chief Accountant so that the operations of enterprises are transparent, open and true according to the market mechanism and easily applied using modern management technology.
- The control and supervision role of state capital representatives must be more strictly regulated so that they are no longer formal and puppet.
- Develop a set of criteria for evaluating BSCs (a management system that helps organizations clearly define their vision, strategy and turn them into actions) and KPIs (performance evaluation indicators) for key leadership positions, capital representatives in state-owned enterprises; establish assessment factors that affect the ability of managers and management of business production based on 4 important factors: intellectual capacity (IQ); Emotional Ability (EQ); Management Capacity (MQ); Competitiveness (CQ).
- Accelerating the establishment of the State Enterprise Supervision Committee with the selection of personnel with enough heart and level, qualifications and practical experience with deep expertise in each field to properly demonstrate the supervisory role corporations and corporations with state capital.

The governance capacity of leaders in state-owned enterprises remains a decisive factor during the reform process, business institution amendments, financial mechanisms, employment recruitment, and business management. Therefore, the Government should quickly develop criteria for managers and leadership capacity for state-owned enterprises. Thus, it is possible to avoid tenure thinking, long life to the village and most seriously, even if there is a mistake in operating the business, leading to loss and loss, but still not bear personal responsibility but also be rotated, promoted to higher positions and pushed difficulties and debts towards the State.

4. Conclusion

In recent years, research on leadership characteristics has not been highlighted. Leadership theories and studies have changed the theoretical framework and introduced a different approach. Although this may sound unreasonable, however, it shows that global leadership does not exist; some other evidence proves that different characteristics and different situations can lead to leadership effectiveness. To become a leader is not easy. The leader must know what the organization needs, convey the idea to everyone to put the

organization in place and assign the right staff to work. In order to accomplish this, leaders need to have appropriate skills through self-cultivation, learning and improvement. Leaders must also have a good attitude, to promote their best values, be disciplined and develop staff. Especially in Vietnam, business leaders need to train to get the above qualities. If Vietnam has many business leaders with sufficient skills and qualities, Vietnam can develop into world-class enterprises.

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