

The changing role of the state in industrial relations since Vietnam's reform

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Historical, socio-cultural, ideological and political factors have long shaped Vietnam's formal industrial relations system. This has led to the development of a state-centred structure in which the official trade union has a high level of formal status but little real influence in an economy whose primary employer was the state. Since the end of the Vietnam War in 1975, the country has experienced a gradual shift towards a market economy through its policy of economic reform (*doi moi*). Although there is evidence of escalating divisions between workers and managers, the communist government continues to maintain a direct and dominant influence on the industrial relations system. Such influence highlights questions about the legitimacy of institutional and governmental control over formal labour representatives. In this article, we hope to offer a theory-based explanation of this phenomenon.

Keywords: communist government, economic reform (*doi moi*), industrial relations, labour strikes, trade unions, Vietnam

Key points

- 1 During *doi moi* many labour policies have not been closely linked to the process of enhancing competitiveness, protection of political security, or social order and safety.
- 2 The Vietnamese state is facing great tension between the three theory-based anchors of this paper: accumulation (encouraging economic performance and competitiveness), pacification (maintaining social order, and defusing conflict at the workplace to keep its leadership in place) and legitimation (pursuing social equity and fostering voice at work as responses to the reality of pluralist workplace).
- 3 In attempting to maintain a balance between these three functions, the Vietnamese government, compared to a democratic government, does not negotiate with any opposing party, nor deal with different opinions.
- 4 The economic pressure either from international forces or from the pluralist economic system when it operates is a permanent and ongoing challenge for the government.

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5 Vietnam industrial relations has been liberalizing since *doi moi* but it is still far from a democratized system. External pressures in the future may well increase the probability of trade union reform, as Vietnam seeks further links with the global economy.

Throughout the history of the Socialist Republic of Vietnam (*Cộng hòa xã hội chủ nghĩa Việt Nam*), the communist government has played a singular and active role in the establishment, direction, and control of the country's employment system through labour laws, regulations and management of the labour market (Vo 2009). Historically, under this system, industrial relations (IR) and human resource management (HRM) have been characterised by a unitarist approach in which the government has maintained tight control over all aspects of IR institutions and practices (BTI 2018; Kerkvliet 2001, Kerkvliet 2011). In recent years, however, in the context of a transition to a market economy (known as *doi moi*, or renovation), the government faces the challenge of finding a balance between its tradition of strong control and allowing greater capacity for IR actors to bargain and represent interests in a market contract-based system. The complexities involved in the transition Vietnam is making provide a rich site to examine the connections between the state and IR, which currently remain underresearched. In this article, we hope to offer a theory-based explanation of this phenomenon.

The conceptualization of the state, particularly the political dynamics surrounding its structure and action, is generating increasing interest in this era of globalization. Asia provides a different context to Europe and North America which have been the focus of prior IR studies (Ford and Gillan 2016). To improve Vietnam's chances of competing in the global economic market while maintaining a central leadership role guided by communist principles (Zhu et al. 2018) the government established the *doi moi* reform in 1986, the transformation process of the Socialist Central Planning Economy (*nen kinh te tap trung Xa Hoi Chu Nghia*) to a Socialist Market Economy (*nen kinh te thi truong dinh huong Xa Hoi Chu Nghia*), directed and controlled by government policy and led by the leadership of Vietnam Communist Party (VCP; Collins, Sitalaksmi and Lansbury 2013; Collins et al. 2011). However, the communist tradition is not necessarily consistent with the introduced western values, beliefs, assumptions facilitated by the *doi moi*. Vietnam's political system is built on the principle of protecting the working class from exploitation of capitalism, reflecting a *singular* institution, with the government controlling both the parliament and court systems (VCP 1987).

State functions relevant to IR are typically conceptualized as broad areas of *legitimation*, *accumulation*, and *pacification*, which refer to the promotion and maintenance of economic performance, social order, and social equity respectively (Hyman 2008). As a theoretical framework based on the 'pluralistic' paradigm, Hyman's view on the role of the state has not been well understood in a country transforming from a *singular* institution to a market-oriented one that embraces competing values, norms and expectations. Western institutions built upon liberal market forces have been found to reshape the

work and employment arrangements, including, for instance, union representative, labour strikes and collective bargaining (e.g. Clift and Woll 2012). So, will Vietnam experience a similar pattern of declining union representation? How does the state maintain its leadership while accommodating IR changes amidst transformation? Addressing these questions have both theoretical and practical relevance to effectively manage IR in a transitional context.

This paper therefore aims to address the above research gap by investigating how the IR is evolving in Vietnam's *doi moi* process, with a particular focus on the changing role of the state. Here, the state is defined as 'a distinctive theoretical approach to the role of political institutions in socioeconomic relations' (Hyman 2008, 259). The specific research question concerns how the tension between three state functions relevant to IR, namely, accumulation, pacification and legitimation, change. To do so, we undertake a literature review of the limited available studies on Vietnam's IR to assess the contextual background that addresses the 'why' of the change. We also conduct multi-stakeholder interviews to uncover the range of tensions and the IR implications of this paradoxical aspect of state functions, enriching the IR literature about a transitional context.

Literature review

The role of the state in IR

Hyman's (2008, 2015) work proposes a framework to study the role of the state in the IR field by analysing the tension between three state functions. 'Legitimation' means maintaining popular consent by pursuing social equity and fostering citizenship and voice at work. This means of enhancing of government legitimacy can be seen in the representation of 'social partners' in the social economic policy-making process. 'Accumulation' refers to the encouragement of economic performance, productivity and competitiveness. This is a crucial debate topic – whether state should actively intervene and encourage or, on the contrary, allow a 'freeing of market'. 'Pacification' refers to the maintenance of social order, defusing or suppressing conflict. In many countries, the boundaries between labour conflict, and social and political disorder are unclear. To these three core areas, we add 'consolidation' to cover the welding of the three functions into a pragmatic paradigm for the ruling elite to present their program as an intelligible entity under the leadership of the Party (Göbel 2011).

A major criticism of Hyman's framework is that it builds on only one perspective, i.e. the traditional pluralist assumptions (Blyton et al. 2018). A critical IR assumption is that employees and employers have inherent conflicts of interests (Kochan 1998). From the pluralist perspective, state action and labour unions address these conflicts by moderating their power imbalance. However, employees and employers can also be viewed as having common goals, for instance, in the traditional communist system, aka a singular, unitarist perspective. Also, while the state performs all three functions, how it does so is dynamic, contingent upon specific contexts. For instance, global competition leads to the reconfiguration of the role of the state worldwide, with many government policies abandoned

on the grounds of productivity and competitiveness, creating the need to study the influences on social protection and employee welfares (Hyman 2018).

Emergence and development of Vietnam's IR

The state and employee representatives

Vietnam's IR landscape features strong state intervention in the formation of key relevant stakeholders, including employee representatives (e.g. trade unions) and employer representatives (e.g. the Vietnam Chamber of Commerce and Industry, VCCI; the Vietnam Cooperatives Alliance, VCA).

The trade union movement has a close relationship with the Vietnamese government through the VCP (Artus et al. 2015; Collins and Zhu 2003; Dang 2009), which established the Red Workers' General Union (the predecessor of the Vietnam General Confederation of Labour; VGCL) in 1929 with the aim of mobilising workers to liberate the country from foreign invaders (Chuang 2018). The leaders of the VGCL were members of the VCP and had contributed to the fight for the country's independence (VGCL 2018). This alliance assisted the 1954 defeat of the French at the battle of Dien Bien Phu and the establishment of the first communist government in North Vietnam (Thayer 2010). The first Trade Unions Law that formalised its role was passed in 1957. During the subsequent war against the United States of America, the VGCL worked with the VCP to build the first stage of the socialist economy in the north and to support the national revolution in the south (VGCL 2014a). This included organizing thousands of strikes with the Southern Liberation of Labour (later the Trade Union of Southern Liberation Vietnam) during the 1960–1970s. After the war ended, the two unions merged, with the VGCL continuing to act as a Leninist 'transmission belt' responsible for government policies and assisting management to achieve economic targets and social stability, e.g. improving workers' living standards, providing social welfare and assisting managers to achieve production targets (VGCL 2014b, Warner 2013).

In the pre-*doi moi* era, government representatives controlled all aspects of workplace relations; the role of unions was administrative rather than representative (Zhu et al. 2008). The management boards of state-owned and community-owned enterprises were staffed by members of the VCP employed by the government, following the 'Concentrated Democratic Socialist' (*tap trung dan chu Xa Hoi Chu Nghia*) model (Collins 2009, 42). These boards included representatives from the VCP leadership, management, union representatives and youth, with union leaders of secondary importance to the Party secretary. In the post-*doi moi* era, there has been a decline in union memberships so the VGCL has sought to develop new internal strategies to improve its representation of workers. For example, in 2009, the VGCL's Ho Chi Minh City (HCMC) office sent 30 independent union representatives to work in foreign-owned enterprises (FOEs) and domestic private enterprises (DPEs) in an attempt to promote trade unionism. The government also pushed the VGCL to provide training and appoint more professional union officers to industrial processing zones, and to strengthen labour law education and co-ordination

with other agencies to settle collective labour disputes in enterprises, and especially in the FOEs (Do 2011).

The state and employer representatives

A Collective Working Agreement (CWA) sets out the basic conditions about the responsibilities of employers pertaining to labour contracts, work security, working hours, holidays, the use of company profits, and welfares (e.g. wages, allowances and social insurance). It is officially signed at the Workers' Congress (*Doi hoi cong nhan vien chuc*) by the director and the union president before being sent to the MOLISA for ratification. It is valid for three years but can be modified every year based on the reality of company's performance. An updated version needs to be signed only by the company's union representatives and management board (Collins 2009).

However, Vietnam's employer organizations were not necessarily established to represent employers in the IR sense (Quynh, Phuong and Stromseth 2002). VCCI and VCA have been established by governments as official employers' organizations, but there is sometimes a conflict between these two organisations in term of functions and practices toward employment relations. They also compete with other business associations at the local level, making it difficult to exert a unified influence on the state (Interview with MP6, January 2015).

Methods

Research design

Given limited research on the topic, this study triangulates both secondary data drawn from government reports, extant studies, media reports and institutions' internal documents and primary data drawn from multi-stakeholder interviews. Triangulation enhances the trustworthiness of research findings by cross-checking data and investigates the phenomena more fully than a single method does (Golafshani 2003; Guba 1981; Krefting 1991).

The secondary data analysis draws from the authors' previous studies on Vietnam's employment system and IR; documents were sourced from various sources, such as annual reports from the Ministry of Labour, Invalids and Social Affairs (MOLISA), Vietnam's Statistic Office, the Vietnamese General Confederation of Labour (VGCL), the International Labour Organization (ILO) Vietnam office, VCCI in HCMC; and Vietnamese key media sources on labour issues. The primary aim is to enable a comprehensive view of the changing context that explains the responses of interviewees, maximizing the richness of data and facilitating nuanced understandings of the research problem. The primary data comes from a series of 41 in-depth semi-structured interviews conducted between 2013 and 2018 with a multiplicity of related stakeholders at both policy and practice levels. Interviewees who have different viewpoints and experiences help establish a strong base for verifying a rich picture on the attitudes, needs or behaviors of interview

participants (Shenton 2004). The primary aim here is to explain in-depth the patterns of findings obtained from secondary data analysis; together these analyses provide considerable insight into the fundamental reasons or causes of key issues.

Interviewees and procedure

Interviewees consisted of policy-makers and practitioners. At the policy-making level, interviewees were officials of government and international organizations, including the Department of Labour, Invalids and Social Affairs (DOLISA) in HCMC and in Dong Nai province, the VCCI in HCMC, the Labour Management Offices in the Dong Nai and Ho Chi Minh industrial zones, trade unions officials in HCMC and Dong Nai, and the ILO Vietnam office. As shown in Table 1, a total of nine extended in-depth interviews were conducted at this level to explore key themes related to changing government policies, the implications for societal well-being, and the implementation of policies.

At the practice level, 32 interviews from three key business ownership types including SOEs, DPEs and FOEs in two locations, HCMC and Dong Nai provinces, were conducted. Previous studies have shown that ownership types and locations have strong influences on IR practices in Vietnam (Collins 2009; Zhu et al. 2008). These two main industrialised centres represent different aspects of Vietnam's IR, labour movement and economic development. HCMC is Vietnam's largest city with about 8 million people and is at the forefront of the economic change process. Dong Nai province is located 30 km South East of HCM and hosts Vietnam's oldest and most developed industrial zones (Collins and Zhu 2005). Participants of this type (Table 2) included trade union representatives and worker representatives in 12 companies. Interview themes with them focused on the reactions of the grassroots to government policy, changes of the relationship between

Table 1 Policy-makers participants

Coding	Seniority (years of working)	Institution	Party members
PM1	15	VCCI Ho Chi Minh branch	No
PM 2	29	The Department of Labour Invalid and Social Affairs, Ho Chi Minh City (DOLISA)	Yes
PM3	25	Labour Management Offices, the Dong Nai Industrial Zones	Yes
PM4	30	Labour Management Offices, the Ho Chi Minh Industrial Zones	Yes
PM5	25	The Department of Labour Invalid and Social Affairs, Dong Nai Province (DOLISA)	Yes
PM6	22	Ho Chi Minh City General Confederation of Labour	Yes
PM7	25	Ho Chi Minh City General Confederation of Labour	Yes
PM8	29	Dong Nai General Confederation of Labour	Yes
PM9	8	International Labour Organization, Vietnam office	No

Table 2 Profile of the enterprise's participants

Location	Ownership type	Union representative	Worker
Dong Nai	SOEs	SU1	SW1
		SU2	SW2
	DPEs	DU1	DW1
		DU2	DW2
	FOEs	FU1	FW1
		FU2	FW2
Ho Chi Minh City	SOEs	SU3	SW3
		SU4	SW4
	DPEs	DU3	DW3
		DU4	DW4
	FOEs	FU3	FW3
		FU4	FW4

government and enterprises since economic reforms, and impact of the multisector economy on IR.

Findings

The overall IR landscape

We started our interviews with broad questions, asking participants to illustrate new changes in the Vietnam IR landscape and the associated reasons. Overall, as commented by PM1, VCCI officer, globalization contributed to pressures for change in the union. She observed: 'Notably, there appears to be greater government tolerance for, and even facilitation of, international influence and engagement in industrial relations including through the VGCL' (interview, January 2014). Interviewees also mentioned the ILO, which is one of few organizations that were allowed to establish an office in the country. PM9 observed that ILO's Vietnam office assisted the government to develop its first Industrial Relations Institute under MOLISA, but had few opportunities to work directly with the VGCL until the late 2000s (interview, January 2018). More recently, the government has also demonstrated much greater openness to international unions and other associations, and has encouraged the VGCL to seek new knowledge from these organizations, including the Solidarity Centre (the international wing of the American Federation of Labor–Congress of Industrial Organizations) and APHEDA (the international union aid organization of the Australian Council of Trade Unions) (interview with PM8, January 2017).

A new institutional set-up was also widely noted by our interviewees. The government was seen to reduce its labour market role to create and maintain new institutions that act as employment agencies, providing vocational training, occupational guidance, social insurance and labour inspection. After three years of operation, in 2010, the National

Labour Relations Commission (NLRC) was allowed to establish a tripartite labour relations committee at the provincial level (interview PM1, January 2014), which intended to facilitate its objective to advise the prime minister on IR issues and labour policy. The formal extension of tripartite institutions did not, however, address the question of the representativeness and independence of unions and, for this reason, worker activism at the firm level continues to present a challenge to the legitimacy of the VGCL. According to PM8, a union officer:

Although labour relations have changed dramatically since the mid-2000s, the Chairperson of the VGCL must still be a member of the VCP Central Committee, and all representatives at regional and central level need to have a position in the VCP. (Interviews, January 2015)

Despite the changes, Vietnam's union membership overall has grown from about 2 million to 10.3 million since *doi moi* started based on VGCL's reports. Interviewees directed us to two major amendments that influence the role of unions. In 2008, the Political Bureau of the VCP issued an official Resolution on the Working Class, focusing on the protection of workers' rights, collective bargaining, and workplace harmony as the priority of primary unions in non-public enterprises. The Amended Trade Union Law in 2012 gave further power to enterprise level unions, allowing them to manage workers' grievances in private firms.

Together with the ongoing pressure for real reform and the requirement for further democracy of IR, the government realised the urgent need for establishing labour organizations outside VGCL. In November 2016, the Conclusion No. 96/KL-TW was issued regarding to permission of establishment of independent trade unions or labour organizations which are not affiliated to VGCL (Lao Dong Newspaper, 18 May 2017). Article 2.10 of this important legal piece stated 'continuing reform of the trade union organization and its operation and manage the establishment and operation of new organizations of labourers at enterprises' (Lao Dong Newspaper 18 May 2017). This was the first time that the government has acknowledged the independent unions and formalized these organizations operating outside VGCL. This is the result of both the grassroots movement and the economic pressure brought in with an international integration process. It is a biggest reform of labour relations since *doi moi* started, 30 years ago. This again questioned the singular leadership role of the state in managing labour issues and also the leadership statute of VGCL in Vietnam IR.

Balancing between pacification and legitimation

Interviewees viewed labour relations in the pre-*doi moi* era as a reasonable balance between maintenance of social harmony by avoiding conflict at the workplace and pursuing social equity. According to SU1, union secretary at an SOE in Dong Nai: 'to be a union member has long been a norm for all employees in SOEs' (interview, January 2016). This tradition is consistent with the Vietnam Trade Unions Law which states that every permanent employee is entitled to become a member of the VGCL after being employed for 6 months, regardless of the sector in which they are employed. Interviewees' observation

is consistent with the official union density in the formal labour force being about 98% (Nguyen 2002).

We noted, however, that *doi moi* encouraged participation of non-state enterprises in the economy, leading to the emergence and development of an informal economy. According to World Bank, there were estimated 22.5 million smallholder farmers (43%) and 11 million non-agricultural labourers (21%) among 52.6 million people in the labour force in 2014. There were another 7.4 million wage workers without labour contracts (14%). These compared with 11.3 million wage workers with contract (22%), of which 1.4 million were employed in SOEs (2.6%), 2 million in FIEs (3.8%), and 3.9 million in DPEs (7.5%). This trend was highlighted by PM2, an officer of DOLISA HCMC noting that a large number of labourers were employed without a formal contract: ‘A parallel labour market did exist in which workers had either oral contracts or no contracts at all, leading to a predominance of unstable and casual jobs’ (interview, January 2017). There are no studies or official statistics reporting on this large informal labour force, which accounts for approximately 85% of employment and contributes about 20% of the country’s GDP (Arnold 2012). However, this article focuses only on the formal labour force.

Increasing tension between accumulation and pacification

An increasing tension between accumulation and pacification was observed by our interviewees and suggested in the state action. Collective bargaining, handling of grievances and settlement of labour disputes are now becoming formalities without having any practical impact on the labour–management and HRM relationships (e.g. interview with FU4, January 2016). According to the Labour Code issued in 1994, the VGCL could act on behalf of their members to negotiate a CWA [*Thoa uoc lao dong tap the*] with the employer in each organization (Collins 2018). However, according to SW4, a Ho Chi Minh’s SOEs worker, in reality, CWAs simply replicated the conditions prescribed in the Labour Code, as the MOLISA drew up a model agreement to be used as a guide for enterprise activities (interview, July 2016). SU4, a union representative in a Ho Chi Minh SOEs stated that:

The CWA states the basic conditions on the rights of workers pertaining to labour contracts, work security, working hours and holidays and the use of company profits as well as wages, allowances and social insurance. It is officially signed at the Workers’ Congress [*Doi hoi cong nhan vien chuc*] by the Director and the union President before being sent to the MOLISA for ratification. It is valid for three years but can be modified every year according to the reality of company’s performance. The updated version only needs to be signed by the company’s union representatives and management board. (Interview, January 2016)

This was further reinforced by PM9, an ILO officer that:

almost 20 per cent of factories failed to ensure their CWA was approved by more than 50 per cent of workers covered. The most common reason was they did not hold a worker vote to approve the agreement which is a legal requirement. (Interview, January 2016)

Our interview with the Ho Chi Minh Industry Zone Labour Office revealed that the tension has intensified to such an extent that since the 2000s there have been widespread strikes and collective activities organised outside the VGCL (Interview with PM4, December 2013). The solution of these disputes has often involved the VGCL as a representative of government, *not* workers' interests. In most cases, the VGCL dealt directly with 'black leaders' to resolve the disputes, which again challenged their legitimacy as workers' representatives (Interview with PM3, December 2016). Despite the need for the VGCL and labour offices to develop effective dialogue with these leaders, our interviewees from PM4, a HCMC Industry Zone Labour Office suggested no uniform solution as the current IR system assigned them no formal role (Interview, December 2014).¹ In addition, there is a growing trend to simply by-pass unions, with the FU1, union officer of a FOE in Dong Nai stated that: '90 per cent of labour strikes in Vietnam are organised without union involvement, reflecting workers' lack of belief in union capacity to represent them' (Interview, December 2014).

Increasing tension between accumulation, pacification and legitimation

Growing social inequity and a shortage of jobs, especially in the rural areas, are further intensifying the tension between accumulation, pacification and legitimation. The explosion in the number of strikes is used as a way to push and mobilize the trade unions to bargain or otherwise leverage on their behalf (Van Gramberg, Teicher and Nguyen 2013), the so-called 'a new way of conceptualizing the role of unions in one-party, socialist states' (Anner and Liu 2016, 23). Media reports abound when the strike wave reached new heights in 2008 (Clarke and Pringle 2007), with 762 strikes recorded. The number increased to 981 in 2011, before declining dramatically between 2012 and 2015. In 2017, the number of labour strikes rose again to 314 (VNExpress 2017). FW1, an active worker from a FOE in Dong Nai commented on the nature of recent labour strikes: 'Instead of concentrated in 3 southern provinces, as in the past years, the labour movements have been spread into northern and central regions' (interview, January 2017). He further gave the example that, in 2016 more than 2500 workers at Matrix Vinh Ltd, a Chinese toy factory in the central province of Nghe An went for a four-day wildcat strike to protest against the unreasonably heavy workload and unfair working conditions. Similarly, 6000 workers at the S-H Vina Co Ltd, a Taiwanese garment factory in Thanh Hoa, a northern province, protested for higher pay and better working conditions (Reuter 2017; VNExpress 2016). In the south, Binh Duong province had 63 collective labour disputes and strikes in 57 enterprises involving 26 592 workers (Vietnam Newspaper 2018) (see Figure 1 for detail). Almost 80% of these strikes were organised by employees in manufacturing FOEs located in industrial zones and provinces of Southern Vietnam.

As our interviewees commented, not only did strikes become more frequent and involve larger cohorts of workers; they also tended to last longer (interview with DW3, January 2018). Examples given included, in HCMC, in February 2008, a labour strike involving 10 000 participants continued for 3 days; in March 2008, more than 15 000

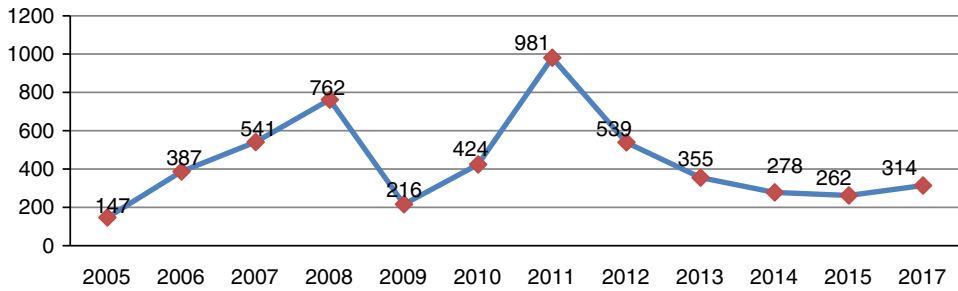


Figure 1 Number of labour strikes in Vietnam since 2005

Source: Adapted from Schweissheim (2014), Export.gov (2016) and VNExpress (2017)

workers at a Nike-contracted factory went on strike for nearly 7 days (Economist Intelligence Unit 2008); in March 2015, the most significant strike in Vietnam's contemporary history involved about 85 000 workers in Pouyuen Vietnam in Tan Dao industrial zone, HCMC and lasted for 5 days (Thang and Nhon 2015).

Apart from exploitative employment practices, according to PM8, a union officer in Dong Nai, the shortage of jobs in many urban areas is another key reason for an increasing number of labour disputes (interview, January 2017). The Global Financial Crisis exacerbated this tension, with job cuts of 15% (Collins 2011). In 2008, around 55 000 workers were retrenched in HCMC and 80 000 lost their jobs in Dong Nai industrial zone on account of company closures. At the national level, about 400 000 were jobless in 2009 (Thanh and Quynh 2009).

The pressure on the government to settle disputes was evident in the direct involvement of the Ho Chi Minh DOLISA and the deputy minister of MOLISA in negotiations with worker representatives at Pouyuan Vietnam (a Taiwanese-owned garment manufacturer). The strike at Pouyuan Vietnam obtained support from NGOs and various professional associations and has since forced the government to agree to amend the Social Security Law (Phuong 2015). Strikes of this nature were seen to threaten the credibility of the government (Slezak 2009). In this context with growing tensions, as PM7 observed, the state has since curbed labour unrest and responded to changes at firm level by introducing tripartism, through NLRC, established in 2007. Chaired by the minister, this body consists of the leaders of MOLISA, VGCL, VCCI, and VCA (interview, January 2015).

The state role

The challenges to the government leadership are eminent, putting pressure on the government to reform its controlling approach towards IR (Nguyen 2017, Siu and Chan 2015, Tran 2007a). Interviews at the policy level suggest two reasons for further reform of the IR system. First, labour unrest has been most visible in DPEs and FOEs operating in the manufacturing sector, which is a key engine of Vietnam's economy. Labour conflicts reduced the competitiveness of the sector, which in turn had a negative impact on national

economic growth. This situation compelled the government to undertake action to reduce workplace conflict or, in other words, to link accumulation to pacification. At the same time, the legitimisation objective remains important. The VCP's ideological ties to the working class mean that it cannot simply ignore the demands of labour, a factor more relevant given the increase in independent worker mobilisations outside the formal system. While the latter has begun to influence government intervention and policy, including on issues such as social security, they nonetheless lacked the means to convert industrial conflict into durable and officially recognised union formations as a system of independent enterprise-based unions.

The question that naturally followed is which reform to implement first. Noted by FW4, the reform depended on the salience of conflicts that are most likely to weaken the government leadership (interview, January 2016). Interviewees referred us to many 'business friendly' policies issued by the government, such as reforming the Foreign Direct Invested Law in 2002 and the Enterprise Law in 2003, to focus on economic performance and competitiveness (accumulation). These policies helped to establish a wave of new businesses and industrial zones especially around HCMC and Dong Nai areas, but were not accompanied with suitable IR policy (interview with DU2, January 2014). The government has since reacted to the dynamic labour movement by focusing on strengthening its leadership so as to maintain social order and reduce conflict at workplaces (pacification). For instance, the VGCL was granted more autonomy to operate. Despite a first step toward more independence from government control, the VGCL took this opportunity to voice, through its media channel, and learn about the experience of other international labour organizations on how to manage a labour movement in a pluralist market economy.

Another ongoing change is that the VGCL is taking on the role of a quasi-independent IR partner, pressuring the government to raise minimum wages and strengthen labour law enforcement. The VGCL is now more willing to disagree with the government on important issues, as was the case with the revision of the Amended Labour Code of 2012. An example given by Ho Chi Minh DOLISA is the inclusion of a principle removing payment to strikers and their right to strike in cases of rights disputes led the VGCL to argue that paying striking workers improves labour-management relations and that the removal of the right to strike in rights-based disputes would deprive workers of their most potent weapon in the fight for their rights (interview with PM2, January 2015). The VGCL has developed a pro-labour press, which plays a strategic mediating role between the state, labour unions, and management. Two union newspapers, *Bao Nguoi Lao Dong* [The Workers' Newspaper] and *Bao Lao Dong* [Labour Newspaper], use their forums to champion workers' rights and interests and empower labour unions that negotiate with state bureaucracies and management on the workers' behalf (Tran 2007b). This resulted in MOLISA backing down, allowing workers engaged in rights-based disputes to temporarily stop work and limiting the scope of non-payment to workers actively participating in an interest-based strike (Interview with PM7, January 2014).

Discussion

The combined influences of ongoing economic reforms, globalization and international competition have contributed to an increasing tension between the accumulation, legitimation and pacification functions of the Vietnam government. The government has sought to allow enterprises more freedom in their management and less strict supervision than before *doi moi* in order to promote the economic growth and development advantages needed for its political purposes. In other words, the state objective of accumulation/economic development is linked to the political legitimacy of the government. However, at the same time, our findings show that the state is struggling to represent itself as concerned for the welfare of workers, including enabling a limited degree of autonomy for unions in representing workers.

The process of implementing *doi moi* and the country's institutional system is not synchronous at all times, leading to the fragmented IR landscape. Many policies in general, and labour policies in particular, have not been closely linked to the process of enhancing competitiveness, meeting the requirements of defense and security maintenance, protection of political security, social order and safety.

The greatest tension, as revealed by our interviews, that the Vietnam state is facing is between the three theory-based anchors of this paper, as summarized in Table 3. The government for economic purposes seeks to pursue social equity and foster voice at work as responses to the reality of a workplace that is more of pluralist in nature. This tension is vital to fulfil the new requirement for IR. However, the significant difference between the Vietnam government's challenges to maintain a balance between the three functions compared to a democratic government is that, as the singular leader of the country, the Vietnam government does not negotiate with any opposing party, nor deal with different opinions. As a result of its power monopoly, the government only makes

Table 3 Proposed employment-relevant state functions in Vietnam

Functions	Challenges
Accumulation	Encouragement of <i>doi moi</i> , productivity and competitiveness. This was a crucial debate topic – whether the state should actively intervene and encourage or allow a 'freeing up of the market'
Pacification	Maintenance of social order, defusing or suppressing conflict. During <i>doi moi</i> , the boundaries between labour conflict and social and political disorder are uncertain
Legitimation	Maintaining popular consent by pursuing social equity and a voice at work. Enhancement of government legitimacy can be seen in the representation of 'social partners' in the social economic policy-making process
Consolidation	Welding all three of the above into a pragmatic paradigm for the ruling elite to present their program as an intelligible blueprint under the leadership of the Party

Source: Adopted from Hyman (2008).

economic policy that brings benefit to the political system. The conflict between politics and economic interests are only a concern for the government when it encounters external pressures as it does not have to face criticism from an opposing political party as in a pluralist system. Nonetheless, the challenge looming large for Vietnam's communist government is that it is now joining a pluralist global economy – where rules and principles, such as those of the ILO and WTO, largely do not fit in with those of the Vietnam government.

Recent worker activism has forced government-established trade unions to shift their approach from being solely administrative to being more representative (Do 2017); however, their alliance with the government has presented the VGCL with a new dilemma (Do and van der Broek 2013). Our interviewees spoke in particular about the persistence of strikes, which research has linked to pressures for both government and VGCL to pay increasing attention to IR issues (e.g. Clarke, Lee and Do 2007). If VGCL embraces government protection, it risks losing credibility as a representative organization; but if it promotes reform by asserting its autonomy, it stands to lose its privileged political position. Further, despite attempts to empower the VGCL, its relevance to workers remains questionable. While employees in SOEs continue to regard the union as an organization that provides support for their day-to-day activities, in the FOE and DPE sectors, union members often bypass unions.

To some extent, the government's fundamental struggle rests in its differences in political ideology and principle – compared with most of the so-called 'democratic' countries. The economic pressure either from international forces or from the pluralist economic system where it operates is ongoing and likely to intensify for the government. Our study clearly shows that there is a need of 'new framework' that goes beyond the Hyman pluralist framework, to explain the situation of a pluralist emerging economy with single party control, such as Vietnam, where the government's political purpose has been the strongest driving force for all of its economic actions.

Despite all the communist government's efforts to balance three tensions between state and IR, this one-party system is still likely to be challenged to function pragmatically in its goal of creating a 'law-governed state' (Thayer 2010, 441). Indeed, Vietnamese IR has been liberalizing since *doi moi* but it is still far from a truly democratizing system. There are also new pressures on Vietnam at the present to reform its trade unions as a condition of joining in trade deals with the European Union and the Trans-Pacific Partnership. United States's exit from the latter has resulted in a serious delay in labour reform in Vietnam. In this sense, external pressures in the future may well increase the probability of trade union reform, as Vietnam seeks further links with the global economy, although this has as yet hardly affected China, its giant neighbouring economy.

Practical implications

As this discussion has shown, escalating divisions between workers and managers have led to conflict and the demand for more effective representation of workers' interests, with the latter linked to greater openness to international influences. However, multi-

unionism, or true freedom of association, implies a political pluralism that would deeply threaten the one-party regime. This complex situation has left the government with no choice but to employ a restricted strategy of managed IR reform. Nonetheless, findings of this study have practical implications for both policy-makers and organizations.

For policy-makers, it is important to understand a full range of tensions in the current IR landscape. The government of Vietnam has a broad vision of what it wants for IR as it moves from a command economy to a market-based system built on contractual employment relationships. However, Vietnam's institutions lack the necessary tools to negotiate and resolve disputes in the market-based contract system, a major area that needs further improvement. While the government wants to establish bipartite relations between employers and with labour, and to a certain extent to engage in tripartism as promoted by the ILO, if it is not willing to step back and give up its power and ultimate control over employment relations, especially over unions, then there will not be fundamental changes in VGCL. Focusing more on the provision of welfare and education of workers on state policy rather than representing its members' interests no longer gives the country competitive advantages. Therefore, we would advise policy-makers to continue allowing VGCL to assert some real independence, reducing its subordination to the government so as to remove a barrier to the success of IR reforms.

For enterprises, especially FOEs, understanding the changing role of the state in Vietnam's IR landscape helps to understand and predict the tensions between the state's pro-foreign direct investment policy and key IR issues. Strikes are often costly to enterprises, disrupting their regular production activities. So, it is advisable that enterprises establish a system that enables two-way dialogue with workers, MOLISA and VGCL to achieve common objectives for all parties involved.

Limitation and future directions

As a qualitative study, we caution the reader from taking generalized expectations from these findings. Also, we acknowledge the limitation in that the study covered only key regional places of Vietnam. Nonetheless, the findings of the study suggest a number of areas that are worthy of future research. For instance, scholars could take a similar approach to investigate the changing role of state in other transitional economies, such as China. While both the Vietnamese and Chinese unions have been conceived of as Leninist 'transmission belts' between the higher echelons of the party-state and the masses, with an additional role as dispensers of social welfare (see Pringle and Clarke 2011, and Collins, Sitalaksmi, and Lansbury 2013), in many respects the All China Federation of Trade Unions (ACFTU) is much weaker than the VGCL. Both the ACFTU and VGCL tried to gain more power from their controlling party-states in the late 1980s, but only VGCL achieved some independence in the late 1980s. The CPV declared that union cadres might voice their ideas independently of the Party and management (Chan 2018). This has led to the recognition of the right to strike being stated in Vietnam's union's charter. Even though the recent labour unrest is the principal driving force behind trade union reform in China, the ACFTU still lacked these key items in its law (Pringle and Clarke 2011). As a result, the enterprise unions in Vietnam

also have more autonomy and collective voices, compared with their Chinese counterparts. Therefore, comparing the role of state in China and Vietnam could further enrich a context-specific understanding of the state and IR connection. Another area that could be explored in future research is the role of the state at the intersection of the informal economy and IR. Arguably, increasing strike actions are indicative of an unofficial, informal sphere of labour representation. Our interviews suggest that there are informal workers' organizations that are led by the so-called 'black leaders'. So future research could compare the perspectives of employees and employers in both the formal and informal economies and decipher the roles of state that are most likely to achieve economically, politically, and socially sustainable development.

Note

¹ Many of these leaders are senior workers who have earned great respect from their members who truly believe they represent workers' interests, although some are simply opportunistic. For example, in late 2014, in the Linh Xuan Industry Zone, there were 20–30 factories where workers demanded bonuses for the New Year [*Tet*]. Allegedly, the 'black leaders' in this zone took that information to bosses and threatened to strike unless they were paid off (Interview with Dong Nai Industry Zone Labour Office, January 2015).

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