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Managing without Measuring? The Role of Social Capital in Vietnamese SMEs

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Abstract

This dissertation fills gaps in our understanding of performance measurement system (PMS) in SMEs in transitional economies through a focus on the relations of PMS, social capital in SMEs in Vietnam. Four research questions are probed: How does the maturity of PMS influence on the effectiveness of PMS? How does social capital influence on the effectiveness of PMS? How does the effectiveness of PMS influence on organizational performance? How do contextual factors moderate the relationships under investigations?

In the dissertation, management control theory and social capital theory are integrated to provide a framework to investigate the relationships between PMS maturity, PMS Effectiveness, social capital and organisational performance. The arguments are tested using a mixed-method approach, including in-depth interviews of top managers in 25 SMEs followed by a survey of Vietnamese SMEs. The findings indicate that a combination of theories provides a deep understanding of how PMS can be used along with social capital in the context of transitional countries. Empirically, the results show that PMS maturity has the most significant impact on PMS effectiveness. Also it was indicated that internal social capital and external social capital exert positive influence on the effectiveness of PMS though the impact of external social capital was lowest. Further, the study highlights the mechanism that PMS positively contributes to organisational performance through improving PMS effectiveness which involves organisational capabilities such as learning, measuring, communication, decision making, strategy management and behaviour control. Among them, learning and behaviour control are found the two most important contributors. In regard of contextual factors, the current studies found no evidence of the role of owner involvement while the moderating role of State-ownership on the relationship between external social capital and PMS effectiveness were strongly supported. Based on these results, the study provides a set of policy and managerial implications for shaping PMS initiative in order to foster organisational performance in Vietnamese SMEs.

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