

# Vietnam: Understanding Vietnamese Business Culture

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## EXECUTIVE SUMMARY

*Understanding national culture has become increasingly important in this new era, when the world is more interconnected, globalized, and has fewer boundaries. Managing Cultural Diversity or Cross-Cultural Management is now a major topic of consideration for companies across Asia, especially in Vietnam. This case study aims to present insights on Vietnamese cultural preferences. The research approach is based on the Canning model, including preferences of “Relationship,” “Communication,” “Time,” “Truth,” and “Human Philosophy.” From this basis, an Expert Profile is built for Vietnam in the hope that it can become an engaging guide for any foreigner who wants to study the Vietnamese culture. This case also looks at cultural factors like being an “individualist,” the concept of “close distance,” being “effusive,” thinking “long term,” and looking at “fixed truth.” Generally speaking, the Vietnamese people come from a “group oriented,” “physical distance,” “reserved,” “short-term,” and “relative truth” culture.*

## ORGANIZATIONAL BACKGROUND

Multinational corporations have increasingly set up subsidiaries in Vietnam. More and more foreign-owned joint stock companies have been created and more and more expatriates are coming to Vietnam to work and live. In some ways, Vietnam is where China was a few decades ago. All this development and globalization has

created diverse working-places with different cultures existing side by side as well as a richer social life. Over the past two decades, Vietnam has changed from being a closed and centrally controlled economy to becoming a vibrant part of the global economy (Porter, 2010). International donors view Vietnam as one of the success stories. Private investors also see Vietnam as an increasingly attractive destination. Robust FDI inflows have resulted in a significant contribution to the GDP increase in Vietnam. More and more foreigners go to Vietnam to start-up businesses or to work at the subsidiaries of multinational corporations in Vietnam. At the same time, more and more Vietnamese enterprises have become integrated in to the global economy by expanding their markets abroad through exports and establishing business relationships with foreign partners. Some Vietnamese companies have been acquired by foreign investors – not yet on a large scale but it is happening.

## **SETTING THE STAGE**

Working for a foreign company, travelling on holiday, or going abroad to work, is no longer rare for the Vietnamese. In such a rapid process of globalization and integration between Vietnamese and foreign businesses, numerous issues have arisen due to the culture gaps between Vietnam and other countries. To improve the business relationship with other countries, there is a strong demand for studying the culture of Vietnam and other countries to figure out the gaps, as there are certainly no two cultures, or indeed individuals exactly the same and “culture can be only used meaningfully by comparison (Hofstede, 1991). Here, in this case, the author is seeking to emphasize the gap between Vietnamese culture and that of other countries. The case is based on the Canning model, discussed in the book “Bridging the Culture Gap”.

Canning is a communication-training center for international business based in the United Kingdom. Their service aims at helping professional people to communicate effectively with each other across cultural barriers. Their courses are carried in 45 countries on five continents with more than 110,000 participants since 1965. This exclusive experience has helped Canning to develop a unique approach to cross-cultural training. Based on real life stories, Penny Carte and Chris Fox, two of the most experienced trainers of Canning, wrote the book “Bridging the Culture Gap: A Practical Guide to International Business Communication”. Canning carries out research across Europe and the USA as well as in some Asian countries such as Japan, China and India. The result is the Expert Profile for these countries. Vietnam is not yet on the list. This was one of the aims of the research for this case, to create an Expert Profile for Vietnam (as discussed in the Case Description).

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