



Cultural risk management in the integration process of Vietnamese enterprises

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Abstract

Cultural risks are unavoidable obstacles when there is a clash between different cultures, especially in the period of integration that is expanding today. Once both sides build their awareness of these differences, respect and harmonize the existing differences, cultural disagreements will diminish and establishing bilateral cooperative relationships is no longer the problem too difficult to solve. It must be acknowledged that, in addition to removing these cultural barriers, Vietnam is absorbing the cultural beauty of the outside countries and gradually overcoming its own negative problems. Other countries also see the respectable points of Vietnamese culture and people, positive traditions that deserve to be preserved and promoted in this era of globalization.

Keywords: integration, Vietnamese enterprise, culture, cultural risk

1. Introduction

Economic integration has really opened up many opportunities for Vietnam to access new technologies and management methods, and most significantly, to establish foreign investment cooperative relations. In order to attract foreign investment into Vietnam, considering and creating an attractive investment environment in which barriers for foreign investors are minimized become an urgent demand. In addition to major barriers such as weak infrastructure, limited in capacity legal system, the issue of cultural differences is also considered one of the challenges for foreign investors when coming to Vietnam. In fact, there have been many investment projects failing with the main reason stemming from cultural barriers. Its consequence does not stop at the loss of investors but also affects the psychology of foreign investors, preventing them from returning to Vietnam. Especially in the context of competition, to attract foreign investment is strongly needed in developing countries today. The aim of the research is to build a more complete view of cultural risks for foreign investors in Vietnam. On that basis, we made a number of recommendations to help reduce the risks of this cultural barrier, contributing to better the friendly and progressive image of Vietnam in becoming an attractive destination of foreign investors. Research objects of this article are the risks that Vietnamese businesses face due to cultural differences in relation to foreign partners.

2. Methodology

To solve the problems raised, we have applied research methods such as analysis, synthesis, comparison, combined with background knowledge drawn from the Vietnamese Communist Party's policy lines and legal documents of State laws issued in the past years. In addition, the research process is supported by e-mail interview process for some foreign investors and domestic companies in Vietnam in some typical localities representing the North, Central and the South part of the country.

Methods of analysis and synthesis are applied to the information collected from related textbooks, books and

newspapers, thereby synthesizing them to have the most general, most objective and most multi-dimensional view of cultural management in general business and in the integration process in particular. In the current trend of economic globalization, to ensure the sustainable development of business activities of the country, we must have the ability to adapt and improve ourselves to cooperate, integrate and grasp the opportunities in a timely manner. For this purpose, each Vietnamese business in particular and the business community in general need to be aware of creating a business culture foundation. When integrating, we can hardly compete with foreign businesses in terms of capital, technology, cost, and talent. So how do we build our own competitive advantage? How do we stand out from them? Main business culture is an important clue that makes the difference of Vietnamese enterprises, creating prestige, reputation and vitality for businesses, maximizing the capacity of individuals and directing them to strategic objectives of business strategy, helping us to succeed. Since then, Vietnamese businesses can promote their role, making important contributions to the national policy of the Party and State in the cause of national construction towards Industrialization and Modernization and deep integration into international economy.

Methods of practical summation to clarify a variety of theoretical issues are to collect actual data through reports of business results, data, documents from experts, then summed up to identify common risks, the cause of the risks, the degree of impact of risks, the way other businesses prevent risks, the successes and failures of other businesses from which to draw lessons for their businesses. In fact, in the context of integration today, many Vietnamese enterprises have matured, sustained and developed strongly, but the main reason of success is that these enterprises have been attaching great importance to the business cultural construction. However, at present, many leaders of business and entrepreneurs are not aware of the role and motivation of business culture in integration, so in the overall business process, there have been negative manifestations and negative impacts to the competitiveness of enterprises,

reducing their operational efficiency.

Statistical methods is used to collect data from different sources then arrange them in an order of how much or less influence on the interests of the business they are. This method helps us determine which risks affect much, which risks affect little, how much is their impact and how to take preventive measures as well as minimize their negative impacts on business.

3. Theoretical Framework

Culture and cultural determinants of foreign direct investment

According to President Ho Chi Minh, for survival, as well as the purpose of life, human beings create and invent language, writing, morality, law, science, religion, literature and art. All these creations and inventions mean culture. Thus, culture is all the elements created by people, born from people and for people. Culture is a vast category made up of many different factors. Different are the impact levels of each element on each field in social and business life. In terms of foreign investment, language, arts, customs, practices, education, religion, attitudes and values are highlighted as cultural factors that could potentially impact the business process.

Language is the most important means of communication for human beings. In language, people can express their thoughts, feelings, and emotions to others. At the same time, language is the means of thinking. The basic forms of thinking such as concept, judgment or reasoning exist in the form of expressive language. Language helps people connect the community, personal connections with individuals, establishing social relationships and a means for people to convey messages to future generations. Misunderstandings can occur in communication between people from different countries because there is a difference in the way of thinking, value concepts, aesthetics, psychological and customs characteristics. The way of greeting, how to suggest problems may be simple artifacts, skills, but in business, they have the ability to decide the success or failure of a project. Particularly in this area, it can be affirmed that understanding a language and cultural imprints preserved in it is a premise to create initial success for negotiations and negotiations at the beginning of the process of business cooperation.

Art is a place to gather beauty from the fields of poetry, music, painting, architecture, sculpture, food and cinema. Art is also where people express their aesthetic thoughts, the perception of beauty. But that feeling is completely different in different cultures. Therefore, art has the ability to express the individual style of each artist, but simultaneously through these individual characteristics, the characteristic of a nation is affirmed.

Tran Ngoc Them proposed the concept of customs as follows. Customs are habits that have been deeply embedded in the social life for a long time, accepted and followed by most people. Thus, customs and habits are living activities that have been formed for a long time and become a routine, a habit recognized by the community and passed from generation to generation. Customary practices manifest in everyday life modes such as greetings, vocative ways to the forms that cover the entire human life cycle from birth, maturity, and marriage to happy life, old age and loss, or community-based forms such as holidays and festivals. Customs and habits have great effects in each

indigenous community. It is like invisible ties that force people, whether native speakers or foreigners, to respect and behave according to the values passed from generation to generation. Therefore, in order to have proper manners, to be human, it is necessary to have certain knowledge about the customs and habits of destination country for investment and business operation.

Education plays an important role in raising the knowledge and perfecting the personality of members in society. Through education, people receive the necessary knowledge and skills, contributing to the process of shaping attitudes and personality. It can be seen that education greatly affects the construction of business culture and working culture. Moreover, education brings also greatly affects to the recruitment and training strategy of enterprises.

According to Schaefer Richard T, in his book entitled "Sociology", religion, whether it is Buddhism, Islam, Christianity or Judaism, also provides people with meaning and purpose for life. It gives ultimate values and certain goals to keep them together. It can be said that, for production and business activities, the complexity of the ritual system, the concept has a great influence on the progress of cooperation and planning. If people do not share and respect those spiritual values or have no flexibility in coordinating business between different religious partners, then the obstacles in cooperation are inevitable.

From the point of view of sociologist Macionis and J. John, value is a measure, a scale used by members of a certain culture to distinguish good from bad, beauties from beasts, desirable from undesirable, and to build a suitable system of humanism and worldview. Attitude is a reflection of thoughts, emotions expressed through nuances or actions in front of certain things or phenomena. It can be seen that the construction of value systems in the direction of cooperation and investment benefits creates positive reactions between partners, contributing to business promotion and development.

4. Research Results and Discussion

Qua quá trình nghiên cứu, phân tích và tìm hiểu nhóm đã tổng hợp được các loại rủi ro cũng như nguyên nhân tạo nên những rủi ro về văn hóa của các doanh nghiệp Việt Nam trong quá trình hội nhập như sau:

4.1 Language difference

Through the process of research, analysis and understanding we have synthesized the types of risks as well as the causes of the cultural risks of Vietnamese enterprises in the integration process as follows:

4.2. Language difference

4.2.1. Speech language disagreement

a) Difficulty in using words

- English is the main medium used in communication between Vietnamese and foreign partners today. Besides Japanese, Chinese and Korean are also increasingly popular. Most foreign investors to Vietnam have difficulties in exchanging information with Vietnamese because they do not understand each other's voice.

• Reason

- Firstly, the English level of labor in Vietnam is still quite low. Meanwhile, countries that use English tend to not learn another language.

- Besides English, the level of Japanese, Chinese, Korean and other languages of Vietnamese labor has not met the demand for work. Trading in English with Japanese and Chinese investors is also difficult because they rarely use English, often requiring employees to use their own language.

b) Differences in communication style

- Not only language causes risks and obstacles in communication, but differences in communication styles also cause misunderstandings. Vietnamese people think that Westerners talk a lot while Westerners find Vietnamese people too discreet, as if hiding something. Many cases of Vietnamese people surprise and confuse them with a way of saying a line but think or do a way.
- Vietnam is classified as a "high context" culture which is a culture in which people often pay attention to the context of communication (including the opposite or the context of communication) rather than the direct and clear words to convey information. Therefore, most of the content to express is often hidden behind words and attitudes, not purely in words such as Western countries that belong to the "low context" culture.

c) Disagreement in how to express affection and courtesy

Vietnamese people often expressed doubts about the sincerity of Europeans, Americans or Australians because they are always ready to praise and say "sorry" and "thank you". In the meantime, many Westerners judge that Vietnamese people are rude because they rarely praise or say "Thank you" or "Sorry".

• Reason

- The first reason is that Westerners are educated from small children on how to express their affection and polite attitude through "thank you" or "sorry". For them, praise is a way of expressing their interest in the person being praised.
- Second, Vietnamese people value the sensitivity of communication and context play an important role. Instead of saying "thank you" or "sorry" they expressed in nonverbal language like eyes, smiles. They are shy when complimenting to avoid their opponents misunderstanding their good intentions.

d) Differences in greeting and advice

Culture of each region expressed in every gesture of daily communication, from greetings to advice. Vietnamese people often greet each other with sentences like "Where are you going", "Did you eat rice yet?" If the relationship is close to telling each other "Remember to eat carefully, hang out early", "Don't ..." or "So ...", meanwhile Westerners often greeted by very general sentences such as "good morning", "good night" and give advice in the assumption "If I were, I would ...", "I think it will be good more if ...". Vietnamese greetings make Westerners feel like they are being violated in private life and advice can be interpreted as coercion, which could mean "teaching" or "teaching how to live".

• Reason

- It is because Vietnamese people have a collective life, close to the community, so they often show interest in each other by asking intimate questions. Many case

questions are simply a greeting without the opponent's answer.

- In contrast, Westerners value individualism. Their privacy problem is inviolable. Vietnamese questions are purely social, but for Westerners, they are questions, so they feel very uncomfortable to answer.

4.1.2. Non-verbal language disagreement

In Vietnam, a smile can mean a lot. Smiles express consent, sometimes instead of greetings, apologies or thanks, can also mask embarrassment, loss of confidence and also the case of disagreement or to hide go angry ... Meanwhile, in most Western countries it is just a way of expressing joy, sometimes satisfaction is jeering. It is this difference that causes many misunderstandings.

4.2 Business culture's difference

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4.3.1. Disagreement about business style

One of the characteristics of Vietnamese business culture is the importance of relationships, which is quite similar to Asian countries but is a disagreement for Western countries.

• Reason

Vietnamese people have a community lifestyle, attaching great importance to relationships. This mentality has profoundly affected the daily behavior and work of the Vietnamese people. Without mutual trust, it is difficult for them to work together.

4.3.2 Differences in negotiating culture

Many Western partners think that in negotiating Vietnamese people, it is cumbersome, difficult to understand, to go straight to the problem, slow to make decisions and often hide emotions. When the Vietnamese comment Western partners are sometimes insensitive, always want to go straight to the problem and often appear impatient.

• Reason

Due to Vietnamese value relationships, people will only come to an agreement when they have faith in their partners. Meanwhile, Western partners consider the new work efficiency important. Private feelings have no place at work. Another reason is the preference for peace in Vietnamese lifestyle. They always avoid saying negative words or blunt rejection because they are afraid of losing their face and the contact may become tense. Therefore, they choose a roundabout way of speaking and express a lot through nonverbal language. On the contrary, Westerners think straight, how to say that, less covering up emotions. Sometimes they are less interested in the attitude of the opposite person and have difficulty in understanding the meaning of the nonverbal language.

4.3.3 Disagreement in view of time

Vietnamese people often come late in appointments, working hours and delivery. Meanwhile, foreigners often arrive on time.

• Reason

- The first is due to different ways of thinking. Vietnamese people consider appointment time as departure time and foreigners consider appointment time to arrive.

- Besides the difference in thinking, the working style has many differences. Vietnamese people have agricultural style while foreigners have industrial style.

5. Conclusion and Recommendation

5.1 Recommended solutions to limit the cultural risks of Vietnamese enterprises

5.1.1. On the state side

The state plays a role of macro management, giving development strategies and policies to the whole country in each specific period. Therefore, the role of the state must be first mentioned in restricting cultural risks for economic integration activities:

- Firstly, focus on introducing Vietnamese culture to foreign investors.
- Secondly, it is necessary to promote administrative procedure reform in the field of foreign investment.
- Third, training cadres and leaders who can participate in activities related to foreign investment.
- Fourth, pay more attention to the training of knowledge and soft skills for young people to meet the current labor market requirements.
- Fifthly, focus on propaganda and dissemination of laws: Through mass media such as books, newspapers, magazines and television channels to give evidence about losses in business because there is no Legal knowledge.

5.1.2. On the business side

The common solution for domestic businesses as well as foreign investors is to be aware of cultural differences, respect cultural differences and get along with that cultural difference.

- First, attention must be paid to training employees with knowledge of the business culture of the partner country. In particular, before meeting foreign partners, they must study their culture carefully in order to prepare mentally and materially for the meeting. These are the most typical characteristics of people, ways of thinking, behavior, taboos, interests, tastes, concerns ... If you don't use the language of your partner, you must find a session. appropriate translator, with cultural understanding on both sides.
- Second, improve legal knowledge, especially law in the business areas of enterprises.
- Third, build a business culture for businesses: Individual leaders must build their own culture. This culture converges all elements of competence, business ethics, business ideology, management style, attitude towards colleagues, how to build relationships ... This culture determines General culture of the business. Each member of the enterprise needs to unite and actively cooperate to build its own culture

6. Conclusion

Cultural risks are unavoidable risks when there is contact between different cultures, especially during the current integration period. To overcome these risks is not a one-way affair but a long-term process that requires active cooperation between both sides: the Vietnamese side as well as partners from other countries. Once both sides build their awareness of these differences and respect and harmonize differences, cultural disagreements will diminish and establishing bilateral cooperative relationships is no longer a

question. It must be acknowledged that, in addition to limiting these cultural risks, Vietnam is absorbing the cultural beauty of the outside countries and gradually overcoming its own negative problems and countries. It also recognizes the respectable points of Vietnamese culture and people with positive traditions that deserve to be preserved and promoted in this era of globalization.

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