

Doing Business in Vietnam | Vietnamese Social and Business Culture

A Vietnamese Culture Overview

Fact File

- **Official name** – Socialist Republic of Vietnam
- **Population** – 85,967,524 *
- **Official Language** – Vietnamese
- **Currency** – Dong (VND)
- **Capital city** – Hanoi
- **GDP** – purchasing power parity \$241.8 billion*
- **GDP Per Capita** – purchasing power parity \$2,800*



A Vietnamese Overview

Located in Southeast Asia, Vietnam is a culturally rich country whose distinct history played a role in the development of the modern day state. Having been under Chinese rule, traces of Chinese culture in Vietnam still linger even after their 1000 year rule. Vietnamese practices of Confucianism and showing reverence towards ancestors are evidence of China's historical influence on Vietnamese society. Vietnam became an independent state in the tenth century but was colonised by the French in the mid 1800s. Vietnam gained independence in the mid twentieth century but still retains traces of French culture which are visible in the way people communicate verbally and nonverbally. Though Vietnam has struggled over the past century through colonial rule, the Vietnam War and recent economic upheavals, it is now rebuilding itself to be able to compete on a global scale. Having a comprehensive understanding of Vietnam's unique cultural values and traditions is essential if you want to develop strong and successful business relationships with Vietnamese counterparts.

Vietnamese Culture – Key Concepts and Values tradition

Confucianism- Based on the teachings of the early Chinese philosopher Confucius in the 6th century BC, Confucian teachings emphasise the importance of relationships, responsibility and obligation. This philosophy is still a vital component of Vietnamese society and is prevalent in Vietnamese business culture in conserving the harmony of the collective good.

Face- The idea of saving face is an important concept in Vietnamese society. The Vietnamese will do anything to prevent loss of face, even if it means to avoid confrontation or telling others what they want to hear rather than dealing with immediate issues. Criticising someone in public and not staying true to promises are various ways that people may lose face.

Collectivism- Vietnam is a collectivist society in which the needs of the group are often placed over the individual. Family and community concerns will almost always come before business or individual needs. Family in particular plays an important role in Vietnamese society. You will notice that close ties between extended families and communities can have a major influence on individual behaviour and oftentimes there are multiple generations living under one roof.

Doing Business in Vietnam

A once war-torn nation, Vietnam has experienced severe economic turmoil in the past century due to the inefficiencies of a centrally planned economy as well as the trade embargo from the United States and parts of Europe. The 1980s brought about economic reforms that allowed for substantial growth for a few years until Vietnam faced the woes of the Asian financial crisis in 1997. Now a member of the World Trade Organisation, Vietnam has taken progressive steps to transform itself into a market based economy which has seen its economy grow significantly. As such, Vietnam is becoming an increasingly attractive market for international investments. Understanding Vietnam's complex history and economy and how it has influenced its unique social and business culture will help to further any business endeavours in Vietnam.

Vietnamese Business Part 1 - Working in Vietnam (Pre-departure)

- **Working practices in Vietnam**
 - Business hours are predominantly from 8 am to 5 pm Monday through Friday, with about an hour set aside for lunch.
 - Vietnamese prefer to schedule all meetings ahead of time, usually several weeks in advance. You should always aim to arrive at the stated time and if running late, let them know as soon as you can.
 - Business attire tends to be professional and conservative.
- **Structure and hierarchy in Vietnamese companies**
 - Business organisations in Vietnam tend to be hierarchical. Decisions and ideas are generated at the top, and more often than not, the eldest person has the most influence over the decision.
 - Status is important in Vietnamese society and respect should be given to supervisors and work colleagues. Status is obtained with age and education. Titles are very important in Vietnamese business culture.
 - In Vietnamese culture it is very important to respect more senior individuals, whether by education, job position or age. In business meetings, it is usually the eldest member of the group who enters the room first.
 - The Vietnamese business world is dominated by men. Though things are changing, the majority of Vietnamese women work as secretaries, assistants or other similar administrative roles. Men are accustomed to working with foreign women in more senior roles in a business context and will treat them equally.
- **Working relationships in Vietnam**
 - Business relationships in Vietnam are relatively formal and tend to take time to develop as Vietnamese like to get to know their foreign counterparts before conducting business. Vietnamese may be suspicious of those they don't know well at first, so be sure to spend the time during the first few meetings getting acquainted.

- Vietnamese names start with the surname followed by the middle and lastly the first name. It is important to use titles whenever possible. When referring to one another, Vietnamese people will use the appropriate title followed by the first name not the surname.

Vietnamese Business Part 2 - Doing Business in Vietnam

o Business practices

- International business in Vietnam is mainly conducted in English. It is however polite and appreciated when foreigners use the native language when possible.
- It is advisable to have all written documents translated into Vietnamese as your business counterparts in Vietnam will not necessarily indicate that they do not understand. It is also wise to hire a translator. A working knowledge of French is also beneficial. English will hardly be spoken in rural areas.
- Business cards are a common practice in Vietnam. It is polite to have your business cards printed in both English and Vietnamese. When offering your card for the first time, give it using both hands with the Vietnamese side facing up.
- Negotiations can be quite lengthy and time-consuming as the Vietnamese want to examine everything as well as consult the group before reaching an agreement. Doing business in Vietnam can also be quite slow as there is often a lot of bureaucracy to go through before any deal can be made.
- Don't be surprised if there are long periods of silence during negotiations as Vietnamese tend to wait a while before responding. Your Vietnamese counterparts may also remain silent if there is a disagreement in order to save face.
- Initial introductions in Vietnamese business are formal. A handshake while maintaining direct eye contact is the normal greeting and should also be exchanged upon leaving. Handshakes usually take place only between members of the same sex. Occasionally a slight bow will accompany the handshake.
- Gift giving is a common practice in Vietnam. Gifts do not need to be expensive and should be a simple token of appreciation. Common gifts include fruit and flowers.

o Business Etiquette (Do's and Don'ts)

- ✓ DO maintain a soft voice while conducting business, as loud voices and excessive hand gestures are often perceived as rude and make Vietnamese uncomfortable.
- ✓ DO hand out business cards as they are a must in business dealings. Although there are some Vietnamese that have a working knowledge of English, it is considered polite business practices to print the cards in Vietnamese and use the language if possible.
- ✓ DO wrap gifts in colourful paper.
- ✓ DO arrive on time to meetings as Vietnamese are very punctual. Being late is considered impolite and timeliness is expected.

- ✘ DON'T refuse tea or food when offered by your Vietnamese counterpart. It is considered impolite.
- ✘ DON'T stand with your hands on your hips or with your arms crossed or use your finger to point; instead use your whole hand.
- ✘ DON'T publicly criticise others as it would cause the loss of face for both parties. Vietnamese are status conscious and appreciate the value of a good reputation.
- ✘ DON'T touch someone's head as it is considered to be the spiritual centre of the person.

Vietnam Culture Quiz – True or False

1. Vietnamese tend to avoid showing any emotions in their speech and facial expressions.
2. Punctuality is imperative when conducting business.
3. It is not acceptable to exchange gifts with Vietnamese counterparts as it may be seen as a bribe.
4. Some Vietnamese will not speak up even if they do not agree with their foreign counterparts in a business negotiation.
5. Vietnamese prefer to come to a consensus for the sake of the group.

Culture Quiz - Answers

1. False. Facial expression is observed more in Vietnam than other Asian nations due to the influence of French history. They also tend to be more frank and open due to prolonged contact with Americans.
2. True. Vietnamese expect punctuality.
3. False. Gifts are appreciated, but be sure they are small and not too opulent.
4. True. Vietnamese will always strive to save face.
5. True. Vietnam is a collectivist society and people prefer to consult the group.

* Source: CIA World Factbook 2008

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