

# Effects on Formation of Corporate Culture in Vietnam

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Photo by Huỳnh Thờ

As a purely agricultural economy for thousands years, Vietnam also faces such persistent problems as natural disasters, foreign invasions and as a result, shortage of food, which make local people to pay much attention to other things than food, such as good relations, fame, knowledge, literature, spiritual life, social status, public opinions, wisdom and experience of the elders, etc. This way of life doesn't encourage individual creativity, innovations, adventurous spirit, willingness to take risk, and obedience to law.

## 1. Historical, social and economic effects

There are two characteristic features of the agricultural and communal civilization: collective consciousness and autonomy.

The Vietnamese people think they have the same ancestors and they call one another "đồng bào" (ones of the same mother), that is why they respect uniformity. This mentality leads to community and social solidarity. Some of their sayings are "The less poor always help the poorer," or "close neighbors are more important than distant relatives." This tradition makes them good soldiers when their countries is attacked or occupied by foreign powers. However, this tradition also leads to great shortcomings:

- Individual freedom, and individuality as well, is limited or eliminated.
- The vulgar egalitarianism prevails because most people envy those who are more successful than they are.

These shortcomings, in their turns, lead to paradoxical way of thinking: good qualities in individuals are not respected or considered as good while poor qualities common among most people are con-

sidered as normal. Most people hate the rich and scorn the poor.

- Reliance on important persons or the crowd and lack of sense of responsibility become widespread.

- Most people are reluctant to struggle for their legitimate interests for fear of disagreement with others.

The autonomy held by communal communities comes from the self-sufficient economy with the result that no village wants to depend on others for anything. This mentality easily leads to the provincialism. Concept of teamwork is totally new to the Vietnamese people. They prefer running a small business to being a member in a big one.

## 2. Effects of religions and traditional education

The traditional education that was strongly affected by Confucius' thoughts places stresses on loyalty, trust, good relations, honesty, order, thrift and hard working and has a low opinion of efforts to get rich by doing business. In fact, according to Prof. Phan Ngọc, Confucius' teachings advise people to make money without violating moral standards and social order. Confucius himself also said that he was willing to do any business to get rich as long as it didn't violate ethical standards.

After being introduced to Japan, Confucius' thought gave rise to unique values of the Japanese people: loyalty, courage, thrift, transparency and respect for ceremony. These values combine with samurai spirit (sense of responsibility, devotion to others, etc.) and excellent leadership of their kings have helped turning Japan into an Asian miracle.

In Vietnam, on the other hand, the feudal system chose to support agriculture and restrain trading business with the result that being rich or traders was considered as bad and worthless. That



is why there was no ethical basis for the trading in Vietnam in the past. The trading was even considered as identical with deception. This attitude shows itself in various proverbs, folksongs and folktales.

Thoughts of incarnation and ephemeral existence of human life common among Buddhists also make people to prefer spiritual values to successes in material life. And as a result, many generations never thought of making money and businesspersons represented only a small fraction of the population. It's worth noting that this way of life is not limited to the Buddhists but it is common among various communities.

In addition, permanent threats from natural disasters and foreign invasions might prevent the Vietnamese people in the past from thinking of big businesses and a long view. They could only work out some short-term orientation. When engaging in the trading business, they usually assigned this job to women, felt content with a small scale and a small profit that allowed them to make ends meet.

Because of lack of a long view and dependence on experience, our ancestors failed to produce a way of thinking or a philosophy of the trading business. Among some 8,000 manuscripts written in the period from the 10<sup>th</sup> century to 1919 in Vietnam, there is no one that mentioned the trading business.

The education service in the past paid too much attention to academic degrees and fame. Learning was considered as a way of getting a governmental post and making money. When failing examinations, most learners chose to return their home villages, do teaching and live a humble life and never thought of the trading business.

### **3. Effects of policies adopted by feudal governments**

Short-sighted policies, especially ones adopted by the Nguyễn dynasty in the 19<sup>th</sup> century, along with reactionary education service and wrong interpretations of religious thoughts, not only hindered development of economic activities but also increased poverty and ignorance with the result that Vietnam was occupied and ruled by the French colonialists. On the other hand, Japan with wise policies introduced by Meiji court could start various reforms in all fields and realize miraculous developments although it suffered the same conditions as Vietnam: a purely agricultural economy, no industrial production, lack of knowledge of modern sciences, and heavy influence of the Confucianism. Moreover, it also suffered the shortage of natural resources with which Vietnam was endowed so much.

The Nguyễn dynasty said no to many reform programs suggested by such patriotic intellectuals as

Nguyễn Trường Tộ because these programs advised about foreign and domestic trade, and changes in the education service.

Apparently, the agricultural civilization and habits of respecting literature; moral standards, good relations and fame; and showing contempt for the trading business, along with other historical and cultural factors have produced profound effects on the business circles and corporate culture in Vietnam.

When having contacts with Western influence, some patriotic intellectuals have felt the need to carry out various reforms by developing the trading business and enhancing general level of public education. In 1907, Lương Văn Can, Nguyễn Quỳn and many others opened new-styled schools to disseminate new ideas and western knowledge, considering the trading business as a means of helping the public to get rich, and support practical knowledge and scientific studies.

Besides progressive intellectuals, groups of new European-educated businesspersons also made their appearance. The most outstanding among them were Bạch Thái Bưởi and Nguyễn Sơn Hà. They introduced many slogans based on national spirit, such as "Vietnamese people travel by Vietnamese-made boats," or "Vietnamese people consume local goods."

In the South, Trần Chánh Chiêu and Trương Văn Bền developed local companies based on Western business principles and their products were very famous. Businessperson of Chinese origin in Chợ Lớn also made many success stories based on their long view and personal prestige in doing business, such as Uncle Hỏa, uncle Hỷ and Quách Đàm.

After 1975, the centrally-planned mechanism established by the communist government turned companies into its subordinate organizations that were denied all kinds of autonomy. Industrial concerns produced goods and paid no attention to the market demand and ways of marketing them. This situation led to waste of resources and habits of refusing all responsibility for their performance and wasting resources assigned by the government. In this period, there was almost no corporate culture and entrepreneurship.

From 1986 on, the economic and social reforms have brought new life to the economy and the business circles. However, the legal infrastructure is not perfect, stable and effective enough to ensure a good business climate for economic activities. Businesspersons have to face various risks and dangers; and investors are reluctant to make long-term investments, which make them less competitive and vulnerable to foreign competition in the coming years. ■