

INFLUENCE OF CULTURAL DIFFERENCES BETWEEN KOREAN MANAGERS AND VIETNAMESE STAFF IN KOREAN INVESTED ENTERPRISES IN VIETNAM: REALITY AND SOLUTIONS

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Abstract - After Vietnam's open door policy, the investment scales of Korean companies have rapidly increased in the past more than twenty years. Many of them have met with various kinds of difficulties and especially some serious labor strikes which in many cases were caused by the big differences in culture at work between Korean managers and Vietnamese laborers. Such differences may have considerable impact not only on the internal relations at work but also on how Korean-invested enterprises in Vietnam are operated, and eventually on the production capability and business results. This article focuses on analyzing the cultural differences between Korea and Vietnam and how they affect the business administration practice as well as proposes some measures to mitigate or harmonize such differences.

Key words - Vietnamese & Korean culture; cultural differences; business miscommunication; culture in business; enterprise management.

1. Introduction

According to the source from Vietnam Foreign Investment Agency, by the end of 2014, Korea ranked the first among foreign nations investing in Vietnam with total accumulated registered investment capital of 37.72 billion USD [1].

If an organization operates under an unfamiliar cultural condition, there are some inescapable cultural collision phenomena at workplaces. Many of these enterprises suffer from various kinds of difficulties, including serious labor strikes. There seems to be big differences in culture at work between Korean managers and Vietnamese staff. For that reason, most Vietnamese people prefer to work for Japanese companies rather than join Korean ones.

Why did the Vietnamese local laborers dislike most of the Korean companies in spite of the relatively higher wages in the same production field? Cultural differences can be a important reason and the main cause of such dislikes or even conflicts and labor strikes.

Table 1. FDI of Vietnam in 2014

Ranking	Country	Total Registered Capital (Billion USD)	Share (% of total)
1	South Korea	37,726	14.93%
2	Japan	37,334	14.77%
3	Singapore	32,936	13.03%
4	Taiwan	28,468	11.26%
5	British Virgin Islands	17,990	7.12%
N/A	Several Countries	98,262	N/A
Total		252,716	

(Sources: General Statistics Office)

2. The importance of culture and business communication in the success of a company

Human resource management can be a major contributor to the success of an organization because it is in a key position to affect customers, business results, and ultimately shareholder value. Otherwise, ineffective human resource management can be a major barrier to employees' satisfaction and organization success. As companies have gone global, the number of their employee abroad has increased. Human resource management has had to tackle new global challenges. Therefore, human resource management is required to understand the cross-cultural values, what motivates people in different societies, and what to reflect in the structure of their international business.

We are often told that the world is getting smaller thanks to advance in television, telecommunications, and transportation. Those are what Marshall McLuhan call the "global village". However, despite technological and economic forces for integration, or convergence, there are equal or perhaps greater forces for fragmentation, one of which is culture force. For this reason we need to consider how culture can be a powerful force, undermining or shoring up our effectiveness as nations, as businesses, and as managers. We need to be able to recognize the undertow, the presence and power of culture, in order to keep our heads above water and to better navigate through the rough seas of international business.

The cultural differences can be a difficult communication barrier to overcome. When we write to or speak with someone from another culture, we encode our message using the assumptions of our own culture. However, the receiver decodes the message according to the assumptions of the other culture, so our meaning may be misunderstood.

3. General aspects of Korean culture and Vietnamese culture affecting the behavior at work

3.1. General aspects of Korean culture and history

Westerners historically referred to Korea as the Land of Morning Calm to reflect the uniqueness and freshness of the Korean lifestyle and culture [2].

The early Korean kingdoms looked to China for cultural inspiration and achievement, and were actively engaged in cultural exchange with neighboring states such as China and Japan in particular contributing to the formation of a common cultural area based on the shared heritage of a writing system, Confucianism, and Buddhism.

Originating from the influence of Chinese culture, the Confucian principle of “five relationships” governing social behavior became the norms of Korean society. Righteousness toward the sovereign, filial piety, deference to older and superior persons, and benevolence to the younger and inferior became inviolable rules of conduct. Transgressors of these rules were regarded as uncultured beings unfit to be members of society. Whether in the family or society at large, people in positions of authority or occupying superior status commanded respect.

The Korean people were subjected to enormous political turmoil and turbulence when they reached the threshold of the modern era, including under the 35-year colonial rule of Japan, followed by national division and a tragic fratricidal civil war (between 1950 and 1953). When the Korean War ended with a truce agreement in 1953, Korea remained one of the world's poorest countries, however the unique culture and the great determination have finally led the Korean people to overcome the extreme poverty and build a modern, industrialized state, resulting in a dramatic success dubbed the "Miracle on the Han River".

The Confucian influence was most evident in the tremendous value placed on education, a major factor in Korea's economic progress. Equally evident was the persistence of hierarchical, often authoritarian, modes of human interaction that reflected Confucianism's emphasis on inequality. The complex kinship structures of the past, sanctified by Confucianism, had eroded because of urbanization but did not disappear. In 1990 Koreans were more likely to live in nuclear families than their parents or grandparents, but old Confucian ideas of filial piety were still strong [3].

To sum up, Korean culture has proven to be the mixture between well-preserved Confucianism with the openness and adaptation of the Western style culture. It is reflected through the application of Western business management system inside both big Korean corporates and small and medium sized enterprises.

3.2. General aspects of Vietnamese culture and history

It can be said that there were three layers of Vietnamese culture overlapping each other during the history of Vietnam. Vietnamese culture consists of local culture, the culture that is mixed with that of China and other countries in the region, and the culture that interacted with Western culture. The most prominent feature of the Vietnamese culture is that it was not assimilated by foreign cultures thanks to the strong local cultural foundations. On the contrary, it was able to utilize and localize those abroad to enrich the national culture.

Vietnam suffered from a long occupation by China and later faced repeated invasions from this big neighbor that led to the application of a Chinese writing system and Confucianism in Vietnam's early culture. In the modern history, Vietnam encountered the colonial rule by France and later fought a war against the US under the circumstances of the nation divided into the North and the South. The North Vietnam and the later the unified

Vietnam after 1975 applied the planning economy model until the innovation process starting in late 1980s and early 1990s with the open-door policy and market-oriented communism economy.

Meanwhile, like in Korea, Confucianism was firmly implanted in Vietnam during thousand years under the occupation of China and then further encouraged to develop by some dynasties. In Hanoi in 1070, the establishment of the Van Mieu (Temple of Literature), a temple of learning dedicated to Confucius, marked the emergence of Confucianism as a cult. It reached a peak during the 15th century – the ‘golden age’ of King Le Thanh Tong, then steadily decayed into decadence and corruption opening the door for the French invasion. Maybe the most prominent of Vietnamese Confucianism is not philosophical thoughts, but literature, civil service examination system, and the political role of Confucian scholars in history [4].

However, the value of Confucianism as a moderating influence upon social behavior is being rapidly superseded by the need for flexibility and openness in a developing society.

4. Reality of managing cultural differences and communication practice between Korean managers and Vietnamese staff

4.1. Naming system

Vietnamese and Korean have a system of naming in which the last name is stated first. The structure is last name plus first name. For example, a Vietnamese name Le Van Bay consists of family name Le, middle name Van and given name Bay. Like the Vietnamese naming system, a Korean name Kim Tae Kyu consists of the last name Kim and the first name Tae Kyu. There is no difference between Korea and Vietnam in the system of naming.

Koreans use titles connected with their profession, place of work, and rank. In a large company where there are dozens to hundreds of Lees and Kims who are all managers, they are distinguished by their title such as supervisor, manager, general manager, plus their section or division. If there are two or more Lees as manager in one section, they may be referred to as manager Lee of production No. 1, manager Lee of production No. 2, and so on. This creates special problem for Vietnamese staff newly arriving in Korea or newly working for Korean companies in Vietnam.

4.2. Forms of address

In general, the customary forms of address in a language community can be incorporated into a system by which a particular form is determined. Like alternation rules, when addressing peoples both in Korean and Vietnamese cultures, it is necessary to take into consideration three important characteristics.

- Characteristics of the person addressed; adult, male or female, married or single, title of profession;
- Features that characterize the relationship between the speaker and the person addressed; role, age, blood relationship and marriage relationship;
- Attributes of the situation; intimate, formal or informal.

4.3. *The respect and politeness in attitudes*

In Korean culture, a bit of context is required in order to understand Korean greeting rituals. All relationships require a sensitive understanding of hierarchies so one knows exactly how to behave with respect toward the other. Words of greeting and gratitude are relatively formal and are expressed with a bow of the head. There is symbolic difference of “head-down” when scolded or disciplined. “Head-down” is generally a sign that the speaker accepts the consequences, while looking straight into the speaker’s face is interpreted as a sign of defiance. While people from other cultures often apologize for making a blunder, Vietnamese staff often laugh or giggle to hide his embarrassment when they make a mistake to apologize his mistake instead of “head-down” attitude [5].

4.4. *Women in society and the position*

An interesting regional variation on traditional female roles continued in the middle of 1980s. Some big companies of Korea employ hundreds of thousands of young women on shop floors and assembly lines making, among other things, textiles and clothes, shoes, and electronic components. Korea’s economic success was bought in large measure with the sweat of these generally overworking and poorly paid female laborers.

Vietnamese people regard women as strong characters as leaders, supporters, and familial caretakers. Rarely do we see women playing the heroic role as in the history of Vietnam [6]. Throughout Vietnamese history, women have served as leaders and champions, as well as the protective mothers. In contemporary Vietnamese society, men and women are both most important members of society, and definitely have the same status as Korean women.

5. Analysis of the conflicts between Korean managers and Vietnamese staffs because of the culture and management style differences

5.1. *Conflicts caused by management style*

In fact, Korean companies provided higher wages than most local companies. Although direct violence by the Korean managers had disappeared, threats, intimidations, insults and violent language were still some serious problems. The image of the Korean companies in Vietnam is still very negative and is still considered to be one of the worst among other foreign companies [7], [8].

The Korean style of management can be defined as an inhumane way of management used by managers or supervisors to squeeze labor intensity for higher productivity. The Korean style of management is a close link between the Korean style management and Korean staff. These people had been originally blue collar workers or engineers in Korea, but when they moved to Vietnam they stepped into the manager position where they treated the local laborer in the same way the latter had been treated when they were in Korea.

Most Korean managers neglect an understanding on the importance of workers’ safety, welfare, and the facilities to satisfy these needs, especially in small and medium sized Korean companies. They even believe that these facilities

will be a sort of luxury to the Vietnamese workers who live in low standards of living.

Why do Korean companies have such problems and why are these problems more serious than other Western foreign companies with similar ways of management? It is easy to conclude that the Korean managers are responsible for these troubles, those who run the company itself. This specific management style shall be reflected through the salary, welfare and labor-control policies of FDI enterprises in Vietnam in general and of Korean-invested ones in particular, resulting in the top reason for labor strikes in Vietnam in the period between 1995 to 2011 [9].

5.2. *Conflicts caused by cultural differences, especially under the influence of Confucianism in corporate culture*

Korean managers’ perception on Vietnamese workers and Vietnamese seem to be based on racism. Korean managers believe that Vietnamese workers are lazy and dirty and they don’t respect their seniors and are not willing to accept their mistakes. Vietnamese laborers’ failure to follow, abide by and catch up with the modern rules and code of conducts at work also often caused disbelief and anger to Korean managers.

In contrast with the Korean managers’ perception on Vietnamese workers, Vietnamese workers’ perception on Korean managers and Korean culture seem to be based on nationalism. For that reason, Vietnamese workers resist to the abuses of human rights and inhumanities in Korean companies through “words” outside the company, a weapon of the weak. That is the bad image of Korean companies and Koreans to Vietnamese and sometimes it is exaggerated and distorted. This evidence is the wide gap between the testimonies of the Korean managers and the Vietnamese workers themselves regarding rights abuses of the worker in the factory. This could be interpreted as indirect and unorganized resistance against the Korean managers and Korean companies in general, behind their back, instead of direct and open criticism toward them.

The above differences accumulated by the two sides can at some point of time lead the relations at work out of control, even starting with just a small point of disagreement. Another persistent problem is the situation of Vietnamese laborers quitting jobs at Korean companies in search of less strict places. It is also easy to understand that “the differences in culture and industrial behaviors” ranks 2nd among the main reasons for labor strikes in Vietnam [10].

5.3. *Conflicts caused by the differences in business customs and communication barriers*

Every year Korea becomes more and more modern, but it is important to recognize that being modern does not mean being westernized. Koreans generally appreciate a foreigner’s effort in expressing a “thank you” in the Korean language. For Koreans, relationships are all important, therefore Koreans want to do business with people with whom they have formed a personal relationship, with whom they are introduced to by an intermediary. In this part, the author reports some important aspects of business customs, etiquette and cross-cultural communication in Korea [11].

Punctuality is appreciated and business meetings

should start and finish on time. The seniors are always introduced first, followed by younger and lower ranking participants. If someone is greeting a group of Koreans, always greet the oldest male in the group or family first. Questions of personal information may be asked, particularly concerning age, marital status, education, etc.

Recently, there is some merit in the purely Korean way of conducting personal and business affairs, as evidenced by a number of Korean companies that are now among the world's leading enterprises. The challenge facing foreign enterprises in Korea is to achieve a balance between Western and traditional Korean behavioral patterns such as a merge of the best of the two systems.

In Korean culture, it is considered to be polite to wait for the eldest person at table to begin eating before everyone else starts. Likewise, one does not have to leave the table before the eldest person finishes. It is a bad breach of etiquette to pour someone's own drink. Both in Korean and Vietnamese culture, alcoholic drinks are regarded the great "oil" of relationships in business. The big difference between Koreans and Vietnamese is that Koreans tend to be more aggressive, more abandoned, in their drinking and in their expectations of others during drinking periods. Drinking to Koreans is not just a pleasant custom engaged in for fun and relaxation. It is an important ritual, sanctified by religion and by the ages, and it plays a key role in bonding friendship ties.

A Vietnamese staff refuses to drink with Korean managers, without having an acceptable excuse, is regarded as rude. Unlike Vietnamese culture, Korean's drinking etiquette requires that members of the party fill each other's glasses as a routine courtesy. If there is an official guest, the guest will generally make a point of serving everyone at least one round during the party. After the senior person has performed this ritual, other members of the party may do the same thing.

In comparison with Vietnamese, when a younger staff offers a glass of liquor to a senior, the younger must hold the glass with two hands. It is very impolite if the younger offers a glass of liquor to a senior with one hand.

Accordingly, there are lots of differences in business customs and communication barriers, and it is difficult to compare in this short article; therefore if there is another chance the author will compare in a further research where more spaces for text are available. However, it is obvious that the differences in business norms and communication barriers, although they seem to play a minor role in business, constitute a major issue affecting the culture of a corporate. These factors can be the source of unnecessary conflicts at work (but resulting in considerable consequences, quite possibly) if badly managed and can also be the driving force to build harmonized internal work relationships as long as they can be handled, mitigated in a proper way.

6. Some solutions to effective human resource management

Upon exploring that salary and welfare policy is the main reason for most conflicts between Korean-invested companies and Vietnamese laborers, it's essential to apply

a transparent and clear remuneration system inside the entity, no matter how big or small the company is. Such application of transparency may not necessarily result in a company's arising labor costs, but it would certainly remove any room left for misunderstanding between Korean managers and Vietnamese staff regarding the remuneration, and assure Vietnamese laborers with the feeling of "equality" and "being treated with equality".

A Korean manager may never completely overcome linguistic and cultural barriers or "ethnocentric" tendencies [12], but the Korean manager can effectively communicate with Vietnamese staff if the manager learns Vietnamese culture [13]. Once a Korean manager has acknowledged that cultural differences exist, the next step is to learn as much as possible about Vietnamese culture with which the Korean manager plans to do business. Also the Korean manager can develop intercultural communication skills to deal with the cultural diversity.

If a Korean manager negotiates with a Vietnamese, it is important to learn how to conduct himself or herself, and what to expect. Also the Korean manager should consider how to handle both written and oral communication with Vietnamese people. In addition, the Korean manager should deeply understand how to effectively participate in after-work events to cooperate, and create interrelationship with the emotion-centered Vietnamese characteristics in business.

Besides that, Vietnamese laborers upon being freshly recruited by Korean companies should be trained and oriented some basic knowledge about the Korean culture, the characteristics of Korean people and the corporate culture, business custom and norms of each company. Such knowledge may help them to avoid any conflicts caused by their own behavior and make them ready to treat the "improper behavior" of their senior Korean managers with tolerance and the perception that "the situation is caused by the cultural differences, not by the characteristics of the Korean manager himself".

Table 2. *The cultural and business management differences between Korean and Vietnam which results in conflicts at work*

Classification	Korea	Vietnam
Confucianism	Confucianism still strongly influences in thoughts, business culture	Confucianism does not influence so much
Economic development model	Capitalism and Western style	Market-oriented communism economy
Behaviors and business customs	Profoundly embedded in Western business style	Mostly influenced by the rural wet-rice farming business culture
Level of economic development	A developed country with high GDP per capita	A modernization – oriented nation

7. Conclusions

It is obvious the cultural differences do exist in all foreign-invested companies in Vietnam, including Korean-invested ones and constitute a major factor in business

administration for any business owner to have a close watch at it. Its significance is clear and solutions can be found to tackle, overcome and mitigate the impacts of such cultural differences, as long as business owners and relevant authorities pay enough attention to it.

However, cultural difference is just one of many pillars constituting the corporate culture for any foreign invested enterprises in Vietnam because other factors including labor legal affairs, internal organization, code of conducts, internal practice of business, internal relation arrangement also play significant role in the business administration of foreign-invested enterprises in Vietnam. If it's possible in the future, the author wishes to further explore such matters to propose a moderate model of corporate culture which can help to develop the best potentials of foreign capital and technology along with the best talents of Vietnamese working forces.

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