Cross-Cultural Management Strategies of Chinese Enterprises in Vietnam Under the Belt and Road Initiative

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Abstract - The COVID-19 pandemic has been disruptive, thus occasioning policy changes across various continuums. Fortunately, given that the pandemic is now under considerable control, a change to the work-from-home policy is necessary. As such, all employees will be required to return to normal office work. Middle-level managers will be responsible for ensuring that employees understand the essence of the new policy to facilitate effective compliance. Compliance with the new policy is mandatory, and noncompliant employees will be subject to termination. In essence, this communication comprehensively highlights the policy change and the expectations for different stakeholder groups.

Keywords - Belt and Road Initiative, Management Strategies, Chinese Enterprises in Vietnam.

1. Introduction

The Belt and Road Initiative (BRI) constitutes an extensive infrastructural undertaking launched by China in 2013. It is constituted by a large collection of investment and development projects that extend from East Asia to Europe. A key element of the BRI is its role in expanding China’s political and economic influence. In the international context, some parties may view the project as a worrying expansion of Chinese influence. Issues such as increasing debt have been the subject of opposition to the project in some countries.

Given that BRI transcends various regions, a variety of cross-cultural perspectives come into consideration. In essence, Chinese organizations involved in the BRI face significant challenges associated with cultural differences between countries. The BRI primarily targets transport and energy initiatives in Asia, Africa, and the Middle East and is continuously growing in scale, sectors, and stakeholders (Schulhof et al., 2022). Vietnam is among the nations along the BRI. This paper analyzes the cross-cultural issues attributed to the operation of Chinese enterprises operating in Vietnam under the BRI.

2. Background of the Belt and Road Initiative

According to Nguyen et al. (2022), China indicates that the BRI is open to all nations and has the primary purpose of enhancing infrastructural development along the route for the benefit of locals. As noted by the Chinese government, countries cannot be coerced to be part of the initiative, and the focus is considerably pragmatic and economic. The BRI is constituted by the ‘belt’, which denotes six economic corridors, and the ‘road’, which depicts sea routes connecting major ports (Schulhof et al., 2022). Some of the notable goals of the initiative include the improvement of collaboration in the Asian region, facilitating economic and cultural contacts, and availing development benefits to locals. China expects the project to enhance and connect development strategies in the nations in question.

According to Schulhof et al. (2022), it is crucial to note a comprehensive and systematic analysis of how the BRI will look in future, like in 2035. However, results from studies on the future of the BRI indicate that the project will be subject to extensive changes in terms of geographical scope, sectors covered, the volume of investments, funding structure, and sustainability (Schulhof et al., 2022). Knowledge of these changes is essential for decision-makers to prepare relevant strategies and responses to emerging issues. The project’s cross-cultural scope is also likely to expand, given the potential of the geographical scope expansion. As such, Chinese enterprises will contend with emerging cross-cultural issues, which may, in turn, require the effective implementation of appropriate strategies and responses.

3. The Belt and Road Initiative in Vietnam

Vietnam’s geographical location makes it a pivotal player in implementing the BRI. The Vietnamese government has been supportive of the initiative citing potential benefits in areas such as regional connection,
cultural exchange, and education (Nguyen et al., 2022). However, there is limited information about the potential risks both China and Vietnam may face in undertaking the initiative. As noted by Nguyen et al. (2022), the underlying risks have not been fully considered; hence the need for the implementation is to be carefully evaluated. Part of this evaluation should involve Chinese enterprises coming up with strategies likely to mitigate potential cross-cultural challenges.

Vu et al. (2021) state that the Vietnamese political elite’s perceptions of the BRI are largely vague and ambivalent. For instance, socialism and capitalism are key cultural and economic aspects notable in modern societies. However, Vietnamese leaders do not consider their partners in terms of socialism or capitalism. Instead, they consider themselves partners and objects (Vu et al., 2021). To them, China is both a partner and an object. In essence, under the BRI, China is seen as a partner for cooperation as well as an object associated with the struggle to ensure that Vietnam remains autonomous and free from potential Chinese domination as the BRI continues to expand China’s role in the country’s economic affairs.

In addition to the Vietnamese elite, the locals also express their perceptions regarding the BRI. A Pew Research Center survey found that 80 percent of Vietnamese people hold negative views about China and consider the expanding Chinese influence a major threat (Vu et al., 2021). Historical tensions between the two nations may have contributed to the significant negative view of China. These negative perceptions, in turn, contribute to the Vietnamese people having doubts about China’s actual intention in the implementation of the BRI. Notably, with a significant section of the population already regarding China in a negative light, cross-cultural inadequacies on the part of Chinese enterprises may further escalate their negative perceptions and make it increasingly difficult for these organizations to thrive in Vietnam.

### 4. Cultural Differences between Vietnam and China

<table>
<thead>
<tr>
<th>China</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td>The official language is Chinese, with comparatively complex dialects</td>
<td>The official language is Vietnamese</td>
</tr>
<tr>
<td>The Chinese folk religion is the most prevalent.</td>
<td>Catholicism has the largest following, with Buddhism being one of the other notable religions.</td>
</tr>
<tr>
<td>The education system is divided into primary school (6 years in both lower and upper)</td>
<td>The education system is divided into preschool, primary and secondary school, high school, and tertiary education.</td>
</tr>
</tbody>
</table>

**Key national values include harmony, prosperity, and civility.**

**Communication etiquette emphasizes simple handshakes and verbal greetings such as ni hao. Nin hao is used when greeting older individuals.**

### 5. Cross-Cultural Challenges

The performance of Chinese enterprises in the international market under the BRI is adversely affected by friction with the Vietnam culture. Cultural differences between China and Vietnam constitute a significant challenge hence the need for a feasible cross-cultural strategy. Cultural differences are vast and include differing customs, norms, and values, among other considerations (Mukhtar et al., 2022). Customs generally denote the behavioral tendencies associated with people in a particular society. As such, Vietnam’s customs determine the nation’s way of life and how it perceives issues such as work and international relations. These customs may be different by the norms associated with the Chinese culture hence creating the need for Chinese enterprises to take note of these differences and make relevant adjustments to avoid cultural friction that would otherwise be detrimental to the success of the BRI.

Religion constitutes a major consideration in the discussion of cross-cultural engagements. Both Vietnam and China account for a variety of religions. It is crucial for Chinese enterprises under the BRI to consider the religious beliefs in the specific areas in which they operate. In the course of their transnational operation, these enterprises are likely to encounter a variety of religious beliefs that impact society and business aspects, such as how employees operate. The lack of understanding of the Vietnamese religious background among managers and other officials working for Chinese enterprises may hinder operations. Enterprises must carefully navigate the religious landscape to achieve desirable results while respecting local religious convictions.

It is noteworthy that values considerably impact business operations as they provide a framework for business practices. Therefore, differences in values between China and Vietnam are likely to create barriers to the successful entry and operation of Chinese enterprises. The differences in values may impact areas such as gender issues, hierarchies, and privacy, among others. Failure to note and acknowledge the differences in values between
China and Vietnam may have adverse implications on the operations of the BRI enterprises from China.

Communication constitutes an essential element of business operations. The Chinese BRI enterprises, like other organizations, rely significantly on effective communication to facilitate operations. Language barriers may make cross-cultural communication considerably difficult when operating in foreign countries. Other notable variables include history, religion, and laws which vary across the nations in question (Xiaoyu, 2021). Therefore, Chinese enterprises need an effective cross-cultural communication strategy to facilitate efficient operations in Vietnam and other countries covered by the BRI.

Given that they are venturing into new territories, Chinese companies are substantially unfamiliar with the cultural environment of the nations in which they operate or target. Some of these companies are thus at the risk of being faulted for being insensitive to local practices and customs, such as not accommodating religious practices such as prayer time. Unfamiliarity with local culture is likely to be detrimental to the success of these enterprises. For example, a section of these may find it difficult to interact with local workers given the lack of understanding between the respective parties as a result of major cultural differences in areas such as work ethic and procedure, among other operational issues (Lu & Lu, 2021). In response, these enterprises may opt for workers from China and the locals may not be receptive to such decision. A variety of Chinese companies operating abroad lack relevant knowledge of labor trends, including the workings of labor organizations such as trade unions, thus making it difficult for them to work with local employees. Collaboration with the local community is an essential element of implementing the BRI. In order to achieve effective cooperation, the enterprises need adequate knowledge of local customs and, in turn, respond to them appropriately.

Gong (2019) also suggests that Chinese enterprises seem unable to acknowledge their shortcomings while operating overseas, thus not only affecting project implementation but also tainting their image on the global scene. Cultural miscommunication between these enterprises and locals often led to conflicts. For example, following a threat by Chinese managers to fire all local workers in Indonesia in 2017, trade unions held demonstrations that created negative publicity that may affect the implementation of BRI projects in other regions, including Vietnam (Gong, 2019). Covering up negative publicity is associated with even more detrimental results. Arguably, a more feasible option would be to ensure cultural sensitivity and implement specific strategies to this effect.

The significant implication of cultural friction and ethnicity also constitute a crucial consideration in the context of cross-cultural challenges associated with the BRI. Ethnicity is a critical factor in the culture discussion, given that people from different ethnicities essentially subscribe to diverse cultures. In contrast, operations may face barriers in ethnically unfamiliar areas. China is made up of its own ethnic groups, including the Han and the Uygur. These groups subscribe to considerably different cultural norms compared to the groups in nations covered by the BRI. These ethnic differences are indicative of considerable cultural differences that may, in turn, hinder business operations. Therefore, ethnic differences also form a cultural perspective that should be considered when formulating cross-cultural strategies.

In view of these challenges, it is also crucial to note that China and Vietnam share a variety of cultural, historical, and ideological similarities and have a fairly stable relationship. Chinese enterprises can leverage these similarities to ensure proper cultural integration. Given that the differences have substantial implications, the enterprises require effective cross-cultural strategies to facilitate operations and provide an enabling environment for their overseas operations in Vietnam and other regions covered by the initiative.

6. Cross-Cultural Strategies Used by Chinese Enterprises

Considering the cross-cultural issues associated with the BRI in Vietnam, it is crucial to note that the differences in question create an opportunity for Chinese enterprises to come up with cross-cultural strategies that will support the successful implementation of the BRI in the country. Most routes traversing Southeast Asia pass through Vietnam, thus denoting the nation’s strategic importance to the BRI (Huang & Tung, 2022). Therefore, it is crucial for Chinese enterprises to ensure the implementation of effective cross-cultural strategies in the country and the adjacent region it connects.

A major implication of the identified cross-cultural challenges is the alienation of Vietnam and other nations from the BRI. A comprehensive cooperation strategy has been implemented to counter the potential adverse effects. For example, Chinese companies have endeavored to participate in creating cooperation mechanisms. Such cooperation mechanisms are built on mutual interests. Climate change is among the key mutual interests that present favorable prospects for cooperation between China and countries involved in the BRI (Li & Bai, 2022). By focusing on mutual interests, these enterprises, to some extent, create more opportunities for cross-cultural cooperation regardless of the cultural differences that would otherwise alienate them from the locals.
Chinese enterprises operating in the BRI require local support in terms of personnel and other resources. As such, the present cultural barriers must be addressed in order to foster cooperation with locals, thus allowing the enterprises to access the resources in question. As a result, Chinese organizations provide opportunities for locals to participate in activities such as cultural exchanges, tourism, educational exchanges, and trade, among others. For instance, cultural exchanges enable Chinese enterprises to familiarize themselves with the local culture and determine how it impacts their activities. On the other hand, the locals also learn the specifics of the Chinese culture. For instance, China has built a variety of Confucius Institutes in the host countries, thus creating an opportunity for locals to learn about Chinese culture; these institutes facilitate cultural exchange. In this case, people from different cultures learn from each other and acknowledge their differences, thus creating an opportunity for enterprises to operate across cultural lines.

It is worth noting that cross-cultural perspectives emerge from discourses about diversity. The effective communication of policy is central to the success of the BRI in Vietnam and elsewhere. Chinese enterprises have had to create cross-cultural cooperative mechanisms for such communication to be possible. Therefore, it is imperative for these enterprises to coordinate approaches to development, especially considering common goals; this is likely to contribute to bridging the cross-cultural gap (Cheshmehzangi et al., 2021). Development strategies in the host countries may be reflective of their cultural heritage hence the need to coordinate BRI development approaches with those of host nations like Vietnam. As such, Chinese enterprises try to incorporate the host nations’ development strategies into their BRI activities. Resultantly, the enterprises can come up with initiatives that are inclusive of aspects of the local culture, thus minimizing the potential for resistance.

Chinese enterprises also have the option of using bilateral strategies to resolve cross-cultural issues when operating in Vietnam. These mechanisms aid in cross-cultural communication. In this case, cooperation is created based on mutual respect and trust. For instance, cultural exchange programs may be established to not only familiarize with the local culture but also to introduce relevant parties to aspects of the Chinese culture that they may encounter while dealing with the enterprises in question (Cheshmehzangi et al., 2021). Dialogue through multilateral channels such as summits and forums also provides an opportunity for Chinese companies to transcend cross-cultural lines when seeking cooperation with the host nation.

Another key strategy is the expansion of cooperation through consensus. According to Wang (2021), Chinese enterprises are required to deploy cooperation agreements that allow both parties to consent to the activities in question. These agreements will likely create a considerable level of common ground between the parties. The cooperation agreements are based on establishing a consensus between the parties involved. Such consensus is achieved by considering the perspectives raised by both sides. These perspectives not only capture the business aspect of the agreements but also include the incorporation of cultural perspectives that are considered important. Consensus building is arguably an effective approach that ensures that locals do not feel like Chinese enterprises are imposing foreign ideals on them. Through consensus, the enterprises are likely to create operational frameworks inclusive of local cultural perspectives or practices, creating a cross-cultural environment conducive to their operation.

Creating cooperation platforms is also a notable strategy for mitigating cross-cultural challenges. As of 2020, the number of countries involved in the BRI having signed agreements was 138 (EBRD, 2020). The Chinese government has created voluntary cooperation programs that foster effective engagement with target nations. As Coenen et al. (2021) noted, the involvement of more than 130 countries in the project calls for proper consideration of cooperation initiatives. Therefore, creating voluntary cooperation programs will enable Chinese enterprises to engage local stakeholders, thus improving the prospects of favorable operations in the cross-cultural environment. The essence of the cooperation programs is to facilitate the amicable formulation of agreements and consensus.

Aspects such as technology and quality are likely to be influenced by local culture. Chinese enterprises should consider local technological and operational capacities when deciding on the technologies to deploy and making quality considerations. In this case, factors such as accreditation, quality measurement, and certification as provided for the host nation are considered. For example, by taking note of the quality or accreditation requirements in Vietnam, Chinese enterprises can tailor their activities to be aligned with the requirements in question; this ensures that the enterprises’ activities do not contravene local expectations.

7. Other Recommended Cross-Cultural Strategies
The first recommendation provides that Chinese enterprises should investigate the Vietnamese markets to identify relevant cultural differences. Cultural conflicts primarily emerge from cultural diversity. Given this fact, cross-cultural management should first identify the underlying cultural differences between Vietnam and China. The managers drawn from Chinese enterprises should conduct thorough research on Vietnamese culture. In so doing, these enterprises will identify glaring differences and,
in turn, attempt to create shared interests through a specific set of strategies. It would be infeasible to come up with cross-cultural management strategies without first investigating and assessing the cultural differences in question.

In the process of investigating the cultural differences, the managers from Chinese enterprises will be able to understand how the Vietnamese culture will impact organizational operations, including human resource activities (Wu & Ruan, 2018). The managers will thus be able to understand how this culture determines the behavior of employees in a local country, in this case, Vietnam. This information will be useful for decision-making in areas such as recruitment and creating the enterprises’ operational guidelines. In addition, managers will gain considerable knowledge about the host country and therefore understand how to manage people and resources, among other operational protocols. Managers should note that the basic cultural values of the local population may be impossible to change, thus requiring the integration of the same into the enterprises’ policies.

Chinese enterprises operating in Vietnam and other BRI countries should consider establishing human resource management systems dedicated to cultural differences. Essentially, these enterprises rely on the locals for labor, which may not be feasible in the event of significant cultural friction. Therefore, enterprises should create human resource divisions that specialize in international operations. The division will facilitate cross-cultural operations in areas such as recruitment and motivation of employees. For example, during recruitment, the system should be curated such that it targets employees who meet the requirements of the enterprise in question, thus eliminating potential cultural conflict (Wu & Ruan, 2018). Also, the human resource department can create a comprehensive corporate culture training mechanism that will enable employees to integrate the company’s culture into theirs and identify areas that they consider problematic in the cultural context. This will enable enterprises to identify areas of cultural conflict in time and make relevant adjustments to ensure that both the company and the employees’ cultural needs are considered.

Chinese enterprises should train their Chinese business leaders and employees in the culture of host countries like Vietnam. This cross-cultural strategy proposes to enhance respect for cultural diversity. Managers and other employees must identify these differences to avoid alienation from the local culture. According to Wu & Ruan (2018), the objective consideration of cultural differences enhances competitive advantage. It improves the development of these enterprises, given that they create and operate in an enabling cross-cultural environment.

Next, the enterprises should consider a strategy that involves adopting or integrating certain aspects of the local culture into their operations. The enterprises should embark on innovative processes that infuse the local culture. For example, the local culture should inform the enterprises’ philosophy, motivation systems, and organizational structure, among other aspects. The cultural background of Vietnamese society should be fully considered in order to create organizations that are acceptable in the local context. Also, organizations which align their organizational attributes with the local culture will be more likely to attain desirable satisfaction levels among stakeholders, including employees and customers and effectively penetrate the local market.

In integrating the local culture into their organizational outlook, the enterprises should recognize that they are likely to accrue various benefits from this endeavor. For example, when making decisions, enterprise managers should account for the local culture by including local stakeholders’ ideas, norms, and opinions (Lu & Yu, 2021). The inclusion of the local culture, or acculturation, generally enables these enterprises to create an appropriate corporate culture that accounts for the expectations of the local society.

As aforementioned, communication is one of the critical areas of cross-cultural management. By establishing operations in Vietnam and other countries, Chinese enterprises incorporate employees and other stakeholders from different cultures. First, conducting cross-cultural training may be instrumental in ensuring that managers and employees understand the cultural expectations governing communication among the local population. The training process will likely expose the employees and managers to the values, customs, and ethics associated with the local culture; these factors are crucial elements of the communication process, given that people from different cultures incorporate different cultural attributes in their communication.

With proper training in cross-cultural communication, employees will gain extensive cultural knowledge, thus becoming more culturally sensitive. It is crucial to note that the language barrier may be a major challenge when operating in a foreign environment (Mukhtar et al., 2022). As a result, training involving language and direct communication skills is essential to ensure that communication barriers are mitigated. The operations of the enterprises in question bring together employees and stakeholders from different cultural backgrounds hence the need to create strong and desirable communication competencies.

Considering the importance of cross-cultural or intercultural training, it may be necessary for these enterprises to hire managers and business leaders from the local communities in order to train their expatriate staff on the cultural elements of Vietnam and other host nations. Given that the enterprises originate from China, they may...
not have personnel who can train expatriate workers on cultural issues (Gong, 2019). It thus becomes necessary to outsource people from the local society to assist in the training process to ensure that expats are fully integrated into the local culture and can work collaboratively and productively with the group of employees drawn from the local population.

Lastly, strict adherence to the host country’s laws and regulations can help bridge the cross-cultural boundary. Businesses operate in accordance with established laws and regulations. Similar to other countries, Vietnam has laws and regulations that reflect the country’s cultural attributes, such as values and customs. Therefore, breaching these laws would also constitute a disrespectful treatment of the nation’s culture. As part of the training strategy, the enterprises should ensure that employees understand the relevance of these laws to the local culture and their operational responsibilities. By strictly adhering to the provisions of these laws and regulations, Chinese enterprises will not only show respect for the cultural foundation of the same but also develop a desirable outlook among the public from which they draw key stakeholders, including employees and customers.

8. Conclusion

Arguably, the BRI is a considerably ambitious undertaking considering its vast global scope. China’s role in advancing the project has been subject to significant criticism and concerns, with some parties alleging that it intends to use BRI to expand its global influence. However, China insists that BRI is not politically motivated but is economic-based for the mutual benefit of both Chinese enterprises and the host countries. Vietnam is among the many countries that are part of the initiative. Like in other nations, cultural differences between China and Vietnam create significant challenges to implementing BRI, especially considering the impacts on the operation of Chinese enterprises in a cross-cultural environment.

Some of the notable challenges include differences associated with customs, religious beliefs, communication, and values. These factors directly impact the operation of Chinese enterprises seeking to enter the Vietnamese business space. Therefore, enterprises have had to come up with strategies for mitigating these challenges and ensuring effective cross-cultural management. Examples of strategies already being implemented include comprehensive cooperation, cross-cultural communication, and multilateral and bilateral strategies, among others. Strategy recommendations included in this paper include the investigation of the local market for the identification of cultural differences, the establishment of cross-cultural human resource management systems, training managers and employees on cultural issues, and integration of local culture into organizational aspects such as the philosophy and organization structure, among others. The implementation of these strategies is likely to facilitate effective cross-cultural management, thus enhancing the BRI’s success prospects.

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