CULTURAL ADAPTATION OF UNILEVER IN VIETNAM

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Abstract

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Title: Cultural adaptation of Unilever in Vietnam

Problems: How did Unilever, in its expansion to Vietnamese market, adapt its corporate culture to the prevailing national culture?

Purpose: The purpose of this study is to describe and analyze (1) how Vietnamese business culture resembles and differs from Unilever corporate culture, (2) what advantages and disadvantages are resulted from these similarities and differences, and (3) how the company made use of the advantages and overcome the disadvantages. This thesis also aims at (4) indicating some shortcomings in Unilever’s adaptation strategy and providing some recommendations.

Methodology: This research work is qualitative in nature and is based upon a case study. Both primary and secondary data are used for the case analysis. Primary data are collected by semi-structured interviews.

Conclusion: As a Western company entering Vietnam – an Eastern market, Unilever has encountered both challenges and benefits from the differences and similarities between its global core values and Vietnamese culture. With its global vision: “We have local roots with global scale”, the company made a number of changes to accommodate the differences and took advantage of the similarities. Its adaptation strategies not only build up a strong and appropriate culture but also act as a source of competitive advantage, which contributes to Unilever impressive success in the
Vietnamese market. However, there are still some shortcomings that need to be taken into consideration.

**Keywords**

Cultural adaptation, Unilever, Vietnamese culture, Hofstede’s model, national culture, corporate culture.
Acknowledgement

This thesis is the most challenging work we have ever encountered in our whole academic life so far. During three months working with this thesis, we have actually faced lots of troubles; there were times when we even thought that we could not finish the work within the given timeframe. In this very moment, when we have gone through all the obstacles to present this completed work, we would like to dedicate this achievement to those people who have given us the most kind-hearted help and motivation that kept us up throughout that difficult time.

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Thesis disposition

The thesis structure is as follows:

Chapter 1: Introduction: presents the purpose of the study and shortly describes Unilever case study.

Chapter 2: Methodology: specifies the research process and research approach. This chapter also explains the selection criteria of company, country of destination and interviewees, as well as methods of data collection and its assessment.

Chapter 3: Theoretical framework: defines important concepts and the theory that will be used to analyze the collected empirical data.

Chapter 4: Conceptual framework: describes how the concepts and theories are related to create a framework, based on which empirical data are analyzed.

Chapter 5: Empirical findings: presents the empirical data collected from the interviews and from other secondary data sources.

Chapter 6: Case analysis: the collected empirical data are analyzed using the conceptual framework.

Chapter 7: Conclusion: presents a summary of the study and suggestions for further research.
Chapter 1: INTRODUCTION

In this chapter, a preface and a case preview are provided. The purpose, scope and limitations of the study together with the research question are also presented.

1.1 Preface

Nowadays, the trendy process of international economic globalization and liberalization has brought about an almost non-boundary global economy and also made competition become more and more fierce. This process, along with the fact that technology has been changing in a fast and remarkable way during recent years, implies an urgent need for companies not only to develop their own competitive advantage but also to find a new market. More and more multinational companies are trying to expand their business into the highly potential but yet fully explored Asian market in the hope of gaining more market share and increasing profits. As multinational companies, they have the advantage of abundant capital, experience, trust and credit from stakeholders (Burns, 2008, p. 10), and especially a strong culture which has been built up and fostered during the establishment of the company, and which is also an intangible asset to the company when operating abroad, given the fact that it cannot be easily reproduced by any other organizations (Company Culture: Achieving company success and employees happiness, 2011). However, managing a business across national borders has never been an easy job.

In the attempts to go global, these companies have encountered a number of problems, one of which is the misleading assumption about “the non-boundary global market”. Many managers have a strong belief that internationalization has created one global culture, in which what is true for the employees working in one country also holds the same values for those from other countries working worldwide (Adler, 2008; Miroshnik, 2002, p. 525). Consequently, they simplify the complex nature of cross-border management by ignoring the variations in cultures and assuming that there is only one best way to manage people in a global environment (Adler, 2008). However, the failure of Disneyland in France in 1990s, despite its previous enormous success in America and Japan, is an obvious example of how differences in employees’ behavior and attitudes can affect business. Disneyland, in complete ignorance of European culture and French working norms, intended to bring a clean All-American look to their French employees by barring facial hair, limiting maximum fingernails length and the size of hooped earrings. This strict dress code was considered a violation of everyday French fashion and
strongly objected by the staff and its union. This, henceforth, resulted in a plunge of morale in the workplace (Mitchell, p. 3). Implementing management practices that are suitable for one culture may cause undesirable and dramatic consequences in another culture (Miroshnik, 2002, p. 525).

Fortunately, variations across cultures and their impacts on organizations are not something too unpredictable and random but follow systematic, predictable patterns (Adler, 2008). A deep understanding of a country’s culture will lead to a reasonable adaptation in management strategy, in which appropriate changes are made to accommodate the differences, and company’s core values are developed and strengthened in conformity with the new culture.

Though the study of cross-cultural management is of urgent importance today, there has not been much research into this field, compared to the traditional study of management (Adler, 2008). Joining the flow of research on the cultural adaptation process of multinationals, this thesis focuses on the case of Unilever, a Western multinational corporation, entering Vietnam, a South East Asian market. Unilever dominant corporate culture is compared to Vietnamese’s typical culture at the workplace, the internal interactions between managers and employees in the corporation is investigated with the ambition of learning how the company overcame cultural differences and took advantage of cultural similarities to create a strong and appropriate culture. Also, a critical point of view is taken to identify the shortcomings in Unilever adaptation strategy.

1.2 Case preview

This research revolves around the case of Unilever, which is a very successful British-Dutch multinational consumer goods company, possessing many famous brands such as OMO, Viso, Sunsilk, Clear, P/S, Knorr, etc. Unilever Group has a dual structure with two parent companies, namely Unilever N.V. which is incorporated under the laws of the Netherlands and PLC which is incorporated under the laws of England and Wales (“Governance of Unilever”, 2012, p. 2).


Unilever is famous for its strong corporate culture, which has acted as one of its unique competitive advantages in the intensified and saturated global market. When expanding into Vietnam,
Unilever not only managed to maintain their core cultural values but also succeeded in adapting and imbedded native values into their Vietnamese subsidiary culture.

1.3 Purpose of the study

The purpose of this study is to describe and analyze (1) how Vietnamese business culture resembles and differs from Unilever corporate culture, (2) what advantages and disadvantages are resulted from these similarities and differences, and (3) how the company made use of the advantages and overcome the disadvantages. This thesis also aims at (4) indicating some shortcomings in Unilever’s adaptation strategy and providing some recommendations.

1.4 Research question

Oriented by such purposes mentioned above, our discussion focuses on finding the answer for this research question:

*How did Unilever, in its expansion to Vietnamese market, adapt its corporate culture to the prevailing national culture?*

1.5 Target group

This thesis does not only focus on the case of Unilever as a success story but also look at it from a critical point of view. Therefore, it can be beneficial to Unilever corporation, who can make necessary improvements to their shortcomings in adaptation strategy pointed out in this study. Furthermore, this thesis will, hopefully, help Western companies that want to enter Vietnamese market with adequate knowledge about Vietnamese culture, and how to effectively adapt to it, in order for success. Finally, the thesis might, hopefully be interested to the scholars who are working in the field of cross-cultural management.
Chapter 2: METHODOLOGY

In this chapter, the research methodology employed for this study is presented. Firstly, explanations about the choice of research approach are given. Secondly, the research process is clearly described. Thirdly, some selection criteria of company, country of destination and interviewees are also provided. Methods of collecting data are then stated before an assessment of those data is made.

2.1 Type of research

Qualitative research approach is chosen for this study. By definition, qualitative research means “any kind of research that produces findings not arrived at by means of statistical procedures or other means of quantification” (Strauss & Corbin, as cited in Golafshani, 2003, p. 600). Ospina (2004) also stated several reasons to use qualitative research, among which are to “try to ‘understand’ any social phenomenon from the perspective of the actors involved, rather than explaining it (unsuccessfully) from the outside”, and to “understand complex phenomena that are difficult or impossible to approach or to capture quantitatively”. Those are also the grounds for qualitative research to be implemented in this work as problems involving culture are naturally qualitative; they are hardly or rarely quantified and expressed by numbers. This study, therefore, focuses mainly on exploring and describing rather than proving cultural aspects of the problems in question.

Case study is the basis of this work – the subject of cultural adaptation is brought up through the specific case of one chosen company, Unilever, entering into one chosen country, Vietnam. This enables a holistic account of the subject of the research (Fisher, 2007, p. 59). Although case studies might lack representativeness, they do enable generalizations to be made (Fisher, 2007, p. 60). More specifically, although the adaptation strategies implemented by Unilever cannot represent the adaptation process of all multinational companies currently operating in Vietnam, its success and shortcomings are still valuable lessons for other businesses. Hence a case study is sufficient within the scope and for the purpose of this study.

2.2 Research process

After the initial steps of choosing the topic and forming the research questions, the research process continues with defining the related concepts and presenting the relevant theories that would be employed later to analyze the empirical data. The core concepts that were clarified in this study included ‘culture’, ‘national culture’, ‘corporate culture’ and ‘cultural adaptation’ since they were broad concepts that could be understood in many ways, which might lead to misunderstanding without
clear definitions used for specific purposes of this research. Subsequently, Hofstede’s five dimensions of culture were presented as they were used as the main framework to compare Vietnamese national culture and Unilever business culture. A conceptual framework was then developed to provide a description of the relationship between the concepts being used (Fisher, 2004, p. 120). Thereafter, empirical data were collected from both secondary sources and interviews. The search for secondary data and the construction of interview questions were made based on different cultural values classified in Hofstede’s dimensions. Those data were then interpreted and analyzed in accordance with Hofstede’s framework before a conclusion was drawn out from all those arguments and explanations.

Figure 1. Research process
(own creation)

In order to provide a clear and thorough conclusion, some tables have been used to summarize all the findings and analysis of the study. The first two columns ‘Unilever corporate culture’ and ‘Vietnamese business culture’ listed the cultural values of Unilever and Vietnamese people, which were then brought forward for comparison. The third column ‘Comparison’ pointed out whether the values presented in the first two columns resembled or differed from each other, from which advantages or disadvantages for Unilever when operating in Vietnam were indicated. The forth column ‘Unilever Vietnam’ contained different strategies of Unilever Vietnam to make use of the advantages, overcome the disadvantages and solve the problems caused by bad adaptation strategies. The final
column ‘Conclusion’ was where comments on the company’s adaptation strategies were given and suggestions were made. In the tables, some special symbols and text colors were used to clarify the inside content, which will be explained in more detail later in this study.

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<tr>
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<th>Vietnamese business culture</th>
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<th>Unilever Vietnam</th>
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Table 1. Summary table

(own creation)

### 2.3 Selection criteria

#### 2.3.1 The selection of company and country of destination

Unilever is a large multinational corporation with strong and widely recognized corporate culture, which was first established in England and Holland and currently has its headquarter located in the United Kingdom (*Introduction to Unilever*, 2012). The social values and ethics of those Western countries of origin of the company are considerably different from those of Eastern nations (Yang Liu, 2008), Vietnam included. Its founders and its top managers over time that held the power to affect and made changes to corporate culture were also Europeans, who had unique attitudes and beliefs compared to the Asian. For these reasons, choosing such a company will give the authors greater chances to make a more comprehensive comparison between its global core values, which were significantly affected by the initial and central culture at its headquarter, and the values it tried to adopt when entering a foreign Asian market.

#### 2.3.2 The selection of interviewees

Culture is not, in all cases, consciously and purposely developed by the managers in charge in an organization. Rather, many cultural values derive from the personalities and beliefs of all organizational members (Jones, 2010, p. 213-214). Culture not only appears in the strategic thinking of top managers but also shows its face everywhere in the daily operation of a company. For those reasons, people working at different levels of the corporation were chosen for the interviews in order to get a more comprehensive insight into its corporate culture.

Firstly, an interview with the Finance Manager of Unilever Vietnam was made to get information about management and leadership style at Unilever as well as the organizational hierarchy, which directly affects the corporate culture.
Secondly, an interview with the former Channel Activation Manager of Unilever Vietnam was also implemented to find out more about the management strategies as well as her feelings when and after working for the company. Whether the reason for her decision to switch to another company related to Unilever itself was also taken into consideration. As culture values are difficult to change in the short-term (Schwartz & Davis, 1981), in addition with the fact that the former manager left the company only one year before the interview, the information gathered from her was still highly trustworthy. Furthermore, since the interviewee is not currently working for the company, she was likely to be free from the bias caused by the avoidance of negative answers. In addition, she decided herself to shift to another job, thus the prejudice resulted from being sacked also did not exist.

Thirdly, one employee, the Assistant Brand Manager, was asked to share his degree of satisfaction from his work, his relationship with colleagues and superiors and his involvement in the company’s important decisions. Other aspects related to Unilever culture were also questioned.

2.4 Data collection

In this study, both secondary and primary data were collected to support and complement for each other.

2.4.1 Secondary data

In this research, secondary data were obtained from different sources, including previous research, newspapers, journals, articles and the World Wide Web. The databases provided by Mälardalen university such as ABI/INFORMS Global, DiVA, Google Scholar etc. were also utilized. Keywords like ‘cultural adaptation’, ‘cross-culture management’, ‘national culture’, ‘corporate culture’ were employed in the search for relevant information from those databases. Initially, those data has formed the basis to give a general idea about the broad area of cultural adaptation. They then helped to narrow down the scope of the research by helping to highlight what kinds of cultural problems are more available to study and more relevant to bring out the core issues of the subject. They also provided support throughout the research process to make the arguments more authentic.

2.4.2 Primary data

Through a number of interviews, primary data were collected to provide realistic information of the problems in question. Semi-structured interviews were conducted in the aim of following up the main issues that have already been addressed right from the start, which is consistent with the structured approach, yet still giving space for the respondents to freely express their thinking and knowledge (Fisher, 2007, p. 159). The interview questions are available in the appendix 2.
Initially, the authors tried to contact managers of the Human Resource Department and managers in charge of corporate culture of Unilever Vietnam, but as Unilever was too big, it was impossible to reach people at such high positions. However, it was much easier to get into contact with employees and middle managers. Through the introduction of some acquaintances, the authors finally could get the acceptance for interviews from one manager, one employee and one former manager of the company. All the interviews were first made by phone. Although phone interviews are not as convenient as direct meetings but they are still enough to find out how people respond to a specific issue (Fisher, 2007, p.169). Face-to-face interviews were impossible because of geographical distance (the authors were studying in Sweden while the interviewees were working in Vietnam) thus complex questions that require detailed or long answers may be restricted (Fisher, 2007, p. 169). For this reason, when conducting the interviews, the authors also asked for other chances to contact the interviewees again by email in case of additional or complex questions. Some email interviews were then also made to follow up the questions that had already been asked and to add some more questions that arose during the research process.

2.5 Research materials assessment

After all the necessary research materials have been collected, an assessment of those data’s quality is implemented for the purpose of strengthening the trustworthiness of the whole research. As qualitative approach is chosen for this study, it might be irrelevant to apply assessment criteria that are usually used for quantitative research like validity and reliability (Agar, as cited in Krefting, 1990, p. 214). Therefore, Guba’s model of trustworthiness of qualitative research with four assessment criteria is employed instead since it is “comparatively well developed conceptually and has been used by qualitative researchers” (Krefting, 1990, p. 215).

➢ Truth value (credibility)

In qualitative research, “truth value is usually obtained from the discovery of human experiences as they are lived and perceived by informants” (Krefting, 1990, p. 215). As suggested by Guba & Lincoln (1985), in order to obtain the truth value, it is important for researchers to test their findings on various groups and on persons who are familiar with the phenomenon being studied. Therefore, three people who are currently or used to be employees of the company and thus have themselves experienced the cultural exposal in the organization were chosen to be interviewed. Also, almost the same set of questions were given to those interviewees who are at different positions of the corporation and therefore are likely to have different viewpoints so as to obtain multiple perspectives of the
concerning problems, and to confirm each other’s answers. Furthermore, the information collected from the interviews was double-checked by comparing with secondary data to ensure that all materials used were uniformed.

➢ Applicability (transferability)

Applicability refers to “the degree to which the findings can be applied to other contexts and settings or with other groups; it is the ability to generalize from the findings to larger population” (Krefting, 1990, p. 216). As argued by Guba & Lincoln (1985), in qualitative research, this criterion is met when it is possible to transfer the findings to other contexts outside the study situation, given a reasonable degree of similarity or goodness of fit between the two contexts. They also noted that in order to solve the problem of applicability, it is enough for qualitative researchers to provide sufficient data for comparison. Due to that, Hofstede’s framework of cultural dimensions which is considered one of the most widely and commonly used model was employed in this study, giving opportunities for people who wish to compare the results of their research using the same theory. As Hofstede’s theory is still now opening for debate, some critical views of this model were also presented. In addition, by studying such a strong and typical successful case, useful lessons may hopefully be drawn out for other multinational companies which are currently interested in the Vietnamese market; and in this way this study might also be applicable in a broader context.

➢ Consistency (dependability)

The consistency of the data considers “whether the findings would be consistent if the inquiry were replicated with the same subjects or in a similar context” (Krefting, 1990, p. 216). In the case of this study, secondary data have helped to verify the dependability of the information collected from the interviews, i.e. increase the likelihood to get the same answers if other employees are chosen to be interviewed. Furthermore, before being used as references, the secondary data sources were always examined carefully for dependability. Books of well-known authors obtainable from the university library, articles and journals retrieved from the university databases took highest priority as they were the most reliable sources. In case of less dependable data sources like online sources, only the articles and documents with identifiable authors and dates of publication, and highly trustworthy webpage such as the company official website, Vietnamese government agency website etc., were employed for this study.
Neutrality (confirmability)

Neutrality is “the freedom from bias in the research procedures and results” (Sandelowski, as cited in Krefting, 1990, p. 216). With the view to achieving the freedom from bias, the authors tried to avoid subjective judgments on the native cultural values; rather, all the values brought forward in this study are gathered from Hofstede’s model as well as other established and reliable research work. Other data like the cultural values of the company were also determined solely by the informants and official publications of the company. The only involvement of the authors was to filter and choose the most relevant cultural values that have been double-checked for credibility and dependability to bring into the analysis.
Chapter 3: THEORETICAL FRAMEWORK

In this chapter, the relevant theory and framework that will be applied to analyze the collected empirical data are presented. Main important concepts are also clearly defined.

3.1 Culture

3.1.1 An overview

“For without culture or holiness, which are always the gift of a very few, a man may renounce wealth or any other external thing, but he cannot renounce hatred, envy, jealousy, revenge. Culture is the sanctity of the intellect” - William Butler Yeats.

“Culture” has its origin in mid 15th century, derived from the word “cult”. In Latin, “cultura” originally meant “the tilling of land”, or “a cultivating agriculture”, figuratively “care, culture, and honoring”. The figurative sense of “cultivation through education” is first introduced c.1500. In 1805, “culture” was referred to as “the intellectual side of civilization” and has been understood as “collective customs and achievements of a people” from 1867 (Harper, 2012).

In English, “culture” does not only limit its meaning to “the cultivation of soil” but refers to a more complicated interpretation – the training and refining of the mind, manners, taste, etc. or the result of this. Culture plays an important role in determining the identity of a human group, in the same way as personality determines the identity of an individual (Hofstede, 1984, p. 21)

It is not easy to define culture. Anthropologists view culture in different ways and lots of researches have been done with a view to acquiring a complete and sophisticated understanding of culture. Kroeber and Kluckholn, during their study, had identified more than 160 definitions of culture. According to Tylor (as cited in Ajmal, Kekale, Takala, 2009, p. 346) culture is “a complex whole that includes the knowledge, beliefs, art, law, morals, customs, capabilities and habits that are acquired by an individual as a member of society”. Clark (1990, p. 66), described culture as “a distinctive, enduring pattern of behavior and/or personality characteristics”. From anthropologists Hall and Hall’s point of view (as cited in Doney, Cannon, Mullen, 1998, p. 607) culture is a system for creating, sending, storing, and processing information. Hofstede, (2001), in his book, Culture’s Consequences, defined culture as “the collective programming of the mind which distinguishes the members of one group or category of people from another” (p. 9), with the key expression being “collective programming”. However, among more than 160 different definitions of culture, anthropologists Kroeber and
Kluckholn (as cited in Adler, 2008, p.18) came up with one of the most comprehensive and generally accepted definitions: “Culture consists of patterns, explicit and implicit, of and for behavior acquired and transmitted by symbols, constituting the distinctive achievement of human groups, including their embodiment in artifacts; the essential core of culture consists of traditional (i.e., historically derived and selected) ideas and especially their attached values; cultures systems may, on the other hand, be considered as products of action, on the other, as conditioning elements of future actions”. Culture, in this sense, is something shared by all members of a given society. It is passed from older members onto younger members and has great influence in shaping their behavior, attitudes and their perception of the world (Adler, 2008, p. 19).

3.1.2 National culture

National culture is defined as the values, beliefs and assumptions that are learned in the early childhood and distinguishes one group of people from another (Beck and Moore, Hofstede as cited in Newman and Nollen, 1996, p.754). Tayeb (2003) further explained that, there is “a constant thread through our lives, which makes us distinguishable from others, especially those in other countries: this thread is our national culture” (p. 13). It is imbedded deeply in people’s everyday life and therefore impervious to change (Newman and Nollen, 1996, p. 754).

However, when discussing cross-cultural matters, it’s necessary to carefully distinguish “culture” from “nation” (Tayeb, as cited in Browaeys &Price, 2008, p. 13). As a result of economic integration, the cultural boundaries between nations are becoming less and less obvious and significant cultural differences may exist even within one country (Fukuyama, cited in Doney, Cannon, Mullen, 1998, p. 607). To strengthen the argument that culture cannot be equated with the geographical boundaries of nations, Tayeb (2003) takes the Kurds as an example. Although Kurdish people have a distinctive cultural identity, they do live in three nation states – Turkey, Iran and Iraq. Obviously, one culture does not limit itself to the political boundaries of only one nation state. Neither is it necessary that norms and values are shared by all nationals or consistent across all segments of a population (Doney, Cannon, Mullen, 1998, p. 607). On the contrary, national culture is a characteristic of a large number of people having similar background, education and life experiences (Doney, Cannon, Mullen, 1998, p. 607).
3.2 Corporate culture

3.2.1 What is corporate culture?

Organizations are made up by people. Therefore, the interactions between people inside an organization to some extent affect organizational performance and its effectiveness in achieving its strategic goals (Jones, 2010). Those interactions are embodied in and led by organizational culture, or its equivalent in the US, corporate culture (Browaeys & Price, 2008, p. 30). More specifically, it is the shared values and beliefs absorbed in the organization that orient the way people treat their subordinates, superiors, customers, suppliers, shareholders, and each other (Dolan, S.L., Garcia, S. & Auerbach, A., 2003, p. 30). Although organizational culture has proved to be such an important concept, defining it has never been easy. In fact, few concepts in organizational theory have as many different and competing definitions as “organizational culture” (Barney, J.B., 1986, p. 657). Among a number of definitions brought forward, a common one that is consistent with most of the research is used in this study: “Organizational culture is the set of shared values and norms that control organizational members’ interactions with each other and with people outside the organization.” Organizational culture controls the way members make decisions, the way they interpret and manage the organizational environment, what they do with information, and how they behave (Jones, 2010, p. 201).

The values that make up organizational culture consist of two contributory factors, namely the desired end states or outcomes that the organization wishes to achieve and the desired modes of behaviors that the organization encourages its employees to adopt (figure 2); together they are translated into specific norms, rules and standard operating procedures that harmonize organizational members’ relationship and unite a “group of people” to form an “organization” (Jones, 2010, p. 201-202). Although people usually talk about organizational culture in the singular, all firms have multiple cultures – usually associated with different functional groupings or geographic locations (Kotter & Heskett, 1992, p. 5). It means that an organization normally has not only one dominant culture but also a number of subcultures which are the shared understandings among members of one group/department/geographic operation. As a result, when learning about the culture of a specific organization, we usually mention its dominant culture – the core values shared by the majority of the organizational members (Sypher, 1990, p. 73). The coverage of this study, therefore, does not consist of the subcultures that exist at lower levels of the organization such as the two English and Dutch
Unilever companies or various organizational branches, departments and groups. Rather, only the dominant corporate cultural values are brought into the analysis.

3.2.2 Corporate culture as a source of competitive advantage

The seemingly clear relationship between corporate culture, effectiveness and performance has in fact not been evidently demonstrated in many pieces of research until recently (Kotter & Heskett, 1992, p. 9). This is due to the difficulties in matching a quite intangible concept like corporate culture which cannot be described by figures or numbers with a more obvious factor like organizational performance which can easily be seen through financial statements and quantitative inspections (Sorensen, 2002, p. 70). This, however, does not mean that the impact of corporate culture on long-term economic performance has no factual grounds. Indeed, since the 1980s, after the publication of a Business Week article on corporate cultures which aroused considerable interest on that topic (Allaire & Fisirotu, 1984, p. 194), businesses have increasingly acknowledged and given mind to the association between
Cultural adaptation of Unilever in Vietnam

Corporate culture and financial performance, and also thenceforth improving an organization’s success through aligning its culture became a popular focus of work (Hanaberg, 2009, p. 1). In his book on organizational theory, Jones (2010, p. 201) asserted, “just as an organization’s structure can be used to achieve competitive advantage and promote stakeholder interests, an organization’s culture can be used to increase organizational effectiveness... Culture affects an organization’s performance and competitive position”. Susan et al. (1997, p. 7) also confirmed that “rather than seeing culture as a problem to be solved, there is evidence that culture can provide a source of competitive advantage”. The topic of culture and effectiveness is now of higher importance in organizational studies for those reasons.

3.2.2.1 Strong culture

Also within Kotter & Heskett’s scope of arguments, the extent to which a specific culture fits the current situations of a firm should also be brought into consideration. This second perspective asserts that the content of a culture, in terms of which values and behaviors are common, is as important, if not to say more important, than its strength (Kotter & Heskett, 1992, p. 28). Although until recently, the dominance of American theory has more or less created and strengthened an opinion that “one size fits all”, and that effective US management practices or prominent managing style will be effective and prominent anywhere (Newman & Nollen, 1996, p. 753), it is still a wide and deep belief that there is no such thing as a “good” or “win” culture that can be well applied everywhere to every organization in every financial and social condition. Instead, a culture can only be considered “good” if it fits its context, which is the culture of the nation or the society where it is operating, the industry or the segment of the industry specified by the firm’s strategies or the business strategies themselves (Kotter & Heskett, 1992, p. 28). A strong yet unreasonable culture cannot bring about excellent performance. From this second perspective, it is suggested that such excellent performance should only be linked to contextually or strategically appropriate culture. The better the fit, the more effective the operation and the higher the performance (Kotter & Heskett, 1992, p. 28).

3.2.2.2 Strategically appropriate culture

Also within Kotter & Heskett’s scope of arguments, the extent to which a specific culture fits the current situations of a firm should also be brought into consideration. This second perspective asserts that the content of a culture, in terms of which values and behaviors are common, is as important, if not to say more important, than its strength (Kotter & Heskett, 1992, p. 28). Although until recently, the dominance of American theory has more or less created and strengthened an opinion that “one size fits all”, and that effective US management practices or prominent managing style will be effective and prominent anywhere (Newman & Nollen, 1996, p. 753), it is still a wide and deep belief that there is no such thing as a “good” or “win” culture that can be well applied everywhere to every organization in every financial and social condition. Instead, a culture can only be considered “good” if it fits its context, which is the culture of the nation or the society where it is operating, the industry or the segment of the industry specified by the firm’s strategies or the business strategies themselves (Kotter & Heskett, 1992, p. 28).
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3.3 Hofstede’s five dimensions of culture

Cultural differences explain the variety in the behavior of people from different background (Hofstede, 1984). However, what is the effective tool to study cultural differences has been a challenge for scholars in cross-cultural management study. Throughout the history, there has been a dispute over the unique and comparable aspects of culture. Using the metaphor of apples and oranges, some believe that cultures cannot be compared to each others, whereas the others argue that both fruits can be compared on a number of aspects, such as prices, weight, color, nutritive value and durability. However, the selection of these aspects raises another question as to what is important in fruits (Hofstede, 2001, p. 24). In an attempt to find a scale on which different cultures can be positioned against each other, Geert Hofstede conducted a international employee attitude survey program from 1976 to 1973, in a large multinational corporation: International Business Machines (IBM). The base data was collected and analyzed from the answers to more than 116000 questionnaires from 72 countries in 20 languages. He found that national culture explained the differences in family, school and work values. He identified four dimensions that managers and employees varied on, namely power distances, uncertainty avoidance, individualism/collectivism, masculinity/femininity. In 1991, a fifth dimension – long term/short term orientation – was added, as a result of a new cross-national study, Bond’s Chinese Value survey (Hofstede, 2001).

3.3.1 Power distance

The term “power distance” was originally developed by Mauk Mulder, a Dutch social psychologist who carried out experiments in the 1960s to investigate interpersonal power dynamics.
“Power” is defined as “the potential to determine or direct, to a certain extent, the behaviour of another person or other persons more so than the other way round” (Mulder, 1977, p.90).

The concept of power distance is closely related to human inequality and how a society handles it. Inequality and power are fundamental issues in any country; however different cultures will have different acceptance of the unequal distribution of authority in organizations and institutions (Hofstede, 2001, p. 79-83). As defined by Hofstede (2001), power distance between a boss and a subordinate is “the difference between the extent to which the boss can determine the behaviour of his subordinate and the extent to which the subordinate can determine the behaviour of his boss” (p. 83). Power distance also reflects people’s perception of inequality. People in countries with high power distance index view inequality as the basis of societal order and hierarchies is an existential system to exercise power and control people, whereas in a low power distance society, inequality is seen as a necessary evil that needs to be minimized and hierarchy is considered an arrangement of convenience (Hofstede, 2001, p.96-98)

Power distance in societies also plays an important role in explaining key differences between organizations’ structure and management process, and subordinate-superior relationship. Hofstede (2001, p.107) observed that organizations in high-power distance culture tend to have tall organization pyramids, with a centralized decision structure, and therefore, more concentration of authority, compared to the flat organic pyramid and decentralized decision structure of those in low-power distance society. Wojcieck & Bogusz (1998) also found that, in countries with high power distance index, such as India, Philippines and Venezuela, the act of bypassing is considered to be insubordination by managers; whereas in countries with low rankings in power distance index, such as Israel and Denmark, employees are expected to bypass their bosses frequently if it help them to get their work done faster and more efficiently. More specifically, some key differences between low- and high- power distance societies displayed at the workplace can be summarized in the table below.
### Low power distance | High power distance
---|---
1. Decentralized decision structures; less concentration of authority | 1. Centralized decision structures; more concentration of authority
2. Flat organization pyramid | 2. Tall organization pyramid
3. Managers rely on personal experience and on subordinates | 3. Managers rely on formal rules
4. Subordinates expect to be consulted | 4. Subordinates are expected to be told
5. Consultative leadership leads to satisfaction, performance, and productivity | 5. Authoritative leadership and close supervision lead to satisfaction, performance, and productivity
6. Consultative leadership leads to satisfaction, performance, and productivity | 6. Subordinate-superior relations polarized, often emotional
7. Narrow salary range between top and bottom of organization | 7. Wide salary range between top and bottom of organization
8. Privileges and status symbols for managers are frowned upon | 8. Privileges and status symbols for managers are expected and popular

Table 2. Some key differences between low- and high-power distance societies displayed at the workplace
(Hofstede, 2001, p. 107-108)

#### 3.3.2 Uncertainty avoidance

In the book *A behavioral theory of the firm*, Cyert and March (1963), came up with the term “Uncertainty Avoidance”, which referred to an organizational phenomenon and was used as one of the major rational concepts in their theory. Borrowing the term from Cyert and March, Hofstede used it to describe the extent to which people in a society feel nervous or threatened by uncertain or unknown situations (Hofstede, 2001, p. 161).

At an organizational level, Hofstede (2001) found out that the extent of uncertainty avoidance would have a direct effect on employees’ loyalty and their duration of employment; their tolerance of ambiguity in structures and procedures; flexible or fixed working hours, and the extent to which innovators feel constrained by formal rules.
<table>
<thead>
<tr>
<th>Low uncertainty avoidance</th>
<th>High uncertainty avoidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Weak loyalty to employer; short average duration of employment</td>
<td>1. Strong loyalty to employer, long average duration of employment</td>
</tr>
<tr>
<td>2. Tolerance of ambiguity in structures and procedures</td>
<td>2. Highly formalized conception of management</td>
</tr>
<tr>
<td>3. Innovations welcomed but not necessarily taken seriously</td>
<td>3. Innovation resisted but, if accepted, applied consistently</td>
</tr>
<tr>
<td>4. Flexible working hours not appealing</td>
<td>4. Flexible working hours popular</td>
</tr>
</tbody>
</table>

Table 3. Some key differences between low- and high-uncertainty avoidance societies displayed at the workplace
(Hofstede, 2001, p. 169-170)

3.3.3 Individualism and Collectivism

This dimension describes the relationship between an individual and the collectivism in human society. Individualism exists in a loosely-knit society where an individual is expected to take care of himself/herself and his/her immediate family only. Collectivism, in contrast, “stands for a society where people from birth onwards are integrated into strong, cohesive in-groups, which throughout people’s lifetime continue to protect them in exchange for unquestioning loyalty” (Hofstede, 2001, p. 225). Members in collective cultures tend to share common goals and objectives instead of individual goals that focus on individual’s interest (Hofstede, 2001). Each culture has a different extent of individualism/collectivism. China, for example, is a strongly collective culture. Hsu (1971), argued that Chinese tradition does not have an English equivalent for the concept of “personality” like in Western culture. In Chinese, the term “jen”, meaning “man”, already includes the person’s intimate social and cultural environment, which makes that person’s existence meaningful. It is based on “the individual’s transaction with his fellow human beings”. In this sense, Chinese’s conception of “jen” stands in sharp contrast with the Western concept of “personality”, which is deeply rooted in individualism and emphasizes “what goes on in the individual’s psyche including his deep core of complexities and anxieties” (Hsu, 1971, p. 29).

People in individualistic and collective culture are expected to have different kinds of behavior and attitudes in the workplace. Relationship between employer and employee also differs significantly (Hofstede, 2001).
## Cultural Adaptation of Unilever in Vietnam

<table>
<thead>
<tr>
<th>Low individualism</th>
<th>High individualism</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Employees act in the interest of their in-group, not necessarily of themselves</td>
<td>1. Employees supposed to act as “economic men”</td>
</tr>
<tr>
<td>2. Relatives of employer and employees preferred in hiring</td>
<td>2. Family relationships seen as a disadvantage in hiring</td>
</tr>
<tr>
<td>3. Employer-employee relationship is basically moral, like a family link</td>
<td>3. Employer-employee relationship is a business deal in a “labor market”</td>
</tr>
<tr>
<td>4. Employees perform best in groups</td>
<td>4. Employees perform best at as individual</td>
</tr>
<tr>
<td>5. Training most effective when focused at group level</td>
<td>5. Training most effective when focused at individual level</td>
</tr>
</tbody>
</table>

Table 4. Some key differences between collectivist and individualist societies displayed at the workplace
(Hofstede, 2001, p. 244-245)

### 3.3.4 Masculinity and Femininity

Hofstede, (2001), defined Masculinity and Femininity as the two poles of a dimension of national culture. In a masculine society, social gender roles are clearly distinct: Men are supposed to be assertive, tough, and focused on material success; women are supposed to be modest, tender, and concerned with the quality of life. In contrast, femininity stands for a society in which social genders roles overlap: Both men and women are supposed to be modest, tender, and concerned with the quality of life (p. 297).

As proved by Hofstede (2001), masculinity and femininity influence the creation of different management hero types. In masculine cultures, manager is expected to be assertive, decisive, aggressive and competitive. In feminine cultures, the manager is an employee like any other and tends to be intuitive, cooperative and accustomed to seeking consensus (p. 318). Also, resistance against women entering higher jobs tends to be weaker in more feminine cultures (p. 318). In addition, Schaufeli and Van (1995) attributed the masculine versus feminine culture difference to the job stress levels among employees. In culture with high masculinity index, employees are under much higher stress than those in feminine culture. Furthermore, ways of handling conflicts in organizations are also affected by the masculine and feminine nature of society. In the United States and other masculine
culture, such as Britain and Ireland, conflicts are usually resolved by denying them or fighting until the best man wins, management tries to avoid having to deal with labour unions; whereas in feminine cultures such as Denmark, the Netherlands, and Sweden, people prefer to have conflicts solved through compromise and negotiation (Hofstede, 2001, p. 316).

<table>
<thead>
<tr>
<th>Low masculinity</th>
<th>High masculinity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Managers are expected to use intuition, deal with feelings, and seek consensus</td>
<td>1. Managers are expected to be decisive, firm, assertive, aggressive, competitive</td>
</tr>
<tr>
<td>2. More women in management</td>
<td>2. Fewer women in management</td>
</tr>
<tr>
<td>3. Smaller wage gap between genders</td>
<td>3. Larger wage gap between genders</td>
</tr>
<tr>
<td>4. Resolution of conflicts through problem solving, compromise, and negotiation</td>
<td>4. Resolution of conflict through denying them or fighting until the best “man” wins</td>
</tr>
</tbody>
</table>

Table 5. Some key differences between feminine and masculine societies displayed at the workplace (Hofstede, 2001, p. 318)

### 3.3.5 Long – versus Short – term Orientation

Long term orientation, also referred to as Confucian Dynamism, was recently added to Hofstede’s cultural framework, based on his global management survey with Chinese managers. Long term orientation, is defined as “the fostering of virtues oriented towards future rewards, in particular, perseverance and thrift”, whereas, short-term orientation stands for a fostering of “virtues related to the past and present, in particular, respect for tradition, preservation of “face” and fulfilling social obligations” (Hofstede, 2001, p.359).

Business in long term oriented cultures focus on building up strong relationships and market positions, managers have time and resources to make their own contributions. In short term oriented cultures, in contrast, immediate result is a major concern, and managers are constantly judged by it (Hofstede, 2001, p. 361). Moreover, having a personal network of acquaintances are of extreme importance in short term oriented societies, whereas in long term oriented culture, family relationship and business are quite separated (Hofstede, 2001, p. 362).
## Table 6. Some key differences between short- and long-term-oriented societies displayed at the workplace (Hofstede, 2001, p. 366)

<table>
<thead>
<tr>
<th>Low long term orientation</th>
<th>High long term orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Short term results are the bottom line</td>
<td>1. Building of relationships and market position</td>
</tr>
<tr>
<td>2. Family and business separated</td>
<td>2. Vertical coordination, horizontal coordination, control, and adaptiveness</td>
</tr>
<tr>
<td>3. Economic and social life to be ordered by abilities</td>
<td>3. People should live more equally</td>
</tr>
</tbody>
</table>

### 3.4 Criticism of Hofstede’s model

Since its publication, Hofstede’s cultural framework has been utilized in a wide variety of empirical research (Kirkman, Lowe & Gibson, 2006, p. 285). As claimed by Fang (2003), it is the most influential work to date in the study of cross-cultural management. However, despite growing use, Hofstede’s work on culture is still heavily critiqued regarding its reliability and validity. Kagitcibasi, (as cited in Blogget, Bakir, Rose, 2008, p. 340) found the reliability of Hofstede’s dimensions to be low while some other authors observed that there is a substantial overlap across the various dimensions (Bakir et al., 2000). In another study on the validity of Hofstede’s framework, Blogget, Baker, and Rose (2008) came up with the conclusion that Hofstede’s instrument did not have sufficient construct validity when applied at an individual analysis. There was a lack in face validity in a majority of items, low reliabilities of the four dimensions, and the factor analysis did not result in a coherent structure.

Furthermore, other researchers also criticized Hofstede’s work for oversimplifying the complex nature of national culture to four dimensions, using only one single multinational company as a basis for his conclusions about culture, not taking into account the changeability of culture over time, and its heterogeneity within any given country (Sivakumar and Nakata, 2001, p. 557). All of these critiques questioned the usefulness of Hofstede’s framework. In his study, Hofstede – Culturally questionable?, Jones (2007) emphasized eight arguments against Hofstede, including:

1. Relevancy: many researchers argue against the use of survey in Hofstede’s study, which is considered not suitable for accurately determining and measuring cultural disparity. This is reasonable given the fact that the variable being measured is culturally sensitive and subjective (Schwart, 1999, as cited in Jones, 2007)
2. Cultural homogeneity: Hofstede assumes that domestic population is a homogeneous whole, whereas, in reality, most nations consist of many ethics (Nasif et al, Redpath, as cited in Jones, 2007, p. 5). Furthermore, Hofstede also is criticized for ignoring the importance of community, and the variations of community influences (Dorfman and Howell, Lindell and Arvonen, Smith, as cited in Jones, 2007).

3. National divisions: According to McSweeny (2000), nation is not a suitable unit for analysis as culture is not necessarily defined by the boundary. However, Hofstede (1998, p. 481) argued that nation is the only means to identify and measure cultural differences.

4. Political influence: at the time of the survey, Europe was in the middle of the cold war and there was a communist insurgence in Asia, Africa and Europe. Because of the political instability, there was a lack of data from socialist countries as well as third world countries (Jones, 2007).

5. One company approach: Hofstede only based his research on one company IBM, however, as argued by Graves (1986, p. 14-15), Olie (1995, p. 135) and Søndergaard (1994, p. 449) a study based on one company cannot provide information that represents the whole culture of a nation.

6. Outdated: Some researchers suggested that the study was too old to hold values in the modern times, considering the rapidly changing global environment, internationalization and convergence (Jones, 2007).

7. Too few dimensions: According to Jones (2007), four or five dimensions cannot expose the complex nature of cultural differences.

8. Statistical integrity: Hofstede occasionally used the same questionnaire on more than one scale in his analysis. More specifically, there were 32 questions in the analysis with only 40 cases or objects corresponding to 40 countries, which may increase chance and the possibility of sample error (Dorfman and Howell; Furrer, as cited in Jones, 2007).

In 1991, Hofstede published Cultures and Organizations, a revised version of Culture’s Consequences, in which he included the fifth dimension of national cultural variance – Long term orientation. However, in contrast to the other four dimensions, the fifth dimension seemingly was not received enthusiastically by the cross-cultural community. Few studies adopted it as a research instrument and researchers in cross cultural management tend to avoid discussing about the fifth dimension (Fang, 2003, p. 350). Contributing to the dearth of debate about this dimension, Fang (2003), in his literature – A critique of Hofstede’s fifth national culture dimension – gave a careful assessment based on indigenous knowledge of Chinese culture and philosophy. He doubted the
viability of this dimension and pointed out its five drawbacks. First, it divides interrelated values into
two opposing poles, short-term (or negative) and long-term (or positive), which violated the Chinese
principle. Second, there is much redundancy among the 40 Chinese values in the Chinese Value Survey
of Hofstede, leading to the fact that the two opposite ends of Long term orientation are actually not
opposed to each others. Furthermore, Taoist and Buddhist values are not taken in into consideration in
Hofstede’s study, even though they have great influence on Chinese culture. Besides, there is
inaccurate English translation in the cross cultural surveys resulting in misinterpretation and
meaningless findings. Finally, he argued that Hofstede’s study of the fifth dimension does not use the
same techniques of factor analysis and the same sampling background of other dimensions.

To avoid the shortcomings in Hofstede’s research, many studies have been done to develop more
complete cultural frameworks. Schwartz (as cited in Ng, Lee & Soutar, 2007, p. 169) used
multidimensional scaling procedures to develop 7 value types, namely: conservatism, intellectual
autonomy, affective autonomy, hierarchy, mastery, egalitarian commitment and harmony, summarizing
into three dimensions: embeddedness versus autonomy; hierarchy versus egalitarianism; mastery versus
harmony. Conducted in 1991, and involving 62 of the world’s cultures. The GLOBE project (Global
Leadership and Organizational Behavior Effectiveness) also aimed to provide a cross-cultural research
that exceeds all others in scope, depth, duration and sophistication. They identified nine cultural
dimensions that would serve as their units of measurements, listed as follows: performance orientation,
uncertainty avoidance, humane orientation, institutional collectivism, in-group collectivism,
assertiveness, gender egalitarianism, future orientation, and power distance (Grove, 2005).

Though heavily critiqued, "Undoubtedly, the most significant cross-cultural study of work-related
values is the one carried out by Hofstede” (Bhagat and McQuaid, as cited in Jones, 2007, p. 2). According
to Social Science Citation Index, it is also more widely cited than other (cited 1800 times
through 1999; Hofstede, 2001, as cited in Kirkman, Lowe, and Gibson, 2006, p. 285). This is the
reason why Hofstede’s cultural framework was chosen as the base for this study. However, inspired by
Moreover, during the study, it was figured out that this dimension is not relevant to the empirical
findings. Henceforth, this dimension was not mentioned in our empirical findings and analysis.
3.5 **Vietnamese culture**

### 3.5.1 Some general straits of Vietnamese culture

Located in South Eastern Asia, Socialist Republic of Vietnam is a developing country with a rich cultural history. Vietnamese history is characterized by continuous independence wars against the colonization of foreigners: 1,000 years of domination by Chinese, 100 years by French, and 20 years by Americans (Vietnam, n.d.). In 1975, Vietnam officially won its independence, the North and the South of Vietnam was united and Vietnamese have been living in freedom under the Communist government since then (30-4-1975: Ngay giai phong Sai Gon thong nhat dat nuoc, n.d.).

#### 3.5.1.1 Religions

Vietnamese are strongly influenced by several major religious beliefs (Toan A, 1966-1967). Confirming this fact, Pham (1994) stated “It would be almost impossible to separate religion from the way of life of Vietnamese and other people in Asia” (p. 213). There are three main religions in Vietnamese culture which have a great influence on shaping Vietnamese cultural personality. **Buddhism** is the first one to be introduced to Vietnam and revolves around the concept of life in which suffering is caused by desire and thus desire can be eliminated by correct behaviour. **Confucianism** involves a code of ethics and morals, and emphasizes the hierarchy of the members of the society and the need to worship ancestors. It is more a way of life than a religion. **Taoism** (originating from Lao-tzu, a 6th BC philosopher) focuses on the natural movement of things towards perfection and harmony (Nguyen, 1985, p. 410). There are three other recently introduced religions, namely **Catholicism**, **Protestantism**, and **animistic beliefs**, but they are followed by a minority of Vietnamese (Nguyen, 1985, p. 410). These religions profoundly shape Vietnamese perception of life and their beliefs, and distinguish them from those of Westerners (Hoang, 2008, p. 54).

#### 3.5.1.2 Family

In Vietnamese traditional society, family is considered the fundamental social unit, which is the primary source of cohesion and continuity (Nguyen, 1985, p. 410). Vuong (1976) explained that “Not only do the Vietnamese feel deeply attached to their family, but they also are extremely concerned with their family welfare, growth, harmony, pride, prestige, reputation, honour, filial piety, etc” (p.17). Family value and bonding is the strongest motivation in a Vietnamese’s life. (Hoang, 2008) argued that these factors have a strong influence on their socialization, because “it is through the family that sound values and strong work ethic are passed down” (p. 57). Indeed, Vietnamese people have a proverb:
“Nhap gia tuy tuc”, meaning, when entering a family, follow its practices, which is quite similar to the Western saying: “When in Rome, do as the Romans do” (Puffer, 2004, p. 205).

### 3.5.1.3 Social relations

In his study *Culture and Management: A study of Vietnamese cultural influences on management style*, Hoang (2008) observed that Vietnamese people are gentle, friendly and hospitable even though they suffered war and destruction throughout their history (p.57). Establishing the right relationships is very important in Vietnamese culture, not only in social life but also at the workplace. The emphasis on relationship has its origin from an ancient cult overlaid with Confucianism from a thousand year under Chinese colonization (Borton, 2000, p. 21). According to Hoang (2008), “relationships with Vietnamese are often based on family relations, a shared past as well as friendship built up over time” (p.57). However, Michailova and Husted (2003) found that there still exists a continuing suspicious of foreigners in Vietnamese attitude. As they explained, this mistrust may come from Vietnamese experience of the long and continuous independence war against foreigners for autonomy. Therefore, Vietnamese people only feel comfortable and trust people they have known for a long time or who belong to their small circles, for examples, their neighbourhood, work colleagues, classmates. These closed circles create a deep network of trustable people (Holden at al., Napier and Thomas; Peng and Luo, as cited in Borton, 2006, p. 66). However, Vietnamese people do trust if the foreigner shows that he is honest and sincere about listening and supporting (Napier, 2006, p. 66), “if you are warm, sincere, tolerant, and respectful” (Engholm, 1995, p. 218).

Unlike Western people who are direct, Vietnamese people tend to be indirect. “In Western communication, the main point comes first and details follow. Vietnamese often use proverbs and parables that tell seemingly irrelevant anecdotes, describing contexts while spiralling so subtly toward the issues at hand, that Westerners may miss the point. This indirectness is a question of tact, not sincerity (Puff, 2004, p. 204).

### 3.5.1.4 Concept of time

Like most Asians, Vietnamese have an extended concept of time. They are expected to take longer time to make decisions or culminate a business deal (Smith, Pham, 1996). This elastic concept of time makes the oriental life style much less stressful and people do not have to rush. As a result, oriental people usually arrive late for appointments (Nguyen, 1985, p. 409) “Patience remains the ultimate Confucian virtue in personal life as well as in business” (Smith, Pham, 1996).
3.5.2 Vietnamese culture at the workplace

Through his observation and description, Hofstede described Vietnamese culture as high power distance, moderate uncertainty avoidance, low individualism and moderate masculinity (Hofstede, 2001).

3.5.2.1 High power distance

Quang & Vuong (2002); Scott, Bishop, & Chen (2003) claimed that there is a strong vertical relationship with high level of conformity, face saving, and social control in Vietnamese culture. Vietnam has had a highly centralized government and also a vertical hierarchy in business organizations for a long time (Clarke, 1996), which results in a centralized decision structure and high concentration of authority (Napier, 2006). Decisions that foreigners might see as straight forward or more suitable to be made by unit managers, are not considered so mundane in Vietnam and usually made by senior managers or even higher level managers (Napier, 2006 p. 64). As further argued by Lam Nguyen (2001), the high power distance culture has promoted the hierarchical authority in work settings and Vietnamese employees acknowledge and comply with this clear subordinate-superior relationship (p. 236).

Vietnamese administrative bureaucracy is quite a challenge for not only foreigners but Vietnamese as well (Borton, 2000). When asked about the country’s greatest challenges, the party secretary, Vietnam’s top leader, directly answered that “corruption and bureaucracy” (Phieu, 2000, as cited in Borton, 2000, p. 25). In any bureaucracy, including business, it is considered the worst mistake to bypass your managers. Once supervisors find out from someone else something they should have known directly from their subordinates, he will lose face and the negligent subordinate will, in turn, lose out (Borton, 2000, p. 25). This stands in contrast to Western countries such as Denmark, where bypassing maybe considered no problem by superiors (Adler, 2008, p. 55). Usually Westerners forget that the behaviours considered essential to working effectively in their home country cannot be applied in Vietnam (Borton, 2000, p. 25).

Vietnamese managers tend to adopt the authoritarian and familial styles of management, which means that they seldom consult subordinates’ opinions before making decisions. Employees do not have the freedom to decide their course of actions. However, in the transition toward a market economy, the younger generation of managers are more and more interested in practicing a participative style of management (Quang & Vuong, 2002).
Like other cultures which are influenced by Confucianism, Vietnamese show high respect for the elderly. Older people are expected to have more experience and wisdom, and in traditional extended families, the word of the father or grandfather is considered law by other members. In business, the oldest members are treated with great deference, regardless of his position or rank, whereas, young people are not taken seriously when it comes to making important decisions or having business expertise (Smith & Pham, 1996).

3.5.2.2 Moderate uncertainty avoidance

As asserted by Hofstede (2001), moderate uncertainty avoidance implies that Vietnamese people are threatened by ambiguous situations and try to avoid it by establishing more formal rules. They have a high level of risk aversion, delay to make immediate decisions when they feel uncertain, and reject abnormal ideas and behaviours (Quang & Vuong, 2002; Fan and Zigang, 2004).

In a survey conducted on 503 big consumer manufacturing companies in Vietnam, Cuong and Swierczek (2008) found that there is a bureaucratic orientation in Vietnamese companies, which, they suggested, “is perhaps due to working under policies and paper work as formal procedures toward middle managers”. Working on rules, paper work and policy slow down the pace work, however, at the same time, ensuring that they are on the right track and that mistakes are avoided (p. 164).

Quelch and Tan (1998) also observed that many Vietnamese workers are reported to be uncreative and unwilling to take responsibility to solve problems. As they explained, this mindset may be the result of a centrally planned economy set by the socialist government (p. 39).

3.5.2.3 Low individualism

Vietnamese always consider themselves as a part of a larger collective and strongly emphasize conformity to familial and social norms (Smith, Pham, 2003). Vietnamese people also have an “in-group” thinking style and prefer group activity and decision making that will bring benefits to the whole group instead of personal goals. They tend to work together in harmony and cooperate, seeking security and protection by being loyal to the group (Park and Vu, Scott et al, Fan & Zigang, as cited in Nguyen & Mujtaba, 2011). Western culture, on the other hand, places high value on the individual (Borton, 2000). These different values can cause misunderstandings in business. As put by Smith & Pham, (2003), “Praising or singling out an individual for attention or to reward in public, for example, is embarrassing to the individual concerned and will likely be counterproductive. Public rewards are best given to groups, not individuals”. To make it clearer, Vu & Napier (2006) gave an example of a
farewell statement by an American worker leaving Vietnam, which mentioned “I’ve been successful here, but only because of the support and efforts of all of you, my Vietnamese colleagues”. His intentions, by American culture and standards, were positive, heartfelt and gracious. However, they were interpreted as trying to draw attention to himself, even when acknowledging the help of other people, and was considered as a poor and pompous behavior (p.7). Such singling out of individuals is quite unacceptable in Vietnam as people see individual assertiveness as arrogance (Borton, 2000). It’s better to offer individual rewards in private (Smith & Pham, 1996). Similarly when it comes to criticism and censure, it should be handled privately, and if possible, indirectly. Public criticism and negative remarks can cause loss of face and thus resulting in embarrassment (Smith & Pham, 1996).

Nguyen & Mujtaba (2011) observed that most Vietnamese people develop an extensive network among friends, relatives, colleagues, and business partners, which is based on very close personal relationships. “People are said to have a good relationship only after successfully building trust among them and convincing each other that they all belong to the same in-group” (p. 236).

As in other Asian countries, family value is a dominant feature in Vietnamese culture, which can be observed in their business management style. Managers are not only concerned with their employees at work, but also interested in their employees’ family life and usually do their best to provide social support. Employees’ relatives are given priority in recruitment and funds are raised to help employees with financial problems (Quang & Vuong, 2002). Also, Vietnamese workers tend to see the company as their second family (HR Solutions Vietnam, 2010, p. 24).

3.5.2.4 Moderate masculinity

As result of the Chinese colonization in history, Vietnamese culture is influenced by Chinese Confucianism, which emphasizes the dominance of males (Knodel et al., 2004) and places the restriction on women’s role and place in society (Dalton et al., 2001). Many Vietnamese folklore and literature also reflect this stereotype: a married woman had to serve her husband and his family by doing housework; bearing children was considered a duty (Cong Huyen Ton Nu, as cited in Dalton et al., 2001, p. 17). However, along with the development of the society, the difference in gender roles is also narrowed. Pham (cited in Dalton et al., 2001, p. 17) argued that the communist ideology and the Laws on Marriage and the Family have attempted to bring more gender equality within the society. During recent years, women have constituted a major portion in the labour force, both in agriculture and business sector. The gap between male and female proportion of the labour force is now becoming smaller and smaller within the young generation (Dalton et al., 2001, p. 17)
Despite this recent change, there still exists male-dominant attitude in business and most official activities. Vietnamese women who hold key positions in business are accorded respect due to that position, which in daily life, they may not have. Foreign business professionals in Vietnam are accepted and treated with respect, especially if they have strong professional reputations or high status in companies. Otherwise, it is hard for them to be taken seriously (Smith, Pham, 1996).

Vietnamese people believe that the ultimate goal of personal interactions is harmony rather than discord. Conflict and direct confrontation is always avoided. Vietnamese people emphasize the importance of fitting in harmoniously and avoid losing the other’s face. When it comes to conflicts, they prefer to come up with a win-win situation (Quang & Vuong, 2002). They do not usually say “no” because a direct refusal or negative answer is considered impolite and disrespectful, which may destroy the harmony of the relationship. This indirectness may cause potential cross-cultural misunderstandings with Americans, who consider disagreement and negative responses as a part of the negotiating process (Smith & Pham, 1996). It is also essential for foreign businessmen to understand “yes”. Instead of implying agreement, the phrase only means “I am listening” in Vietnamese culture (Klaus, Yen, Hung, 2006, p. 285). It reflects either an avoidance of confrontation or desire to please the addressee, rather than an affirmation of truth (Nguyen, 1985). Borton (2000) further strengthened this argument by mentioning the example of a U.S business woman who travelled to Vietnam for an event after hearing “yes, yes” to her request to attend, but in the end it turned out that her Vietnamese partners never invited her. As Borton (2000) suggested, such embarrassing and costly situation could have been avoided if there had been comprehensive consultation between the two parties (p. 29). Hofstede (1984) in his study, *Cultural dimensions in management and planning*, also emphasized the importance of understanding the art of indirect communication for people from individualist cultures when doing business in a collectivist culture (p. 89).

Self-control is another outstanding virtue in Vietnamese culture. People tend to restrain from complaining or expressing disagreement that may irritate or offend others. Emotion is seen as a sign of weakness, as it interferes with self-control. Therefore, superiors are expected not to be swayed by emotions nor let other people see that they are troubled by intimate feelings (Nguyen, 1985, p. 410). At work, Vietnamese also experience stress on a regular basis. However, they handle it in a different way, by holding stress and emotional problems to themselves, or within the extended family (Byleen, as cited in Nguyen & Mujtaba, 2011, p. 238). Though they do believe that stress has impact on their
health and cause major health problems, admitting stress is considered a sign of weakness and immaturity (Nguyen & Mujtaba, 2011, p. 238).

3.6 Cultural adaptation

3.6.1 What is cultural adaptation?

As defined by Das and Teng; Hallen, Johanson, and Seyed-Mohamed; Johnson et al. (as cited in Ando & Rhee, 2009, p. 19), cultural adaptation is “an effort to understand, learn about and adjust to its partner’s national and business culture”. Lin and Germain emphasized the need to be aware of cultural difference, then understand and make adjustment to accommodate it, when interacting with a foreign party (as cited in Ando, Rhee, 2009, p. 19). In agreement with Lin and Germain, Ghauri and Cateora (2006) argued that adaptation is the key concept to international marketing and willingness to adapt is a vital attitude (p. 98).

3.6.2 Cultural adaptation strategies

Many managers believe that the dominant corporate culture can prevail over national culture and thus can eliminate the impact of different national values on their business’s behaviours. In that sense, what really matters when running a multinational business is to deal with foreign customers, not to work with international colleagues in a multi-cultural environment that originated in another part of the world (Adler, 2008, p. 63). This viewpoint, actually, is superficial because people always bring the social values, norms and ethics that have absorbed in their daily thinking and activities throughout their life into their workplace. House et al. (as cited in Browaeys & Price, 2008, p. 32) has confirmed the predominance of national cultural values over organizational cultural value through his GLOBE research. Hofstede (as cited in Adler, 2008, p. 63) also argued that fifty percent of employees’ differences in attitudes and behaviours resulted from their national culture. Therefore, managing the differences between national and corporate culture, which can affect business performance to a great extent, is among the decisive factors that make up a company’s success: “A knowledge of the business culture, management attitudes and business method existing in a country and a willingness to accommodate the differences are important to succeed in an international market” (Ghauri & Cateora, 2006, p. 98).

As suggested by Ghauri, there are ten basic requisites that a multinational corporation should be able to meet when dealing with cultural differences: (1) open tolerance; (2) flexibility; (3) humility; (4) justice/fairness; (5) adjustability to varying tempos; (6) curiosity/interest; (7) knowledge of the country;
(8) liking for others; (9) ability to command respect; (10) ability to integrate oneself into the environment (Ghauri & Cateora, 2006, p. 103).

However, adaptation does not necessarily mean that companies have to give up their ways and completely change to conform to local customs. Instead, the key to adaptation is to remain oneself, and simultaneously develop an understanding and willingness to accommodate to the existing cultural differences, which might cause anxiety, frustration and misunderstanding of the host’s intentions (Ghauri & Cateora, 2006, p. 100). Browaeys & Price (2008, p. 33) further emphasized the importance of understanding the characteristics of the host country’s culture: “If awareness of cultural differences is consciously raised, then the ability to analyze the effectiveness of employing business policies in differing cultural environments is considerably improved”. However, getting to know the differences and their consequences on business performance is not an easy task. As argued by Dussauge, Garrette and Mitchell; Jewkes, Sawyers, and Stillerman; Coase, (as cited in Gannon and Newman, 2002, p. 67), an organization cannot develop all the critical knowledge necessary for growth within its internal borders but through a network of suppliers, buyers, universities, consultants, government agencies, and competitors. Strategic alliances, for this reason, are necessary. As alliance partners work together, they will develop greater cultural alignment, and greater ability to learn from each other, which can help them to overcome cross-cultural challenges (Gannon and Newman, 2002, p. 75). Native strategic alliances can also help multinational corporations realize more quickly and appropriately the advantages and disadvantages they are facing in certain cultural environment (Browaeys & Price, 2008, p. 172).

Sundaram and Black, Adler and Bartholomew (as cited in Gannon and Newman, 2002, p. 127) suggested that the key of effectiveness for multinational enterprises in dealing with cross-cultural differences is the extent to which they balance between the need to be differentiated and integrated in their various operating units across the world. There is a need to allow for the impact of local institutions and cultures on the effective operation of the organization, which is as important as the need to be integrated, controlled and coordinated by the central enterprise in order to provide economies and international learning.

3.6.3 Cultural adaptation in the Vietnamese environment

Vietnam, with its rich and abundant natural resources and strategically advantageous geographic location, had been the target for invaders to place controls and influences on throughout the length of its history. War damages together with the U.S. embargo have severely devastated the country’s
financial and human resources (Borton, 2000, p. 20). Rising up for 37 years until now, Vietnam has strongly restored itself to life and to the best of its ability caught up with the rapidly general global development. Thanks to the eagerness to learn and the ability to accommodate, Vietnam “has developed more in the last 10 years than in the previous thousand” (National Assembly delegate, as cited in Borton, 2000, p. 20-21). The Vietnamese is very quick to adapt, yet often carefully consider when facing fundamental changes: “Work style successful elsewhere will not transfer completely to Vietnam and may not transfer at all”. In fact, Vietnamese are “very Vietnamese, and very international” (Former North Vietnamese general military commander Vo Nguyen Giap, as cited in Borton, 2000, p. 21). Therefore, a deep understanding about Vietnamese history and cultural values as well as reasonable cultural adaptation strategies should be considered when doing business in such a country with dynamic, adaptive and inquiry spirit yet high ethnic self-esteem and rich cultural traditions (Le, 2009; Hang, 2012).

Borton (2000) has suggested a number of principles for doing business in Vietnam. According to her recommendation, multinational companies that come to Vietnam should listen and communicate in a Vietnamese voice. As Vietnamese have rather different ways of expressing ideas (Smith & Pham, 1996, Klaus, Yen, Hung, 2006, p. 285), it might lead to misunderstanding if a thorough grasp of the Vietnamese communication style is not achieved. Hire the best possible Vietnamese staff is also of high importance. The abundant, strong and dynamic workforce in Vietnam (Vietnam has a dynamic and strong workforce, 2007) is a great advantage for multinationals, but choosing the suitable and capable people among millions of candidates is really troublesome. Many Vietnamese job applicants attend workshops and classes on interviewing skills; they can say exactly what the interviewers want to hear from them. Therefore, appropriate interview structures and strategies together with a necessary level of understanding about Vietnamese people are essential to illuminate the underlying values and ability of the candidates. In the working process, employing step-by-step stages is also desirable. As corruption and embezzlement are still scoring significantly high and are more pervasive and apparent in Vietnam than in the West (Borton, 2000, p. 26; Ralston et al., 2006, p. 94), it is recommended that project funds should not be poured out for one time only; rather, they should be allocated throughout the implementation process. Also for that reason, it is essential to supervise staff and monitor projects closely, and to make and enforce a clear policy about commissions, kickbacks, envelopes, and gifts. Additionally, like in other cultural environment, building in a local contribution also helps to create and enhance relationships and trusts in local inhabitants, including local employees and customers.
Finally, *including midterm and final evaluations* in the evaluating process should also be carried out to reduce the pursuit at any cost of final results (Borton, 2000, p. 27-28).

Whatever adaptation strategies are employed, it is still certainly the case that a thorough knowledge of the native cultural values, norms and ethics as well as a willingness to accommodate the differences are the fundamental frame that guides the whole adaptation process, as already discussed in former part of this research.
Chapter 4: CONCEPTUAL FRAMEWORK

This chapter describes the conceptual framework that relates the concepts and theories being employed for this study in order to provide a clear picture of how empirical data are analyzed using those frameworks.

Figure 3. Conceptual framework
(own creation)

As put by Fisher (2007, p.126), conceptual framework is “formed of patterns of concepts and their interconnections”. In this study, the main concepts employed related to Hofstede’s framework of culture dimensions (the fifth dimension, long-term/short-term orientation, is excluded, as mentioned above). Those dimensions were used as the basis to make a comparison between Vietnamese business culture and Unilever corporate culture. From the similarities and differences recorded, advantages and disadvantages to Unilever when operating in Vietnam were also indicated. The cultural adaptation process of the company was then analyzed, which included the way the company exploited the advantages and overcame the disadvantages so as to create a strong and appropriate corporate culture,
one of its unique competitive advantages. What aspects the company succeeded in, and what aspects could still be improved were the final destination of this research work.
Chapter 5: EMPIRICAL FINDINGS

This chapter presents the empirical data collected from the interviews and from other secondary data sources.

5.1 Unilever corporate culture

5.1.1 Unilever global

“Unilever’s mission is to add Vitality to life. We meet everyday needs for nutrition, hygiene and personal care with brands that help people feel good, look good and get more out of life”. Vitality is the heart of Unilever’s business. Vitality defines what Unilever stands for: its values, what makes it different and how it contributes to society. It is the common thread that links its brands and it is central to the unique way it operates around the world (Our mission, 2012).

Unilever’s culture also embodies Vitality. To Unilever, “adding Vitality of life requires the highest standards of behavior towards everyone we work with, the communities we touch and the environments on which we have an impact” (Our mission, 2012). Unilever’s standards of conduct include honesty, integrity and openness, and with respect for the human rights and interests of its employees. It also respects the legitimate interests of those with whom it has relationships (Our principles, 2012).

With top leadership from 22 countries around the world, Unilever is considered one of the most culturally diverse corporations (“Introduction to Unilever”, 2011). The company’s deep roots in local cultures give it strong relationships with local people, i.e. local consumers, labour forces and suppliers, which then in turn bring global mission and expertise into local circumstances – “a truly multi-local multinational” (Our vision, 2012). In the Introduction to Unilever (2011) published on the company website, it has been firmly stated by Unilever that: “We have local roots with global scale” with the main strategy being “corporate reputation with local stakeholders”. Being so large and diverse, harmonization is always given prominence at Unilever. All Unilever employees are expected to avoid conflicts between their personal activities and company’s interests. “Unilever employees must not seek gain for themselves or others through misuse of their positions” (Our principles, 2012). However, gender mix is not what Unilever strives for. The company therefore always tries to balance the gender mix in its staffs and management system. More than 50% of its graduate recruits are women. Its task is to ensure that more women reach the top levels (‘Unilever sustainable living plan – Progress report...
2011”, 2012). Being such a large multinational corporation also requires Unilever to be a bureaucratic organization with lots of formal rules and procedures to cover every eventuality so as to orderly and smoothly run the business (Jones, 2005, p. 251). However, Unilever also tries to seek for a balance between a centralized and a decentralized decision making structure (Jones, 2005).

At Unilever, “ambitious plans are turned into reality by groups of like-minded people – people who share a common objective, attitude, outlook and passion”. Being a large business operating globally, teamwork is always of high importance. Contributing to a team’s success is the responsibility of all employees (Teamwork and leadership, 2012).

Although taking large risks is necessary thus is still implemented at Unilever, individual styles of risk-taking entrepreneurship are not really appreciated. It is even said that “Unilever was not the place for entrepreneurs”. Unilever, therefore, is usually considered as being a conservative and risk-averse organization (Jones, 2005, p. 252).

Unilever is also well-known for the quality of its training. 7,600 online training modules have been held globally. In 2011, 128,000 employees attended the Unilever Learning Academy’s courses (“Unilever sustainable living plan – Progress report 2011”, 2012).

Consistent with its mission of Vitality focus, Unilever places high attention on people and the environment. Being socially responsible has become one important part of Unilever’s global corporate culture since its first days of operations: “We have ambitious plans to grow our company, creating jobs and income for all whose livelihoods are linked to our success – employees, suppliers, customers, investors, and thousands of farmers around the world. But growth at any cost is not viable. We want to be a sustainable business in every sense of the word. So we have developed a plan – the “Unilever Sustainable Living Plan” – that will enable billions of people to increase their quality of life – without increasing their environmental impact” (“Unilever sustainable living plan”, 2012). More specifically, Unilever is committed to safe and healthy working conditions for all employees. It is also committed to developing and enhancing each individual employee’s skills and capabilities. It maintains good communications with employees through company based information and consultation procedures. As for environment protection, Unilever is also committed to making continuous improvements in the management of its environment impact and to the longer-term goal of developing a sustainable business (Our principles, 2012). Reducing energy (electricity and papers) consumption in its offices is among its main strategies in its sustainability living plan. 90% of its paper-based materials came from

5.1.2 Unilever Vietnam

Unilever Vietnam’s values stated in its employee handbook consist of:

- Dare to dream and dare to do;
- Learn everywhere and apply every day;
- Well-planning and accurately-acting;
- Cooperating and competing together;
- Determined to succeed and celebrate success.

(Unilever Vietnam, n.d., p.10)

Also in the handbook, Unilever clearly stated some other principles for employees when working for the company:

- Equal and fair opportunities will be given to all employees regardless of gender, age, nationality, religion, status of marriage etc. All the recruitment and promotion decisions are based on personal skills, ability and the suitability to the related position.
- All employees have the right to join in the process of performance evaluation. This helps employees develop their skills, knowledge and experiences. Performance evaluation is not a one-year plan or project. This is a continuous process from one year to another, which creates good conditions for all employees and managers assess the overall performance and design appropriate long-term strategies.
- At Unilever, all the training programs spring from specific needs of the company. The company encourages its employees to control their learning process and career development themselves. The HR Department and Training Department have the responsibility of guiding them. There are several different ways of learning the company holds out for its employees: learning right in the working process by receiving guidelines and instructions from their direct superiors and by collecting experiences through different projects, different group work and different subjects; learning outside the work through work shifting and market observations; self-learning via the internet and in the library, or learning from occasional courses, seminars and conferences.
- At Unilever, ideas and suggestions are strongly welcome. Employees can share their ideas directly to their superiors, to the HR Department or write to the suggestion mailbox. Those
ideas will always be highly appreciated as they show that the employee is caring for the company’s interests and consumers’ demand, and is seeking for better manufacturing methods.

- As for safety, health and environment, the company also firmly asserted that making its employees happy when working together in such a top company was always its foremost concern. Long-term success of the company requires commitment to standards of work ability and productivity based on good attitudes and health of all employees. Clear instructions of safety, health and environment are widely provided. The company also offers free helmets and at the same time obliges all employees to wear proper helmets when joining public traffic. Different disciplinary measures are available for those who do not follow that rule. Periodic medical check-ups are also mandatory. In addition, there is one clinic office in the company providing basic health service for all employees. Energy saving is highly recommended; lights, air-conditioners and other electronic devices should be turned off when not in use. Waste substances must not be poured directly into sewers; they should be cleansed and discarded in a proper way at the right place instead.

(Unilever Vietnam, n.d., p.12-28)

Employees are always considered among the most important resources of the company which play an indispensable role in the company’s overall success. When being asked about the factors that helped Unilever Vietnam achieve spectacular growth in 2009 when the economy was facing lots of trouble from the economic crisis, Mr. Marijn Van Tiggelen, Chairman of Unilever Vietnam at that time emphasized their intelligent, hard-working and persevering employees who had a passion to serve their customers with the motto “I want to make consumers’ life better”. Strategic alliances with government agencies like Ministry of Health, Ministry of Education and Training and Vietnam Women's Association were also formed with a view to understanding the Vietnamese environment, Vietnamese people and Vietnamese market and at the same time ensuring the implementation of its social responsibility commitments (Award of the Prime Minister on environmental protection, 2011).

By consistently caring for people and the environment, Unilever has been considered one of the leading companies in social responsibility and has been awarded lots of different prizes by the Vietnamese Government (Award of the Prime Minister on environmental protection, 2011). The new office building of Unilever Vietnam in Ho Chi Minh City has been recognized by the Ministry of Industry and Trade of Vietnam as “the most effective energy using office building” right in the first
year it was put into use in 2009 (Trung Quan, 2009). On March 2011, Unilever became one of the first corporations to be rewarded for outstanding achievements in environmental protection in the period 2005-2011 by the Vietnamese Prime Minister (Award of the Prime Minister on environmental protection, 2011).

5.2 Interview responses

In this part, the primary data that was gathered through the interviews is presented. The interview questions were arranged in the order of different manifestations in different dimensions of Hofstede’s model as well as other prominent aspects of the company’s corporate culture.

5.2.1 Dimension 1 – Power distance

Unilever Vietnam is a big company with a great number of official employees, lots of different departments and divisions and a tall organizational pyramid of hierarchy. The company’s top managers rarely involve in daily operations; their job focuses mainly on strategy designing. The centralized decision structure and the large number of different departments require many stages in order giving, working procedures and result reporting (Finance Manager, phone interview, May 5, 2012). There are five levels of hierarchy in the company which are named from one to five; each level is divided into several sublevels which are marked by alphabet letters. Newcomers begin with level 1A. After a certain working time with acceptable performance, employees will have the chance to get to higher levels. Level five is the highest in the company, which belongs to Chairman JV Raman. Below him, there are nine vice presidents (VP) at level four taking charge of different departments. Many managers at lower levels bear the responsibility to control different smaller parts of each department (Assistant Brand Manager, email interview, May 8, 2012). Only the chairman and some of the VPs are foreigners, the rest are all Vietnamese nationals. Consistent with such organizational structure with quite many layers of hierarchy, a large proportion of supervisory personnel have been observed (Former Channel Activation Manager, phone interview, May 5, 2012). Additionally, although it may depend on different managers in different situations, in general, superiors expect obedience. Bypassing by all means is not encouraged, even if it makes it faster and more efficient to get the work done. However, ideas and suggestions of subordinates to their superiors are always welcome. Moreover, when making decisions, formal rules always take the highest priority with all managers; personal experiences and subordinates come second when all formal rules have already been followed (Finance Manager & Former Channel Activation Manager, phone interview, May 5, 2012). At Unilever, there is always a clear and remarkable distinction in salary levels and privileges of employees and managers at various levels of
the hierarchy. Managers at high levels have more insurance options, more business expenses granted, more prerogatives given to their family etc. Nevertheless, subordinate-superior relations are not usually polarized. Sensible respect towards superiors is necessary, but managers often try to create comfortable atmosphere for their subordinates when working under their control (Finance Manager, phone interview, May 5, 2012). It was also confirmed that subordinates expected to work with moderately easy-going yet skilful and experienced managers, but it did not mean that they preferred consultative leadership. In contrast, they felt better with authoritative leadership because it could help them have straight-forward orientation and guidance for their work which then led to better performance and productivity. However, power abuse is unfavorable and can be reported to the Human Resource (HR) Department. There is a specialized unit in the HR Department that is in charge of receiving such ideas and complaints from employees of all levels in the company to come up with reasonable solutions (Assistant Brand Manager, phone interview, May 6, 2012). In addition, role ambiguity is not common; usually roles and tasks are clearly assigned. On the other hand, role overload is quite frequent (Finance Manager & Former Channel Activation Manager, phone interview, May 5, 2012).

Although having lots of departments with almost one thousand employees, the main office of Unilever in Ho Chi Minh City does not have many small rooms for each group of people like the major of other companies in Vietnam. Instead, the office is divided into several big rooms where everybody (except for top managers only) sits together, each has their own place where they can freely decorate and arrange their stuff (Assistant Brand Manager, phone interview, May 6, 2012). This design made it much more convenient for both managers and employees to communicate with each other and thus made their work more fast and efficient yet still comfortable for them when providing them their own space to work (Finance Manager & Former Channel Activation Manager, phone interview, May 5, 2012; Assistant Brand Manager, phone interview, May 6, 2012). Adding to that, the Assistance Brand Manager also expressed his feeling when working in such a nice and modern building: “It makes me feel more closely and obviously the serious and professional yet comfortable working environment here thus gives me a strong motive power to best finish my job”.

5.2.2 Dimension 2 – Uncertainty avoidance

At Unilever Vietnam, the average duration of employment is quite short; employees have rather weak loyalty to the company. As a result, the company has to recruit new employees almost all year round. At the same time, many current employees and managers quit their job at Unilever after just one or two years (Finance Manager & Former Channel Activation Manager, phone interview, May 5, 2012;
Assistant Brand Manager, phone interview, May 6, 2012). The former Channel Activation Manager was also one of those cases. She decided to move for another job after just one year working for the company. Among the reasons for this reality is the average age of employees in the company which is very low (mainly from 22-30) (Finance Manager, phone interview, May 5, 2012). This is due to the fact that Unilever is very attractive for those young candidates which have just graduated from their universities and are seeking for acceptable salary jobs with modern, dynamic and professional working environment where they can practice their knowledge and gain experiences. Those young and enthusiastic newcomers can easily adapt to the new environment but at the same time are always ready to shift to another job if they receive a better salary offer, given the same working conditions. Therefore, it is very frequent to see people come and go within one to three years, yet when their working duration has exceeded five years, that trend seems to lessen as employees feel truly pleased with what they devote and what they receive in the company. In such young and dynamic environment, opportunities are desired much more than security (Finance Manager, phone interview, May 5, 2012).

Another outstanding reason that makes it difficult for the company to retain its employees was also revealed. As the company is too big with lots of departments and layers, formal work procedures become complicated and time-consuming. At Unilever, totally different systems and processes are set up which require newcomers a lot of time to get used to them (usually from 3-5 months) compared to other multinational companies in Vietnam. Also, initial training at a large scale is not paid attention to; newcomers usually have to find out and adapt new rules and procedures themselves with only some instructions from their direct managers. Even with young and adaptive people, this is still a big trouble (Former Channel Activation Manager, phone interview, May 5, 2012). This is also among the reasons for the former manager’s decision to switch to another job besides the attractiveness of higher salary. Nevertheless, everything is much easier for people that have been acquainted with the rules and processes in the company; training for current employees is held regularly, both for hard and soft skills.

Besides occasional training, the company also holds online courses and encourages all its employees to join and practice themselves (Finance Manager, phone interview, May 5, 2012). The Assistant Brand Manager revealed that he once attended such course and found it really useful for his job. There is even a hot line to consult and give professional advice to all queries that might appear. At Unilever, performance is evaluated twice a year. If the evaluation results are not satisfactory, the HR department will have the responsibility to find out the problems and provide proper and on time training for the employees related. Dismissal is tried to be minimized as recruiting a suitable employee for a position and waiting for the employee to get used to work takes a lot of time and efforts (Former Channel
Activation Manager, phone interview, May 5, 2012). Moreover, as the company is just a small part of the large corporation Unilever Global thus main strategies usually drop down from the head quarter, big innovations at the subsidiary level are not necessarily encouraged. However, creative ideas in the working process are strongly appreciated, especially in such young and highly competitive environment. Last but not least, working time is not fixed; performance is evaluated according to the final results, not the amount of working hours (Finance Manager, phone interview, May 5, 2012).

5.2.3 Dimension 3 – Individualism/Collectivism
At Unilever Vietnam, work is usually organized and assigned in groups. Management is management of groups. Because of the large company size, training is also held for groups. Rewarding decisions, however, are usually given to groups as achievements are often obtained through the contribution of a whole group. (Finance Manager & Former Channel Activation Manager, phone interview, May 5, 2012; Assistant Brand Manager, phone interview, May 6, 2012). Relatives and acquaintances are not excessively preferred in hiring, yet with a frequently large number of applications into the company, it helps more or less in hastening the recruiting procedure. Especially, managers always try to maintain harmony and avoid conflicts among employees to keep a pleasant and comfortable working environment. Extra outdoor activities are held several times a year to strengthen the solidarity and increase work effectiveness in each department in particular and in the company as a whole (Finance Manager, phone interview, May 5, 2012).

5.2.4 Dimension 4 – Masculinity/Femininity
There is no gender discrimination in the company. Wage gap between genders does not exist. Wages are decided solely on the working time for the company, position and performance (Finance Manager & Former Channel Activation Manager, phone interview, May 5, 2012; Assistant Brand Manager, phone interview, May 6, 2012). There is also no distinction between male and female in recruitment as well as promotion. There were even more female than male employees and managers at Unilever (Assistant Brand Manager, phone interview, May 6, 2012). Managers are expected first to have real ability in working and solving problems; personal skills, decisiveness, assertiveness and competitiveness are of highest priority when considering promoting a manager. Features like sympathy and consensus towards subordinates are necessary to create a comfortable and motivating working environment, but not the foremost factors that define a good manager at Unilever (Finance Manager & Former Channel Activation Manager, phone interview, May 5, 2012).
5.2.5 Other aspects of Unilever’s corporate culture

At Unilever, employees’ life and health are always a big concern. All the interviewees revealed that they were very happy and satisfied with the company’s policies of caring for employees. In the main office in Ho Chi Minh City, there are one big kitchen with professional chefs to guide and teach cooking skills, one hair salon with experts to help design hair style, one gym with professional gymnasts and instructors, and one spa room, all of which are free for employees to come and use (Assistant Brand Manager, phone interview, May 6, 2012). The company also bought health insurance for all their employees, which allows them to examine and test medically at all hospitals in the city. Medical check-up is also held once a year, including cancer testing. In case any employee has cancer, all treatment expenses will be covered by the company. Besides, environment protecting is also of great importance. The company tries in many ways to foster employees’ consciousness to save energy such as sticking propaganda posters on the wall, remind employees to switch off their computers, lights, fans and other electronic devices when leaving the rooms, close the lifts twice a week etc. (Finance Manager, phone interview, May 5, 2012).

As a whole, both two current employees that have been interviewed stated that they were quite satisfied when working in such modern, professional, harmonized and comfortable environment.
Chapter 6: CASE ANALYSIS

In this chapter, all the empirical data collected are analyzed using the presented theories and frameworks. The analysis is arranged according to different dimensions of Hofstede’s model.

6.1 Power distance

In his research, Hofstede concluded that Vietnamese culture has a significantly high power distance index (Hofstede, 2001). In Vietnamese companies, there is a common pattern of a centralized decision structure and high concentration of authority. Most important decisions are made by senior managers at highest levels of the organization (Napier, 2006). At the same time, as a large multinational corporation with thousands of direct employees (in each subsidiary) and many different departments and divisions, Unilever has a tall pyramid of hierarchy that is usually associated with a centralized decision making system (Jones, 2010). The large number of hierarchical levels frequently observed at Vietnamese organizations is, therefore, rather advantageous for Unilever to build such a tall organizational structure. Working in such a familiarly centralized corporation, Vietnamese people are likely to accept complex procedures in reporting and receiving orders, obey their superiors, and feel normal with large wage gaps between different organizational levels. For those reasons, many manifestations of a centralized organization have been observed at Unilever Vietnam. Subordinates like to work with easy-going but skillful and experienced managers. Authoritative leadership is preferred than consultative leadership. Subordinates expect clear and straight-forward orders and guidance for their work, which makes it easier for them to get their work done fast and accurately (Assistant Brand Manager, phone interview, May 6, 2012). In most cases, superiors expect subordinates’ obedience and consider bypassing the worst mistakes (Finance Manager & Former Channel Activation Manager, phone interview, May 5, 2012). Also at Unilever, formal rules always take the highest priority when making decisions; personal experiences usually come second when all the rules have already been followed (Finance Manager & Former Channel Activation Manager, phone interview, May 5, 2012). Moreover, like in many other companies in Vietnam, there is a big distinction between employees and managers at different levels regarding salary, social status and other privileges (Finance Manager, phone interview, May 5, 2012). This seemingly unfair fact is actually taken for granted by Vietnamese workers and thus do not cause them disturbance or dissatisfaction.

However, the remarkably high score on power distance index implies some disadvantages. In line with the administrative management style, corruption has a deep root and spread widely in many
Vietnamese organizations (Borton, 2000, p. 25). In her research about cultural adaptation to the Vietnamese environment, Borton (2000) recommended that foreign companies coming to Vietnam should supervise staff and monitor projects closely. Unilever Vietnam has acknowledged this problem and established a large proportion of supervisory personnel (Former Channel Activation Manager, phone interview, May 5, 2012). Additionally, Borton (2000) also suggested that multinationals operating in Vietnam should allocate their project funds step by step and clarify all the policy related to commissions, kickbacks, envelopes, and gifts. Those may be useful ideas that Unilever should consider applying for its Vietnamese subsidiary, as corruption, which have rooted so deeply in the Vietnamese culture, will not be completely solved only by increasing supervisory personnel. Also, the clear and distinct relationship between superiors-subordinates in Vietnamese culture somehow prevents Vietnamese workers to express their thinking and creative suggestions. With the view to encouraging employees to share their comments and even complaints, Unilever set up a specialized unit in the Human Resource Department to receive those ideas from employees at all levels of the organization (Assistant Brand Manager, phone interview, May 6, 2012). This is, actually, a judicious strategy as it can increase employees’ satisfaction of working in such comfortable environment.

Despite the long dominance of the authoritative and familial management style in Vietnamese workplace, recently the Vietnamese young generation is more and more interested in a participative management style in the newly trend towards a market economy (Quang & Vuong, 2002). This trend again is beneficial to Unilever, given the fact that the company does not want to be too centralized and prefers a balance between centralized and decentralized decision structure (Jones, 2005). Unilever Vietnam has implemented a number of strategies to create a centralization-decentralization balance. The company’s top managers do not often involve in daily operation of the business; rather, they are more concerned with strategy planning and leave some important decisions for lower or unit managers to make (Finance Manager, phone interview, May 5, 2012). Although bypassing is undesirable, ideas and suggestions of subordinates to their superiors are always welcome (Finance Manager & Former Channel Activation Manager, phone interview, May 5, 2012). Superiors expect to be respected, but at the same time they try to create a pleasant atmosphere for their subordinates working under their control (Finance Manager, phone interview, May 5, 2012). The big common working rooms where everybody except for top managers sits and works together are an example of Unilever’s efforts in building up a modern and professional working environment as well as narrowing down the gap between superiors and subordinates (Assistant Brand Manager, phone interview, May 6, 2012). As a
whole, although a centralized decision making system and tall pyramid of hierarchical levels is still predominant at Unilever Vietnam, all these above-mentioned strategies to partly decentralize the existing tall organizational hierarchy have proved to be rather effective and, to some extent, have created a “serious and professional yet comfortable working environment” (Assistant Brand Manager, phone interview, May 6, 2012).

6.2 Uncertainty avoidance

Hofstede’s findings have ranked Vietnam as having a moderate uncertainty avoidance index (Hofstede, 2001). One of the most outstanding features of this dimension is that Vietnamese people rely a lot on former rules and regulations. High levels of risk aversion, the delay to make immediate important decisions, the rejection towards abnormal ideas and a bureaucratic orientation have also been observed (Quang & Vuong, 2002; Fan and Zigang, 2004; Cuong and Swierczech, 2008). This feature seems to be a real advantage to such a large multinational corporation like Unilever. As Unilever is a big company with a great number of employees and lots of layers, divisions and departments, a bureaucratic working and management system with many formal rules to cover all possible eventualities is necessary (Jones, 2005). Therefore, when coming to Vietnam, Unilever could keep running its business based on those complicated and time-consuming procedures without leading to too much inconvenience and objection from the native employees. It is henceforth not necessary for the company to make great changes in its established rules and procedures. However, this does not mean that Vietnamese people always feel totally comfortable with such complex formal working processes. Many Unilever employees are even disturbed by the company’s procedures which are too intricate and can be cut down to make their work more fast and efficient. New people coming to the company also usually have to spend lots of time to get used to those complicated rules (often 3-5 months). Deep training for newcomers, nevertheless, has not been paid proper attention. New employees often have to learn and adopt the rules themselves with only some instructions from their direct superiors (Former Channel Activation Manager, phone interview, May 5, 2012). The difficulties caused by complex formal rules and procedures for both new and current employees are actually among the reasons for very weak loyalty and a short employment duration at Unilever Vietnam (Former Channel Activation Manager, phone interview, May 5, 2012). This is also one of the biggest problems in the company till now.

In order to attract adaptive employees that can best fall in line with the existing complicated rules and procedures in the company, Unilever Vietnam offers a wide range of employment choice for young
and enthusiastic candidates who “dare to dream and dare to do” (Unilever Vietnam’s core values). In addition, the company’s modern and dynamic working environment is another attractive factor to young people. A young Vietnamese population with two thirds of national people being under the age of 35 (General statistics office of Vietnam, 2009) is a favourable condition for Unilever to implement this recruitment strategy. The average age of employees at Unilever is therefore very low; company members are mainly from 22 (newly graduated students) to 30 years old (Finance Manager, phone interview, May 5, 2012). With this strategy, Unilever has shown its effort to hire the best possible Vietnamese staff in its adaptation process to the Vietnamese culture, as suggested by Borton (2000). This recruitment policy is, to some extent, helps the company solve the problem of weak loyalty. However, it still has major drawbacks. Young people adapt more easily to new environment but at the same time are more eager to shift to another job with the same working conditions yet more attractive salary or promotion opportunities. This, again, causes short duration of employment (Finance Manager, phone interview, May 5, 2012).

In attempting to retain employees and increase the duration of employment, Unilever has simultaneously implemented some other strategies. Consistent with one of its core values “Well-planning and accurately-acting”, the company tries to clarify all the stages in the working process. Training courses, although are not organized solely for each newcomer entering the company due to the huge amount of newcomers all year round and the large organization size, are instead held widely for all current employees in many forms: online courses, seminars, conferences etc. (Unilever Vietnam, n.d.). Those courses aim not only at giving employees more knowledge and skills but also at getting employees to work more smoothly with complex formal procedures. A hot line to consult and give professional advice to all queries, especially those related to formal rules and procedures in the company was also established. Dismissal is minimized as it takes lots of time and effort to recruit a suitable person and wait for him/her to get used to work (Former Channel Activation Manager, phone interview, May 5, 2012). In line with the suggestion by Borton (2000), performance at Unilever is evaluated twice a year. All employees are encouraged to join the performance evaluation process to recognize their own strength and weakness as well as obtain the opportunities to learn from their colleagues (Unilever Vietnam, n.d.). Poor performance or mistakes rarely lead to immediate sack; rather, it is the responsibility of the Human Resource Department to review and find out the reasons so as to help the concerning employees improve (Former Channel Activation Manager, phone interview, May 5, 2012).
Additionally, Unilever believes that appreciating employees as a precious resource and treating them in the best possible ways are essential in retaining and motivating them to contribute to the company’s overall success. As it is clearly stated in the company’s employee handbook, making employees happy when working together at Unilever has always been its foremost concern. More specifically, flexible working time is allowed in the company; it is the final results rather than the amount of working hours that will be evaluated (Finance Manager, phone interview, May 5, 2012). This creates a comfortable atmosphere for employees to control their own job. Moreover, Unilever also set out a number of policies concerning its employees’ health and safety both inside and outside the company. Clear instructions of safety, health and environment are widely provided. All Unilever employees receive free health insurance that allows them to test medically at all hospitals in the city. Annual medical check-up are mandatory, including cancer test. There is also one clinic office in the company providing basic health service. Free helmets are offered to all employees entering the company etc. (Unilever, n.d.; Finance Manager, phone interview, May 5, 2012). Moreover, with the advantage of strong financial position, Unilever also put a large amount of investment into building its modern office and facilities with a view to creating the best working conditions for its employees so that they are motivated to best finish their work and have stronger attachment to the company (Assistant Brand Manager, phone interview, May 6, 2012).

Also in line with the recommendations of Borton (2000), acting socially responsibly and building a local contribution is one important strategy implemented by Unilever to build strong trust and relationships with Vietnamese people, including its employees. Since its first entry into the Vietnamese market, the company has tried to establish good relationship and form strategic alliances with government agencies like Ministry of Health, Ministry of Education and Training and Vietnam Women’s Association. This has significantly helped the company to understand Vietnamese people, which was, in turn, beneficial in dealing with local customers and hiring suitable employees from local labor force, and also to maintain its social responsibility commitments (Award of the Prime Minister on environmental protection, 2011). In addition, being a famous “Green Enterprise” helps Unilever attract and retain employees who have high awareness and appreciation of environmental protection (Green enterprise awards announced, 2007). Besides outside activities, Unilever also shows its highest attention towards environmental problems within its internal working environment. Propaganda posters are stuck on the walls to increase employees’ consciousness to save energy like turning off electronic devices when not in use, using environmental friendly materials, discarding waste substances in a
CULTURAL ADAPTATION OF UNILEVER IN VIETNAM

(Proper way etc. (Unilever Vietnam, n.d.; Finance Manager, phone interview, May 5, 2012). As a result, lots of different rewards like “the most effective energy using office building” by the Ministry of Industry and Trade of Vietnam (Trung Quan, 2009), “outstanding achievements in environmental protection in the period 2005-2011” by the Vietnamese Prime Minister (Award of the Prime Minister on environmental protection, 2011), “Green Enterprise” by the Ho Chi Minh City People’s Committee (Green enterprise awards announced, 2007) etc. have been given to Unilever. Working in such a large company that always understands and gives deepest care for employees and the environment can bring about great employee satisfaction and significantly improve the duration of employment for the company. In fact, the outstanding performance on social responsibility, especially in taking care for employees and the environment is one of the most remarkable aspects that make up a Unilever Vietnam corporation with strong, appropriate and well-known organizational culture. This is also considered one of the company’s core competitive advantages as it contributes to introduce and strengthen the company’s image in native people’s mind.

Although Unilever has employed a number of effective strategies to recruit right people and retain good existing employees, the problem of weak loyalty to the company has still not been thoroughly solved. Young employees still keep coming and leaving within a short period working for the company. Therefore, besides being consistent with what it has already well implemented, Unilever should also consider reducing the complexity of its working procedures, providing more free space for its employees to exercise their skills and knowledge to finish their job in the most fast and efficient way. Increasing salary level, which is perhaps the most important factor that can influence people’s choice of employers, is also a strategy to which Unilever should pay attention.

Another characteristic in Vietnamese culture is that many Vietnamese workers are not creative and unwilling to take responsibility to solve problems (Quelch and Tan, 1998). At the same time, Unilever was also often described as being conservative and risk-averse (Jones, 2005). Because of this similarity, though being not creative, Vietnamese workers do not cause big troubles for the competitiveness and development of Unilever. Also, Unilever Vietnam is just a small part of the large multinational corporation thus main strategies are all sent down from the headquarter, thus big important innovations are not necessary be encouraged at this subsidiary level. Uncreative employees coming to the company do not have to bear the burden of having to be flexible and initiate new ideas all the time in the working process. It therefore makes them feel more comfortable when working for the company. However, although not seriously taken, small creative ideas and suggestions are still
strongly welcome. Employees can send their ideas to their direct superiors, to the Human Resource Department or to the company suggestion mailbox (Unilever Vietnam, n.d.; Finance Manager, phone interview, May 5, 2012). This policy can avoid putting more work pressure on its employees, and at the same time still does not hold creative people back. It is hence appropriate and suitable to the company’s requirement of innovation and entrepreneurship level.

6.3 Individualism – Collectivism

Vietnamese society is claimed to have a high collectivism index (Hofstede, 2001). People tend to work together in harmony and prefer group activity and decision making that benefit the whole group rather than individual’s goals (Park and Vu, 1994; Scott et al., 2003; Fan & Zigang, 2004). This perfectly matches with Unilever’s global value, in which, a prominent emphasis is placed on harmonization between employees’ activities and the company’s interest and any misuse of positions to create individual’s gaining is prohibited (Our Principles, 2012). Teamwork is considered essential in the company’s operation in the global market (Teamwork and leadership, 2012). This analogy between national culture and corporate culture makes it much easier for Unilever when operating in Vietnam. In fact, the company does not have to change its way to conform to the local culture, but rather reinforce its corporate culture while exploit the collective nature of Vietnamese culture.

Influenced by the collective culture, Vietnamese people prefer to cooperate in harmony and being loyal to the group, expecting security and protection from the group in return (Park and Vu, 1994; Scott et al., 2003; Fan & Zigang, 2004). Managers are not only concerned with their employees at work, but also interested in their employees’ family life and usually do their best to provide social support (Quang & Vuong, 2002). To take advantage of these cultural traits, Unilever Vietnam tries to strengthen the solidarity among employees and between employers and employees through regular extra outdoors activities for each department, for examples, outing, picnics, or charity trips (Finance Manager & Former Channel Activation Manager, phone interview, May 5, 2012; Assistant Brand Manager, phone interview, May 6, 2012). All these activities help building a moral relationship among employees and between employees with employers, which, in turn, acts as a motivation for employees to contribute to their companies. Indeed, one of the most common mistakes for foreign companies in Vietnam is their perception of the company as a way of making profit, which stands in sharp contrast to Vietnamese workers, who see company as their second family. Failure to build a close relationship with the common workers will result in employees’ disappointment and their loss of interest in jobs (HR survival guide for foreign managers in Vietnam, 2010). Being able to aware and avoid this
mistake, Unilever has increased its employees’ satisfaction, which can be considered a competitive advantage as it significantly distinguishes the company from others.

Vietnamese people always consider themselves a part of a larger collective and feel embarrassed when being praised or singled out for attention or reward (Smith & Cuong Pham, 2003). Therefore, Unilever intentionally assigns and organizes both work and training in groups. This is a smart strategy in attempting to increase the quality of task achievement. As suggested by Hofstede, (2001, p. 238), employees in collectivist culture perform best in groups, and training proves to be most effective when focused at group level. Rewarding is usually given to the whole group rather than an individual to avoid conflict (Finance Manager & Former Channel Activation Manager, phone interview, May 5, 2012; Assistant Brand Manager, phone interview, May 6, 2012). Furthermore, harmony in employer-employee relationship is also ensured through the work of Labor Union. Unilever Labor Union has proved to be very effective in protecting employees’ right and solving conflicts between employers and employees. (Former Channel Activation Manager, phone interview, May 5, 2012). As she explained, besides the aim to keep a pleasant and comfortable working environment, as a foreign company, Unilever also paid special attention to Labor Union in order not to encounter legal issues with Vietnamese Labor Right.

As observed by Nguyen & Mujtaba (2011), Vietnamese people emphasized the essential network among friends, relatives, colleagues and business partners, which is based on trust and very close personal relationship. Family value is highly appreciated (Quang & Vuong, 2002). This outstanding virtue of Vietnamese collective culture, again benefits Unilever in their hiring process. The company, though not excessively, but to a certain extent, offers preference in recruitment for relatives and acquaintances of employees. As stated by Unilever Finance Manager, (phone interview, May 5, 2012), it helps the company save a large amount of time and effort in finding the right people for the positions, considering the fact there are frequently thousands of applications into Unilever. This argument is consistent with Hofstede’s suggestion (2001, p. 237) that hiring people from a family one already knows can reduce risk, at the same time, relatives will be concerned about the reputation of the family and help correct misbehavior of any family members.

6.4 Masculinity – Femininity

A moderate masculinity index in Vietnam has been stated in Hofstede’s findings (Hofstede, 2001). The most obvious evidence of this moderate level of masculinity is the recent trend towards parity between male and female in the labor force and in high positions at the workplace. The former
dominance of male in all aspects of life has been gradually replaced by a more balanced pattern where the gender gap has significantly narrowed down within young generation (Dalton et al., 2001). According to the General Statistics of Vietnam, female workers make up 48.6% of the whole Vietnamese labour force in 2010. At Unilever, a similar pattern is also observed; gender discrimination is avoided. Being so international and diverse, the corporation always aims at balancing the gender mix in its staff and management system. Women make up more than 50% of its graduate recruits. Many different strategies to reduce the dominance of men in the highest positions of the management system and ensure more women reach those top levels have been implemented. For example, a diversity board chaired by the CEO was established and a requirement that the shortlist for each senior job should contain a woman was put forward (“Unilever sustainable living plan – Progress report 2011”, 2012). Therefore, the trend towards a gender balance in Vietnam is an obvious advantage for Unilever. It creates good conditions to exercise the company’s gender policy in such similar environment and thus promotes the efficiency of those strategies. As a result, at the Vietnamese subsidiary of Unilever, gender discrimination totally does not exist. It has been clearly stated out in the employee handbook of the company that all the recruitment and promotion decisions consider everybody equally, regardless of gender difference. There is also no wage gap between male and female (Unilever Vietnam, n.d.; Finance Manager & Former Channel Activation Manager, phone interview, May 5, 2012; Assistant Brand Manager, phone interview, May 6, 2012). This is actually a right and reasonable policy as it has created a fair working environment where ability, not gender, is the most important factor that accounts for somebody’s success.

Another outstanding feature that has been observed in Vietnamese culture is that Vietnamese people love peace and always try to avoid conflicts. Harmony in any community is preferred than discord. When it comes to conflicts, people often come up with a win-win situation rather than aggressively fight for their own arguments which may cause others’ loss of face (Quang & Vuong, 2002). At this point, there is again an agreement between Vietnamese national culture and Unilever corporate culture. Being a large and diverse corporation, Unilever always places high priority in keeping harmony within the organization. Reducing conflicts between company’s interest and personal benefits and making all employees look at one single direction to achieve organizational common goals are among the most important principles of Unilever when operating globally (Our principles, 2012). Taking advantage of this similarity with the Vietnamese culture, Unilever Vietnam encourages its managers to maintain harmony and avoid conflicts among employees to keep a pleasant and
comfortable working environment (Finance Manager, phone interview, May 5, 2012). When considering promoting a manager, besides the decisive characteristics like personal skills, assertiveness and competitiveness, sympathy and consensus towards subordinates to ensure harmony to be strengthened in the company are also taken into consideration. However, in order to avoid conflicts, Vietnamese people tend to minimize complaining or expressing disagreement which may irritate or offend others (Nguyen, 1985). Even though this keeps harmony in the company unaffected, it, to some extent, restrains useful ideas and contributive comments. Being aware of this shortcoming, Unilever Vietnam warmly welcomes contributing ideas from its employees by establishing a specialized unit in the Human Resource Department where employees at all levels can freely share their thinking and give their complaints (Assistant Brand Manager, phone interview, May 6, 2012). This policy does not just simply help employees come up with the best possible solutions without having them talk directly with the concerning colleagues, but to a greater extent, it can smoothly solve many potential conflicts in the organization. In fact, this positive attitude towards harmony and concord within the organization is another prominent feature of Unilever Vietnam culture. It contributes to building up such strong and appropriate corporate culture that has been recognized and appreciated widely by native people. This in turn brings the company a great competitive advantage as the image of a harmonized working environment inculcates upon Vietnamese consumers and labors’ minds.

Being a multinational corporation with foreign chairman and vice presidents (Assistant Brand Manager, email interview, May 8, 2012), Unilever meets both advantages and disadvantages when operating in the Vietnamese environment. Vietnamese people usually show great respects towards foreign business professionals, especially when they have strong reputation and high status (Smith, Pham, 2003). This is a really favourable condition for those foreign top managers to place their influence and exercise their power in the Vietnamese subsidiary of which they are in charge. However, cultural differences can lead to misunderstanding for them when working in such a strange environment. Vietnamese people have rather different ways of expressing ideas; for example they usually imply refusal, disagreement or negative responses indirectly, or they very frequently say “yes” but it does not always mean agreement (Smith & Pham, 1996; Klaus, Yen, Hung, 2006). As a result, without a thorough understanding of the “Vietnamese communicating style”, serious and costly misunderstanding may happen. As suggested by Borton (2000), “listen and communicate in a Vietnamese voice” is of utmost important when doing business in such different culture. Hence, top
managers, when working in Vietnam, should in advance learn carefully about Vietnamese people to understand the Vietnamese ways of solving problems.

Being a large multinational corporation with high volume of work, heavy workload is regularly observed at Unilever, although the company has implemented a number of strategies to manage it (Rajgopal, 2011). On the other hand, Byleen (as cited in Nguyen & Mujtaba, 2011) also stated that Vietnamese people experienced stress on a regular basis but rarely admit it. This is also an advantage for Unilever to place its inherently heavy workload on its Vietnamese employees without causing too much complaints and rejection. Henceforth, overload is quite frequent at Unilever Vietnam (Finance Manager & Former Channel Activation Manager, phone interview, May 5, 2012). However, the company should be careful not to abuse this advantage because too heavy workload may lead to employee burnouts and consequently, shorter duration of employment.
Chapter 7: CONCLUSION

This chapter presents a summary of the study and suggestions for further research

7.1 Summary of the study

The tables below summarize all the findings of the study, which are classified into different dimensions of Hofstede’s model. The arrows describe the cause-effect relationship when a cultural value is the consequence of another value, and when some adaptation strategies and recommendations result from the cultural problems of the company. The red texts indicate current or potential problems that the company has to face. The green texts refer to the best adaptation strategies implemented by Unilever, which contribute to build a strong and appropriate corporate culture, and act as competitive advantages that distinguish the company from its rivals. The blue texts are used for suggestions and recommendations.
### Power distance

<table>
<thead>
<tr>
<th>Unilever corporate culture</th>
<th>Vietnamese business culture</th>
<th>Comparison</th>
<th>Unilever Vietnam</th>
<th>Conclusion</th>
</tr>
</thead>
</table>
| Large company size requires a tall pyramid of hierarchy and centralized decision making system | Common pattern of centralized decision structure and high concentration of authority | Similar → Advantage | Tall organizational structure:  
+ Authority leadership is preferred to consultative leadership  
+ Bypassing is considered the worst mistake  
+ Big distinction between employees and managers regarding salary, social status and other privileges | Effective strategy, but the problem of corruption still needs more attention  
Allocate project funds step by step and clarify all the policy related to commissions, kickbacks, envelopes, and gifts |
| Administrative management style → corruption and bureaucracy | Disadvantage | Establish a large proportion of supervisory personnel | |
| Clear and distinct relationship between superior-subordinate prevents workers to give creative suggestions | Disadvantage | Set up a specialized unit in the Human Resource Department to receive comments and complaints from employees at all levels of the organization | A judicious strategy: increase employees’ satisfaction |
| Aiming to reach a balance between centralization and decentralization | The young generation is more interested in participative management style | Similar → Advantage | + Top managers focus mainly on strategy planning; they rarely involve in the company’s daily operation  
+ Ideas and suggestions to superiors are welcome  
+ Superiors try to create a comfortable atmosphere for subordinates when working with them | Reasonable strategies to create a “serious and professional yet comfortable working environment” |

Table 7. Summary of findings in Power distance dimension  
(own creation)
Uncertainty avoidance

<table>
<thead>
<tr>
<th>Unilever corporate culture</th>
<th>Vietnamese business culture</th>
<th>Comparison</th>
<th>Unilever Vietnam</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large company size implies the need for a bureaucratic working and management system</td>
<td>Vietnamese people rely a lot on formal rules and regulations</td>
<td>Similar (\Rightarrow) Advantage</td>
<td>+ Maintain complicated and time-consuming procedures. + However, those procedures are sometimes too complicated for Vietnamese employees (\Rightarrow) Weak loyalty and short employment duration</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ Employ young adaptive people + Clarify all stages in the working process + Minimize dismissal + Set up many policies to take care of employees, contribute to the society and protect the environment</td>
<td>Effective strategies but yet thoroughly solved the problem of weak loyalty + Reduce the complexity of working procedures + Increase salaries</td>
<td></td>
</tr>
<tr>
<td>The company is conservative and risk-averse</td>
<td>Vietnamese workers are not creative and unwilling to take responsibility</td>
<td>Similar (\Rightarrow) Not a big disadvantage</td>
<td>Although not seriously taken, creative ideas and suggestions are strongly welcome</td>
<td>Appropriate strategy: avoid putting more work pressure on its employees, and does not hold creative people back</td>
</tr>
</tbody>
</table>

Table 8. Summary of findings in Uncertainty avoidance dimension (own creation)
## Individualism/Collectivism

<table>
<thead>
<tr>
<th>Unilever corporate culture</th>
<th>Vietnamese business culture</th>
<th>Comparison</th>
<th>Unilever Vietnam</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>A prominent emphasis is placed on harmonization between employees’ activities and the company’s interest</td>
<td>People prefer group activity and decision making that benefit the whole group rather than individual’s goals</td>
<td>Similar ➔ Advantage</td>
<td>Strengthen the solidarity among employees and between employers and employees through regular extra outdoors activities</td>
<td>Reasonable strategy: motivate employees to contribute to their company</td>
</tr>
<tr>
<td>Managers are not only concerned with their employees at work, but also interested in their employees’ family life and usually do their best to provide social support</td>
<td>Vietnamese worker see company as their second family</td>
<td>Be aware and avoid the common mistake of foreign companies in Vietnam of perceiving the company as a way of making profit, not a second family</td>
<td>A competitive advantage as it distinguishes the company from others</td>
<td></td>
</tr>
<tr>
<td>Teamwork is considered essential for the company’s global operation</td>
<td>People consider themselves a part of a larger collective and feel embarrassed when being praised or singled out for reward</td>
<td>Similar ➔ Advantage</td>
<td>+ Assign and organize both work and training in groups + Rewarding is usually given to the whole group rather than an individual to avoid conflict + Harmony in employer-employee relationship is also ensured through the work of Labor Union</td>
<td>Smart strategy in attempting to increase the quality of task achievement</td>
</tr>
<tr>
<td>Thousands of application into Unilever make it difficult for the recruitment process</td>
<td>People emphasized the essential network among friends, relatives, colleagues and business partners</td>
<td>Advantage</td>
<td>To a certain extent offer preference in recruitment for relatives and acquaintances of employees</td>
<td>Appropriate strategy: help the company save a large amount of time and effort in finding the right people for the positions</td>
</tr>
</tbody>
</table>

Table 9. Summary of findings in Individualism/Collectivism dimension (own creation)
➢ Masculinity/Femininity

<table>
<thead>
<tr>
<th>Unilever corporate culture</th>
<th>Vietnamese business culture</th>
<th>Comparison</th>
<th>Unilever Vietnam</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender discrimination is avoided</td>
<td>Parity between male and female</td>
<td>Similar → Advantage</td>
<td>Promote the efficiency of gender policy: gender discrimination does not exist, all recruitment and promotion decisions consider everybody equally</td>
<td>Reasonable policy: create a fair working environment</td>
</tr>
<tr>
<td>High priority is placed in keeping harmony within the organization</td>
<td>Vietnamese people love peace and always try to avoid conflicts</td>
<td>Similar → Advantage</td>
<td>Encourage managers to maintain harmony and avoid conflicts among employees to keep a pleasant and a comfortable working environment.</td>
<td>A great competitive advantage</td>
</tr>
<tr>
<td>Vietnamese workers tend to minimize complaining or expressing disagreement</td>
<td>Disadvantage</td>
<td>Welcome contributing ideas from employees</td>
<td>Reasonable policy: smoothly solve many potential conflicts in the organization</td>
<td></td>
</tr>
<tr>
<td>Diverse culture with foreign chairman and VPs</td>
<td>Great respect towards foreign business professionals</td>
<td>Advantage</td>
<td>Top managers place their influence and exercise their power in the Vietnamese subsidiary</td>
<td></td>
</tr>
<tr>
<td>Vietnamese people have different ways of expressing ideas</td>
<td>Disadvantage</td>
<td>Misunderstanding might happen</td>
<td>Foreign top managers should “listen and communicate in a Vietnamese voice”</td>
<td></td>
</tr>
<tr>
<td>Heavy workload</td>
<td>Vietnamese people experience stress on a regular basic</td>
<td>Similar → Advantage</td>
<td>Overload is quite frequent</td>
<td>The company should not abuse this advantage as heavy workload may lead to employee burnouts</td>
</tr>
</tbody>
</table>

Table 10. Summary of findings in Masculinity/Femininity dimension (own creation)
In summary, as a Western originated company doing business in a very Eastern oriented nation, Unilever has actually encountered a number of problems stemming from the primary differences between the two cultures. On the other hand, there are also many advantages Unilever receives from the similarities of its core values with Vietnamese culture, which have created good conditions for the company to enhance its global corporate culture. Through the comparison between the most typical values of Unilever corporate culture and Vietnamese business culture, it has been observed that Unilever faced mostly favourable conditions rather than obstacles when working in the Vietnamese cultural environment. In addition, this study has shown that, facing both advantages and disadvantages, Unilever has developed a very good understanding of the Vietnamese culture, based on which the company made a number of amendments to accommodate the differences and simultaneously took advantages of the similarities between Vietnamese culture and its global core values. As indicated in the findings, the most outstanding strategies implemented by the company are (1) treating its employees in the best possible ways, (2) acting socially responsibly, building a local contribution and protecting the environment, (3) considering its business as employees’ second family, and (4) maintaining harmony in the working environment. In fact, after carrying out some adaptation strategies, Unilever has found its ways to best fit in with the local Vietnamese culture, which, in turn, contributes to strengthening its corporate culture that has long been well-known all over the world. As a result, despite the difficulties, Unilever still succeeded in coordinating its people’s actions and leading them to look into one direction. Company cultural values are shared consistently by all employees, absorbing into their everyday activities, directing the relationships among employees and passed onto the newcomers. Actually, Unilever has proved itself to follow exactly what it has proclaimed in its global vision: “We have local roots with global scale”. The company’s deep roots in local cultures give it strong relationships with local people, which then in turn bring global mission and expertise into local circumstances – “a truly multi-local multinational” (*Our vision*, 2012). Indeed, Unilever has not only adapted to survive, but also built a strong and appropriate culture that has been recognized and appreciated by many Vietnamese nationals, and thus has acted as a source of competitive advantage that distinguishes itself from other multinational companies. Unilever corporate culture, for those reasons, has partly accounted for the company’s impressive success in the Vietnamese market.

However, there are still some major problems that Unilever either is now facing or might have to encounter, which are essential for the company to focus on if they are to improve their performance in the Vietnamese environment. Those are the problems of (1) weak loyalty and short employment
duration, (2) corruption and bureaucracy, (3) frequent work overload, and (4) misunderstanding between foreign managers and native employees. For each of those problems, some recommendations have also been suggested. More specifically, when operating in Vietnam, Unilever should (1) reduce the complexity of its working procedures and consider raising the salary level to increase the duration of employment, (2) allocate project funds step by step and clarify all the policy related to commissions, kickbacks, envelopes, and gifts to prevent corruption and embezzlement, (3) control its level of workload so as not to lead to employee burnouts, and (4) encouraging foreign top managers to “listen and communicate in a Vietnamese voice” in order to avoid the potential obstacle of misunderstanding with native members of the organization. If Unilever can be aware and overcome those remaining problems, it can surely build up a more strong and famous corporate culture, which will lead to even more brilliant success in the Vietnamese market in the years to come.

7.2 Further research

In this thesis, Hofstede’s work was used as a major base in the theoretical framework as it is among the most widely and commonly used theories in cross-cultural study. However, his research is still open for debate, and there are currently many cultural framework developed by other cross-cultural scholars in an attempt to eliminate Hofstede’s limitations. For example, among those works, GLOBE project’s study is one that is rather new and perhaps more complete compared to that of Hofstede. However, due to the time limitation and the complexity of GLOBE project’s nine dimensions, it has not been used for this study. Still it would be interesting if further studies can use GLOBE project’s cultural framework or other more recent and complete theories in analyzing Vietnamese culture and use this thesis as a comparison.
Books, articles and other published works


**Online sources**


8. Hang, T. (2012). *The spirit of “Learning to serve the country and native people” in the ideological and cultural personality of Ho Chi Minh*. Retrieved May 23, 2012 from http://tennguoidepnhat.net/2012/03/16/tinh-th%E1%BA%A7n-h%E1%BB%8Dc-t%E1%BA%ADp-d%E1%BB%83-ph%E1%BB%A5ng-s%E1%BB%B1-t%E1%BB%95-qu%E1%BB%91c-va-nhan-dan-trong-t%C6%B0-t%C6%B0%E1%BB%9Fng-va-nhan-cach-van-hoa-h%E1%BB%93-chi-minh/


Appendix

1. Unilever background

- **Unilever global**

  In 1872, in the Netherlands, Jurgens and Van den Bergh opened a number of factories that produced a new product called margarine, which could substitute for butter. In the mid 1880s, in the north of England, a new type of household soap named Sunlight Soap was first brought into the market by Lever & Co, a wholesale business run by William Hesketh Lever. In 1890, Lever & Co became a limited company and was renamed “Lever Brother Ltd”. In 1927, Jurgens and Van den Bergh formed a Margarine Union which was called Margarine Unie. In 1929, Unilever was officially created through an agreement between Lever Brothers and Margarine Unie. From that moment, the company has sought their path to success through economic boom, depression, world wars, changing consumer lifestyles and advances in technology. During the path, Unilever has developed and produced innovative products that contributed to lessen time spending in household work, improve living-condition (*Our history*, 2012).

  Nowadays, Unilever has become a multinational corporation operating in more than 100 countries and territories all over the world with 171,000 employees (*Message from chairman*, 2012; *Our people*, 2012). Every day, Unilever’s brands are chosen by 160 million people all over the world to take care for themselves and their families, among which there are thirteen €1bn brands. The corporation has 270 manufacturing sites across six continents which together aim at best performance on “safety, efficiency, quality and environmental impacts, working to global Unilever standards and management systems” (*Unilever at a glance*, 2012). Unilever is the global market leader in all its food categories (tea, ice cream, weight management etc.), in skin and deodorant products, and has very strong positions in other home and personal care categories. Total asset value of the company at the end of 2011 was counted at €47,512 million (“Unilever – Annual report and accounts 2011”, 2012, p. 66).

- **Unilever Vietnam**

  The Anglo-Dutch Unilever Corporation started to expand its business to Vietnam in 1995. To date, with more than USD 280 million investments in two companies in Vietnam: Lever Vietnam and Unilever BestFoods & Elida P/S, Unilever Vietnam has continuously strengthened its relationships with local customers, formed and developed its partnership with local businesses, developed its sustainable competitive advantages, and expanded its business. Its wide and deep co-operation has also
helped its Vietnamese partners ensure more stable revenues and create nearly 6000 additional jobs besides 1600 people it directly employs (Unilever Vietnam at a glance, 2012).

Since its entry into Vietnam, Unilever has been one of the leading and most successful foreign investors in the country in the Fast-Moving Consumer Goods (FMCG) sector. Unilever’s brands such as OMO, Comfort, Sunlight, Dove, Lifebuoy, Pond’s, Sunsilk, Hazeline, Lipton etc. have now become an essential part in every household’s life in Vietnam. They can be recognized everywhere in the market and appear in almost all houses along the country. The company launches about 40-50 new products every year. Currently, its distribution network is considered one of the most efficient systems in Vietnam with 350 distributors and 150,000 outlets for retail nationwide (Unilever Vietnam – A foreign-invested corporation with efficient operations in Vietnam, 2010).
2. Interview questions

Here the main interview questions that are given to all the three interviewees are presented. The interview questions are arranged in order of different dimensions of Hofstede’s cultural model:

- **Power distance**
  1. How does the organizational structure look like? Are there many layers of hierarchy and many different departments? Who have the power to make important decisions?
  2. Do top managers involve in daily operations or only in strategic planning?
  3. Are there a lot of supervisors? Do superiors expect obedience from subordinates or allow for more freedom in work as long as it is wellinished?
  4. Are contributing ideas from low levels of the hierarchy welcome?
  5. Do former rules or personal experiences get the higher priority when managers make decisions?
  6. Are there great distinction in salary levels and privileges of employees and managers?
  7. Do employees prefer consultative or authority leadership?
  8. Are role ambiguity and role overload common in the company?

- **Uncertainty avoidance**
  1. Do employees have strong loyalty to the company? Why?
  2. Do employees get clear instruction when they come to the company? When they are working in the company?
  3. Do employees aim at promotion opportunities or job security?
  4. In the working procedure, do you believe in your own knowledge and common sense or technical solutions?
  5. Are creative ideas encouraged?
  6. Is working time fixed?

- **Individualism versus Collectivism**
  1. Are projects usually assigned in groups or for individuals?
  2. Are training usually held for groups or individuals?
  3. Are rewards usually given to groups or individuals?
  4. Does direct appraisal to individuals within a group help to increase productivity or being considered a threat to harmony?
  5. Do relatives, friends and acquaintances help in recruitment?
  6. Do diplomas play an important role in recruitment and promotion?
7. What does the company do to maintain harmony and avoid conflicts among employees?
8. Do friends within the company treat each other better and help each other get work done faster than normal colleagues?

➢ Masculinity versus Femininity
1. Is there gender discrimination in the company (in wage gaps, recruitment and promotion)?
2. Are there many female managers?
3. What characteristics are important for managers, decisiveness, assertiveness and competitiveness or intuition and the ability to understand, sympathize with subordinates?
4. To female managers, do families or career get the higher priority?
5. Do employees prefer increasing salary or reducing working hours?

➢ Others
1. What did Unilever do to improve employees’ life and motivate employees to work for them?
2. What other aspects of Unilever culture or Unilever working environment do you think are appropriate and outstanding?
3. Do you like working here at Unilever? Why?