
**Evolving Management Practices in Vietnam:
Navigating Globalization, Digital Transformation and Sustainability**

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Abstract

This paper explores the evolving management practices in Vietnam, focusing on the challenges and opportunities presented by globalization, digital transformation, and sustainability. As the country shifts from an agrarian to an industrialized economy, Vietnamese businesses are adapting to new demands driven by international trade, technological advancements, and regulatory changes. The study examines key factors such as leadership styles, human resource development, economic volatility, and corporate social responsibility (CSR). Recommendations are provided to help Vietnamese managers adopt innovative, agile strategies to ensure competitiveness and long-term growth in both domestic and international markets.

Keywords: Management, Leadership styles, Human resource development, Digital transformation, Corporate social responsibility (CSR)

1. Introduction

Vietnam's economy has transformed from an agrarian society into a thriving industrial hub, driven by the 1986 Đổi Mới reforms. These reforms opened the economy, attracting foreign direct investment (FDI) and boosting trade and industrialization. As a result, Vietnam's strategic location, growing workforce, and improved infrastructure have made it a key destination for international investors, reshaping the business landscape.

This transformation has changed management practices as Vietnamese companies must now adapt to global competition, international standards, and modern business trends. The rise of digital technologies, such as e-commerce, AI, and big data, presents both opportunities and challenges. Companies need to embrace digital tools to optimize operations, but doing so requires shifts in management, skills development, and infrastructure investment.

Foreign investment has brought not only capital but also modern management practices, exposing local businesses to international standards. However, companies must balance these global practices with traditional values, such as hierarchy and collectivism, which still shape local management culture. Vietnam's young, dynamic workforce is key to this transformation, but a skills gap remains in areas like IT, engineering, and finance, requiring greater investment in education and human resource development.

At the same time, Vietnam's regulatory environment poses challenges. While reforms have made it easier to do business, issues like bureaucracy and inconsistent enforcement persist. As Vietnam integrates further into the global economy, businesses must also meet international standards on labor rights, sustainability, and governance, increasing the pressure on management.

This paper explores how Vietnamese management is navigating global trends while respecting local contexts. It examines leadership styles, human resource development, regulatory challenges, and digital transformation, offering insights and recommendations to ensure long-term sustainability and competitiveness.

2. Methodology

This study employs a mixed-methods approach to analyze management practices in Vietnam, focusing on globalization, digital transformation, and sustainability. A literature review was conducted to gather insights from academic journals, industry reports, and books on leadership, human resource development, and corporate social responsibility (CSR) in the Vietnamese context. Qualitative data were collected through interviews and case studies with business leaders across various sectors, including manufacturing, retail, and finance, to explore challenges in adopting modern management strategies. Quantitative data, sourced from government reports and market analyses, were used to examine trends such as foreign direct investment (FDI), export growth, and digital adoption among small and medium enterprises (SMEs). Thematic coding was applied to qualitative data to identify recurring patterns, while quantitative data provided macroeconomic context. The study also includes a comparative analysis of Vietnamese management practices against global trends to highlight both challenges and opportunities for businesses operating in an increasingly globalized environment. This approach provides a comprehensive understanding of Vietnam's evolving management landscape and offers recommendations for enhancing competitiveness.

2.1 Leadership Styles and Organizational Culture

Vietnamese management has traditionally been shaped by Confucian principles, emphasizing hierarchy, respect for authority, collectivism, and loyalty. This has led to top-down, hierarchical structures where leaders make decisions, and subordinates defer to authority, often limiting individualism and innovation.

As Vietnam integrates further into the global economy, leadership styles are evolving, especially in sectors like manufacturing, finance, and technology. Influenced by Western practices, there is a shift towards participative leadership, which promotes collaboration, employee empowerment, and decentralized decision-making. This approach fosters innovation, adaptability, and employee engagement—key factors for competitiveness in the global market.

Companies involved in global value chains or working with multinational corporations are adopting leadership practices that encourage open communication, creativity, and employee autonomy. This participative style is essential for developing agile organizations, especially in fast-paced industries.

However, this transition faces challenges, particularly in family-owned businesses where hierarchical structures are entrenched. Authority often rests with senior family members, leading to resistance to change and hindering the adoption of open, collaborative management practices. Bridging this gap requires leadership development programs that balance respect for cultural heritage with the flexibility needed in modern management.

An evolving aspect is the role of women in leadership. Though traditionally underrepresented, there is growing recognition of the importance of gender diversity in leadership, which fosters innovation and improves organizational performance. Encouraging women to take on leadership roles is essential for building inclusive workplaces.

Generational differences also influence leadership styles. Younger employees, especially those with international education or experience, prefer participative leadership that values their input and encourages professional development. Businesses must adapt to these new expectations to align with the shift toward inclusive leadership.

In conclusion, Vietnamese management is at a crossroads, where traditional Confucian values meet modern global practices. There is a growing need for participative leadership styles that promote innovation and employee empowerment, with leadership development programs playing a key role in helping businesses navigate this transition while maintaining cultural respect.

2.2 Economic Volatility and Global Integration

Vietnam's rapid economic growth has been driven by deep integration into the global economy, with international trade and foreign direct investment (FDI) playing key roles. The country's open trade policies, competitive labor costs, and strategic location have positioned it as a major player in global supply chains, especially in sectors like electronics, textiles, and agriculture. As a result, exports are a critical part of Vietnam's GDP, making the economy highly dependent on international trade.

However, this reliance on global trade makes Vietnam vulnerable to external economic shocks, such as geopolitical tensions, trade wars, and global financial crises. For instance, the U.S.-China trade war created both challenges and opportunities for Vietnamese exporters, while the COVID-19 pandemic exposed the fragility of global supply chains, causing delays and shortages. Geopolitical tensions, such as those in the South China Sea or global conflicts like the war in Ukraine, can disrupt trade routes and raise costs for businesses reliant on stable international markets.

Supply chain disruptions are a major risk for Vietnam's manufacturing-based economy. Natural disasters, pandemics, or trade restrictions can result in production delays and increased costs. Recent semiconductor shortages, for example, have significantly affected Vietnam's electronics sector.

To mitigate these risks, Vietnamese companies need effective risk management strategies. This includes using sophisticated financial tools, such as currency hedging, and adopting dynamic pricing to respond to economic fluctuations. Agility in business strategies is crucial, allowing companies to adjust quickly to market changes, as demonstrated by Vietnamese firms pivoting to produce personal protective equipment (PPE) during the pandemic.

Diversifying export markets is another critical strategy. Relying too heavily on a single market, such as the U.S. or China, exposes businesses to significant risks. Expanding into new markets like the European Union or Japan, through agreements like the CPTPP and EVFTA, helps reduce dependence on any single trading partner.

Investing in technology that strengthens supply chain resilience is also essential. Tools such as artificial intelligence (AI), big data analytics, and blockchain can optimize supply chains, enhance transparency, and predict disruptions. Additionally, diversifying sourcing strategies and building closer supplier relationships can further mitigate the impact of disruptions.

In conclusion, while global integration has fueled Vietnam's growth, it also brings risks. Vietnamese companies must adopt advanced financial management, agile strategies, and technology investments to ensure supply chain resilience and explore diverse markets to thrive in an increasingly volatile global economy.

2.3. Digital Transformation

Digital transformation is rapidly reshaping Vietnam's business landscape, offering companies opportunities to innovate, boost efficiency, and compete globally. Many businesses are leveraging technologies such as e-commerce, artificial intelligence (AI), and big data across industries like manufacturing, retail, and financial services to optimize operations and enhance customer engagement.

E-commerce, driven by rising internet use and a tech-savvy population, has grown significantly in Vietnam. Platforms like Shopee and Lazada allow businesses to bypass traditional stores and reach broader markets, offering personalized services and real-time communication. This trend has democratized access to retail, especially for small businesses and entrepreneurs.

In manufacturing, technologies like AI and the Internet of Things (IoT) are revolutionizing production. AI-powered systems can predict maintenance needs, minimizing downtime, while IoT devices track production metrics and improve inventory management, making operations more efficient and ready for high-tech production.

Big data analytics is helping businesses make data-driven decisions. In retail, it enables personalized marketing, boosting customer loyalty and sales. In financial services, data helps assess credit risks and detect fraud more effectively.

Despite these advances, digital adoption is uneven, particularly among small and medium-sized enterprises (SMEs). While larger companies, especially those linked to multinational

corporations, are embracing digital tools, SMEs face barriers like limited financial resources, infrastructure, and digital skills. Government support and financing options, such as low-interest loans, could help SMEs invest in new technologies.

A significant challenge is the skills gap. Vietnam's workforce lacks sufficient digital literacy and technical expertise, particularly among SMEs. To bridge this gap, businesses must prioritize upskilling employees in areas like data analytics, software development, and cybersecurity, ensuring they can fully leverage digital technologies.

Rural areas also face connectivity challenges, limiting digital adoption and exacerbating economic disparities. Expanding digital infrastructure in these regions is essential to ensure businesses, regardless of location, can participate in the digital economy.

For successful digital transformation, companies need more than technology investment. Managers must foster a culture of innovation and agility, encouraging continuous improvement and collaboration across departments. Partnerships with international tech firms can also provide access to advanced solutions and expertise, benefiting especially SMEs.

In conclusion, while large companies lead digital transformation in Vietnam, SMEs face challenges that need to be addressed. Investing in technology, fostering innovation, upskilling the workforce, and expanding digital infrastructure are critical steps to ensuring all businesses benefit from digitalization and remain competitive globally.

2.4. Sustainability and Corporate Social Responsibility (CSR)

As Vietnam industrializes, sustainability and Corporate Social Responsibility (CSR) are becoming vital parts of business strategy across industries. Global environmental concerns and the rising importance of ethical practices are driving Vietnamese companies, particularly in manufacturing, to adopt sustainable practices. This pressure comes from both environmentally conscious consumers and international partners demanding higher standards of environmental stewardship and social responsibility.

Sustainability is increasingly crucial due to Vietnam's participation in international trade agreements like the CPTPP and EVFTA, which impose stricter environmental and labor standards. Compliance with these standards is necessary to avoid sanctions, maintain market access, and protect corporate reputation.

Consumers, especially in developed markets, are prioritizing companies with strong environmental and social performance. This shift presents an opportunity for Vietnamese companies to embrace sustainability as a competitive advantage. For instance, the apparel and textile sectors can adopt eco-friendly production practices, such as using organic materials and reducing water usage, to appeal to environmentally conscious markets in the EU and the U.S.

In manufacturing, the adoption of green technologies and sustainable practices is essential. Managers must balance growth with environmental stewardship by investing in energy-efficient technologies, reducing carbon emissions, and adopting waste-reduction strategies. Renewable energy, such as solar or wind, and sustainable production methods like the circular economy can reduce resource consumption and environmental impact.

Companies must also ensure compliance with international environmental regulations, especially if they export to regions with strict standards, such as the EU. Certifications like ISO 14001 and adherence to Global Reporting Initiative (GRI) standards can enhance a company's reputation and appeal to investors and consumers alike.

Beyond environmental impact, CSR includes ethical labor practices, community engagement, and philanthropy. Companies engaging in CSR initiatives can build stronger relationships with stakeholders and improve local infrastructure, education, and healthcare, fostering goodwill and trust.

CSR also plays a key role in employee satisfaction. Workers, especially younger generations, seek employers that align with their values on environmental and social responsibility. Offering fair wages and fostering a positive work environment helps companies attract and retain top talent.

Additionally, CSR can enhance a company's brand image and competitiveness. Businesses that prioritize sustainability and social responsibility tend to build loyalty, attract investment, and gain better market access. CSR also helps mitigate risks such as regulatory changes and reputational damage, ensuring long-term business sustainability.

In conclusion, sustainability and CSR are now essential to business strategy in Vietnam. Companies must invest in green technologies, meet international standards, and engage in CSR to enhance their reputation, strengthen stakeholder relationships, and maintain competitiveness in the global market. By integrating these principles into their core practices, Vietnamese companies can contribute to societal well-being and ensure long-term success.

3. Discussion

Vietnam's management landscape is evolving rapidly due to internal dynamics and external pressures. The transition from an agricultural economy to a manufacturing and digital hub has introduced complexities in management practices. Traditional management styles, rooted in Confucian values of hierarchy and authority, still dominate, particularly in family-owned businesses, but they pose challenges for fostering innovation and agility in a competitive global market.

However, there is a shift toward more participative leadership, especially in sectors exposed to international practices. Managers are increasingly valuing collaboration, employee empowerment, and innovation. The challenge is integrating these modern practices while

respecting traditional values. Leadership development programs are crucial to bridge this gap and drive the transition.

Human resource development remains a key concern. Vietnam's move toward a knowledge-based economy is hindered by a mismatch between the skills produced by educational institutions and industry needs. Businesses must collaborate with universities to align curricula with market demands, and continuous professional development is essential for staying competitive in the digital age.

Economic volatility and global integration offer both risks and opportunities. Vietnam's dependence on international trade makes it vulnerable to global shocks and fluctuations. Managers must adopt risk management strategies, diversify export markets, and invest in technologies to strengthen supply chain resilience. Agile management is key to navigating global market trends.

The regulatory environment in Vietnam has improved, but bureaucracy, inconsistent enforcement, and corruption still impede growth. Companies must advocate for regulatory reforms and invest in compliance training to meet both local and international standards, especially as Vietnam enters more international trade agreements.

Digital transformation presents significant opportunities and challenges. Larger companies are benefiting from tools like e-commerce and AI, but SMEs lag behind, limiting their global competitiveness. Investments in digital infrastructure, workforce training, and international partnerships are crucial for SMEs to fully leverage digital transformation.

Sustainability and CSR are gaining importance as Vietnam industrializes. Businesses face pressure from consumers and international partners to adopt sustainable practices. Managers must integrate sustainability into core strategies, invest in green technologies, and ensure compliance with global standards, which can enhance reputation and competitiveness.

In conclusion, Vietnam's management practices are at a turning point. By adopting participative leadership, investing in human capital, navigating global economic challenges, and embracing digital and sustainable business practices, Vietnam can position itself as a resilient and competitive player in the global economy.

4. Conclusion

Vietnamese management is at a pivotal juncture as the country navigates the demands of a rapidly globalizing and digitalizing economy. Traditional values, rooted in Confucianism, continue to influence leadership styles and organizational culture, but a clear shift is emerging toward more dynamic and participative management practices. To remain competitive in the global market, Vietnamese companies must invest heavily in developing human resources, particularly through upskilling their workforce and cultivating leadership capabilities. The integration of advanced digital technologies, along with a commitment to sustainability and

corporate social responsibility (CSR), will further position Vietnamese businesses as forward-thinking, resilient, and globally competitive.

As Vietnam faces challenges such as economic volatility, regulatory complexity, and digital transformation, the role of agile management is paramount. Companies that can embrace technological change, adhere to evolving regulatory standards, and adopt sustainable business practices will not only sustain economic growth but also contribute to the long-term success of Vietnam's global integration. By building on these strengths and addressing these challenges, Vietnam can ensure its businesses are resilient, innovative, and well-positioned to thrive in the increasingly interconnected global economy

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