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Introduction

The purpose of this report is to analyse the impact of cultural differences while shifting a business process to another country, which culture of which is widely different. International business can be defined as the manufacturing or distribution of products and services across borders. There are multiple benefits of trading across borders including access to cheap labour and a huge customer base, usage of foreign resources, leveraging the expertise of foreign labours, etc. However, trading across borders poses some challenges, which must not go unnoticed. The differences in cultural background and cultural sensitivity need to be accounted for.

Crocket and Jones (C&J) Clark Ltd is regarded as one of the finest handmade footwear companies that manufacture and supply both men's and women's footwear. The company was established in 1879 and the headquarters of the company is located in Northampton, the UK (Bloomberg.com, 2022). The company has decided to relocate its production facilities to another developing country, for which Vietnam has been chosen. As there are huge cultural differences between the UK and Vietnam, the company will face various barriers including communication barriers. Hence, these barriers will be recognised in this report and after that, recommendations will be provided so that the company can implement an appropriate strategy to deal with the barriers.

Introduction to the Chosen Country

Vietnam is one of the most promising developing countries in the world. The total GDP of the country is \$271.2 billion as of 2021 and the GDP of the country is growing at a rate of 7.45% annually (BBC News, 2022). The GDP per capita of the country is \$2768, which is higher than in countries like India. The total labour force of the country was estimated at around 55.88 million and with the Chinese influence, the labour force of the country has attained extraordinary skills, which is attracting many multinational companies to outsource operations to Vietnam. The country is run by one party and the company shares the same socialist or communist views as China. The currency of the country is quite stable when it comes to exchange rates. The inflation in the country is just 2.03%, which is quite good considering a high-growth developing country.

The labour of the country is skilled but cheap, which is one of the reasons the company has decided to relocate its operations to Vietnam.

Hofstede's Cultural Dimensions:

The cultural differences cause a lot of problems and pose various challenges, which need to be addressed by C&J Ltd. The well-recognized cultural dimensions model of Hofstede will be deployed to evaluate the cultural differences.

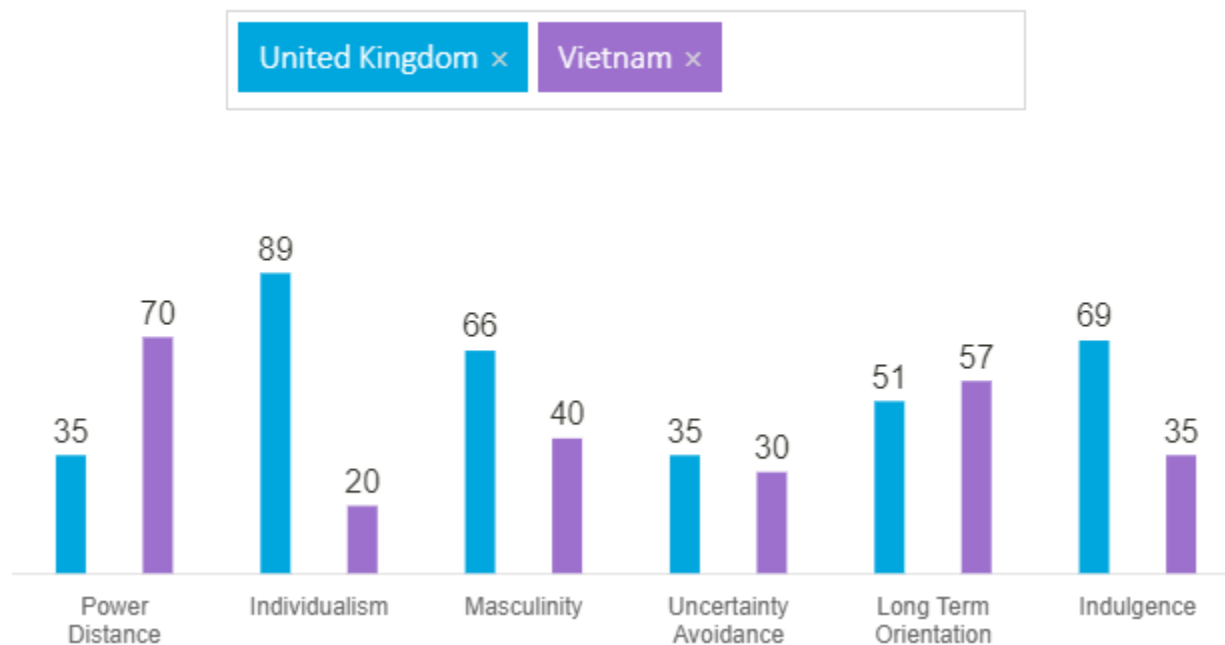


Figure 1: Hofstede's Cultural Dimensions

Source: (Hofstede Insights, 2022)

Power Distance Index:

This dimension is also known as the PDI dimension, which reflects on the tolerance of the workforce to unfair power distribution in society (Ronald and Fish, 2021). The graph clearly shows that the Vietnamese workforce is more likely to accept the unfair difference in power than the UK workforce. This has implications while making many decisions (Gotze and González, 2020). For example, the company can employ the centralised decision-making approach or autocratic leadership approach while operating in Vietnam.

Individualism vs collectivism

In terms of individualism vs collectivism, the UK scored lower than that of Vietnam, which implies that the UK is an individualistic society while Vietnam is a collectivist society (Lustig, Ferraro, and Dessler, 2021). This cultural difference has major implications on workplace and work design, bonus, and benefits package design, etc. This cultural difference shows that in Vietnam, employees like to work in teams unlike in the UK (Demmler, Ortiz Ayala, and Urbiola Solís, 2021). Hence, the company will have to design the workplace and responsibilities in a way that will allow the workers to collaborate in teams. Besides, UK employees are concerned about individual achievement, which is why the employees see each other as their competitors. On the other hand, Vietnamese employees prioritise team goals and team success, which is why they try to teach from each other and maintain a friendly work environment. The cultural differences also indicate that the employees of Vietnam will be motivated if the bonuses and benefits are attached to the team and individual performance (Peterson and Søndergaard, 2021), whereas the British employees would want the bonuses to be attached to individual performance.

Masculinity vs femininity

The third dimension is masculinity vs femininity, and in this dimension, the UK scored higher than Vietnam, meaning that the UK is more of a masculine culture, which is driven by achievement, competition, and success (Griffin and Pustay, 2020). On the other hand, Vietnam is more of a feminine culture, where the employees care about others and quality of life. In a masculine culture like that of the UK, the employees can read between the lines, that is, they can work with ambiguous instructions, whereas the employees in feminine culture require clear instructions from their superiors (Hofstede Insights, 2022).

Uncertainty avoidance

The next dimension is uncertainty avoidance, where the UK scored low. This implies that the UK employees are comfortable in ambiguous situations and hence, the projects in the UK are goal-oriented rather than detail-oriented (Gotze and González, 2020). The workers of Vietnam want to avoid uncertainty and hence, the project should include all the details, which must be ensured by the company when assigning a new project to the Vietnamese employees.

Long-term orientation and indulgence

Next, the long-term orientation is the dimension, which indicates cultural differences. Vietnam scored higher in this dimension, which means Vietnam is a normative society, where change faces restraint and people do not like change (Hofstede Insights, 2022). The company will have to keep these cultural differences in mind while bringing change and managing change in the Vietnamese workplace. The sixth dimension of this model is an indulgence, which reflects on how people want to pass their leisure time (Demmler, Ortiz Ayala, and Urbiola Solís, 2021). The UK scored higher, implying that the UK employees place higher importance on spending quality leisure time compared to the Vietnamese employees, a fact that the company should consider while designing the break room.

Cultural Sensitivity of the Vietnamese Employees

The cultural differences indicate the significance of cultural sensitivity while operating a business in Vietnam. Before evaluating cultural sensitivity, it is pertinent to define the term. Cultural sensitivity refers to the awareness of the differences without labeling them as right or wrong (Lustig, Ferraro, and Dessler, 2021). The UK head office needs to be culturally sensitive because any carelessness regarding this can result in miscommunication, and dissatisfaction among the employees of the company. The company needs to recognise that the employees of Vietnam do not share the same culture and hence, using business jargon and slang will be inappropriate and can have bad repercussions on the company (Ronald and Fish, 2021). In addition, the company should understand that in countries like Vietnam, employees prioritise the national interest over the goals and objectives of the company, and hence, the company must ensure that there is no conflict between the company and national interest; otherwise, the employees of the company will choose country over the company and the whole sustainability of the company in that country can be questioned.

Cultural sensitivity will allow the company to celebrate the cultural differences rather than allowing the cultural differences to be a major barrier (Wall, Wilkison, and Anderson, 2021). Cultural sensitivity also increases the loyalty of the employees towards the company, enhancing their productivity, which also impacts their and organisational performance positively. Cultural

sensitivity also enables the company to identify potential sources of conflict because of the cultural differences and these types of problems can be prevented (Peterson and Søndergaard, 2021). Cultural sensitivity will also foster diversity and inclusion, the benefits of which include better decision making, innovation, and creativity, initiation of change, better solutions to problems, etc. (Woods and Brooks, 2021). Thus, considering the significance of cultural sensitivity, the company should undertake a training program, where the employees will be taught to recognise the differences in the cultural background so that the employees do not hurt the cultural sentiments of the Vietnamese employees, which will have a negative impact on the performance of the manufacturing division in Vietnam.

Communication Barriers Faced by Foreign Companies in Vietnam

The language barrier is one of the biggest barriers to communication, which is one of the major problems for the company (Lustig, Ferraro, and Dessler, 2021). The employees of the UK do not speak Vietnamese and most of the people do not have a good grasp of English. Besides, the Vietnamese people show apathy towards learning the language, which makes the language barriers more severe. Besides, the British accent is often difficult for foreigners to understand, and hence, this adds to the communication problem that the company will be facing. There are comprehension issues as well, which makes the problem more acute (Brislin and Yoshida, 2020). Furthermore, when the employees try to use google translator or any other online translator, they fall prey to miscommunication because these translator services suffer from weaknesses because the artificial intelligence of the translator has not reached the level where it can translate all the languages in the world properly.

Another major barrier faced in communication is the perceptual barrier. That is, the Vietnamese employees perceive messages differently compared to the British employees because of their cultural background and varying life experiences (Woods and Brooks, 2021). This leads to misunderstanding the messages or instructions of the employees of the head office. Also, there is a time difference between the UK and Vietnam and hence, the employees of the company find it difficult to communicate in real-time (Peterson and Søndergaard, 2021). Thus, it leads to delayed

communication, which prevents the company from making and implementing quick decisions. Besides, delayed communication can be followed by miscommunication as well.

Another type of communication barrier that the company can face is the emotional barrier (Ronald and Fish, 2021). Emotions can hinder effective communication, which is why emotional intelligence is quite important in today's workforce. Often, the employees become emotional like depressed, angry, anxious, or frustrated because of any personal or family problem, which undermines their ability to communicate effectively (Brislin and Yoshida, 2020). The involvement of a large number of people exhibiting different cultural views increases the chance of emotional barriers. Interpersonal barriers can also hinder effective communication (Woods, Whetten, and Cameron, 2022). However, this communication problem will occur after the company has already established the manufacturing facilities in Vietnam and employees of both countries are working together for a long time. Nevertheless, the interpersonal conflicts that the employees develop over time must not go unnoticed; otherwise, they may not share important information out of pride, which will hurt the interest of the company.

The physical barrier is another type of communication barrier that the company is likely to experience. As the employees will be communicating over phone calls or online, physical interaction will be missing (Wall, Wilkison, and Anderson, 2021). People often act differently when communicating online compared to when they meet physically. Physical appearance has an impact on communication and as physical interaction will be missing from communication, there may be a barrier to communication. In addition, people can understand body language properly when they meet physically (Woods, Whetten, and Cameron, 2022). As the employees will be communicating online, they may misinterpret the body language of the other employees resulting in miscommunication. Psychological factors can also be a barrier to communication. The employees of both the end must be mentally healthy to communicate effectively. However, it is difficult to understand the mental state of the employee at the other end, which can culminate in miscommunication as well (Griffin and Pustay, 2020). Thus, there are various communication barriers experienced by foreign companies, which the organisation must consider so that it does not repeat the mistake and more importantly, can prevent miscommunication.

Solutions to the Communication Barriers

The company should hire bilingual employees, who will be mediating the communication between the Vietnamese office and the head office in the UK. The employees of the company will be offered career opportunities in the UK if they learn the English language and become fluent speakers of the language (King and Wood, 2021). This will also cater to the language barrier, which undermines effective communication because the Vietnamese employees will get motivated to learn the language.

The company should provide training in emotional intelligence so that the emotional barriers can be handled. When the employees will develop emotional intelligence, they will understand the varying emotions of the other employees and communicate with empathy (King and Wood, 2021). This can also lead to good relationships between the employees, which is beneficial for communication. In addition, C&J companies should set the office hours in a way that will allow both offices to share some office time simultaneously (Woods, Whetten, and Cameron, 2022). This will resolve the physical barriers to communication. The corporate diversity and inclusion policy should include the fact that every employee must respect the diverse perspective and show tolerance to differing views, which will prevent interpersonal problem (Brislin and Yoshida, 2020). The interpersonal problem is one of the major barriers to communication faced by foreign companies in Vietnam and hence, by strengthening its diversity and inclusion policy, the company can tackle the interpersonal problem and subsequently, the communication problem.

Conclusion

The production shift to Vietnam will be a big and challenging move for C&J because of the many cultural and communication barriers highlighted in this report. The application of Hofstede's cultural dimensions showed that both the countries differed based on every dimension, that is, compared to the UK, Vietnam is more power distant, collectivist, feminine, long-term oriented, and less indulgent. This has a significant impact on various HR and workplace practices. There are many communication barriers faced by foreign companies in Vietnam like language, perceptual, emotional, psychological, etc. barriers. Hence, in the last segment of the report, some strategies have been suggested, the implementation of which will allow the company to overcome the barriers to communication and operate smoothly in Vietnam.

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