

Duc Thanh Nguyen

MARKET RESEARCH: SWECO FINLAND'S POTENTIAL ENTRY  
IN VIETNAM IN INFRASTRUCTURE CONSULTING BUSINESS

Degree Programme in International Business

2019

# MARKET RESEARCH: SWECO FINLAND'S POTENTIAL ENTRY IN VIETNAM IN INFRASTRUCTURE CONSULTING BUSINESS

Nguyen, Duc Thanh

Satakunnan ammattikorkeakoulu, Satakunta University of Applied Sciences

Degree Programme in International Business

October 2019

Number of pages: 83

Appendices: 8

Keywords: market research, public infrastructure, consulting, Vietnam, Vietnam business culture

---

This bachelor thesis was conducted as a market research in the infrastructure consulting market in Vietnam. The necessity of the thesis resulted from SWECO Finland's interest in exploring the expansion opportunities into the Vietnamese market. The main objective of the thesis was to provide the company with the necessary knowledge of the macro-economic and cultural characteristics of Vietnam. The purpose of the thesis was to research whether Vietnam would be an economically or culturally attractive market, thus supported SWECO Finland's expansion decision-making.

The utilized theoretical framework for macro-economic factors was PESTLE analysis, and for cultural factors was Hofstede's 6 cultural dimensions model. Resource audit was included to assist with the assessment of SWECO Finland's hypothetical strength and weaknesses in the Vietnam market. The research findings and analysis of the Vietnamese market followed the frameworks covered in the theoretical background of the research.

Both primary and secondary data were utilized in this report. Secondary data was collected through public data sets, articles and journals from recognized research institutions, official Government statistics and reputable news outlets. Primary data was collected through observation and semi-structured interviews with people of relevant expertise. The analysis was conducted by a comparison between primary and secondary data, where the primary data would either serve as support or critic of the secondary data collected. Through the comparison, the most relevant data and conclusions concerning the Vietnamese market were drawn. Recommendations for the case company were based on those research findings and conclusions.

The research resulted in a comprehensive overview of the Vietnamese public infrastructure market. Primary data confirmed most of the secondary data collected while adding more supporting details, with no perceivable contradiction among data sources. Macro-economically, Vietnam emerged as a high-potential market due to the rapid economic growth, the massive infrastructure demand driven by urbanization and industrialization, and the Government's recent efforts. However, there were market uncertainties that required careful consideration, with regulatory inefficiency and corruption being the most prominent ones. Culturally, Vietnam and Finland exhibited distinct differences. The thesis concluded that Vietnam was a market of high potentiality and medium risk. The author's recommendations for market entry included a careful approach to mitigate risks concerning regulations, and the addition of a translator when negotiating to reduce the risk of cultural misunderstanding.

## CONTENTS

1	INTRODUCTION.....	1
1.1	Company introduction .....	1
1.2	Target market introduction .....	2
1.2.1	Vietnam – Finland market exchange.....	3
1.2.2	Vietnamese Infrastructure sector.....	4
2	PURPOSE OF THE THESIS .....	5
2.1	Objectives of the thesis .....	5
2.2	Conceptual framework.....	5
2.3	Boundary of the thesis .....	7
3	MARKET RESEARCH .....	9
3.1	Macro environment.....	9
3.2	Analysis tool: PESTLE.....	10
3.2.1	Political factors.....	10
3.2.2	Economic factors.....	11
3.2.3	Socio-cultural factors.....	11
3.2.4	Technological factors .....	11
3.2.5	Legal factors .....	12
3.2.6	Environmental factors .....	12
3.3	Culture and its effect on international business .....	13
3.4	Analysis tool: 6-D model.....	15
3.4.1	Power distance.....	15
3.4.2	Individualism versus Collectivism .....	16
3.4.3	Masculinity versus Femininity .....	17
3.4.4	Uncertainty avoidance .....	18
3.4.5	Long-term versus Short-term Orientation .....	20
3.4.6	Indulgence versus Restraint.....	21
4	BUSINESS-TO-BUSINESS MARKETING .....	22
4.1	Procurement of services for municipal level customers .....	23
4.2	Analysis tool: Resource Audit .....	25
5	RESEARCH METHODOLOGY .....	26
5.1	Research methods .....	26
5.2	Data collecting method .....	28
5.3	Validity and reliability of data .....	31
6	RESEARCH FINDINGS AND ANALYSIS .....	32
6.1	Macro-economic factors: PESTLE.....	32

6.1.1 Political factors .....	32
6.1.2 Economic factors .....	35
6.1.3 Social factors .....	40
6.1.4 Technological factors .....	44
6.1.5 Legal factors .....	46
6.1.6 Environmental factors .....	51
6.2 Hofstede's model .....	54
6.2.1 Power distance.....	55
6.2.2 Individualism versus Collectivism .....	58
6.2.3 Masculinity .....	60
6.2.4 Uncertainty Avoidance .....	62
6.2.5 Long-term Orientation versus Short-term Orientation.....	63
6.2.6 Indulgence .....	64
6.3 Resource Audit.....	65
7 SUMMARY AND CONCLUSIONS.....	67
7.1 Vietnam as a potential market from PESTLE model's standpoint.....	68
7.2 Vietnam as a potential market from Hofstede's model standpoint.....	70
7.3 SWECO Finland as a potential entrant .....	72
7.4 Discussion of research findings .....	72
7.5 Further research .....	74
8 RECOMMENDATIONS .....	75
REFERENCES.....	78
APPENDICES	

# 1 INTRODUCTION

This thesis serves as a market research of the public infrastructure consulting market in Vietnam. The public infrastructure in question are bridges, water, waste water and energy technologies and systems. The thesis aims at contributing to SWECO Finland's interest in expanding to South East Asia region, where there are impeccable opportunities for growth as some countries (Vietnam included) were heavily investing in improvement of infrastructure. However, SWECO Finland has no experience in operating in South East Asia, not to mention Vietnam in particular. Therefore, a market research would be of great benefit for the company. Having grown up in Vietnam, thus possessing some knowledge of the market and some experience in conducting market research, the author decides to make his thesis a market research of Vietnam in the field of public infrastructure consulting as it aligns well with both the company's vision and the author's background and capability.

The thesis consists of 4 main part, structured chronologically as followed: the introduction (chapter 1 and 2); the theoretical background (chapter 3 and 4); the research (chapter 5 and 6); and the conclusion and recommendations (chapter 7 and 8). The introduction part of the thesis contains background information about the target market, the case company as well as the purpose, structure and limitation of the thesis. The theoretical background part of the thesis comprises of the necessary information covered in the literatures that were used for the research part, namely background information about market research and marketing of services. Next, the research part covers the research methodology, research findings and analysis of those findings. Last comes the conclusion drawn from mentioned findings and analysis and the author's recommendations for the case company.

Appendix 8 contains the glossary for the abbreviations used throughout the thesis.

## 1.1 Company introduction

SWECO Finland operates as a subsidiary of SWECO AB, a major engineering, environmental technology and architecture consultancy group operating in seven

business areas: Sweden, Norway, Finland, Denmark, Netherlands, Western Europe and Central Europe. SWECO AB has in total roughly 15000 employees working in those areas and has carried out tens of thousands of projects in 70 countries worldwide. In 2018, the company's revenue was approximately 19 billion SEK. (Website of Bloomberg 2019.) SWECO was first established in the late 19<sup>th</sup> century in Sweden and has grown exponentially both demographically and in variety of expertise through acquisitions and merges (Website of SWECO Sweden 2019). Despite having a wide presence across multiple nations, SWECO's core strength has always relied on its decentralized business model. Therefore, despite SWECO Denmark having carried out multiple projects as well as a representative office in Vietnam, SWECO Finland, at the time of researching, has no project there.

SWECO Finland is one of Finland's leading architecture and engineering consultant company. Its expertise is structural engineering, building service systems, industrial, environmental and municipal engineering. SWECO Finland is based in Helsinki but has its presence in 25 other cities throughout Finland. Out of 15000 total employees of SWECO AB, approximately 2000 work in Finland. (Website of SWECO Finland 2019.) SWECO Finland today is also the result of multiple acquisitions of architecture, consultancy and engineering companies such as Avecon Ltd, FMC Group and CM-Urakointi Oy (Website of SWECO Sweden 2019).

## 1.2 Target market introduction

Vietnam is a country with the population of 97 million, residing in the South East part of Asia. Despite currently being the 15<sup>th</sup> most populated country in the world, the population is not evenly distributed. The majority of the population gather along the coast of Vietnam East Sea (also known as South China Sea) and in the Mekong Delta and Red River Valley region as seen in Appendix 1. (The World Factbook 2019.)

Vietnam was conquered by France in 1858 and later liberated in 1954 by the communist army under Ho Chi Minh. Then it was divided into 2 parts: the communist North and anti-communist South. South Vietnam had been receiving financial and

military aid from the US until it was defeated by North Vietnam in 1975, reuniting the country under the communist rule. The country experienced little economic growth for more than a decade due to conservative policies restricting external trades. It was not until 1986 when the Vietnamese government decided to reform, being more open toward international trades and investments to encourage competition, that the country's economic situation started to improve. Vietnam's normalization of diplomatic and trade relation with the US in the 1995-1999 period was among the greatest achievement for Vietnam, enabling more opportunities to cooperate with developed economies around the world. (Vuong 2014; The World Factbook 2019.)

As a result of the reform, Vietnam enjoyed a significant increase in GDP during the 1986-1995 period with an average of 6.5 percent every year and the most noteworthy increase of 9.54 percent in 1995. From 1996 to 2017, the growth rate settled down but still averaged out at 6.52 percent per year. As a result, Vietnam ranked 77<sup>th</sup> out of 140 countries in the Global Competitive Index assessed by the World Economic Forum in 2018. (The Global Economy: Vietnam: Economic growth 2019; World Economic Forum 2018, xi.)

### 1.2.1 Vietnam – Finland market exchange

The Democratic Republic of Vietnam was recognized by the Finnish government in 1972 and was included in Finland's list of long-term partner countries of Finnish development cooperation in 1973. During the period of 1973 to 2015, Finland has provided Vietnam with approximately 470 million euros of official development assistance (ODA). With Vietnam being recognized as a lower middle-income country in 2010, Finland development cooperation with Vietnam has been shifting to trade and economic cooperation. The development programs were completed in 2018.

Finland and Vietnam bilateral trade has been rather modest but is steadily growing over the years. The 300-million-euro mark was passed in 2015 with Finland's exports increased by 35% comparing to 2014. With the completion of Finland's backed development programs and the shift toward a mutual benefit partnership between Vietnam and Finland, many business cooperation in industries which were the focus

of the development programs are being promoted by Finland. The industries in focus are: water sector; forestry; science, technology and innovation; energy and other cleantech solutions and education. The cooperation development has made a name for itself in the water sector, which is still known in Hanoi as “Finnish water” referring to the safe and clean water provided by the flagship sector of the cooperation in the mid-1980s. (Website of the Ministry for Foreign Affairs of Finland 2019.)

### 1.2.2 Vietnamese Infrastructure sector

Due to realizing the necessity of sufficient infrastructure in driving growth, members of the Association of South East Asia Nations (ASEAN) have been investing heavily into infrastructure. According to the Asian Development Bank’s baseline estimate, ASEAN would need approximately 2.8 trillion USD in infrastructure investment within the period from 2016 to 2030. (Asian Development Bank 2017, 16.) Even among the ASEAN, Vietnam ranks among the top spenders in both investment (more than 5% of GDP) and spending growth (11.5% in the period 2012-2016, second to only Philippines) (PWC 2018, 47).

Meanwhile, regarding overall infrastructure quality and quality of roads, Vietnam ranks 89<sup>th</sup> and 92<sup>th</sup> respectively out of 137 countries (Global Competitive report 320-321). Clearly, despite the government having made major investments in the field, there is room for improvement regarding the efficiency of project finance operations. However, the government’s commitment toward improvements has attracted a considerable amount of foreign investment. Vietnam moved from being the 5<sup>th</sup> largest FDI recipient in 2010 to be the 2<sup>nd</sup> largest in 2017 among the ASEAN members. (PWC 2018, 60.) Moreover, the liberalization of industries regulations and further endorsement of public-private partnerships (PPP) are indications of the government’s effort to make the industry more appealing to foreign investors.



## 2 PURPOSE OF THE THESIS

This chapter contains the Objectives of the thesis, the Conceptual framework and the Boundary of the thesis.

### 2.1 Objectives of the thesis

The purpose of this thesis is to provide SWECO the necessary knowledge regarding public infrastructure consulting industry in Vietnam as well as Vietnam in general as a potential market for future investments. It would seek to discover whether Vietnam is economically and culturally attractive for SWECO's future investment. Therefore, the report would aim to answer the following questions:

- What are the major external factors to be considered when entering the Vietnamese market?
- How would those factors affect the potential entry of SWECO in Vietnam?
- What does the decision-making process consist of regarding public infrastructure consulting in Vietnam?
- What would be the strengths and weaknesses of SWECO in Vietnam?
- Which major business culture characteristics of Vietnam should SWECO focus on when operating in Vietnam?

### 2.2 Conceptual framework

The conceptual framework of the research is represented in the figure below:

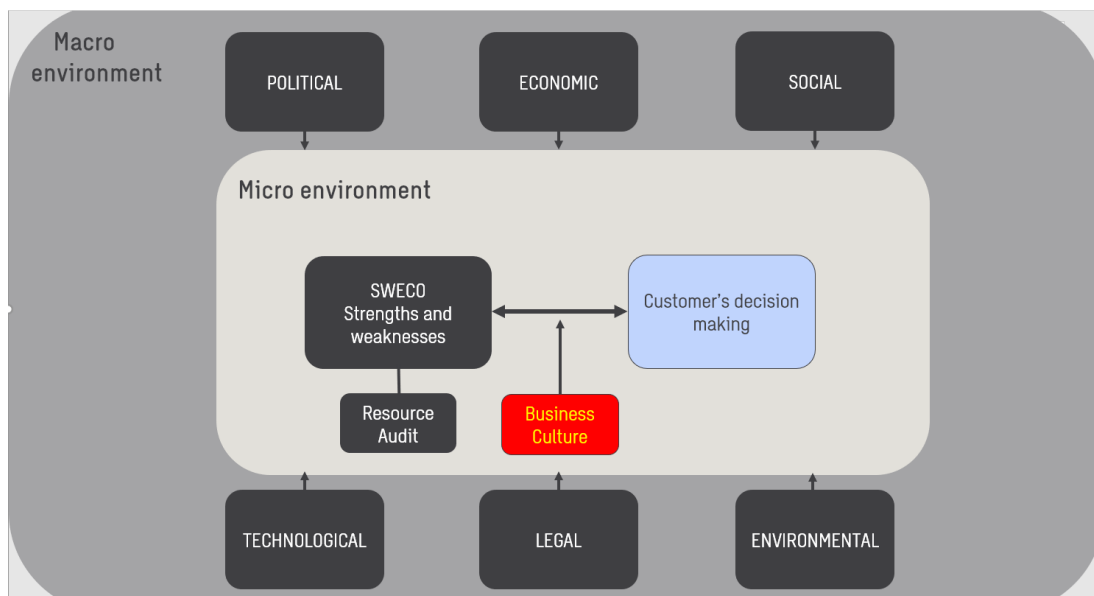


Figure 1. Conceptual framework of the market research

The macro environment factors will be identified through the structure of a PESTLE analysis, whereas micro environment factors regarding the internal of the company will be categorized through resource audit model. Meanwhile, the business culture will be analysed through Vietnamese national culture according to Hofstede's framework. The customer (in this case is Vietnamese government) decision making process will be in accordance to Vietnamese laws and regulations regarding construction, public procurement and corporate law.

The logic behind the conceptual framework is that the elements of the Resource Audit model will be compared against all 6 elements of the macro-environment and the business culture to see which of the elements would serve as either a strength or a weakness in the hypothesis that SWECO enters the market. Meanwhile, one element within the model mentioned could contain details that belongs to either the advantage or disadvantage group. Essentially, the whole model is a detailed version of the SWOT (Strength, Weakness, Opportunity, Threat) model, in which Strength and Weaknesses are further categorized by elements within the Resource Audit model, while Opportunity and Threat are categorized by the 6 factors in PESTLE, business culture and customer's decision-making process.

Looking at the conceptual framework from the level of analysis and time-frame standpoint, the framework would be represented as such:

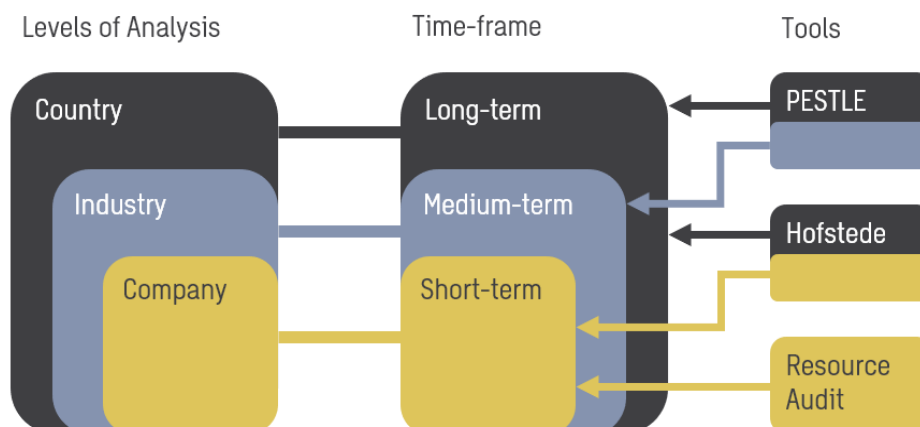


Figure 2. Conceptual framework of the market research from level of analysis and time-frame standpoint

In the framework, the term “long-term” represents a time-frame of more than 5 years, whereas “medium-term” would be 2 to 5 years and “short-term” would be 1 to 2 years. As represented in the figure, elements in the PESTLE model would be utilized to not only provide an overview of the country but also predict the long-term direction toward which the country would be heading. Meanwhile, due to the closely related nature between the country’s direction and the public industries where SWECO intends to operate, elements within the PESTLE model would also be used for a medium-term prediction for the public infrastructure consulting industry. For short-term prediction, elements in the Resource Audit model be responsible for determining both the capability and the conceivable strength/weaknesses of SWECO in the hypothesis that the company enters Vietnam. Meanwhile, national culture presented by the Hofstede’s model would be applied for both long-term prediction in a country-wide scale and determination of cultural compatibility between Vietnam and Finland in business context.

### 2.3 Boundary of the thesis

The first boundary would be that the thesis would not focus on SWECO’s competitors, but rather on the 6 external factors mentioned in the PESTLE model. Therefore, the actions of competitors in the market would not be analyzed extensively. Rather, competitors will be mentioned in relativity with SWECO in aspects such as price and

quality basing on results of past tendering projects. The limitation exists as the result of information regarding the activities of competitors of SWECO in the field in Vietnam being very limited and not usually public.

Second, despite acknowledging the differences between organizational and national cultures, this thesis will not cover Vietnamese government's organizational culture as a point of comparison against SWECO's organizational culture, but rather Vietnamese national culture to compare against Finnish national culture. The limit exists due to heavy censorship regarding press coverage and the perceived continuous poor implementation of policies by some government agents, leading to poorly documented and limited availability of data as well as questionable reliability of data provided regarding governmental organization's issues. Therefore, despite knowing the approach's limitation, the author argues that approaching business culture from a national standpoint, in this case, would yield a more unbiased, reliable and useful result.

Third, the only customer taken into consideration in this report would be the Government of Vietnam, which resulted from the request of the case company in addition to the nature of the infrastructures that the company operates in Vietnam. Also, the report will not provide details about procurement process of each sector that SWECO plans to operate in, but rather details about public infrastructure procurement in Vietnam as a whole because they all comply with the same set of law/directive.

Lastly, the aspects covered in the resource audit would need to comply with the requirements/limitation from the company, as some information could be considered trade secret or too sensitive for publication. Also, the level of analysis of the resource audit will not be too extensive to retain the focus of this thesis which is a market analysis.

### 3 MARKET RESEARCH

Market research is a crucial step before any company decides to expand outside the realm of domestic market, the main role of which is to provide the manager with vital information to aid decision-making process (ESOMAR 2007, 37). The term's definition varies; thus, some market researcher would have difficulty explaining their activity in a simple and concise way. ESOMAR's revision of the ICC/ESOMAR International Code on Market and Social Research Practice has incorporated a short and clear definition of market research: "Market research, which includes social and opinion research, is the systematic gathering and interpretation of information about individuals or organizations using the statistical and analytical methods and techniques of the applied social sciences to gain insight or support decision making. The identity of respondents the will not be revealed to the user of the information without explicit consent and no sales approach will be made to them as a direct result of their having provided information." (ESOMAR 2007, 38).

Market research types can be classified on the most basic level into 2 groups: qualitative and quantitative. The fundamental difference between 2 groups is that quantitative research typically involves large samples and structured questionnaires, while qualitative research usually involves much smaller sample groups and unstructured interviews. (ESOMAR 2007, 39). The type of market research that this thesis incorporates will be discussed in detail in the Research Method chapter

#### 3.1 Macro environment

The term Macro environment, also known as General environment or Remote environment, refers to the environment in which a company operates but has relatively no control over. The significance of which each factor has on the operation of a company depends on the nature of the industry in which the company operates. Macro environment is not only the source of a company's resources and opportunity but also its' restraints and threats. (Hundekar, Appannaiah & Reddy, 34.) Thus, whether a company has sufficient understanding of its external environment is among the deciding factors of its development and survival.

Macro environment aspects include demographic environment, economic environment, social/cultural environment, political and regulatory environment, technological environment, natural environment and global environment (Cherunilam 2009, 8). They align well with the aspects covered in a PESTLE analysis. Therefore, in this thesis, a PESTLE analysis will be conducted to provide an overview as well as highlight the important aspects of Vietnam.

### 3.2 Analysis tool: PESTLE

PESTLE is among the most common analysis approaches when analyzing a firm's macro environment. The term PESTLE is the abbreviation for political (P), economic (E), socio-cultural (S), technological (T), legal (L) and environmental (E) (Cadle, Paul & Turner 2014, 3).

#### 3.2.1 Political factors

Political factors are those that concern matters such as political systems, policies, priorities, political parties and trade unions. Political factors may act as opportunity and resources for a business but may also act as restraints for others, as the main role of a political system is to govern the distribution of resources, ensure social stability and provide security from external threats. Also, each country's political structure and priority is unique depending on the situational, historical and cultural context. Meanwhile, political factors may not be limited to the particular country in research because these days political changes in one might affect several other countries and their attitude toward the country in research. In most cases, political factors and legal factors are codependent, as changes to one can have a great effect on the other. (Cadle, Paul & Turner 2014, 3; Cavusgil, Knight & Riesenberger 2014, 202.)

### 3.2.2 Economic factors

Economic factors consider matters that represent an economy's characteristics such as income level, employment rate, inflation, economic growth and distribution of assets and income. Like political factors, economic factors of a market may act as either opportunities or restraints on the conduct of business. Also akin to political factors, economic factors' effects may not be limited within the country or industry in research but usually has a regional or global impact due to the increasing growth of global trade and interconnection among industries. (Cadle, Paul & Turner 2014, 4; Website of CIPD.) For instance, the real-estate bubble bursting in the United States in 2008 had such a major impact globally that some of the Eastern European countries such as Latvia, Hungary, and Romania had to seek external financial support from the IMF (Terazi & Şenel, 187).

### 3.2.3 Socio-cultural factors

Social-cultural factors cover the demographic and social side of the market in research. Those factors include, but not limited to: education level, age distribution, health and safety, culture norms, equality of wealth, behavior patterns. Changes in social-cultural factors are in general very subtle and hard to predict, but the effect can be of major significance to a business' well-being. Corporate social responsibility is one typical example of business aspect heavily influenced by socio-cultural factors, as many countries demand from companies society welfare on top of consumer welfare. (Cadle, Paul & Turner 2014, 4; Hundekar, Appannaiah & Reddy, 39; Website of CIPD.) An example of such case would be the Nike worker exploitation scandal in 1997 resulting in a huge backlash from consumers worldwide, waves of protests for human right together with major plummet of sales and company's image (Wazir 2001).

### 3.2.4 Technological factors

The effect of technology development on business-related matters is becoming increasingly significant. Technological development can be divided into 2 major groups: development in IT, and development in a specific industry in research. The

reason development in IT is separated into a different category is due to the major impact that information has on the conduct of a business. For instance, the internet provides fast information exchange and the ability to work remotely in certain cases, a significant business advantage over areas that lack internet connection. Meanwhile, development in the specific industry is crucial for industries that require the co-operation and compatibility between multiple organizations. Technological factors also have major effects on socio-cultural factors, environmental factors and in some cases, political factors. (Cadle, Paul & Turner 2014, 4.)

### 3.2.5 Legal factors

Legal framework serves as a facilitator for order and rules, basing on which laws are enforced and to which companies are expected to comply. In most countries, laws exist to not only to regulate the conduct of businesses but also serve as a basis to resolve disputes shall they arise. Failure to comply with the rules or attempts to cheat usually follows by a massive backlash from not only the public but also investors, as previously mentioned in the Nike case. Another major issue when considering legal factors is a mismatch in regulation among countries where an international firm operates. Therefore, it is crucial for companies to consider legal factors before planning to operate in any market to ensure its business conduct and growth are within the regulatory restraints of all related countries. (Cavusgil, Knight & Riesenberger 2014, 202-203, Cherunilam 2009, 47.)

Some typical examples of legal factors would be taxation, employment regulations, access to resources, environment laws and product standards (Cherunilam 2009, 46; Website of CIPD). As mentioned, legal factors and political factors are closely related and changes within one will likely affect the other.

### 3.2.6 Environmental factors

Also known as ecology factors, environmental factors arise from the increasing concern of the environment due to global warmings. Corporates are required to not only satisfy consumers demand but also leave as minimal as possible effect on nature.



(Hundekar, Appannaiah & Reddy, 40.) Environmental factors tend to correlate with legal factors, especially in countries that care about the environment or those that are most heavily impacted by environmental issues. For instance, the USA has the Resource Conservation and Recovery Act/Hazardous and Solid Waste Amendments (RCRA/HSWA), containing details of requirements for waste treatment, which must be satisfied before a facility is even permitted to operate (Website of the United States Environmental Protection Agency 2019).

On the other hand, failure to comply or attempts to cheat environmental legislation would likely result in a seriously negative impact on not only a company's image but also the trust of consumers and investors. An example of such case would be the Volkswagen emission scandal in 2015 where the environmental impact has not only heavily affected the company's image but also cost the firm multiple billions of dollars in fine (Hotten 2015; Schwartz 2018).

### 3.3 Culture and its effect on international business

For the past few decades, the world has been growing progressively more interconnected. iPhones, which are designed in the United States, are being assembled in China using parts imported from various other countries, then shipped worldwide. As favorable this development is for the growth of international commerce, it also raises the ever-increasing demand for understanding of cultural differences among international business alliances. (Ferraro & Briody 2017, 2.)

The term "culture" has various definitions, but in this thesis, the term would comply with the definition by Geert Hofstede: culture is "the collective programming of the mind that distinguishes the members of one group or category of people from others." (Hofstede, Hofstede, J. & Minkov 2010, 6). As culture affects even fundamental factors such as feelings and thinking patterns, it also inevitably affects all dimensions of international business.

Culture, according to Cavusgil, represents one of the 4 major risks of international business, which was referred by him as "cross-culture risk". Cross-culture risk refers

to situations that difference in culture may cause misunderstanding or misinterpretation between people of different cultures. Culture misunderstanding can inflict negative effect not only on business deals but also on the corporate itself. (Cavusgil, Knight & Riesenberger 2014, 117.) Therefore, multinational tech giants such as Google, Microsoft, and IBM all have anthropologists (people who study social or cultural anthropology) working across multiple levels of their value chain. The demand for understanding cultural differences is not new, as anthropologists have been working in the business sector as early as the 1930s (Ferraro & Briody 2017, 6).

As profound as the effect that culture has on international business, culture is difficult to identify and analyze. Because anthropologists themselves are partly a product of their culture, attempt to analyze and describe a culture may be susceptible to bias whether it be an analysis of their own or a different culture. Among different approaches yielding different result regarding culture, the value-orientation approach developed by Florence Kluckhohn and Fred Strodtbeck stands out as being relevant for international business and cultural-general as many cultures can be compared at once. One of the strengths of this model lies in its clarity and consistency, which comes as a result of comparing cultures' features against a continuum. Thus, a culture's result stems from comparison with other cultures in some major dimensions, representing the preferences or behavioral pattern of people within that culture. Many scholars have built upon this model, among which is the well-known Dutch organizational anthropologist Geert Hofstede, whose 6-D model will be utilized in this thesis. (Ferraro & Briody 2017, 29.)

The reason for a separate part dedicated to culture, even though culture elements can be covered under Socio-cultural aspect of the PESTLE model, is the immense cultural differences between Finland and Vietnam observed by the author. Despite having cultural knowledge would not be of many benefits for SWECO providing the current bidding process of Vietnam, the advantage of being cultural savvy would serve as a longer-term benefit, for instance, once a project has been awarded and negotiation between people of two cultures is required. Meanwhile, the centralized decision-making power in the industry in research means that fully understanding and utilizing the cultural knowledge could serve as a major advantage for SWECO's representative when conducting business with Vietnamese customers/partners. The culture part of the

report would provide an in-depth view into similarities and differences across dimensions in the Hofstede's model, thus seek to discover the national level of compatibility between the two cultures in the business context.

### 3.4 Analysis tool: 6-D model

Through studying the large amount of data provided by employees of IBM across more than 50 countries, professor Geert Hofstede realized representations of four dimensions of cultures namely: power distance (small to large), collectivism versus individualism, femininity versus masculinity, and uncertainty avoidance (weak to strong). Later, through extending the IBM model Eastward with the integration of Chinese Value Survey and World Values Survey, the model extended to a lot more countries while two more dimensions were introduced: long-term versus short-term orientation, and indulgence versus restraint. (Hofstede, Hofstede, J. & Minkov 2010, 31, 37, 45.) Together they form the 6 dimensions of national culture, hence the name 6-D model. Each of the dimension would be expressed on the scale from 0 to 100, but not to provide precise definitions but only for comparison's sake. As stated by the official website of Hofstede Insights: "Without comparison, a country score is meaningless." (Website of Hofstede Insights.)

#### 3.4.1 Power distance

The first dimension namely "power distance" represents the dependence relationship between subordinates and their bosses. In *Culture and Organizations*, Hofstede defined it as "the extent to which the less powerful member of institutions and organizations within a country expect and accept that power is distributed unequally". On the two extreme ends of dimension exert a significant difference in the approach toward power. In countries with low power distance index (PDI), casual approach and express of disagreements can be observed between bosses and subordinates. On the other hand, such matter would rarely occur in countries with high PDI, where the subordinates would tend to either willingly or feel forced to leave all the decision-making to their bosses. Power distance extends to all institutions within a society, for instance, families (where fathers may/may not hold significant power over sons) or schools (where

teachers may/may not hold significant power over students). (Hofstede, Hofstede, J. & Minkov 2010, 61.) Major key differences in the workplace and political context between countries in the extreme ends of this dimension are summarized in the following table:

Table 1. Key differences between small power distance and large power distance countries (Hofstede, Hofstede, J. & Minkov 2010, 72, 76, 83)

Small power distance	Large power distance
Dependence on powerful people is not desired either practically or emotionally	Expected dependence from the less powerful to the more powerful
Decentralization is common	Centralization is common
Fewer supervisors	More supervisors
Privileges are undesirable sights	Privileges are common and accepted
Skills and formal position justify power	Fa  mily tradition and ability to resort to force justify power
Multiple parties compete with votes	Autocratic governments
The use of power needs to be justified	The powerful is right
Major consequences for those involved in political scandals	Scandals involving political or powerful people usually concealed

### 3.4.2 Individualism versus Collectivism

The second dimension is named “Individualism versus Collectivism” and is represented by the individualism index (IDV). This dimension seeks to compare across multiple cultures the strength of ties between individuals and the degree to which an individual’s action is bounded by expectations of others living in the same society. Countries with high IDV are regarded as having individualist culture, whereas having a low IDV means that the country has a collectivist culture. In countries with high IDV, individuals are expected to stand up for himself and his action tends to seek his own interest or his immediate family. On the contrary, in countries with low IDV, individuals are often referred to as part of a group and his action would be expected to be in the group’s interest in exchange for protection. In such societies, the codependence between an individual and the group which he is identified with is strong, and at times an individual’s loyalty toward his group might not be voluntarily but projected onto him on the basis of nature (for example an individual and his extended family). In terms of identity, children from collectivist societies would grow

up to think of themselves as a part of a “We” group, whereas those from individualist societies would identify themselves as separate “I”-s with unique characteristics. (Hofstede, Hofstede, J. & Minkov 2010, 91-92.) Such difference does not only affect one’s approach toward his family, but also other matters as highlighted in the following table:

Table 2. Key differences between individualist and collectivist countries (Hofstede, Hofstede, J. & Minkov 2010, 113, 117, 124)

Individualist	Collectivist
Expected universal standards	Standard differs between people of in-groups and out-groups
Prime source of information is the media	Prime source of information is social media
Employee-employer relationship is a labour contract	Employee-employer relationship is moral
Personal opinion is expected	Opinions represented by group membership
Tasks are prioritized over relationships	Relationships are prioritized over tasks
Government role is restrained	Government has dominant role
Laws and rights expected to be universal	Laws and rights differ by group membership
Low-context communication	High-context communication

### 3.4.3 Masculinity versus Femininity

The dimension “Masculinity versus Femininity” is measured by masculinity index (MAS) and refers to the degree toward which gender roles overlap in a society. Societies having a score on the low end of MAS would be considered feminine, whereas having a high MAS score would be considered masculine. According to Hofstede’s definition, a society is masculine if there is a clear difference in gender roles: men are supposed to be competent and successful materially, whereas women are supposed to be modest and be more concerned with relationships and quality of life. On the other hand, a society would be considered as feminine when the two gender roles overlap: there is no clear distinction between the roles expected from men and women as both are supposed to be tender, modest and concerned with life quality. From the work goal standpoint, people of masculine culture would seek high earnings, recognition, advancement, and challenge. Meanwhile, people on the feminine side would value a good working relationship with the manager, good cooperation, ability to attain desirable living area and employment security. (Hofstede, Hofstede, J. &

Minkov 2010, 139-140.) Other preferences regarding workplace and society within each society are summed up in the table below:

Table 3. Key differences between feminine and masculine countries (Hofstede, Hofstede, J. & Minkov 2010, 155, 165, 180)

Feminine	Masculine
Prioritize relationship and life quality	Prioritize advancement and recognition
Conflicts are solved through negotiation and compromises	Conflicts are won by the strongest
Consensus management	Aggressive management
Equality-based rewards	Equity-based rewards
People work to live	People live to work
Strong agriculture and service industries	Strong manufacturing and bulk chemistry
Immigrants expected to integrate	Immigrant expected to assimilate

#### 3.4.4 Uncertainty avoidance

“Uncertainty avoidance” is the fourth and also the last cultural dimension found in the original IBM research. The dimension measures the extent to which a culture would feel threatened, thus seek familiarity or guidance, in the presence of unknown circumstances. A society’s uncertainty avoidance index (UAI) is presented on the scale of 0 (weakest uncertainty avoidance) to 100 (strongest uncertainty avoidance) and it correlates positively with the anxiety level of that society. (Hofstede, Hofstede, J. & Minkov 2010, 191, 195-196.) One element that demonstrates clearly the difference between countries on the opposite ends of this spectrum would be their emotional approach toward formal rules. In countries with high uncertainty avoidance, rules and regulations are emotionally preferable, or even required, as they would limit the amount of uncertainty and provide people with the structured setting they are so familiar and comfortable with. On the contrary, formal rules and regulations are preferably limited to the absolute required minimum in low uncertainty avoidance societies, as people in such society don’t believe in the requirement of formal regulation in solving practical problems. Another similar difference between high and low uncertainty avoidance countries would be their approach toward work, where people of high uncertainty avoidance countries prefer to work hard and be busy, while

people of the opposite culture don't have such internal urge and would only work hard when required. (Hofstede, Hofstede, J. & Minkov 2010, 209-210.)

Uncertainty avoidance is not to be mistaken as risk avoidance, as people of strong uncertainty avoidance would often be prepared for risky behavior so long as such approach would increase the known risk but reduce the ambiguity.

Major differences in work, organization, and motivation between societies of weak and strong uncertainty avoidance are summed up in the following table:

Table 4. Key differences between weak uncertainty avoidance and strong uncertainty avoidance countries (Hofstede, Hofstede, J. & Minkov 2010, 203, 209, 217, 231)

Weak uncertainty avoidance	Strong uncertainty avoidance
Uncertainty is normal and accepted	Uncertainty is a threat that must be resisted
Low stress and anxiety	High stress and anxiety
Aggression/emotions not expected to be shown	Aggression/emotions can be shown in appropriate setting
Comfortable with unfamiliar risks	Acceptance of familiar risks, refrain from unfamiliar risks
Fast acceptance of new technology	Slow acceptance of new technology
Bold investments	Conservative investments
Citizen has power over authorities	Citizen has little power over
Positive or neutral mindset toward foreigners	Xenophobia

#### 3.4.5 Long-term versus Short-term Orientation

Long-term versus Short-term Orientation (LTO) is the fifth dimension in Hofstede's 6-D model but originated from the Chinese Value Survey (CVS) of Michael Bond and later integrated with the analysis from World Value Survey (WVS) of Misho Minkov to extend to more countries. In definition, a society is considered to be long-term oriented when its values are allocated toward future rewards, while a short-term oriented one would be toward the past and present. In other word, a long-term oriented society values perseverance, whereas a short-term oriented society would put its emphasis on the respect for tradition. A country's LTO is scored on the scale of 0 to 100, where the higher score indicates longer-term orientation society relative to that with the lower score. (Hofstede, Hofstede, J. & Minkov 2010, 236, 239, 252.) Based on the data of CVS and WVS, the key differences between long- and short-term oriented societies in business and societal context are summarized in the following table:



Table 5. Key differences between short-term oriented and long-term oriented countries (Hofstede, Hofstede, J. & Minkov 2010, 203, 209, 217, 231)

Short-term orientation	Long-term orientation
Preference for producing fast results	Persevering effort for slow results
Concern with status	Willing to subordinate
Importance of this year's profit	Importance of long-term profit
Definition of good and evil is universal	Definition of good and evil depends on the context
Analytical thinking	Synthetic thinking
Cognitive consistency is required	Disagreement can exist
Slow or no economic growth in poor countries	Fast economic growth in poor countries
Citizen has power over authorities	Citizen has little power over
Tendency to invest in mutual funds	Tendency to invest in real estates

#### 3.4.6 Indulgence versus Restraint

“Indulgence versus Restraint” is a relatively new dimension in academic literature and as a result of Misho Minkov’s analysis of the WVS. The two poles are defined as follow: indulgence societies are those that have relatively loose control over people’s basic desire of having fun and enjoying life; whereas in restraint societies, such gratifications are either suppressed or strictly bounded by social norms. (Hofstede, Hofstede, J. & Minkov 2010, 281.) A country’s position in the dimension is represented as a number on the scale of 0 to 100, where the higher score indicates the tendency toward indulgence and the lower toward restraint. The major difference between indulgence and restraint society may not manifest itself too extensively in workplace context, but very much so in political setting. Unlike in indulgence countries where freedom of speech and human rights are of utmost importance, in restraint societies their importance is downplayed to the degree that it can be sacrificed in the pursuit of maintaining societal order. (Hofstede, Hofstede, J. & Minkov 2010 295.)

## 4 BUSINESS-TO-BUSINESS MARKETING

The term Business-to-Business marketing, or organizational marketing, refers to commercial activities among organizations. Basing on types, organizations can be characterized into 3 groups as follow: Institutional Organizations, Commercial Organizations and Government Organizations (Fill & McKee 2011, 9). For this thesis, the focus would only be on Government Organizations type.

Government Organizations, or Public Sector Organizations, consists of entities that are publicly controlled or funded to deliver public goods and services. They are responsible for a great amount of purchases volume across multiple areas such as healthcare, transport or education (Fill & McKee 2011, 12). There are four levels of Public Sector Organizations: international (multistate entities), national (independent state), regional (province/state within a national state) and local (city/county). Within each level exists at least 3 types of organizations: core government (departments, ministries or branches), agencies and public enterprises. Out of the 3 types of Public Sector Organization, only public enterprises may make a profit and often have additional revenue sources other than public funds. (Dube & Danescu 2011, 3-4.) Having the focus not on making a profit but rather providing public services is the distinctive difference between Government Organizations and Commercial Organizations. The key differences between governmental and commercial procurement would be further articulated in sub-chapter 4.1. Nevertheless, the customer-central principle of the 2 types of organizations remains the same (Fill & McKee 2011, 18).

Generally, the organizational market operates differently from the consumer market, despite the existence of products and services that can be purchased and used by both consumers and organizations (Fill & McKee 2011, 18). For example, printers can be bought by both consumers and organizations alike, but the intended utility, the size of the order, the decision-making process and the intended user are usually immensely different between the 2 cases. In the case of buying printers for a consumer, usually, the intended utility would be for personal use, size of the order would be small, decision making generally short basing on few criteria and the one making the decision usually is the user. On the other hand, when a company decides to buy the same

product, the intended utility usually would be for commercial operation, in a large-sized order with more complex and longer decision-making process and the people making decisions might not be the user of the product at all. The fundamental differences between consumer markets and organizational markets can be sum up as demonstrated by the following table:

Table 6. A comparison of buying characteristics in organizational and consumer markets (Fill & McKee 2011, 64)

	<b>Consumer buying</b>	<b>Organisational buying</b>
Number of buyers	Many	Few
Purchase initiation	Self	Others
Evaluative criteria	Social, ego and level of utility	Price, value and level of utility
Information search	Normally short	Normally long
Range of suppliers used	Small number of suppliers considered	Can be extensive
Importance of supplier choice	Normally limited	Can be critical
Size of orders	Small	Large
Frequency of orders	High	Low
Value of orders placed	Low	High
Complexity of decision making	Low to medium	Medium
Range of information inputs	Limited	Moderate to extensive

#### 4.1 Procurement of services for municipal level customers

Despite having the same customer-centric principle with other types of organizational procurement, government procurement still differs significantly from private organization procurement for these distinctive features: political objectives, budget policies, accountability and directives (Fill & McKee 2011, 12).

In the public sector, unlike the private sector, efficient spending might not be the only objective that needs to be satisfied, but often there are political goals involved as well. Due to the massive number of stakeholders involved in a typical government project,

it is very difficult to attain both or even maintain the balance between meeting political objective and budget efficiency should the two misalign. (Fill & McKee 2011, 13.)

Budget policy of government procurement is another factor that differs substantially from that of commercial organizations. With predetermined priorities combining with long, detailed and regulated decision-making procedures, government's budget policy is susceptible to major inefficiency and delay should an unforeseen incident arises. The slow and prolonged process not only results from government spending being usually under substantial public inspection but also partly due to the third major difference between the procurement of government and commercial entities: accountability. (Fill & McKee 2011, 13.)

Due to the hierarchical nature of governmental entities, a purchase decision generally must go through multiple layers of authorizations. The reason for such procedure is that the money being spent is public money, and the people giving authorizations are bounded by regulations and held accountable for the decisions being made. While the procedure could potentially provide more security and prevent misuse of power for personal gains, the disadvantage of such focus on procedure is the prolonged processing time while providing little benefit for the quality of the purchase. In worse cases, it could lead to contract management – an underhanded and often illegal practice where both parties agreed to a contract knowing that the actual cost would far exceed what has been agreed – likely resulting in insufficient usage of public money and failures in many further related procedures such as public budget planning. (Fill & McKee 2011, 13.)

The last but most noteworthy difference between private and public procurement concerns directives. While the bidding process is entirely up to the companies and their consultants in the private sector, it is heavily regulated in public sectors. Public procurement laws and directives regulate extensively every aspect of a tendering process, for instance, bidding procedures or responsibilities of every stakeholder involved. Each country has its own set of law and directive regarding public tendering, which is often complex and correlated with many other sets of law. (Puil & Weele 2013, 40, 44.)

#### 4.2 Analysis tool: Resource Audit

Resource audit, also referred to as “resource analysis”, is the tool utilized in evaluating a firm’s internal competence and incompetence in different aspects. The analysis is useful when assessing the firm’s ability to achieve its goal by identifying internal factors that might either advocates or hinders that achievement. Thus, this tool corresponds to the Strengths and Weaknesses of a SWOT model. A resource audit typically covers five areas: financial, physical, human, reputation and know-how. (Cadle, Paul & Turner 2014, 9-11.) The level of impact of each resource on the firm’s ability depends on the nature of the industry and the firm in research.

Firstly, “financial” refers to not only the firm’s financial situation but also its capability and access to appropriate loans and funding, which decides whether the firm is financially suitable for initiating a business decision. Secondly, “physical” explores the physical resources that the firm possesses or at the firm’s disposal. Examples of physical resources could be equipment, lands, buildings or inventory. Meanwhile, “human” area covers human resources related matters in the firm. Examples of such matter would be the number of employees, their responsibilities, suitability, expertise and/or experience. Furthermore, a firm’s reputation also has significant effect on a procurement decision, especially since municipal procurement is often put under great scrutiny by the public as mentioned. Proper management of a firm’s reputation-related matters such as perceived brand value or brand positioning would serve as a great advantage whereas a poor reputation would be among the greatest hindrances. Along with reputation, know-how is another intangible resource that a firm should evaluate. “Know-how” refers to the availability and accessibility of information within a company and the efficiency of such information flow. Examples of information, in this case, could be information about clients, techniques or the firm’s own internal structure. (Cadle, Paul & Turner 2014, 10-11.)

## 5 RESEARCH METHODOLOGY

This chapter will present the research methods and data collection method utilized for the conduct of this market research.

### 5.1 Research methods

As mentioned in the “Introduction to market research” sub-chapter, market researches can be basically divided into quantitative research and qualitative research basing on how the data was collected.

Quantitative research typically deals with numbers, measurements and involves statistical analysis. The main rule of this data collection method is that the set of questions asked from participant needs to be the same while the usual method would be through surveys. The main advantages of the quantitative approach are that it can reach a large amount of sample size, less time-consuming while being moderately less subjected to biases due to its statistical reliability. However, it comes with its own set of disadvantages which are mainly depth-limitation of data, reliability of answers collected and the inflexibility of the majority of quantitative data collecting methods. (ESOMAR 2007, 66-71.)

Qualitative research, on the other hand, utilized non-numerical data collection and/or analysis procedure. Comparing to that of quantitative research, qualitative research’s sample size is usually much more limited. However, in return, such small sample size tends to provide much more in-depth and reliable information, the condition of which is that such sample size possesses the sufficient knowledge and expertise (User-Friendly Handbook for... 1997.) Additionally, the absence of a pre-determined fixed set of questions enables qualitative research’s result to extend even outside the expectation of the researchers. Paradoxically, the result’s interpretation can be difficult and more vulnerable to biases. (ESOMAR 2007, 72.)

Regarding qualitative research, observation and interviews are two of the most common methods for data gathering. Participant observation is defined as the method

where the researcher attempts to fully involve himself to become a part of the subject group being researched to gain insights and experiences (Saunders, Lewis & Thornhill 2006, 283-284). Observation is an especially suitable method when gathering data concerning social environment, nonverbal communication, and prominent non-occurrences. Also, it provides the researcher with great insight into the situation while remaining flexible. However, such great flexibility comes with its own set of disadvantages, the most noticeable of which would be the subjectivity to the researcher's biases.

Interviews, on the other hand, provide data from a different perspective: that of other people related to the research matter. Interviews can be done in either a one-on-one or a group setting. Basing on the structure of the questions, interviews are divided into 3 types namely structured interviews, semi-structured interviews, and unstructured (in-depth) interviews, in the chronologically descending order of reliance on the set of predetermined questions. Structured interviews rely on predetermined questions and usually prepared set of answers for each. Semi-structured interviews only use the prepared questions as a general guideline, while some questions can be either added or removed depending on the context. Last, unstructured interviews do not rely on any prepared list of questions but only the topic as its guideline, therefore highly exploratory and informal in its nature. Semi-structured and unstructured interviews are more typically employed in qualitative research, while structured interviews are often analyzed quantitatively. (Saunders, Lewis & Thornhill 2006, 312-313.) Semi-structured and unstructured interviews' advantages come from their great amount of insights, flexibility and the chance of discovering unexpected results. However, similar to that of observation, such flexibility comes with the possibility of data being distorted by personal biases or the interviewee wanting to please the interviewer. (User-Friendly Handbook for... 1997.)

One research is not limited to choose either qualitative or quantitative methods, but a combination of both is possible. The combination that was utilized for this research is referred to as mixed model research – the combination of qualitative and quantitative of both data collection techniques and the interpretation of data. (Saunders, Lewis & Thornhill 2006, 146-147.) The reason for this choice was to minimize the “method

effect” while increasing the feasibility and reliability of the data collected and the conclusion drawn from such data.

For this report, all the interviews conducted for this thesis were qualitative. Additionally, some of the data that were documented online and the scores in Hofstede’s model were in the form of figures, so those data were quantitative in nature. The order of the research went as follow: secondary data, which was a combination of qualitative and quantitative data, was collected; then primary data was collected through personal interviews and the research would be completed with personal observations. The personal interviews and observations would serve as either support (adding detailed information or confirmation) or critic (disagree or invalidate) for the indications and interpretation of secondary data. This approach served several purposes: efficiency, feasibility, and reliability. Regarding efficiency, secondary data concerning macroeconomics situations, regulation and culture were well-documented and quickly accessible, therefore it would be much more efficient than conducting research in those matter from the ground up. Not to mention the resources required to attain primary data of similar scale would be impossible for the author alone, so the approach mentioned were the only feasible option. For the argument that this approach would improve reliability, the author’s reason was that including experts’ opinions would minimize as much as possible the gap between the abstract interpretation of documented data and the observable but undocumented manners in practice.

## 5.2 Data collecting method

For this market research, both primary data and secondary data has been utilized. Whether a set of data is “Primary” or “Secondary” relies on the collecting method that was used. Primary data refers to data that is gathered first-hand by the researcher, for the specific purpose of that research (ESOMAR 2007, 65). Secondary data is defined as “data that have already been collected for some other purpose”. Utilization of secondary data in a research yields several advantages over primary data, the most prominent which would be: low resources requirement, the feasibility of longitudinal studies and ease of third-party source review. However, secondary data still has its



own drawbacks concerning the difficulty in accessibility and control over data quality. (Saunders, Lewis & Thornhill 2006, 246, 257-262.)

In this thesis, most data in the PESTLE model and some in the Resource Audit were documentary secondary data, while that in the culture section was survey-based secondary data. Regarding macro environment, secondary data was collected from reliable sources such as the World Bank's publication, the Asian Development Bank's publication and the World Factbook by the Central Intelligence Agency. The choice for such sources of secondary data resulted from the publisher being reliable and reputable institutions and their publications are open for public scrutiny, therefore the chances of the data being fabricated are relatively low. Moreover, data from the World Bank and the World Factbook are among the source materials given to the author by his institution, which further highlighted their dependability. Official data from the Government of Vietnam's websites and reports were also utilized where possible. Regarding culture, the primary source for data would be Hofstede's book "Culture and Organizations: Software of the Mind" and the data from the website of his licensed partner Itim International (operating under the brand "Hofstede insights").

Primary data in this thesis was collected through personal interviews and observation. Regarding the interviews, the participants were selected based on their expertise in the field and the accessibility of the author. Four people were chosen for the interview basing on their expertise in the field: Mrs. Nhu Doan, Mr. Long Nguyen, Ms. Van Anh Pham, and Mr. Jyri. The interviews followed the semi-structure type, meaning that the interviewer did not strictly follow the prepared set of questions but raised extra questions when a matter of interest arose. The prepared set of questions were tailored to each person on the basis of their position, their expertise, and the thesis objective. Question sets of the three Vietnamese interviewees covered their opinions on Vietnam's macro-economic factors, while that of Mr. Jyri covered his opinions on SWECO Finland's resources. Among the questions about Vietnam, those for Mrs. Nhu and Mr. Long were more about general characteristics of the market while those for Ms. Van Anh focused more on the specific case of SWECO. (Appendix 4, 5, 6, 7.)

Mrs. Nhu and Mr Mrs. Nhu, Mr. Long and Ms. Van Anh were interviewed through a video-call over the Internet as they were in Vietnam, while Mr. Jyri was interviewed

in his office situated in Helsinki. All the interviews with Vietnamese interviewees were conducted in Vietnamese to minimize language barrier and were recorded with the permission of the interviewees. Meanwhile, the interview with Mr. Jyri was conducted in English.

The first person that was chosen for interviewing was Mrs. Nhu Doan. She used to be the Vice Chief Inspector of the Ministry of Construction in Vietnam. Her previous works involved various tasks concerning both public and private constructions, including finding and propose corrections for loopholes in laws, inspecting the validity of various processes in construction and deal with complaints and denouncements concerning construction. Her involvement in the public construction matters and her deep knowledge in laws and regulations made her a prime candidate for interviewing about public construction and the current situation regarding Vietnam's infrastructure.

The second person interviewed was Mr. Long Nguyen, a procurement specialist/consultant at ASIATECH Group. He has been involved in the procurement of both public and private projects in various industries, mostly on the buyer's side. His extensive understanding of procurement law and experience directly in the procurement process aligned well with the objectives of this thesis and provided valuable information regarding public procurement procedures.

From the supplier side in Vietnam, the person chosen for the interview was Ms. Van Anh Pham, the legal representative of SWECO Denmark in Vietnam. For SWECO Denmark had multiple projects awarded in Vietnam, Ms. Van Anh not only had profound experience in bidding for public projects but also provided the perfect reference and information for the hypothesis of SWECO Finland working in Vietnam.

From SWECO Finland's side, Mr. Jyri, the Chief Sustainable Officer, was the suitable candidate for interviewing about the company's resources. Having worked for SWECO for many years and researching foreign opportunities for the company, Mr. Jyri had great insights regarding the company's resources and the mobilization of such resources.

The author's personal unstructured observation would be utilized in the culture part of the thesis and partly in the Resource Audit. His experiences growing up in Vietnam and observations made during the time would serve as either support or critic of the findings about culture in this report. Meanwhile, the author working in the office of SWECO enabled him to observe his colleagues and ask questions if required.

### 5.3 Validity and reliability of data

Regarding the secondary data collected on the Internet, the assumption that it was reliable resulted from them being published by well-known and large corporations and agencies while, as mentioned, opened for public scrutiny. Information was neither fabricated, plagiarized nor altered in any way by the author. References were clearly indicated where the idea/text did not belong to the author, additional sources that were read for inspiration could be provided upon request. Information that were not linked to any sources belongs to the author. The methods for gathering were presented in the sub-chapter 5.2.

Concerning primary data gathered, there was no observable/imaginable motive for the interviewee to provide untruthful information, therefore it's safe to assume that the answers were the truth from their own perspective. Misinterpretations were minimized by conducting the interviews in the mother-tongue language of the parties involved when possible. Biases were minimized through the selection of interviewees where all sides of the procurement process were involved. Records of the interviews can be presented upon request.

Observations of the author were kept as subjective and unbiased as possible. Observable culture traits of Vietnam were observed throughout the upbringing of the author, whereas that of Finland were observed during his 3 years living and studying in Finland. There was no observable/imaginable incentive to fabricate information, as there was no personal benefit from doing so.

## 6 RESEARCH FINDINGS AND ANALYSIS

This chapter would present the research findings and analysis of the Vietnamese market complimented with a general resource audit of SWECO Finland. The findings were presented simultaneously with the author's analysis, with the confirmation and/or additional information from the interviewees. The chapter's content was formed in the following order: macro-economic factors (sub-chapter 6.1), cultural factors (sub-chapter 6.2) and resource audit (sub-chapter 6.3).

### 6.1 Macro-economic factors: PESTLE

This sub-chapter would present the research findings and analysis of macro-economic factors following the PESTLE framework.

#### 6.1.1 Political factors

Vietnam has been a one-party Communist state ever since its unification in 1975, and the Communist Party of Vietnam (CPV) has centralized power over the state, military, and media. National Assembly is constitutionally recognized as “the highest organ of state power” and “highest representative organ of the people”, elected on a 5-year term with the function of adopting and amending the Constitution and deciding on legislative programs. Every five years, at the Party National Congress, the National Assembly would elect the members of the Central Committee, government leaders and decide the direction of the Party. Meanwhile, the Central Committee is the highest executive organ of the CPV between 2 Party National Congresses with the ability to appoint members of the Politburo and the General Secretary. (Constitution of Vietnam 2013, chapter 1,5,6,7.) The Party's current General Secretary is Nguyen Phu Trong, who also holds the title of President and Secretary of the Central Military Commission. The country's current Prime Minister is Nguyen Xuan Phuc. The most recent National Party Congress was held in 2016, which means the next major political shift will be in 2021.

Vietnam is viewed as a stable country politically with the Political Stability Index of 0.31, with -2.5 being the weakest and 2.5 being the strongest, ranking 74<sup>th</sup>/195 worldwide and 3<sup>rd</sup> in South East Asia region below Laos and Singapore (The Global Economy: Political stability – Country rankings, 2017). The stability partly results from the government not welcoming opposition while retaining censorship over the traditional media such as press or TV. Therefore, many people refer to social media when in search of critical viewpoints of a certain political matter. Vietnam's most popular social media platform is Facebook with 55 million users, and that is also where most activist's voices are expressed. Contrary to that of traditional media, the government's attempts to censor current popular social media platforms were not fruitful. Vietnam's past failure to completely block Facebook or introduce an alternative platform has resulted in major popularization of the service, making it a common platform for activists to voice their opinion. However, the cyber-security law, which came in effect January 2019, required Internet providers to remove content that the Government deemed as "anti-state" and tech companies to hand over user data if required by government's officials. Such an approach to activist drastically strengthened the stability in the domestic political landscape while raising national and international concerns over freedom of speech (Jennings 2018).

According to the Vietnam Provincial Governance and Public Administration Performance Index (PAPI) survey, the current overall trend in political landscape is positive. "Participation at local levels", "transparency" and "vertical accountability" witnessed significant improvement in 2018, while the remaining 3 dimensions of "control of corruption in public sector", "public administrative procedures" and "public service delivery" steadily advanced. The increase across dimensions from 2016 onwards, as demonstrated by Figure 3, likely resulted from the anti-corruption campaign that initiated during the same period and Vietnam's improved economic performance. (PAPI 2018, 9,10.)

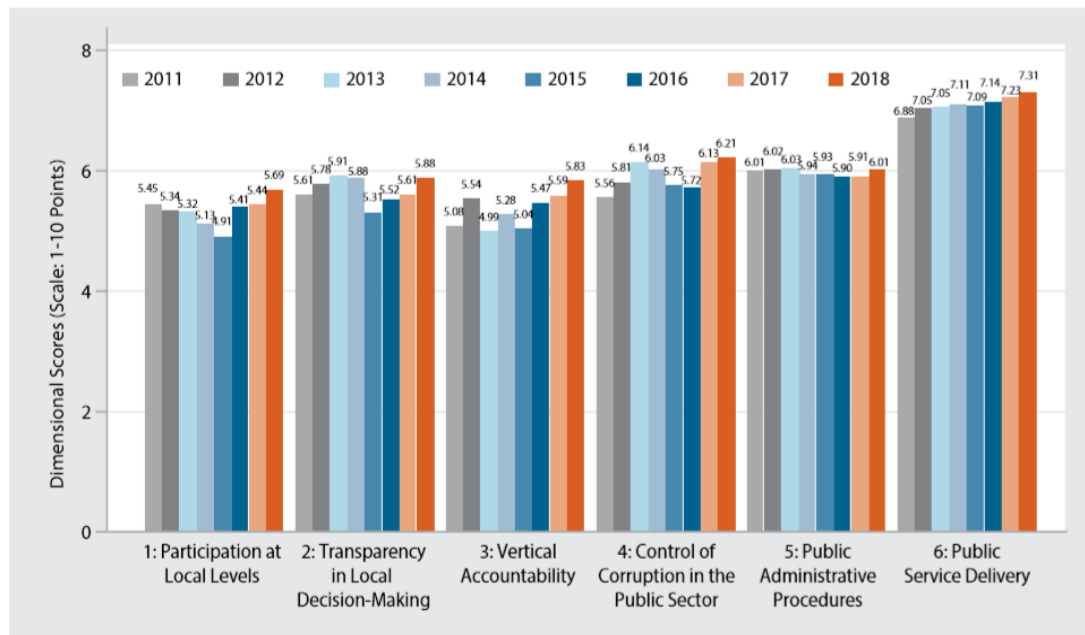


Figure 3: National trend during 2011-2018 period (PAPI 2018)

Another strength of Vietnam in political context is the ongoing crackdown on corrupted officials lead by General Secretary Nguyen Phu Trong, leading to an increasing focus on transparency. Since its initiation in 2016, more than 100 people - mostly from SOEs in banking and energy sector – have been prosecuted or jailed due to corruption or mismanagement of power (Nguyen & Pearson, 2018). Among the most prominent cases of this crackdown were the arrest of Dinh La Thang – a former member of the Politburo – and Trinh Xuan Thanh – former head of Vietnamese state energy group PetroVietnam. This corruption crackdown was unprecedented in terms of both the scale and the level of political power of people being arrested. The crackdown’s focus on top-level mismanagement received major applause from the people.

Despite the large-scale corruption crackdown, Vietnam’s level of corruption remains highly serious and systematic. It can be observed at multiple levels, from the very top positions through arrests to the regional positions through the requirement of small bribes or connection to “smoothen” the procedures in public-related matters. In the Corruption Perceptions Index (CPI) of Transparency International, Vietnam scored 33 out of 100 points and ranked 117<sup>th</sup> out of 180 in 2018, a decrease of 2 points and 10 ranks from 2017. In comparison with other countries in the South East Asia region, Vietnam’s ranking in CPI is close to Thailand (99<sup>th</sup>) while only better than Myanmar

(132<sup>nd</sup>), Laos (132<sup>nd</sup>) and Cambodia (161<sup>st</sup>). (Website of Transparency International 2018.) Regarding this matter, Mr. Long attributed the high corruption in Vietnam to lack of commitment toward transparency and trial fairness in addition to the complexity of corruption conducted in groups, often referred to in Vietnam as “interest group” (Long, online interview on 5.8.2019). For instance, the difference in the handling of corruption cases involving powerful figures indicated that absolute fairness still struggled to be implemented in the political spectrum, especially when it concerned many powerful political figures at once. Also, the implementation of the cybersecurity law, while theoretically would increase the stability of political and social landscape, would also very likely worsen the problem of corruption. Despite seeing improvements across sectors in the PAPI survey, corruption level remains high.

#### 6.1.2 Economic factors

In 2017, Vietnam’s total GDP (Gross Domestic Product) was US\$ 244.95 billion. The largest contribution to GDP was service sector of 41.26%. followed by industry (including construction) of 32.72% and agriculture, forestry and fishing sector of 15.34% (World Bank: Distribution of... 2019). Vietnam’s GDP per capita (PPP) was approximately Intl.\$ 6900, ranking 156<sup>th</sup> worldwide right above Cape Verde and Angola, and below Uzbekistan and India (The World Factbook 2018). Despite the relatively modest figure, GDP per capita has been seeing a very healthy increase of averagely 5.11% per year since 2012 (World Bank: GDP per capita... 2018).

Vietnam’s main export products were phones and accessories, computer parts, textiles and garment, agricultural products, machinery, footwear, wood products, and automotive products. Total export turnover of Vietnam reached US\$ 243.48 billion within 2018 with phones and accessories, computer parts and textiles and garments being the top contributors. Meanwhile, Vietnam’s main import products were consumer electronics, electrical machinery and equipment, raw material for textile, plastic and steel, adding up to US\$ 236.69 billion in value. (Website of Vietnam Customs 2019.)

Meanwhile, Vietnam's total GNI (Gross National Income) was approximately US\$ 213 billion in 2018. With a GNI per capita of \$US 2190, Vietnam was classified as a lower-middle-income country by World Bank's definition since 2010 (World Bank Data Team 2018) Like GDP, Vietnam's GNI has also been enjoying a healthy grow, as illustrated by Figure 4:

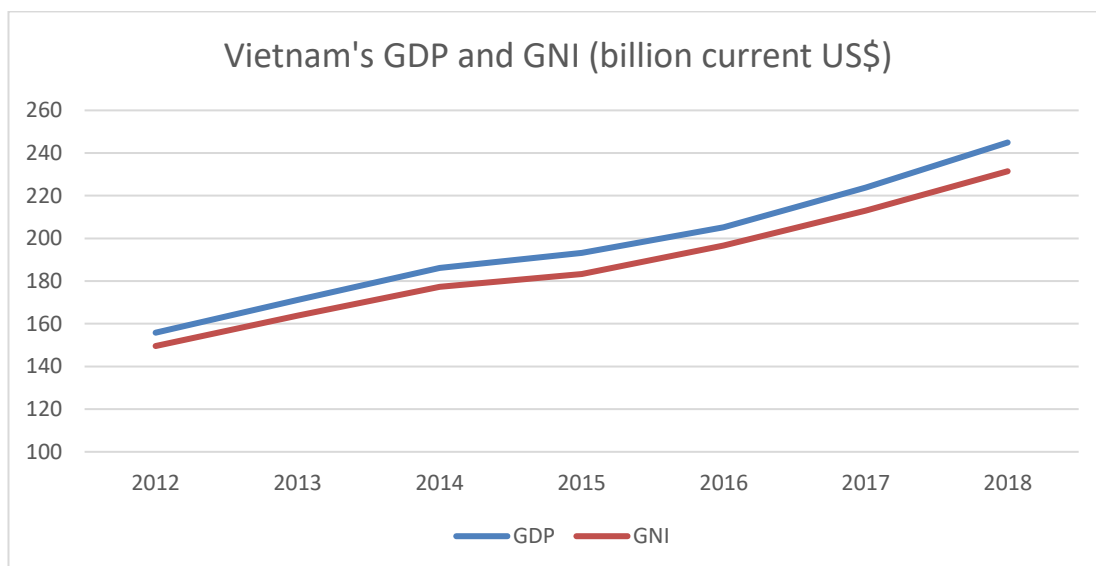


Figure 4: Vietnam's GDP and GNI (2012-2018)

However, GNI has always been lower than GDP, and the gap has been on an increasing trend as demonstrated by the figure below:

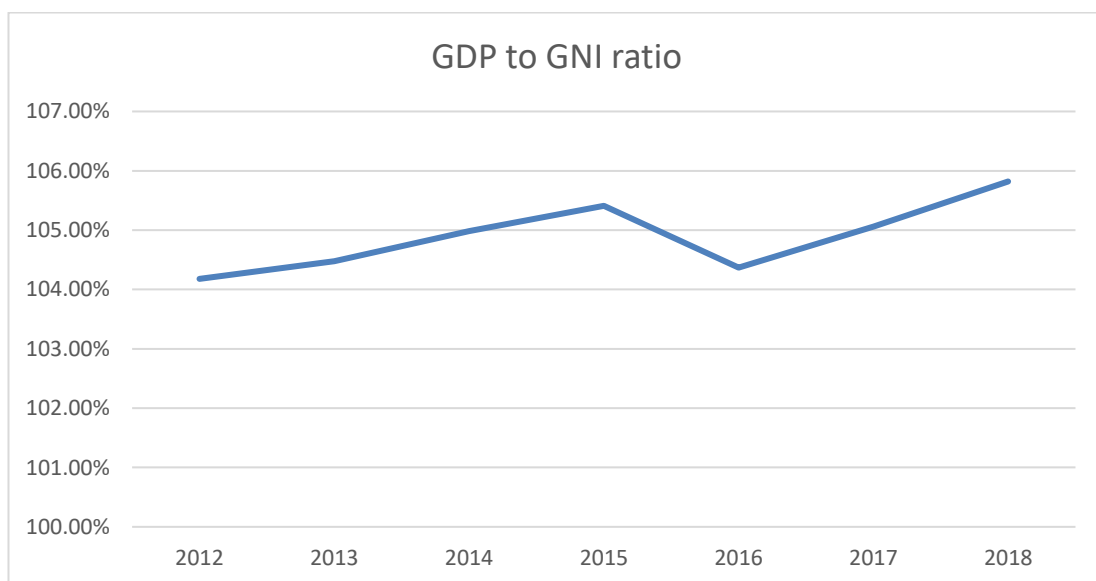


Figure 5: GNI to GDP ratio (2012-2018)



The consistent but increasing gap between GNI and GDP signifies that there was an outflow of revenue from the country and it was growing. In other words, a lot more products were being produced on Vietnamese soil, but comparatively the country's rate of income increase generated from them was not catching up. The reason for such an increasing gap would be explained when looking into the nature of Vietnam's FDI.

Vietnam has been an attractive destination for FDI (Foreign Direct Investment), as indicated by the almost two-fold increase of US\$ 7.43 billion in 2011 to US\$ 14.1 billion in 2017 (World Bank: Foreign direct investment... 2017). FDI plays an important role in Vietnam's economy, accounting to 23,7% of the country's total social development investment capital according to the Deputy Minister of Planning and Investment (Vietnam News 2018). Such massive inflow of FDI together with the economy's dependence on it justifies the growing difference between GNI and GDP mentioned previously. With GDP being consistently larger than GNI, it indicates that income earned by foreign corporations in Vietnam has been being transferred outside of the country.

The GNI-GDP gap also correlates well with the fact that in the case of manufacturing, Vietnam has been an attractive FDI destination not for its developed infrastructure or technological know-how but rather due to its cheap labor and favorable tax incentives. It is apparent when looking at the level of technology that foreign firms brought to the country, which was reported to include 80% of medium-level and 14% of outdated technology (Chi 2018). The opinion was also shared by Tran Van Tung, the Deputy Minister of Science and Technology, who reportedly said that foreign corporations invested not to transfer technology but rather to exploit natural resources, cheap labor and a large market (Thanh 2017). Meanwhile, Vietnam's incapability to set up proper technological barriers together with the economy's heavy reliance on FDI formed a negative feedback loop that, if not found a solution for, would ultimately make the country a destination for outdated technology manufacturing.

As an example, according to The Economist and Business Korea, Samsung alone took up to almost a quarter of Vietnam's total export revenue in 2017 while accounting for 28% of the country's GDP in 2018. (The Economist 2018; Kim 2019). Still, technology transfer remained very low and Vietnamese suppliers could only supply

simple products into Samsung's supply chain, namely boxes and wires, due to not having appropriate technology (Thanh 2017, Chi 2018). At the same time, Samsung was the leading foreign companies in terms of tax reduced, which was US\$ 456 million in 2016 alone (Are foreign-invested... 2017). Samsung was only one of the many examples of a foreign company receiving preferential treatment from the Vietnamese government, which was initially intended as a method to attract investment into the country. However, the government giving too much benefit for foreign companies while lacking the appropriate regulations, especially those to combat price transfer and promote technology transfer, hampered the benefits that would have otherwise been enjoyed by the country. Many foreign-invested companies, in addition to enjoying the benefits, also exploited such lack of regulations to evade taxes (Bao 2018).

Overall, there is an urgency in increasing the quality of FDI amidst the fast-growing quantity of FDI received, of which strengthening the legal framework would likely be the solution. In the meantime, Vietnam remained to be among the most promising and attractive FDI destination within ASEAN for foreign companies. Among the consequences of the current lack of adequate regulation was the fiscal deficit observed in the nation's budget balance.

Fiscal deficit has been plaguing Vietnam's economy for years and would likely remain in the foreseeable future. According to a report of the Vietnamese Government and the World Bank, Vietnam's fiscal deficit increased to an average of 5.5% of GDP during the 2011-2015 period (The World Bank & The Government of Vietnam 2017, 12). Data from the IMF projected that the fiscal deficit would be persistent around the 4.4% of GDP mark until 2024 (IMF 2019).

Aside from the factor of lack of corporate tax received from foreign-invested companies, fiscal deficit was also contributed by the massive amount of public expenditure and low investment efficiency. Government spending accounted for an average of 29.2% of GDP in the 2011-2015 period, which was high compared to other countries in the region. However, the efficiency of such spending was questionable as only wage bill already accounted for 20% of total budget expenditure as a result of a rapid increase in public employment. (The World Bank & The Government of Vietnam 2017, 15.) Such a high wage bill correlated well with the high corruption of

public employment perceived in the PAPI survey (PAPI 2018, 17). Recurrent expenditure such as wages, interest and social security accounted for 70% of total state expenditure, leaving only 30% for capital expenditure such as investment in infrastructure. At the same time, as capital spending was becoming increasingly decentralized from central government to regional-level administration, approximately 70% of state capital spending was decided at the sub-national level (The World Bank & The Government of Vietnam 2017, 15.) That in addition to the lack of coordination across regions and sectors and lack of safeguard preventing misallocation of financial resources resulted in serious fragmentation, causing significant inefficiency of public resources. (The World Bank 2018, 9,25,26).

As a result of lingering fiscal deficit and investment inefficiency, public debt and external debt during this period increased considerably, weakening the country's fiscal capability including the ability to finance nationally important infrastructure projects (Table 7).

Table 7: Vietnam's public debt and external debt (Website of Ministry of Finance)

Indicators	2011	2012	2013	2014	2015	2016	2017	2018
Public debt/GDP (%)	54.9	50.8	54.2	58	61	63.7	62.6	58.4
National external debt/GDP (%)	41.5	37.4	37.3	38.3	42	44.8	48.9	49.7

The decrease in public debt/GDP from 2016 to 2018 was a good sign, as it indicated that the government's effort to decrease inefficiency in public spending was fruitful. The country's decrease in incremental capital output ratio (ICOR) from 6.42 in 2016 to 5.97 in 2018 during the same period also supported this conclusion (General Statistic Office of Vietnam 2018). The decrease in ICOR means that if in 2016 Vietnam had to invest US\$ 6.42 to gain US\$ 1, in 2018 Vietnam only had to invest US\$ 5.97 to gain the same amount. While still not considered "investment grade", Vietnam's long-term foreign-currency issuer default rating was raised from "BB-" to "BB" with positive outlook by the credit rating agency Fitch (Fitch raises Vietnam... 2018; Le 2019a). However, while public debt/GDP (%) showed a substantial decrease during 2016-2018 period, national external debt/GDP exhibited a considerable increase. The pressure to pay external debt are rising for the debts that are due in 2020 and 2021 (Chi 2019).

Regarding the matter of public investment in economic context, all 3 Vietnamese interviewees agreed that public investment in Vietnam had not been efficient and that the current infrastructure was not sufficient for the demand of the people. The problem of high public debt was confirmed in all 3 interviews. Meanwhile, each had a different outlook for the future basing on different reasons.

Mrs. Nhu outlook for future of public investment was rather positive, as she stated that inefficiency in public projects should not be attributed to only corruption but also inexperience from the Government's side as well. Therefore, as the Government continued to involve in projects while improving the legal framework, it would get more efficient in both managing projects and dealing with corruption. (Nhu, online interview on 24.8.2019.)

Mr. Long had a more neutral outlook in this regard, since he believed that the current increase of private entities in public projects would encourage a more competitive approach toward public investment. However, corruption would very likely hinder such improvement if not found a good solution for. (Long, online interview on 5.8.2019.)

Last, Ms. Van Anh did not state her definitive outlook but did mention that the raising of capital for infrastructure improvement was becoming increasingly difficult. The reason for such difficulty was Vietnam's graduation from the International Development Association (IDA) since 2017, which also meant that Vietnam would not be able to access low-interest official development assistance (ODA) loans anymore. As ODA projects and loans were gradually phasing out, a more careful approach from the government toward public investment would be crucial and necessary. (Van Anh, online interview on 23.8.2019.)

### 6.1.3 Social factors

Vietnam is a nation of approximately 97 million inhabitants of 54 ethnic groups. The majority of Vietnamese belongs to the Kinh group, accounting up to 85.7% of the population. Vietnam's official language is Vietnamese, while English is becoming

increasingly favored as a second language, especially among the younger generation. (The World Factbook 2019.) In the EF English Proficiency Index (EF EPI), Vietnam ranked 41<sup>st</sup> out of 88 countries ranked and 7<sup>th</sup> out of 21 Asian countries. By cities, the top 4 cities with the most proficient English users are Hanoi, Ho Chi Minh City, Da Nang and Hai Phong. (Website of Education First 2018)

Religious-wise, the 2 biggest recognized organized religions are Buddhism and Christianity, accounting for 16.5% and 8.2% of the population respectively. Meanwhile, the majority of the population either practice folk religions (45.3%), which are heavily influenced by Confucianism and Daoism, or unaffiliated with any religion (29.6%). (Website of Global Religious Future 2019.)

Vietnam has a young population, of which the structure is presented in the following figure:

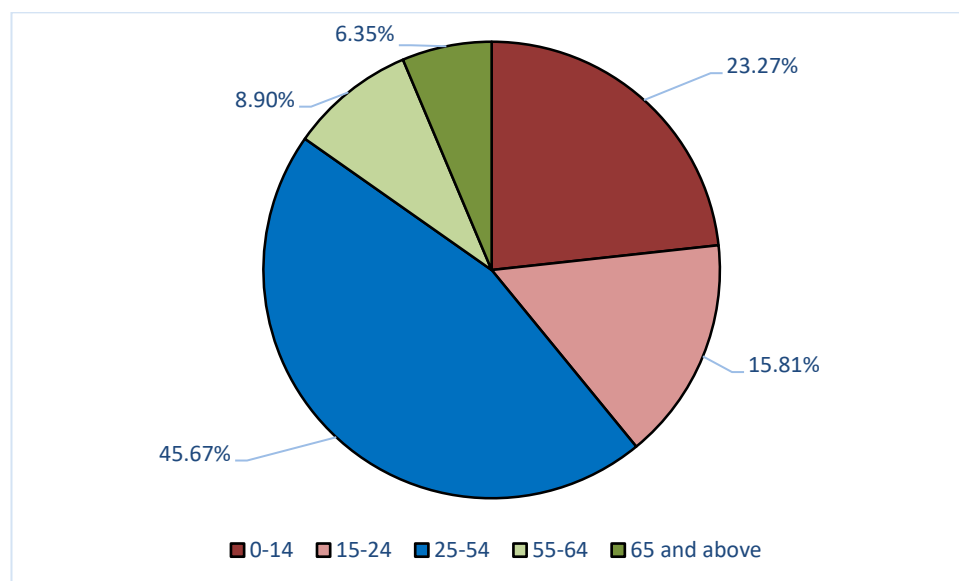


Figure 6: Percentage of population by age group (The World Factbook)

Vietnam is currently experiencing the “golden population structure”, meaning the amount of laborer doubling that of dependent person. It resulted from the sharp decrease in birth rates together with the increasing life expectancy. This is a major opportunity for national growth as the current population demographic largely comprises of people within working age who possess the flexibility in occupation, ability to adapt to innovation and high productivity. At the same time, pensions and

health care for the elderly would not yet become as much of a social burden as in those countries with old population. (Website of United Nation Population Fund Vietnam.) Thangavel Palanivel, the Deputy Director of Human Development Report Office at UNDP, said:” When countries have a greater share of people who can work, save and pay taxes, they have the potential to transform their economies and power investments in healthcare, education and other building blocks of future prosperity” (Vietnam may be missing... 2016). In the 2013 to 2017 period, each year the country produced approximately 315000 university graduates on average. Meanwhile, Vietnam’s unemployment rate was stable around 1.98% of the labor force during the same period, very low comparing to the East Asia & Pacific average which was 4.05% (World Bank: Unemployment 2017).

Despite the abundance in quantity of young labor force and low unemployment rate, Vietnam’s capitalization on them leaves much to be desired, hence the low skill of laborers. Currently, agriculture accounts for 39,8% of the countries employment, while only contributes to 32.72% of total GDP, signifying very low efficiency. Also, in the Global Competitiveness Report 2018, Vietnam ranked relatively low in labor’s skill-related categories. For instance, in the” skillset of graduates” sub-category, Vietnam ranked 128th out of 140 countries. Additionally, both” digital skills among population” and” ease of finding skilled employees” received low rankings, at 98th and 104th place respectively. (World Economic Forum 2018, 601.) This correlates well with the result of Vietnam Business Climate Survey 2018 conducted by Business Sweden, where almost 80% of respondents ranked finding skilled labor as either a middle or high rank challenge (Business Sweden 2018, 17).

Vietnamese labors’ low skill, therefore also low productivity, is not only hindering the country’s economic growth in the present but also posing a much bigger risk in the future with the current pace of technological development. Without adequately skilled labor, the country would find difficulties in integrating itself deep into the global value chains, which are becoming increasingly automated. Having a young but rapidly aging population, Vietnam faces an urge to optimize this opportunity fast before it turns into a burden (VN urged to shift... 2019). Meanwhile, the government has started taking serious measures to tackle this problem, beginning with education by the introduction of Decree 49/2018/ND-CP regulating the vocational education accreditation.

The majority of Vietnamese live in rural areas, but urbanization is progressing fast. From 2012 to 2018, the share of population living in cities increased from 31.75% to 35.92% (World Bank: Urban Population... 2018). The United Nation projected that by 2040, more than half of Vietnam's population will be living in cities, as shown in the graph below:

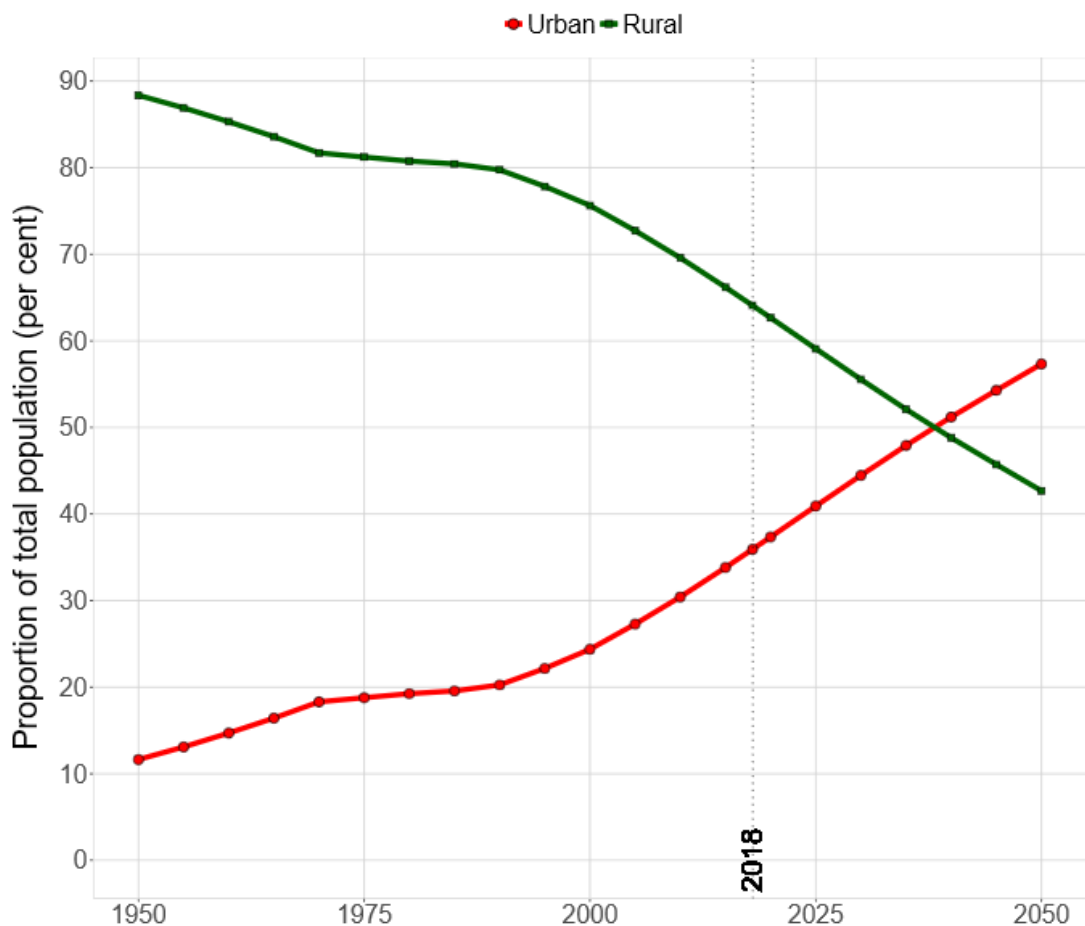


Figure 7: Percentage of population in urban and rural areas (Website of United Nations 2019)

The rapid rate of urbanization signifies major growth potential in the infrastructure market for the next decade. Sustained urbanization would drive up demand across sectors of the construction industry, namely transport infrastructure, energy and water facilities, residential and industrial buildings. Mr. Long confirmed that proposition during the interview and elaborated by presenting the cases of many people he knew capitalizing on the increasing demands driven by urbanization. According to him, the simplest example of this phenomenon would be when people had the capital, they

would invest in real-estate on the outskirts of Hanoi to capitalize on the resell value of the investment when the city expands toward that direction. (Long, online interview on 5.8.2019.)

#### 6.1.4 Technological factors

Vietnam's electricity coverage was a success story, as the percentage of the population with access to electricity rose from 61% in 1998 to 99.05% in 2019 (Vietnam Electricity 2019). The success resulted from the government's commitment to provide electricity to rural areas in conjunction with great hydropower resources and major support from international development institutions such as ADB or the World Bank (Asian Development Bank 2011, 1-4).

However, as demand is constantly rising due to rapid urbanization and industrialization, the country is struggling balance between generating enough electricity and keeping the environmental/social impact in check. Vietnam's share of coal power plants is planned to account for 49.3% of electricity produced in 2020, increase to 55% in 2025 before declining to 53.2% in 2030 (Decree No.428/QD-TTg, article 1). It means that more coal power plants were planned to be the most prominent solution to satisfy growing demand, while renewable energy only slowly gaining ground as a source of electricity. The planned structure of electricity is presented in figure 8.



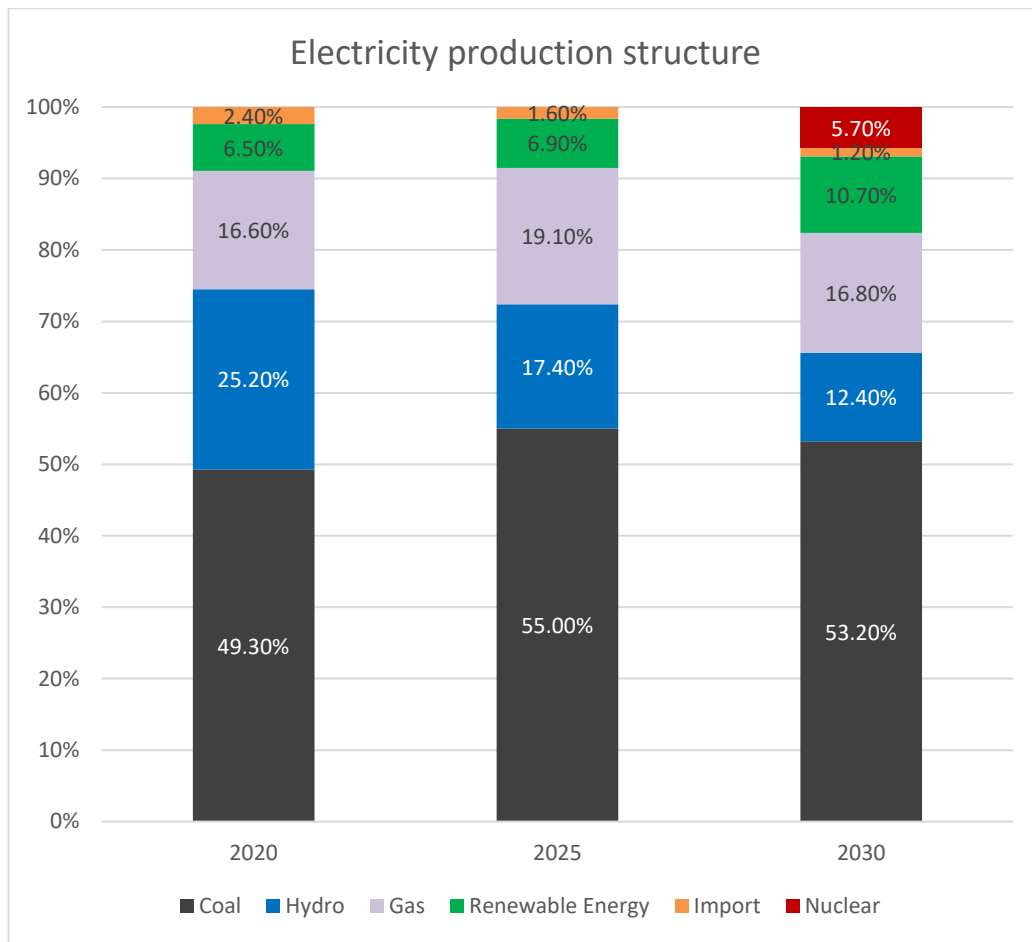


Figure 8: Vietnam's planned electricity production structure (Decree No. 428/QĐ-TTg)

The reason for such choice of expansion is because currently coal is the most cost-effective method of generating electricity in Vietnam, while hydro-powered plants are already at maximum capacity, gas is more heavily taxed and renewable energy (solar, wind, etc.) is expensive. However, that plan met with a substantial amount of resistance from residents and provincial authorities, citing concerns over environmental and health impact. Almost all provincial representatives refused when proposed the idea of constructing coal power plants in their area. (Le 2019b.) Additionally, Vietnam is also facing international backlash for the agreement of such plan. Kim Jong Jim, the president of World Bank, said “If Vietnam goes forward with 40GW of coal, if the entire region implements the coal-based plans right now, I think we are finished. That would spell disaster for us and our planet.” (Brown 2017). Without financial support from international development banks, except for China-led Asian Infrastructure Investment Bank (AIIB), and social support for coal projects,

electricity outages are predicted to happen more often during the 2020-2025 period (Vietnam to face... 2018).

Despite an underdeveloped energy sector, Vietnam is among the nations with the fastest-growing information and communication technology (ICT) industry, despite being one of the later adopters. The number of internet user increased more than four-fold in the 2006-2018 period, from 13.1 million to 54.7 million users making Vietnam the world's 13<sup>th</sup> largest country in terms of internet user (The World Factbook 2019; Statista: Number of... 2019). Internet speed has also been incrementally improved over the year, ranking 58<sup>th</sup> out of 148 countries in Akamai's "State of the internet 2017" report (Akamai 2017, 28). Widespread adoption of the Internet opened up opportunities across sectors, most notably travel and e-commerce. For instance, Vietnam's e-commerce market value is expected to reach US\$ 15 billion in 2020, almost twice that of 2018 at US\$ 8 billion (Viet Nam News & Ministry of Industry and Trade 2019). The government, recognizing the potential of ICT, have been incentivizing big IT firms to invest as well. The establishment of IT parks, where technology companies received tax incentives of 0% for the first 4 years and 50% for the next 9, in Hanoi and Ho Chi Minh City managed to attract many foreign companies, including Samsung and Intel.

#### 6.1.5 Legal factors

Regarding the overall quality of the legal system, Vietnam was positioned in the middle-low group comparing to that of other countries. In the Global Competitiveness Report, the country ranked 69<sup>th</sup> in the "efficiency of legal framework in challenging regulations" category, 96<sup>th</sup> in "burden of government regulation" and 88<sup>th</sup> in "efficiency of legal framework in settling disputes" categories (World Economic Forum 2018, 600). The existing inefficiency and inconsistency within the legal system were mentioned by Ms. Van Anh as among the main contributors to the wastefulness observed in public investment landscape. Such inefficiency was also confirmed in the interviews with Mrs. Nhu and Mr. Long. (Nhu, online interview on 24.8.2019; Van Anh, online interview on 23.8.2019; Long, online interview on 5.8.2019.)

Public procurement is regulated by the Law on Bidding, No.43/2013/QH13, and further detailed in Decree No.63/2014/ND-CP regarding the selection of contractors. The classification of public projects is detailed in the Law on Public Investment, No.49/2014/QH13. The process of public procurement applicable to SWECO is detailed in article 32 to 41 of Decree No.63/2014/ND-CP with some references to Law on Bidding. Overall, the process consists of 7 phases: pre-selection phase; contractor selection phase; evaluation of technical proposals; evaluation of financial proposals; negotiation of contract; verifying, approving and announcing the result of the contractor selection; and finally, completing and carrying out the contract.

#### Pre-selection phase:

The process starts with the pre-selection phase, where bidders are short-listed if necessary. Short-listing is based on the nature of the contract and used to screen out unqualified bidders from the initial stage. In open-bidding, which would most likely apply to projects covered by SWECO's range of service, short-listing starts with request for expression of interest (EOI) released to contractors. Request for EOI would contain a summary of the project, contract and requirements for contractors to base on when generating their EOI for submission.

Once submitted to the procuring entity, EOIs are evaluated on the basis of a 100-point scale, where contractors that do not meet the lowest threshold of 60% in total score and at least 50% in each category (competence, experience and personnel) will be deemed ineligible. It is worth noting that contractors in the short-list of a bid cannot be partners in a joint venture. After the evaluation of EOIs, contractors will be ranked accordingly and those who meet the minimum requirement would be included in the short-list. If there are more than 6 contractors meeting the requirement, only the top 6 would be included in the short-list. The result of the short-list shall be publicized on the national bidding network and notifications shall be sent to contractors that responded to the request of EOI. (Decree No.63/2014/ND-CP, article 7, 32-33.)

#### Contractor selection phase:

After the making of the short-list comes the composition of the bidding solicitation documents, which includes the evaluation criteria, selection methods and other terms

and conditions specific to the project (Decree No.63/2014/ND-CP, article 34). As regulated in article 40 of the Law on Bidding, there are 4 methods to assess bidding dossier, but only one aligns well with SWECO's field of service: the method of combination between technical aspect and price. When this method is used, it is legally obligated for the procuring entity to follow this principle: technical points shall account for 70-80% of the overall point, while price shall account for 20-30%. According to Ms. Van Anh (online interview on 23.8.2019), there have been occasions of ADB-invested projects where the technical/pricing proportion was 90/10, meaning the aim of such projects was almost entirely on quality. The tenderer with the highest overall score shall be ranked first and proceed to further negotiation. The specific method of assessing points in each criterion will be discussed later in this chapter.

Similarly, only one out of 4 methods to conduct selection of contractor mentioned in article 28 to 31 of the Law on Bidding applies well to SWECO's type of project, which is called the one-phase method with two dossier bags. With this method, technical and financial proposals will be submitted in two separate dossier bags. The opening and evaluation of dossiers will be conducted twice, starting with the technical proposal. Only tenderers satisfying the technical requirement will be eligible for evaluation of financial proposal (Law on Bidding, article 29).

Evaluation of technical proposals:

Technical proposal is assessed on a 100- or 1000-point scale, in which: experience and competence account for 10-20% of total technical score; solution and methodology accounts for 30-40% of the total technical score; and personnel for the contract account for 50-60% of total technical score. The weight of 3 criteria must add up to 100%. Meanwhile, the minimum requirement for a contractor to be deemed eligible is that its technical score is not lower than 70% (or 80% in certain projects) of the total technical score, and each criterion's score is not lower than 60% (or 70% in certain projects) of the corresponding criterion total score.

Evaluation of financial proposals:

Financial proposal is also assessed on a 100- or 1000- point scale, corresponding to that of the technical point assessment. The formula for assessing pricing points goes as followed:

$$\text{Pricing score} = \frac{\text{Lowest price} \times (100 \text{ or } 1.000)}{\text{Proposed price}}$$

In the formula, “pricing score” refers to the point that the contractor under evaluation gets for its financial proposal; “lowest price” refers to the lowest price proposed among that of the contractors being evaluated; and “proposed price” refers to the price of the price proposed by the contractor under evaluation.

After the assessment of financial proposal comes the calculation of overall score, which would be the deciding factor in ranking the contractors. The formula for overall score is:

$$\text{Overall score} = \text{TP} \times \text{technical score} + \text{PP} \times \text{pricing score}$$

In the formula, “TP” refers to technical proportion, which is either 70% or 80%; “technical score” refers to the score given to the contractor in its technical proposal assessment; “PP” refers to the pricing proportion, which is either 30% or 20%; and the pricing score of the contractor in its financial proposal assessment. Contractors are ranked according to the overall score, and the one with the highest overall score would be invited to proceed to contract negotiation. (Decree No.63/2014/ND-CP, article 34.)

Negotiation of contract:

Contract negotiation is regulated in clause 1 and 2 of article 19 and article 40 of Decree 63. It is done on the basis that the requirements in the bidding documents that are already satisfied by the contractors’ proposals will not be negotiated. Instead, aspects that will be negotiated include content that is unclear, inconsistency between the bid and the bidding documents, and/or deviation and adjustment in the bid within the limit specified in the bidding documents. Ms. Van Anh articulated several matters that are usually negotiated such as personnel, reimbursable expenses, matters regarding payment terms, taxation (which she stressed as always being a matter of importance when negotiating), and report deadlines. Also, according to her, the 2 types of contract that SWECO Denmark usually sign is time-based contract and lumpsum contract, with the former being more common. (Van Anh, online interview on 23.8.2019.) If

negotiation is unsuccessful, the procuring entity must report to the investor to consider inviting the second-ranked contractor for negotiation of contract. If the second negotiation is also failed, then the investor can either choose to reconsider or decide to cancel the bid according to article 17 of the Law on Bidding.

Verification, approval and announcement of the procurement result:

After the successful negotiation is the verification, approval and announcement of the result of the contractor selection. Verification shall be done according to clause 1 and 4 of article 106 of Decree No.63/2014/ND-CP before approval. The verification entity, usually assigned or hired by the investor, would check the report of contractor selection to verify that everything has been done in accordance to the Law. After verification is completed, a verification report shall be conducted and sent for approval from the investor.

The term “investor” varies slightly between the Law on Construction, Law on Public Investment and Law on Bidding, but in the case of using government budget capital, they are the same. With projects funded by the government budget, “investor” is defined as the entity that has been assigned the responsibility to directly manage and implement the project by the investment decider (Law on Bidding, article 4). According to Mr. Long, in practice, with projects of small investment range, the right to approve the selection of contractor would be most commonly authorized by the investor to the project management units (PMU). Those PMUs either pre-existed in regional level and specialized for a sector of projects or set up completely new by investment decider/investor for a project depending on the size and particularity of the project itself. More complex projects that involve many provinces and of larger total investment would be more likely to require setting up a new PMU. (Long, online interview on 5.8.2019.) For reference, most of the projects that SWECO Denmark tendered for, the PMU only acted as an executing agency. Meanwhile, the final approval for the result of contractor selection would be the entities of higher authority such as the competent People’s Committee or Ministry, as Ms. Van Anh stated. (Van Anh, online interview on 23.8.2019.)

After the contractor selection is approved, the procuring entity shall publish the bidding result onto the national bidding network or Vietnam Public Procurement

Review journal (Báo Đấu Thầu) as well as send notifications to contractors that are not selected including a summary of reason they are not selected (Decree No.63/2014/ND-CP, article 20). Then the procuring entity and selected contractor shall move on the completing and execution of the contract.

Notable factors in regulations:

Another factor that SWECO should be mindful about is the methods of protection for domestic contractors in legal documents: limitation of cases where international bidding is applicable, and preferential treatment in assessing bids. First, according to article 15 of Law on Bidding, international bidding is only applicable in cases where either the donor of the bidding package requires so, or domestic contractors cannot satisfy the requirements of such bidding package.

Then, there is also the preferential treatment in international biddings where Vietnam is not bound by any international treaties or agreement with the donor. According to article 14 of the Law on Bidding, domestic entities and foreign entities in a partnership with a domestic entity, in which the domestic entity takes over at least 25% the value of work, will receive preferential treatment in the process of bidding. The preferential treatment is carried out in either of these 2 forms: adding points to the evaluation points of contractors under preferential treatment or adding price into the proposed price of contractors not under preferential treatment. According to Mr. Long (online interview on 5.8.2019), this was among the reasons leading to polarization in the landscape of tendering: international contractors would most likely dominate projects of high to very high requirements and value, while domestic contractors would dominate projects of medium to low requirements and value. The proposition aligned well with Ms. Van Anh's claim that among the bids that her company competed in, there had never been neither a Vietnamese contractor competing nor the practice of preferential treatment (Van Anh, online interview on 23.8.2019).

#### 6.1.6 Environmental factors

Vietnam is among the countries that are most affected by climate change. The long coastline makes the country vulnerable to climate change's manifestations, especially

that of rising sea-level and extreme weather. At the same time, rapid industrialization is also putting pressure on the environment as a result of energy inefficient and/or obsolete technologies. The combination of natural disasters and artificial environmental consequences are endangering the public well-being, while establishing great demand for a solution amidst rapid urbanization.

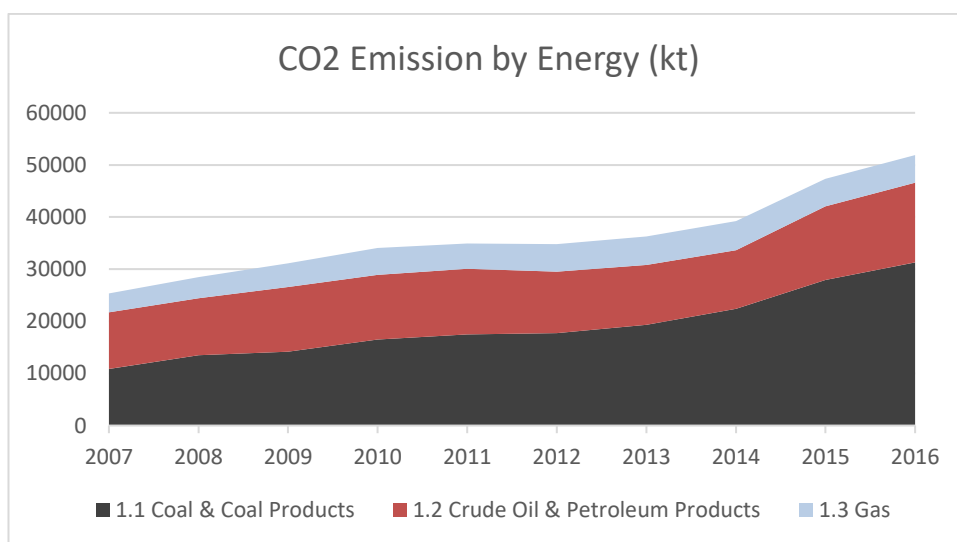


Figure 9: Vietnam CO2 Emission by Energy Sector (Website of Asia-Pacific Economic Cooperation Energy Working Group)

As presented by Figure 9, the total amount of carbon dioxide (CO<sub>2</sub>) emitted increased more than two-fold during the 2007-2016 period, from 25340 kt to 51893 kt. The CO<sub>2</sub> emission from industry sector and residential and commercial sector followed the same trend, increasing almost two-fold during the same period with industry sector being the main contributor (Figure 10). Meanwhile, the emission from coal and coal products to produce energy made up approximately 60% of the total CO<sub>2</sub> emission in 2016, the highest proportion of not only among the 3 methods of energy production but also within the time-frame considered. The reliance on coal for energy contributed to major problems regarding air quality in Vietnam.



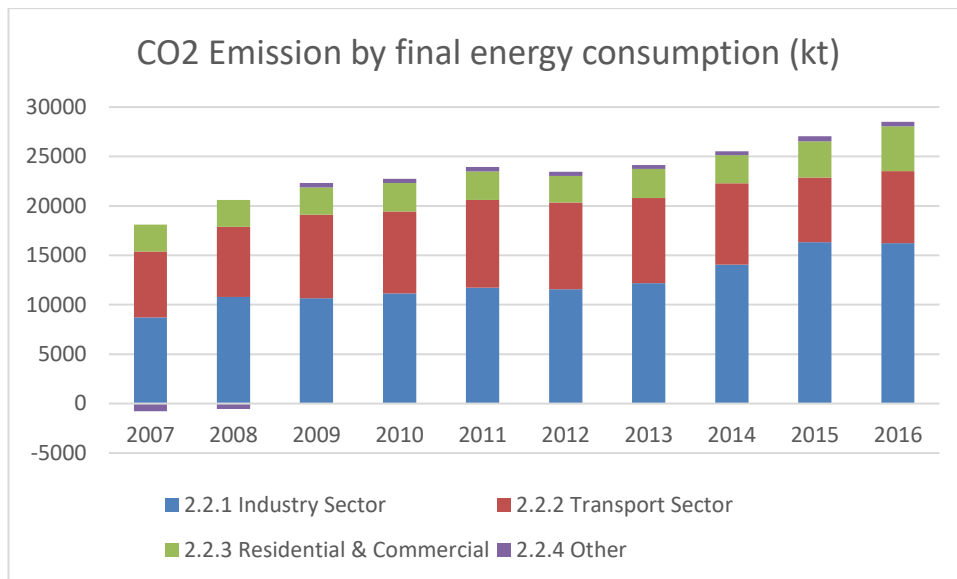


Figure 10: Vietnam CO2 Emission by Final Energy Consumption (Website of APEC Energy Working Group)

Rapid urbanization and industrialization put heavy strains on the air-quality of Vietnam, especially in urban cities and areas surrounding factories. Vietnam air quality ranked very low at 159<sup>th</sup> out of 180 countries in the Environmental Performance Index by the Yale University (Website of Environment Performance Index 2019). In Vietnam, especially urban cities like Hanoi and Ho Chi Minh City, air pollution has become a major concern in recent years as its manifestation can be clearly seen as well as felt. In both Hanoi and Ho Chi Minh City, there have been reports about days when irregular thick fog covered the city and there was warning that the sensitive group should stay inside due to worsened air quality (Long 2019; Khoa 2019). The irregular fog and worsened air quality was also confirmed by Mrs. Nhu and Mr. Long, both of whom were Hanoi residents, during the interviews. Mr. Long articulated that the poor air-quality might not only come from coal power-plant, but also the increasing amount of traffic in the city as well as the practice of using coal for cooking of many poor families. (Nhu, online interview on 24.8.2019; Long, online interview on 5.8.2019.) A picture of Hanoi during such polluted days can be seen in Appendix 2.

Not limited to air quality, rapid urbanization and industrialization without the appropriate legal and physical infrastructure also put heavy pressure onto the quality of water. The Center for Environment and Community Research (CECR) estimated that 70% of wastewater in industrial zones and 90% of domestic wastewater discharged into nature were either untreated or treated insufficiently. As a result, the

quality of surface water in most rivers and canals within cities and near industrial zones was so degraded that it was toxic to human and aquatic creatures (CECR 2018, 23, 28 – 30.) A prime example would be the Tô Lịch river in Hanoi, where the water became black and foul-smelling due to receiving a large amount of wastewater from residents (Appendix 3). The most recent high-profile environmental disaster involved the steel plant of Formosa discharging toxic waste into the sea, resulting in a massive amount of fish dying and a USD\$ 500 million in fine (Chabba 2016).

The Government, as an effort of fighting against environmental problems, passed the new Environmental Protection Law in 2014, which was a more completed and improved version of the second revision passed in 2005. There are also many articles in other laws aimed at limiting the negative effect of human activities on the environment such as the Law on Land, Law on Mineral, Law on Water Resource or Corporate Law. The latest major legal document concerning the protection of the environment, the Decree 15/2016/ND-CP, came in effect in 2017 and resulted in major improvements. The number of corporations inspected that were deemed violating the laws on environment decreased to 36.5% and 40% consecutively in 2017 and 2018 from 77.4% in 2014 (Hung 2019). Additionally, direct power purchase agreements program (DPPA) is also being finalized by the Ministry of Trade and Industry, which enables industrial customers to directly buy electricity from private solar plants (Scandling 2019). That would improve the current bottleneck of Electricity Vietnam's monopoly as the distributor in the energy market, while at the same time encourages more investor into the renewable energy market. Despite the application of laws and programs concerning the environment still lacks consistency which potentially hampered their effectiveness, it indicates that the Government is striving toward a more environmentally sustainable future.

## 6.2 Hofstede's model

Among the 6 cultural dimensions introduced in the Hofstede's model, Vietnam and Finland exhibits differences of a variety of caliber across dimensions as demonstrated in Figure 11:

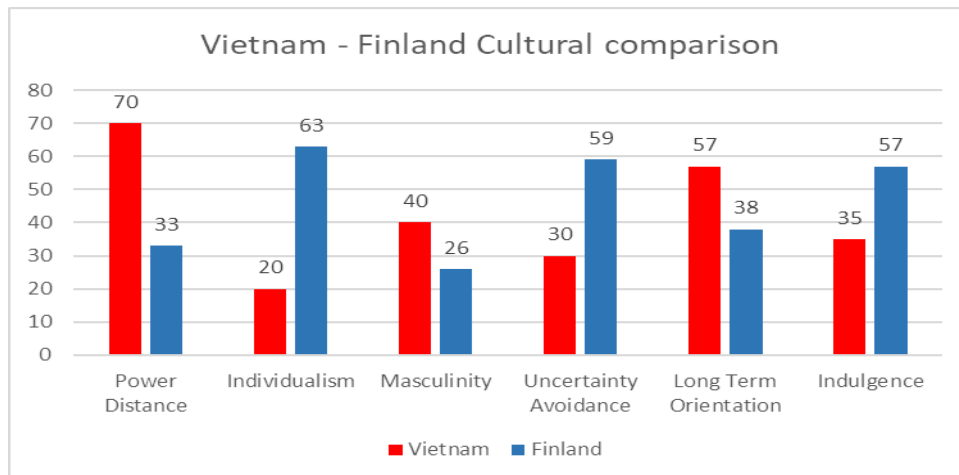


Figure 11: Vietnam – Finland Cultural Dimensions comparison (Hofstede, Hofstede, J. & Minkov 2010)

The most extreme difference between Vietnam and Finland culturally would be in Individualism, where Finland is higher than Vietnam by 43 points in Individualism Index (IDV), followed by Power Distance, where Vietnam tops Finland by 37 points in Power Distance Index (PDI). The third most different dimension in points is Uncertainty Avoidance, measuring a gap of 29 points in Uncertainty Avoidance Index (UAI) with Finland on the stronger side of the spectrum. Both Long Term Orientation Index (LTO) and Indulgence Versus Restraint Index (IVR) exhibit less significant gaps between the 2 cultures, of 19 and 22 points respectively, but still manage to put them into different categories. Meanwhile, the two countries are only in the same category in the dimension of Masculinity, and even then, there is a considerable gap in terms of points between them. In Masculinity Index (MAS), Vietnam and Finland scored 40 and 26 points respectively. That means despite both countries being categorized as feminine cultures in relativity to the rest, Vietnam leans more toward the neutral side of the continuum, whereas Finland more toward the feminine side.

### 6.2.1 Power distance

In terms of Power Distance, Vietnam high PDI score of 70 means that the country's cultural norm accepts, expects, or even desired, inequality in the distribution of power across hierarchies. The expectation can be easily observed in Vietnamese schools, where teachers are typically expected to always be right and responsible for the

students' excellence while students are expected to not contradict nor question their teachers, much akin to a parent-child relationship. Contradicting or questioning might lead to "losing face" from the teacher, which is undesirable for the person on the higher ground of the social hierarchy. The author's speculation is that such expectation likely correlates with the low ranking of 113th out of 140 in "critical thinking in teaching" in the Global Competitiveness Report.

This large power distance is apparent even in aspect as fundamental as language, a clear example of which would be the age hierarchy. In the Vietnamese language exists different pronouns expressing different degree of respect depending on the age group, where generally the older would enquire more respect than the younger. That explains the very common question of age when 2 people first met, so that they can adjust the usage of pronoun accordingly. The situation gets increasingly complex in situations where multiple hierarchies must be considered. For instance, an individual could belong to the "higher" part of the age hierarchy but at the same time to a "lower" part of another social hierarchy (student to teacher, subordinate to boss, etc.) comparing to another individual. In such a situation, a consensus is usually negotiated before engagement further in the conversation.

In workplace context, this large power distance manifests itself most clearly in the expected relationship between the boss and his subordinates, thus the level of decision centralization that follows. According to Mrs. Nhu (online interview on 24.8.2019), at where she worked, meetings to find a solution would usually end if there had been a pre-determined decision by the person of the highest professional rank, followed by a vote of consent in the end which acted as confirmation from everyone else in the meeting. Commonly, disputing that decision would not be fruitful if the boss was determined. That confirmed some of the speculations that Hofstede made which were referred to in sub-chapter 3.4.1, namely "centralization is common" and "the powerful is the right". In politics, the large power-distance is self-evidence in the monopoly of the Communist Party.

In public procurement context, the manifestation of large power distance resides in the practice of directly appointing contractors, which is very susceptible to corruption. The

Laws on Bidding and those related to public procurement were designed to prevent the exercise of excessive power over the public procurement process by requiring multiple layers of verification. However, in practice, loopholes in such laws were still abused by some investors for them to directly appoint contractors. In other words, decision-making power would still be centralized toward those investors, confirming the idea of Hofstede in large power distance cultures that “centralization is common”. For example, according to a report by the Ministry of Planning and Investment, direct appointment of contractor was the method applied to the most projects, which accounted to 69% of all projects in 2018 (Trung 2019). Direct appointment of contractors has historically led to significant underperformance and overpricing of many projects. The most recent and prominent example of this would be the cost of Hanoi Metro Line project reaching almost \$US 776 million, equivalent to 205% of the original investment while being currently 5 years later than the original plan (Nguyen 2019). On the other hand, with bidding packages whose investors strictly follow the law, there would be no centralization of decision-making power that would unfairly affect the contractor selection process.

Being a culture of high PDI has its advantages and disadvantages, which entirely depends on the context and the position under consideration on the power spectrum. In Vietnamese politics context, the high PDI culture contributed significantly to the stable political landscape discussed in sub-chapter 6.1.1, as privileges are informally accepted, or even expected, of those who wield political power in exchange for their responsibility. Similarly, in organizational context, the hierarchical structure would enable stability, efficient decision-making and operation provided that the leader is of sufficient competence thanks to the subordinates’ unquestioned compliance. Due to the same unquestioned nature of employee’s compliance, such stability can even be expected in cases of sub-standard managers, but usually at the cost of competence employees leaving when the unreasonableness becomes overwhelming. Meanwhile, large power distance would generally make the people on the lower side of the power spectrum displeased if the people of power is deemed unfit, despite their compliance in practice. Another two of the disadvantages of high PDI have already been discussed in education and public procurement context previously in this sub-chapter.

### 6.2.2 Individualism versus Collectivism

Out of the 6 dimensions, Vietnam scores the lowest of 20 in Individualism versus Collectivism, meaning the nation's culture heavily tilts toward the collectivist side of the spectrum. Vietnamese society, therefore, is oriented into "in-groups" with strong emphasis on loyalty, retaining interpersonal connection and saving face. In such a society, the in-group's interest prevails over that of each individual, and consequently so does the power of the group and responsibility.

Akin to that of low power distance, the collectivism of Vietnamese culture also has its manifestation in language. It is apparent in the way a typical Vietnamese would refer to himself as "We" instead of "I" in situations where there is a distinction between members of in-group and out-group. However, which in-group an individual belongs to is very dependent on the context. A person could belong to an in-group with another person on one context, but at the same time to an out-group with the same person on another. An example of this phenomena was observed during the interview with Ms. Van Anh, who is working under the same company group with the author but of a different subsidiary. In situations where she was referring to SWECO Group, she would call it "our company" which indicated that both she and I were in the same in-group. However, in situations where a clear distinction between SWECO Finland and SWECO Denmark must be made, she would refer to herself as "we", indicating that the author was not in the same in-group.

In workplace context in Vietnam, collectivism manifests itself in the employment of new people and the decision-making process. The background and the connections of an individual are of very high importance when looking for a job in Vietnam, especially in public context, as Mrs. Nhu stated (Nhu, online interview on 24.8.2019). This aligns well with the proposition of Hofstede that "in collectivist culture, an employer never hires just an individual, but rather a person who belongs to an in-group" (Hofstede, Hofstede, J. & Minkov 2010, 119). Unfortunately, that also correlates well with the high perceived corruption of public employment mentioned in the PAPI survey (PAPI 2018, 17). Collectivism can also be observed in a lot of decision-making in public context. An example given by Mrs. Nhu was that in a typical meeting that she attended at work, decision would most commonly be finalized by a

vote from the people at the meeting. Even the decision to give someone a bonus would be subjected to voting, which in her opinion was very vulnerable to personal bias and inefficiency, which will be discussed later in this chapter. Despite being quite critical of this matter, Mrs. Nhu added that she is quite optimistic about the future as she saw unfair employment decreasing drastically in both public and private sector, prominently so in the private sector. In her opinion, the reason for such improvement was the younger population being less affected by the historical event that gave rise to this mode of thinking while witnessing the consequences of unfair employment. (Nhu, online interview on 24.8.2019.)

In public procurement context, collectivism can also be observed in the decision-making process, Mrs. Nhu claimed, by looking at the way a decision document is signed. There would be 2 kinds of signature: signed by the competence person, meaning that the person who signed the decision would be held responsible for it; and signed on behalf of the People's Committee, meaning that it's the Committee's collective decision and the signature would only be for representative purpose. (Nhu, online interview on 24.8.2019.) The author randomly selected 32 official decision documents of establishing PMU for public projects to compare the signatures and tested the claim. The result aligned well with Mrs. Nhu's statement, coming at 29 signatures on behalf of the People's Committee and only 3 of the competent people. The result of the test was overwhelmingly toward the collectivist side. The author's hypothesis for such a result was due to the fact that when a decision was collectively decided, if problems were to arise, it would be very difficult to hold anyone responsible. The delayed and over-budgeted Hanoi Metro Line project example would also fall into this category.

The most apparent advantage of operating in a collectivist society in workplace context is employee loyalty, which is proposed by Hofstede and confirmed in the interviews with Mrs. Nhu, Mr. Long and Ms. Van Anh. For instance, Mr. Long, being an employer, said that in his company was generally made up of 2 kinds of employee: trainees who either stayed or left after the training is done; and people who have worked there for a long time. He speculated that it was due to the close working environment promoted in his company, where colleagues did not only interact with each other professionally but also personally. (Long, online interview on 5.8.2019.)

Therefore, to leave a job would be somewhat akin to leaving one's family. A similar approach was conducted by Ms. Van Anh, leading to not only very close ties relationship among employees in her office, but also smoother workflow and teamwork as she stated (Van Anh, online interview on 23.8.2019). In Mrs. Nhu's case, her observation suggested that in addition to good professional performance, loyalty toward one's boss was an absolute requirement for advancement in a public entity (Nhu, online interview on 24.8.2019).

Nevertheless, aside from the downside of unfair employment already discussed, prominent disadvantages of collectivism in workplace context include: the discouragement of personal excellence and biased decision-making. The display of personal excellence could be easily framed as "showing off", whereas personal achievement that is not shared to the group could be seen as "selfish". That could very likely result in a person with a solid argument not voicing their argument at all if it does not align well with the group's collective opinion. In addition, it could hamper an employee's motivation to excel in a group work context. Meanwhile, the biased decision-making phenomena due to collectivism had been observed in many meetings that Mrs. Nhu attended at work as she mentioned. In most meetings, a group's opinion would always be stronger than that of an individual of the same level. But when an individual was of a significantly larger power distance (the boss), in that case, he would influence the group's voiced opinion and the group's final vote would act merely as his confirmation. (Nhu, online interview on 24.8.2019.) That voting in the end might very well be beneficial in a group where everyone is of the same level of influence and background expertise. But in meetings with lots of variation with everyone holding the equal voting power, the person getting the most votes might not be the one with the most efficient solution but rather the most influential and/or powerful person in the room.

### 6.2.3 Masculinity

The dimension of Masculinity versus Femininity is the only cultural dimension where Vietnam and Finland fall into the same category that is Feminine, with MAS of 40 and 26 respectively. Being feminine cultures, both cultures emphasizes prioritize



relationship and quality of life over advancement and recognition while not imposing any distinctive role for genders. People are expected to be modest, gentle, caring for others while striving for work-life balance rather than excellence in career only.

The manifestation of cultural femininity is apparent in education, especially in the emphasis on modesty. Such emphasis was experienced by the author himself growing up in Vietnam. Modesty was taught very early in childhood to not resort to arrogance in the event earning an achievement in the form of proverbs such as “One time of modesty equals to four times of arrogance”. One typical occurrence observed by the author was that the student with a better grade than his peers would typically either hide it or played it down to luck. The difference in family background was also minimized by the mandatory rule to wear a uniform to schools. While excellence itself was not discouraged in any sense, the display of excellence would likely be. Additionally, it was much more common for a teacher in Vietnam to spend extra attention on a below-average student to encourage or raise him to the average level rather than on the excellent one, a phenomenon which was also mentioned in Hofstede’s book (Hofstede, Hofstede, J. & Minkov 2010, 159). All the manifestations of femininity mentioned were observed from primary school through high school.

Such femininity from early education later affects workplaces culture. The consensus management in Mrs. Nhu’s workplace meeting example discussed in the sub-chapter 6.2.2 was the prime example of femininity in workplace. In Mrs. Nhu’s case, despite the large power distance would generally mean that the most influential person (the boss) in the meeting would be the decider, a vote of consent must still be held in the end so that the boss would not be seen as oppressive. On principle, a vote of consent would mean that nobody let the boss decide on his own, which indicates femininity culturally. Such display of consent being heavily influenced by the boss’ authority and pressure from other’s opinion likewise indicated large power distance and collectivism. The emphasis on the interrelationship of employees in Mr. Long’s and Ms. Van Anh’s companies also strongly supported the feminine culture proposition.

In public procurement context, femininity can be observed in the public investment process. In Vietnam, the investment in public projects is very focused on equality, with every year the investment capital from Government bond scattered among all

provinces on a request-grant basis. (The World Bank 2018, 3). Such an approach resulted in the lingering problem of inefficient allocation of public projects and of public resources. Inefficient use of public resource has led to not only some strategically important project lacks the necessary capital but also the fiscal deficit discussed in sub-chapter 6.1.2.

Despite the disadvantages mentioned, a feminine culture provides Vietnam with some advantages as well, especially in the internal management of a company. With consensus management being common and conflict solved through negotiation, stability can generally be expected even in the direst of tension. Also, if employees got along well personally, high teamwork performance in a relatively low-stress workplace can be attained. Additionally, this culture type enables effective communication between bosses and subordinates. Working life in Vietnam can be described as rather relaxing compared to that of higher MAS countries like the United States or Japan, as the purpose of working is to improve life-quality.

#### 6.2.4 Uncertainty Avoidance

Vietnam has a low uncertainty avoidance culture, scoring only 30 in UAI contrary to the high score of 60 of the Finnish culture. Having a low uncertainty avoidance means that in Vietnam, ambiguity and uncertainty are accepted as a part of life, therefore divergence from the rule in favor of practicality is more easily tolerated. On the contrary, in Finland, there tends to be a more emotional need for formal rule and following of procedures as a result of the high uncertainty avoidance culture.

Among the manifestations of low uncertainty avoidance in Vietnam, the lack of coherence in the legal system is the most apparent, including in public investment context. This argument was brought up in the interview with Ms. Van Anh and Mrs. Nhu, as well as concluded in a report done by the World Bank. According to the report, among the main issues of Vietnam's project investment management are the lack of coherence in strategic guidance and the ambiguity in project appraisal's practicality (The World Bank 2018, 3). Lacking regulations regarding the contract was also among the reasons why the construction of Hanoi Metro Line project was so bad while being

over-budgeted, as the Ministry of Transport claimed (Phung 2019). Ms. Van Anh specifically mentioned that the ambiguity in guidance was the cause of mismatch between Central Government's intention and the practice in provincial level in a lot of projects (Van Anh, online interview on 23.8.2019). Meanwhile, Mrs. Nhu, being among the people who revised the Law on Construction, agreed that there were still drawbacks in the law in terms of practicality, but also added that there had been continuous attempts to address this problem at least in her field of work (Nhu, online interview on 24.8.2019).

Aside from the disadvantage mentioned, low uncertainty avoidance has plenty of other positive manifestations. For instance, working life in Vietnam is relatively low stress, which was already mentioned in Femininity but also strongly collated with low uncertainty avoidance (Hofstede, Hofstede, J. & Minkov 2010, 196). Suicide due to work stress is an extremely rare occurrence in Vietnam. Fast acceptance of new technology in the country, which led to the constant development of ICT mentioned in sub-chapter 6.1.4, is also related to low UAI culture. Another advantage of this culture characteristic is the generally neutral or positive mindset toward foreigners, which aligns well with the current trend of globalization across industries.

#### 6.2.5 Long-term Orientation versus Short-term Orientation

For the fifth cultural dimension, despite both being rather close to the middle point of the spectrum, Vietnam and Finland are placed in different categories. Vietnam scored 57 points on the LTO, therefore deemed as a long-term oriented culture. It means that in Vietnam, truth is very dependent on the context, while a typical Vietnamese would value strong perseverance and adaptability to new environments. Meanwhile, Finland scored 38 on the dimension and categorized as a short-term oriented culture. Due to the smaller gap in score comparing to previously discussed dimensions except for MAS, similarities in both cultures in this regard shall be expected.

Akin to that of femininity, the manifestation of long-term orientation in Vietnamese culture can be observed in educational context. Children in Vietnam are taught the importance of thrift and perseverance, which comes in the form of hard work, from a

very early age. The emphasis on perseverance is somewhat akin to the concept of “sisu”, or stoic determination and resilience, in Finland. As soon as primary school up until high school, extra-classes have been common to take among students to keep up with their peers, alongside the heavy workload required at school. Such workload was experienced by the author himself since childhood, observed among peers as well as reported for many years on the media (Vu 2017; Tran 2018). The commonly observed reasoning for such demand of hard work was to have a good job or to become a good, socialized person when the children grow up. From the author’s perspective, such an approach to education created a generation of very hard-working employees. However, such positive effect was somewhat hampered by the lack of encouragement in critical thinking due to the high power-distance characteristic of the culture.

There was no observable manifestation of long-term orientation in the workplace or public procurement context during the author’s interviews, but they are relatively clear in social context and aligns well with Hofstede’s observations. For instance, the fast economic growth in poor countries with long-term orientation proposition of Hofstede is also applicable for Vietnam, which was discussed in sub-chapter 6.1.2. Moreover, a middle-aged Vietnamese would typically have a large saving fund in relativity to his income for future investment, usually on his family, which is a clear indication of both long-term orientation and collectivism and also mentioned among Hofstede’s propositions (Hofstede, Hofstede, J. & Minkov, 275). However, this value of savings is observed to be somewhat decreased in the younger generation in Vietnam. The author’s hypothetical reason for that was the early exposure of them to “Western” values through the popularity of social media.

#### 6.2.6 Indulgence

In the last cultural dimension of Indulgence versus Restraint, Vietnam and Finland fall into different categories, but the score gap is not too significant. Vietnam scores 35 in this dimension, therefore categorized as having a restraint culture. In a restraint culture, desire gratification is controlled by social norm and leisure time is not of much importance. Meanwhile, Finland’s score of 57 means that it is a culture of indulgence,

meaning that impulses and desires are realized and accepted while there is a stronger emphasis on leisure time.

As this dimension has little to do with either workplace or public procurement, it was neither mentioned nor observed in the author's interviews. Also, for the same reason, it would not be within the focus of this thesis.

### 6.3 Resource Audit

This resource audit was based largely on the interview with Mr. Jyri with the support of Ms. Van Anh and data from the SWECO website. Overall, as the company wants to advocate the idea of "One SWECO", the level of interchangeability in terms of resources among subsidiaries within the SWECO Group is very high.

Regarding SWECO Finland's financial capability, the company is in good shape. There would be no requirement to take any kind of bank loan for the operation of the company in a new market, as Mr. Jyri claimed. Also, according to him, the company's financial situation allows the opening of any project office in Vietnam should the project requires, so there is no financial obstacle in this regard either. (Jyri, personal communication on 22.8.2019.) His claims are backed by the increasing operating profit, reaching SEK 197 million in 2018 of SWECO Finland, which was the second-highest of the entire SWECO Group (Website of SWECO Finland 2019). Overall, the company's financial resource is very strong, which acts as substantial support for many other aspects of the company including the capability to venture into new markets should the proper opportunity arise.

In terms of physical resources, as SWECO Finland has not conducted any project in Vietnam, there is currently no physical resource available. However, there is a representative office situated in Hanoi since 2017 that belongs to SWECO Denmark, a subsidiary that has provided service in the country for 22 years. Mr. Jyri said that if SWECO Finland decided to enter Vietnam and there was a necessity for a representative office, then the one which belongs to SWECO Denmark that is currently in Hanoi would likely be utilized. Also, as the company doesn't establish offices for

marketing purpose, the only case that requires an establishment of a new office in Vietnam would be when a project is so large that a project office is necessary for cost-efficiency purpose. According to Mr. Jyri, equipment would generally not be an obstacle for a SWECO's expert working abroad, as a structural engineer's work typically would only require his laptop. (Jyri, personal communication on 22.8.2019.) The current physical resource of SWECO Finland in Vietnam hasn't existed, but the company is capable of acquiring sufficient physical resource should the requirement arise.

Similar to physical resource, SWECO Finland currently has no employee working in Vietnam. Meanwhile, the human resource situation in the home market is strong with 2000 employees in 2018, of which, according to Mr. Jyri, the number has now grown to nearly 2500. The company has the second-highest number of employees among subsidiaries, only behind SWECO Sweden where the headquarter is situated. Mr. Jyri said that he was very assured of the company's human resource, both in terms of quality and quantity. Quantity-wise, since the company boasts a very large number of experts, there would be no shortage of people to undertake new projects. Regarding quality, even in the case that SWECO Finland cannot handle a project alone due to the variety of the project's expertise requirement, the company could always request other subsidiaries' support for the suitable candidate to include in the project. Even in the rare case that the large and variety of human resource of SWECO Group is not sufficient, Mr. Jyri stated that there would always be the option to hire a new expert. (Jyri, personal communication on 22.8.2019.) Overall, the company's strong human resource potential resulted from both the high-level interchangeability of resources among subsidiaries within the Group and the robust financial capability previously mentioned.

Mr. Jyri was very confident regarding the firm's reputation if the company decides to compete in Vietnam, citing its market-leading position in the European market (Jyri, personal communication on 22.8.2019). That was reaffirmed during the interview with Ms. Van Anh, who said that the company would already enjoy a certain degree of trust from investors in Vietnam for its European origin, which usually correlates with "high quality" by the common Vietnamese stereotype (Van Anh, online interview on 23.8.2019). Additionally, the recent high-profile public project scandals created

massive public pressure on the perceived quality of contractors chosen to carry out large public projects, which is beneficial for SWECO Finland in this regard. Unfortunately, stereotypically in Vietnam, “European origin” also correlates with being expensive, which in practice applied for some of SWECO Denmark’s previous bids in Vietnam. The company would definitely win in terms of quality, but lose out only in the assessment of price, said Ms. Van Anh when asked about her past bidding experiences (Van Anh, online interview on 23.8.2019). Mr. Jyri concurred, claiming that over-qualification was also one of the problems that the company would need to address when bidding in foreign markets (Jyri, personal communication on 22.8.2019). In the case of operating in Vietnam, reputation in quality would be among the company’s strongest asset, while pricing stereotype be one of the weak points.

As a consulting company, the interchangeability of human resource also generally means the interchangeability of know-how. As mentioned in the human resource section, SWECO Finland can, with consent, utilize the expertise and experiences of other subsidiaries in the Group to cover a wider range of project types than it can if it was a standalone company, including that of SWECO Denmark which has already been established in Vietnam. Additionally, with information regarding clients and projects being widely available and easily accessible across subsidiaries of SWECO Group, as Mr. Jyri claimed, conflict of interest among subsidiaries in a foreign market would be very unlikely. (Jyri, personal communication on 22.8.2019.)

In general, SWECO Finland has great capability in entering and operating in Vietnam providing that the market offers an appropriate opportunity. That was largely driven by not only the company’s solid financial and human resource but also the whole SWECO Group’s high level of interchangeability of resources.

## 7 SUMMARY AND CONCLUSIONS

This chapter would present the summary and conclusions drawn from the research findings and analysis of the previous chapter.

## 7.1 Vietnam as a potential market from PESTLE model's standpoint

From the research findings, the Vietnamese market for public infrastructure consulting presented a lot of strengths. First, Vietnam had a very stable political landscape, which witnessed recent improvement thanks to the high-profile corruption crackdown. Such stability would likely to continue in the long term due to the Government's methods of handling opposition and ensuring public harmony. The Government's recent focus on managing public debt and decreasing public investment inefficiency correspondingly saw a positive result on a macro level. Also, as the country had been an attractive FDI destination and the Government's continuation to incentivize FDI, more investment in infrastructure would follow, for instance, that of roads and industrial real estate. The continuous regulatory reform to involve private entities further into public projects and easing regulation on foreign ownership also contributed to the overall attractiveness of the market.

Additionally, Vietnam had a big market and, consequently, very large demand for infrastructure driven by great population and rapid urbanization and industrialization. The country also performed well economically in recent years, strengthening its position among the leading FDI destinations. Robust industrialization contributed significantly to the growing demand for energy, water treatment facilities, industrial buildings, and transport infrastructure. Meanwhile, as mentioned in Chapter 6, urbanization drove up demand across many sectors of the infrastructure including residential buildings, transport infrastructure, energy, and water treatment, all of which were somewhat lacking in Vietnam. As cities like Hanoi and Ho Chi Minh City were expanding geographically to accommodate the inflow of people, urban planning was also in great demand.

Not only the Vietnamese population quantity but also population structure could be considered its advantage. Enjoying the "golden population structure", Vietnam had an abundance of young people in and joining the workforce. The main advantages of such a young workforce include the efficiency in English, overall high ICT skills and adaptability. In addition to the urbanization trend, Vietnamese young population also drove up demand for residential housing.



Meanwhile, the most prominent weakness of the market would be corruption, whose consequences manifested not only horizontally across sectors, but also vertically across levels of analysis. On the macro level, corruption fueled the overall inefficient public investment, in turn causing the country's weak fiscal performance. While on the micro-level, corruption resulted in incompetence people being responsible for decision on large scale projects, leading to massive waste of public resources. In public procurement context, corruption manifested itself on the practice of abusing direct appointment of contractor and the seriously fragmented allocation of the public budget.

Such large-scale effect of corruption was largely contributed by the inconsistency and overall inefficiency of the legal system. By abusing the loopholes in the law, especially those regarding tendering, many public projects were directly assigned incompetence contractor resulting in major wasteful usage of public resource. Meanwhile, it was also the inefficiency of the law that many cases where violations were discovered, nobody faced any serious consequence due to the decision being a collective one. The same inefficiency was exploited by some FDI companies to practice transfer pricing to operate in the country to avoid taxation and necessary responsibility toward the environment. The sub-standard technology of a large proportion of company, both foreign and domestic, still being used at the cost of harming the environment could also be attributed as a manifestation of the inefficient legal system.

There are, however, challenges of the market that were not directly caused by corruption or the inefficiency of the legal system. The first but also the most prominent reason would be the decreasing accessibility to ODA funds which came from Vietnam graduating from IDA in 2017. It was a necessary challenge, as funds should be allocated for poorer countries than Vietnam. Nonetheless, that still posed as a major challenge in this transitional phase of the country due to the country's current weak fiscal performance and inadequate public infrastructure. Another major reason that also hampered the country's attractiveness to potential foreign investors was the overall low-skill of graduates. Finding a competence employee in Vietnam would certainly be more challenging than other markets that possessed more developed educational systems.

Despite internal challenges, Vietnam's great demand and sustained growth provided major opportunities for foreign companies. The upcoming EU-Vietnam Free Trade Agreement (EVFTA) and EU-Vietnam Investment Protection Agreement (EVIPA) are among those major opportunities. When ratified by the European Parliament and came into effect, the agreements would allow European companies to compete in tenders equally as domestic companies. Another opportunity derived from the country's own lack of competence, which made the country relies on foreign companies regarding matters of high expertise, including structural consulting. However, being an attractive market came with its own risk, which was the influx of competent foreign competitors. Some of the names mentioned during the interview with Ms. Van Anh were Royal HaskoningDHV of Netherland and Black & Veatch of America (Van Anh, online interview on 23.8.2019).

Overall, the Vietnamese infrastructure consulting market is already a promising one considering the sheer massive and still growing demand alone. That in addition to the Government's recent meaningful reforms, the economy's past successes and positive outlook has attracted many foreign firms and investors into the country. However, uncertainty remains under such a promising market, with the regulatory uncertainty being among the most prominent ones to be considered of. From the author's perspective, Vietnamese market in infrastructure consulting could be considered a medium-risk, high-reward one.

## 7.2 Vietnam as a potential market from Hofstede's model standpoint

From the research's finding, it would be reasonable to conclude that there was a massive difference between Vietnam and Finland's cultures, whose manifestations served as both advantages and disadvantages of the market.

The first and most direct advantage of Vietnam national culture would be employee's loyalty and adaptability resulting from a combination of low individualism, low uncertainty avoidance and large power-distance. Once the appropriate order of hierarchy and interrelationship between employees has been set up in the office, work can proceed smoothly with little attention toward the risk of employees changing their

workplace. Due to the cultural settings, a typical Vietnamese would have more intangible bonds with his workplace than merely the work contract. Meanwhile, adaptability meant that a typical Vietnamese employee would be mentally ready, or even expect to perform tasks that were not even listed in the agreement in the dire situation when it was required. On a more macro level, the large power-distance of Vietnam certainly contributed to the political stability witnessed within the country. Low uncertainty avoidance manifested in the overall great outlook and expectation of the general population about the quality of foreign products, especially those from developed economies. The younger generation's embrace of Western technology, good English skills and observably friendly attitude toward foreigners could also be attributed to this cultural trait.

Meanwhile, the long-term orientation together with low uncertainty avoidance meant that theoretically a typical Vietnamese would not be afraid to make risky investment to benefit in the long-term, which aligned well with the good quality service at a high price that SWECO typically offered. However, in practice in public investment context, such cultural traits manifested itself more clearly in risky investments by choosing the lowest bidder with questionable competence. Moreover, high power-distance together with low individualism can be observed in the practice of the decision-maker having the most influence in directly appointing of contractor. Meanwhile, if violation from such appointment was discovered, nobody would be held responsible since the decision was a collective one. The author's argument is that such corrupt manifestation of cultural trait could only exist due to the inefficiency and inconsistency of the legal framework.

Overall, Vietnam's national culture is very different from that of Finland and such difference should be seriously considered when exploring and operating in Vietnam. In the context of SWECO hypothetically operating in Vietnam, the effect of cultural difference when negotiating is difficult to estimate due to the following reasons: there would usually be the presence of a translator at least on the Vietnamese side, and the level of cultural awareness of both parties would also have its influences. However, in the event of a SWECO's engineer working in Vietnam, the cultural traits mentioned would be very useful to know to avoid unnecessary problem or frustration. Some useful practical tips would be mentioned in the Recommendation chapter.

### 7.3 SWECO Finland as a potential entrant

Considering all the resources at SWECO Finland's disposal, the company would be very capable of entering Vietnam and compete in the tendering of its public projects. The first and most prominent strength of the company in the market would be its reputation, which resulted from both the track record of the company and its origin. SWECO Finland's entrance would further benefit from the great demand of the public for quality-assured contractors considering the recent high-profile scandals of public invested projects and the overall lack of qualified domestic firms. Another strength of SWECO Finland would stem from the already established position of SWECO Denmark in the market, which mitigated SWECO Finland's weakness of lack of market knowledge and presence.

However, the weakness of high price persisted, which got even worse in the case of Vietnam considering the weak fiscal performance, therefore the gradual decrease of public funding proportion in public projects. Moreover, the phasing out of ODA projects also posed the risk of limiting project choices for foreign firms like SWECO Finland, at least until EVIPA comes into effect.

### 7.4 Discussion of research findings

Primary and secondary data collected complemented each other neatly during this research. Primary data provided by the interviewees not only confirmed the secondary data collected by the author but also articulated them to create a clearer overview. Also, there was no observable paradox among the answers of interviewees, which further highlighted the data's reliability. The author's hypothesis for such well alignment was due to the reliability and mainstream of sources of data used, the high expertise of involved interviewees, and the fact that the author possessed prior knowledge regarding the market being researched. Overall, the research findings managed to answer all the questions laid out as the objectives of the thesis. However, there are major differences in the levels of detail of the answers.

The most detailed answer would be for the question “What does the decision-making process consist of regarding public infrastructure consulting in Vietnam?”. Most of the whole sub-chapter 6.1.5 was dedicated to answering this question only. In general, the process consists of 7 phases: pre-selection phase; contractor selection phase; evaluation of technical proposals; evaluation of financial proposal; negotiation of contract; verifying, approving and announcing the result of the contractor selection; and finally, completing and carrying out the contract. The final decision-maker of a procuring decision is very much dependent on the specific scale and nature of the project. Such detailed answer resulted from the heavily legalized nature of the process being researched.

The second-most detailed answer would be for the question “What are the major external factors to be considered when entering the Vietnamese market?”. The major factors were well represented using PESTLE model, as can be summarized in Table 8 below:

Table 8. Key factors to be considered about Vietnam

Category	Factors
Political	<ul style="list-style-type: none"> <li>• Stability</li> <li>• Corruption</li> </ul>
Economical	<ul style="list-style-type: none"> <li>• Rapid and sustained growth</li> <li>• High external debt, fiscal deficit</li> <li>• Decreasing ODA/OA</li> </ul>
Social	<ul style="list-style-type: none"> <li>• Large and young labor force</li> <li>• Rapid and sustained urbanization</li> <li>• Low-quality labor force</li> </ul>
Technological	<ul style="list-style-type: none"> <li>• Large potential in ICT</li> <li>• Technologically underdeveloped energy sector</li> </ul>
Legal	<ul style="list-style-type: none"> <li>• Inefficiency and inconsistencies in legal framework</li> </ul>
Environmental	<ul style="list-style-type: none"> <li>• Pollution of air and water in industrial areas</li> </ul>

The factors in Table 8 also indicated answer for the question “How would those factors affect the potential entry of SWECO in Vietnam?”. Politically, while the stability is an advantage of the market, the high corruption rate that enables such stability discourages entry of companies with strict regulation on transparency such as SWECO. Similarly, the labor force’s quantity is an advantage of Vietnam, while its quality is not. Meanwhile, the factors that encourage the entry of SWECO largely come from the increasing demand driven by rapid urbanization, industrialization and

the country's own internal incapability to satisfy such demand. However, there remains the risk in the current fiscal deficit and the problems in the legal framework which directly affect the industry being researched.

Answer to the question of "Which major business culture characteristics of Vietnam should SWECO focus on when operating in Vietnam?" was indicated throughout chapter 6.2 and 7.2. The most prominent manifestation of national culture in business context that SWECO should focus on would be the expectation of close interrelationship between employees, established hierarchy and the overall flexible approach toward regulations of employees. Suggestions for the company regarding these culture traits were presented in chapter 8.

Answer for the question of "What would be the strengths and weaknesses of SWECO in Vietnam?" was covered in chapter 7.3 basing on information gathered in chapter 6.3. The overall major strengths of the company can be summarized to be capability and reputation, while the prominent weakness would be price. The answer for this question was the shortest out of 5 questions due to 2 reasons. First, evaluating the company's strengths and weaknesses was not the focus of this thesis, it only served as complementary information to assess the level of appeal of the Vietnamese market. Also, in order to effectively evaluate the company's strength and weaknesses in a market, an industry analysis would be necessary, which would require a different set of tools from those used in this thesis.

## 7.5 Further research

After conducting this research, the author was convinced of the requirement for deeper researches to be conducted before reaching a definitive conclusion of whether Vietnam is the suitable market of expansion for SWECO Finland. The findings in the thesis indicated that the country is under a transitional phase both politically and economically toward improvements. However, the underlying risks regarding regulatory uncertainty persists. Therefore, further research into which legal bottleneck being the main culprit for the current situation would be useful in indicating the suitability of timing for market entry, or even of the market itself. Another type of

research that would provide valuable information are an in-depth industry researches about each individual industry that SWECO Finland could operate in. Information about factors such as industry competitiveness and regulations would be among deciding factors regarding the market's suitability and appropriate market entry method. This thesis only served as the foundation for many deeper researches that should be done regarding the Vietnamese infrastructure market.

## 8 RECOMMENDATIONS

This chapter would present the author's ideas of potential market entries, recommendations, and practical tips concerning cultural expectation in workplace context.

Regarding the timing of the entrance, there would be two major options: either explore and tender for the existing project opportunities through the existing channel of SWECO Denmark office as soon as possible, or research further until 2021-2022 after the next major political shift and the EVFTA-EVIPA coming into effect. While understanding that whether or not to enter the market would be entirely project-based for SWECO, the author argues that if the current Vietnamese market's potential can be considered attractive enough then it would be better to have early establishment into the market. On the other hand, if the current or future market potential cannot justify spending the resources to tender in Vietnam's public projects, then the resources should be spent into exploring other markets' opportunity, especially those that are developing. Regardless of the current market situation, if the EVIPA is ratified by the Parliament and comes into effect earliest in 2022, a new market research into Vietnam would be of great benefit to the company. The legal transparency that follows would eliminate many current setbacks of the country, therefore transform Vietnam into a very attractive market.

Judging by current Vietnam's macro-economic factors, especially those regarding legal matters, the author would very much advocate for a certain level of carefulness in the approach method of the company toward the market. Nonetheless, there are

methods to mitigate the risks involved, not to mention that the nature of the consulting industry is already relatively low-risk comparing to others. While understanding that the level of risk involved is very much project-specific, the author would like to advocate the method of joint venture during the projects that SWECO Finland is not willing to bear the risk alone. Meanwhile, for the types of project, since the ODA projects are already gradually becoming limited, the author's proposal would be to investigate other types of project as well given an appropriate risk mitigation method has been set up. The support of SWECO Denmark's office in tendering procedure would be significantly helpful regardless of which level of risk SWECO Finland choose to bear. Nevertheless, the author argues that the level of risk of whether a project is ODA funded or not would be relatively the same anyway once EVIPA comes into effect.

Another recommendation from the author's standpoint would be to increase the company's virtual presence in Vietnam. While researching for this thesis, the author noticed that the online presence of SWECO in Vietnam was very limited, as a quick search on Google Vietnam would only result in the representative office's address on a third-party website. Other than that, there was no further information about the company in Vietnamese, which would prevent a large proportion of older people with limited English skill from the direct exposure to the marketing material on the company's website. Therefore, the author's proposal would be for the company to translate and add information in Vietnamese to the company's website if SWECO decides to explore the market. While understanding that the direct exposure to marketing material would make minuscule difference from the public procurement standpoint, the author hypothesizes that having the website available in Vietnamese would not only indicate the company's dedication toward its potential customer in the market, but also possibly tip the scale slightly in SWECO's favor in the pre-selection phase through easy access to marketing material for all Vietnamese.

With matters regarding culture, the author has several recommendations to mitigate the risks from massive cultural difference as well as utilize the country's national cultural trait. The first recommendation would be in the negotiation phase: SWECO should always have a Vietnamese with proficient English skill to accompany the company's representative, in addition to the translator already on the customer's side.



Even though tender negotiations are typically very technical and straightforward, such precaution would reduce the risk of misunderstanding due to cultural difference to the absolute minimum. Concerning employees, in the case of sending SWECO engineers from Finland to Vietnam, the company should prepare them mentally beforehand about matters regarding culture difference to avoid unnecessary inconvenience. One practical tip that originated from the interview with Ms. Van Anh is to expect or, to a certain degree, accept the missing of deadlines from the customer's part, which happened regularly according to her experience and is a typical manifestation of low uncertainty avoidance cultural trait. In the case of hiring Vietnamese employees, extra resources should be spent earlier in the employment phase to familiarize new employees with the company and their new colleagues. Such recommendation resulted from not only competence employee being relatively difficult to find, but also from the national cultural traits that would make a typical employee, who has familiarized himself with a working environment, have more emotional bonds with the employment than merely the work contract.

## REFERENCES

- Akamai. 2017. State of the Internet: Q1 2017 Report. Referred 20.7.2019.  
<https://www.akamai.com/de/de/multimedia/documents/state-of-the-internet/q1-2017-state-of-the-internet-connectivity-report.pdf>
- Are foreign-invested firms enjoying too many incentives in Vietnam?. Tuoi Tre News 20.11.2017. Referred 26.6.2019.  
<https://tuoitrenews.vn/news/business/20171120/are-foreigninvested-firms-enjoying-too-many-incentives-in-vietnam/42738.html>
- Asian Development Bank. 2011. Energy for All: Viet Nam's Success in Increasing Access to Energy through Rural Electrification. Referred 18.7.2019.  
<https://www.adb.org/publications/viet-nams-success-increasing-access-energy-through-rural-electrification>
- Asian Development Bank. 2017. Meeting Asia's infrastructure needs. Referred 29.3.2019. <https://www.adb.org/publications/asia-infrastructure-needs>
- Bao, A. 2018. Sign of transfer pricing as loss-making FDI firms still expand in Vietnam. Tuoi Tre News 11.7.2018. Referred 26.6.2019.  
<https://tuoitrenews.vn/news/business/20180711/sign-of-transfer-pricing-as-lossmaking-fdi-firms-still-expand-in-vietnam/46644.html>
- Brown, D. 2017. Vietnam makes a big push for coal, while pledging to curb emissions. Referred 19.7.2019. <https://www.eco-business.com/news/vietnam-makes-a-big-push-for-coal-while-pledging-to-curb-emissions/>
- Business Sweden. 2018. Vietnam: Business Climate Survey 2018. Referred 13.7.2019. <https://www.business-sweden.se/en/Trade/analysis-and-reports/fact-packs-markets-and-industries/business-climate-survey-in-vietnam-2018/>
- Cadle, J., Paul, D. & Turner, P. 2014. Business Analysis Techniques: 99 Essential Tools for Success. Swindon: BCS Learning & Development Limited. Referred 4.4.2019. <https://ebookcentral.proquest.com/lib/samk/home.action>
- Cavusgil, S.T., Knight, G. & Riesenberger, J.R. 2014. International Business: The New Realities. Essex: Pearson Education Limited.
- CECR. 2018. Báo cáo nghiên cứu: ô nhiễm nước và sự cần thiết phải xây dựng luật kiểm soát ô nhiễm nước tại Việt Nam. Referred. 25.7.2019.  
<https://cccr.vn/download/bao-cao-nghien-cuu-o-nhiem-nuoc-va-su-can-thiet-phai-xay-dung-luat-kiem-soat-o-nhiem-nuoc-tai-viet-nam>
- Chabba, S. 2016. Formosa Fined \$500 Million For Vietnam's Environmental Disaster. International Business Times 30.6.2018. Referred 25.7.2019.  
<https://www.ibtimes.com/formosa-fined-500-million-vietnams-environmental-disaster-2388515>
- Cherunilam, F. 2009. Business Environment. Mumbai: Himalaya Publishing House. Referred 2.4.2019. <https://ebookcentral.proquest.com/lib/samk/home.action>

Chi, M. 2018. FDI technology transfer remains low. Vietnam Net 7.8.2018. Referred 24.6.2019. <https://english.vietnamnet.vn/fms/business/205950/fdi-technology-transfer-remains-low.html>

Chi, V. 2019. Áp lực trả nợ khổng lồ của Chính phủ trong giai đoạn 2019 – 2021. Vietnam Finance 21.5.2019. Referred 4.7.2019. <https://vietnamfinance.vn/ap-luc-tra-no-khong-lo-cua-chinh-phu-trong-giai-doan-2019-2021-20180504224223799.htm>

Constitution of Vietnam. 2013. Referred 20.6.2019. <http://www.chinhphu.vn/portal/page/portal/chinhphu/NuocCHXHCNVietNam/ThongTinTongHop/hienphapnam2013>

Decree No.428/QĐ-TTg. 2016. Decision: The Approval of Revisions to the National Power Development Plan from 2011 to 2020 with Visions Extended to 2030.

Decree No.63/2014/ND-CP. Detailing the Implementation of Several Provisions of the Law on Bidding Regarding the Selection of Contractors.

Dube, S. & Danesu, D. 2011. Supplemental Guidance: Public Sector Definition. Referred 1.6.2019. <https://global.theiia.org/Pages/globaliiaHome.aspx>

ESOMAR. 2007. Market Research Handbook. New York: John Wiley & Sons, Incorporated. Referred 1.4.2019. <https://ebookcentral.proquest.com/lib/samk/home.action>

Ferraro, G.P. & Briody, E.K. 2017. The Cultural Dimension of Global Business. London: Routledge. Referred 11.4.2019. <https://ebookcentral.proquest.com/lib/samk/home.action>

Fill, C. & McKee, S. 2011. Business Marketing Face to Face. Oxford: Goodfellow Publishers Ltd. Referred 18.4.2019. <https://ebookcentral.proquest.com/lib/samk/home.action>

Fitch raises Vietnam sovereign credit rating, sees fast growth. 2018. Reuters 15.5.2018. Referred 4.7.2019. <https://www.reuters.com/article/vietnam-ratings-fitch/update-1-fitch-raises-vietnam-sovereign-credit-rating-to-bb-from-bb-idUSL3N1SM1RY>

General Statistics Office of Vietnam. 2018. Monthly statistical information: Social and economic situation in 2018. Referred 4.7.2019. [https://www.gso.gov.vn/default\\_en.aspx?tabid=622&ItemID=19043](https://www.gso.gov.vn/default_en.aspx?tabid=622&ItemID=19043)

Hofstede, G., Hofstede, G.J. & Minkov, M. 2010. Cultures and Organizations: Software of the mind. United States: McGraw Hill Professional

Hotten, R. 2015. Volkswagen: The scandal explained. Referred 6.4.2019. <https://www.bbc.com/>

Hundekar, S.G., Appannaiah, H.R. & Reddy, P. 2009. Principles of Marketing. Mumbai: Global Media. Referred 2.4.2019. <https://ebookcentral.proquest.com/lib/samk/home.action>

- Hung, V. 2019. Xử phạt về môi trường: Đồng bộ nhiều giải pháp để nâng cao hiệu quả thực thi. Báo Tài Nguyên Môi Trường 8.8.2019. Referred 10.8.2019. <https://baotainguyenmoitruong.vn/moi-truong/xu-phat-ve-moi-truong-dong-bo-nhieu-giai-phap-de-nang-cao-hieu-qua-thuc-thi-1272847.html>
- IMF. 2019. Vietnam: Budget Balance between 2014 to 2024 in Relation to Gdp. Statista Inc. Referred 1.7.2019. <https://www-statista-com.lillukka.sank.fi/statistics/444824/vietnam-budget-balance-in-relation-to-gdp/>
- Jennings, R. 2018. Cybersecurity Law: Vietnam Will Censor Internet, Not Close Websites. VOA News 28.12.2018. Referred 20.6.2019. <https://www.voanews.com/east-asia/cybersecurity-law-vietnam-will-censor-internet-not-close-websites>
- Jyri, N. 2019. Chief Sustainable Officer, SWECO Finland. Personal communication. 22.8.2019. Interviewer Thanh Nguyen.
- Khoa, H. 2019. Foggy Saigon raises air pollution concerns. VnExpress 25.1.2019. Referred 24.7.2019. <https://e.vnexpress.net/news/news/foggy-saigon-raises-air-pollution-concerns-3873914.html>
- Kim,E. 2019. Samsung Electronics Accounts for 28% of Vietnam’s GDP. Referred 26.6.2019. <http://www.businesskorea.co.kr/news/articleView.html?idxno=29966>
- Law on Bidding. No.43/2013/QH13
- Law on Public Investment. No.49/2014/QH13
- Le, H. 2019a. Fitch revises Vietnam outlook upwards to positive. VnExpress 11.5.2019. Referred 4.7.2019. <https://e.vnexpress.net/news/business/economy/fitch-revises-vietnam-outlook-upwards-to-positive-3921537.html>
- Le, Q. 2019b. Provinces say ‘no’ to coal power as central government, industries build more. Southeast Asia Press Alliance 13.3.2019. Referred 19.7.2019. <https://www.seapa.org/vietnam-provinces-say-no-to-coal-power-as-central-government-industries-build-more/>
- Long, N.D. 2019. Procurement Specialist, ASIATECH Group. Online interview 5.8.2019. Interviewer Thanh Nguyen.
- Long, X. 2019. Trời mù mịt, không khí ô nhiễm bao phủ Hà Nội. Tuoi Tre News 27.3.2019. Referred 24.7.2019. <https://tuoitre.vn/roi-mu-mit-khong-khi-o-nhiem-bao-phu-ha-noi-2019032709463137.htm>
- Nguyen, H. 2019. Kiểm toán Nhà nước: Đường sắt Cát Linh - Hà Đông chậm do Bộ Giao thông. VnExpress 6.7.2019. Referred 23.8.2019. <https://vnexpress.net/kinh-doanh/kiem-toan-nha-nuoc-duong-sat-cat-linh-ha-dong-cham-do-bo-giao-thong-3948603.html>

Nguyen, M. & Pearson, J. 2018. Investors in Vietnam learn to live with anti-corruption crackdown, some embrace it. Reuters 28.3.2018. Referred 21.6.2019. <https://www.reuters.com/article/us-vietnam-security-economy/investors-in-vietnam-learn-to-live-with-anti-corruption-crackdown-some-embrace-it-idUSKBN1H40EW>

Nhu, D.T. 2019. Former Vice Chief Inspector, Ministry of Construction. Online interview 24.8.2019. Interviewer Thanh Nguyen.

PAPI. 2018. The Viet Nam Provincial Governance and Public Administration Performance Index. Referred 21.6.2019. <http://papi.org.vn/eng/>

Phung, T. 2019. Nguyên nhân đường sắt Cát Linh - Hà Đông chậm hầu hết do phía Trung Quốc. Tuổi Trẻ News 10.8.2019. Referred 24.8.2019. <https://tuoitre.vn/nguyen-nhan-duong-sat-cat-linh-ha-dong-cham-hau-het-do-phia-trung-quoc-20190810114454564.htm>

Puil, J.V. & Weele, A.V. 2013. International Contracting: Contract Management in Complex Construction Projects. Singapore: Imperial College Press. Referred 18.4.2019. <https://ebookcentral.proquest.com/lib/samk/home.action>

PWC. 2018. The Future of ASEAN: Viet Nam Perspective. Referred 29.3.2019. <https://www.pwc.com/vn/en/publications/vietnam-publications/the-future-of-asean-vietnam.html>

Saunders, M., Lewis, P. & Thornhill, A. 2006. Research Methods for Business Students. Essex: Pearson Education Limited.

Scandling, E. 2019. What's stopping corporates from switching to clean energy in Vietnam?. Referred 10.8.2019. <https://www.eco-business.com/opinion/whats-stopping-corporates-from-switching-to-clean-energy-in-vietnam>

Schwartz, J. 2018. VW investors sue for billions of dollars over diesel scandal. Referred 6.4.2019. <https://www.reuters.com/>

Statista: Number of internet users in Vietnam from 2017 to 2023 (in millions). 2019. Referred 22.7.2019. <https://www-statista-com.lillukka.samk.fi/statistics/369732/internet-users-vietnam/>

Terazi, E. & Şenel, S. 2011. The Effects of the Global Financial Crisis on the Central and Eastern European Union Countries. International Journal of Business and Social Science 17, 186-192. Referred 4.4.2019. <http://ijbssnet.com/journal/index/607>

Thanh, M. 2017. Samsung smartphones: what does Vietnam actually make. Vietnam Net 23.11.2017. Referred 26.6.2019. <https://english.vietnamnet.vn/fms/science-it/190648/samsung-smartphones--what-does-vietnam-actually-make-.html>

Thanh, M. 2017. Technology transfer in the last 30 years disappointing. Vietnam Net 27.10.2017. Referred 24.6.2019. <https://english.vietnamnet.vn/fms/science-it/188864/technology-transfer-in-the-last-30-years-disappointing.html>

The Economist. 2018. Why Samsung of South Korea is the biggest firm in Vietnam. Referred 26.6.2019. <https://www.economist.com/asia/2018/04/12/why-samsung-of-south-korea-is-the-biggest-firm-in-vietnam>

The Global Economy: Political stability – country rankings. 2017. Referred 20.6.2019. [https://www.theglobaleconomy.com/rankings/wb\\_political\\_stability/](https://www.theglobaleconomy.com/rankings/wb_political_stability/)

The Global Economy: Vietnam: Economic growth. 2019. Referred 28.3.2019. [https://www.theglobaleconomy.com/Vietnam/Economic\\_growth/](https://www.theglobaleconomy.com/Vietnam/Economic_growth/)

The World Bank & The Government of Vietnam. 2017. Fiscal Policies towards Sustainability, Efficiency, and Equity. Referred 1.7.2019. [documents.worldbank.org/curated/en/279261508765803168/Fiscal-Policies-towards-Sustainability-Efficiency-and-Equity-Overview-Report](https://documents.worldbank.org/curated/en/279261508765803168/Fiscal-Policies-towards-Sustainability-Efficiency-and-Equity-Overview-Report)

The World Bank. 2018. Public Investment in Vietnam: Assessment and Reform Priorities for Overcoming the Bottlenecks. Referred 4.7.2019. [documents.worldbank.org/curated/en/732391559571081907/Public-investment-management-in-Vietnam-assessment-and-reform-priorities-for-overcoming-the-bottlenecks](https://documents.worldbank.org/curated/en/732391559571081907/Public-investment-management-in-Vietnam-assessment-and-reform-priorities-for-overcoming-the-bottlenecks)

The World Factbook. 2018. GDP – per capita (PPP). Referred 22.6.2019. <https://www.indexmundi.com/g/r.aspx?c=vm&v=67>

The World Factbook. 2019. Central Intelligence Agency. Referred 28.3.2019. <https://www.cia.gov/index.html>

Tran, T.M.H. 2018. Education Experts: Children in Vietnam Ask To Work Too Hard. Referred 2.8.2019. <https://www.citypassguide.com/en/living/vietnam/education/blog/education-experts-children-in-vietnam-ask-to-work-too-hard>

Trung, H. 2019. Chỉ định thầu vẫn áp đảo. Báo Đầu Thầu 22.8.2019. Referred 23.8.2019. <https://baodauthau.vn/dau-thau/chi-dinh-thau-van-ap-dao-106843.html>

User-Friendly Handbook for Mixed Method Evaluations. 1997. Referred 1.6.2019. <https://www.nsf.gov/pubs/1997/nsf97153/start.htm>

Van Anh, P. 2019. Legal Representative, SWECO Denmark. Online interview 23.8.2019. Interviewer Thanh Nguyen.

Viet Nam News & Ministry of Industry and Trade. 2019. Statista Inc. Referred 22.7.2019. <https://www-statista-com.lillukka.samk.fi/statistics/986043/vietnam-e-commerce-market-value-revenue/>

Vietnam Electricity. 2019. 99.05% of Vietnamese rural households have access to electricity. Referred 18.7.2019. <https://en.evn.com.vn/d6/news/9905-of-Vietnamese-rural-households-have-access-to-electricity-66-163-1523.aspx>

Vietnam may be missing out on “golden population”: UNDP. 2016. VnExpress 28.4.2016. Referred 9.7.2019. <https://e.vnexpress.net/news/news/vietnam-may-be-missing-out-on-golden-population-undp-3394794.html>

Vietnam News. 2018. Vietnam targets high-tech FDI for development. Referred 24.6.2019. <https://vietnamnews.vn/economy/482566/viet-nam-targets-high-tech-fdi-for-development.html#xFLzMRfOuKLoT8qc.97>

Vietnam to face power shortage by 2020. 2018. Vietnam Investment Review 30.11.2018. Referred 19.7.2019. <https://www.vir.com.vn/vietnam-to-face-power-shortage-by-2020-64245.html>

VN urged to shift to productivity, innovation-based economy. 2019. Vietnam News 21.3.2019. Referred 13.7.2019. <https://vietnamnews.vn/economy/507450/vn-urged-to-shift-to-productivity-innovation-based-economy.html#CFIffLgXPTPfQ5r6.97>

Vu, T.H. 2017. TS Vũ Thu Hương: 'Chương trình tiểu học mới vẫn quá nặng'. VnExpress 15.4.2017. Referred 2.8.2019. <https://vnexpress.net/giao-duc/ts-vu-thu-huong-chuong-trinh-tieu-hoc-moi-van-qua-nang-3570632.html>

Vuong, Q. H. 2014. Vietnam's political economy in transition (1986-2016). Referred 28.3.2019. <https://worldview.stratfor.com/>

Wazir, B. 2001. Nike accused of tolerating sweatshops. Referred 4.4.2019. <https://www.theguardian.com/international>

Website of 24h. Referred 25.7.2019. <https://www.24h.com.vn/tin-tuc-trong-ngay/bao-boi-duoi-song-to-lich-can-them-tro-thu-sau-1-thang-hoat-dong-c46a1058563.html>

Website of Asia-Pacific Economic Cooperation Energy Working Group. 2016. Referred 24.7.2019

Website of Bloomberg. Referred 27.3.2019. <https://www.bloomberg.com/europe>

Website of CIPD. Referred 4.4.2019. <https://www.cipd.co.uk/>

Website of Education First. Referred 8.7.2019. <https://www.ef.se/epi/>

Website of Environment Performance Index. 2019. Referred 24.7.2019. <https://epi.envirocenter.yale.edu/epi-country-report/VNM>

Website of Global Religious Future. Referred 8.7.2019. <http://www.globalreligiousfutures.org>

Website of Hofstede Insights. Referred 15.4.2019. <https://www.hofstede-insights.com/>

Website of Ministry for Foreign Affairs of Finland. Referred 29.3.2019. <https://um.fi/frontpage>

Website of Ministry of Finance. Referred 1.7.2019. <https://www.mof.gov.vn/>

Website of SWECO Finland. Referred 27.3.2019. <https://www.sweco.fi/en/>

Website of SWECO Sweden. Referred 27.3.2019. <https://www.sweco.se/en/>

Website of the United States Environmental Protection Agency. Referred 6.4.2019.  
<https://www.epa.gov/>

Website of Transparency International. Referred 21.6.2019.  
<https://www.transparency.org/cpi2018>

Website of United Nation Population Fund Vietnam. Referred 9.7.2019.  
<https://vietnam.unfpa.org/en/node/15210>

Website of United Nation. 2019. Referred 16.7.2019.  
<https://population.un.org/wup/Country-Profiles/>

Website of Vietnam Customs. Referred 24.6.2019. <https://www.customs.gov.vn>

World Bank Data Team. 'New country classifications by income level: 2018-2019'.  
1.7.2018. Referred 24.6.2019. <https://blogs.worldbank.org/opendata/new-country-classifications-income-level-2018-2019>

World Bank: Distribution of Gross Domestic Product (Gdp) across Economic Sectors from 2007 to 2017. 2019. Statista Inc. Referred 21.6.2019. <https://www-statista-com.lillukka.samk.fi/statistics/444611/vietnam-gdp-distribution-across-economic-sectors/>

World Bank: Foreign direct investment, net inflows (BoP, current US\$).2017.  
Referred 24.6.2019.  
[https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?locations=VN&most\\_recent\\_value\\_desc=true](https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?locations=VN&most_recent_value_desc=true)

World Bank: GDP per capita growth (annual%). 2018. Referred 22.6.2019.  
[https://data.worldbank.org/indicator/NY.GDP.PCAP.KD.ZG?locations=VN&most\\_recent\\_value\\_desc=true](https://data.worldbank.org/indicator/NY.GDP.PCAP.KD.ZG?locations=VN&most_recent_value_desc=true)

World Bank: Unemployment. 2017. Google Public Data. Referred 9.7.2019.  
<https://www.google.com/publicdata/directory>

World Bank: Urban population (% of total population). 2018. Referred 16.7.2019.  
<https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS>

World Economic Forum. 2018. The Global Competitiveness Report. Referred 28.3.2019. <http://reports.weforum.org/>