

IMPACT OF CULTURE ON STRIKE IN FOREIGN INVESTED COUNTRY IN VIETNAM (CASE STUDY IN KOREA'S COMPANIES)

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Strike is one step in the adjustment of relationship between employer and employee. Strike happen if there is confliction between employer and the labors. One planned strike can cause a big loss to labor user and impact, erase labor relationship between sides. Therefore, each strike is a big pressure forces company owner to review all salary, policies....to labor. Since 1995, strike in foreign invested companies has counted for 46.7%, in state and private companies is 53.3%. However, strike in foreign invested companies is increasing remarkably.

As statistic of Vietnam National Trade Union, strike mostly happen in field which labor get low salary such as textile and garment, shoes. In 2009, textile and garment is business with the highest number of strike with 114 cases, counts for 52.7%. These are fields with mainly female labors and do popular jobs without training; even some labor just graduated primary school. Many companies in this field have overtime exceeded regulation in law; norm of working and norm of piece hiring is not suitable, low basic salary (also see: 20).

Results of the survey of the Ministry of Labor, Invalids and Social Affairs shows that recently, strikes increasingly become common phenomenon in the foreign-invested enterprises in general and Korean business in particular. Arising number of strikes in foreign-invested enterprises of Taiwan and South Korea accounted for 67.8% (13).

Are characters of work and salary the key element to strike? In practice, in companies within the same field, and same level of salary but there are many companies never happen or very little strike. Is there any other potential reason hide inside economic reason?

Through our empirical research, in addition to the above reasons, there are strikes arising from differences in culture. To clarify this issue, in two years 2010-2011, the team surveyed 133 companies with investment capital of South Korea in Vietnam, including 59 companies in Bình Dương (44.4%) and the rest are in other local companies such as Ho Chi Minh City, Hanoi, Đồng Nai,

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78.2% of companies surveyed have more than 50% capital is from Korean.

Below are some points from the survey.

1. Impact of culture to expect of sides in labor relationship

In the questionnaire, the authors have made a number of factors about the expectations of the parties in work based on *Herzberg's two factor* (*) theories.

Survey results show that, in most of the indicators of maintenance factors (especially the basic elements such as money, labor safety, work environment, etc.), the Vietnamese people have higher expectations than Korean, except for two factors on the location of the company (because both sides are working away from home) and work pressure factor (Korean have higher demand as they often work quite stressfully). This is also consistent with data on claims of workers when they strike (13 - see Table 1).

Most of the claims are related to material issues such as wages, bonuses, meals, etc. Even things related to labor

rights as contract signing or behavior of the manager is also very little attention. This proved Vietnamese labor pay too much attention than importance of encouraging factor

Survey on factors of motivation, South Korean has higher demand than Vietnamese in factors such as "Having the opportunity to help people," and

Table 1: Classify claim of strike

Claim	2009		2010	
	Number of claim	Rate %	Number of claim	Rate %
Increase salary	97	23.43	265	24.86
Allowance	45	10.87	198	18.57
Bonus	42	10.14	66	6.19
Late payroll, owe salary to employees	42	10.14	34	3.19
Meal mid-shift	36	8.70	145	13.60
Reduce overtime	25	6.04	60	5.63
Salary and overtime calculation method	24	5.80	43	4.03
Social insurance	23	5.56	31	2.91
Working time, rest time, improve working condition	18	4.35	77	7.22
Annual leave	15	3.62	23	2.16
Labor contract	15	3.62	19	1.78
Change behavior of manager	10	2.42	29	2.72
Other	22	5.31	76	7.13
Total	414	100	1066	100

(*) Herzberg divides factor of expectation in work for labor into two kinds: factors related to satisfaction of work called *Motivator* – inside factors. Factors related to dissatisfaction called *Hygiene Factors* – outside factors. Whereas, Motivator is agent of satisfaction, pleasure in works, such as: Achieve expected result; Recognition of organization, leader and colleagues; Responsibility; Improvement, promotion in career, etc. Hygiene factors are agent of dissatisfaction of employees in an organization, may be because of: Benefit, policy of the organization, supervision in work is inadequate; working condition; salary does not meet expectation of employees; relationship with colleagues, superior is not good.

"Having the opportunity to serve the country," but lower than the factors related to the company. A Vietnamese person said, when working at a South Korean company, they feel should not be trusted as the South Korean so they always expect a better workplace. For motivation factors, if it is solved well it will create satisfaction which encourage employees work hard, harder. But if not well resolved, the condition is unsatisfied, but not necessarily cause dissatisfaction. Meanwhile, for the maintenance factors, if they are not solved well, they will create

dissatisfaction; if they are solved well, they will create non-dissatisfied conditions but not necessarily satisfied condition (see also: 14) ^(*)

According to Korean managers, Koreans considered job important than family, while Vietnamese employees Vietnam pay great importance to the family. On major holidays of the year, (such as Lunar New Year), many workers prolonged holiday with family. Therefore, the strike occurs at some of the foreign investment enterprise which does not provide fully Tet holiday. Another practice of the Vietnamese surprise South Korea is unexpected demand for 13th month salary for lucky money or gifts for the family. Moreover, the concept about bonus of Korean business owners is based on the results of labor, while the Vietnamese want the equality as socialist style (see: 15).

Vietnam's workers have loyalty for work but not as high as in South Korea. An average displacement per month in foreign invested enterprises in Vietnam are high, falling to about 5 - 10% (see: 16), so that the management of the workplace changes of Vietnamese workers are also relatively hard. This is also one cause of conflict in the Korean businesses in Vietnam.

Another different aspect is the mutual trust in the work. Answering the question "Only some people do not want to work and ready to escape if possible", the level of agreement of the Vietnamese and Korean the same (3.19/3.15) to

demonstrate confidence in the labor discipline is the same But when being asked: "Can most people be trusted?" Scores of South Korean is higher than Vietnamese (3.62 vs. 2.92). Since most enterprises have a Korean management style familiar to the Korean people, they feel more confident. In contrast, the Vietnamese people who are employees not involved in managing, so the level of trust is, although still above average. Lack of trust is definitely a potential cause of conflict and strike later.

2. Impact of culture on receiving of conflict

Researchers agree that countries have considered collective cultural conflict is failures in social relationships tend to hide it. Both Vietnam and Korea are highly collective, so the survey on this issue facing many difficulties. In particular, due to the influence by the "save face", disclosure conflict in the company is not preferred in management of the two sides

Thanks to the help of Youngmo, a Korean working for ILO in Hanoi and Prof. Chae Su Hong, an expert on labor relations is working in HCMC, we can contact to a number of business enterprises Korea but mostly no conflict in enterprises which agreed to contact, and those with strike are fear and do not want to see. In the same business, Vietnamese and Korean managers also give different answers on this question. Vietnamese tends to recognize conflict or strike in company than Koreans. Korean Management only recognizes conflicts / strikes the incident was public. Of the 133

^(*) Vietnamese labors do not obediently follow exploitation as Chinese accepted.

of respondents, 26 enterprises have strike, accounted for 19.5% and 94 enterprise without strike, accounting for 70.7% and 13 enterprises did not answer, accounting for 9.8%. Refused to recognize the conflict would lead to not find out the root causes of the problem, slow response... then lead to a strike in the future.

Typical for this condition is a garment enterprise in Binh Duong that was surveyed. This enterprise has more than 200 employees, unprecedented business abroad, faced with 2 strikes in 2 years. Manager is Korea's man about 30 years old, does not know Vietnamese, speak English quite poor, stays in Vietnam for more than five years and proved to be quite frustrating. He said: "The Vietnamese people has low skills and poor discipline, or always requires. Also requires higher quality meals, change protective clothing workers, increase salary, bonus, etc. We have met them, but they are not satisfied but continuing demand for more. My friends told me that investment in China do not get stuck like this. If the Vietnamese government does not take measures to manage their employees to have more discipline and understanding, we must withdraw, closing factories and invest elsewhere. "However, when the team talk to a Vietnamese personnel manager, BA degree, over 40 years old and have worked for the company for more than three years, the answer is different. He said workers would like the stability and long-term work, but the Board of Directors is most Koreans did not pay attention to the needs of workers, forcing them to strike. The demands of

the workers are not too difficult to meet, if the Board of Directors consider consultation of Vietnamese managers to learn from before or strengthen exchanges with the workers, strike did not happen.

Through this example we can see, *conflicting perspectives have great influence on the occurrence of a strike. If leaders see conflict as inevitable, or positive it will solve the problem soon and the strike did not happen!*

3. Impact of culture on communication in labor relationship

The first element of communication is language. However, both sides know very little about each other's language. But it seems like they do not realize that this is a serious problem. Only 58.33% of Koreans and 54.9% of Vietnamese think that language barriers to learn. To explain this, it is said that: *Language is the problem of the first time. Because we work with machines, the most important thing is how to operate it. After a period of working together, we can understand each other even if we are not able to understand the other's language.* In fact this is only true for the repeated activities, and become a major barrier when two parties disagree. Moreover, this creates limitations in social relationships and cannot improve the working environment.

As foreigners in Vietnam, Korean people seem aware of this problem better. When being interviewed, a Korean manager has recognized: *Because of different languages, I cannot convey all the words I want to say. Although I have Vietnamese interpreter*

but still occur misunderstandings between the two parties. And when language cannot be said, it have to explain, employees of Vietnam misunderstand and think that manager are angry.

Answer the question, why do not set up language training programs for employees, a South Korean director said: "Workers of Vietnam almost have no motivation of learning. At first, our company opened the Korean language training for 20 people, then less than 1 year, only 4 people left and we have to cancel". Other companies also said that, although there is a reward for those who learning Korean, but the number of participants is too low (17)^(*).

Non-verbal communication is a significant limitation. Due to the language barrier, the language level of both parties is limited (most managers conflict with Vietnamese workers are only technician or foreman), so misunderstandings can easily occur. Even calling is a significant obstacle. Vietnamese when addressed only call name, rarely use title, while South Koreans use family name and always call title comes. Therefore, many South Koreans feel the Vietnamese impolite, and uncomfortable in the relationship (18, pg.2)^(**). This can be seen as a case

of cultural misunderstanding. Disagreement in language carved more misunderstood, leading to complaints from workers about the layoffs that they are feeling unreasonable.

In communications, the wording is also important. Koreans tend to be more frank than Vietnamese. A South Korean director said: "I should say straight to help them understand the issues better. But if necessary, I'll just talk to them in person".

Because cannot communicate with manager, labor in Vietnam, which came from the countryside, turned on the use of traditional media is word of mouth. Many Korean managers, complains: "The laborers working in industrial zones live in the same building with the workers of other enterprises, conflict has always been spread immediately and also the motivation to provoke conflict behavior for employees in other businesses." This is why the strike is very popular in industrial zones, export processing zones and can spread rapidly, causing headaches for many investors and management agencies.

4. Impact of culture to leadership style

Leadership style does only play an important role in the success of businesses but a decisive role in labor relations. Countries with high power

^(*) Chairman of the Korean Chamber of Commerce, said: "Korean Interpreters are trained in languages but not specialized so the translation work is very limited".

^(**) A typical case of non-verbal communication conflict occurs in ship repair factory Hyundai Vinashin (Khánh Hoà), when Mr. Choi Gyu Ha (Deputy DG) decides to fire two workers for talking laughing with two other workers during working hours and in the past one year, the two

people have been blamed for a nap up 10 minutes late, even though in 2002 they were striving to achieve grade A in working performance. Vietnamese often laugh, this is due to damage of machine and these, 4 workers are waiting to fix the machine. Laughing and saying is completely normal for the Vietnamese people, but is considered as not seriously in working in Korean culture.

distance will tend to apply leadership style with less democratic like directive. Conversely, countries with lower power distance often apply more democratic style such as delegation or support. . Member of culture with high rate of fear of risk often use the arbitrary style. Similarly, the study also shows that countries with high index of feminine as northern Europe also preferred more democratic leadership style (14).

Vietnam and South Korea is a country with high power distance, low number of individuals, the average manlike, high long-term indicators. The biggest difference between the two countries is Korea has high index of fear of risk, and Vietnam have the low index. However, in administration, due to influence of socialist ideology, foreign managers have found that the Vietnamese requires more equality than Korean in work and also requires more benefits (16). These factors are reflected in expectations of leadership style. Vietnamese preferred the democratic leadership style more than Koreans (37/26). In contrast, the Korean focuses more in arbitrary leadership style (35/25). Particularly, number of Vietnamese select directive leadership style is less than 1/2 compared to the Korean people. Another reason for choosing this style of leadership is Korean has high index of fear of risk so they want to use the directives style and guidelines to ensure that employees comply with their correct order.

5. Impact of culture on conflict settlement

During the investigation process, the Korean managers were very surprised by

the reaction of the Vietnamese people in labor relations. According to the ILO, Korean has highest number of working hours in the world, willing to do overtime without demanding compensation. But due to influence of socialist ideology, workers in Vietnam pay great attention to equality at work and their own interests. If working time is up, even the job is not finished, they will think to return home with family and avoid overtime, night working or work at weekend, holiday. Therefore, transaction costs in the market between individuals and between organizations increases.

If Koreans working based on trust and personal relationships, the Vietnamese work based on the procedures and regulations. If Vietnamese workers break contract or do not comply with labor regulations in the workplace, managers must make decision in writing, and both parties must sign on the document. Labor relations in Vietnam formed through written contracts or laws, because employees do not accept verbal agreement. Korean businesses are not aware of these encounter difficulties when there are conflicts and disputes between employers and workers, because there is no written evidence (see also: 16).

The way people respond to conflict of the Vietnamese and Koreans are also different. While Koreans tend to frankly express discontent, Vietnamese avoid confrontation when there is a conflict. Typical behavior of the Vietnamese workers if they feel unfairly treated is not responding immediately but to share

with colleagues. If they are easy to be excited, strike will happen and that make Koreans surprised because they do not react at all.

6. Impact of culture to time of strike

As noted above, Vietnamese employees in Korean enterprises are mainly from other provinces, so the Lunar New Year holiday is the opportunity for them to spend more money to buy for family, return home, ... Moreover, this holiday in Vietnam is longer than most other countries. Psychologically, employees work for whole year and look to salary, bonus, 13 month salary ... Therefore, this is the time to fighting for the rights of workers when they are not satisfied with the compensation, bonus offered by the owner (see also: 13)^(*). In contrast, this is not a big holiday in Korea then no equivalent benefit applies. Korean managers are familiar with the loyal spirit of the Korean people, who will sacrifice their rights in difficult time of the company, so it is difficult to accept this claim. Sometimes, even well-intentioned but mistaken will cause conflicts and lead to a strike. A Korean Director at Bình Dương said, the first year after the establishment of enterprises, there is no profit so no 13 month salary was paid. However, most workers have to buy gifts for family when they come back home, he had to contact to buy a quite expensive set of pots but he did not know the Vietnamese workers descended from farmer class, so they just like bonuses but unknown

value gift. Workers misunderstood that he did not want to pay for bonus and strike. Finally, he had pay for bonuses to relieve conflict and the years followed, he has not made this mistake again.

Thus, we can see the difference in Korean - Vietnamese culture has an obvious impact on the expectations of the parties in labor relations, receiving of contradiction, communication in labor relations, leadership style, and the way to resolve conflicts and even to the time of the strike. Lack of cultural knowledge may lead appearance of conflict, leading to a strike and affect the company's business

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^(*) The most often time of strike is quarter 1 of year (25 – 42% from 2007 – 2010), this time is Lunar New Year of Vietnam

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