

〈研究ノート〉

A Brief Survey of Corporate Strategy, Environmental Issues and Corporate Governance at Vietnamese Companies

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[Abstract]

So as to make a cursory investigation into corporate strategies, care about environmental issues and managerial forms (corporate governance) in business of current Vietnamese companies, a brief survey has conducted at 4 enterprises in Vietnam.

[Keywords]

Vietnamese company, Corporate strategy, Environmental care, Corporate governance

1. Introduction

Since the reforming policies were conducted in 1986, Vietnam economy has shifted into the market economy. In addition, upon many changes in entrepreneurial law, a large number of Vietnamese companies and joint-stock companies were born. Among them, many companies have gained significant development.

Nowadays, in many countries like Japan, America etc., governments have set out new enhancing aims to encourage domestic enterprises to implement targets concerning widening markets, protecting surroundings and managing enterprises in their business (Ueno et al., 2015).

Based on these contents, this research studies Vietnamese enterprises' exertion to widen markets, whether they care about the environment and how they manage their company and train their staff.

To specify the issues above, we carry out a

survey at 4 companies: 2 joint-stock companies and 2 limited liability companies. Although these companies sell different products, we will understand more or less about the business of the current companies.

2. Content of the survey

As mentioned above, the survey is conducted at 4 Vietnamese companies in Ho Chi Minh City: BITAHACO, BITEX, TAN HOA LOI, UU VIET. Each of them is investigated its brief profiles, strategies, environmental issues, corporate governance for example.

2.1. Survey at BITAHACO company

2.1.1 Brief profile of BITAHACO company

BITAHACO company was started up in 1978, running commerce and travel. Its headquarter is located in Ho Chi Minh City. Being a joint-stock company with 51% public capital, it works as a subsidiary company under the control of government¹⁾.

BITAHACO company imports primarily commodities such as materials, pesticide, kinds of machines, industrial chemicals, etc. Besides, it also attaches importance to exporting live seafood like lobsters, fish and crabs to Hong Kong and Japan, exporting farming products such as sesame and beans to Korean, Taiwan, Japan, and exporting cakes, candies, and peanuts to Southeast Asia, Taiwan, etc. Furthermore, in 2001, it constructed a modern firm manufacturing nylon bags which stops running now.

With high enhancement as well as trust of the partners inside and outside the country, it has awarded the second and third Labour Medals by the President of the Vietnam Socialist Republic.

2.1.2 The efforts of the corporate strategy

BITAHACO company is running in the form of direct commerce. From now on, its activities will be done within Asia, Europe, etc. Specifically, at the present, at the field of mere business of plastic materials, it has imported from Singapore, Thailand. Equipments are imported from The Philippines, Indonesia, Thailand. Plastic packing is manufactured and exported to German, America, some Africa countries and so on. Moreover, It has representative offices at Yokohama and Osaka in Japan.

Asian economy always has effect on the development of Vietnamese enterprises in general and business strategies of BITAHACO company in particular. It assumes that sectors and countries which are selected must be stable in politics and society, have highly preferential tariff and explicit law. Moreover, to supply services and products, it takes much interest in sectors and considers the understanding about their culture a very necessary task for business. Now, it exports and imports many commodities with a variety of countries. Among them, Japan

is a big market which accounts for 60% of total export value. Due to direct commerce, it often pays in dollars, yen, etc. As a result, the up and down of the currency rate has affected it a lot.

2.1.3 Environmental issues in business operations

Although now BITAHACO is an import-export company, it used to be a firm manufacturing plastic bags. Thus, environmental care receives high appreciation in the company. Selecting equipments and services related to environment is conducted carefully. In general, it considers strives to protect the environment as a very important strategy.

As for environmental control system, ISO certificates during the 2000s are believed to be appreciated by many companies including BITAHACO.

2.1.4 Corporate governance

BITAHACO company with 51% public capital always values management regulations to manage business better. Its framework consists of shareholders, board of management, board of supervision and general director. As for the successor of the company, the direct superior will be selected.

To manage corporate, it often watches over shareholders' interest. It is assumed that entrepreneurial culture is a measure to upgrade business activities and lets them have close ties with the company.

Now, it doesn't have regular training courses for staff, but it often invites professors and experts to raise the awareness about policies, law, etc. for the members.

2.1.5 Summary

The export-import BITAHACO company

always attaches much importance to developing market strategy at different sectors. Next, it comes environmental care. It is clear that ways of managing corporate in this company have helped the members work properly.

2.2. Survey at BITEX company

2.2.1 Brief profile of BITEX company

BITEX company has stepped into the business world since 1982. It has a headquarters in Long An and two branches in Ho Chi Minh City and Ha Noi. To gain initiative in business and enhance the responsibility of the leaders and workforce for the company, it was privatized 100 % in 2002. Now, it works as a joint-stock company but hasn't been on stock market yet²⁾.

It sells and distributes main products such as Casio calculators, stationery, Horse office supplies, APP paper, Great dictionaries and Casio projectors. It is a Casio calculator sole agent nationwide. Its customers are offices, schools, bookstores, and supermarkets, etc. In 2003, it enlarges its business extent to building and renting stores, shops, and offices.

Thanks to effective activities, it got lots of achievements and many awards. Among them are nation-famous mark in 2010, typical customers of Thailand in 2010 and 2011, certificate of merit of Prime Minister in 2014, Gold prize for national quality management in 2014, etc.

2.2.2 The efforts of the corporate strategy

BITEX company does export-import business in several foreign and domestic markets in the form of direct commerce. Making the best of open-door chance, it has enlarged cooperation with foreign companies. Specifically, it imports kinds of Casio calculators from Japan and become an exclusive distributor in Vietnam. Additionally, it also imports and sells Horse-famous office stationeries from Thailand, and

APP paper from Indonesia, etc.

Like other companies, BITEX company frequently pays by foreign currencies like yen, dollars, etc. Therefore, the change of foreign currency rate also affects its business a great deal.

It not only puts focus on distributing and selling imported products from foreign countries but also cares about the economy of other countries, especially Asia in order to expand the market. The company believes that the economy of Asia, partner countries in particular, has great impact on implementing business targets. At the present, these targets are positively evaluated by many countries like Japan, Thailand, Indonesia, etc.

To choose the business market, it always appreciates the factors like the scale and growth of the market, the political and social stability, and regulations concerning tariffs, explicit law, cheap labour salary, and many related fields concentrating, etc.

2.2.3 Environmental issues in business operations

Although BITEX is not a direct manufacturer, it always cares about environmental problems. The company considers strives to protect environment as a responsibility towards society of enterprises. To deal with environmental problems, it always appreciates the leading spirit of board of executive directors, the measures which associate business activities with environmental support.

It often selects equipments and services related to environment. Besides, it also publicizes information about environment to contribute to society and raise awareness about environment among staff members.

Although it doesn't have environment control system, it attaches much attention to interna-

tional standard like ISO 14001 and considers them as ways to reduce burdens on environment and increase the labourers' awareness. Respecting the quality of products and caring about the environment, it always choose the suppliers who have ISO 14001 certificate. Since 2011, it has received ISO 9001 certificate about controlling product quality.

2.2.4 Corporate governance

Like other companies, BITEX company always obeys control laws and regulations. Being a 100% joint-stock company, it has framework including shareholders, board of directors, board of control and director. Board of directors selects the successors due to their achievement and devotion to the company.

All staff members have graduated from universities, so they have more or less knowledge about managing enterprises. Yet, it also exchanges with experts inside and outside enterprises when necessary.

Knowing the importance of human resources, it has built control system suitable for business. Entrepreneurial culture in this company has rather close relation with form of managing corporate. Managing corporate of BITEX often bases on ISO criteria, specifically ISO 9001 (quality management criteria) to orient individuals work in an identical process.

2.2.5 Summary

BITEX joint-stock company highly appreciates ISO criteria, especially quality management criteria. Its business targets are also positive at foreign and domestic markets. This is a Vietnam typical company with a lot of national achievements. Its managing corporate is rather clear, which makes the members work efficiently.

2.3. Survey at TAN HOA LOI company

2.3.1 Brief profile of TAN HOA LOI company

TAN HOA LOI company is a limited liability company which has participated in the market since 2006. It currently has one headquarter in Ho Chi Minh City with 80 staffs³⁾.

It specializes in providing the type of bearings, belts, lubricants of agriculture-heavy industry, etc. in the whole of Vietnam with the prestigious Japanese brands like Koyo, Asahi, KSM, NB, etc.; Thailand's brands such as KYK, FBL, Miru, Mitsuba, etc.

With 9 years of operation, it has achieved significant growth with high credibility and certified as official distributor partner, the number of employees in this company increased (from 9 people (in 2006) to 80 (in 2015)), etc.

2.3.2 The efforts of the corporate strategy

TAN HOA LOI company mainly imports products from overseas suppliers and distributes these products in the domestic market, so its operations primarily are known as a form of direct trade. At present, the market is importing products from countries such as Japan, China, Singapore, Thailand, Dubai and in the future it will extend its market to the European areas, etc.

To select the active deployment market, it usually pays attention to factors such as market growth properties; political stability, society; friendliness of that country; the policies about high tariffs; many qualified staff; external business with low wages; at the risk of the exchange rate; easy to get the information of area. In addition, the emphasis on regional culture, understanding the culture sector is also one of the most important factors to help it in strategy business development in that area.

Today, it has partners in Asia and the corpo-

rate strategy in this area is quite positive. The economic transformation in Asia to affect its corporate strategy and in particular the changing exchange rate of foreign currency units greatly affected the operation of import-export business.

2.3.3 Environmental issues in business operations

Although TAN HOA LOI company is not a direct producer of agricultural-industrial products, it pays attention to the environment in business activity. It considers the interest in the environment as a social business opportunity, reduces business risks relating to business inheritance career and it is also seen as an important strategy. In business activities, it also considers choosing the equipment and services relating to the environment and the publication of information relating to the environment so as to contribute to social responsibility, information to shareholders, and educate employees about environmental issues.

Since it specializes in providing domestic import items, it has not focused on environmental issues at the place of production and has not paid attention to the ISO standard, the building of environmental management system.

2.3.4 Corporate governance

For efficient business operations, TAN HOA LOI company sees that legal compliance is a very important form. Because of the limited liability company, it should be at the level of the supreme management only General Director. Unlike managers in shareholder companies, it has no board of supervision.

In internal operations, it is very serious about the spirit of the leadership of the Executive Director, strategic solutions in business activities, the improvement of organization systems

and business management systems, etc. In corporate governance, it decided its successor according to the selection of the Board of Directors based on the merits, the ability to devote to business.

The training of knowledge on business management for employees has not focused much on in TAN HOA LOI company. When there is any issue related to corporate governance, it often exchange with experts inside and outside the enterprise. However, employees usually have opportunities to learn foreign languages such as English, Chinese, and Japanese, inside and outside the company; and they are provided with the knowledge about the products.

About corporate governance, it hardly depends on any agency, but building a corporate culture is always associated with corporate governance.

2.3.5 Summary

As a distributor of industrial and agricultural commodities, TAN HOA LOI company concerned about regional partners. Because of not being a producer, the interests in environmental issues have not been seen clearly. The business management and the training of staff in this business is also quite positive.

2.4. Survey at UU VIET company

2.4.1 Brief profile of UU VIET company

UU VIET Company supplies accounting services, consulting and carrying out legal procedures for business registration, procedures to establish offices, design website, etc.⁴⁾. As a member of the tax advisory council in Vietnam, it is one of the few companies which have qualified providers of accounting, tax agent services as stipulated by the Ministry of Finance and the General Department of Taxation.

Founded in 2007, the company now has a

total staff up to 50 people with professional team of accountants, lawyers, etc. Up to now, it has been serving for many businesses operating in many different industry sectors. The main customers of the company's businesses are foreign-invested enterprises, Vietnam businesses in many fields such as construction, manufacturing, trade, hotels, restaurants, etc.

2.4.2 The efforts of the corporate strategy

UU VIET company primarily provides advisory services to partners and customers in the form of direct investment. Besides domestic companies, so far it has been servicing for foreign companies, such as Japan, Korea, USA, Singapore, Taiwan, etc. Among them, the number of customers who come from Taiwan occupies most.

In recent years, investment activities, business market expansion of foreign companies in Vietnam have increased. The service for the customers of the company in Vietnam is more but it is excited about the significant business operations in overseas markets. In the future, if possible, it will choose the Japan as a market to expand its business activities.

The volatility of the regional economy, especially in Asia affects customers of company and since then its corporate strategies have also been affected. Moreover, increasing and decreasing of the rate of foreign currency units also affect its business side.

It has the only headquarters in Ho Chi Minh City and operates in Vietnam, so consideration of foreign markets is a matter of the future. The necessary elements to make investments in the future of the company are market growth; political stability, society; the clear legal law; external business with low wages; and many related sectors. Cultural investment in the country is also a problem for the company to understand the

strategy and deployment in the future if conducted in other countries, it will carry out most positively.

Current partners of UU VIET company are different businesses in many different industries, so the knowledge, training and managing the risks are regularly conducted at the company positively in this company.

2.4.3 Environmental issues in business operations

UU VIET company is a consulting firm and carries out the procedures related to the legal issues. Therefore, the issues relating to environmental issues such as selection of equipment and services relating to the environment, building environmental management system, issued the report relating to the environment have not been interested in.

However, UU VIET company thinks that businesses are now generally required efforts to environmental concerns and see it as an important strategy in business operations. In addition, the public information relating to environment somewhat contributing to education for employees learn more about environmental issues and obtaining ISO certification (e.g. ISO14001) will enhance appreciation from outside.

2.4.4 Corporate governance

UU VIET company is an enterprise which mainly operates in the legal services, so grey matter of human is being taken seriously. Therefore, the training courses are usually held in the company to equip staff with solid knowledge to meet customer needs.

To manage professional workforce, it has always considered compliance ordinances, making regulations for the management of the company as a very important job. It has a management system as directors, deputy directors,

department heads, etc. and the successor selected by the board of directors will choose based on performance and ability to contribute to the company.

Like many other companies, UU VIET company always view corporate culture as factors closely related to business management. The creation of a business management system will direct the individual to work in a proper process, creating a corporate culture that individuals can adapt well to meet the work in the company and ensure serve the needs of customers.

2.4.5 Summary

UU VIET company specializes in supplying current services with multiple partners who are Vietnamese and foreign enterprises. The expansion of markets in many countries is its target. As the service company, not a manufacturer, the issues related to the environment has not been much interested in. Forms of corporate governance are rather clear and the training for the staff in this business is one of the factors that help companies to get more certain success.

3. Conclusion

With the purpose of understanding the market development strategy, environmental concerns in business operations and the way to manage corporate in Vietnam, the content of the survey in 4 companies were described as above. From this result, some recommendations on the situation of current Vietnamese enterprises are given as follows:

In terms of market development strategy: Vietnamese companies always focus on partners in and outside the country. Whatever the form of direct investment, direct trade, etc. Vietnamese companies have always focused on the for-

eign market. Choosing in Asia or Europe is depended on career, etc. but in general, expansion in the Japanese market are more important.

To expand the market, through the survey in four businesses showed that the consideration of stability in politics, society, the policies on tariffs; the clear law is the first factor for selecting business market. In addition, understanding the cultural sector, the country's cultural activities is also an essential factor.

In terms of strategies related to the environment: Through this survey showed that almost Vietnamese businesses understand the environmental concerns in business operations as a social responsibility, is a battlefield in corporate strategy. However, if not the production facilities, the concern for the environment is still very narrow. Or say other than, almost environment in Vietnam has not been much attention now, published reports relating to the environment are very little, the staff needs to be educated about the environment.

The form of corporate governance: The shareholder companies almost have a board of supervision to review the activities of directors. In the limited liability company, all the managers of the highest management body is the general manager. In addition, the selection of the successor to company also depends on the company, but the appointed person of achievement and dedication is common in the business today.

Employees are considered an important factor in any organization. The training for employees about business management is little seen at the enterprise in Vietnam. However, the training of staff with the knowledge of foreign languages, techniques, etc. is usually conducted in Vietnamese companies. Besides, in any kind of enterprise in Vietnam, most of the corporate culture is said to have very close relationship with the way of business management.

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[Notes]

- 1) The interview was carried out on August 24th, 2015. Mr. Khanh, Director of BITAHACO company, helps us answer for this interview.
- 2) The interview was carried out on August 24th, 2015. Mrs. Thao, General Director of BITEX company, helps us answer for this interview.
- 3) The interview was carried out on August 24th, 2015. Mr. Loi, Director of TAN HOA LOI company, helps us answer for this interview.

- 4) The interview was carried out on August 24th, 2015. Mrs. Hong, Vice Director of UU VIET company, helps us answer for this interview.

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