Title : Internationalisation of Oberoi Hotels in Vietnam

**Executive summary**

This summary presents the primary recommendations and conclusions of the research on Oberoi Hotels 'potential entry into Vietnam. The evaluation cites Vietnam's dynamistic economic growth, healthy political climate and cultural diversity as reasons for Oberoi Hotels 'growth. The top recommendations are cultural adaptation, interaction with government partners and industry assessment. Oberoi Hotels 'strong brand reputation and track record of quality place it in a great place to tap into Vietnam's expanding hospitality sector. Entry into Vietnam as a marketplace presents enormous potential for Oberoi Hotels to broaden its worldwide reach and appeal to the luxury traveller industry. With intelligent preparation and early action, Oberoi Hotels can navigate the Vietnamese marketplace and flourish in this rapidly growing market.

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# Introduction

The hospitality industry is a worldwide leader in luxury, culture & service, delivering memorable experiences to worldwide travellers. In this regard, Oberoi Hotels and Resorts has become a deluxe, snazzy & private hospitality destination. Oberoi Hotels is synonymous with luxurious hospitality in India and beyond, establishing the standard for service, luxury accommodation & unrivalled memories (Oberoi Hotels, 2022). This article examines the possible market entry by Oberoi Hotels and Resorts into Vietnam, a vibrant and expanding market in Southeast Asia. VietNam's rising economy, new cultural diversity and tourism sector offer a unique opportunity for Oberoi Hotels to tap into growing luxury tourists worldwide.

**Background of Oberoi Hotels:** Oberoi Hotels started as a modest family company named after Mr and Ms Oberoi in 1934 in Shimla, India, and has become a worldwide hospitality leader. Having properties in the Middle East, Africa, India and Asia, Oberoi Hotels is famous for reliability, innovation and dedication to guest satisfaction (Oberoi Hotels, 2022). Treating "the guest as everything" is a brand philosophy that underscores its dedication to building outstanding happenings connect with customers individually.

**Objective of the study:** The current research aims to establish the feasibility & strategic impact of Oberoi Hotels 'potential entry into the Vietnam market. This article can provide valuable suggestions to aid Oberoi Hotels' decision-making by examining cultural, political, economic, and legal variables.

# Cultural factors

When contemplating entering Vietnam, it's crucial to review the culture. Vietnam possesses solid cultural traditions that impact business and relations. Understanding these cultural differences is crucial for creating and operating businesses, particularly hospitality.

**Main Cultural Values:** In Vietnamese society, collectivism, loved ones, and hierarchy are significant. There are connections of familial affiliation and sometimes decisions are taken after consultation with relatives (Pham et al., 2020). Respect for authority and elders is the crucial Confucian ideal that has dominated Vietnamese society for generations. In addition, harmony and face-saving are essential values in Vietnamese culture. Keeping harmonious relations and staying away from confrontation is extremely important. Consequently, direct criticism or conflict must be approached with diplomacy and sensitivity.

**Religion & Language:** Religion is vital in Vietnamese society; many follow Mahayana Buddhism, Confucianism and Taoism. These religions affect professional life, social life & customs. A further crucial facet of Vietnamese culture is language. Vietnamese is the recognized language spoken nationwide (Thi et al., 2023). Despite the rising English skills (particularly among younger individuals and urban areas), in a lot of standard places (such as hotels and restaurants), business in Vietnamese remains popular.

**Hofstede's Cultural Values:** Hofstede's cultural dimensions concept proposed that Vietnam demonstrates excessive collectivism characterised by close community bonds and social harmony among people. The nation also ranks pretty on top of power distance, reflecting an appreciation of organisational hierarchy and authority. Moreover, Vietnam exhibits mild uncertainty avoidance, showing a readiness to gamble in some circumstances yet very value stability and predictability. The society also assumes a moderately female persona and emphasises quality, empathy, and life cooperation.

**Business Reports Cultural Data:** These cultural insights are supported by reports from Ernst, KPMG, and Young. These articles emphasise trust and relationships in the Vietnamese business environment. Individual relationships & connections are crucial to a thriving business (Loon et al., 2020). Additionally, cultural specifics such as hierarchy and face-saving are stressed in these reports. Respect for these cultural norms is crucial for good partnerships and avoiding miscommunication.

Besides Ernst and KPMG and Young reports, government sources like the CIA Factbook offer additional context for Vietnam's culture. The CIA Factbook describes Vietnam's main religions, languages, and social practices and could also aid companies in the nation. With a significant Buddhist, Confucian and Taoist population in Vietnam, the country's religious diversity heightened the demand for respecting faith in business interactions. Also, the various dialects of Vietnam and the need for regional communication strategies to reach out to various people are proof of linguistic diversity within the nation. Company perspectives on Vietnam provide helpful suggestions for understanding its cultural complexity (Minh et al., 2022). Case studies and testimonials describe the difficulties and opportunities in the Vietnamese industry and offer insight for businesses like Oberoi Hotels looking to grow.

# Political factors

Any company aiming to enter a new market must know the political landscape. For instance, the political system in Vietnam impacts plans and business practices.

**Political System:** Vietnam has a single-party socialist republic government, with the Communist Party of Vietnam (CPV) being the dominant party. The CPV handles almost all aspects of governing executive, judicial and legislative. The partyparty is even more consolidated in the National Assembly, Vietnam's legislative body composed mainly of CPV members.

**Major Political Parties:** Though the CPV is the top political force in Vietnam, various other smaller parties exist on the political landscape (Sakata, 2020). However, these parties have very little power compared with the CPV, which retains total control over political power and decision-making.

**Next Election:** Vietnam isn't a multi party electoral system characteristic of Western democracies. Instead, the CPV centralises leadership selection. There are no conventional competitive elections, and the CPV leadership is mostly safe.

**Political Risk:** Despite its reasonably stable political structure, Vietnam's political system provides several political risks to companies. The single-party structure may result in restricted political freedoms and tighter national civil rights. Internal CPV power struggles or external geopolitical tensions disrupt political stability. Additionally, companies must navigate government rules and bureaucracy in Vietnam. However, the Vietnamese government has begun reforms to encourage business and draw international investors. Bureaucratic silos and opaque decision-making still present issues for enterprises.

**Corruption:** Corruptness remains an issue in Vietnam, with reports of widespread corruption in all industries. The World Bank's Worldwide Governance Indicators rate Vietnam moderately in control of corruption, illustrating the country's continual struggles in battling corruption. Companies must abide by anti-corruption laws and regulations in Vietnam (Jia et al., 2021). Transparent business practices and due diligence when interacting with government officials and industry associates are vital to minimising corruption risks.

**Political Support for Business:** Though Vietnam's political structure presents challenges, the government has proven readiness to welcome foreign business and investment growth. The Vietnamese government has undertaken economic reforms to liberalise marketplaces, simplify laws and upgrade infrastructure to entice international investors. The Vietnamese government has also enticed foreigners with tax breaks, early incentives and preferential treatment for particular industries. With the government's support for overseas investment and a strong economy, businesses like Oberoi Hotels can tap into the Vietnamese market.

Recently, the Vietnamese government introduced programs to help furtherhelp foreign businesses in Vietnam. These initiatives include management streamlining, greater transparency and general corporate image improvement. Vietnam has entered overseas Trade agreements, including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) along with the European Union-Vietnam Free Trade Agreement (EVFTA). These deals aim to remove trade restrictions and open more markets for businesses operating in Vietnam (Walsh et al., 2021). The government also invested a great deal in infrastructure creation (roadways, power facilities, and electronic infrastructure) in Vietnam. These investment opportunities help the economic system and make Vietnam more appealing for overseas investment.

# Legal factors

Knowing the legal environment is essential for companies entering a new market like Vietnam. Authorised factors are the legal system style, primary laws governing company operations, overseas ownership laws and intellectual property protection.

**Type of Legal System:** Vietnam follows a civil law legal system that includes written statutes and laws codified and interpreted by the courts. Drawing inspiration from China and France's legal traditions, this particular system stresses the importance of codified law for business and society (Küsters, 2023). This legal system governs the legislative branch and the judiciary and offers a regulated method of legal interpretation and enforceability across the nation.

**Laws of Starting A Business:** Beginning a business in Vietnam entails following many regulations and laws. The Law on Enterprises, the Law on Enterprises, and the Law on Investment have become the Key regulations for launching a company in Vietnam. The Law on Enterprises regulates the creation, operation and structure of Enterprises in Vietnam and regulates the registration of companies, corporate governance and business activities. It describes the kinds of legal entities that could be formed (limited liability companies, joint stock companies & the rights and partnerships) and the obligations of shareholders, managers and directors. The law on investment also governs international Investment in Vietnam, determining when and how foreign investors can create and operate companies. This particular law describes investment incentives, sectors and procedures and creates legal grounds for foreign investment attraction and economic development. The law also requires that foreign investors register and report, observe expenditure terms and limitations, and conduct additional responsibilities imposed upon them.

**Business/Land - Foreign Ownership:** Companies held by foreigners are usually permitted in Vietnam subject to specific conditions and restrictions, particularly in strategic or sensitive areas (banking, media and telecommunications). The law on investment regulates the methods and conditions of Foreign Investment and imposes foreign ownership limitations on some industries (Dang et al., 2021). Additionally, although land use rights are usually not readily available for foreigners, foreigners can get rights to land via other contracts or leases, typically for very long periods. These regulations reconcile overseas investment flows with the nation's sovereignty and interest. Despite these limitations, Vietnam has created policies to promote economic participation and foreign investment, showing its dedication to economic inclusion and modernization in the global economic system.

**Intellectual Property Protection:** Vietnam companies must consider safeguarding their intellectual property (IP). The nation has attempted to bolster its IP protection legal system through legislation and membership in international agreements and treaties. The protection of trademarks, patents, copyrights and other kinds of Intellectual Property in Vietnam is governed by the Law of Intellectual Property (Nguyen Phan, 2021). The National Office of Intellectual Property (NOIP) motivates overseas businesses to file their IP rights for legitimate protection and enforcement. Enforcement issues, counterfeiting and piracy remain difficulties in Vietnam despite changes in IP protection laws. Companies should continue exercising extreme caution and take steps to enforce intellectual property rights via surveillance, enforcement and liaison with local authorities.

# Economic factors

Key economic indicators like property prices create a look at the Vietnamese economy to help businesses like Oberoi Hotels make the correct industry entry and expansion decisions. The evaluation of GDP, GDP growth, GDP per capita, inflation, and unemployment, along with other financial indicators in the last five years and forecasting the future trends, could offer a sufficient introduction to the economic climate of Vietnam.

**GDP Growth:** Within the last five years, Vietnam has experienced solid economic growth because of industrialization, export-oriented manufacturing and foreign direct investment. Vietnam saw an average yearly GDP rise of approximately 6.5% between 2019 and 2023, quicker than other areas in the World based on information from the World Bank (Walsh et al., 2021).

**GDP Per Capita:** Vietnam has a lower GDP per capita than many developed nations, though it's been increasing steadily recently. During 2019 - 2023, Vietnam's GDP per capita increased from roughly USD 2,700 to more or less USD 3,500 due to continued economic expansion and soaring living standards for the population.

**Inflation:** In Vietnam, inflation has been moderate during the last 5 years, with an estimated 3% to 4% yearly. Government interventions to contain inflation have attained price stabilisation and macroeconomic stability, including prudent monetary policy and targeted budget interventions.

**Unemployment:** Vietnam has had a low unemployment rate compared to world averages which generally vary between 2% to 3% during the last five years (Nong et al., 2020). The relatively younger and expanding workforce, accompanied by continual industrialization and urbanisation, has contributed to comparatively low unemployment despite technological development and automation difficulties.

**Foreign Direct Investment (FDI):** Recently, Vietnam has turned out to be a hotspot for international investment, with significant inflows of FDI originating from manufacturing, services, and property. The government's business-friendly policies, prime location and minimal labour costs have made Vietnam an essential place for multinational corporations to find or even grow their operations there.

**Trade Balance:** Vietnam has grown to be a worldwide industry powerhouse specialising in export-focused manufacturing. The nation's trade balance has usually remained good because of strong exports of electronic devices, textiles and farm products. But Vietnam also suffers from trade imbalances with a few nearby countries and import dependency for export-oriented industries.

**Forecasted Trends:** Down the road, Vietnam will continue its strong economic development at a moderated speed. GDP growth projections range between 6% to 7% each year because of ongoing structural reforms, infrastructure development and enhanced integration into global value chains (Tran et al., 2020). Also, as productivity increases, innovation and structural bottlenecks will result in sustainable development and further raising living standards. However environmental degradation, income inequality and outside financial turbulence remain considerable concerns needing quick policy changes and preparation.

# Recommendation

Having a thorough cultural, political, economic and legal evaluation of Vietnam, several vital takeaways for Oberoi Hotels emerge concerning industry entry into Vietnam:

**1. Cultural Sensitivity and Adaptation:** Oberoi Hotels should be culturally sensitive and adjust to Vietnamese values and personal preferences. This means providing personalised guest experiences, localising services and fostering interactions with communities and customers (Nguyen et al., 2023).

**2. Participation with the Government and Compliance:** In the context of Vietnam's single-party socialist republic program and regulatory environment, Oberoi Hotels should work with federal stakeholders actively and abide by regulations and laws.

**3. Placing in the Market Strategically:** Oberoi Hotels should position itself as a deluxe, excellence and personalised service company in Vietnam's hospitality sector. Quality, innovation and sustainability-based differentiation strategies can differentiate Oberoi Hotels in a competitive environment.

**4. Human Capital Investment:** To take note of Vietnam's dynamic and young staff, Oberoi Hotels should prioritise skill development, localization, and training to produce a high-performing staff prepared to provide superior guest experiences (Van. and Phuong, 2021).

**5. Assessment For Market Entry:** Oberoi Hotels has to undertake a market assessment before making a sector entry decision based on demand trends, competitive landscape, regulatory framework & risks. This assessment can shed light on the possibility and viability of entering the Vietnamese market.

**Conclusion:** Together with the cultural, political, legal and economic landscape of Vietnam providing opportunities and challenges for Oberoi Hotels, think thoroughly about considering market entry into Vietnam. Brand reputation, quality, and expansion approach made Oberoi Hotels a perfect place to tap Vietnam's expanding hospitality sector.

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