

AVPI Policy Briefing

Australian Business Champions to Vietnam Roundtable 6

Ho Chi Minh City

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Australia Vietnam
Policy Institute

Business Champions



This policy briefing captures insights from the Australia Vietnam Business Champion Roundtable held in Ho Chi Minh City on 20 October 2022, organised by the Australia Vietnam Policy Institute (AVPI) in collaboration with AVPI's Knowledge Partner AusCham Vietnam. Hosted collectively by the Australian Business Champions to Vietnam, Rob Gordon, CEO, SunRice, Louise Adams, COO, Aurecon, and Martin Bean CBE, CEO, The Bean Centre. This roundtable brought together 23 participants and five observers from Australian industry operating in Vietnam and participants of an Austrade Business Delegation to Vietnam.

These Vietnam-based industry leaders looking to continue engaging in Vietnam and across the region came together with the common objective of discussing the opportunity Vietnam presents, the challenges of doing business in Vietnam, and the solutions to these challenges. This open, honest and passionate discussion allowed participants to explore a new network of businesses operating in Vietnam and professionals with unique perspectives on the trade and investment relationship. It also acted as a forum for sharing on-the-ground experiences as useful learnings for Australian businesses looking to enter, or further engage, in Vietnam in future.

The key themes and emerging insights captured in this policy brief are based on conversations held at this event and reflect the experiences in the room. AVPI would again like to thank all those who attended for their time and expertise.

About the Business Champions Program

The Business Champions are industry leaders who promote trade and investment opportunities to business communities in Australia and Vietnam, fostering greater bilateral leadership, sparking discussion around key sectors, and supporting the Australia-Vietnam Enhanced Economic Engagement Strategy (EEES).

The 2022 Business Champions are Rob Gordon (CEO, SunRice), Martin Bean (CEO, The Bean Centre and former Vice-Chancellor, RMIT University) and Louise Adams (COO, Aurecon), who represent the agriculture, digital economy and professional services sectors, respectively.

The Business Champions Program is funded by the Department of Foreign Affairs and Trade (DFAT) and supported by the Australia Vietnam Policy Institute (AVPI).

Australia Vietnam Policy Institute (AVPI)

The AVPI is the first policy institute focused on Australia's relationship with Vietnam, acting as a partnered public policy hub centred around engagement, collaboration and impact.

The AVPI facilitates discussions on strategic and economic issues in the Australia-Vietnam bilateral relationship. Through disseminating the latest research, identifying upcoming trends and sharing practical insights from people with on-the-ground experience, the AVPI helps to advance a cooperative and secure environment for business and investment.

This activity received grant funding from the Department of Foreign Affairs and Trade under the Australia-Vietnam Enhanced Economic Engagement Grant Program 2021.

Vietnam Sectoral Dialogues

Roundtables Series

20 October 2022

Hosted in Ho Chi Minh City by Louise Adams, Martin Bean and Rob Gordon.

KEY THEMES



Breaking Perceptions: Promoting Vietnam in Australia

“This place (Vietnam) is only going to get better and get better quickly.”¹

Australia’s perception of Vietnam may be limited by outdated or incomplete information, as well as a lack of nuance in the insights that are available. Industry leaders at the Ho Chi Minh City Business Champions Roundtable have highlighted the need for more comprehensive and up-to-date insights about Vietnam to be conveyed to the Australian business community, including insights that can help businesses navigate the rapidly changing landscape of Vietnam’s economy.

However, the current landscape of knowledge-sharing can be complex, with numerous chambers, think-tanks, consultancies and government agencies providing information. While these organisations are valuable resources for

government and industry networks and stakeholder relationships, the abundance of information and the lack of a centralised repository for business-related insights can make it challenging for Australian businesses to access the in-depth and nuanced information they need to make informed decisions.

Vietnam has experienced rapid growth and change over the last 20 years, which has been marked by an exponential increase in the quality of education, manufacturing, and digital skills. According to the World Bank, Vietnam’s GDP has grown at an average annual rate of 6.5% from 2000 to 2019, making it one of the fastest-growing economies in the world prior to COVID-19.² In addition, Vietnam has made significant progress in improving the quality of its education system, with the literacy rate reaching 96.5% in 2019.³

Business executives and boards in Australia who have not recently engaged with Vietnam are at risk of making decisions based on outdated perceptions of the country, rather than its current realities. Vietnam has experienced significant changes in recent years.

Many Australian companies may not be aware of the significant technological advancements that have taken place in Vietnam in recent years. One example of this is Viettel Group, a Vietnamese telecommunications company that has rapidly expanded its operations in Southeast Asia and Africa. Viettel has been able to achieve this



1. Industry participant in the Australia Vietnam Business Champion Ho Chi Minh City Roundtable, 20 October 2022.

2. World Bank, “World Development Indicators”, World Bank, Accessed March 16, 2023, <https://databank.worldbank.org/source/world-development-indicators>.

3. Using UNESCO’s latest available data. UNESCO, “Viet Nam – Education and Literacy”, United Nations, accessed March 16, 2023, <https://uis.unesco.org/en/country/vn>.



through its innovative use of technology, including the development of its own 5G network and the launch of a number of successful mobile applications.⁴ In fact, Vietnam has been identified in the top 5 startup ecosystems in South East Asia, with a thriving start-up scene and a young, tech-savvy workforce.⁵

These developments mean that Australian companies looking to enter the Vietnamese market must update their perceptions of the country and adjust their strategies accordingly, particularly in light of the opportunities presented by the Australia–Vietnam Enhanced Economic Engagement Strategy (EEES) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Strategies such as the Australia–Vietnam Enhanced Economic Engagement Strategy (EEES) play an important role in highlighting opportunities for Australian businesses in Vietnam.⁶ There is a responsibility for industry growth centres to build on this awareness and serve their sector by identifying and fostering international access. However, they can only provide a general awareness of these opportunities, and it is up to industry growth centers to build on this awareness by identifying and fostering international access for their sectors. Unfortunately, the broad remit of these growth centers can sometimes make it challenging to focus on specific markets like Vietnam.⁷ Collaborative initiatives between government and business can also be affected by the pressing need for further integration between national security concerns and economic resilience which may limit their effectiveness in promoting international opportunities.⁸

⁴ Thuy Tuong, “AMD, Viettel collaborate in 5G network expansion”, *The Investor*, accessed March 16, 2023, <https://theinvestor.vn/amd-viettel-collaborate-in-5g-network-expansion-d2787.html>.

⁵ StartupBlink, “The startup ecosystem of Vietnam”, StartupBlink, accessed March 16, 2023, <https://www.startupblink.com/startup-ecosystem/vietnam>.

⁶ Department of Foreign Affairs and Trade, “Australia–Vietnam Enhanced Economic Engagement Strategy”, Australian Government, (2021), accessed November 3, 2022, https://www.dfat.gov.au/sites/default/files/minisite/static/52bd7f6b-4ca3-42c6-b5ed-0a02b57fcf2e/eees/dist/assets/en/EEES_English_version_2021.pdf.

⁷ Industry Growth Centres are a not-for-profit organisation with the purpose to drive innovation, productivity, and competitiveness in six key industry sectors. Department of Industry, Science and Resources, “Industry Growth Centres”, Australian Government, accessed November 11, 2022, <https://www.industry.gov.au/science-technology-and-innovation/industry-innovation/industry-growth-centres>.

⁸ Brown, Justin, “Trade Policy Agenda Facing New Drivers”, Lowy Institute, accessed March 16, 2023, <https://www.lowyinstitute.org/the-interpretor/trade-policy-agenda-facing-new-drivers>.

Industry Example: Quality Manufacturing

The manufacturing sector in Vietnam is significant. Many Australian businesses come to Vietnam to manufacture their product, making the most of a cost-effective labour market and Vietnam's comparative advantage in manufacturing for the region.

Vietnam is home to some of the biggest manufacturing hubs in ASEAN. One of the most well-known industrial areas in Vietnam is the Saigon High-Tech Park (SHTP) in Ho Chi Minh City, which is a hub for manufacturing, research and development, and technology transfer. The SHTP is home to more than 150 high-tech businesses from 20 different countries, including Intel, Samsung, and Jabil. Another key manufacturing hub in Vietnam is the Bac Ninh Province, which is located in the north of the country and is home to a large number of electronics manufacturers, including Samsung, Canon, and Nokia.⁹

The industry has only grown since the COVID-19 pandemic, with many organisations shifting or broadening their supply chain into Vietnam, from China. Key economic zones across Vietnam are supporting this boom, with four regions specially designated to support the growth of manufacturing enterprises within the country.¹⁰

For Australian organisations that are looking to set up their own manufacturing plants in Vietnam, there are several risks to consider. One major risk is the high capital expenditure required for such ventures. The cost of setting up a manufacturing plant can be substantial, including costs for land acquisition, construction, machinery, and equipment. These expenses can be particularly daunting for smaller organisations or those without substantial financial resources or long-term backing. The long-term investment timelines required for manufacturing plants mean that organisations must be prepared to make long-term investments and should carefully consider their ability to sustain these investments over time.

Strategically, this may not make sense for some Australian organisations. "I think this is where we're losing the focus a little bit. It's all about Australians coming over here to set up and manufacture... there should be more emphasis on getting the Vietnamese companies to understand that they make really good, manufactured products."¹¹



⁹. Viet Nam News, "Saigon Hi-Tech park attracts 12b worth of investment", Viet Nam News, accessed March 16, 2023, <https://vietnamnews.vn/economy/1314758/saigon-hi-tech-park-attracts-12b-worth-of-investment-over-2-decades.html>.

¹⁰. Vietnam Briefing, "Why Manufacturing is Driving Vietnam's Growth", Denzan Shira & Associates, accessed November 19, 2022, <https://www.vietnam-briefing.com/news/why-manufacturing-is-driving-vietnams-growth.html>.

¹¹. Industry participant in the Australia Vietnam Business Champion Ho Chi Minh City Roundtable, 20 October 2022.

Instead of spending time and energy on setting up manufacturing plants and processes in Vietnam, **Australia can assist existing Vietnamese manufacturers in understanding, articulating and communicating their existing processes and outcomes against Australian quality standard frameworks with the aim of partnering.** This long(er) term investment into partnering with Vietnamese businesses and educating the Vietnamese workforce will mean that the Vietnamese manufacturing industry will be able to communicate and demonstrate that they (already) have the knowledge and skills to deliver high-quality products to Australia. An example of this may include assisting a Vietnamese firm to articulate what they are doing around work health and safety or quality assurance processes.

“[the] Vietnamese can manufacture really good quality products, but the perception in Australia is that they don’t understand how good the product is. It’s really, really good.”¹²

Education goes both ways. It is also about educating Australian businesses that the quality of Vietnamese manufacturing can meet and exceed Australian standards, ultimately reducing the risk exposure of a business that wants to “set up shop” in Vietnam.

Industry Example: Digital skills

Similar to the manufacturing industry, it is incumbent upon Australian business leaders to assist their Vietnamese counterparts in identifying and articulating how Vietnamese digital service providers are meeting Australian standards around data and cyber security.

Supporting their Vietnamese partners to maintain and communicate these standards will lift the credibility of the whole industry. However, we need to do this quickly.

Engaging Vietnamese talent is globally competitive. Ranking number two in Asia and 22nd globally for technology skills, Vietnamese technology professionals are in high demand.¹³

R&D investment from global tech giants such as Canon, Microsoft, Nokia, Intel, LG and Samsung in both manufacturing and digital technologies means that Australian organisations are competing with global giants in the Vietnamese market for the supply of digital talent.¹⁴



¹² Industry participant in the Australia Vietnam Business Champion Ho Chi Minh City Roundtable, 20 October 2022.

¹³ Coursera, “Global Skills Index”, Coursera, (2020).

¹⁴ Vietnam Net Global, “Foreign tech corporations come to Vietnam”, Vietnam Net Global, accessed November 10, 2022, <https://vietnamnet.vn/en/foreign-tech-corporations-come-to-vietnam-756359.html>.

For one Australian financial organisation, it took more than a year to make a case for sourcing digital services from Vietnam to its internal stakeholders. **However, Australian businesses do not have the luxury of time when it comes to competing in the global marketplace.** “The first challenge we have is getting buy-in from Australia. ‘Can we get the same level of coding here (in Vietnam)?’ We can show them (Australia) that it is in the top six coding nations in the world...we can show them a number of statistics – but until they see it and feel it...”¹⁵

In the race for skilled labour, there’s a real opportunity to increase visibility of the quality of Vietnam’s digital skills and service delivery in Australia. This is of benefit to the Vietnamese workforce (both current and future) and Australian business looking to engage high-quality service delivery with reduced costs. However, unlike some pockets of manufacturing, there is no try-before-you-buy in the service industry. Proof of quality comes in the first delivery of service, a risk for Australian organisations who are looking to take their first step into the market. **Raising the visibility of real, successful case-studies of Australian organisations engaging digital services and skills in Vietnam is one way to reduce the perceived risk** for Australian businesses who are considering sourcing Vietnamese talent

Enhancing emotional value: Australia’s comparative advantage in the region

From US\$8b of national foreign direct investment (FDI) into Vietnam in 2010, to now US\$18b in the first half of 2022, FDI inflows into Vietnam have skyrocketed. Last year, almost 60 per cent of all FDI went into the manufacturing sector. Global tier 1 investors are moving into Vietnam, like Lego, with assisted by trade agreements with the United Kingdom in 2021, European Union (EVFTA) in 2022 and the Regional Comprehensive Economic Partnership agreement (RCEP).¹⁷ Regional players, such as Singapore, Japan and South Korea are continuing to dominate the FDI landscape.¹⁸

Vietnam’s FDI strategy on foreign investment cooperation indicates a shift toward the attraction of quantity and quality when it comes to FDI inflows. The Vietnam Government has presented nine solutions to leverage foreign investment cooperation with top investment countries and target countries identified.¹⁹ In particular, **climate solutions, high-tech and the digital economy have been highlighted as target areas.** Notably, Australia is not on the list of target countries – signalling an opportunity and challenge for Australia to increase the emotional value it has within Vietnam’s business and consumer base as; (a) a foundation for engagement and (b) to get a seat at the table.

¹⁵ Industry participant in the Australia Vietnam Business Champion Ho Chi Minh City Roundtable, 20 October 2022.

¹⁶ World Bank, “Foreign Direct Investment, net inflows (BoP, current US\$ - Vietnam)”, World Bank, accessed November 22, 2022, <https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?end=2020&locations=VN&start=1970&view=chart>.

¹⁷ U.S. Department of State, “2022 Investment Climate Statements: Vietnam”, U.S. Department of State, (2022).

¹⁸ Trading Economics, “Vietnam Foreign Direct Investment”, Ministry of Planning and Investment – Vietnam, accessed November 22, 2022, <https://tradingeconomics.com/vietnam/foreign-direct-investment>.

¹⁹ Vietnam Briefing, “Vietnam Approves National Strategy on Foreign Investment: Decision 667”, Dezan Shira & Associates, accessed November 10, 2022, <https://www.vietnam-briefing.com/news/vietnam-approves-national-strategy-on-foreign-investment-decision-667.html/>.



Emotional value refers to the value and additional meaning a customer gives to the brand behind the product and service beyond its functional or utilitarian value.²⁰ Cultivating emotional value between Vietnamese consumers and Australian providers comes down to connection and quality. **Translate this into FDI terms, and we are looking at how strategic the investment is into Vietnam to enrich the hearts, minds and lives of the people of Vietnam to build long-term, positive brand affiliation with Australian producers.**



Australia’s FDI into Vietnam sits around A\$1.4b, matching existing trends with 42 per cent in manufacturing and the rest spread across hospitality, construction, agribusiness and healthcare.²¹ Although a large cumulative figure, it is still less than a single investment by Lego.²² A key factor to growing emotional value (alongside product and service value) is identifying and magnifying the comparatively unique elements of the Australian offering to Vietnam. Distinct industries to focus on are the areas in which Vietnam does not look to North Asia for FDI and expertise. Vietnam is shifting focus toward climate tech and the digital economy. As signalled in the EEES, sectors such as education, sustainability, climate change, agritech, and luxury food and beverage, are where Australia has a comparative and emotional (i.e. positive brand affiliation) advantage.

²⁰ Takumi Katoa and Kazuhiko Tsudab, “Related Verification of Emotional Value and Company Brand Emitted from Pure Recall”, *Procedia Computer Science* 112, (2017), 1298.

²¹ Other industries include mining, entertainment and education. Vietnam Briefing, “Australia Trade and Investment: CPTPP helps fuel growth”, Dezan Shira & Associates, accessed November 11, 2022, <https://www.vietnam-briefing.com/news/vietnam-australia-trade-investment-cptpp-helps-fuel-growth.html/#:~:text=FDI,foreign%20investors%20in%20the%20country>.

²² LEGO Group, “The LEGO Group announces plans to build new factory in Vietnam to support long-term growth”, LEGO Group, accessed November 22, 2022, <https://www.lego.com/id-id/aboutus/news/2021/december/new-factory-in-vietnam>.



While manufacturing is Australia's greatest area of FDI into Vietnam, we cannot compete with other regional counterparts, Korea, China or Japan, in this area due to the size of our economy. Vietnam does not look to Australia for its manufacturing capabilities. Conversely, **Vietnam is making steps to play a bigger role in enhancing Australia's manufacturing supply chains. For example, Hoa Phat Group's investment into the Northern Territory Roper Valley iron ore project in 2020.**²³

The sectors in which Australia has a comparative advantage over its regional neighbours should be elevated to enhance the emotional value Australia has with Vietnam and earn a seat at the table. Millennials and Gen Z are leading a seismic shift in consumer behaviour with a focus on values-led consumerism. Australia has a competitive advantage, with its leadership in education, sustainability, and climate tech, being areas in which there is direct social impact and strong growth.

Celebrating Success

One of the defining elements of success is to surround yourself with people who have gone before you. For small and medium-sized enterprises (SMEs) looking to engage in and with Vietnam, there is an opportunity to intentionally showcase a greater breadth of success stories from all types of SMEs, identifying what worked and what didn't.

A success story captures the essence of what makes an organisation successful. It is part art, part science, and down to the people, processes and projects that are undertaken along the journey. **It is also the narrative behind the outcomes, communicated in a way that inspires, encourages and challenges others to go and do likewise.**

Currently, many of the same Australia-Vietnam success stories are showcased, with hundreds of success stories never reaching the spotlight. There is an old adage "you cannot be what you cannot see". The lack of breadth of Australia-Vietnam success stories that are shared could be symptomatic of a siloed and sometimes parochial way Australia engages in business with Vietnam, by state and territory or by industry.

*"I think Australians come and do business in silos. We don't come with the loud bandwagon...we go in, and we do it, and we succeed – but we keep our heads down..."*²⁴

There is a need and therefore an opportunity to intentionally seek out and showcase SME examples across a breadth of industries to identify, encourage, and profile the variety of work that Australia is doing with Vietnam.

²³ Matt Brann, "Vietnam's biggest steelmaker set to import iron ore from its new mine in the Northern Territory", ABC Rural News, accessed November 22, 2022, <https://www.abc.net.au/news/rural/2022-07-05/vietnamese-steelmaker-importing-its-own-nt-iron-ore/101199084>.

²⁴ Industry participant in the Australia Vietnam Business Champion Ho Chi Minh City Roundtable, 20 October 2022.

Global Good

DOING GOOD IS GOOD BUSINESS

There are many reasons behind the rise of organisations with a social impact focus. Demographic changes, geopolitical shifts, and even the new paradigms of a competitive charitable sector.²⁵

Regardless of the root causes, it is undeniable that doing good, is good business. Performative good is no longer accepted by many communities or consumers. **Long-term, tangible and measurable social change alongside traditional business outcomes (e.g., profit) is now almost mandatory for organisations wanting to remain competitive into the future.** This philosophy of work has become essential when doing business in developing or emerging economies. Impact investing is no longer a separated strategy or approach, or even business model, but rather is integrated into simply “doing business”. The secondary benefits are obvious, fostering social capital, deeper engagement with customers, potential for broader governance and regulatory support, and legacy-leaving – with a long-term view to drive impact beyond a single generation.

“The power of linking all of our in-country activities; development assistance, industry research and science... not just to do business, but to do good.”²⁶

An example of this is the Australia Vietnam Mekong Delta Sustainable Rice Value Chain Project launched in October 2022. This project combines the expertise of the Australian Centre for International Agricultural Research, SunRice Group, the University of Queensland, An Giang University, Can Tho University and Cuu Long Rice Research Institute. The project seeks to establish a centre of excellence – connecting smaller rice-growing communities to high-value markets and raising the profile of Vietnamese rice-growing. This expertise will also serve Australia, hoping to expand the rice-growing industry in Northern Queensland.²⁷ The aim is to embed sustainability into the industries supported by Vietnam’s rice-growing communities, that is – long-term outcomes for the good of the people.



²⁵ George Serafeim, “Social-Impact Efforts That Create Real Value”, Harvard Business Review, (2020).

²⁶ Industry participant in the Australia Vietnam Business Champion Ho Chi Minh City Roundtable, 20 October 2022.

²⁷ Emma Alsop, “Aus-Viet partnership to benefit rice supply chain”, Grain Central, accessed November 10, 2022, <https://www.graincentral.com/news/aus-viet-partnership-to-benefit-rice-supply-chain/>.

Government involvement is essential when integrating social good and economic drivers. The government can play a role in elevating relationships and advocating for the promotion of the public good. As one participant observed, contemporary social enterprise models sit at the intersection of the Australian and Vietnamese governments. The governments' common endeavours to boost sustainable and inclusive economic growth cannot be realised without participation from the private sector. Competitive private sector growth can no longer be realised without a bias toward sustainable and inclusive economic growth. Partnering social enterprise with traditional business values, research and education ensure the best of both worlds.

THE GLOBAL WORKFORCE

Drawing from data of over 52,000 workers in 44 countries, the PwC global workforce survey maps the “hopes and fears” of workers.

Drawing from data of over 52,000 workers in 44 countries, the PwC global workforce survey maps the “hopes and fears” of workers. Coinciding with global HR megatrends, such as “the great resignation”, PwC uncovered that employees are now feeling more empowered than ever to push for meaning in their work – and a demand from leaders to be able to articulate how their individual contribution connects with societal goals.²⁸

The wake of the COVID-19 pandemic has highlighted the significant disparity in the way people work or want to work versus the current government and organisational policies and regulations (or lack of). There are currently 42 countries that offer digital nomad visas (Vietnam and Australia are not on the list) that allow people to work with their location-agnostic jobs. The lines have been blurred between offshore, onshore, nearshoring and outsourcing terms.

For example, would you describe a team as offshore when they are also employed by you and work remotely (like the rest of your team), but just happen to be in a different jurisdiction? Or is it really “nearshoring” when, like the rest of your team, they too are also working remotely, but in the same jurisdiction? **There is still significant uncertainty in Australia and Vietnam as technology and changing attitudes to work has led to a growing globalised workforce, without the regulatory framework to support practice.** Even now, there is no stand-alone legal right to work from home in Australia. Legal advice for employees who work in a foreign country tend to focus on an individual basis – without the frameworks or structures for entire teams or departments.²⁹



“Look at how the services sector is regulated in Australia, there’s not a lot of understanding or willingness to say ‘it’s ok if that moves there’... getting a global workforce model more understood in a government context.”³⁰

²⁸ PwC, “PwC’s Global Workforce Hopes and Fears Survey”, PwC, (2022).

²⁹ Seeking “Independent advice” is often suggested. Fair Work Ombudsman, “Employees working overseas”, Australian Government, accessed November 11, 2022, https://www.fairwork.gov.au/tools-and-resources/library/K600417_Employees-working-overseas.

³⁰ Industry participant in the Australia Vietnam Business Champion Ho Chi Minh City Roundtable, 20 October 2022.

For Vietnamese technology giant, FPT Corporation – this has proved to be an ongoing issue. They are navigating complexities with onshore versus offshore students, having also integrated their workforce pipeline with Australian education institutes such as Swinburne University of Technology. Human resources and operations departments are constantly navigating policies and practices based on outdated models of working. Clients, employees, outsourced teams and onshore students that may be working remotely across Vietnam and Australia find themselves in the middle of changing workplace regulations that add to costs and is a drag on service provision.

It is not uncommon for businesses operating in multiple jurisdictions to encounter regulatory challenges, such as Vietnam-based businesses operating in Australia. Some may find Australia's regulatory environment to be difficult to navigate and potentially burdensome, and this can be particularly challenging in industries that are highly regulated, such as the services sector and the education industry, where understanding the laws surrounding workplace practices and other regulatory requirements is critical. Addressing these challenges will require collaboration between governments, industry bodies, and individual businesses to ensure that regulatory frameworks are clear and well-understood, while also supporting innovation and growth in the bilateral relationship between Vietnam and Australia.

Particularly in the services sector in Australia, one Business Champion Roundtable participant who has employees across both Australia and Vietnam, articulated the disparate understanding of the laws surrounding workplace practices for global teams.

When both clients and workers are global or remote-first, it can be hard to navigate regulatory practices that were created with location-specific or domestic audiences in mind. Deep thinking, collaboration and long-term solutions are required in our governance models, particularly around information and data protection as well as policies and procedures for remote workers.

There is an opportunity to develop consistent nomenclature and update regulations that reflect contemporary work models. Doing this will enable both organisations, employees and contractors to work between and within Australia and Vietnam. Consistency could also potentially enhance the integration between education and industry of the two nations, as further investment into industry-partnered education fosters future talent pipelines.



Emerging Insights

Australian Businesses

Articulating Australian quality standards

Australian professional services firms in partnership with Australian manufacturers could assist Vietnamese manufacturers to understand and articulate how their manufacturing processes meet Australian quality standards. Instead of Australian organisations setting up their own manufacturing plants in Vietnam, they could invest in supporting their Vietnamese manufacturing partners to meet and communicate how they are meeting Australian quality standards.

The same approach could be taken with those working in digital services, with Australian organisations supporting their Vietnamese counterparts to meet and communicate how they are meeting Australian data security standards. This could mitigate perceived risks involved in outsourcing manufacturing or digital services without having to diverge from core product or service offering.

Increase impact investment for greater all-round ROI

Investors can realise long-term impact and enhance employee attraction and retention by broadening return on investment (ROI) measures beyond a dollar figure. Vietnam's impact investing ecosystem consists of incubators that combine social innovation as tech start-ups as well as the integration between international development agencies, social entrepreneurship, government and research institutions. Impact investing would look at investing into areas that (a) promise long-term growth, (b) showcase Australia's comparative advantage, (c) enhance social impact outcomes and (d) drive emotional value attached to Australian products and services.



Australian Government

Showcasing success stories

In conjunction with the Vietnamese Government, the Australian Government should consider investing in developing a series of case studies (and subsequent marketing and promotion) that showcase new, innovative and not-yet-seen examples of Australia-Vietnam SME success stories. These case studies should go beyond data-driven insights and tell the narrative of the people, processes and projects involved in assisting Australian SMEs to thrive in Vietnam and Vietnamese investment into Australia. A secondary aim could be to use the case-studies to promote and develop new networks of entrepreneurs and SMEs operating within or seeking to enter Vietnam. The case studies aim to increase visibility and encourage other SMEs in Australia to follow suit.

Vietnamese Government

Reduce the divide between development and economic initiatives

Further opportunities can be harnessed through proactively seeking government-to-government initiatives that drive private-sector social enterprise partnerships and involvement. Integration of aid and development initiatives, systems and processes with social enterprises and for-purpose organisations could create both social and economic spill overs. This could increase the visibility and likelihood of attracting impact investing for social good in Vietnam.

The development of a specific strategy to grow the social enterprise sector in Vietnam alongside other economic growth strategies will be critical to see this new area and the broader economy flourish. Endorsement from the Vietnamese Government to identify and support social enterprise initiatives will benefit the social cause and the public good and enhance economic engagement with Australia and the region.

Update regulations to align with contemporary global work practices

Look to clarify and reform the current regulations and policies around remote working models that account for location-agnostic business models for clients and service providers. Consider adjusting visa arrangements that increase the free flow of talent across borders, enabling long-term certainty around the talent pipeline. In practice, this could look like further clarifying and creating a shared understanding of various work models and their subsequent tax, human resources, legal etc. requirements. This could include terms such as onshoring, offshore, remote-working, location-agnostic workers, digital-only or remote-first clients. This will benefit those in governance and operational roles and the education sector when describing students and education delivery that may be detached from a specific location.

Clarify and modernize labour mobility policies and procedures

Current disparities in what is communicated on several official websites, in person government immigration offices, and associated agencies around visa regulations make the process of applying and renewing visas complex. Vietnam has the opportunity to clarify and modernize regulations and policies that account for location-agnostic business models for clients and service providers. This includes adjusting visa arrangements to promote the free flow of talent across borders and provide long-term certainty for the talent pipeline. An example may be the introduction of a “digital nomad” visa or equivalent and ensuring consistency across all official websites.

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Images

Armachau, Hanoi, Vietnam – June 21, 2022: Mid-Autumn Festival is the full moon day of the 8th lunar month every year. Children will be given toys (star lights, masks, pulling lights, to he ...). Photograph. Shutterstock. Wed 12 Jan 2023.

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NamLong Nguyen, Haiphong May 2021: Engineers are working in a automotive manufacturing plant in Vietnam. Photograph. Shutterstock. Wed 12 Jan 2023.

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