



African J. of Economic and Sustainable Development

ISSN online: 2046-4789 - ISSN print: 2046-4770

<https://www.inderscience.com/ajesd>

Comparative study of doing business in Kenya and Vietnam

Khairun Nadiyah, Maria Isfus Senjawati, Lisa Nesti

DOI: [10.1504/AJESD.2025.10067801](https://doi.org/10.1504/AJESD.2025.10067801)

Article History:

Received:	01 August 2023
Last revised:	14 May 2024
Accepted:	16 May 2024
Published online:	02 December 2024

Comparative study of doing business in Kenya and Vietnam

Khairun Nadiyah* and Maria Isfus Senjawati

Agro-Industrial Engineering Study Program,
Polytechnic ATI Padang, Bungo Pasang,
Koto Tangah, Padang, West Sumatera, Indonesia

Email: nadiyahkhairun@gmail.com

Email: mariassenjawati@gmail.com

*Corresponding author

Lisa Nesti

Agro-Industrial Logistics Management Study Program,
Polytechnic ATI Padang, Bungo Pasang, Koto Tangah,
Padang, West Sumatera, Indonesia

Email: lisanesti16@gmail.com

Abstract: The main objective of this research is to propose an analytical study for companies in expanding business to achieve beneficial outcome by comparing between two emerging countries, Kenya and Vietnam, in respect of their distinctive cultural norm and value system as well as the cultural differences and others supported data analysis. The method used is qualitative using secondary data from reputable sources such as reputable journals and websites, private institutions, and public institutions. The analysis is included cultural norms and value systems (language, social structure, religion, political philosophy, economic philosophy, education), cultural differences by adopting Hofstede study (power distance, individualism, masculinity, uncertainty avoidance, long term orientation and indulgence), geopolitical comparison and doing business criteria (working aged, GDP, GNI, FDI, inflation, corruption level and education). The result reveals that Vietnam is a better preferred destination for company to expand its business.

Keywords: expand; doing business; Kenya; Vietnam; Hofstede; cultural; norm; value system; comparative study.

Reference to this paper should be made as follows: Nadiyah, K., Senjawati, M.I. and Nesti, L. (2025) 'Comparative study of doing business in Kenya and Vietnam', *African J. Economic and Sustainable Development*, Vol. 10, No. 1, pp.91–110.

Biographical notes: Khairun Nadiyah finished her BS degrees in Industrial Engineering in State Islamic University of Sunan Kalijaga, Yogyakarta in 2016. In 2017, she received an award from Lembaga Pengelola Dana Pendidikan (Indonesia Endowment Fund for Education) to continue her MS degrees to Royal Melbourne Institute of Technology (RMIT) University, Melbourne, Australia. She started her study in 2018 and in 2019, she got her MS degrees in Engineering (Management) from it. From 2013 to 2016, she was a Research Assistant and Laboratory Assistant in Industrial Engineering Study Program

State Islamic University of Sunan Kalijaga, Yogyakarta. Since 2022, she has been a Lecturer with the Agro-Industrial Engineering Study Program, Polytechnic ATI Padang.

Maria Isfus Senjawati obtained her Master of Engineering degree from a well-known state university in Padang, Andalas University. She is a Lecturer at the Polytechnic ATI Padang, West Sumatra with the Agro Industrial Engineering Study Program. In 1999–2005, she held the position of Head of the Quality Control section in Cocomas, one of food and beverages company in West Sumatera.

Lisa Nesti received her BS in Statistics from Bogor Institute of Agro in 1994 and MS degrees in the same field, Statistics, from Institute of Technology Surabaya, in 2005. In 2018, she got her PhD degree in Economics with concentration in Supply Chain Management from Andalas University, Padang, West Sumatera, Indonesia. From 2001, she has been a Lecturer with the Agro-Industrial Logistics Management Study Program, Politechnic ATI Padang. She is a reviewer from some reputable journal in Indonesia. Her research interests include economics and supply chain management.

1 Introduction

In this global era, business expansion is a natural thing for multinational companies to do. Globalisation makes the world smaller, thus encouraging companies to expand their business into international markets, both between countries and continents. Business expansion is not an easy thing for international companies to do due to several differences that become challenges, including culture, economics, social conditions and geography, so it is necessary to establish indicators or elements that can be used as evaluation material in analysing business expansion opportunities.

Typically, MNCs favour developing countries as expansion locations for several reasons; some of which are affordable labour costs, cheaper material and rental costs and an easier licensing system. To select a business destination, multinational companies must consider several main factors, including the quality of the destination country and its industrial growth (Nadiyah et al., 2020). Furthermore, to recognise the quality of destination country, there are many considerations that must be measured; including cultural norms and value systems, cultural differences, demographic conditions, geopolitical issues, gross domestic product (GDP), gross national index (GNI), human development index (HDI), inflation, corruption and education.

Kenya and Vietnam are two developing countries that can be an option for companies to advance their business. These two countries truly value that FDI will provide many benefits to the country's economy. Thus, this paper will provide a comparative reality of Kenyan and Vietnamese data.

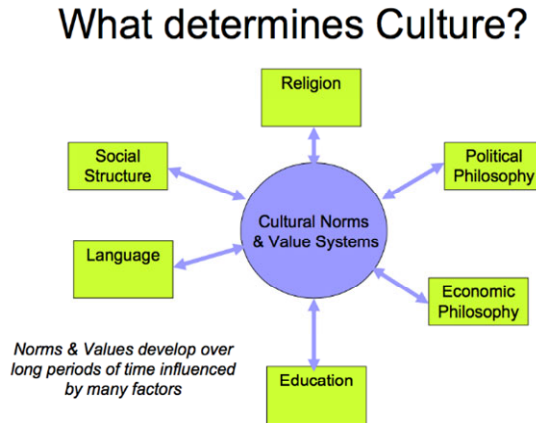
2 Literature review

2.1 *Cultural norms and value system*

The phrase of culture initially was triggered by anthropologist Edward Tylor in his book *Primitive Culture* (1871) that multifarious whole which comprises belief, art, morals,

knowledge, custom and several additional competences and lifestyles obtained by human as a member of society. Below is the diagram of cultural norms and value system: (Vojisavljevic, 2018)

Figure 1 Cultural norms and value systems (see online version for colours)



Source: Vojisavljevic (2018)

2.2 Cultural differences (Hofstede study)

Hofstede (1984) defines culture as a collective programming of the mind that distinguishes the members of one category of people from another. Hofstede has divided cultural differences into six categories: power distance, individualism, masculinity, uncertainty avoidance, long-term orientation and indulgence.

2.2.1 Power distance

Based on Hofstede (2001), the 'power distance' (PD) value shows how immense the level of discrimination is between someone who has great influence and someone who has less influence; if the PD value is low, then there is no or less discrimination; whereas if the PD value is high, then there has been high discrimination happened across the society. This dimension also reveals the consequences of unequal authority and power on high levels of hierarchy and dependency in social relations (Soares et al., 2007).

2.2.2 Individualism/collectivism

This dimension shows the diversity of people's behaviour in various countries. In fact, collectivist societies have a high level of concern where the behaviour and thoughts of other people are very concerned. In a collectivist society, teamwork is crucial where group goals are the ultimate thing that must be achieved while individual goals can be put aside.

2.2.3 *Masculinity/femininity*

Gender issues have been hot in recent decades. In masculine cultures, women's roles are upsetting where they are considered unequal or under the power of men; while men are considered strong, powerful and successful. Masculine culture emphasises competition, assertiveness, material things, ambition, and power while feminine culture emphasises good relationships and quality of life. Khan et al. (2016) and Juhasz (2014) revealed that the high value of femininity shows that society emphasises the value of life on well-being in relationships; meanwhile, the high value of masculinity shows that people prioritise physical well-being such as property and money. Furthermore, Juhasz (2014) explained that the more a culture has a high score on the masculinity dimension, the greater the gap between men's and women's moral values.

2.2.4 *Uncertainty avoidance*

The uncertainty avoidance dimension reveals how much anxiety a society has in facing an unknown future. In fact, a country with a high uncertainty avoidance value tends to have strict procedures, regulations, and codes of behaviour as an effort to minimise undesirable events (Saboori and Pishghadam, 2016); whereas countries with a low value on the uncertainty avoidance dimension have a high level of flexibility, few regulations, and are open to new ideas (Hofstede, 2001). Individuals who come from cultures with high uncertainty avoidance are more likely to be emotional because of their habit of minimising unclear and unusual conditions, and gradually moving towards a more definite change by implementing rules, laws and regulations.

2.2.5 *Long-term orientation*

This dimension associates to interests related to the future and the past. Long-term oriented societies tend to value the future, have a pragmatic nature that also values persistence and adaptation to change. On the other hand, people with short-term orientation tend to adhere to traditions, respect social obligations, have a high culture of reciprocity and really want to preserve their authenticity (Hofstede and Minkov, 2010).

2.2.6 *Indulgence*

This culture concerns how much people can control their desires and impulses. Societies with a culture of indulgence tend to prioritise a relatively free life, value life's pleasures and self-satisfaction more and have a desire to have fun. Meanwhile, people with a restrained culture have the belief that enjoyment and pleasure must be limited by strict social values so that they will carry out enjoyable activities with full consideration, namely if these activities are felt to be more important than saving money (Kara, 2014).

2.3 *Doing business*

2.3.1 *Demographic dynamics*

There are two general ratios used to determine whether a country has a demographic bonus. The first is to look at the ratio of the dependent age group (age > 15 and > 64) to the working age population (age 15–64 years). The results of this ratio indicate how

many people must be maintained by working-aged people. The second is to look at the ratio of support, aged 15–64 years to the total population. If the support ratio rises, the level of dependency is lower; it will encourage investment and savings (Barker and Üngör, 2018).

2.3.2 GDP comparison

GDP is the market value of goods and services produced within a selected geographic area (usually a country) in a selected interval in time (often a year) (Leamer, 2008).

2.3.3 Gross national income

GNI per capita – GNI is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad. GNI per capita is gross national income divided by mid-year population.

2.3.4 Human development index

The HDI shows the level of development of a country in terms of its human capabilities such as health, knowledge, and a good standard of living (Human Development Report, n.d.).

2.3.5 Inflation

The rate of increase in the overall price of goods or an upsurge in the cost of living of an area is called inflation. Calculation of inflation is usually done every year (Oner, 2010).

2.3.6 Foreign direct investment

According to the IMF and OECD definitions, direct investment reflects the aim of obtaining a lasting interest by a resident entity of one economy (direct investor) in an enterprise that is resident in another economy (the direct investment enterprise). The ‘lasting interest’ implies the existence of a long-term relationship between the direct investor and the direct investment enterprise and a significant degree of influence on the management of the latter. Foreign direct investment (FDI) is an integral part of an open and effective international economic system and a major catalyst to development (OECD, 1996).

2.3.7 Corruption rate comparison

Corruption has become a common thing in Kenya. In fact, there is the term ‘buying tea’ which has the implicit meaning of giving a certain amount of money so that one’s needs are processed quickly (Odaba, 2014). This has an impact on FDI (Odaba, 2014), especially if doing business with countries with the least corruption number. Similarly, corruption is also one of the problems in Vietnam. Recorded in 2012, 44% of incoming reports have committed bribery (Transparency International, 2011).

3 Methods

This research is an exploration of literature through a library survey, aimed at in-depth determination of destinations for a company for business expansion. The method used in this research is qualitative by collecting secondary data obtained from trustworthy sources: government institutions, private institutions and reputable journals and websites. This research used a case study design to narrow discussion about doing business in two emerging countries. Kenya and Vietnam are two countries which became the object in this paper. The choice of this method was designed to facilitate extensive secondary literature investigation that is relevant to the scope of the research. The content analysis method was chosen because the dominant qualitative nature of the data comes from documentary material such as books, journals, and internet sources.

4 Result and discussion

4.1 *Cultural norms and value systems*

Below is the cultural norm and value system of Vietnam and Kenya:

4.1.1 *Vietnam*

Confucianism is a national philosophy that was originally brought by China when colonising Vietnam (Le, 2014; Thuc, 1967). This ideology has taken root in the concept of law and social in Vietnam (Nghia, 2005). Reputation, interest in learning, obligation to family and mutual respect are the four basic principles in this ideology (Huynh, 1987).

4.1.1.1 *Language*

About 90% of the total population in Vietnam uses Vietnamese while the remaining 10% use the language of their respective regions. Vietnamese society practices diverse language expressions for various kinds of interactions. This is extremely challenging to understand for non-natives if they join to communicate with the indigenous people. Therefore, it needs a deep understanding of the culture of local communities so that foreign people can communicate well with the local people (Nguyen, 2016).

4.1.1.2 *Social structure*

Vietnamese society relies heavily on the tradition of the social stratification system of their ancestors (Tan and Thinh, 2015). If the social class is usually identified with the financial situation, power, authority, even skin colour, this does not apply to the Vietnamese community. It is one's level of education and work that determines social class in this country (Hierarchy Structure, 2018).

4.1.1.3 *Religion*

Figure 2 shows the religion data of Vietnam.

Figure 2 Religion data of Vietnam

Religions	Buddhist 7.9%, Catholic 6.6%, Hoa Hao 1.7%, Cao Dai 0.9%, Protestant 0.9%, Muslim 0.1%, none 81.8% (2009 est.)
------------------	---

Source: IndexMundi (2024a)

4.1.1.4 Political philosophy

Politically, Vietnam is a socialist country that only has one legal political party which plays a single role in Vietnam's political field (US Department of State, 2011). However, Vietnam still applies a democratic system in the economic, social and political context. Vietnam continues to strive to establish a respectable system of government by implementing a democratic system as effectively as possible, economical transparency and legal transformation (Socialist Republic of Vietnam, 2002).

4.1.1.5 Economic philosophy

Vietnam is trying to achieve its main goal for success in the economic field. Doi Moi, which means renovation, a philosophy that Vietnam has used since 1986 has significantly improved Vietnam's economic situation (Riedel and Turley, 1999). Before 1986, Vietnam had experienced a downturn with high poverty and low employment income due to the application of a closed economic system. After implementing Doi Moi, Vietnam opened up more by making the transition to a middle-income country, with a globally integrated, socialist-oriented market economy (Barker and Üngör, 2018).

Vietnam belongs to a country that has great potential to become the main economic group of the 21st century in 2005 (O'Neill et al., 2005) and continued in 2009, Vietnam is included in the six countries they are said to be the next generation of emerging market economies (Barker and Üngör, 2019). PricewaterhouseCoopers (2015) predicts that Vietnam can become one of the quickest growing economies in the world throughout the 2015–2050 era.

4.1.1.6 Education

Confucianism ideology has a big influence in Vietnam's education system. Interaction based on the hierarchical structure of school management where authority is entirely in the hands of superiors (Truong, 2013). Students in Vietnam are used to following their teacher's orders without thinking; this has shaped their 'passive learning style'. As a result, it is extremely challenging for them to solve problems and work in groups.

4.1.2 Kenya

Harambee, the slogan created by Kenyan leaders in 1963 to stimulate a sense of national unity. Christianity is the majority religion adopted by Kenyans; there are also quite a lot of Muslims who live on the coast. Kenya is rich in oral traditions such as folklore, various poems, and songs. Kenya is also involved as members of international organisations; the United Nations, the African Union and the International Monetary Fund (US Department of State, 2023).

4.1.2.1 Language

The average individual in Kenya has the ability to understand more than one language. The most important thing is, Kenya puts English as the language of instruction in their education system. Therefore, English language skill has become a necessity for Kenyans because of its instrumental role at every stage in individual career life. The Kenyan education system can be said to apply what is commonly known as subtractive bilingualism (Muaka, 2011).

4.1.2.2 Social structure

In Kenya, the degree of women is under men. In the village, both men and women work in the fields, but 80% of the work is generally done by women: cooking, taking care of children, gardening, farming, and so on. It is common for a man to leave the village to look for job in the city by expecting income from the company. However, this leaves a heavy burden on women. Whereas in the city, 40% of women prefer to work outside the home; but still their salaries and positions are not higher than men (Advameg Inc, 2018).

4.1.2.3 Religion

Figure 3 shows the religion data of Kenya.

Figure 3 Religion data of Kenya

Religions: Christian 83% (Protestant 47.7%, Catholic 23.4%, other Christian 11.9%), Muslim 11.2%, Traditionalists 1.7%, other 1.6%, none 2.4%, unspecified 0.2% (2009 est.)
--

Source: IndexMundi (2024b)

4.1.2.4 Political philosophy

Kenya African National Union (KANU) proclaimed ‘Democratic African Socialism’ as their political ideology in 1963. But at present, there is no renewal of this philosophy, presumably because the new political parties were less interested in adopting philosophical doctrines (Guleid, 2018).

4.1.2.5 Economic philosophy

The Kenyan Government has had a move to liberalise the economy through its vision 2030 which identified six sectors as potential to contributing to the economic growth. The six were tourism, agriculture, wholesale and retail trade, manufacturing, ICT and business process outsourcing (BPO) and finally financial services.

4.1.2.6 Education

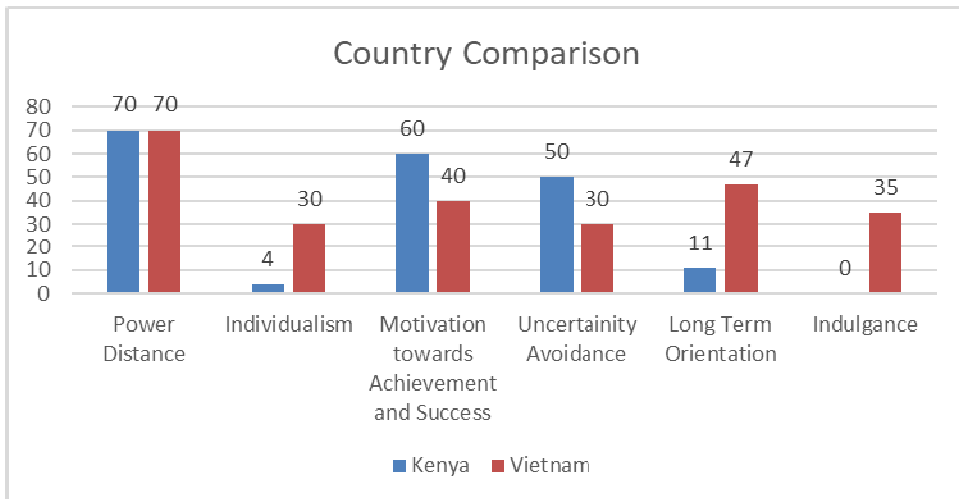
The education system in Kenya is still influenced by the colonial force curriculum model which is only fixated on the academic level without regard to local cultural values, especially in learning the language, beliefs, and traditional skills. The applicable curriculum only aims to obtain a certificate from the graduation of the national exam (Shiundu and Omulando, 1992).

At school, all teaching materials are delivered using English which causes parents and people who do not understand English language to be unable to interfere in the learning process (Maina, 2003). Thinking using local languages and writing in English makes it difficult for people to progress because they do not express English outside school (Bogonko, 1992). Therefore, to change the existing system, students must try to understand themselves and their environment (Freire, 1989 in Shiundu and Omulando, 1992).

4.2 Cultural differences (Hofstede study)

Figure 4 shows the comparison of culture between Kenya and Vietnam based on Hofstede's dimensions (Hofstede Insight, 2024).

Figure 4 Hofstede study (Kenya vs. Vietnam) (see online version for colours)



Source: Hofstede Insight (2024)

4.2.1 Power distance

This dimension shows the extent to which communities in a country accept that power is distributed unfairly. Both Kenya and Vietnam have the high score (70) means that both countries accept the hierarchical order. In the workplace, juniors are willing to accept their lower spot and decision making is entirely in the hands of the boss (Hofstede, 1997).

4.2.2 Individualism

Alexis de Tocqueville (French's philosopher) defined individualism in terms of a kind of reasonable egotism that positioned people to be focused merely with their own small group of relative and colleagues (Lukes, 2024). The lower score of this dimension shows that the country has the collectivism culture; the reverse of individualism when people prioritise their group over self (Schwartz, 1990). Vietnam score is very much lower (4) than Kenya (30) showed that Vietnamese hold a collectivism value better than Kenyan.

4.2.3 *Masculinity*

The masculine dimension shows that the community tends to be determined by the spirit of rivalry and the winner is the one who succeeds in the rivalry. On the contrary, the feminine dimension focuses more on quality of life as a sign of success and stands out from others is not an amazing thing. Kenyan is one of the masculine societies by scoring 60 on this dimension. On the other hand, Vietnamese is considered as the feminine society by getting 40 as the score.

4.2.4 *Uncertainty avoidance*

This dimension shares to the level to which persons of a particular culture are contented with vagueness and the unidentified things. Kenya got 50 as the score while Vietnam got 30 which means that Kenya has no sharp inclination in this dimension while Vietnam with its low score tends to be more comfortable with the uncertainty.

4.2.5 *Long-term orientation*

This dimension shows the level of community loyalty to their past traditions. Countries with low scores tend to stick to past norms and traditions. On the other hand, countries with high scores tend to be able to adapt the tradition with the current conditions so that they can encourage modern education as a technique to arrange the future. Vietnam which has a score of 47 is characterised as 'pragmatic culture' while the score for Kenya is just 11. In societies with a pragmatic orientation, people show an ability to adapt traditions easily to changed conditions, a strong propensity to save and invest, thriftiness and perseverance in achieving results.

4.2.6 *Indulgence*

This dimension shows the level of one's self-control over their desires. Countries with low scores are called 'indulgences' which show that their level of control is relatively weak, while countries that have relatively strong controls are called 'restrained'. Vietnam which has a score of 30 is characterised as 'restrained' while the score for Kenya is not available currently. Cynicism and pessimism are attached to low scores countries.

4.3 *Risk for company due to cultural differences*

The main objective of this section is to provide a comprehensive understanding of the risks associated to the company due to cultural differences in Kenya and Vietnam. Cultural diversity is considered very important in the preliminary study of a foreign country with a business background. The existence of cross-cultural barriers in international projects directly affects the success rate of the project. The risks pertaining in the cultural frameworks will be discussed in accordance with the Hofstede analysis (Figure 4).

With both countries Kenya and Vietnam, a relatively high score of 70 for power distance indicates that both these countries favour a hierarchical society. Decision making is done by the superiors without consulting the subordinates. The subordinates are expected to deliver what they are told to do who are also fearful for disagreement. In this situation the management is responsible for the project success or failure. Hence, with

proper planning the management will be able to achieve the company objectives. The power distance score in the USA is 40, which shows less tolerance for power concentration (Hofstede Insight, 2023) that results in a participation relationship between junior and senior staff. Countries with high power distance tend to show less risk associated in projects with the common practice of obeying rules. With company sourcing a part of its production in two countries (Kenya and Vietnam) where the power distance variable shows a higher score favours the ability to control its operations smoothly from overseas in which individuals are held more accountable for their actions whilst making a precise clear chain of command.

With relatively low scores in *individualism*, Kenya is induced with a collectivist culture. Collectivism encourages teamwork where the members are willing to act as one single unit in achieving company goals. The risk to business arises with higher values on Individualism where personal goals are given high priority over group goals. Another favourable reason for eliminating the risk associated in investment is that employees in collectivist societies are willing to make sacrifices for the betterment of the company which result in a long-term relationship with the company. This will result in increased employee loyalty whilst group involvement increases the sense of ownership which in return will rapidly increase the performance of the workers. Hence the prevailing situation encourages company for a favourable potential investment with minimal risk on the Individualism variable.

Uncertainty avoidance can be interpreted as the society's tolerance towards vagueness and unidentified phenomenon which may arise in the future. Countries with higher values for this cultural variable tend to refuse interaction with unusual ideas, different people, and lifestyles. Lower the value of the uncertainty avoidance index, the more favourable it is for foreign investment and business (Hancioğlu et al., 2014). The uncertainty avoidance indexes for Kenya and Vietnam are 50 and 30, respectively. This implies that Kenya has a better structured cultural environment than Vietnam to face unstructured or unknown situations. Hence Kenya is considered as a much stable and controllable culture with minimal risk opting to stay away from possible conflicts when compared with Vietnam due to higher regulations and laws implemented to lower the uncertainty and gain control. Vietnam on the contrary with a relatively low score on uncertainty avoidance with individuals not frightened with new concepts or situations and dislike intensive law and regulation. The risk affiliated with respect to uncertainty avoidance in a cultural framework is minimal in Kenya when compared with Vietnam, with its clear display of communication channels, job descriptions and work discipline (Hancioğlu et al., 2014).

Long-term orientation is a reality where society values future orientation. On the other hand, short-term orientation is a condition where people place more emphasis on the past or present. People with high long-term orientation scores tend to have individuals who are hardworking, full of planning and have prospects for profit (Hassan et al., 2011). Vietnam has a score of 41 on this dimension; higher than Kenya which only has a score of 11. Vietnam's high score indicates that the people there are highly diligent and have a culture of frugality (Aarthi et al., 2007; Hofstede, 1994; Juhasz, 2014); furthermore, people with high long-term orientation values are also considered positive and have high ethics (Cidral et al., 2020). The risks associated with long-term orientation are greater in Kenya compared to Vietnam because people who adhere to short-term orientation highly

value local culture, find it difficult to be open to new things, thus requiring a company to adapt to local culture and traditions.

4.4 General geopolitical comparison

4.4.1 Vietnam geopolitics and maps

There are three factors of Vietnam's geopolitical advantages (Gateway Norway AS, 2018):

- Included in three countries with the most populous populations in Southeast Asia that are trying to offset China's influence in the Southeast Asian region.
- Vietnam has a strong appeal in terms of investment because it has great potential to advance. Lower labour costs than China make Vietnam an alternative country to invest in multinational companies from the West, South Korea and Japan.
- Reserves of gas and oil in the seacoast of South China Sea (main shipping route). Plus the abundant supply of fish.

Hanoi is the capital of Vietnam, but its business and financial centre is located in Ho Chi Minh. Vietnam is building a very large project in HCM. The new metro line will serve commuters between luxury apartment complexes and the city's vibrant business centre. Other Vietnamese business/investment opportunities are around Hai Phong, Danang, Hue, Nha Trang, Vung Tau and Can Tho. Figure 5 shows the map of Vietnam.

Figure 5 Vietnam's map (see online version for colours)



4.4.2 Kenya

Kenya has a strategic location which is located on the border of the Indian Ocean; hence, Kenya is very suitable to be a production and distribution base to serve the Middle East,

Africa, South Asia, Europe and other Indian Ocean Islands. Kenya has an International Airport (Jomo Kenyatta) which serves as an effective air hub between Africa, Europe and Asia and also functions as those region's communication hub (Kenya National Convention Bureau, 2020).

Figure 6 Kenya's international air connection (see online version for colours)



Source: Airlineroutemaps (2024)

4.5 Vietnam and Kenya analysis (doing business)

4.5.1 Demographic dynamic

There are two general ratios used to determine whether a country has a demographic bonus. The first is to look at the ratio of the dependent age group (age > 15 and > 64) to the working age population (age 15–64 years). The results of this ratio indicate how many people must be maintained by working-aged people. The second is to look at the ratio of support, aged 15–64 years to the total population. If the support ratio rises, the level of dependency is lower; it will encourage investment and savings (Barker and Üngör, 2018)

Data from World Bank (2024a, 2024b) showed that Vietnam working population scores 70% from total population which is higher than Kenya which just has 57% working age from total population. On the other side, Kenya dependency ratio scores 76% from total working age which is higher than Vietnam (43% from total working age). This data showed that Vietnam has more benefit in demographic dynamic rather than Kenya; then, it will be a benefit for company to build its factory in Vietnam cause company will get many potential workers there.

4.5.2 GDP comparison

GDP is the market value of goods and services produced within a selected geographic area (usually a country) in a selected interval in time (often a year) (Leamer, 2008). GDP data can be a reference for company to determine which countries have better economic

growth so that they can support company's development if it establishes its branch there. In 2022, data From World Bank (2024c) showed that Vietnam has a GDP value of around USD 408.8 billion while Kenya lags far behind with only USD 113.42 billion. Therefore, it will give company a greater advantage if it chooses Vietnam for building its new factory.

4.5.3 Gross national income

GNI per capita – GNI is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad. GNI per capita is gross national income divided by mid-year population. GNI per capita in US dollars is converted using the World Bank Atlas method. In 2022, data from the World Bank (2024d) showed that Vietnam's GNI value (US\$4,010) is almost twice as high as Kenya's GNI value (US\$2,170). This GNI value is one thing that can be used as an indicator of the capability and quality of natural and human resources in a country in a certain period. The greater the national income of a country, the better and better quality its resources are.

4.5.4 Human development index

The HDI shows the level of development of a country in terms of its human capabilities such as health, knowledge, and a good standard of living (Human Development Report n.d.). The rank of Vietnam in HDI (rank 112) is higher than Kenya (rank 148) (United Nations Development Programme, 2024) which means that Vietnam's society has more capabilities than Kenyan, and it can be a reference for company to choose Vietnam as the country to build its new facility cause Vietnam will provide the better quality of human resources rather than Kenya.

4.5.5 Inflation

The rate of increase in the overall price of goods or an upsurge in the cost of living of an area is called inflation. Calculation of inflation is usually done every year (Oner, 2010). From the data obtained, Kenya's inflation rate (6.2%) is higher than Vietnam (3.6%) (IMF DataMapper, 2024).

4.5.6 Foreign direct investment

According to the IMF and OECD definitions, direct investment reflects the aim of obtaining a lasting interest by a resident entity of one economy (direct investor) in an enterprise that is resident in another economy (the direct investment enterprise). FDI is an integral part of an open and effective international economic system and a major catalyst to development (OECD, 1996). In CEIC Data (CEICDATA, 2024a, 2024b), Vietnam has USD 5,620 million for its FDI while Kenya just has USD 393.6 million on it.

4.5.7 Corruption rate comparison

Corruption has become a common thing in Kenya. In fact, there is the term 'buying tea' which has the implicit meaning of giving a certain amount of money so that one's needs

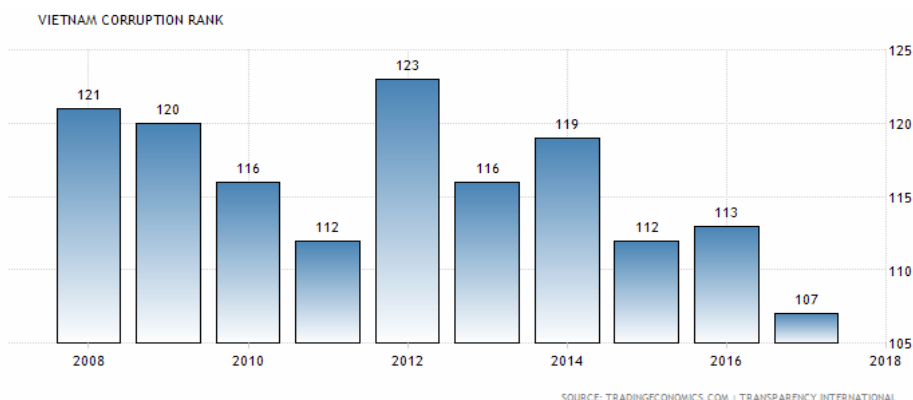
are processed quickly (Odaba, 2014). This has an impact on FDI (Odaba, 2014), especially if doing business with the USA which is in the top 16 of the country with the least corruption. Similarly, Corruption is also one of the problems in Vietnam. Recorded in 2012, 44% of incoming reports have committed bribery (Transparency International, 2011). There are three popular reasons for bribery in Vietnam; illegal state property approvals, money to accelerate basic service needs, and the sale of state power (Vasavakul, 2008). However, if we compare with Kenya, the corruption rate of Vietnam is lower than Kenya as showed in Figure 7.

Figure 7 Corruption rate comparison between Vietnam and Kenya (see online version for colours)



Source: Trading Economics (2018a, 2018b)

Figure 7 Corruption rate comparison between Vietnam and Kenya (continued) (see online version for colours)



Source: Trading Economics (2018a, 2018b)

4.5.8 Education

UNICEF revealed the education comparison between Kenya and Vietnam. The data showed that the literacy rate of Vietnam is extremely high which reached 97% while

Kenya just got 82%. It means that Vietnam has more educated society than Kenya (UNICEF, n.d.a, n.d.b)

5 Comparison summary

Based on the data offered in this report that effects on site selection for company to expand its business, Table 1 consists of several elements as a preference for the locality of the new company's facility whether in Kenya or Vietnam.

Table 1 Comparison summary

<i>No</i>	<i>Indicators</i>	<i>Kenya</i>	<i>Vietnam</i>
1	Language	✓ English (Muaka, 2011)	Vietnamese language (Nguyen, 2016)
2	Social structure	Hierarchy (Advameg Inc, 2018)	Hierarchy (Tan and Thinh, 2015)
3	Religion	Christianity 85.5% (majority) (IndexMundi, 2023b)	Catholic 6.1%; Buddhism 5.8% (majority) (IndexMundi, 2023a)
4	Political philosophy	-	Socialist
5	Economic philosophy	-	✓ Doi Moi (Riedel and Turley, 1999)
6	Education (literacy rate)	82%	✓ 97%
7	Power distance	70	70
8	Individualism	4	✓ 30
9	Masculinity	✓ 60	40
10	Uncertainty avoidance	✓ 50	30
11	Long term orientation	11	47
12	Indulgence	0	35
13	Geopolitics	Strategist	Strategist
14	Demographic dynamic		✓
	Working age	57%	70%
	Dependent ratio	76%	43%
		(The World Bank, 2024a, 2024b)	(The World Bank, 2024a, 2024b)
15	GDP	USD 113.42 bn (The World Bank, 2024c)	✓ USD 408.8 bn (The World Bank, 2024c)
16	GNI	USD 2,170 (The World Bank, 2024d)	✓ USD 4,010 (The World Bank 2024d)
17	Human development index	Rank 152 (United Nations Development Programme, 2023)	✓ Rank 115 (United Nations Development Programme, 2023)

Table 1 Comparison summary (continued)

No	Indicators	Kenya	Vietnam
18	Inflation	6.2% (International Monetary Fund, 2024)	✓ 3.6% (International Monetary Fund, 2024)
19	FDI	393.6 USD million in December 2022 (CEICDATA, 2024a, 2024b)	✓ 5,620 USD million in December 2022 (CEICDATA, 2024a, 2024b)
20	Corruption (less)	Rank 143 (Trading Economic, 2018a, 2018b)	✓ Rank 107 (Trading Economic, 2018a, 2018b)

6 Conclusions

As drawn from the above research on geo-political, cultural, economic, and internal factors affecting a company to expand its business, we can conclude that even with Kenya's greater ability of English language and its strategic location on the border of Indian Ocean, Vietnam exceeds far beyond in aspects such as economic stability, modernity and most other aspects compared as showed in Table 1; therefore, Vietnam becomes the preferred destination for company to expand its business.

References

- Aarathi, I., Scroggins, W.A. and Rozell, E.J. (2007) 'Managerial perspectives on emotional intelligence difference between Indian and the United States: the development of research propositions', *International Journal of Management*, Vol. 24, No. 3, pp.541–548.
- Advameg Inc (2018) *Countries and Their Culture: Kenya*, Advameg [online] <http://www.everyculture.com/Ja-Ma/Kenya.html#ixzz5NTyE6LLc> (accessed 31 July 2023).
- Airlineroutemaps (2024) *Kenya Airways* [online] https://www.airlineroutemaps.com/maps/Kenya_Airways (accessed 27 June 2024).
- Barker, T and Üngör, M. (2018) *Vietnam: The Next Asian Tiger?*, Discussion Papers, No. 1803, University of Otago Economics.
- Barker, T and Üngör, M. (2019) 'Vietnam: the next Asian tiger?', *The North American Journal of Economics and Finance*, Vol. 47, No. 1, pp.96–118.
- Barker, T and Üngör, M. (2019) 'Vietnam: the next Asian tiger?', *The North American Journal of Economics and Finance*, Vol. 47, No. 1, pp.96–118.
- Bogonko, S.N. (1992) *Reflections on Education in East Africa*, Oxford University Press, Nairobi.
- CEIC (2024a) *Kenya Foreign Direct Investment* [online] <https://www.ceicdata.com/en/indicator/kenya/foreign-direct-investment> (accessed 11 May 2024).
- CEIC (2024b) *Vietnam Foreign Direct Investment* [online] <https://www.ceicdata.com/en/indicator/vietnam/foreign-direct-investment> (accessed 11 May 2024).
- Cidral, W., Aparicio, M. and Oliveira, T. (2020) 'Students' long-term orientation role in e-learning success: a Brazilian study', *Heliyon*, Vol. 6, No. 12, DOI: 10.1016/j.heliyon.2020.e05735.
- Gateway Norway (2018) *Vietnam Geopolitics and Maps* [online] <http://gatewaynorway.no/vietnam/about-us/vietnam/> (accessed 31 July 2023).

- Guleid, M. (2018) *How Lack of Political Parties' Philosophy Fuels Culture of Corruption* [online] <https://www.standardmedia.co.ke/article/2001283143/how-lack-of-political-parties-philosophy-fuels-culture-of-corruption> (accessed 6 August 2023).
- Hancıoğlu, Y., Doğan, Ü.B. and Yıldırım, Ş.S. (2014) 'Relationship between uncertainty avoidance culture, entrepreneurial activity and economic development', *Procedia – Social and Behavioral Sciences*, Vol. 150, No. 1, pp.908–916.
- Hassan, L.M., Shiu, E. and Walsh, G. (2011) 'A multi-country assessment of the long-term orientation scale', *International Marketing Review*, Vol. 28, No. 1, pp.81–101, DOI: 10.1108/02651331111107116.
- Hierarchy Structure (2018) *Vietnam Social Hierarchy*, Hierarchy Structure [online] <https://www.hierarchystructure.com/vietnam-social-hierarchy/> (accessed 31 July 2023).
- Hofstede Insight (2023) *National Culture* [online] <https://www.hofstede-insights.com/models/national-culture/> (accessed 10 July 2023).
- Hofstede Insight (2024) *Country Comparison: Kenya vs Vietnam* [online] <https://www.hofstede-insights.com/country-comparison/kenya,vietnam/> (accessed 10 May 2024).
- Hofstede, G. (1984) *Culture's Consequences: International Differences in Work-Related Values*, Vol. 5, Sage, London.
- Hofstede, G. (1994) 'The business of international business is culture', *International Business Review*, Vol. 3, No. 1, pp.1–14, DOI: 10.1016/0969-5931(94)90011-6.
- Hofstede, G. (2001) *Culture's Consequences: Comparing Values, Behaviors, Institutions and Organizations across Nations*, Sage, USA.
- Hofstede, G. and Minkov, M. (2010) 'Long-versus short-term orientation: new perspectives', *Asia Pacific Business Review*, Vol. 16, No. 4, pp. 493–504, DOI: 10.1080/13602381003637609.
- Hofstede, G.H. (1997) *Cultures and Organizations: Software of the Mind*, 2nd ed., McGraw-Hill, New York.
- Huynh, D.T. (1987) *Introduction to Vietnam Culture*, Eric Clearinghouse, Washington.
- IndexMundi (2023a) *Vietnam Demographics Profile 2023* [online] https://www.indexmundi.com/vietnam/demographics_profile.html (accessed 31 July 2023).
- IndexMundi (2023b) *Kenya Demographics Profile 2023* [online] <https://www.indexmundi.com/kenya/religions.html> (accessed 31 July 2023).
- IndexMundi (2024a) *Vietnam Demographics Profile 2024* [online] https://www.indexmundi.com/vietnam/demographics_profile.html (accessed 28 June 2024).
- IndexMundi (2024b) *Kenya Demographics Profile 2024* [online] <https://www.indexmundi.com/kenya/religions.html> (accessed 28 June 2024).
- International Monetary Fund (2024) *Inflation Rate, End of Period Consumer Prices* [online] <http://www.imf.org/external/datamapper/PCPIEPCH@WEO/WEOWORLD/KEN/VNM> (accessed 11 May 2024).
- International Monetary Fund (2024) *Inflation Rate, End of Period Consumer Prices* [online] <http://www.imf.org/external/datamapper/PCPIEPCH@WEO/WEOWORLD/KEN/VNM> (accessed 11 May 2024).
- Juhasz, I. (2014) 'The workforce in Indian organizations: An analysis based upon the dimensions of Hofstede's model', *Economics Questions, Issues and Problems*, Vol. 7, No. 1, pp.38–45.
- Kara, A. (2014) *Linking Institutional, Economic, Technological and Cultural Context to Entrepreneurship in Regions of Europe*, PhD diss., Florida Atlantic University.
- Kenya National Convention Bureau (2020) *Why Choose Us* [online] <https://meetinkenya.go.ke/why-choose-us/> (accessed 28 June 2024).
- Khan, T., Pitts, M. and Williams, M.A. (2016) 'Cross-cultural differences in automotive HMI design: a comparative study between UK and Indian users' design preferences', *Journal of Usability Studies*, Vol. 11, No. 2, pp.45–65.

- Le, V.H. (2014) 'Recognizing traditional collective identity for improving the quality of learning in Vietnamese higher education', *International Journal of Research In Social Sciences*, Vol. 4, No. 8, pp. 2307-227X.
- Leamer, E.E. (2008) *Macroeconomic Patterns and Stories*, Springer Science & Business Media.
- Lukes, S.M. (2024) 'Individualism', *Encyclopedia Britannica*, 25 May 2024 [online] <https://www.britannica.com/topic/individualism> (accessed 27 June 2024).
- Maina, F. (2003) *Integrating Cultural Values into the Curriculum for Kenyan Schools*, The Educational Resources Information Center (ERIC), New York.
- Muaka, L. (2011) 'Language perceptions and identity among Kenyan speakers', in *Selected Proceedings of the 40th Annual Conference on African Linguistics*, Cascadilla Proceedings Project, Somerville, MA, November, pp.217–230.
- Muaka, L. (2011) 'Language perceptions and identity among Kenyan speakers', in *Selected Proceedings of the 40th annual conference on African Linguistics*, Cascadilla Proceedings Project, Somerville, MA, November, pp.217–230.
- Nadiyah, K., Vojisavljevic, V. and Amar, K. (2020) 'International joint venture (IJV) in emerging economies: Case study of automotive industry', *IOP Conference Series: Materials Science and Engineering*, Vol. 885, No. 1.
- Nghia, P.D. (2005) 'Confucianism and the conception of the law in Vietnam', *Asian Socialism and Legal Change: The Dynamics of Vietnamese and Chinese Reform*, pp.76–90, ANU E Press and Asia Pacific Press, Canberra.
- Nguyen, K. (2016) 'Daily deference rituals and social hierarchy in Vietnam', *Asian Social Science*, Vol. 12, No. 5, p.33.
- O'Neill, J., Wilson, D., Purushothaman, R. and Stupnytska, A. (2005) *How Solid are the BRICs*, Global Economics, Paper No. 134.
- Odaba, E. (2014) *Challenges of Doing Business in Kenya from a Finnish Perceptive*, Bachelor Thesis, Turku University of Applied Science.
- Odaba, E. (2014) *Challenges of Doing Business in Kenya from a Finnish Perceptive*, Bachelor Thesis, Turku University of Applied Science.
- Oner, C. (2010) *What Is Inflation?*, Finance and Development, IMF, Washington DC.
- Organisation for Economic Cooperation and Development (OECD) (1996) *Benchmark Definition of Foreign Direct Investment*, 3rd ed., Paris.
- PricewaterhouseCoopers (2015) *The World in 2050: Will the Shift in Global Economic Power Continue?*, PwC [online] <https://www.pwc.com/gx/en/issues/the-economy/assets/world-in-2050-february-2015.pdf> (accessed 27 June 2024).
- Riedel, J and Turley, W. (1999) *The Politics and Economics of Transition to an Open Market Economy in Viet Nam*, No. 152, OECD.
- Saboori, F., and Pishghadam, R. (2016) 'English language teachers' burnout within the cultural dimensions framework', *The Asia-Pacific Education Researcher*, Vol. 25, No. 4, pp.677–687, DOI: 10.1007/s40299-016-0297-y.
- Shiundu, J.S. and Omulando, S.J. (1992) *Curriculum: Theory and Practice in Kenya*, Oxford University Press, Nairobi.
- Soares, A.M., Farhangmehr, M. and Shoham, A. (2007) 'Hofstede's dimensions of culture in international marketing studies', *Journal of Business Research*, Vol. 60, No. 3, pp.277–284, DOI: 10.1016/j.jbusres.2006.10.018.
- Socialist Republic of Vietnam (2002) *The comprehensive Poverty Reduction and Growth Strategy*, Socialist Republic of Vietnam, Hanoi.
- Tan, N.D. and Thinh, H.B. (2015) 'Social stratification in Vietnam (survey through several provinces and cities)', *International Journal of Humanities Social Sciences and Education (IJHSSE)*, Vol. 2, No. 9, pp.8–15.

- The World Bank (2024a) *Age Dependency Ratio (% of Working-Age Population): Kenya VS Vietnam* [online] <https://data.worldbank.org/indicator/SP.POP.DPND?locations=KE-VN> (accessed 11 May 2024).
- The World Bank (2024b) *Population Ages 15–64 (% of total): Kenya VS Vietnam* [online] <https://data.worldbank.org/indicator/SP.POP.1564.TO.ZS?locations=KE-VN&view=chart> (accessed 11 May 2024).
- The World Bank (2024c) *GDP (Current US\$): Kenya VS Vietnam* [online] https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?contextual=default&locations=VN-KE&name_desc=true (accessed 14 May 2024).
- The World Bank (2024d) *GNI per Capita, Atlas Method (Current US\$)* [online] <https://data.worldbank.org/indicator/NY.GNP.PCAP.CD?locations=KE-VN> (accessed 14 May 2024).
- Thuc, N.D. (1967) *History of Vietnam's Ideology*, Ministry of Education, Saigon.
- Trading Economics (2024a) *Vietnam Corruption Rank* [online] <https://tradingeconomics.com/vietnam/corruption-rank> (accessed 27 June 2024).
- Trading Economics (2024b) *Kenya Corruption Rank* [online] <https://tradingeconomics.com/kenya/corruption-rank> (accessed 27 June 2024).
- Transparency International (2011) *Global Corruption Barometer 2010/2011*, Report.
- Truong, D.T. (2013) *Confucian values and school leadership in Vietnam*, Doctor of Philosophy, Victoria University of Wellington, New Zealand [online] <http://researcharchive.vuw.ac.nz/xmlui/bitstream/handle/10063/2774/thesis.pdf?sequence=2> (accessed 27 June 2024).
- Tylor, E.B (1871) *Primitive Culture*, Murray, London.
- United Nations Development Programme (2023) *Human Development Index (HDI)* [online] <https://hdr.undp.org/data-center/country-insights#/ranks> (accessed 5 August 2023).
- United Nations Development Programme (2024) *Human Development Insight* [online] <https://hdr.undp.org/data-center/country-insights#/ranks> (accessed 27 June 2024).
- US Department of State (2011) *Vietnam* [online] <https://2009-2017.state.gov/documents/organization/186531.pdf> (accessed 06 August 2024).
- US Department of State (2023) *US Relations with Kenya* [online] <https://www.state.gov/u-s-relations-with-kenya/> (accessed 29 June 2024).
- Vasavakul, T. (2008) *Recrafting State Identity: Corruption and Anti-Corruption in Vietnamese State: Implications for Vietnam and the Region*, 21–22 August, Discussion paper, Vietnam Workshop, City University of Hong Kong.
- Vojisavljevic, V. (2018) 'The cultural environment', *Class Material on International Engineering Management Course*, Royal Melbourne Institute of Technology.