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# Steward Leadership: Perspectives from Vietnam

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Developed by Stewardship Asia Centre

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## Introduction

On 11 June 2016, Stewardship Asia Centre in partnership with the Business School of the National Economics University of Vietnam organised a forum on “Leadership and Stewardship: Leading the way to successful businesses” in Hanoi. This paper summarises the key takeaways from the discussion.

Over the last five years, Vietnam’s GDP growth has topped all the ASEAN countries, attributable largely to strong exports, high levels of foreign direct investment, and a young, educated and cosmopolitan population that can operate effectively in both domestic and international markets. This success has brought with it the need for enhanced corporate governance and good business leadership, both of which will determine how well Vietnam’s businesses will grow regionally and internationally over the long term.

## Leadership and stewardship

The concept of stewardship has been present in many Asian cultures for a long time, but is difficult to discuss as no direct definition exists in most Asian languages. In Vietnamese business culture, the analogue for good stewardship is good leadership, and business leaders are considered extremely important in guiding an organisation’s direction. An analogy raised at the Hanoi forum is: “A ship without a captain may have a very strong crew, but without a good captain to guide it in the right direction, it will surely sink.”

Hence, from the Vietnamese cultural perspective, the long-term success of a company is closely related to good leadership. Business leaders have the responsibility to lead with a positive impact, and their sense of personal responsibility is key and to be clearly emphasised. They are steward-leaders, reflecting leadership, and ownership values, and they set a consistent example for those following them. In this way, they give others the confidence to trust that the company will be successful.

However, business leaders who wish to learn about best practices, including governance, succession planning and sustainable operations for their companies, often face difficulties in finding suitable role models and relevant local case studies. In many ways, the current business leaders, including entrepreneurs, may be considered a pioneer generation of business leaders in an economy that is still adjusting to its transition from a central planning model. As such, they have to exercise significant self-reliance and carry out an internal search for suitable role models.

### **Types of leadership**

Two key types of leadership were discussed at the forum: servant leadership and steward leadership. Both are related and in fact carry overlapping characteristics.

Servant leadership requires leaders to overcome their own interests and/or benefits in order to meet the expectations of others. These expectations fall into four main categories: identifying and correctly placing talent, creating trust between leaders at various levels, listening well to feedback and other input, and driving employee involvement and engagement.

Steward leadership requires leaders to take responsibility, and to step back and allow employees and/or lower level managers to take on responsibilities. This includes giving employees at all levels the opportunity to learn and develop, and making the work environment equitable for employees at all levels.

### **Moving from governance to stewardship**

The business environment in Vietnam has evolved significantly and rapidly in recent years. With the introduction of a formal legal framework for corporate governance in 2005, and subsequent regulations and guidance that have refined the Corporate Governance (CG) structure, businesses now have a reasonably good grasp of compliance. However, they tend to lack a complete understanding of why corporate governance is necessary to begin with, and often associate it purely with compliance.

Similarly, Vietnam has seen a considerable increase in the number of business schools and business courses available throughout the country. Business schools were, in fact, the first to approach the topics of governance and some related concepts on stewardship. However, while many entrepreneurs and established business leaders are well educated on the theories behind governance models, they still lack experience in the actual implementation and application of these models. One complaint by practitioners and industry observers is that many business theories and practices are not easily relatable because they focus on business, not on people.

It is critical to adopt a more people-centric approach to business, one that makes business models and theories more relatable and practical. This approach should go beyond compliance and help business leaders to relate governance more closely to their values and culture. Most importantly, it should also help them gain a better understanding of why, and how, they can operate in a way that will gain the goodwill of their business partners, investors, customers, and other stakeholders. In gist, this approach would be stewardship.

### **The next step**

Stewardship resonates deeply with Vietnamese culture. The fundamental stewardship tenet of passing on or returning what you have been given, in better condition than you received it, is well illustrated by the familiar Vietnamese proverb “receive a plum, return a peach”.

Two other key stewardship concepts that are especially applicable to the Vietnamese business environment are: involving all stakeholders in the economy, and decentralising leadership, particularly involving the younger generation.

Stakeholder involvement in the economy requires businesses to recognise and engage all their stakeholders, not just shareholders. These stakeholders include employees, customers, business partners, suppliers, and indeed the communities in which the business operates. The business should take them into consideration when making its decisions, and even offer them the opportunity to have a say in those decisions that will potentially affect them.

Decentralised leadership, similarly, requires everyone in an organisation, not just the top leaders, to establish and foster stewardship values on a personal level. These values include responsibility for one's own conduct and performance, flexibility and willingness to embrace change, and a sense of solidarity with the rest of the community.

To achieve these stewardship goals, businesses, operating within the larger community, need to do their part to build social cohesion, encourage the development and teaching of relevant knowledge and desirable values, and foster a sense of confidence within the population, especially the younger generation who may have recently entered the workforce or still be studying.

By encouraging each individual to become a leader in their own way and in their own right, and to contribute to the community, a common basis of stewardship can be formed to advance the well-being of the community and the economy as a whole. This resonates well with Vietnamese culture and the aspirations of the Vietnamese business community.