

Cultural Diplomacy And Its Economic Impact: National Cultural Promotion Drives Vietnamese Product Competitiveness In The International Market

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Abstract: *In the context of increasing globalization and international competition, nations are increasingly leveraging culture as a strategic tool to enhance their global influence and economic presence. This study examines the role of cultural diplomacy in strengthening the international competitiveness of Vietnamese products through national branding. Survey data from 297 domestic and international respondents were analyzed to assess the effects of International Cultural Promotion Programs, Foreign Cultural Centers, and International Cultural Festivals on National Branding, and their subsequent impact on Product Competitiveness. Structural equation modeling results indicate that cultural promotion programs and foreign cultural centers significantly enhance national branding, which in turn improves product competitiveness, while international cultural festivals present a more complex, context-dependent effect. The findings underscore the strategic importance of cultural diplomacy as a driver of both soft power and tangible economic outcomes, offering actionable insights for policymakers and businesses seeking to elevate Vietnam's global market presence.*

Keywords: Cultural diplomacy, international market, national branding, national cultural promotion, product competitiveness.

1. INTRODUCTION

In the contemporary era of globalization, international relations have undergone a profound transformation characterized by increasing interdependence among nations. The post-Cold War period marked a shift from ideological confrontation toward a global context of cooperation, development, and peace. In this evolving environment, the limitations of hard power which is rooted in military and economic coercion, have become evident, giving rise to the growing relevance of soft power. As Qin (2016) asserts, soft power refers to a country's ability to influence others through attraction rather than coercion or payment, deriving primarily from its culture, political values, and foreign policies when they are perceived as legitimate and morally authoritative. Within this theoretical framework, cultural diplomacy has emerged as one of the most strategic dimensions of modern international engagement. As a subset of public diplomacy, it utilizes cultural exchange, artistic expression, and heritage promotion to enhance mutual understanding and foster long-term cooperation between nations (Cull, 2009). Beyond its political and social functions, cultural diplomacy increasingly serves as an economic catalyst, linking national identity to competitiveness in the global marketplace. From a Liberalist standpoint, the rise of cultural diplomacy reflects the diffusion of power among individuals, communities, and non-state actors, emphasizing cooperation and mutual benefit rather than confrontation. In this view, cultural diplomacy creates transnational linkages that not only strengthen state-to-state relations but also facilitate trade, tourism, and investment

flows, effectively transforming cultural capital into economic value.

For Vietnam, cultural diplomacy has become a pivotal component of its comprehensive foreign policy and national development strategy. Rooted in a diverse cultural heritage and a resilient historical identity, Vietnam recognizes culture as both a source of soft power and an instrument for economic advancement. In recent years, the government has systematically incorporated cultural promotion into external relations through traditional arts, festivals, cuisine, literature, and the preservation of historical sites, thereby constructing a coherent national image on the international stage. As Nam & Cuong (2025) observes, Vietnam's evolving soft power strategy has paralleled its active participation in multilateral frameworks such as ASEAN and the United Nations, reflecting a growing awareness of culture's role in diplomacy and development. The country's cultural diplomacy initiatives ranging from "Vietnam Days Abroad" to international exhibitions and cultural festivals serve not only to enhance political visibility but also to reinforce the competitiveness of Vietnamese products in global markets. Through the symbolic association of national identity with product value exemplified by cultural icons like the Ao dai, traditional crafts and Vietnamese cuisine, Vietnam aims to construct a distinctive national brand that appeals to global consumers and investors. This integration of cultural diplomacy with economic objectives underscores the transition from culture as a representational tool to culture as an economic asset capable of stimulating trade, tourism, and foreign investment.

However, despite these efforts, the effectiveness of Vietnam's cultural diplomacy in generating measurable economic impact remains underexplored. Most existing studies tend to describe diplomatic activities rather than analyze their tangible contributions to export performance, brand recognition, or market expansion. The absence of systematic evaluation limits understanding of how cultural diplomacy can concretely enhance the competitiveness of Vietnamese products within the increasingly culture-driven global economy. Addressing this research gap is therefore both timely and necessary. Taylor (2006) emphasized that as international competition increasingly hinges on cultural distinctiveness and brand identity, the economic implications of cultural diplomacy deserve rigorous academic attention.

The objective of this study is to examine how national cultural diplomacy through international cultural promotion programs, foreign cultural centers, and international cultural festivals which enhances the competitiveness of Vietnamese products in global markets. It also aims to analyze the mediating role of nation branding and the moderating effect of cultural integration in this relationship. The study is divided into 5 parts including (1) Introduction; (2) Conceptual framework and research model; (3) Methodology; (4) Results and discussion; and (5) Implications and conclusion.

2. CONCEPTUAL FRAMEWORK AND RESEARCH MODEL

2.1 Cultural diplomacy and its determinants

Cultural diplomacy has become a strategic instrument through which nations project cultural values, enhance international visibility, and cultivate long-term economic and political advantages. As illustrated in previous scholarship, cultural diplomacy functions most effectively when integrated into broader foreign policy objectives and national branding strategies (Schreiber, 2017). The experience of countries that have systematically embedded culture into diplomacy demonstrates that cultural diplomacy not only shapes external perceptions but also contributes to competitiveness by associating national products with positive, distinctive cultural narratives.

For Vietnam, which aims to strengthen its position in global value chains, cultural diplomacy serves as a non-coercive mechanism to enhance international recognition and build trust in Vietnamese goods. Similar to how Poland's cultural institutions worked toward long-term brand building (Zielińska, 2014), Vietnam's emerging cultural diplomacy ecosystem requires coherent strategies, multi-actor participation, and sustained investments in cultural assets to elevate the national image and differentiate Vietnamese products in increasingly competitive markets. Past lessons show that developing a strong and recognizable national brand is a complex and long-term mission, especially for countries whose global visibility remains limited or fragmented.

Assessments from various global indexes illustrate how cultural attributes contribute significantly to national presence

and influence. The inclusion of cultural components in the Anholt-Roper Nation Brand Index, the Country Brand Index, and the Elcano Global Presence Index underscores the extent to which culture shapes international reputation and soft-power positioning (Olivié & Molina, 2011). These findings imply that Vietnam's cultural diplomacy must be strategically aligned with national branding objectives to translate cultural visibility into broader economic gains. Moreover, survey-based evidence consistently shows that culture often emerges as a dominant association shaping perceptions of national identity (Walas, 2008), suggesting that cultural narratives are powerful anchors for consumer trust and product acceptance across borders.

In evaluating determinants of cultural diplomacy, previous research highlights the importance of institutional capacity, policy coordination, and organisational coherence. Similar to Poland's multilayered cultural diplomacy system spanning ministries, cultural institutes, and specialized agencies (Council of Ministers, 2013), Vietnam's effectiveness increasingly depends on inter-institutional collaboration, clarity of mandates, and the ability to implement integrated campaigns that combine cultural promotion with trade and investment goals. Cultural diplomacy institutions that function as multi-sectoral platforms, such as the Adam Mickiewicz Institute demonstrate that success hinges on not only cultural expertise but also strategic communication, project management, and global partnerships (Ang et al., 2018).

Effective cultural diplomacy is fundamentally shaped by three interrelated determinants that underpin its capacity to generate both soft-power influence and economic outcomes. Firstly, institutional coordination and strategic governance play a decisive role in ensuring that cultural diplomacy activities are aligned with coherent national strategies, supported by long-term policy continuity, and implemented through coordinated actions across ministries, diplomatic missions, and cultural organisations, which is an approach that has been shown to strengthen global cultural presence in countries with centralised and structured systems (Schreiber, 2017). Secondly, the effectiveness of cultural diplomacy depends heavily on cultural asset strength and the development of creative industries, as the depth, diversity, and international relevance of cultural resources ranging from heritage and performing arts to cuisine, craftsmanship, and creative sectors, may determine how convincingly a nation can engage global audiences and embed cultural identity into the perceived value of its products (Zenderowski & Krycki, 2014). Thirdly, global visibility, nation branding, and soft-power integration constitute essential determinants, as cultural diplomacy generates tangible economic benefits only when cultural narratives are embedded within national branding strategies and communicated consistently across global markets. Evidence from international perception indexes underscores that cultural dimensions significantly influence how foreign publics evaluate national identity and attractiveness, reinforcing the need for sustained, multi-market cultural communication campaigns.

2.2 Product competitiveness

With the deepening of global economic integration, the concept of competitiveness has become central in both economic discourse and corporate strategy. At the national level, competitiveness is widely associated with productivity, as emphasized by Hodgson (2002), who asserts that the only meaningful concept of competitiveness at the national level is productivity. This perspective is reinforced by major international assessments. The World Economic Forum's Global Competitiveness Report defines competitiveness as the set of institutions, policies, and factors that determine the level of productivity of a country, while the IMD World Competitiveness Yearbook adopts a broader view, describing competitiveness as the manner in which an economy manages its resources and competencies to enhance the prosperity of its population.

At the enterprise level, competitiveness is strongly shaped by the competitiveness of products offered in the market. Product competitiveness refers to the ability of a product to satisfy consumer needs more effectively than competing alternatives, and its assessment involves identifying relevant criteria, determining the actual values of those indicators, and comparing them with benchmark products (Rodina et al., 2019). Thus, a company's overall competitiveness is a composite outcome reflecting its ability to adapt quickly to changing market conditions, with product competitiveness constituting a foundational element. Generally, product competitiveness may be defined as a combination of qualitative and price characteristics that reflect economic efficiency in meeting consumer needs under competitive market conditions, relative to similar goods available in the market. According to Dzwigol (2011), company competitiveness embodies a complex characteristic derived from performance indicators that determine a firm's success in a given market over a specified period, relative to competitors.

Methods for assessing product competitiveness vary widely and may be qualitative or quantitative depending on the nature of available information. They may also be structured through matrix-based, graphic, or indicator-driven evaluation approaches. The difficulty of measuring competitiveness stems from the fact that a product is essentially a bundle of design information, and consumers evaluate this information based on individual expectations and satisfaction. As Chupyk (2006) noted the competitiveness is the persuasive power of this informational bundle, assessed at various levels, including the product, brand, business, and industry. While quantitative methods are often more objective, many product characteristics cannot be adequately captured numerically, necessitating the use of qualitative assessment, especially when evaluating complex, experience-based attributes.

In the broader context of globalization, competitiveness is influenced by an expanding range of factors, raising the need for composite indicators that can systematically capture these multidimensional influences. Perehuda (2024) highlights several traditional approaches to competitiveness assessment

including ranking methods, sales-volume analysis, differential and complex methods, and mixed methods, each aiming to provide a structured evaluation of product performance. In most analyses, product price and quality remain the primary determinants of competitiveness. Price reflects the monetary expression of value, while quality encompasses the properties and characteristics that determine a product's ability to satisfy specific consumer or production needs. Thus, the core basis of product competitiveness lies in balancing consumer parameters and price. When multiple products serve the same purpose, the most competitive option is the one that delivers the greatest value relative to consumption cost.

Beyond these commodity-based factors, non-commodity elements such as advertising, corporate reputation, and brand prestige also play a critical role. Chygryn (2020) argue that the marketing environment such as company image, advertising strength, and trademark prestige should be incorporated into competitiveness assessment. Accordingly, the popularity of the trademark emerges as an important indicator that significantly affects product competitiveness even when price and consumer parameters remain constant. Managing product competitiveness therefore requires optimizing the relationship among three core parameters: improving product quality, reducing production costs, and enhancing brand popularity.

2.3 The landscape of cultural diplomacy and Vietnamese product competitiveness in the international market

Research on Vietnam's cultural diplomacy has increasingly highlighted the strategic role of culture in advancing both national influence and economic interests. Early assessments were provided by Ha (2022) in *Vietnamese Cultural Diplomacy: An Emerging Strategy*, where the authors underscore that Vietnam has actively utilized cultural diplomacy to stimulate economic development and strengthen political mechanisms through mutual understanding and cultural exchange. Their analysis reveals that Vietnam's cultural diplomacy operates partly within a Neo-realist logic, as policymakers employ cultural engagement not only to enhance international cooperation but also to support broader power-balancing strategies aimed at mitigating the dominance of major powers and maintaining regional stability (Donnelly, 2000). This positioning demonstrates that cultural diplomacy while rooted in mutuality and dialogue also functions as a strategic instrument that protects national autonomy and reinforces Vietnam's standing in global markets.

Complementary perspectives have been offered by Vietnamese scholars who examined Vietnam-India cultural diplomacy through the lens of public diplomacy. Their research highlights key cultural diplomacy initiatives between the two countries and argues that cultural exchange operates as a catalytic tool for deepening bilateral cooperation across multiple domains, including economic relations (Nga & Quang, 2021). By situating cultural diplomacy within a broader public diplomacy framework, their work emphasizes that cultural initiatives contribute to national visibility and

trust-building, which are factors essential for enhancing the competitiveness of Vietnamese products abroad.

Within the economic domain, cultural diplomacy has emerged as a critical means of enhancing the international competitiveness of Vietnamese products, especially as global consumer preferences increasingly value authenticity, cultural embeddedness, and symbolic meaning. The growing recognition of culture as an economic asset mirrors global trends where countries leverage cultural narratives to distinguish national products in crowded markets. Vietnam's cultural diplomacy initiatives such as "Vietnam Days Abroad," culinary festivals, handicraft showcases, film weeks, and collaborative cultural exhibitions, may contribute to constructing a coherent national image that elevates product appeal. Traditional cultural symbols like the Ao dai, lacquerware, conical hats, heritage-linked commodities such as craft village products, silk, ceramics, and cuisine-associated goods like coffee, fish sauce, spices, serve not only as export items but as carriers of national identity that reinforce brand authenticity in global markets.

Growing academic attention has thus turned to the role of cultural factors in shaping export performance. Studies on nation branding suggest that cultural diplomacy helps embed national narratives into the perceived value of products, enhancing consumer trust, product differentiation, and market access. This is particularly significant for Vietnam, whose export structure increasingly shifts toward higher-value sectors where branding and cultural significance matter as much as price and quality. Cultural diplomacy also supports Vietnamese enterprises by building reputational capital, improving brand recall, and promoting cultural familiarity, which are the factors shown to influence consumer willingness to engage with foreign products.

2.4 The relationship between cultural diplomacy, national branding and product competitiveness

The growing centrality of culture in international relations has reshaped how states cultivate influence and project identity in the global arena. As Huntington (1993) argued, cultural differentiation has increasingly emerged as a determining factor in post-Cold War global interactions, making cultural engagement a strategic foreign policy tool rather than a purely symbolic activity. In this context, cultural diplomacy contributes to shaping perceptions of national identity and strengthening soft power, enabling states to foster trust, familiarity, and attractiveness among foreign publics (Cull, 2009; Qin, 2016).

According to Grincheva (2021), cultural diplomacy functions as a long-term mechanism for building cultural resonance, generating emotional connections, and enhancing the symbolic credibility of a nation abroad. These cultural interactions lay the cognitive and affective foundations of nation branding, aligning with Papaioannou's (2022) assertion that cultural diplomacy and nation branding are mutually reinforcing processes aimed at shaping international

perceptions. International cultural promotion programs such as exhibitions, cultural weeks, artistic performances, and educational exchanges, serve as direct channels through which national culture is communicated. These programs increase cultural visibility and recognition, supporting the construction of a coherent national image (Shultz, 1997; Nga & Quang, 2021). Foreign cultural centers institutionalize cultural diplomacy by providing long-term, structured platforms for cultural outreach abroad. Their stable presence enhances cultural familiarity and strengthens the authenticity and continuity necessary for nation branding efforts (Ang et al., 2018). Similarly, international cultural festivals function as impactful arenas for showcasing artistic heritage and national identity to diverse audiences. Festivals help generate positive associations and symbolic meaning, reinforcing the emotional dimension of nation branding (Földes, 2013; Papaioannou, 2022). From above arguments, the following hypotheses are proposed:

H1: International cultural promotion program has a significant effect on national branding.

H2: Foreign cultural centers have a significant effect on national branding.

H3: International cultural festivals have a significant effect on national branding.

Nation branding plays a crucial economic role by shaping perceptions of product quality, trustworthiness, and authenticity. The literature suggests that a strong nation image contributes to consumer confidence, influences purchasing preferences, and enhances the competitiveness of national products (Földes, 2013; Mammadova & Abdullayev, 2025). Through the integration of cultural narratives, national branding differentiates products in competitive markets by linking them with heritage, craftsmanship, and cultural significance. As Nam & Cuong (2025) emphasize, cultural-based soft power initiatives can elevate the symbolic capital of a nation, enhancing both political visibility and economic attractiveness. This aligns with Taylor's (2006) argument that cultural diplomacy when effectively translated into national branding, improves a nation's credibility and moral authority, which can positively shape global consumer perceptions. A favorable national brand thus enhances product acceptance, increases perceived quality, and strengthens competitiveness in foreign markets. From above arguments, the following hypothesis is proposed:

H4: National branding has a significant effect on product competitiveness.

The effectiveness of national branding on product competitiveness is contingent upon the extent to which foreign audiences are culturally integrated with the nation in question. Cultural integration understood as cultural familiarity, openness, and shared understanding, reduces cultural distance and increases the receptiveness of branding messages (Trung & Van, 2020). According to Grincheva (2021), cultural engagement fosters an environment in which cultural products

and narratives are more easily interpreted and valued. When cultural integration is high, consumers are more capable of understanding symbolic meanings and are more likely to perceive products associated with that culture positively. In contrast, when cultural integration is limited, branding messages may be less effective, and the symbolic value embedded in the national brand may not fully translate into product competitiveness. Thus, cultural integration functions as a moderating variable strengthening or weakening the influence of national branding on product performance abroad. From above arguments, the following hypothesis is proposed:

H5: Cultural integration significantly moderates the relationship between national branding and product competitiveness.

2.5 The mediating role of national branding

Cultural integration has become an essential component in understanding how cultural diplomacy initiatives translate into economic outcomes, particularly in the case of Vietnam's efforts to enhance the global competitiveness of its products. Prior studies highlight that when cultural messages are consistently communicated and effectively absorbed by foreign audiences, they create a stronger foundation for cross cultural understanding, trust building, and long term engagement (Grincheva, 2021). This integration process allows international stakeholders to interpret national culture in ways that align with their own cultural frames, thereby increasing receptiveness toward the country's cultural identity as well as its commercial offerings.

Building on this idea, Trung & Van (2020) emphasize that cultural integration reinforces the coherence and authenticity of a nation's cultural narrative. For Vietnam, whose cultural diplomacy emphasizes heritage, cuisine, arts, and traditional values, cultural integration ensures that these narratives are not only visible abroad but also meaningfully connected to the perceptions and experiences of foreign consumers. When such alignment is achieved, National Branding becomes more credible and compelling, strengthening perceptions of Vietnam as a culturally rich, trustworthy, and distinctive nation. A strong national brand does more than shape image, it influences economic behavior. Research consistently shows that when consumers in international markets hold favorable perceptions of a country, they are more willing to trust, evaluate positively, and purchase its products. For Vietnam, this means that cultural diplomacy initiatives, such as international cultural promotion programs, foreign cultural centers, and cultural festivals, do not directly affect product competitiveness only through exposure. Instead, their economic influence largely occurs through the mediating role of National Branding, which serves as the bridge connecting cultural engagement to market outcomes. In other words, cultural diplomacy enhances Vietnam's global cultural presence, National Branding translates that presence into a recognizable and appealing identity, and this identity ultimately drives the competitiveness of Vietnamese products in international markets. This logic is consistent with prior

research, which affirms that cultural promotion strengthens product acceptance by embedding cultural familiarity and symbolic value into consumer perception. From above arguments, the following hypotheses are proposed:

H6a: National branding significantly mediates the relationship between international cultural promotion programs and product competitiveness.

H6b: National branding significantly mediates the relationship between foreign cultural centers and product competitiveness.

H6c: National branding significantly mediates the relationship between international cultural festivals and product competitiveness.

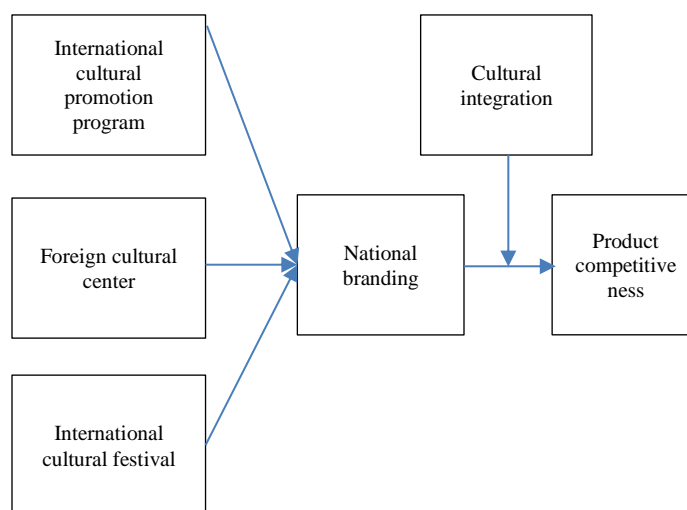


Figure 1: Research model

3. METHODOLOGY

3.1 Measurement instrument and questionnaire design

The measurement instruments in this study were developed to assess key constructs related to cultural diplomacy and its economic impact, focusing on how national cultural promotion drives the international competitiveness of Vietnamese products. All items were measured on a five-point Likert scale from 1 ("strongly disagree") to 5 ("strongly agree").

International Cultural Promotion Program (ICP) was measured with 4 items adapted from Nam & Cuong (2025). Foreign Cultural Centers (FCC) were measured with 4 items from Mammadova & Abdullayev (2025). International Cultural Festivals (ICF) were measured with 3 items based on Papaioannou (2022). The mediating variable, National Branding (NB), was measured with 5 items from Papaioannou (2022). Product Competitiveness (PC) was measured with 5 items adapted from Mammadova & Abdullayev (2025). Cultural Integration (CI), the moderating variable, was measured with 4 items adapted from Grincheva (2021) and

Trung & Van (2020). The instrument was pre-tested and reviewed by experts to ensure clarity, cultural appropriateness, and validity, making it suitable for use with stakeholders involved in promoting Vietnamese culture internationally.

3.2 Sample and data collection

This study surveyed domestic and international consumers and partners to investigate the impact of cultural diplomacy on national branding and the international competitiveness of Vietnamese products. A total of 297 respondents participated, selected using a stratified sampling approach to ensure diversity across key demographic characteristics. The sample included both male and female participants, covering a broad spectrum of gender distribution. Age groups ranged from individuals under 18 years, young adults aged 18–25, adults aged 25–35 and 35–50, to older participants above 50 years, capturing differences in exposure to cultural experiences, international awareness, and consumption behavior.

Education levels varied among respondents, with some having completed high school or below, others holding college or bachelor's degrees, and a smaller portion possessing postgraduate qualifications. Occupations included students, private sector employees, government or public sector staff, self-employed individuals or entrepreneurs, and other professions, reflecting a range of professional backgrounds and engagement with cultural or trade activities. Nationality and location were also considered, encompassing both domestic participants from Vietnam and international participants to reflect the global dimension of cultural diplomacy initiatives. Data collection was conducted through structured questionnaires administered online and in-person. By integrating these demographic factors with perceptions of cultural diplomacy and product competitiveness, the study provides a comprehensive understanding of how individual characteristics influence the effectiveness of cultural initiatives and their economic impact on Vietnamese products in international markets.

Data were analyzed using a structured quantitative approach. The dataset was screened for missing values, outliers, and normality, followed by descriptive statistics to summarize respondent characteristics. Reliability and validity of all measurement constructs were assessed through Cronbach's Alpha, Composite Reliability (CR), Average Variance Extracted (AVE), and discriminant validity criteria. Next, the relationships in the research model were tested using Structural Equation Modeling (SEM). This included examining the direct effects of cultural diplomacy components (ICP, FCC, ICF) on National Branding, the impact of National Branding on Product Competitiveness, and the moderating effect of Cultural Integration. Model fit indices were evaluated to ensure adequacy before interpreting results.

4. RESULTS AND DISCUSSION

4.1 Demographics of respondents

The sample for this study consisted of 297 respondents, providing a diverse and representative group for examining the role of cultural diplomacy in enhancing the international competitiveness of Vietnamese products. In terms of gender, the respondents were fairly balanced, with 145 males (48.8%) and 152 females (51.2%), allowing for insights across both male and female perspectives. Age distribution indicated that 18 respondents (6.1%) were under 18 years old, 95 (32.0%) were between 18 and 25, 92 (31.0%) were aged 25 to 35, 66 (22.2%) were between 35 and 50, and 26 (8.7%) were above 50 years, showing that the majority of participants were young adults and adults, who are often more engaged with cultural activities and international exposure. Regarding education, most respondents held a college or bachelor's degree (190, 64.0%), followed by postgraduate qualifications (63, 21.2%) and high school or below (44, 14.8%), suggesting a generally high level of education which may influence awareness and appreciation of cultural diplomacy initiatives. Occupationally, the sample included 80 students (27.0%), 112 private sector employees (37.7%), 45 government or public sector employees (15.2%), 38 self-employed individuals or entrepreneurs (12.8%), and 22 participants in other occupations (7.4%), reflecting a wide range of professional backgrounds that contribute to diverse perceptions of Vietnamese culture abroad. In terms of nationality, 210 respondents (70.7%) were domestic, residing in Vietnam, while 87 (29.3%) were international participants, capturing insights from both local and global perspectives. Overall, the demographic profile demonstrates substantial variation across gender, age, education, occupation, and geographic location, ensuring that the study's findings regarding cultural diplomacy and product competitiveness are robust, representative, and reflective of multiple stakeholder viewpoints.

Table 1: Demographics of respondents

Demographics		Frequency	Percentage (%)
Gender	Male	145	48.8
	Female	152	51.2
Age group	Less than 18	18	6.1
	18 – 25	95	32.0
	25 – 35	92	31.0
	35 – 50	66	22.2
	Above 50	26	8.7
Educational level	High school or below	44	14.8
	College/Bachelor's degree	190	64.0
	Postgraduate	63	21.2

Demographics		Frequency	Percentage (%)
Gender	Male	145	48.8
	Female	152	51.2
Occupation	Student	80	27.0
	Private sector employee	112	37.7
	Government / Public sector	45	15.2
	Self-employed / Entrepreneur	38	12.8
	Others	22	7.4
Nationality	Domestic	210	70.7
	International	87	29.3
Total		297	100

4.2 Scale reliability and validity assessment

Table 2 indicates that all constructs in the measurement model exhibit strong reliability and satisfactory convergent validity. Cronbach's Alpha values range from 0.832 (ICP) to 0.940 (CI), exceeding the recommended threshold of 0.70 (Hair et al., 2019). This confirms that the scales used to measure cultural diplomacy activities, cultural institutions, international cultural festivals, international cultural promotion programs, national branding, and product competitiveness are internally consistent and reliable. Similarly, rho_A values (0.849–0.941) further reinforce the internal consistency of the constructs.

Table 2: Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
CI	0.940	0.941	0.957	0.847
FCC	0.896	0.905	0.928	0.763
ICF	0.841	0.849	0.904	0.758
ICP	0.832	0.877	0.883	0.655
NB	0.908	0.911	0.932	0.732
PC	0.881	0.882	0.918	0.738

The Composite Reliability (CR) coefficients are also robust, ranging from 0.883 to 0.957, demonstrating the stability of the indicators in capturing their respective latent variables. All constructs meet the criterion for convergent validity, as Average Variance Extracted (AVE) values exceed the 0.50 benchmark, with values between 0.655 (ICP) and 0.847 (CI). These results indicate that the measurement items explain the majority of variance within each construct and

effectively capture the conceptual domains related to cultural diplomacy and national cultural promotion.

The discriminant validity of the measurement model was confirmed through both the Fornell Larcker Criterion and the HTMT ratio in the Table 3 and 4. The Fornell Larcker results show that the square roots of AVE for all constructs including CI (0.921), FCC (0.874), ICF (0.870), ICP (0.809), NB (0.855), and PC (0.859) are higher than their correlations with other variables, indicating that each construct is empirically distinct and captures its own theoretical domain more strongly than any external relationship. This demonstrates that respondents clearly differentiated between the various cultural diplomacy instruments, national branding, cultural integration, and product competitiveness.

Table 3: Fornell-Larcker Criterion

	CI	FCC	ICF	ICP	Moderating Effect 1	NB	PC
CI	0.921						
FCC	0.651	0.874					
ICF	0.473	0.819	0.870				
ICP	0.497	0.562	0.372	0.809			
Moderating Effect 1	-0.253	-0.122	0.142	-0.271	1.000		
NB	0.499	0.539	0.308	0.564	-0.365	0.855	
PC	0.628	0.627	0.435	0.499	-0.223	0.642	0.859

Table 4: Heterotrait-Monotrait Ratio (HTMT)

	CI	FCC	ICF	ICP	Moderating Effect 1	NB	PC
CI							
FCC	0.710						
ICF	0.526	0.649					

ICP	0.53 3	0.61 9	0.40 5				
Moderating Effect 1	0.26 0	0.12 4	0.16 2	0.307			
NB	0.53 6	0.59 1	0.34 7	0.608	0.381		
PC	0.68 8	0.70 4	0.49 8	0.562	0.237	0.71 5	

Complementing this, all HTMT ratios fall well below the recommended thresholds, with the highest value at 0.710 between CI and FCC, confirming that no pair of constructs exhibits problematic conceptual overlap. Key relationships such as NB and PC (0.715), FCC and PC (0.704), and CI and PC (0.688) also remain safely below 0.85, reinforcing the distinctiveness of the constructs. Together, these results provide strong evidence of discriminant validity, ensuring that the model reliably assesses how cultural diplomacy mechanisms contribute to national branding and, subsequently, to the international competitiveness of Vietnamese products.

4.3 Research model assessment and discussion

The results indicate that International Cultural Promotion Programs exert a significant and positive effect on National Branding ($\beta = 0.342$, $p < 0.001$), confirming H1. This finding aligns with Nam and Cường (2025), who emphasize that coordinated cultural diplomacy programs serve as critical instruments for enhancing Vietnam's soft power and strengthening its cultural presence globally. Initiatives such as international exhibitions, cultural roadshows, education and scholarship programs, artistic collaborations, and government-supported cultural missions allow Vietnam to communicate its cultural identity in a consistent and strategic manner. These activities not only highlight traditional heritage and artistic values but also showcase contemporary cultural creativity, illustrating Vietnam as a dynamic and evolving society. Through repeated exposure in international arenas, these programs elevate familiarity with Vietnamese culture, leading to stronger emotional resonance and more favorable perceptions among foreign audiences. Such positive cultural impressions play a foundational role in shaping a credible and attractive national brand. As national branding improves, Vietnam's overall image becomes more coherent, recognizable, and compelling, which is essential for building trust in foreign markets. A well-established national brand ultimately supports the country's economic agenda: it facilitates stronger diplomatic ties, enhances the visibility of Vietnamese industries, and creates an enabling environment for Vietnamese products to gain recognition and perceived value. In this way, international cultural promotion programs do not merely function as cultural showcases, which act as

strategic economic levers that indirectly boost Vietnam's competitiveness on the global stage.

Foreign Cultural Centers also demonstrate a strong and statistically significant effect on National Branding ($\beta = 0.603$, $p < 0.001$), supporting H2. This finding aligns closely with the arguments of Mammadova and Abdullayev (2025), who emphasize that foreign cultural centers function as long-term strategic outposts of cultural diplomacy. These centers do far more than showcase isolated cultural events—they provide sustained exposure to a nation's heritage through language courses, arts programs, academic exchanges, exhibitions, and community-oriented cultural activities. By maintaining a continuous presence in host societies, they normalize and socialize international audiences into engaging with the home country's cultural identity on a recurrent basis rather than in one-off encounters. This ongoing interaction allows foreign publics to develop deeper familiarity, affection, and trust toward the promoting nation. For Vietnam, such centers actively construct and reinforce a consistent narrative about national values, creativity, hospitality, and cultural richness. The strong coefficient observed in the analysis reflects how meaningful these long-term cultural touchpoints are in shaping perceptions, enhancing brand visibility, and fostering positive emotional resonance. Collectively, these mechanisms explain why foreign cultural centers contribute substantially and directly to strengthening Vietnam's national brand.

Table 5: Structural Equation Modelling Results Estimates and Hypothesis Conclusion

	Original Sample (O)	Sample Mean (M)	S.D (STDEV)	T Statistics (O/STDEV)	P Values	Results
FCC -> NB	0.603	0.617	0.103	5.832	0.000	Accepted
ICF -> NB	-0.313	-0.321	0.101	3.110	0.002	Accepted
ICP -> NB	0.342	0.340	0.055	6.199	0.000	Accepted
Moderating Effect 1 -> PC	0.033	0.035	0.054	0.620	0.535	Rejected
CI -> PC	0.413	0.418	0.063	6.612	0.000	Accepted
NB -> PC	0.453	0.448	0.060	7.536	0.000	Accepted
FCC -> NB -> PC	0.273	0.277	0.065	4.223	0.000	Accepted

ICF -> NB -> PC	-0.142	-0.144	0.051	2.750	0.006	Accepted
ICP -> NB -> PC	0.155	0.152	0.033	4.626	0.000	Accepted
Adjusted R ² : NB = 0.415; PC = 0.535						

The relationship between International Cultural Festivals and National Branding is statistically significant ($\beta = -0.313$, $p = 0.002$), indicating that H3 is supported; however, the negative direction of the effect runs contrary to prior research, including Papaioannou (2022), which generally reports a positive impact of international cultural festivals on national branding. This finding suggests that, although such festivals continue to play a role in promoting Vietnam's culture and providing international exposure, their impact on shaping a stronger national brand may not always align with expectations derived from previous studies. The divergence could reflect contextual nuances unique to Vietnam, where festivals may raise awareness and engagement without directly enhancing perceptions of credibility, attractiveness, or overall brand strength. In this sense, while international cultural festivals still contribute positively by drawing attention to Vietnamese culture and fostering global visibility, the overall effect on national branding appears more complex than previously reported, highlighting an important area for further investigation to understand the conditions under which these festivals most effectively support Vietnam's cultural diplomacy and economic objectives.

The analysis confirms a strong positive effect of National Branding on Product Competitiveness ($\beta = 0.453$, $p < 0.001$), supporting H4. This finding is consistent with the theoretical and empirical work of Papaioannou (2022), who emphasizes that a well-perceived national brand enhances the perceived quality, authenticity, and trustworthiness of a country's products. In practical terms, when foreign consumers hold favorable views of Vietnam's identity, culture, and values, they are more likely to interpret Vietnamese products as reliable, culturally meaningful, and of higher quality. This perception reduces psychological and informational barriers in international markets, increases consumer confidence, and positively influences purchase intention. Moreover, the result highlights the tangible economic benefits of cultural diplomacy, demonstrating that investments in national branding extend beyond soft power accumulation to directly impact the competitiveness of Vietnamese products abroad. By fostering positive brand associations, cultural diplomacy strengthens consumer loyalty, facilitates market entry, and enhances long-term commercial performance, thereby reinforcing the strategic link between culture, national identity, and international economic outcomes.

Cultural Integration does not significantly moderate the relationship between National Branding and Product

Competitiveness ($\beta = 0.033$, $p = 0.535$), resulting in the rejection of H5. While cultural integration is theoretically important, conceptually it represents the degree to which foreign audiences internalize and resonate with Vietnamese cultural values and practices. The empirical evidence suggests that it does not meaningfully amplify or diminish the effect of national branding on product competitiveness within the current model. This finding implies that the influence of national branding on product perceptions may be robust and relatively direct, operating independently of the extent to which foreign consumers integrate Vietnamese cultural elements into their own cultural frameworks. It also suggests that the perceived quality, authenticity, and trustworthiness associated with Vietnam's national brand may be sufficient to drive international product competitiveness without requiring deep cultural assimilation. The non-significant moderation highlights the complexity of cultural effects in international marketing and signals that future research should explore alternative measures of cultural integration or consider other contextual factors, such as regional familiarity, cultural distance, or prior exposure to Vietnamese culture, that might more effectively moderate the relationship between national branding and product competitiveness. This result also underscores the need for nuanced strategies in cultural diplomacy, indicating that while promoting cultural understanding remains valuable, the direct economic benefits of national branding may not always depend on full cultural integration by foreign audiences.

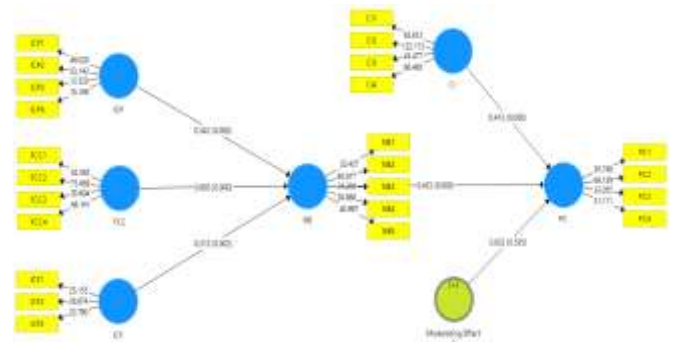


Figure 2: PLS bootstrapping model

National Branding significantly mediates the relationship between International Cultural Promotion Programs and Product Competitiveness ($\beta = 0.155$, $p < 0.001$), supporting H6a. This finding indicates that cultural promotion initiatives do not generate economic benefits in isolation; rather, they enhance Vietnam's national image, which then elevates the perceived value and competitiveness of Vietnamese products in global markets. When cultural programs such as exhibitions, educational exchanges, and cultural missions successfully communicate Vietnam's identity, heritage, and modern cultural dynamism, they strengthen the country's reputation abroad. A stronger nation brand functions as a credibility signal that reduces uncertainty for foreign consumers, making them more willing to trust and choose Vietnamese goods. This pattern reinforces Nam and Cường

(2025), who argue that the economic payoff of cultural diplomacy emerges through its branding effect, where cultural exposure enhances perceptions of product quality, authenticity, and reliability. In this sense, national branding becomes the essential bridge through which cultural promotion translates into market advantage for Vietnamese exports.

National Branding also mediates the relationship between Foreign Cultural Centers and Product Competitiveness ($\beta = 0.273, p < 0.001$), confirming H6b. This pathway reflects how cultural centers abroad act as long-term, high-impact instruments of cultural diplomacy. Their activities such as language teaching and art exhibitions to cultural seminars and community engagement build a stable foundation for Vietnam's cultural reputation overseas. As these centers become more established and integrated into foreign cultural landscapes, they shape perceptions of Vietnam as a culturally rich, open, and trustworthy nation. This strengthened national brand then positively influences the way foreign consumers evaluate Vietnamese products, increasing their perceived quality, cultural appeal, and market legitimacy. The mediation effect validates the argument by Mammadova and Abdullayev (2025) that cultural institutions abroad contribute to economic competitiveness indirectly by making the nation more recognizable, relatable, and respected. In essence, the impact of Foreign Cultural Centers flows through the enhanced national brand they help cultivate, which ultimately drives product acceptance and preference in international markets.

Finally, National Branding significantly mediates the effect of International Cultural Festivals on Product Competitiveness ($\beta = -0.142, p = 0.006$), supporting H6c while revealing a negative indirect effect. This finding runs counter to most previous research, including Papaioannou (2022), who typically highlights international cultural festivals as positive contributors to national image building. The negative mediation suggests that, in Vietnam's case, some festivals may not be delivering a coherent or strategically aligned national message to global audiences. Elements such as inconsistent organization, limited international promotion, or insufficient cultural contextualization may lead to weaker or fragmented impressions of Vietnam's identity abroad. As a result, instead of reinforcing Vietnam's brand, these festivals may dilute or confuse the intended brand narrative, which in turn reduces the positive spillover effect on product competitiveness. The finding underscores an important strategic implication: festivals remain a valuable tool of cultural diplomacy, but their execution must be carefully curated to ensure alignment with national branding goals. Strengthening narrative coherence, improving cultural interpretation for foreign audiences, and enhancing global media visibility would enable festivals to reinforce, rather than undermine, Vietnam's brand image. When effectively designed and communicated, international cultural festivals have the potential to reverse the negative pattern observed here and

become a stronger driver of product competitiveness through a well-established national brand.

The structural model also demonstrates strong explanatory power in capturing how cultural diplomacy mechanisms influence national branding and, subsequently, the international competitiveness of Vietnamese products. The model explains 41.5% of the variance in National Branding (Adjusted $R^2 = 0.415$), indicating that the three cultural diplomacy components including International Cultural Promotion Programs (ICP), Foreign Cultural Centers (FCC), and International Cultural Festivals (ICF) collectively form a solid foundation for shaping Vietnam's global image. In terms of economic outcomes, the model explains 53.5% of the variance in Product Competitiveness (Adjusted $R^2 = 0.535$), indicating a robust predictive capacity.

5. IMPLICATIONS AND CONCLUSION

This study provides empirical evidence linking cultural diplomacy initiatives international cultural promotion programs, foreign cultural centers, and international cultural festivals to the development of national branding, and demonstrates that national branding enhances the international competitiveness of Vietnamese products (Nam & Cuong, 2025; Papaioannou, 2022; Mammadova & Abdullayev, 2025). It also highlights the nuanced role of cultural festivals, which may not always strengthen the national brand, and shows that the effect of national branding on product competitiveness is robust, even without deep cultural integration (Grincheva, 2021; Trung & Van, 2020).

Policymakers should prioritize strategically aligned cultural promotion programs that consistently communicate both Vietnam's traditional heritage and modern cultural creativity. Initiatives such as exhibitions, educational exchanges, and artistic collaborations can enhance the national brand's credibility and attractiveness in international markets. Investments in foreign cultural centers are essential for sustained cultural engagement. These centers provide continuous exposure to Vietnam's culture through language courses, arts programs, and community activities, fostering familiarity, trust, and emotional resonance among foreign audiences. The findings also suggest that international cultural festivals require careful planning to maximize their impact. Ensuring narrative coherence, effective international promotion, and cultural contextualization can help festivals reinforce Vietnam's national brand rather than dilute it. Businesses also can leverage national branding to improve product competitiveness. By highlighting cultural authenticity and aligning marketing with cultural diplomacy outcomes, Vietnamese products can gain perceived quality, trustworthiness, and distinctiveness in global markets. Finally, resource allocation should focus on high-impact activities such as foreign cultural centers and international cultural promotion programs. Continuous monitoring and evaluation will help optimize the effectiveness of cultural diplomacy efforts and ensure tangible economic benefits for Vietnam's international trade.

This study has several limitations. Firstly, the sample size of respondents, though diverse, may not fully represent global perceptions of Vietnamese culture and products; future studies could include larger, more international samples. Secondly, the reliance on self-reported survey data may introduce bias; mixed methods or experimental designs could strengthen findings. Thirdly, cultural integration did not show a significant moderating effect; future research might explore alternative factors like cultural distance or prior exposure to Vietnamese culture. Finally, the study focuses on selected cultural diplomacy mechanisms and is cross-sectional; longitudinal studies and examination of additional cultural channels, such as digital diplomacy, could provide deeper insights into long-term impacts on national branding and product competitiveness.

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7. REFERENCES

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