

# The Factors Affecting the Success of Vietnam Entrepreneurs and the Lessons for Developing Countries

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**Abstract**—Market economy in the trend of opening and integration brings opportunities and challenges for businesses. In a trend of movement and development in all fields of life, it requires that each entrepreneur must try hard. The research summarizes the relevant theoretical and empirical research on the factors affecting the success of entrepreneurs in Vietnam and around the world. By using the methods of analysis - synthesis and econometrics, the authors conclude that 5 groups of factors affecting the success of Vietnam entrepreneurs: “characteristics & education”, “business conditions”, “social relations”, “family” and “luck”. The authors propose solutions to improve the capacity of entrepreneurs which enable them to contribute more to the development of the country.

**Index Terms**—Entrepreneurs, business conditions, success, characteristics & education.

## I. INTRODUCTION

The enterprise has become a vital element in the market economy with the development of society. In the competitive market, enterprises need the successful guidance and leadership of the entrepreneurs. The entrepreneurs create a challenging experience by planning, organizing and controlling an enterprise. They are not only willing to accept risk but also try the best to overcome the difficulties in the business. What factors affect the success of Vietnam entrepreneurs? The objective of this paper is to summarize the relevant theoretical and empirical research on the factors which affect the success of Vietnam entrepreneurs and all around the world. Therefore, the study points out the role of Vietnam society today; analyzes and evaluates the factors affecting the success of Vietnam entrepreneurs and propose solutions to improve the capacity of Vietnam entrepreneurs. It brings the lesson for many developing countries.

## II. LITERATURE REVIEW

### A. Research on the Definition of Entrepreneur

Defining Entrepreneurial Activity: Definitions Supporting Frameworks for Data Collection - Research by Ahmad, N and Seymour, RG 2008 for Organization for Economic Cooperation and Development (OECD) [1] - aims to find the most general definition for business, entrepreneurs and other business administration. The definition in this study

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emphasizes the nature of business and business activities, focusing on the specific actions of entrepreneurs. The research did not go into business issues and the environmental impacts inside and outside influence their success.

### B. Research on the Impact of Gender Factors

Advancing a coherent framework for research on women's entrepreneurship - Anne De Bruin study, Candida G. Brush and Friederike Welter (2007) [2] has developed the “5M” included 5 factors that affect the business, which included Motherhood, Money, Markets, Management and Macro Environment. The skill factor of the business has not been focused.

### C. The Study of Business Skills

A theory of entrepreneurial opportunity identification and development - research Ardichvilia Alexander, Richard Cardozob and Sourav Ray (2003) [3] focused on determining the influence of personality factors, social networks and knowledge entrepreneurs in the identification of business opportunities in the market. The research also said about the related skills such as awareness, assessment, development, and analysis to make the appropriate business decisions. Research has not focused on other factors as sex characteristics, economic environment, social.

### D. Other Studies

The impact of entrepreneurship education on entrepreneurship skills and motivation - Research and Mirjam van Praag Hessel Oosterbeek (2008) [4] confirms the skill courses have a very low impact on the motivation for starting a business and leadership abilities toward business success. The skills and experience need to be accumulated and trained through a long process and courses are just a small part of that process. These factors have a major influence not considered in this study.

In conclusion, overall the research on the success of the business are mainly focused on clarifying the concept of business, the skills and the influence of gender factor deciding the success of entrepreneurs. The study refers on general to the factors that influence directly and indirectly to their success. Nevertheless, it has not been addressed in detail.

## III. THEORETICAL BACKGROUND AND STUDY MODELS

### A. Overview of the Entrepreneur and the Success of an Entrepreneur

This concept has been addressed in the social life and

economics for a long time. However, there is no unified conception of this object. Schumpeter (1934) regarded entrepreneurs are people who use innovation process to destroy the context of the available goods and services then construct new products and services [5]. Or they are coming up with innovative ideas and put it into the business to make a profit. Le Thi Minh Loan and Do Hong Khanh (2013) [6] define entrepreneurs are the owners, leaders, manager of the household and business industry. To sum up, the authors conclude: Entrepreneurs are people who have the business skills, are capable of operating the business and production activities of the enterprise.

In the study “Definitions of business administration,” published in 2008 by Nadim Ahmad and Richard Seymour, the operation of a leader is closely affiliated with three main activities: human activity, leveraging activity and other activities.

Entrepreneur is one of the most important factors in the economic development of a country. Entrepreneurs are as the source to generate the light rays in the economies by their business decisions. Entrepreneurs play an important role in the development not only of the industry but also of agriculture and services. In Vietnam, the main contribution of the business can be listed as follows: creating the wealth and distributing wealth in society significantly; creating employed opportunities and increasing income for local people, ensuring social security and promoting the national trade.

There is no common definition about the “successful entrepreneur” because each person will draw conclusions ourselves through the experience. According to economic magazine Nihon Keizai (Japan), the successful formula of entrepreneur in China, the country has many similarities with Vietnam. These are having the fresh perspective, violently; prudent and efficient management; rich, but not lavish; must be capable of thinking and judgment; valuing internal resources and traditional values; due attention to the entertainment out of the office.

*B. The model Research Proposal*

The model research factors affecting the Vietnam entrepreneur’s success proposed.

From theory to model researched before, we give the proposal model that research factors affecting the Vietnamese business’s success.

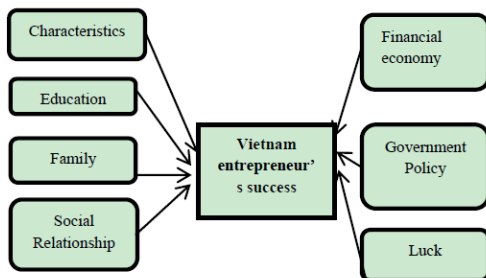


Fig. 1. The model has factors affecting the Vietnam entrepreneur’s success.

*C. Copied From: The Researchers Propose*

The authors think that factors affecting the businessman’s success is subjective and objective factors. As you can see

from the Fig. 1, the subjective factors include in nature, level of education, family and social relationships. The objective factors include in financial economic policies and lucky. The nature is one of factors being human capital mentioned the model of Miri Lerner, Candida Brush and Robert Hisrich (1997) [7], while lucky factor is considered to be in this model after referring some businessman’s ideas through interviewing deeply in pilot survey period.

IV. RESEARCH METHODOLOGY

*A. Conduct Drafting and Review Questions*

The question will be divided into eight sections representing all the dimensions above. People were asked to assess the level of agreement for each question. Likert scale (1-5) are used with the level increases from 1 to 5. There are 41 questions in total, broken down in detail

*B. Data Processing*

Data analysis process is started after the data is collected fully. However, the data is not ready for the analysis. That must be sorted, evaluated, adjusted and appropriately encrypted. These data are given traditionally will be back with the online form to facilitate to coding and processing.

The data processing is done through the following steps: Statistics description, Reliability analysis, Inspection explore factors (EFA) and Regression Analysis.

V. DATA ANALYSIS

*A. Descriptive Statistics*

According to the plan presented in Chapter 2, the sample size is at least 205 samples with a total of 400 questions emitted, which corresponds to the response rate was 51.25%. In fact, the team found out 295 questionnaires and 208 samples were collected corresponding to 70.51% response rate. Of the 208 samples collected, 2 samples is invalid because of incorrect sample of respondents, 1 sample is invalid due to lack of information. 205 valid samples are used for research, achieving the target when construction methods.

According to statistics, in 205 entrepreneurs surveyed, 137 are male, accounted for 66.8% and the female is about 49.6%. The participants answered the majority are almost over the age of 40 (55.1%), followed by ages 26-40 (41.5%). Only 3.4% of subjects are between the ages of 18-25.

*B. Test the Reliability of the Scale Component by Cronbach Alpha*

The purpose of this test is to find correlations between variables and variables correlations with total variation for a set of observed variables. We will retain only variables are correlated strongly with total and eliminate the variables which does not guarantee the reliability of the scale. The variable correlation coefficient is smaller than 0.3 will be removed, the scale will be accepted when Cronbach alpha coefficients greater than or equal to 0.6. (Hoang Trong and

Nguyen Mong Ngoc, 2005) [8]

C. Analysis of Factors

As described in Chapter 2, the team used KMO and Barlett's test to assess the appropriateness of the methodology factors in this case. Factor analysis would be appropriate if the KMO value is from 0.5 to 1. If this value is less than 0.5, analysis of factors potentially incompatible with the data. Only those factors which have values less than 1 is retained in the model with minimum loading factor is 0.5 (this is considered to be a practical sense).

There are 32 variables measuring grouped into 5 groups of factors: "Business conditions", "Characteristics and education", "Social relationship", "Family", "Luck". Eigenvalue stops at 1.596, the total variance reached 67.436% (> 50%), which is satisfactory.

D. Regression Analysis

The assumptions of the regression model

With 5 new independent variables, we reserve the model assumptions for the study: 5 factors have a strong impact in the positive direction to the success of entrepreneurs Vietnam.

Analysis of regression models

According to statistics, only 3 groups of factors are assessed as well as: "Characteristics & Education" (Mean = 3.7159 TC\_GDDT), "Family" (GD = 3.4407 Mean), and "Luck" (Mean MM = 3.4549), the remaining two elements as "Social relationship", "Business conditions" can only be assessed in the normal range (Mean 3.3772 and 2.8550 respectively by).

The average value of success is just 3.2797, so, the success of the business surveyed is also be assessed in the normal range

TABLE I: MULTIVARIATE REGRESSION BETWEEN THE INDEPENDENT VARIABLES WITH THE DEPENDENT VARIABLE (THE SUCCESS OF THE BUSINESS)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.873a	.761	.755	.45620	.761	126.950	5	199	.000

a. Predictors: (Constant), MM, GD, ĐKKD, KTTC\_CCTT, TC\_GDDT  
Source: Data processing results from the questionnaire with SPSS.

TABLE II: THE IMPORTANCE OF INDEPENDENT VARIABLES WITH THE DEPENDENT VARIABLE (THE SUCCESS OF ENTREPRENEURS)

ANOVA						
Model		Sum of Squares	Dgrees of freedom	Mean Square	F - Statistics	Significant codes
1	Regression	132.105	5	26.421	126.950	.000b
	Residual	41.416	199	.208		
	Total	173.521	204			

a. Dependent Variable: STC  
b. Predictors: (Constant), MM, GD, ĐKKD, KTTC\_CCTT, TC\_GDDT  
Source: Data processing results from the questionnaire with SPSS

As you can see from Table 1, R2 = 0.761 and Adjusted R

Square = 0.755 indicate that 5 independent variables that explain 76.1% the variation of the dependent variable (the operator of the business) and 75.5% variation common dependent variable.

Analytical results indicate regression coefficient (F (5, 199) = 126 950, p <0.01) demonstrated 5 independent variables to the dependent relationship with R = 0.873.

From the table II, results of regression analysis showed that there are 5 independent variables included in the regression analysis, the variables are acceptable (Sig. <0.05). Beta factors have positive signs, the hypothesis posed were acceptable. In that "business conditions" and "Characteristics & Education" are 2 factors that have the greatest impact on the success of entrepreneurs (Beta (business conditions) = 0.500 Beta (Characteristics & Education) = 0.358). Next is "Social relationship" with Beta = 0.186, factor "Luck" and "Family" represents the weakest impact with Beta = 0.33 and Beta = 0.091.

The regression equation showing the relationship between the variables of success with the following components:

$$STC = 0.500 \text{ Business conditions} + 0.358 \text{ Characteristics \& Education} + 0.186 \text{ Social relationship} + 0.133 \text{ Luck} + 0.091 \text{ Family.}$$

VI. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

The study "Factors affecting the success of Vietnamese entrepreneurs" is conducted through two stages qualitative research and quantitative research. In particular, qualitative research stage is conducted with interviews about the opinion of 10 businessmen on the factors affecting the success of Vietnamese entrepreneurs. Quantitative research stage is then carried out to quantify the problems found in qualitative research stage.

37 independent variables is reduced to 32 variables and grouped in 5 factors affecting the success: "characteristics and education", "business conditions", "social relations", "family" and "luck".

The result of regression model shows that all 5 factors have positive impact on the "success". The factors have the greatest impact are "business conditions" and "characteristics and education". The result is quite similar to the previous studies, which confirm the reliabilities of these studies and this study itself. However, the influence of factor "luck" is very difficult to explain and should be considered more carefully.

B. Solution Recommendations

Oriented development of Vietnamese entrepreneurs

Overall, quality of current Vietnamese entrepreneurs has many limitations due to the effects of many subjective and objective factors, which are analyzed in the previous sections. Therefore, development of large number and high professional capacity entrepreneurs in line with oriented social and economic development of Vietnam is the highest goal of developing Vietnamese entrepreneurs in the coming years. In order to achieve this goal, enterprises and the

government should join hands to develop entrepreneurs in the following aspects:

Building and developing entrepreneurs consistent with the goal of building the socialist-oriented market economy in Vietnam and the goal of social and economic development. Vietnamese entrepreneurs can develop only when the basic conditions are guaranteed. Thus, entrepreneur development must be in relation with the coordinated development of the institutional, environment and other resources.

Developing entrepreneurs have the ability to use resources efficiently, especially financial resources. After analyzing, the researchers realize that many entrepreneurs use financial resources inefficiently, which leads to poor business operations and shortage of financial resources in the scope of the economy, severely effecting the social and economic problems.

Oriented development of entrepreneurs is flexible accessibility to the resources. According to the analyzed data, entrepreneurs face many difficulties in accessing financial resources from banks and credit institutions. The reason for those difficulties is the lack of understanding of borrowing instruments, especially with the entrepreneurs who perform small and medium business activities.

Developing entrepreneurs have the ability to adapt to the volatility of the economy. Vietnam's economic situation has been fluctuating due to the influence of the global economic fluctuations, so the adaptability of Vietnamese entrepreneurs are very important. In addition, Vietnam has

been implementing economic restructuring towards increasing the share of industry and services, hence Vietnamese entrepreneurs must adapt to this trend.

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