Applying Business Start-Up Model –The Case of the Youth Entrepreneurship in Tra Vinh, Vietnam

Tran Loi1, Le Nguyen Doan Khoi2

1Ph.D. Student, Dean of Economics-Tourist faculty, Tra Vinh vocational College, Vietnam, Vietnam
2Associate Professor, Department of Scientific Research Affairs, Can Tho University, Vietnam

Abstract: - The aim of this paper is to apply the framework for youth entrepreneurship development in Tra Vinh province, Vietnam. This paper explores entrepreneurship from the perspective of youth intention for start-up business. Our findings show that youth entrepreneurship in Vietnam has gained more attention by the government in recent years, and youth entrepreneurship is considered as a way of enhancing economic development. The research results showed the entrepreneurial passion, business willingness, business experiences, business mental, business institution environment, entrepreneurial motivations, entrepreneurial education, entrepreneurial behavior; Entrepreneurial barriers are affected to the youth entrepreneurship intention in Tra Vinh province, Vietnam.

Keywords: Youth entrepreneurship, entrepreneurial behaviour, business start-up model

I. INTRODUCTION

Entrepreneurship research has primarily been concerned with the start-up of new firms. It has been traditionally viewed as individual-level activities related to creating new organizations. However, entrepreneurship has recently become accepted as a firm-level phenomenon (Teng, 2007). Entrepreneurship is relevant to managers irrespective of the size and age of their organization. The notion of Corporate Entrepreneurship (CE) extends the idea of being bold, proactive and aggressive to established firms. It can be defined as “the sum of a company’s innovation, renewal and venturing efforts” (Zahra, 1995, p. 227). CE is defined as entrepreneurship activities within an existing organization.

Firms benefit from entering into cooperative arrangements for innovation with different types of organizations. However, there is a risk in losing one’s distinctive competencies through collaboration as partners can appropriate firm-specific knowledge (Hamel, 1991). Youth entrepreneurship has gained more importance in recent years in many countries with increased interest in entrepreneurship as a way of boosting economic competitiveness and promoting regional development. While youth entrepreneurship is an under-explored field in academic and policy debates, two main factors account for its growing attention in developed countries. The first is the increased number of unemployed young people compared to the rest of the population; the second is the need for greater competitiveness, and the accompanying pressures for skills development and entrepreneurship as a way of addressing the pressures of globalization. In general terms youth unemployment is connected to: firstly, the difficult transition from school to work; secondly, the unwillingness of employers to employ inexperienced workers, and; thirdly, the frequent job changes by young people in an attempt to find a satisfactory job (United Nations, 2003). Although the literature on youth entrepreneurship is limited, there is evidence (Greene, 2005) that young people think that working for themselves as a career option since it offers them an interesting job, freedom and autonomy which other working atmosphere might not provide.

Start-up remains the privileged phase of renouncement, disillusion, or failure (Anton and Yao, 1995). The registered percentages underline the scope and multiplicity of difficulties met by enterprises: one enterprise out of two dies in the first five years of its existence. Nevertheless, literature shows that this percentage decreases in the context of spin-offs. Those enterprises were created by individuals leaving their former job, but getting still help and advice from their former employers (Garvin, 1983; Schetz, 1986; Loyd and Seaford, 1987; Knight, 1988; Johnson and Hagg, 1987). But still, most definitions don't recognize the role played by former employer, and insist on the fact that spin-offs are enterprises created by an employee leaving its former job.

This paper focuses on the factors affecting to youth entrepreneurship intention in Tra Vinh province, Vietnam.

II. THEORETICAL BACKGROUND

In literature motives are summarised in two different categories. This is based on Gilad’s and Levine’s (1986) developed explanation attempts which deliver two very similar theories of entrepreneurial motivations (Segal et al., in 2005). On the one hand there are the so-called ‘pull’ factors which show positive incentives for the step into independence (e.g., a higher income). In contrast the ‘push’ factors exists which force individuals, due to negative external effects, to overcome the negative situation when founding a business. These factors are, for example, dissatisfaction with the occupation, unemployment, and insufficient payment during employment or too rigid working hours (Segal et al., 2005).

For a long time it has been assumed that people who became entrepreneurs because of economic necessity (‘push’ enterprises) are less successful in their businesses. However, Olomi et al. (2001) revealed that with an advantageous external environment, positive achievements and special

www.rsisinternational.org
company competences, also these entrepreneurs develop strategies to strive for sustainable growth.

The relationship between the level of education and entrepreneurial propensity demonstrates contrasting tendencies. On the one hand, people with a high level of education tend to have better prospects on the labour market and higher earnings potential than less highly qualified people. According to this logic, entrepreneurial propensity should decline as the level of education rises. On the other hand, there are many self-employed activities which require a high level of knowledge and skills. Empirical investigations show that the second relationship predominates and that a positive correlation between the level of education and entrepreneurial propensity can therefore be assumed (Brueederl, Preisendoerfer and Ziegler 1996, Davidsson and Honig 2003, Robinson and Sexton 1994).

Former entrepreneurs or people in self-employment can be expected to have the knowledge and the capability to launch another start-up and it can therefore be assumed that they have a higher entrepreneurial propensity than people without such experience. Empirical studies support this conjecture (Davidsson and Honig 2003, Wagner 2003).

Similar to the level of education, there are different tendencies in relation to age and entrepreneurial propensity. One the one hand, expertise, professional experience, self-confidence and the amount of capital available usually increase with age, which makes entrepreneurial activity more probable (Bates 1995). On the other hand, the level of professional and family embeddedness increases with age. Accordingly, the planning horizon for the remainder of the working life decreases, which would tend to weigh against entrepreneurial activity. The impact of these two influences on the decision to launch a start-up can be analysed using life cycle models (Schulz 1995: 114ff). Overall, the two contrasting influences demonstrate a reversed, U-shaped relationship between age and entrepreneurial propensity, which is also confirmed by most empirical studies. Initially, entrepreneurial propensity increases with age, reaches its peak between the ages of 35 and 40 approximately and then drops off towards the end of the working life (Bates 1995, Welter and Rosenbladt, 1998).

The need for social exchange is according to Levine and White (1961) created by the scarcity of resources and actors’ needs to engage others to obtain valuable inputs. This shifts the attention from intra-organizational to inter-organizational relations, where e.g. a state or a community are to be viewed as a system composed of individual organizations as system parts, varying in kind and frequency in their relationships with each others. An efficient way to get access to these resources is by entering into exchanges with other organizations. In these exchange relations it is assumed that the partners have the same (Levine and White, 1961) or similar objectives (Blau, 1964).

There are important differences between social exchanges and economic exchanges, as social exchanges may or may not involve benefits with an objective economic value. In contrast to economic exchanges, the benefits from social exchanges are often not contracted explicitly, and it is voluntary to provide benefits. As a result, exchange partners are uncertain if and when they will receive benefits (Das and Teng, 2002). This is due to that a social exchange relationship involves reciprocal commitment in the form of a moral obligation to repay the partner by providing him benefits in the future. Reciprocity or repayment in kind is probably the best known exchange rule and if the repayments never occur or if it is doubtful if the repayment will occur, the relationship is becoming weaker (Muthusamy and White, 2005).

In this respect, due intricate application procedures and paper work requirements by the formal lending institutions, youth people with lower education levels and skills are more likely to be excluded from applying for the available services. There is also a concern that youth ones do not have knowledge or are unaware of the various sources of financing available to them as well as the processes involved in their application. Thus, the lack of knowledge renders them reluctant to seek formal financing (Andersso, Raihan, Rivera, Sulaiman, Tandon, and Welter, 2007:32).

III. RESEARCH METHODOLOGY

We designed a questionnaire, pre-tested and applied during the end of 2019. A sample was obtained from a population of youth who at the time were doing business in Tra Vinh province. They were directly approached by the interviewers. The sample covered a total of 250 youth businessmen. The survey was conducted using a self-administered questionnaire.

The questionnaire contained 48 questions, which included specific demographic descriptors (such as gender, age, educational level), as well as data on previous business experiences, entrepreneurial behaviour, and the individual’s social context. Respondents’ attitudes were evaluated using a 5-point Likert scale. Entrepreneurial intention was directly assessed by asking youth businessmen to indicate the intention of their own business and the extent to which they had taken steps to concretise the intention to establish their own firm.

From the above perspective for youth business start-up, we suggest the research model including variables such as: entrepreneurial passion, business willingness, business experiences, business mental, business institution environment, entrepreneurial motivations, entrepreneurial education, entrepreneurial behavior, entrepreneurial barriers are affected to the youth entrepreneurship intention in Tra Vinh province. The research model is described as following:
In this model the entrepreneurship behaviour is found more commonly in males. Nevertheless, it contrasts, to a certain extent, with the study of African American students conducted by Ede et al. (1998), who found no difference between males and females in their attitudes toward entrepreneurship.

Entrepreneurship related factors, namely entrepreneurial passion, business willingness, business experiences, business mental, business institution environment, entrepreneurial motivations, entrepreneurial education, entrepreneurial behavior, entrepreneurial barriers as critical for explaining youth’s entrepreneurial intent in the factorial analyse. The main differences between potential entrepreneurs and other youth businessmen are observed in risk bearing. Surprisingly, three of the entrepreneurial characteristic factors turn out to be relevant: business experiences, entrepreneurial motivations and entrepreneurial behaviors, these ties with the study of Fuller et al., (2007).

**Table 1** Determinants of youth entrepreneurial intention

<table>
<thead>
<tr>
<th>Individual characteristics</th>
<th>Estimates (β)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Gender (Fem=1)</td>
<td>-0.439**</td>
</tr>
<tr>
<td>(2) Age</td>
<td>0.060</td>
</tr>
<tr>
<td>(3) Family occupation (Normal=1)</td>
<td>0.513</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Entrepreneurial characteristics</th>
<th>Estimates (β)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(4) entrepreneurial passion</td>
<td>0.089</td>
</tr>
<tr>
<td>(5) business willingness</td>
<td>-0.137</td>
</tr>
<tr>
<td>(6) business experiences</td>
<td>0.303**</td>
</tr>
<tr>
<td>(7) business mental</td>
<td>-0.017</td>
</tr>
<tr>
<td>(8) business institution</td>
<td>-0.014</td>
</tr>
</tbody>
</table>

In summary, the entrepreneurial intentions of youth in Tra Vinh are examined along with their related factors. Although a reasonable amount of youth in Tra Vinh would like to run their own businesses, their intentions are hindered by inadequate preparation, i.e. they recognize that both their practical business knowledge and entrepreneurial preparation are insufficient. Furthermore, one demographic factor (gender), one entrepreneurial characteristics (barriers) and three entrepreneurial characteristic factors (business experiences, entrepreneurial motivations and entrepreneurial behaviors) were found to significantly affect youth’s interest in and motivation for starting their own business.

**REFERENCES**


