

MOTIVATIONS FOR ENTREPRENEURSHIP OF STUDENTS IN VIETNAM

Van Toan Dinh, VNU University of Economics and Business
Phuong Mai Nguyen, International School, Vietnam National University Hanoi
Truc Le Nguyen, VNU University of Economics and Business
Thi-Cam Thuong Hoang, Vinh University

ABSTRACT

Entrepreneurship, as an engine for economic growth, has drawn much attention in these recent decades worldwide. Numerous studies have examined factors affecting entrepreneurial attitudes and intention in a variety of geographical contexts. However, a few studies use Maslow's hierarchy of needs theory as a theoretical background to explain the motivations for entrepreneurship. Therefore, this paper fills in the gap in the existing literature of motivations and entrepreneurship. A research model was adapted from related work to test the influence of deficiency-need motivations and growth-need motivation on the entrepreneurial intention of Vietnamese young people. Based on the data from a self-administered survey with 600 Vietnamese students, research results confirmed the positive relationship between entrepreneurial intention and deficiency needs, such as physiological needs, safety needs, and belongingness needs. More interestingly, gender plays a controlling role in the mentioned relationship between motivations and entrepreneurial intention. These findings suggest solutions for policymakers and universities to promote entrepreneurship among young people.

Keywords: Entrepreneurship, Motivation, Maslow's hierarchy of needs, Entrepreneurial Intention, Vietnam.

INTRODUCTION

Entrepreneurship has been attracting a lot of interest in these recent years in both developed and developing countries (Purwana, Sadat, & Wibowo, 2019), (Cieřlik & van Stel, 2017; Mohammed, 2019), (Paul & Shrivatava, 2016). Numerous studies have been using the trait approach to explain the drive of entrepreneurship (Karabulut, 2016), (Altinay, et al., 2012), (Çolakoğlu & Gözükar, 2016), (Okhomina, 2010); (Nguyen & Phan, 2014); Other studies have been focusing on the behavior theory, particularly the theory of planned behavior (TPB), and theory of reasoned actions (TRA) to explain the entrepreneurial intention (Roy, et al., 2017), (Green, et al., 1996), (Venesaar, et al., 2014). The real differences in entrepreneurs are their behaviors (Carland Jr, et al., 1995), and the psychological aspect seems to hold promise for explaining behavioral distinction among entrepreneurs. However, few studies explained the entrepreneurial intention from the psychological perspective.

Vietnam has witnessed the rise of start-ups in recent years with more support from the government and related stakeholders. Currently, there are around 30 start-up incubation centers,

ten organizations to promote entrepreneurship and about 40 capital funds in Vietnam. More and more angel investors are entering Vietnam. There have been 92 innovation start-ups with a total capital investment of 291 million USD. However, most of the start-ups are relatively small in scale. Until 2017, there are about 3,000 small and medium-sized enterprises (SMEs) in the start-ups' ecosystem of Vietnam. Notably, the rate of the number of enterprises over the population is quite low, about 140 people per enterprise, while this rate in ASEAN is 80 to 100, in developed countries like the US, Japan, and Europe are 10 to 12 people per company. It is interesting to examine why this figure is so low in Vietnam. In terms of psychological perspective, the percentage of adults in Vietnam having a fear of business failure is still high at the rate of 46.6% in 2017, ranking 10th out of 54 economies, much higher than the average rate 36.6% in factor-driven economies.

In such a context, it is essential to analyze what motivates Vietnamese young people to start their business. Are the Vietnamese young people mainly motivated to start-up just to earn a living? Does gender affect the relationship between the motivations and the entrepreneurial intention of young Vietnamese people? A few studies in Vietnam have addressed these two research questions. Thus, there is a gap in this research topic that needs to fill by this study.

This paper aims to examine how motivations drive the entrepreneurial intention of students in Vietnam. The rest of this paper is organized as followed. The second section presents the theoretical background of the study, the research model, and hypothesis development. The third part mentions the measurements, data collection. Results and discussions are explained in part 4. Lastly, conclusions and future research directions are recommended in part 5.

LITERATURE REVIEW

Motivations for Entrepreneurial Intention

Motivation is vital in our daily lives as it is the core of biological, cognitive, and social regulation (Ryan & Deci, 2000). Therefore, there should be a link between intentions, motivations, and behaviors. The behavioral theories posit that human beings are often urged to perform a particular course of action by specific motivations. Maslow's hierarchy of needs theory is among the most popular ones to explain the behaviors of human beings in a simple manner. According to (Maslow, 1943); individuals were motivated to perform a specific action by the hierarchy of needs, which can be classified into two groups. At the two lower levels are physiological and security needs that are also called deficiency needs. The three other needs are social acceptance, self-esteem, and the need for self-actualization. These needs are called growth needs. Maslow suggested that individuals advance from basic needs like food, shelter, and comfort to higher levels of needs, including social acceptance, self-esteem, and self-actualization. This difference in motivations seems to hold promise for explaining behavioral distinctions among individuals, including entrepreneurs.

Entrepreneurial intention is defined as the intention of a person to choose to be an entrepreneur for his/her career (Maresch, et al., 2016) by taking calculated risks, gathering required resources, and establishing their ventures (Karabulut, 2016). Besides, entrepreneurial behavior is also defined as the creation of a venture to satisfy the basic needs of its founders or owners. In many cases, entrepreneurs see their ventures as a means to achieve their safety needs (Carland Jr et al., 1995) as they may earn money from the business of the venture. Furthermore, the ventures can also help entrepreneurs to satisfy the social acceptance and self-esteem needs or even self-actualization needs by providing an opportunity to create a lasting and profitable

company (Carland Jr et al., 1995).

Several studies have addressed the motivations for entrepreneurship. (Gilad & Levine, 1986) proposed two closely-related explanations of entrepreneurial motivation, the “*Push*” theory, and the “*Pull*” theory. The “*Push*” theory argues that individuals are pushed into entrepreneurship by negative external forces, such as job dissatisfaction, difficulty finding employment, insufficient salary, or inflexible work schedule. The “*Pull*” theory contends that individuals are attracted to entrepreneurial activities seeking independence, self-fulfillment, wealth, and other desirable outcomes. Research indicated that individuals become entrepreneurs primarily due to “*Pull*” factors, rather than “*Push*” factors (Orhan & Scott, 2001).

(Bhave, 1994) proposed an integrative process model of entrepreneurial firm creation and concluded that some entrepreneurs were initially driven to start a business by external stimulated opportunity recognition, and others were driven by internally stimulated opportunity recognition. Similarly, (Bird & Jelinek, 1989); (Volery, et al., 1997) found that aspirant entrepreneurs were motivated by both intrinsic and extrinsic factors. The intrinsic factors include psychological rewards that centre around the satisfaction of being one’s boss, being more control of one’s destiny, or having ultimate responsibility for the success of the venture. On the contrary, the extrinsic factors consist of financial or other tangible rewards that are made possible by the financial performance of the business. Notably, (Volery, et al., 1997) identified that the satisfaction of being rewarded on merits served as a trigger to a business formation that resonates with mid-career professionals. In another study, (Choo & Wong, 2006) found that would-be entrepreneurs were motivated by intrinsic rewards, autonomy, and extrinsic rewards.

In conclusion, previous studies might explain the motivations for entrepreneurship in different ways but share the common view that the extrinsic motivations come from the low-level demand of individuals. However, intrinsic motivations are the consequences of high-level demand in Maslow’s hierarchy of needs theory.

Stylized Facts about Entrepreneurship in Vietnam

The percentage of business start-ups in Vietnam in 2014 was low, achieving only 2%. It is 4% lower than in 2013 and much lower than the average rate at 12.4% of other factor-driven economies. This figure has slightly increased in recent years, but it is still low compared to other countries. Until 2017, there are about 3,000 small and medium-sized enterprises (SMEs) in the start-ups’ ecosystem of Vietnam. New ventures, mainly SMEs from the private sector, account for nearly 50% of GDP, and attract about 90% of new employees. Consequently, entrepreneurship development is the right solution for job creation and increasing the dynamics of the economy while reducing the unemployment rate.

According to the GEM report in Vietnam, the growth rate of the start-up in Vietnam reached the highest rate for the 2013-2017 period, ranking the 6th out of 54 economies (up from 20/60 position in 2015), higher than the average of 16.4% in factor-driven economies. Notably, the rate of adults having entrepreneurial intentions in Vietnam increases from 18.2% in 2014 to 22.3% in 2015, and reaches 25% in 2017, ranked 19/54. However, this figure is still lower than the average rate at 30.3% in factor-driven economies. Furthermore, Vietnam also witnessed a decrease in the perception of entrepreneurial capabilities, which was 53% in 2017 (ranking the 19th out of 54 economies), while this figure was 56.8% in 2016. Meanwhile, the average rate in factor-driven economies is 53.8%.

More importantly, the percentage of adults in Vietnam having a fear of business failure reduced from 56.7% in 2013 to 45.6% in 2015, then slightly increased to 46.6% in 2017. Vietnam now ranks the 10th out of 54 economies, much higher than the average rate of 36.6% in factor-driven economies. Regarding the reasons for start-ups, similar to other economies, Vietnamese adults start business primarily to take advantage of opportunities (84.1%) rather than to look for a better choice for work (15.9%). However, Vietnamese take opportunities mainly to increase their income (49.4%) rather than being more independent (23.5%). As a result, the motivation index for entrepreneurship of Vietnam is only 4.6 points, ranking 9th of 54 economies.

The mentioned figures reveal the fact that entrepreneurship in Vietnam is still at the embryonic stage. The number of start-ups is low as the majority of young people tend to look for stable job positions in organizations rather than running their own business, and the scare of failure is overwhelming. Therefore, it is critical to explore what motivates Vietnamese young people to start-up.

Research Model and Hypothesis Development

Figure 1 shows the research model focuses on the relationship between two types of motivation rooted in the hierarchy of needs and entrepreneurial intention. Two independent variables are deficiency-need motivations (Defi_MOT), and growth-need motivations (Grow_MOT). Entrepreneurial intention (EI) is the dependent variable. Furthermore, gender is included in the model as a controlling variable.

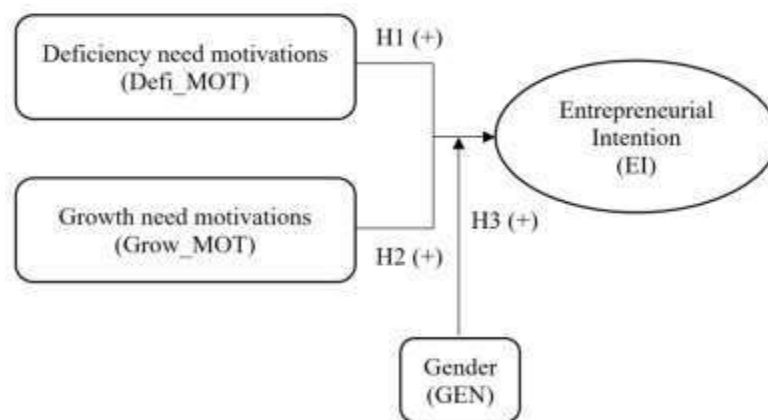


FIGURE 1
RESEARCH MODEL

From the research model, three hypotheses are raised in this study:

H1: Deficiency need motivations have a positive impact on the entrepreneurial intention of Vietnamese students

H2: Growth need motivations have a positive impact on the entrepreneurial intention of Vietnamese students

H3: Gender controls the relationship between motivations and entrepreneurial intention of Vietnamese students

METHODOLOGY

Measurements

The measurement scales in this study were adopted and adapted from previous studies on entrepreneurship. The scales of deficiency need motivation (5 items), and growth-need motivation (5 items) were adopted from (Carland Jr et al., 1995). Meanwhile, the measurement of entrepreneurial intention (5 items) was adapted from (Liñán & Fayolle, 2015), (Krueger & Carsrud, 1993), (Adekiya & Ibrahim, 2016). A two-part questionnaire was designed based on these scales. Part A of the questionnaire has three questions about demographic information of respondents such as gender, school year, living area (province). Part B has 15 items asking about the motivations for entrepreneurship and entrepreneurial intention.

Sample and Data Collection

The survey was convenience based. A structured questionnaire was delivered online to students in Google Form through the Facebook network of the authors and offline at universities in Hanoi, where the authors taught. For the online survey method, the authors contacted the leaders of student clubs in the universities to distribute the questionnaire through their Facebook networks. For the offline method, printed questionnaires were distributed in classes that the authors taught.

After two months, 610 questionnaires were received from both sources of information, of which 600 copies were valid and could be used for further analysis. Among the respondents, 55.7% are females, and the rest are males. 76% of the respondents are third-year students. The majority of the respondents are living and studying in Hanoi and Danang city (83.2%), while the remainder of the sample comes from several provinces in the North of Vietnam, including Hai Phong, Bac Ninh, Phu Tho.

RESULTS AND DISCUSSION

Measurement Validity and Reliability Test

The reliability of the constructs was assessed through computing Cronbach's alpha. As demonstrated in Table 1 below, all constructs have Cronbach's alpha values higher than the cutoff value of 0.7, reflecting the high internal consistency of the measurement scale. In the Exploratory Factor Analysis, one variable (MOT1) was removed from the scale of Defi_MOT because its factor loading value is lower than 0.5.

Table 1 VALIDITY AND RELIABILITY TEST RESULTS				
Code	Description of variable	Cronbach Alpha	Number of items before the EFA test	Number of items after the EFA test
Defi_MOT	Deficiency need motivation	0.747	5	4
Grow_MOT	Growth need motivation	0.823	5	5
EI	Entrepreneurial intention	0.929	5	5

Descriptive Statistics

Regarding the motivations for entrepreneurial intention, the Table 2 shows two most important reasons for Vietnamese young people to start-up include “*To give myself and my family security*” ($\mu = 4.17$) and “*To have high earnings*” ($\mu = 4.17$). These two motivations rooted in human’s basic needs, such as physiological and safety needs. The least important reason that motivated Vietnamese students was “*To have the opportunity to lead, rather than be led by others*” ($\mu = 3.31$).

Table 2 MOTIVATIONS FOR ENTREPRENEURSHIP			
Code	Motivation	Vietnam (n = 600)	
		Mean	Std. Deviation
MOT3	To give myself and my family security	4.17	0.860
MOT4	To have high earnings	4.17	0.806
MOT8	To be able to develop an idea of a product or business	4.00	0.832
MOT2	To make better use of my study or skills	3.96	0.790
MOT5	To have more flexibility in my personal and family life	3.92	0.809
MOT9	To control my own time	3.73	0.854
MOT7	To make a significant contribution to society	3.65	0.836
MOT6	To achieve something and get recognition for it	3.44	0.899
MOT10	To have the opportunity to lead, rather than be led by others	3.31	1.009

Besides, this study reported a moderate entrepreneurial intention of the Vietnamese students. Table 3 revealed that all the items of the entrepreneurial scale have a mean value of around 3.00. The highest mean value item ($\mu = 3.84$) is EI5, which reflects the determination to manage a business while the lowest mean value item ($\mu = 3.26$) is “*I am ready to do anything to become an entrepreneur*” (EI4).

Table 3 ENTREPRENEURIAL INTENTION			
Code	Intention	Mean	Std. Deviation
EI5	I will make every effort to manage my firm	3.84	0.895
EI1	I have serious thought of starting my firm	3.74	0.871
EI2	My professional goal is to become an entrepreneur	3.44	0.866
EI3	I am determined to start my own business after graduating	3.33	0.897
EI4	I am ready to do anything to become an entrepreneur	3.26	0.952

Correlation Analysis

Table 4 showed that all variables were positively correlated with the remaining variables, as the correlation coefficients range from 0.285 to 0.634. Thus, the measurement is acceptable for the next step analysis.

Table 4 CORRELATION TEST RESULTS				
N = 600		EI	Defi_MOT	Grow_MOT
EI	Pearson Correlation	1	0.285**	0.366**
	Sig. (2-tailed)		0.000	0.000
Defi_MOT	Pearson Correlation		1	0.634**

	Sig. (2-tailed)			0.000
Grow_MO T	Pearson Correlation			1
	Sig. (2-tailed)			
**. Correlation is significant at the 0.01 level (2-tailed).				

Hypothesis Test Results

Regression analysis was run to examine the influence of deficiency-need motivations and growth-need motivations on the entrepreneurial intention of Vietnamese students. Gender was included in the regression test as a controlling variable (Shows in Table 5).

Table 5 REGRESSION ANALYSIS RESULTS								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.679	0.201		8.340	0.000		
	Defi_MOT	0.386	0.061	0.310	6.304	0.000	0.597	1.674
	Grow_MOT	0.106	0.059	0.088	1.794	0.073	0.597	1.674
2	(Constant)	1.620	0.201		8.050	0.000		
	Defi_MOT	0.381	0.061	0.306	6.253	0.000	0.597	1.675
	Grow_MOT	0.115	0.059	0.095	1.944	0.052	0.596	1.678
	GEN	0.178	0.064	0.106	2.797	0.005	0.997	1.003
Independent variable: Defi_MOT, Grow_MOT; Dependent variable: EI, Controlling variable: Gender								

As shown in Table 5, two variables, which are Defi_MOT and GEN, had a positive influence on EI as the p values are lower than 0.05. The deficiency-need motivations ($\beta = 0.306$, $p < 0.001$) are proved to have a medium positive influence on the entrepreneurial intention of Vietnamese students. The growth-need motivations do not influence the entrepreneurial intention of Vietnamese students ($p > 0.05$). Gender ($\beta = 0.106$, $p < 0.01$) also plays its role as a controlling variable in the model. Therefore, hypothesis H1 is rejected, but hypothesis H2 and H3 are accepted.

DISCUSSION

The drive for entrepreneurial intention can be explained from the Maslow's hierarchy of needs theory as these needs motivate people to do their business either for their living or for their zenith of actualization. From the survey data with 600 students in Vietnam, we found these following main points.

Firstly, it is implied in this study that the deficiency needs positively influences Vietnamese young people to do business. In other words, to gain high earnings and to ensure the family's security is of top priority for Vietnamese students to start a business. Since Vietnam is still a low-income country, young people are strongly motivated to earn their living after graduating from universities. Consequently, creating a venture is one way to earn money and bring them the flexibility and freedom to choose their career. This result is consistent with the GEM report in Vietnam. According to the GEM report in Vietnam for the year 2017, Vietnamese

adults aim at income increase (49.4%) rather than being independent (23.5%) when they start their business. Moreover, this result is also similar to the findings of (Brancu, et al., 2012), which confirmed that the Romanian students consider the two most important motivations to start-up are avoiding unemployment and achieving higher income.

Secondly, this study shows that gender affects the relationship between the motivations for entrepreneurship and entrepreneurial intention. The regression model with gender as a controlling variable shows a little impact of gender on the relationship between deficiency-need motivations and entrepreneurial intention of students. This finding is associated with previous studies that examine how gender affects entrepreneurial intention (Carland Jr et al., 1995); (Camelo-Ordaz, et al., 2016).

The result of this study calls for more alertness of the government to alter national policies in promoting entrepreneurship. According to (Carland Jr et al., 1995) entrepreneurs with low levels of drive and focus on security in entrepreneurial will tend to make the venture a small and stable income producer. They will rarely accept high risks to gain high profits. As a consequence, start-ups will hardly grow up and become big corporations. The fear of being a loser in the market limits the big dream of young Vietnamese entrepreneurs. In such a context, to help young entrepreneurs to go out of their comfort zone and cope with the challenges in the big global market, the government should have more incentives to create a culture of failure acceptance. It is essential to promote entrepreneurship among Vietnamese students by focusing on entrepreneurship education. The curriculum at universities should be practical and focus on skills to equip the students with tools and techniques to run a start-up. Furthermore, the entrepreneurial spirit should also be integrated into the education programs from high school to university. This integration will help to strengthen the drive for entrepreneurship from the early age of entrepreneurs.

CONCLUSION

Understanding the motivations of young people to start a business will bring more suggestions to promote entrepreneurship. Studies on entrepreneurship in Vietnam are limited without a focus on the motivations for entrepreneurship from the motivation theory approach. Thus, this study offers some contributions to the empirical studies about entrepreneurship in Vietnam. However, this study has some limitations. The sample size is relatively small, concentrating mostly on students in Hanoi & Danang. Future studies need to expand the sample to other provinces to upgrade the representativeness of data. Besides, this research uses students as a unit of analysis. Researches in the future may extend the survey to other groups of entrepreneurs to have a more holistic view of the entrepreneurship topic.

ACKNOWLEDGMENT

This work is supported by the Chey Institute for Advanced Studies International Scholar Exchange Fellowship for the academic year of 2018-2019.

REFERENCES

- Adekiya, A. A., & Ibrahim, F. (2016). Entrepreneurship intention among students. The antecedent role of culture and entrepreneurship training and development. *The International Journal of Management Education*, 14(2), 116-132.
- Altinay, L., Madanoglu, M., Daniele, R., & Lashley, C. (2012). The influence of family tradition and psychological

- traits on entrepreneurial intention. *International Journal of Hospitality Management*, 31(2), 489-499.
- Bhave, M.P. (1994). A process model of entrepreneurial venture creation. *Journal of Business Venturing*, 9(3), 223-242.
- Bird, B., & Jelinek, M. (1989). The operation of entrepreneurial intentions. *Entrepreneurship Theory and Practice*, 13(2), 21-30.
- Brancu, L., Munteanu, V., & Gligor, D. (2012). Study on student's motivations for entrepreneurship in Romania. *Procedia-Social and Behavioral Sciences*, 62, 223-231.
- Camelo-Ordaz, C., Diáñez-González, J. P., & Ruiz-Navarro, J. (2016). The influence of gender on entrepreneurial intention: The mediating role of perceptual factors. *BRQ Business Research Quarterly*, 19(4), 261-277.
- Carland Jr, J.W., Carland, J.A.C., & Carland III, J.W.T. (1995). Self-actualization: The zenith of entrepreneurship. *Journal of Small Business Strategy*, 6(1), 53-66.
- Choo, S., & Wong, M. (2006). Entrepreneurial intention: triggers and barriers to new venture creations in Singapore. *Singapore management review*, 28(2), 47-64.
- Cieślik, J., & Van Stel, A. (2017). Explaining university students' career path intentions from their current entrepreneurial exposure. *Journal of Small Business and Enterprise Development*, 24(2), 313-332.
- Çolakoğlu, N., & Gözükar, İ. (2016). A comparison study on personality traits based on the attitudes of university students toward entrepreneurship. *Procedia-Social and Behavioral Sciences*, 229, 133-140.
- Gilad, B., & Levine, P. (1986). A behavioral model of entrepreneurial supply. *Journal of Small Business Management*, 24, 45.
- Green, R., David, J., Dent, M., & Tyshkovsky, A. (1996). The Russian entrepreneur: a study of psychological characteristics. *International journal of entrepreneurial behavior & research*, 2(1), 49-58.
- Karabulut, A.T. (2016). Personality traits on entrepreneurial intention. *Procedia-Social and Behavioral Sciences*, 229, 12-21.
- Krueger, N.F., & Carsrud, A.L. (1993). Entrepreneurial intentions: Applying the theory of planned behaviour. *Entrepreneurship & Regional Development*, 5(4), 315-330.
- Liñán, F., & Fayolle, A. (2015). A systematic literature review on entrepreneurial intentions: citation, thematic analyses, and research agenda. *International Entrepreneurship and Management Journal*, 11(4), 907-933.
- Maresch, D., Harms, R., Kailer, N., & Wimmer-Wurm, B. (2016). The impact of entrepreneurship education on the entrepreneurial intention of students in science and engineering versus business studies university programs. *Technological forecasting and social change*, 104, 172-179.
- Maslow, A. (1943). Behavior and motivation. *Psychosomatic Medicine*, 5, 85-92.
- Mohammed, A.Q. (2019). Measuring Students Entrepreneurial Intentions: The Study of Al Dhafra region, Abu Dhabi, UAE. *International Journal of Entrepreneurship*.
- Nguyen, M., & Phan, A. (2014). Entrepreneurial Traits and Motivations of the Youth-an Empirical Study in Ho Chi Minh City-Vietnam. *International Journal of Business and Social Science*, 5(5).
- Okhomina, D.A. (2010). Entrepreneurial postures and psychological traits: the sociological influences of education and environment. *Research in Higher Education Journal*, 8, 1.
- Orhan, M., & Scott, D. (2001). Why women enter into entrepreneurship: an explanatory model. *Women In Management Review*, 16(5), 232-247.
- Paul, J., & Shrivatava, A. (2016). Do young managers in a developing country have stronger entrepreneurial intentions? Theory and debate. *International Business Review*, 25(6), 1197-1210.
- Purwana, D., Sadat, A. M., & Wibowo, A. (2019). A Comparative Study of Tertiary Students Entrepreneurial Intention: Indonesia and Taiwan. *International Journal of Entrepreneurship*, 23(4), 1-10.
- Roy, R., Akhtar, F., & Das, N. (2017). Entrepreneurial intention among science & technology students in India: extending the theory of planned behavior. *International Entrepreneurship and Management Journal*, 13(4), 1013-1041.
- Ryan, R. M., & Deci, E. L. (2000). Self-determination theory and the facilitation of intrinsic motivation, social development, and well-being. *American Psychologist*, 55(1), 68.
- Venesaar, U., Kallaste, M., & Küttim, M. (2014). Factors influencing students' venture creation process. *Procedia-Social and Behavioral Sciences*, 110, 678-688.
- Volery, T., Doss, N., Mazzarol, T., & Thein, V. (1997). Triggers and barriers affecting entrepreneurial intentionality: The case of Western Australian Nascente Entrepreneurs. *Journal of Enterprising Culture*, 5(03), 273-291.