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RESEARCH PROPOSAL

The influence of culture on entrepreneurship in emerging economies: A case of Vietnam

Doctor of Business Administration Programme

Entrepreneurial Perspectives

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CHAPTER 1. INTRODUCTION

1.1. Contextual background and research motivation

Since economic reform called “Doi Moi” in the mid-1980s, the Vietnamese government has opened the market and removed trade barriers to transform from a centrally-planned economy that was heavily influenced by the Soviet Union to a market-oriented and liberalized pattern (Kien, and Heo, 2008). This openness together with a wide range of incentives such as taxation and leasing land from the government has become a momentum attracting a huge foreign direct investment (FDI) flow into the country for the past three decades (Anwar and Nguyen, 2010). In fact, FDI inflow is attributed to the main driver of the unprecedented growth of Vietnam’s economy since Doi Moi, which has lifted the country out of poverty to be recognized as a middle-income country in 2013 by the World Bank. Moreover, as a consequence of the openness, Vietnam has witnessed an increasing number of entrepreneurships in the last 20 years (Vuong and Tran, 2009). Entrepreneurs play an important role in economic growth by making innovation and transform innovation into products and services. Entrepreneurship also create opportunity for reducing the unemployment which is the problem in most of developing countries including Vietnam.

With respect to entrepreneurship, culture of a country undertakes effective part in determining the development of entrepreneurship. However, entrepreneurship vary from a country to another basing on the impact of culture. Researchers mostly carried out the influence of culture on entrepreneurship in the West (Lee, 1999). Therefore, there is an interest in the impact of culture on entrepreneurship in such an emerging context as Vietnam. Nonetheless, in academia, there has been little research on the relationship between culture and entrepreneurship under Vietnam setting. In other words, the research problem regarding the influence of culture on in the context

of Vietnam remains greatly untouched, and fulfilling this gap is attributed to the fundamental motivation to conduct this empirical research.

1.2. Research aim and research objectives

In response to the literature gap identified above, the overall aim of this empirical study is to examine the impact of culture using Hofstede's cultural theory on entrepreneurship in the context of Vietnam - an Asian emerging market. In particular, this research study is to accomplish the following two-fold:

To determine significant cultural dimensions of Hofstede's theory that are associated with the entrepreneurship in Vietnam.

To formulate recommendations to help entrepreneurs and their businesses in Vietnam adopt an appropriate cultural management style in order to leverage their business performance in the marketplace.

1.3. Research question

In line with the overall research aim above, the key research question in this research proposal can be stated as follows:

How does culture affect the entrepreneurship in the context of Vietnam?

CHAPTER 2. LITERATURE REVIEW

2.1. Entrepreneurship: Definition and entrepreneurship in the context of Vietnam

The concept of entrepreneurship is considered as a significant field of research which attracts not only in Western but also in Asia (Thomas and Mueller, 2000). There is no specific definition of entrepreneurship, each writer has their own definition of this term.

According to Kuratko (2014), entrepreneurship is defined as a process that an individual creates vision and implements change. The author also stated that this process requires lots of effort in order to generate new ideas and creative solutions. An entrepreneur also is considered as the one who work and organize resources and willing to undertake risks as well as opportunities (Daft, 2003). Besides, Drucker (1993) expressed the term of entrepreneurship in which entrepreneurs always search for opportunities then benefit from those opportunities. Thus, in general, it can be seen that change is a norm in entrepreneurship. In this regard, entrepreneurs develop innovation in an uncertainty environment (Wennekers et al., 2007).

Vietnam economic is claimed to be reformed, thus, encouraging entrepreneurship (Hoskisson et al., 2000). The Vietnamese government has supported private businesses by introducing new rules and regulations including new tax exemptions, licenses and registration (Hansen et al., 2009). It is noticed that there are a significant number of start-up and private enterprises which are more than 120,000 have been recorded since the economic reform (Hakkala and Kokko, 2007). The growth of new businesses in Vietnamese market has brought several benefits for the country. The unemployment rate declines, meaning more job opportunities has been created for individuals. However, the private enterprises in Vietnam remain in small and medium size while large size companies are mostly state-owned.

2.2. Organizational performance

Organizational performance has long been one of the most essential constructs in the management field because it is attributed to the basic goal of any businesses and truly reflects on the fact whether a company succeeds or fails in a particular marketplace. However, organizational performance remains a poorly defined term given the fact that this concept varies across the industries in the sense that each sector has an own set of criteria to evaluate a successful performance (Kirby, 2005). According to Richard et al. (2009), organizational performance consists of three components: (a) financial performance like profit and ROI; (b) market performance like revenue and market share; and (c) shareholder return like dividend (Richard et al., 2009). In this sense, organizational performance is fully tangible and easily measurable. Nonetheless, a substantial body of literature on management research has emphasized the importance of intangibles facets in assessing the organizational performance, especially in the service sectors. Kamasak (2017) holds the idea that intangible resources contribute more greatly to firm performance in comparison to tangible resources, which corresponds with Greco, Cricelli and Grimaldi (2013) who argue that only physical resources are insufficient to maximize the business performance and that intangible properties surpass tangible assets in delivering the business success.

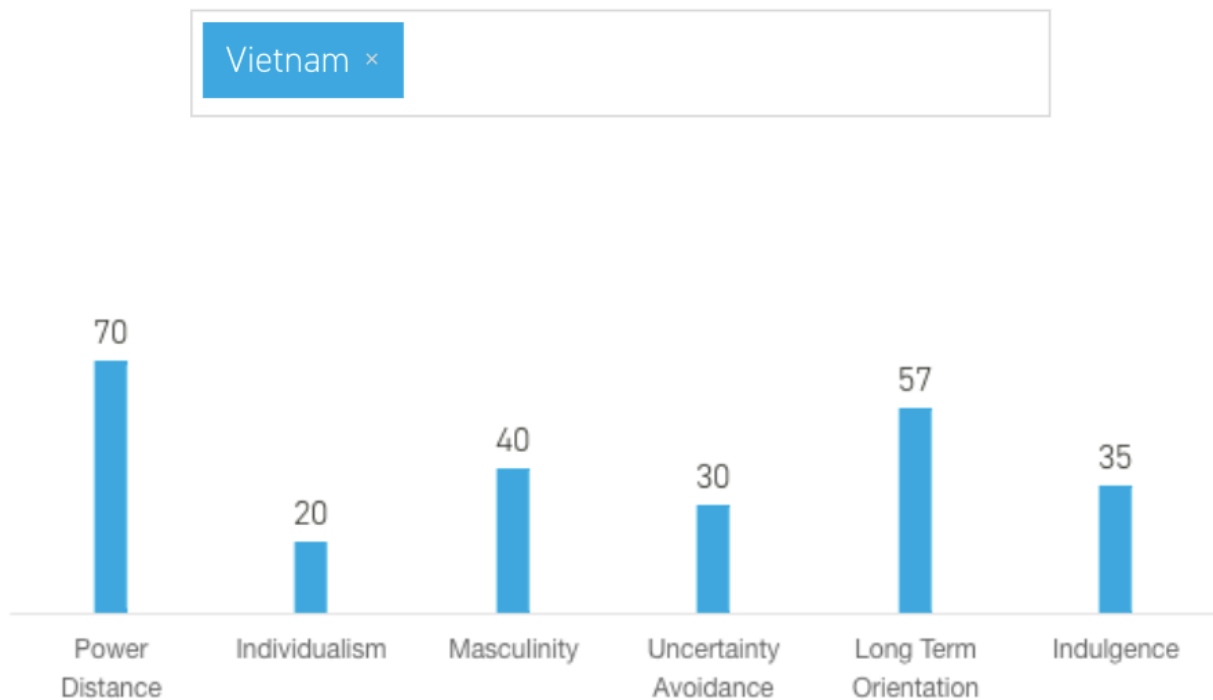
2.3. Culture and Hofstede's cultural theory

Hofstede (2001) defines culture as a system of meaningful beliefs, values, and norms mutually shared among individuals of a specific group in the community to distinguish themselves from others. In this manner, Schwartz (1999) regards values as abstract ideas about good and right things whereas norms refer to social rules to shape appropriate behavior in a particular circumstance. In 1984, Hofstede and Bond (1984) initially propose four dimensions to reflect on national cultures, including Power Distance, Uncertainty Avoidance, Individualism, and Masculinity. Based on this

original work, Hofstede (1991) added one more national value dimension named long-term orientation (versus short-term orientation) to the former theoretical framework.

Figure 1 below shows the Hofstede's cultural dimensions scores of Vietnam.

Figure 1. Hofstede's cultural dimensions scores of Vietnam



Source: Hofstede-insights

2.4. Impact of culture on entrepreneurship

Russell (2004) emphasized that an entrepreneur needs to have at least two conditions in order to create business ventures, containing the social acceptance and enough resources such as financial, material and educational resources. In countries with high power distance, due to the unequal of power, higher class could have more access to economic resources comparing with lower class. Thus, entrepreneurs of lower class might not be considered as entrepreneurs and their activities might be banned, especially in socialist society. In contrast, in low power distance countries, the

level of entrepreneurial activity would be higher as entrepreneurs are encouraged to access to the necessary resources which needed for developing new venture (Russell, 2004).

For uncertainty avoidance, Hofstede (2001) argued high uncertainty avoidance culture created companies that often resist the changes. Such enterprises are less likely to shape innovation for the market. Additionally, high uncertainty avoidance regions lessen the number of entrepreneurs.

Another dimension that affects entrepreneurship is Individualism. This dimension appears mostly in Western where firms' loyalty is relatively low, and individuals often have unique vision and reject the group beliefs. Therefore, entrepreneurship attract several individuals who seek for chances to create new business. Conversely, countries with collectivism encourage group actions. In this regard, people tend to work in large enterprises and there is only a small group of individuals is likely to put effort on becoming entrepreneur.

In a masculinity culture, there is a high desire for achievement. McClelland (1961) found that a strong relationship between entrepreneurial activity and the need for achievement exists in masculinity society. Entrepreneurship with successful are recognized and valued. In the opposite manner, in feminine cultures, societies are less likely to be interested in entrepreneurial activities as the motivation for achievement is quite weak.

Vietnam has strongly been influenced by Chinese culture, especially Confucianism principal. As a consequence, entrepreneurs in Vietnam are also heavily affected by this culture. According to Hofstede (2001), Confucianism influences the behavior of entrepreneurship and is described through different key concepts. For instance, in Vietnam, there is an unequal relationship. In other words, the relationship varies between individuals. The younger respect the elder while the elder has obligation to protect younger. Also, women are considered as individuals who stay at home

doing chores rather than running businesses. Thus, there is a barrier for female in Vietnam to operate their own start-up business.

Individuals are motivated by different factors such as rewards, finance or suitable working environment, Lee and Peterson (2000) claimed that national culture can support and encourage entrepreneurship. However, whether the relationship between culture and entrepreneurship is positive or negative remains inconsistent in social scholarly literature.

Overall, it is logical to postulate that Hofstede's cultural factors have an impact on entrepreneurship in Vietnam and five hypothesized statements are proposed:

Hypothesis 1: High power distance influences entrepreneurship in Vietnam.

Hypothesis 2: High collectivism influences entrepreneurship in Vietnam.

Hypothesis 3: High masculinity influences entrepreneurship in Vietnam.

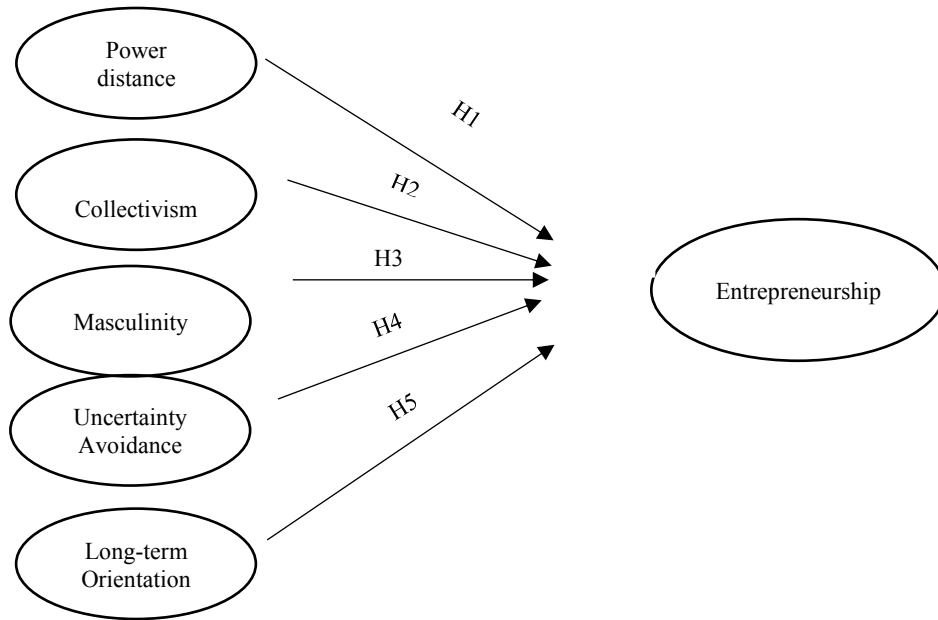
Hypothesis 4: Low uncertainty avoidance influences entrepreneurship in Vietnam.

Hypothesis 5: High long-term orientation influences entrepreneurship in Vietnam.

2.5. Conceptual framework

The beneath Figure 2 illustrates the proposed conceptual model of this research. Accordingly, five Hofstede's cultural dimensions are defined as five independent variables (predictors) under this model while financial performance is devoted to the dependent variable of this framework.

Figure 2. The proposed research framework



Source: Self-completion

Below are the proposed quantitative hypotheses of this research:

Hypothesis 1: High power distance influences entrepreneurship in Vietnam.

Hypothesis 2: High collectivism influences entrepreneurship in Vietnam.

Hypothesis 3: High masculinity influences entrepreneurship in Vietnam.

Hypothesis 4: Low uncertainty avoidance influences entrepreneurship in Vietnam.

Hypothesis 5: High long-term orientation influences entrepreneurship in Vietnam.

CHAPTER 3. RESEARCH METHODOLOGY

3.1. Research philosophy and research approach

Social scientists have to deal with various kinds of philosophies in doing research, of which positivism and interpretivism represent two typical patterns. Weber (2004) emphasizes that positivists rely strongly on statistics method to obtain objective results whereas interpretivists are inclined to conduct qualitatively research to get more subjective outcomes. In this sense, this study plans to accord with positivism with the goal to acquire objective and statistical findings to help solve the research problem raised.

With respect to the research approach, deduction and induction are two completely opposite approaches in nature. Deduction refers to conducting the research in a “top-down” approach moving down from general level to specific level through this chain: theory => hypothesis development => data collection => confirmation (Bara, and Bucciarelli, 2000). In contrast to deduction, induction is tied into a “bottom-up” approach going up from specificities to generalities, which is the opposite of the chain above, grounded theory can be seen as a typical example of inductive approach (Babbie, 2012). Thus, this research study is characterized by a deductive approach through collecting primary data to test those hypotheses above.

3.2. Research design and research method

According to Burns and Bush (2012), the research design in social science can be classified into three types: exploratory design, descriptive design, and causal design. In particular, exploratory research is undertaken to explore the social phenomenon being investigated in order to gain basic information about this research problem while descriptive research aims at describing the research problem in a more structured fashion (Burns and Bush, 2012). As opposed to both aforementioned

designs, causal study is taken to examine a causal relationship between a cause and an effect through doing experiment. In this manner, this study does not intend to employ any experiments or explore the research problem informally, rather it focuses on statistically describing the research problem raised in the introduction through quantitative survey technique.

The research method in social field is fallen into qualitative method and quantitative method (Bryman and Bell, 2011). While qualitative method is highly consistent with exploratory design aimed at acquiring fundamental knowledge about the research interest informally through interview or focus-group (Burns and Bush, 2012), quantitative method lies in either descriptive design with survey method or causal design with experiment. Given the nature of the structural model demonstrated earlier, a quantitative method is tentatively employed in connection with a structural equation modeling – SEM.

3.3. Population and sample

Population is defined as a group of subjects or observational units that are the main interest of the researchers (Lohr, 2010). Since this study focuses on the individual level – entrepreneurs, the population of this study includes all Vietnamese entrepreneurs currently working for service and manufacturing in the country.

In order to gain a sufficient statistical power for an analysis of structural equation model (SEM), this study intends to collect the primary data from a sample size ranging from 210 to 460 subjects. Specifically, a rule of thumb in CB-SEM is that the minimum sample size should be equal to the number of measurement items (measures) timing 10, since each latent variable is recommended to be measured by at least three items (Hair et al., 2006), 210 comes from the 7 constructs timing 3 items timing 10 times. Meanwhile, 460 is the maximum cases for a covariance-based SEM (CB-SEM) in behavioral and social sciences as suggested by Wolf et al. (2013).

3.4. Questionnaire design and pilot study

The survey questionnaire shall be designed through the professional tool SurveyMonkey to collect the data from entrepreneurs working in Vietnam through a convenience sample. This online survey is intendedly comprised of two separate parts: part 1 to measure 7 main constructs of this study using a 7-point bipolar Likert scale; part 2 to gather demographic information of respondents. The measures of part 1 will mainly be adopted from previous related articles through an intense secondary research.

Prior to employing a formal research, a pilot study is planned to be conducted on a tiny sample size of roughly 20 subjects for the purpose of improving the wording and accuracy of the items as well as removing confusing words, which eventually aims to mitigate the potential measurement bias. These 20 subjects will then be excluded from the formal data collection to avoid any overlap.

CHAPTER 4. DATA ANALYSIS

Given the nature of the structure model as seen in Figure 1 above, it is intended that the structural equation modelling (SEM), namely covariance-based SEM to distinguish from PLS-SEM, shall be employed to test those quantitative hypotheses developed in section 2.5 using Mplus/AMOS software.

CHAPTER 5. EXPECTED OUTCOMES

5.1. Theoretical contributions

The findings of this research are expected to greatly enrich the extant literature on the relationship between culture and entrepreneurship in emerging economies. In particular, this paper serves as the first research that empirically studies the impact of culture on entrepreneurship in the context of Vietnam, therefore it would considerably contribute to the existing body of scholarly literature on cultural management in Vietnam and give strong reference to scholars for future studies.

5.2. Managerial implications

From a practical point of view, the results of this study would be highly managerial. Namely, by empirically determining cultural factors that significantly influence the entrepreneurship, this paper can give insights into the current practices of cultural management in Vietnam in order to help entrepreneurs improve their performance in the market through an appropriate management style.

5.3. Timelines

Table 1 below demonstrates the tentative timeline of this research project, which is divided into 12 separate intervals. What is more, each main stage in this process is commensurate with one chapter in the paper:

In the first stage, more research on the relevant studies will be conducted to acquire deep information in order to highlight the research motivation from an academic perspective and research problem from a practical point of view. Then, time will be spent on writing the first chapter of introduction formally and properly.

In the second stage, this phase will be focused on an intense secondary research for scholarly literature so as to review and conceptualize all the main variables of this topic. At the same time, a considerable time need to be spent on comparing, contrasting, and criticizing these theoretical frameworks for the purpose of developing hypotheses and proposing a research model for this study in a deduction manner.

In the third stage, after conceptualizing a research model as a backbone this academic work, efforts will be spent on looking for suitable indicators derived from previous papers in order to measure the main latent variables in this study. Subsequently, a draft survey questionnaire will be designed to conduct a pilot-study before formally collecting the data through online tool SurveyMonkey.

In the fourth stage, the initial task will be analyzing the primary data collected from the survey above in order to confirm hypotheses developed in chapter 2. Afterwards, a formal discussion will be written to figure out any gaps between the empirical findings and results of former research shown in chapter 2.

In the final stage, based on the empirical outcomes discovered in chapter 4, the main task of this stage is to conclude the whole work. In particular, the managerial implications will be given from

a practical viewpoint to provide marketers and practitioners insights into managing a cultural work environment of entrepreneurs in Vietnam. Equally important, theoretic contributions will be expressed to highlight the academic value of this paper. In the end, time will be spent on addressing the study limitations for future research.

Table 1. Gantt chart

<i>Stages</i>		<i>Interval</i>											
		1	2	3	4	5	6	7	8	9	10	11	12
<i>Chapter 1</i>	Search for more extant sources to highlight the research gap and importance of the study	■											
	Finishing the introduction off properly		■										
<i>Chapter 2</i>	Secondary researching for relevant literature and theories deductively			■									
	Reviewing and criticizing to propose hypotheses				■								
<i>Chapter 3</i>	Looking for items from previous papers to design the questionnaire					■							
	Conducting a pilot study						■						
	Collecting the formal primary data using SurveyMonkey							■	■	■	■		
<i>Chapter 4</i>	Analysing the data gathered using Mplus/Amos tools										■		
	Discussing the empirical findings relative to existing literature in chapter 2											■	
<i>Chapter 5</i>	Concluding the paper with both academic contributions and practical implications												■

Source: Self-completion

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