



Research paper

Regional differences in behaviors, attitudes, and motivations related to performance among women-owned microenterprises in Vietnam

Quan V. Le ^{a,*}, Mai Nguyen-Lisovich ^b, Peter V. Raven ^a^a Seattle University, USA^b Vietnam National University, Ho Chi Minh City, Viet Nam

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ABSTRACT

Entrepreneurial activities often involve risk, values, trust, motivations, success factors, perceptions of entrepreneurship, and perceived problems. These factors are considered important to the performance of microenterprises owned by women entrepreneurs. Research on female entrepreneurial behaviors has not gained much attention in Vietnam, thus there is an immense need for understanding this group of entrepreneurs. This paper addresses a number of issues in the context of the performance of women-owned microenterprises in Vietnam. The uniqueness of the paper is to examine the regional differences in entrepreneurial behaviors, motivations, and attitudes of women entrepreneurs in four cities in Vietnam: Hanoi in the north, Hue and Da Nang in the central area, and Ho Chi Minh City in the south. We used a stratified sample, which included women micro entrepreneurs representing several business sectors including home-based and non-home-based businesses. A total of 430 women owners of microenterprises participated in the survey. Our results suggest considerable variability in the factors relating to performance within our sample of women entrepreneurs in Vietnam. The study suggests that statistically examining a country as a whole may miss some of the richness and variability of its parts and that even countries seemingly homogeneous may have a variety of perceptions towards business, government, and the economy. The variability between cities suggests that different entrepreneurship development programs could be effective if targeted to the needs of each city.

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1. Introduction

Micro and small enterprises (MSEs) in developing countries have been recognized as a primary source of employment and income generation (Mead & Liedholm, 1998). The effects of entrepreneurial activity on economic development have been explored in both the development economics and entrepreneurship literature (Acs, Desai, & Hessels, 2008; Koster & Rai, 2008; Naude, 2010, 2011; Stel, Carree, & Thurik, 2005). Anokhin, Grichnik, and Hessels (2008, p. 117) claimed that “entrepreneurship is the main vehicle of economic development”; and Dejardin (2000, p.2) asserted that “... the more entrepreneurs there are in an economy, the faster it will grow.” Women entrepreneurs have emerged globally and their role in economic development has been widely recognized. A number of institutions, including the International Labor Organization (ILO) and United Nations Development Fund

for Women (UNIFEM) have long recognized the importance of women in economic development in both developed and developing countries (Coleman, 2004). The development of women entrepreneurs is considered a part of the women’s empowerment efforts in developing countries (Tambunan, 2009; Al-Dajani & Marlow, 2013).

Vietnamese women entrepreneurs are recognized as a driving force for economic development, as 72% of women participate in the labor force (ILO, 2013, cited in Thu (2013)). More than 100,000 enterprises in Vietnam are women-owned, representing 25% of total registered enterprises, mostly in labor-intensive sectors such as garment, agriculture products, marine products, leathers, etc. (Nguyen, 2013b). Women represent a majority of the workforce of microenterprises (Ha, 2006) and evidence indicates that most microfinance recipients in Vietnam are women (CEP, 2013).

While there is an increasing proportion of women in business in Vietnam, women still face a number of barriers in starting and succeeding in their own businesses. Although there are organizations of women entrepreneurs supported by the Women’s Union of Vietnam, these organizations still face many constraints in operations (Le, Nguyen, Pham, Do, & Dao, 2011). Vossenberg

* Corresponding author at: Department of Economics, Albers School of Business and Economics, Seattle University, 901 12th Ave, PO Box 222000, Seattle, WA 98199, USA.

E-mail address: lequ@seattleu.edu (Q.V. Le).

(2013) recognized this challenge and argued that despite the growing number of initiatives supporting women in developing countries, women still own fewer enterprises, which earn less, grow more slowly and are more likely to fail than male-owned businesses. Jennings and Brush (2013) reviewed the literature on women entrepreneurs and concluded that most studies investigated the entrepreneurial processes of women and the psychological and contextual factors that support or hinder their business activities. Research on female entrepreneurial behaviors, attitudes, and motivations has not gained much attention in Vietnam, thus there is an immense need for understanding this group of entrepreneurs.

This paper addresses a number of issues in the context of the performance of women-owned microenterprises in Vietnam. The uniqueness of the paper is to examine the regional differences in entrepreneurial behaviors, attitudes, and motivations of women entrepreneurs in four cities: Hanoi in the north, Hue and Da Nang in the central area, and Ho Chi Minh City in the south. These cities represent the diversity of businesses and entrepreneurial activities in Vietnam.

The organization of the paper is as follows. Section 2 provides a literature review of women entrepreneurial behaviors, attitudes, and motivations and develops testable hypotheses. Section 3 discusses the survey conducted in 2014. Section 4 measures the entrepreneurial behaviors, attitudes, and motivations of women entrepreneurs, and the performance of their microenterprises. Section 5 tests the hypotheses of the impact of entrepreneurial behaviors, attitudes, and motivations on the performance of microenterprises. Section 6 concludes with a discussion of the main findings and implications for future research.

2. Literature review and hypotheses

Entrepreneurial activities often involve risk, values, trust, motivations, success factors, perceptions of entrepreneurship, and perceived problems. These factors are considered important to the performance of microenterprises owned by women entrepreneurs.

2.1. Risk

The ability to take calculated risks is an important entrepreneurial behavior. Studies have found gender-related differences in risk perception (Chung, 1998; Sexton & Bowman-Upton, 1990). In general, females were found to be more risk averse than males (Sexton, 1989). Fletschner, Anderson, and Cullen (2010), for example, found Vietnamese women are more risk averse and less likely to compete than men. An understanding of women's perception of risk is important to help them overcome barriers and achieve their entrepreneurial potential (Brindley, 2005). Cliff (1998, p. 535) found that "female business owners appear to be more careful and conservative, purposely striving for a controlled and manageable rate of growth." The author argued that "women who lack relevant experience may question their ability to manage a quickly growing enterprise and may therefore purposely limit the expansion of their firms" (Cliff, 1998, p. 526). Thus, we believe that risk averseness tends to be a barrier to performance. Increasing risk tolerance in women entrepreneurs should relate to greater business performance. We propose our first testable hypothesis:

H1. Risk taking behavior is positively related to the performance of microenterprises.

2.2. Values and trust

Ascher (2012) asserted that women are more customer-oriented than men. Besides economic aspirations, they tend to

act more ethically and to contribute to the society more. As a result, women use entrepreneurship to make changes in order to bring better products and services to customers and make a more meaningful positive impact on the society. Vietnamese women entrepreneurs have a clear perception about their value system; they generally value their relations with their parents, family and friends, which reflects their cultural values (Nguyen, 2013a).

Trust is defined in the context of social capital. The evolution of an entrepreneur's network is important to nascent entrepreneurial activities (Jonsson, 2015). Since resources are typically limited in microenterprises, relationships are important for entrepreneurs to gain access to capital and new vital information. Network relationships are established to form social capital through trust and trustworthiness, which facilitate resource exchange and value creation among entrepreneurs. Hampel-Milagrosa, Pham, Nguyen, and Nguyen (2010) found that women business owners of small and medium enterprises (SMEs) in Vietnam have no problem in networking and most of them are involved in more than one network. This may partially be a result of the sample of SMEs used in their study, since they surveyed entrepreneurs who are members of the Vietnam Chamber of Commerce and Industry (VCCI), which excluded microenterprises. In contrast, the International Finance Corporation (IFC, 2006) reported that women in Vietnam are found to have problems in expanding the circle of network, particularly owners of MSEs.

We posit that values and trust are important entrepreneurial behaviors of women owners of microenterprises because they relate to development of networks.

H2. Values and trust are positively related to the performance of microenterprises.

2.3. Perceptions of entrepreneurship

Hopp and Stephan (2012, p. 924) argued that "an environment in which various community actors, from local investors, through government, to community groups, actively support business creation efforts is likely to enhance entrepreneurs' access to resources and make their venture creation efforts ultimately successful." In particular, government policies to support and facilitate the formalization of informal entrepreneurship are critical to promoting economic development and growth (Williams & Nadin, 2012). The role of spousal support in entrepreneurship has also been identified as significantly important to family businesses (Blenkinsopp & Owens, 2010). Thus, we propose the following hypothesis:

H3. The perceptions of entrepreneurship (government vs. family and social attitudes) are positively associated with the performance of microenterprises.

2.4. Motivations and success factors

Motivations for pursuing entrepreneurship are influenced by intrinsic (personal) and extrinsic (family) motivational factors. Benzinger, Chu, and Callanan (2005) provided a regional comparison of the motivations and problems of Vietnamese entrepreneurs in Vietnam. They found that entrepreneurs in Ho Chi Minh City were more motivated to establish a business for personal satisfaction and growth, whereas in Hanoi entrepreneurs were more interested in the need to provide jobs for family members.

There also appear to be differences in motivational factors between men and women. A large number of women choose entrepreneurship to balance work responsibilities and earning potential with domestic and familial obligations (McGowan, Redeker, Cooper, & Greenan, 2012). Vietnamese women have long

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