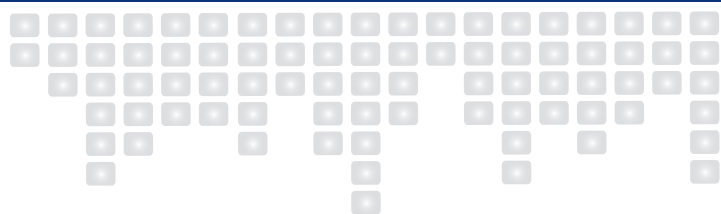


Report

**GLOBAL
ENTREPRENEURSHIP
MONITOR VIETNAM
2017/2018**



THANH NIEN PUBLISHING HOUSE

REPORT

GLOBAL ENTREPRENEURSHIP MONITOR VIETNAM 2017/2018

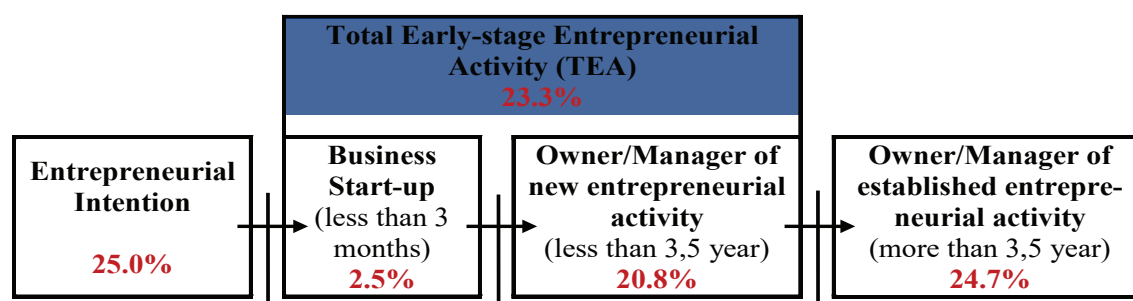
(EXECUTIVE SUMMARY)

Hanoi, 2018

Based on the survey results of 2,118 individuals and 36 experts, GEM Viet Nam 2017/2018 Report has provided a broad view of the entrepreneurship characteristics in Vietnam in different stages, from intending to start, to just starting, to running a new or established enterprise and even to discontinuing a business. The report has focused on the first stage of the business cycle, from the time of start-up to the time when the business has operated for three and a half years. Moreover, the report also suggests an analytical framework conditions for business development in Vietnam to see the advantages and barriers when starting a business. These analysis are all compared with other economies in the world, especially those with the same entrepreneurial rates, factor-driven economies and countries in the ASEAN region.

Some key findings from GEM Viet Nam 2017/2018:

- ▶ Awareness of business opportunities in Vietnam in 2017 has decreased compared to 2015 but still higher than in 2013 and 2014: 46.4% of adults in Vietnam noticing business opportunities in 2017, ranking 23rd out of 54 countries (in 2015, it was 56.8% ranked 9th out of 60 economies). The average rate in factor-driven economies is 41,5%.
- ▶ The perception about entrepreneurial capabilities tends to be lower: the rate of perceived entrepreneurial capabilities in 2017 is 53%, ranking the 19th out of 54 economies, lower than in 2015 at 56.8% ranking the 19th out of 60 economies. The average rate in factor-driven economies is 53.8%.
- ▶ The percentage of adults in Vietnam having fear of business failure after reducing from 56.7% in 2013 to 45.6% in 2015 has slightly increased to 46.6% in 2017, ranking 10th out of 54 economies, much higher than the average rate 36.6% in factor-driven economies
- ▶ The rate of adults having entrepreneurial intentions in Vietnam in the next three years increases from 18.2% in 2014 to 22.3% in 2015 and reached 25% in 2017, ranked 19/54, but still lower than the average rate at 30.3% in factor-driven economies.
- ▶ Like other countries in the globe, in Vietnam, successful entrepreneurs are highly appreciated by the society (74.8%, ranking the 15th out of 54 economies) and becoming an entrepreneur is a desirable career choice of 62.1% of surveyed adults, ranking the 27th out of 54 countries, which is lower than the 73.5% of 2015.



Entrepreneurship activities in Vietnam in 2017

Source: Vietnam's Adult Population Survey (APS) 2017

- ▶ The percentage of business start-up in Vietnam in 2017 has increased and reached the highest rate for 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
- ▶ Similar to other economies, Vietnamese adults starts business primarily to take advantages of opportunities (84.1%) rather than there is no better choice for work (15.9%). However, Vietnamese take the opportunities mainly to increase their income (49.4%) rather than being more independent (23.5%). The motivation index of Vietnam reached 4.6 point, ranking 9th of 54 economies.
- ▶ In Vietnam, the rate of women participating in business start-up activities is higher than male in 2017 (25% versus 22%). The gender equity index of business start-up of Vietnam continues to rank first among 54 economies in 2017, reached 1.14. However, the rate of women participating in business start-up due to necessity-driven motives is much higher than male (18% versus 13%)
- ▶ The business activities in TEA in Vietnam mainly aim to serve consumers (74.8%). However, the rate of business start-ups in other sectors has changed positively. The proportion of business activities in the field of processing has increased from 14.4% to 17.7%, and business services from 3.3% to 6.6%.
- ▶ The rate of start-up in businesses in Vietnam is still at very low level 0.6%, ranking the 45th out of 54 countries, lower than the average rate at 1.4% in the factor-driven economies.
- ▶ The percentage of the adults who discontinued business in 2017 is 4.2% (ranking 26/54), 2.5% of them had to stop business and 1.7% continued to be operated. These rates are much lower than countries at the same level of development. The three main reasons mentioned by Vietnamese adults is financial problems (26.3%), lack of profit (24.4%) and having another job or business opportunities (18.8%).
- ▶ The prospects of job creation growth in Vietnam achieve 6.2%, higher than 5.1% rate of 2015, but lower than the average rate at 8.4% of other countries having the same stage of development, ranking 43th out of 54 countries.
- ▶ Although the start-up activities in 2017 are more innovative than 2015, especially in terms of technology, but in general, business activities in Vietnam are mostly not innovative. The innovation index of start-up activities in Vietnam in 2017 only reached 13.9%, ranked 48/54.
- ▶ Compared with 2015, entrepreneurial activities in Vietnam having international orientation have been improved but remain low, with only 1.8% of operations have more than 25% of international customers while this average rate in the countries at stage I is 8%.

- ▶ The start-up eco-system in 2017 continues to improve the highest indicators but degrade the lowest ones. Among 12 indicators of entrepreneurial condition, Vietnam has three highest ranking indicators, which are: Internal Market - Dynamics (5/54), Cultural and Social Norms (6/54), Infrastructure (10/54). Three indicators Vietnam has the lowest ranking are: Finance (39/54), Education - Post-school (40/54), Governmental Programs (43/54).

Based on these findings, GEM Vietnam 2017/2018 Report has proposed some policy recommendations to improve business conditions, promoting entrepreneurship and supporting the development entrepreneurial activities in Vietnam in the future. The recommendations mainly focus on five groups of solutions:

- ▶ Firstly, it is necessary to continue to improve the business environment by stabilizing the macro economy, removing barriers, creating more credibility for business people and promote the entrepreneurial spirit.
- ▶ Secondly, develop supporting programs that encourage development of oriented startups in priority areas, promote innovation and activities with international orientation.
- ▶ Thirdly, it should improve the entrepreneurship ecosystem to promote the movement of entrepreneurship and business development in Vietnam.
- ▶ Fourthly, it is necessary to encourage transformation of business households to enterprises, support startups in maintaining and developing their business successfully.
- ▶ Fifthly, recommendations for business associations, businesses and start-up communities.

Entrepreneurial conditions	2017		2015		2013	
	Score	Ranking /54	Score	Ranking /62	Score	Ranking /69
Internal Market - Dynamics	4.15	5	3.59	11	3.50	15
Cultural and Social Norms	3.62	6	3.23	14	3.10	20
Physical Infrastructure	4.19	10	4.07	17	3.58	43
Internal Market - Openness	2.79	12	2.51	28	2.66	32
National Policy - General Policy	2.40	13	2.78	15	2.89	20
National Policy - Regulation	3.02	25	2.62	25	2.77	13
R&D transfer	2.19	34	2.33	30	2.54	20
Education - Primary & Secondary	1.83	34	1.57	47	1.97	46
Commercial Infrastructure	2.82	36	2.93	42	2.89	45
Tài chính cho kinh doanh	2.27	39	2.12	50	2.40	42
Education - Post-School	2.61	40	2.53	47	2.64	50
Governmental Programs	2.09	43	2.14	50	2.50	38

Ranking of the entrepreneurship ecosystem in Vietnam in 2013-2017

Unit: Points 1-5

Source : The Global Expert Survey in the period 2013-2017

ENTREPRENEURSHIP ACTIVITIES IN VIETNAM IN 2017



Population: 93,7 million (2017)

GDP: \$223 billion (2017)

GDP per capita: 2358 USD (2017)

World Bank Doing Business Ranking: 68/190

World Economic Forum Global Competitiveness Ranking: 55/137

Economic Development Phase: Factor-driven (in transition to efficiency driven phase)

Number of registered enterprises in 2017: 128,859 enterprises

Number of operating enterprises in 2017: 561,000 enterprises

Self-Perceptions About Entrepreneurship	Score	Rank /54
Perceived opportunities	46,4	23
Perceived capabilities	53,0	19
Fear of failure	46,6	10
Entrepreneurial intention	25,0	19

Activities	Score	Rank /54
TEA 2017	23,3	6
TEA 2015	13,7	20/60
TEA 2013	15,4	-
Established business ownership rate	24,7	3
Entrepreneurial Employee Activity - EEA	0,6	45

Motivational Index	Score	Rank /54
Improvement-Driven Opportunity/Necessity Motive	4,6	9

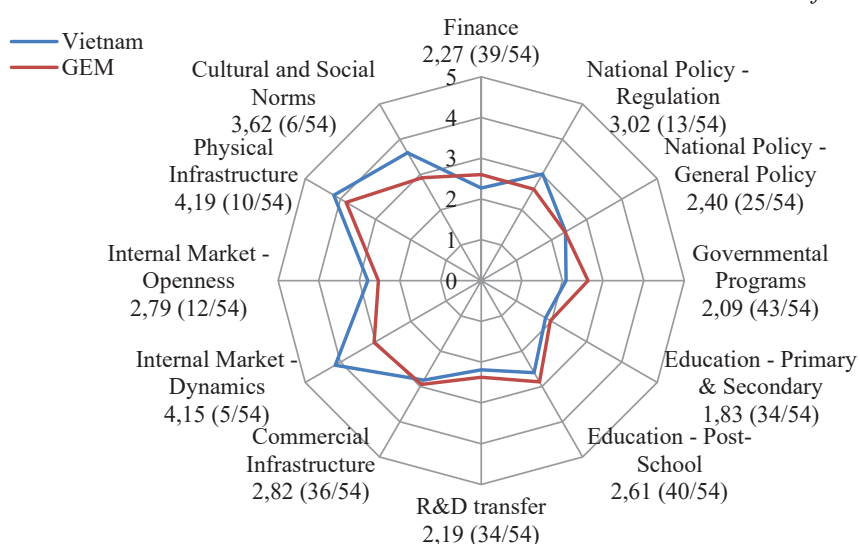
Gender Equity	Score	Rank /54
Female/Male TEA Ratio	1,14	1
Female/Male Opportunity Ration	0,94	27

Entrepreneurship Impact	Score	Rank /54
Job expectations (6+)	9,1	44
Innovation	13,9	48
Industry (% in Business Services Sector)	6,5	43

Societal Values about Entrepreneurship	Score	Rank /54
High status to entrepreneurs	74,8	15
Entrepreneurship a good career choice	62,1	27

Expert Ratings of the Entrepreneurial Ecosystem

Unit: score from 1-5





GEM Vietnam Report 2017/2018

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